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The Problem

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Water Quality is a major GLOBAL PROBLEM

Causes – excess Phosphorus entering canals, rivers, lakes

Where does the Phosphorus come from:

- Run-off water from agriculture (fertilisers used to enhance production)
- Run-off water from livestock farms and processing
- · Run off water from urban households
- Treated and untreated sewerage discharges into water bodies
- Illegal water discharges from industry
- Natural phosphorus inflows including bird and wildlife

Result of excess Phosphorus entering in water bodies:

- Harmful Algal Blooms
- Green Water
- Human Health problems













The Solution - PHOSLOCK®















PHOSLOCK® - The Product



Environmental Friendly product that locks up Phosphorus safely and permanently

- Invented by CSIRO (Australian Govt Science Organisation) in 1990's;
- Modified Bentonite Lanthanum product;
- Environmental Friendly; safe for human and fish & aquatic plants;
- Internationally Certified for use in Drinking Water Reservoirs;
- Manufactured in ISO Compliant modern factory to strictest Quality Control;
- Supply Chain audited by our major accreditation agencies
- => CLEAN, GREEN, ENVIRONMENTAL FRIENDLY PRODUCT
- Ethical Investment PET ticks all the boxes





PET Four Business Units











Financial Summary — PET now has 31 December Year End

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- 2019 First Half Revenue \$10.2m
- 2019 First Half NPBT **\$1.7m**

Net Cash flow from Operations (January-September 2019): \$7.3m

- 2019 Forecast Revenue \$27m-\$30m
- 2019 Forecast NPBT (before opt exp) \$6-8m

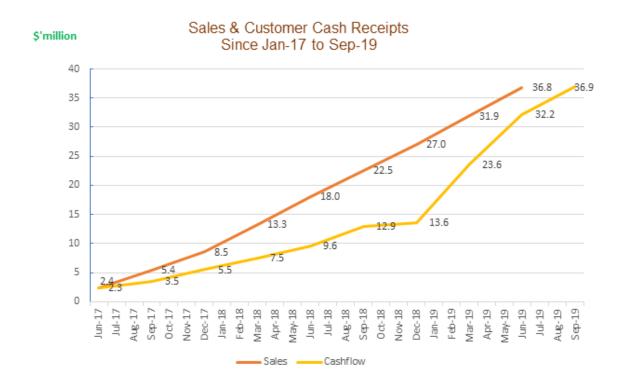
Jul-Dec 2019 Sales made up of approx 5,000 tons of Phoslock Sales and \$4m Engineering Works Major Sales – Yunnan Lakes; Wuhan; Beijing Canals and Wetlands; US Florida, Brazil

Strong Balance Sheet – 20 November 2019

- Cash of **A\$14m**;
- Receivables/Work in Progress of \$15m
- Inventory and Raw Materials of \$5m (at cost)
- Trade Payables of \$3m
- Debt Free; Net Assets \$30m

Sales versus Cash Receipts – strong Debtor payments





Customers – 90% are Government <u>Organisations</u> (including bodies set up to manage water bodies)
PET has never had a Bad Debt
Sales Revenue being received on a timely basis

Chinese Operations



All Chinese Subsidiaries are 100% owned by PET

Payments from Chinese Subsidiaries to PET Australia

Agreements in place for Chinese Subsidiaries to pay PET Australia in cash for:

- Group Services provided to Chinese Subsidiaries;
- Technology Services provided to Chinese Subsidiaries; and
- *Royalties* payable per ton of Phoslock sold in China.

The amounts are calculated six monthly; approved by Chinese Tax Authorities then paid to PET Australia. Circa \$2m received by PET Australia from Chinese Subsidiaries – all payments up to date.

Chinese High Technology Status

PET's Beijing Subsidiaries have received High Technology Status – October 2019. Company Tax Rate for Beijing Subsidiaries will decrease from 25% to 15% - effective for whole of 2019 financial year

Dividends from Chinese Subsidiaries to PET Australia

All PET Chinese Subsidiaries are paying tax on their profits and can pay dividends back to PET Australia. PET Australia has currently elected to retain profits in China to fund its significant growth.

PET Operating Performance







Forecast Phoslock Sales in the range of 10,000-20,000 tons on known projects **Significant Engineering project work** Forecast Phoslock Production of 25.000-30.000 tons

Over 5,000-10,000 tons of Phoslock available for sale in FY2020 to meet new projects and pipeline projects bought forward. Most large projects are multi-stage projects; success in current stage will lead to significant work in the next stage.

Increasing depth of management & sales teams in China and Internationally

PET Major Projects in China

- Yunnan Lakes catchment & lake work started July 2019 on first project; expecting over 3,000 tons applied by Dec 2019 - application (1,000 tons) on second large lake commencing Dec 2019/Q1 2020
- Wuhan work on a number of lakes underway
- Beijing Canals initial works completed; on going maintenance work
- Beijing Wetlands first project completed; on going maintenance work
- The above projects are expected to provide significant work in 2020 and beyond
- China Pipeline over \$200 million

PET Major International Projects

United States/Canada – Florida wetlands and lakes; other US & Canada projects - > 1,500 tons

- Europe/UK 12 projects > 1,500 tons
- Brazil / South America six projects forecast 1,000 tons
- **International Pipeline over \$130 million**

Changxing Factory and R&D Centre

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Multi purpose factory – 150km west of Shanghai manufacturing Phoslock®

Current factory Production Capacity increased to 20,000tpa

- Record production of 58.5 tons per day; routinely 50-58 tons per day

Second production line capacity at Changxing of 20,000tpa

- in production by middle of 2020

Capex budget of \$4-6m can be funded from internal cash flow

For FY2020 PET forecasting production of 25,000 – 30,000 tons

New large Changxing warehouse storing Raw Materials & Finished Goods

Manufacturing is Capital Light and Easily Scalable

New Products:

Adding new products - ZEEP

ISO Accreditation WQA Accreditation Annually









Total Addressable Market – THE WORLD





China – enormous market with large Government Funding

Team of 60 PET employees working in China

- Beijing China HQ; sales; engineering team; project management
- Changxing (150km inland from Shanghai) factory; R&D; sales
- Kunming/Wuhan/Nanjing sales; project management offices
- Wuhan sales; project management

Strategic Agreement with BHZQ has significantly accelerated business.

PHOSLOCK® officially recognised by the Ministry of Water Resources as an approved product for phosphorus removal.

High Technology Status - Tax & R&D benefits

The Ministry of Water Resources administers 2,865 lakes with an area greater than 1 km² and 98,000 reservoirs.

Chinese Government has allocated over US\$1 trillion in latest 5 Year Plan to address water, air and soil pollution.

PET major Projects in China

- Beijing Canals initial works completed; on going maintenance work
- Beijing Wetlands first project completed; on going maintenance work
- Yunnan Alpine Lakes catchment & lake work started on first lake;
 large application on second lake late 2019/early 2020
- Wuhan work on a number of lakes
- Strong pipeline of other large projects





US Wetland/ Everglades

Huge Potential; Phoslock to absorb Phosphorus before entering Wetlands/ Everglades 400 tons (16,000 25kg bags) being applied in December 2019-February 2020

erglades

United States – nearly 3,000 tons since 2012 – large expanding market



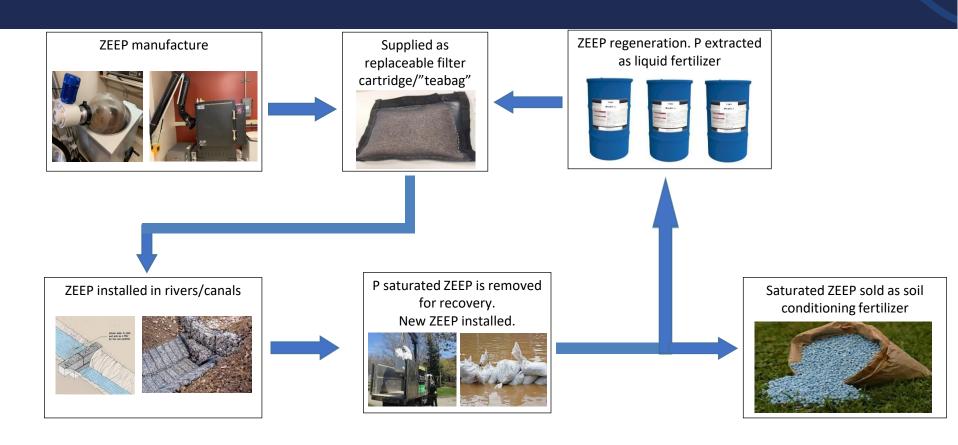






ZEEP – Reusable and Recyclable





Shareholder Information



Capital Structure (25th November, 2019)

Company Name:	Phoslock Environmental Technologies Limited
ASX Code:	PET
Trading Range: (last 12 months)	\$0.32 - \$1.60
Total Issued Shares:	564.4m Shares
Total Unlisted Employee Options:	10.45m Options
Total Number of Shareholders:	6,550
Directors & Executive Shareholding: Institutional Shareholding:	Approx 141m Shares (25%) Approx 70m Shares (12.4%)
Laurence Freedman AM (Chairman) Zhigang Zhang (Deputy Chairman) Robert Schuitema (Managing Director) Brenda Shanahan (Non Exec Director) Ningping Ma (Non Exec Director)	Founded EquitiLink; Large private investment portfolio; Largest PET Shareholder Senior Executive with BEWG/BHZQ; 30 years water industry; Major PET Shareholder MD since 2007; ex Chase/JPMorgan inv banking; Major PET Shareholder 40 years involvement in investment management; NED on number of boards Senior Executive with BEWG/BHZQ; 30 years water industry; large PET Shareholder



ASX Code - PET

PET is included in the ASX 300 Index

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