



ASX Code: **PHK**

Share Price: **A\$0.027**

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

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

Issued Shares: **250.9m**

Market Cap: **A\$6.8M**

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ASX ANNOUNCEMENT

31st July, 2015

Business Progress

Key Points:

- **\$0.5 Million Project awarded to German licensee**
- **Extension of core Phoslock patent**
- **Progress made on several Large Projects**

Highlights

Phoslock's German licensee was recently awarded a project valued at approx. \$500,000. The project will be undertaken during the upcoming Northern Hemisphere winter and involves the restoration of a recreational lake in central Germany. European projects continue to grow; this being the 53rd European lake application.

While Australian sales have been lower than expected, it is pleasing to report that both European and Canadian sales have more than doubled over the past 12 months. In addition, initial sales have been made in South America and South Africa. Overall, the number of projects have increased by 25%.

The Company is working on a total of 11 Large Projects (\$1m - \$100m) in Asia, South America, North America and Europe. We are seeking out these Large Projects while continuing to grow smaller lake and waterway applications.

Because many of these projects are for government or government authorities, the timing of approvals is beyond the control of the Company.

However, significant progress is being made on several on the Large Projects. One of the Large Projects in South America, we believe, will reach fruition shortly.

Europe

Applications of Phoslock have taken place in the Netherlands, United Kingdom and Germany during the quarter. Repeat retail orders were also received from Phoslock Europe's specialist retail distributors, with sales in this sector increasing year-on-year due to warmer than average European summers.

As announced above, a major application of Phoslock is now confirmed for November 2015 in Germany, with additional medium/large-scale applications expected to take place also in the United Kingdom and the Netherlands before the end of 2015.

North America

A further order for inventory was received from PHK's United States licensee, SePRO Corporation, which is reporting increasing demand in the U.S.

In Canada, further orders were received from municipal authorities in Alberta during the quarter. Projects valued at between \$230,000 and \$600,000 is expected to be confirmed in the next few months. Depending on the timing of project confirmations, these applications are anticipated to be undertaken either in autumn 2015 or spring 2016.

Australia

PHK completed several smaller applications in Australia during the quarter. Several orders from repeat customers have been received for applications in the next quarter.

Phoslock Patent

The Company and its patent attorney have been working on "re-greening" the Phoslock technology. The Company has lodged a subsequent patent application to protect the core Phoslock technology which is in an advanced stage of being granted in some 50 countries (including most European countries, North America, Australia and New Zealand and selected countries in Asia, North and South America and Africa), with the intention of extending the core Phoslock technology to the year 2033.

Phoslock Trade Mark

The Phoslock trademark is registered in over 30 countries. Trademarks are able to be maintained indefinitely provided Phoslock is actively used in the registered country.

Financial Commentary

Sales for the quarter totalled approx. \$500,000, which is a substantial increase on the corresponding quarter last year. Due to significant shipping delays in both China and receiving North American ports during the quarter, payment for actual sales, amounting to approx. \$250,000 was delayed beyond the end of the period.

Cash receipts for the quarter were \$289,000. Cash costs, excluding inventory purchases plus interest, were \$333,000. Debtors were approx. \$630,000, including sales subject to shippings delays. Trade Creditors at the same date were approx. \$250,000 mainly being inventory purchases from the factory to meet contracted sales.

During the quarter, three repayments were made under the Convertible Security to The Australian Special Opportunity Fund, LP, a New York-based institutional investor, managed by The Lind Partners, LLC. The Convertible Security is now repayable by 12 monthly payments of \$76,667 in either PHK shares or cash, at PHK's option.

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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 application to protect the core Phoslock technology which is in an advanced stage of being granted in approx. 50 countries, with the intention of extending the core *Phoslock* technology to the year 2033.

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 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)

ABOUT PHOSLOCK – the Product

Phoslock is a unique water treatment product that binds phosphorus from a water body and provides a protective permeable layer to sediments 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 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 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 a number of high profile water bodies in Europe/UK, North America and Australia.

Over 25 peer reviewed technical papers, authored by leading academics, have been published in leading scientific journals on *Phoslock*. For access: www.phoslock.com.au