



Phoslock Water Solutions Ltd.
ABN 88 099 555 290



ASX ANNOUNCEMENT

Tuesday 16th May, 2011.

North American Business Update

Key Points:

- **Sales pipeline in United States will generate meaningful revenue in the current quarter**
- **Four projects scheduled to be completed in Canada over next few months**
- **Large project in Mexico to commence in early 2012**

United States

The sales momentum is building strongly in the United States. PWS has three licensees covering all of continental United States.

The licensees report good initial sales and have built up an impressive array of pipeline projects, a number of which are scheduled to be applied over the next six months.

Recent sales plus sales schedule to occur solely for the United States will be in the region of \$300,000 - \$500,000 for the current quarter.

Canada

In Canada, PWS has four projects scheduled to be completed over next few months, ranging from lakes, storm water basins and parts of the Holland River, all in Ontario.

The stormwater application in the metropolitan area north of Toronto is part of a series of applications to stormwater basins to lock up phosphorus in these basins. PWS has undertaken considerable research on stormwater basins showing that the currently used methods do not lock up phosphorus adequately. This applies to hundreds of stormwater basins, some up to 2 hectares in size.

The planned river and lakes projects in Ontario this year will require up to 150 tonnes of Phoslock. In addition, GDG Environnement, PWS's licensee for Quebec and the Atlantic provinces has identified a number of new projects, some of which could be significant.

ASX Code: **PHK**

Share Price: **A\$0.074**

52 Week High: **A\$0.105**

52 Week Low: **A\$0.051**

Issued Shares: **212.9m**

Market Cap: **A\$15.7m**

Unlisted Options: **0.3m**

Office Address:

Suite 302
110 Pacific Highway
St Leonards
Sydney NSW 2065

Postal Address:

PO Box 521
St Leonards
Sydney NSW 1590

Phone: +61 2 9439 7715

Fax: +61 2 9460 8973

www.phoslock.com.au

www.phoslock.eu

Mexico

Over the past 18 months, PWS has been working with authorities responsible for the restoration of a major metropolitan water supply reservoir in Mexico. The reservoir suffers from severe algal blooms which are caused by both high internal and external phosphorus loadings. In-lake trials with Phoslock will be undertaken in the second half of 2011 and, if successful, an application of several thousand tonnes of Phoslock on the whole reservoir can be expected during 2012 and 2013 as a measure to reduce the internal phosphorus load. Additional measures are also being planned to reduce phosphorus inputs from the catchment area.

In summary

The pipeline of Phoslock applications in the Americas has significantly strengthened this year with the appointment of new distribution partners. PWS now has an extensive reach into target markets in North and Central America, and the US in particular. Results are expected to be evident in significantly increased sales in this region within the next twelve months.

For more information please contact:

Mr Robert Schuitema; Managing Director - (02) 9439 7715

ABOUT PHOSLOCK WATER SOLUTIONS LIMITED (PWS)

PWS has worldwide exclusivity for the sale and marketing of Phoslock, a technology developed by the Australian government scientific body CSIRO. Phoslock removes phosphorus and harmful contaminants and has been applied in over 200 water bodies and used in over 20 countries since it was commercialised in 2005.

PWS is headquartered in Sydney, Australia and has offices in Brisbane, Kunming, China and European Operations (covering 16 countries) near Bremen, northern Germany. Phoslock is represented by licensees and agents in ten other countries.

PWS is listed on the Australian Stock Exchange (ASX Code: PHK).

For more information about Phoslock Water Solutions visit www.phoslock.com.au or www.phoslock.eu

ABOUT PHOSLOCK – the Product

Phoslock is a unique water treatment product that locks in phosphorus from a water body and provides a protective permeable layer to sediments preventing the re-release of phosphorus. Retention of phosphorus deprives algae of nutrients, which improves water quality for human use and aquatic life as well as preventing and controlling Harmful Algal Blooms (HAB). Phoslock also absorbs other harmful contaminants including arsenic, vanadium, boron and selenium.

Phoslock is primarily used as an in water solution for lakes, drinking water reservoirs and other high value recreational water bodies. It is also used as a preventative product to absorb phosphorus before it is transported into water bodies by being applied in storm water basins and inflow channels, rivers and canals.

Phoslock is being adopted by the aquaculture industry (fish and shrimp/prawn) to control phosphorus levels in grow-out ponds and eliminate HAB and blue green algae which could create taste issues.

PHOSLOCK DIRECTORS

Mr Laurence Freedman AM Non-Executive Chairman

Mr Freedman was appointed a Director of PWS in October, 2010 and became its Chairman in March 2011.

Mr Freedman has a long history of involvement and expertise in public companies with international trading and investment activities. He began his career with the Gold Fields Group: initially an analyst, he rose to Director of Group companies. He later joined BT Australia as Manager, Investments.

In 1980 he founded Equitilink Limited, an investment management group which he grew to a global company with operations around the world and over \$3 billion under management. He held Chairman and/or Director positions in a number of public and private companies in Australia, the United States, the United Kingdom, Canada, New Zealand and Taiwan.

He was a member of the syndicate which bought the Ten Network, of which he became a director, taking it out of receivership and helping to make it the most profitable media network in Australia for some years.

In 2000 he sold the Equitilink Group and in 2004 sold out of the Ten Group.

He currently manages his private investment portfolio of international shares, property and fixed income securities. He is a mentor to a number of resource, biotech and technology companies.

He is Chairman of The Freedman Foundation, a philanthropic foundation funded by the Freedman family, which assists and supports young Australians in many areas of endeavour. The Foundation also finances a broad range of medical and scientific programs and organizations.

In 2001 he was awarded The Order of Australia for service to the community, to medical research, the arts, and to business and investment in Australia.

He is also Chairman of Carrick Gold Limited and Condor Metals Limited.

Mr Robert Schuitema *BCA, CA, INFINZ* **Managing Director and Company Secretary**

Mr Schuitema was appointed a Director of PWS in April 2005, and shortly thereafter assumed the role of Executive Chairman. In January 2007, he took over the role of fulltime Managing Director, and at the same time stepped down as Chairman.

Mr Schuitema brings to PWS a wide range of business and commercial skills. In addition to the day to day responsibilities of running PWS businesses globally, he is responsible for investor relations, stock exchange listing and capital raisings. Mr Schuitema is also a Director of PWS' Joint Venture manufacturing company in China, IETC.

Mr Schuitema is a former Managing Director of investment bank Chase Manhattan Bank and later JPMorgan Chase where he was global co-head of the Mining & Metals group and responsible for the Asia-Pacific region and also had extensive involvement in the bank's southern Africa business. He has extensive experience in a range of investment banking disciplines including commodity derivatives, equity issues, project finance for standalone projects, US\$ bond issues, trade finance, acquisition finance and mergers & acquisition advise.

Mr Schuitema is a Director of ASX listed companies Carrick Gold Limited and Condor Metals Limited and previously a Director of Electro-Optical Systems Limited.

Honorable Pam Allan

BA (Hons), Dip Ed (Syd) Honours in Government

Non-Executive Director

The Hon. Pam Allan was appointed a Director of PWS in July 2007.

The Hon. Pam Allan is a former Member of the NSW Parliament for 18 years (retired in March 2007) where she was Minister of Environment (1995-99) and chair of a number of parliamentary committees including Salinity and Resource Management.

The Hon. Pam Allan was elected to the Parramatta City Council in 1983, serving a four year term. In 1988 she was elected to the New South Wales Legislative Assembly for Wentworthville and then for Blacktown in 1991 and 1995. In 1999 and 2003 she was once again elected the Assembly's member for Wentworthville.

The Hon. Pam Allan became the Shadow Minister Planning & Environment 1988-1995, Minister of Environment 1995-1999, Chair for Select Committee on Salinity 2000-2002, the Chair, Standing Committee on Natural Resource Management from May 2003. She retired as the member for Wentworthville at the March 2007 election.

The Hon. Pam Allan currently serves on a number of local government bodies and authorities.