



ASX Code: **PHK**

Share Price: **A\$0.09**

52 Week High: **A\$0.095**

52 Week Low: **A\$0.022**

Issued Shares: **268.9m**

Market Cap: **A\$24.2M**

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www.phoslock.eu

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www.phoslock.com.cn/web

PHK BLOG on Water Issues:

www.phoslock.com.au

ASX ANNOUNCEMENT

Wednesday 4th May, 2016

Capital Raising heavily oversubscribed - \$2.7 million raised

Key Points:

- \$2.7 million raised from Australian and overseas institutions and High Net Worth investors
- Funds will provide working capital for China expansion and substantially reduce debt,
- A Share Purchase Plan (SPP) to be made available on same terms: 7 cents per share

Phoslock Water Solutions (ASX: PHK) is pleased to advise shareholders that it has raised \$2,727,200 (before costs) pursuant to a share placement of 38,960,000 fully paid ordinary shares at an issue price of 7 cents per share to 30 sophisticated/professional investors and institutions in Australia and overseas.

Demand for the share placement significantly exceeded expectations, prompting the Directors to increase the size of the capital raising.

Placement

Funds raised from the share placement and SPP will be used to:

- (1) Expand sales and marketing coverage and technical support, predominantly in China.
- (2) Increase working capital including growing inventories and;
- (3) Substantially reduce the Company's liabilities.

The placement shares are anticipated to be issued on Thursday 12 May 2016.

Under PHK's 15% placement capacity, 20 million of the placement shares will be issued on Thursday 12 May, 2016. A General Meeting will be called for mid June 2016 to ratify the placement, including the balance of the shares not yet issued. The Directors, who did not participate in the placement, have advised that they will vote in favour of the placement resolutions. Details of the General Meeting will be advised to the ASX.

Share Purchase Plan

The Company has approved an SPP to provide Eligible Shareholders with the opportunity to purchase up to \$15,000 worth of new PHK ordinary shares at the same price as the placement shares. This is 7 cents, a discount of 20% to the 5 day VWAP immediately prior to the announcement of the share placement.

Shareholders who were registered holders of fully paid ordinary shares in the Company on the record date of 7.00pm (Sydney time) 3 May 2016 with a registered address in Australia or New Zealand are eligible to participate in the SPP.

Documents for the SPP are expected to be sent to eligible shareholders by 16 May, 2016, the opening date. The SPP is scheduled to close on 27 May, 2016. These dates are indicative only and may be modified. Any changes to these dates and any other changes to the SPP will be notified to the ASX.

Participation in the SPP is voluntary. The Company reserves the right to scale back applications to the extent and in the manner it sees fit.

Shares issued under the Share Placement and the SPP will rank equally with the Company's existing fully paid ordinary shares.

Chairman, Mr Laurence Freedman AM, said: "the recent expansion into China, while at an early stage, has already proven highly successful; our developing close relationship with Xingyaun Environmental is most encouraging. We are therefore planning, with the combined Placement and SPP, to be ready for significant growth, not only in China but also across all our existing markets"

Mr Laurence Freedman, AM
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PHOSLOCK WATER SOLUTIONS LIMITED (PHK)

PHK produces *PHOSLOCK*, a patented technology which was developed by the Commonwealth Scientific and Industrial Research Organisation (“CSIRO”). PHK has lodged a subsequent patent application to protect the core PHOSLOCK technology which is in an advanced stage of being granted in approximately 50 countries, with the intention of extending the core *PHOSLOCK* technology until 2033.

PHK is headquartered in Sydney, Australia and has offices in Brisbane, Shanghai and Sichuan, China and Bremen, Germany covering Europe and South America. PHK is represented by licensees, distributors and agents in 10 other countries including SePRO Corporation (www.sepro.com) in the United States and HidroScience in Brazil.

PHK recently signed an agreement with the Shenzhen Stock Exchange listed Xingyuan Environmental Technology Co Ltd, (www.xingyuan.com) which covers working jointly on lake, river and canal remediation projects across China.

PHOSLOCK is a certified NSF/ANSI Standard 60 product - North American Drinking Water (see websites ansi.org and scc.ca). This certification enables *PHOSLOCK* to be applied to water bodies used for human consumption.



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

For more information about Phoslock Water Solutions and *PHOSLOCK* please visit our websites: 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).

PHOSLOCK BLOG on PHOSLOCK news and current Water Issues – see www.phoslock.com.au and look for PHOSLOCK BLOG icon in top right corner of the Home Page.

ABOUT *PHOSLOCK* – the Product

PHOSLOCK is a unique water treatment product that binds phosphorus in water bodies such as lakes and dams. It provides a protective permeable layer to sediments, permanently preventing the re-release of phosphorus.

Retention of phosphorus reduces the level of algae by depriving it of nutrients. This in turn improves water quality, both for human use and aquatic life as well as preventing and controlling Harmful Algal Blooms (HAB).

PHOSLOCK is primarily used as an in-water solution for lakes, drinking water reservoirs and other 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 approved for use in North American Drinking Water Reservoirs via NSF/ANSI Standard 60 Certification. **This certifies that *PHOSLOCK* is safe for use in drinking water.**

PHOSLOCK has been used on many of high profile water bodies in Europe/UK, North America and Australia. To date over 250 initial and follow-up applications have been successfully made.

Over 40 peer reviewed scientific and technical papers, have been published on *PHOSLOCK* in leading scientific journals. For access: www.phoslock.com.au