



PHOSLOCK®

Eco Investor Conference
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Managing Director
Phoslock Water Solutions Ltd

Investment Highlights



Water Sector

- Product to significantly improve water quality in lakes, reservoirs, rivers, canals
- Huge global market needing pro-active solutions like Phoslock

“Phoslock” the Product

- Developed by the CSIRO
- Full patent and trademark protection in major countries
- Commercially available – 5 years; proven performance; case studies; major EPA licences

Key Markets

- Strong sales team in Europe & UK – over 25 lake applications
- Other major areas – Canada & US, Asia – Singapore, Taiwan, Korea & China, Australia & NZ
- Aquaculture – Australia, Asia and Central America

Manufacturing

- Phoslock manufactured at dedicated plant in Kunming, China

Financial

- Listed on ASX with market capitalisation of A\$15M
- Debt free; net assets of approx A\$6M – cash, stock, debtors
- Top 20 shareholders hold 53% of stock; 1,360 shareholders

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What is Phoslock?



- Phoslock invented by the CSIRO (Australian Govt. Scientific Body) in the 1990's
- PWS granted licence in 2001; purchase Patents & Trade Marks in 2005
- Product: clay-like granules
- Key raw materials are:
 - Active ingredient - lanthanum (embedded inside the bentonite-layers) as the active component (5 % by weight)
 - Carrier - bentonite
- Lanthanum is a rare earth element with uses in industry and medical applications
- Manufactured in China at PWS factory using highest QA/QC procedures



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Phoslock Manufacturing Plant



Phoslock Manufacturing Plant – Kunming, China

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What is Phosphorus?



What is phosphorus?

- Phosphorus is a nutrient that exists in the natural environment
- However excessive use of fertilisers and household products along with poor sewerage practices cause too much phosphorus to enter the environment and cause detrimental impacts on water bodies

What happens if there is too much phosphorus?

- Eutrophication of drinking and recreational water ways
- Toxic blue green algal outbreaks
- Health issues for people and aquatic animals
- Aesthetic issues – odour and taste

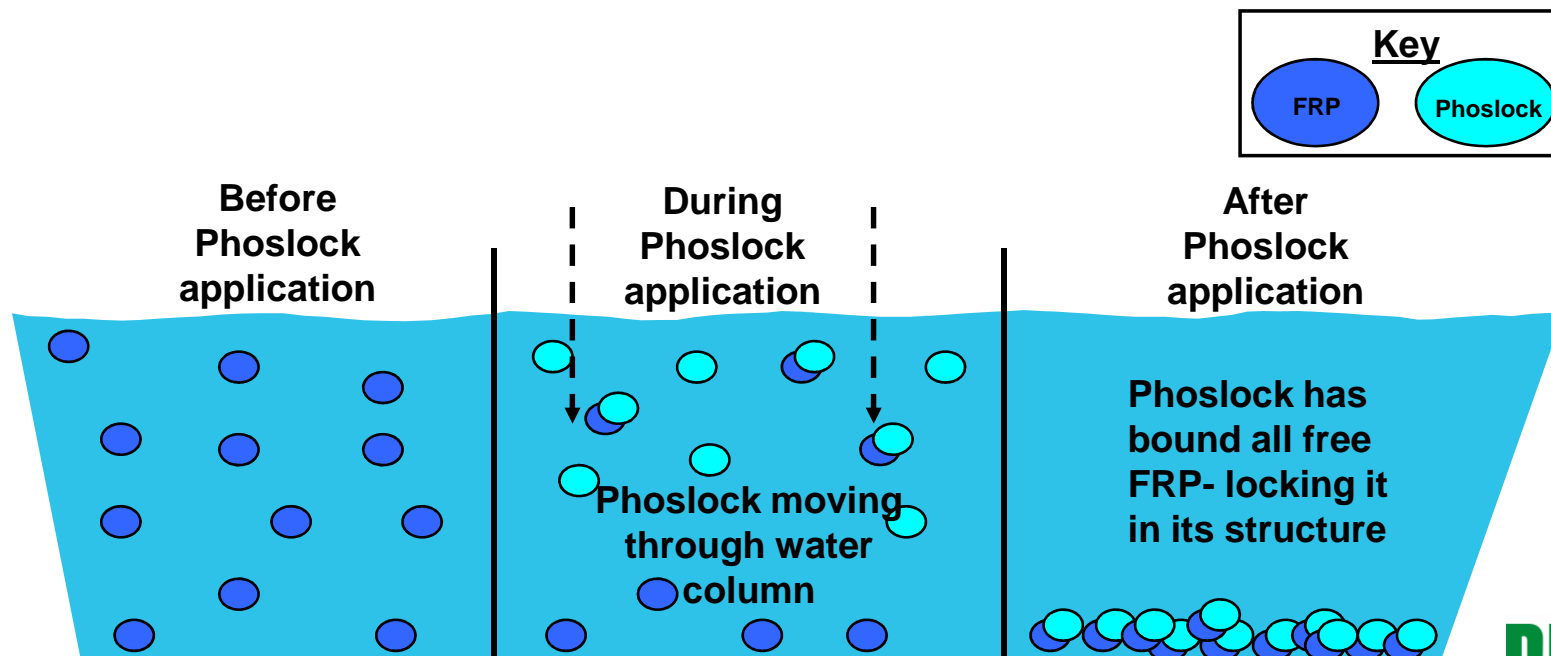


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What does Phoslock do after application?



- Adsorbs P in the water column
- Caps sediment – stops re-release
- Sits at bottom interacting with water column and sediment pore water
- When all vacant “sites” on the Phoslock granule are saturated with P, Phoslock sits on the bottom of the water body as an inert clay



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Het Groen Eiland

De Gouden Ham

**Treated with
Phoslock**

**No Phoslock
Treatment**

Photo taken 6 months after the Phoslock Application

How is Phoslock Applied?



Smaller water bodies



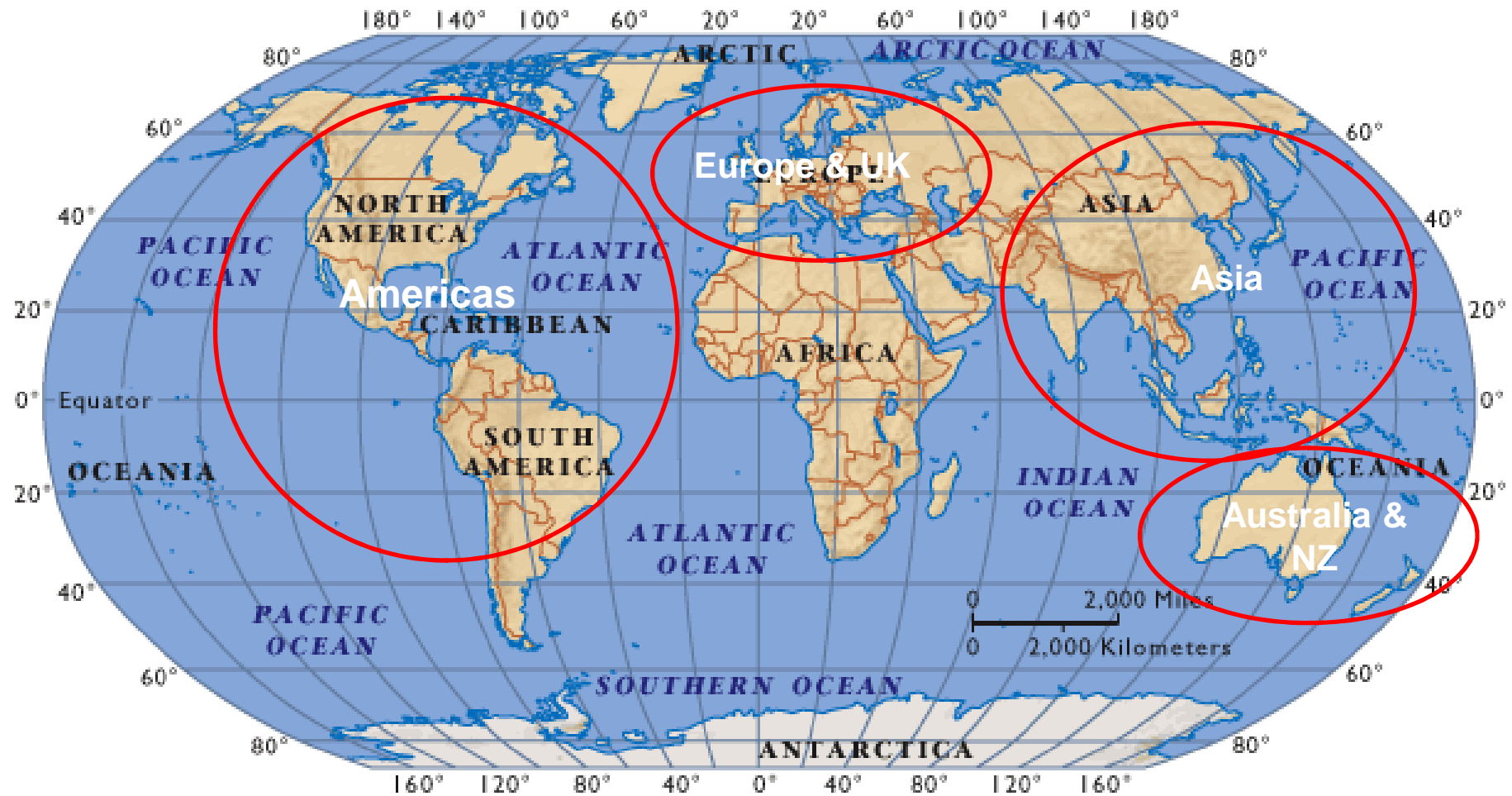
Large water bodies



Very large water bodies



Major Focus Markets



Base map c/o: http://go.hrw.com/atlas/norm_hm/world.htm

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Europe and UK

- Joint venture (60%/40%) with IDN performing very well.
 - 25 lakes treated since 2007
 - Established in Germany, Holland, UK, Italy
 - Major trial on lake Varese in Italy
- Significant pipeline of major (>1000 tons) and large (100-1000 tons)
 - Expect some projects to commit over next 12 months
 - Developing new markets in Finland, Denmark and Poland
- Building blocks for sustained success
 - Completed applications, excellent results, technical reports, customer endorsement, government and water authority support



Canada and Americas

- Significant resources committed to developing Canadian market
 - First major sale (100 tons) in early 2010 for Lake Simcoe Authority
 - A number of projects in advanced stages with LSRCA, other Ontario lake authorities, other Canadian provinces
- Commercial relationships established in US with 2 major lake remediation companies – California & Florida
- Enquiries from Central and South America
 - Working on large project in Central America



Australia

- Undertaken a number of projects around Australia since 2004
- Phoslock viewed as remediation product and BGA prevention in this market
 - Licence approved to apply Phoslock to major NWS Drinking Water Reservoir
- A number of repeat applications – River Torrens, Canning River, waste water holding storages, recreational water bodies



Asia

- Enormous water quality problems in this region and appear to be getting worse
- Political resolve to address issues however projects are large and will take a number of years
- Selectively working on several large projects in China with well credentialed partners
- Undertaking meaningful trials (fully funded) for drinking water reservoirs in Singapore, Taiwan and Korea



Other Application Types for Phoslock



Storm Water Basins (SWB)

Phoslock is being used in SWB to adsorb phosphorus before it enters rivers and canals that flush into lakes

SWB are generally 0.3ha to 1.5ha with Phoslock applied twice a year



Constructed Wetlands

Phoslock is being used at the construction phase of wetlands – product placed on “floor” of wetlands

Concept similar to SWB where phosphorus is adsorbed before it enters canals and rivers



Other Application Types for Phoslock



Aquaculture Ponds

- Phoslock has been successfully used in aquaculture ponds in Australia, Indonesia, Malaysia and India to improve growing conditions
- Aquaculture expert representing Phoslock – strong sales enquiries; good initial sales



Rehabilitation of Agricultural Land

Phoslock is being trialled on agricultural land that is being rehabilitated from rural to urban land

Phoslock is applied over top soil to adsorb and lock up phosphorus so it reduces future P runoff into rivers and canals

In Europe there is 20,000 ha of agricultural land which customer is rehabilitating from rural to urban



Revenue Model



Chinese JV [71%] manufacturing Phoslock

JV Manufacturing Margin

PWS sells Phoslock to customers

Gross Profit margin 50% to 200%

PWS applies Phoslock to water body

Gross Profit on application costs

- Selling and Administration Costs approx. A\$2.5M pa
- Break Even is approx. 2,000 tons pa
- Phoslock Europe [60%] very successful in reducing costs & increasing market coverage

Sales

Revenue

NPBT

5,000 tons pa

A\$14M

A\$6M

8,000 tons pa

A\$20M

A\$9M

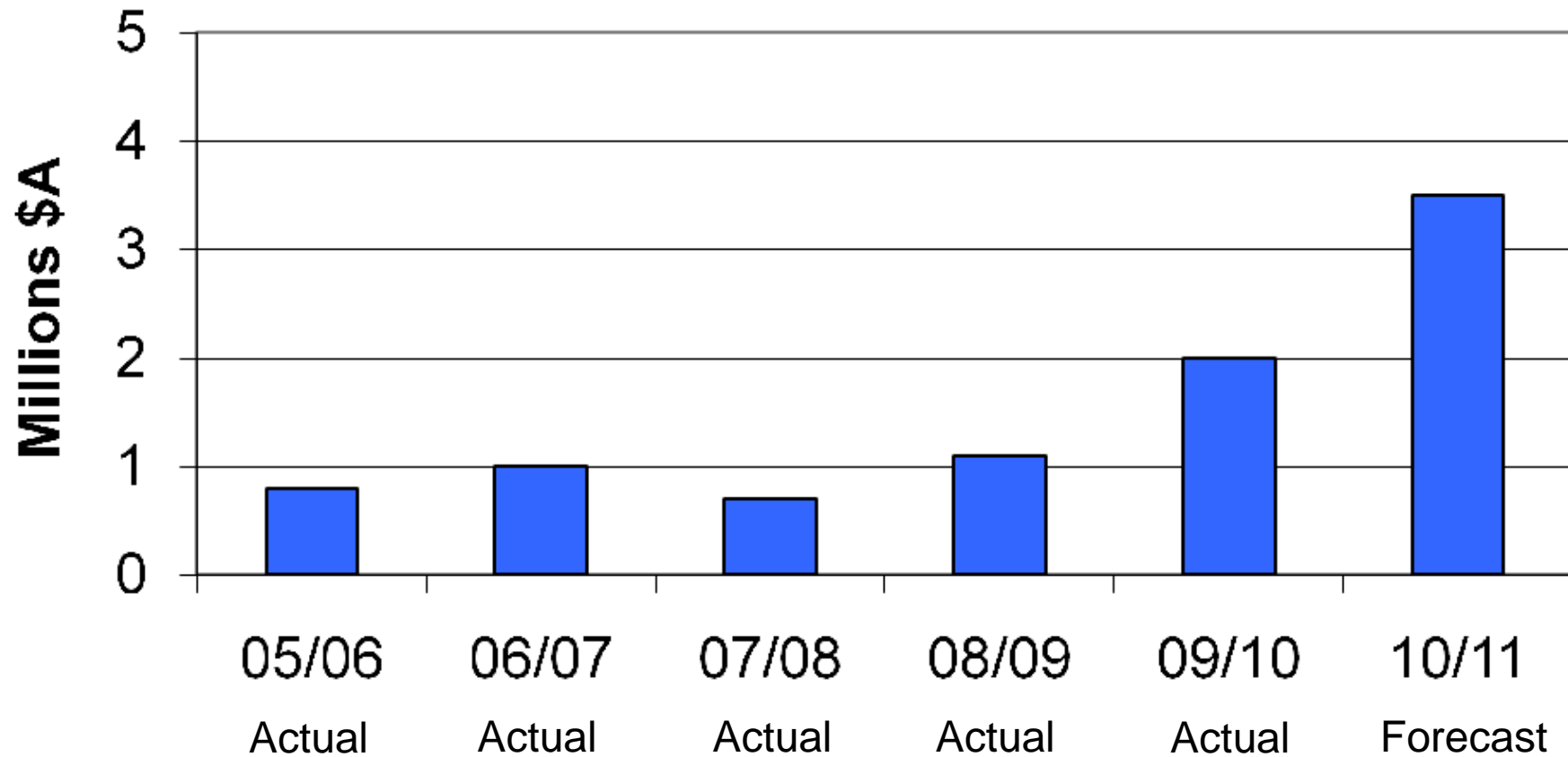
15,000 tons pa

A\$34M

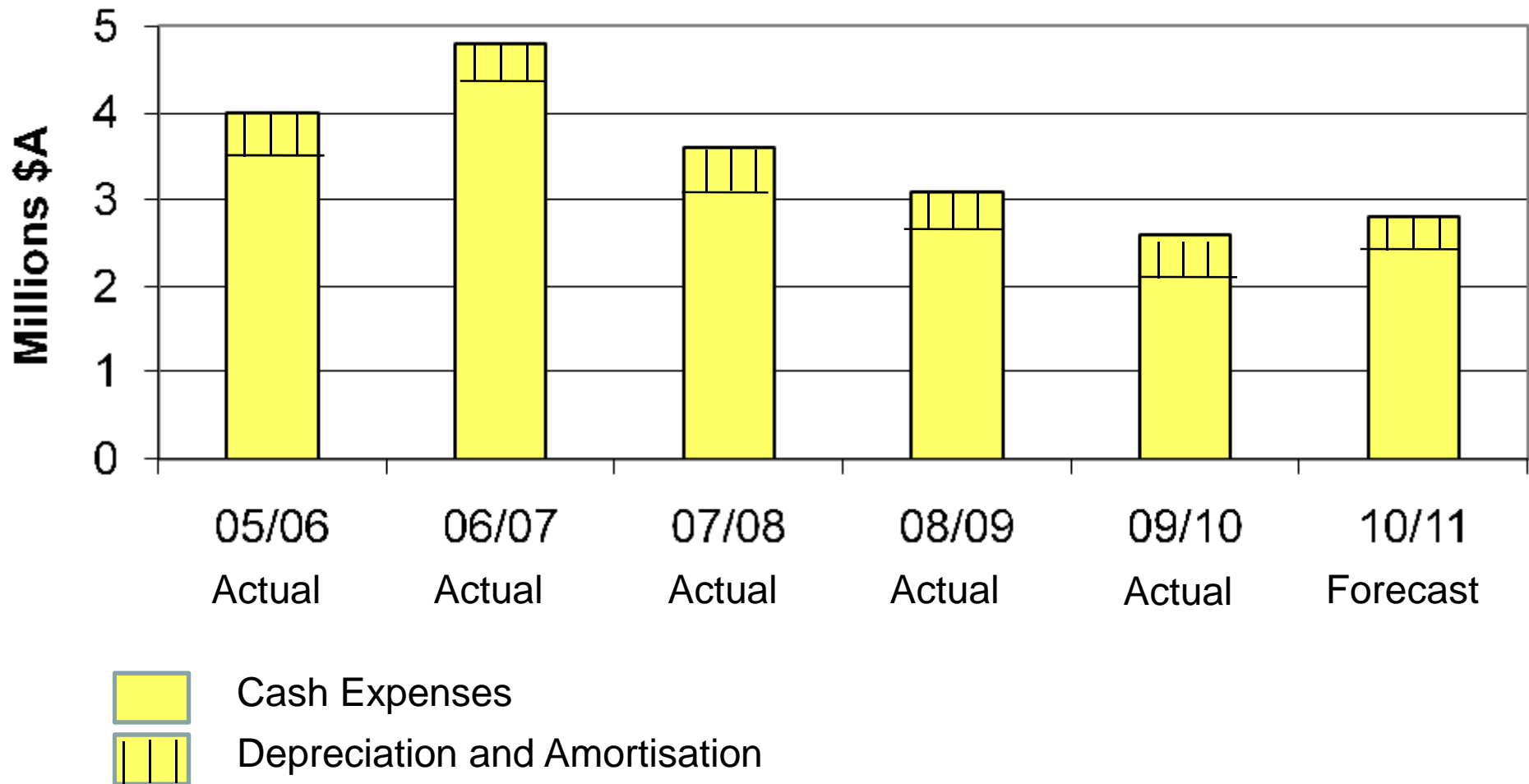
A\$15M

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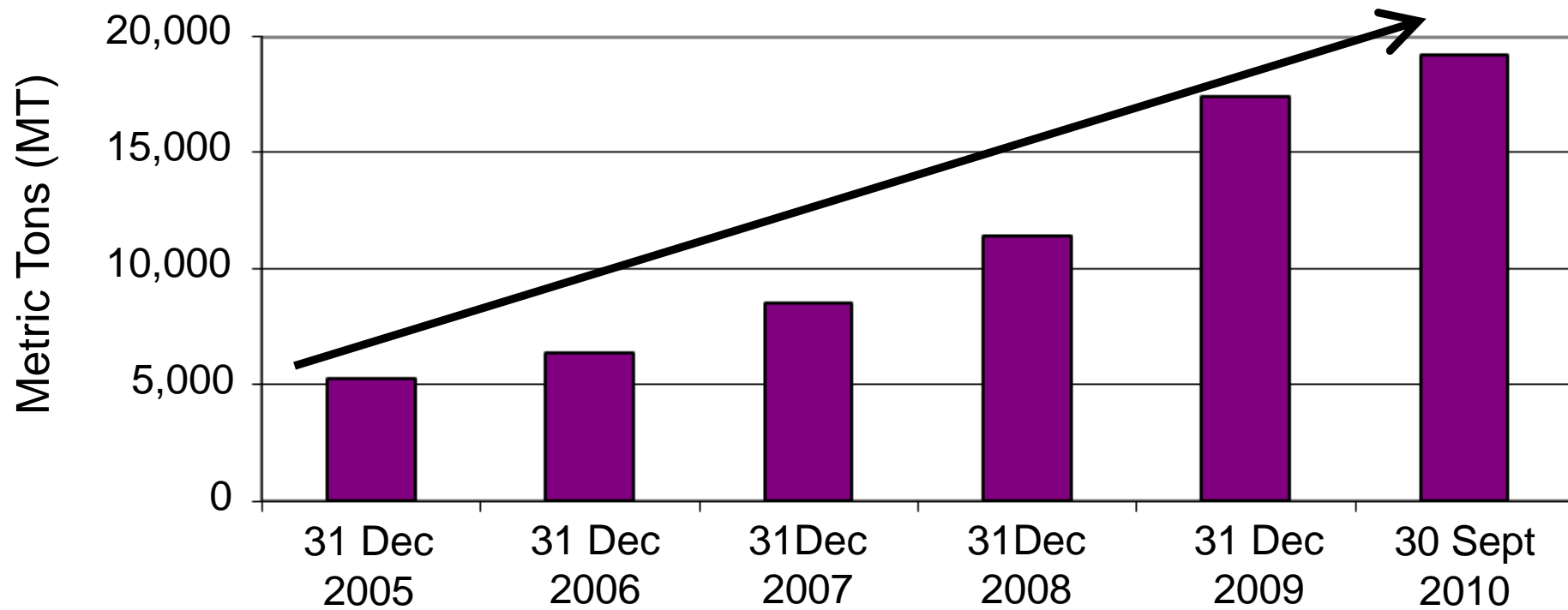
Increasing Revenue



Reducing Expenses



Pipeline is Growing



Application size per project capped at 1,000 MT



Financial Performance

- PWS has underperformed – sales not achieving forecast levels
- 79% increase in revenue in FY09/10 to A\$2.0M; EBITDA loss (A\$1.2M)
- Sales process is generally 12-36 months. Often trials required before larger sales completed
- Pipeline continues to grow; number of major decisions due over next 12 months

Actions being taken by PWS Board

- Strengthen Board with new appointment – to be announced shortly
- Increased sales coverage – Europe/UK, United States and parts of Asia
- Developing second water treatment product in conjunction with University of Queensland
- Expand company through acquisition of other water technologies

Capital Structure



| | |
|---------------------------------|----------------------------------|
| Company Name: | Phoslock Water Solutions Limited |
| ASX Code: | PHK |
| Current Price: | 7 cents* |
| Trading range: (last 12 months) | 5 - 14 cents |
| Total Issued Shares: | 210 million |
| Total Issued Options: | 5.4 million ** |
| Market Capitalisation: | A\$15 million |

* Price on 12th October 2010

** Exercise prices range between 15c – 50c and expiring between October 2010 and Sept 2012.

PWS is debt free

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Major Shareholders



Major Shareholders of Ordinary Shares *

| | | |
|----------------------------|---------------------------|-------|
| Link Traders Pty Ltd | Investor | 16.5% |
| Newest Pty Ltd | Investor | 5.1% |
| Kevin Tay Hay-Leong | Investor | 4.9% |
| Ludgate Environmental Fund | UK Institutional Investor | 4.8% |

Current Directors and Executives – Ordinary Shares 6%

Top 50 Shareholders aggregate holding 53%

Institutional Shareholding (approx) 9%

Total number of Shareholders (approx) 1,360

* Shareholders as at 12th October 2010

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