

Company announcement

Release date 30 July 2024

June 2024 Quarterly Activities Report and Appendix 4C

Corporate

Investigations by the Australian Federal Police are continuing into the alleged past actions of some former officers of the Company. The Company has not received any correspondence or update from the AFP during the quarter.

Release of the 2023 accounts has been further delayed pending resolution of certain matters with the auditors, including the Company's request to once again be classified as a going concern.

Phoslock shares remain suspended from trading on the ASX platform.

Damian Whelan was rehired as General Manager – Europe effective 1 July 2024. Damian had been employed as Commercial Lead – Europe until Q4 2023 when he was terminated by the previous management due to their proposal to close the company down.

Operations

Phoslock sales in the period totalled 107 tonnes including 55 tonnes in the USA and 50 tonnes in Australia for a project in SE Queensland. Minor sales were made in China and Europe. It brought sales for the YTD to 166 tonnes.

Inventory at 30 June 2024 was 2,328 tonnes, most of it in China.

There remain several medium sized projects in the pipeline but the timing is still uncertain with no guarantee that these projects will proceed.



Financial

During the three months ended 30 June 2024 sales receipts were \$0.46m, an improvement on the previous quarter's \$0.19m but down on the previous corresponding period's \$1.09m. Cash operating costs were \$0.87m compared with \$2.11m in the previous quarter and \$1.72m in the previous corresponding quarter. Outlays in the previous quarter included payment of annual rent on the factory premises in China and termination payments for staff.

The cash deficit from operating activities was \$0.39m compared with a deficit of \$1.88m in the previous quarter and a deficit of \$0.62m in the previous corresponding period.

During the quarter PET advanced \$2.0m in the form of an at call deposit to Beradee Pty Ltd, a company controlled by Fred Bart, for the purpose of obtaining a higher rate of interest than was available from banks. The deposit was unsecured, repayable on call and attracted an interest rate of 5% p.a. accrued daily and payable monthly in arrears. The funds were to be used by Beradee only for investment purposes. The call deposit was subsequently recalled and the full \$2m transferred back to the Company.

The cash position at 30 June 2024 was \$8.4 (including the call deposit funds), down \$0.5m on the position of \$8.9m at 31 March. Most of the cash remains in China but work has now progressed to repatriate surplus funds to Australia.

Subsequent events

PET has been served documents relating to proceedings in the Federal Court being undertaken by Levitt Robinson on behalf of a shareholder, seeking preliminary discovery from PET and others.

Outlook

The focus is on sale of existing inventory and some progress is being made. It is forecast that sales during the second half of the year could exceed those made in the first half.

This announcement has been approved by the Chairman.

Mr Fred Bart
Chairman

– end –



About PET:

Phoslock Environmental Technologies Limited (ASX: PET) specialises in water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

PET is headquartered in Sydney and has an office, factory and warehouse in Changxing, China. The Company is represented by licensees, distributors and agents in numerous other countries including HydroScience in Brazil.

PET's main manufactured product is Phoslock®, a lanthanum modified bentonite (LMB) that permanently binds excess phosphorus in the water column and sediments, and thus improves water quality and biodiversity. Phoslock does not harm living organisms and is certified for use in drinking water in North America, Europe, Brazil, Australia, and China.

www.phoslock.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED

ABN

88 099 555 290

Quarter ended ("current quarter")

June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
331	Cash flows from operating activities		
-			
1.1	Receipts from customers	462	651
1.2	Payments for		
	(a) research and development	-	(77)
	(b) product manufacturing and operating costs	(52)	(148)
	(c) advertising and marketing	(7)	(12)
	(d) leased assets	-	(293)
	(e) staff costs	(251)	(1,006)
	(f) administration and corporate costs	(559)	(1,439)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	15	50
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(392)	(2,274)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(32)
	(d) investments	-	-
	(e) intellectual property	(1)	(8)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	(2,000)	(2,000)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,001)	(2,040)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,867	10,623
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(392)	(2,274)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,001)	(2,040)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(106)	59
4.6	Cash and cash equivalents at end of period	6,368	6,368

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,773	6,559
5.2	Call deposits	4,595	2,308
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,368	8,867

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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(2,000)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-
-	-

7.5 **Unused financing facilities available at quarter end**

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7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8. Estimated cash available for future operating activities

\$A'000

8.1 Net cash from / (used in) operating activities (Item 1.9)

(392)

8.2 Cash and cash equivalents at quarter end (Item 4.6)

6,368

8.3 Unused finance facilities available at quarter end (Item 7.5)

-

8.4 Total available funding (Item 8.2 + Item 8.3)

6,368

8.5 **Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**

16

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

30 July 2024

Date:

Authorised by:
(Managing Director)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.