

Company announcement

Release date 7 December 2023

Extraordinary General Meeting to consider proposed business sale and delisting in anticipation of a winding up; and alternative resolutions relating to a possible continuation of the business under a new Board

Phoslock Environmental Technologies (ASX: PET) (the **Company**) will hold an extraordinary general meeting (**EGM**) of shareholders on Thursday, 18 January 2024 to consider resolutions unanimously recommended by the Board relating to the proposed business sale by the Company and the Company's subsequent delisting from the ASX, in anticipation of a winding up of the Company. In addition, alternative resolutions proposed by beneficial owners of at least 5% of issued shares in the Company will be put to the meeting. Those resolutions propose a continuation of the business under a newly elected Board.

As foreshadowed in announcements made over recent months, the Company has come to the decision to sell assets and wind-up the business having invested an appropriate amount of time and effort in exploring and pursuing the potential opportunities afforded by the Company's products, having investigated the legacy issues and activities as appropriate and having appointed Resolute Advisory Pty Ltd to run a broad process to identify and examine potential strategic options on its behalf. While the Company still has cash reserves, this decision now takes due account of creditor obligations, and provides the best prospects for making a future return of capital to Phoslock shareholders.

The EGM will be held at Chapel Suite, The Como Melbourne, 630 Chapel Street, South Yarra VIC and shareholders are encouraged to attend in person or online, with internet link details provided in the Notice of Extraordinary General Meeting and Explanatory Memorandum, expected to be released in the coming days. Shareholders unable to attend the meeting can submit their directed proxy votes ahead of the meeting.

This announcement also includes details of the sale by the Company of product to HydroScience; the recovery of an outstanding receivable; and a review by European Chemicals Agency (ECHA) of the REACH authorisation for products containing lanthanum chloride anhydrous, which is a component of Phoslock®.

Proposed business sale

The Company has entered into a sale agreement with US-based SePRO Corporation to sell all of the Phoslock Group's remaining Phoslock® inventory and certain intangible assets, including registered and unregistered intellectual property. The proposed sale, which is expected to result in total consideration of approximately \$3.2 million, is seen by Directors as



the optimum opportunity to realise value from the Company's remaining inventory and intellectual property.

Further details of the sale agreement will be included in the Explanatory Memorandum.

Proposed delisting from ASX in anticipation of a winding up

Shareholders will also be asked to consider resolutions at the EGM to approve the delisting of the Company from the ASX in anticipation of a winding up of the Company. Directors believe this to be in the best interest of shareholders, given the proposed business sale.

Further details on the delisting will be included in the Explanatory Memorandum.

Sale of product to HydroScience

The Company has completed the sale of product to its Brazil-based South American distributor, HydroScience. The sale – at a value of approximately \$950,000 – will enable HydroScience to complete several remediation projects to which it is already committed.

Recovery of outstanding receivable

The Company confirms that an outstanding receivable relating to a sale to China Power Construction has now been fully recovered, with RMB payments equating to ~\$210,000 having been paid to PET's Beijing based subsidiary, Beijing Ecosystem Environmental Science and Technology Co., Ltd ("BEST").

ECHA review of REACH authorisation for lanthanum chloride

ECHA has notified the Company that its REACH registration relevant for future importation of Phoslock[®] into the EU is under compliance review which is likely to require that the Company, along with other registrants, submit certain data and technical information about the safety of the chemical substance lanthanum chloride, a key ingredient of Phoslock.

Registrants, including the Company, would need to contribute to the cost of these new studies. Phoslock[®] can continue to be imported into Europe for at least the next 30 months. As part of the proposed business sale, the Company's REACH authorisation will be transferred to SePRO.

Alternative resolutions re proposed continuation of business

The Company has received a Section 249D notice requisitioning a general meeting of shareholders to consider resolutions relating to a continuation of the business under a newly elected Board. These resolutions propose the removal of all current Directors of the Board, including the Managing Director, Lachlan McKinnon, and the appointment of three new Directors, Frederick Bart, Shawn Pieter van Boheemen and Graeme Newing.

The Company has determined that these resolutions will be considered at the same EGM (18 January, 2024) that is being held to consider the asset sale and wind-up resolutions proposed by the current Board of Directors.



The Notice of Extraordinary General Meeting and Explanatory Memorandum to be sent to all shareholders over coming days will include further information relating to the Section 249D notice and related resolutions.

This announcement has been approved by the Managing Director and Chairman

Mr David Krasnostein AM
Chairman

Mr Lachlan McKinnon
Managing Director & CEO

Matthew Parker
Company Secretary

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About PET

Phoslock Environmental Technologies Limited (ASX: PET) specialises in water treatment products to remediate nutrient polluted fresh waterbodies including, lakes, rivers, canals, municipal and private ponds, recreational and drinking water reservoirs.

Headquartered in Melbourne, PET also has offices in Shanghai and the UK, sales resources in China, ANZ, Europe and the US. PET also has registered entities in Canada, USA and Belgium, and manufacturing operations based in Changxing, China. PET is represented by licensees, distributors and agents in numerous other countries including HydroScience in Brazil.

Phoslock® is a proprietary and unique water treatment product that permanently binds excess phosphorus in the water column and sediments.

Phosflow is a proprietary and unique water remediation product that removes excess phosphorus in flowing water applications.

Phoslock is certified for use in drinking water in North America, Europe, Brazil, Australia, and China. Along with Phoslock, PET also supplies zeolites and specialised solutions that address water pollution issues.

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