

ASX Code: **PHK**

Share Price: **A\$0.045**

52 Week High: **A\$0.073**

52 Week Low: **A\$0.025**

Issued Shares: **243.6m**

Market Cap: **A\$11.0m**

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ASX ANNOUNCEMENT

Monday 23rd March, 2015

PHK secures \$1 million Convertible Security Funding

Key Points:

- **\$1 million Convertible Security Facility available for immediate drawdown**
- **Repayable in shares or cash over 15 months**
- **Funding to be used to finance period between inventory manufacture and customer receipts**

Phoslock Water Solutions Limited (ASX: PHK) is pleased to announce it has secured A\$1,000,000 in funds through the issue of a Convertible Security to The Australian Special Opportunity Fund, LP, a New York-based institutional investor, managed by The Lind Partners, LLC (together, "Lind").

Under the Agreement with Lind, \$1,000,000 is immediately available to PHK. PHK will use the funds to finance inventory currently being manufactured for existing and near term expected orders and working capital for the period between inventory manufacture and customer receipts from sales.

PHK will issue Lind an A\$1,150,000 Convertible Security. PHK will make 15 monthly repayments of \$76,667 in either shares or cash (at PHK's option). The monthly repayment amount in shares will be determined by the PHK VWAP's during 20 business days preceding the monthly repayment. The fifteenth and final monthly repayment is scheduled to take place in June, 2016. Lind has the right to have the Security repaid early by converting the balance of the Convertible Security at any time after 20 June, 2015 into PHK shares based on the 5 day VWAP price at the time of purchase. PHK has the right to prepay the remaining balance of the Convertible Security at any time in cash at a premium of 5% to the monthly repayments.

PHK will pay Lind a Closing Fee of \$50,000 and issue Lind 4.5 million PHK options exercisable at 7.1 cents per share on or before 20 March, 2018. The Agreement will be secured against 4 million PHK shares.

The structure of the Convertible Security allows PHK to issue repayment shares to Lind at a price that is based on the 90% of the five daily VWAPs chosen by Lind during the pricing period.

While the shareholder approval is not required for the funding to proceed, the Agreement contains provisions requiring approval of shareholders if required under Listing Rule 7.1.

For more information please contact:

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Chairman

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About PHOSLOCK WATER SOLUTIONS LIMITED (PHK)

PHK produces *Phoslock*, a patented technology which was developed by the Australian government scientific body, Commonwealth Scientific and Industrial Research Organisation (“CSIRO”). PHK has lodged a subsequent patent to protect the core Phoslock technology which is in an advanced stage of being granted in approx. 50 countries, extending the core *Phoslock* technology to the year 2033.

Phoslock removes phosphorus and harmful contaminants and has been applied in over 250 water bodies and used in over 20 countries since it was commercialised in 2005.

PHK is headquartered in Sydney, Australia and has offices in Brisbane, Sichuan, China and European Operations (covering Europe, Central & South America) near Bremen, northern Germany. PHK is represented by licensees and agents in ten other countries including SePRO Corporation in the United States.

Phoslock is a certified NSF/ANSI Standard 60 product - North American Drinking Water (see websites ansi.org and scc.ca).

Phoslock Water Solutions is listed on the Australian Stock Exchange (ASX Code: PHK).

For more information about Phoslock Water Solutions and *Phoslock* please visit www.phoslock.com.au or www.phoslock.eu (Spanish, Italian, Dutch and German) or www.phoslock.com.br (Portuguese) or www.phoslock.com.cn (Chinese)

About THE LIND PARTNERS, LLC

The Lind Partners, LLC is a New York based alternative asset management company and manager of the Australian Special Opportunity Fund, LP and the Canadian Special Opportunity Fund, LP. Lind selectively invests across a broad range of industries and economic environments with a focus on companies with market capitalisations ranging between \$10 million and \$1 billion having definable milestones and key inflection points that have the potential to create considerable shareholder value.

For more information about The Lind Partners please visit the www.thelindpartners.com