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Phoslock Environmental Technologies

# ASX ANNOUNCEMENT

**Friday 30rd May 2019**

## Phoslock Production & Raw Material Procurement Update

Since the announcement on 23 May 2019 of the new large South West Chinese Lake project, Phoslock Environmental Technologies Limited (ASX: PET) is working on increasing its current Phoslock production and raw material procurement.

PET is in the process of currently increasing its production rate to 12,000 tons per annum of Phoslock to meet current and expected demand. The production line for this quantity of product is fully functional. The company is currently increasing its on-site wastewater processing and will be installing additional equipment over the next two months. PET has zero wastewater discharge at the Changxing factory, all wastewater is recycled. The estimated cost of this additional wastewater equipment is less than A$1 million and will be funded from existing cashflow.

PET has also advised its bentonite and lanthanum chloride suppliers of increased monthly volumes. Lanthanum chloride is a mixed product comprising 40% lower purity lanthanum and 60% chloride. PET is a regular purchaser of lanthanum chloride and has a long-established supply chain in China. Lanthanum is a low value rare earth and often comprises a quarter of rare earth ores being processed. The market for lower purity lanthanum is large and trades at a significant discount to higher purity 99.9% lanthanum metal. The Company currently holds over four months inventory of lanthanum chloride at its Changxing factory.

Despite international concerns regarding US / China trade negotiations in relation, inter alia, to rare earth prices and supply, PET is confident that it will have no difficulties in relation to the supply of lanthanum chloride to meet the company's future production expectations.

The Company is also securing additional warehousing facilities at the Changxing industrial park to store higher volumes of bentonite, lanthanum chloride and finished Phoslock product.

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| ASX Code: | **PET** |
| Share Price: | **A$0.79** |
| 52 Week High: | **A$0.79** |
| 52 Week Low: | **A$0.31** |
| Issued Shares: | **547.2m** |
| Market Cap: | **A$432m** |

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PET BLOG on Water Issues:
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# PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

**Phoslock Environmental Technologies Limited is listed on the Australian Stock Exchange (ASX Code: PET). PET is included in the ASX All Ordinaries Index.**

Phoslock Environmental Technologies Limited (ASX: PET) is an international environmental company specialising in engineering solutions and water treatment products to remediate impaired lakes, rivers, canals and drinking water reservoirs.

PET has its headquarters in Sydney, Australia with offices in Brisbane, Beijing & Changxing, China; and Manchester, UK. PET is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States and HidroScience in Brazil. PET has a number of marketing and co-operation agreements in China with various environmental companies and government agencies.

With the massive water remediation market in China, in 2017 Phoslock (Beijing) was formed. Our 100% owned subsidiary undertakes design, engineering, and implementation using remediation materials for rivers, canals, reservoirs and lakes along with construction of wetland areas. This is a significant broadening of the historical PET business and enables us to undertake a greater array of projects in China and elsewhere, supplying both services and materials.

PET owns the patent for *PHOSLOCK*, a unique water treatment product which permanently binds excess phosphorus in the water column and sediments. This in turn inhibits the growth of Harmful Algal Blooms (HAB) that lead to detrimental effects for both aquatic and human life.

Along with *PHOSLOCK*, PET also supplies:

1) Zeolites - a porous, natural material that can be applied to heavily polluted water to absorb nutrients such as nitrogen. As with phosphorus, nitrogen is another important food source for the growth of harmful algae; and

2) Bacteria. - Certain types of bacteria can break down contaminants and organic matter which pollute water and cause water borne diseases.

PET has a large multi-purpose factory in Changxing, Zhejiang province, China, 150km inland from Shanghai, which manufactures its patented technology, *PHOSLOCK,* along with nutrient binding materials (zeolites) and biological solutions (such as nutrient consuming bacteria).

The Changxing Factory has recently obtained three important certifications, from TUV Rhineland, a major European testing agency:

- ISO 900: Quality Control and Documentation of all procedures meets International Standards;
- ISO 14000: Environmental Management Standards Certification;
- OSHA 18000: Health and Safety Management Systems

For more information on the company, recent news, videos and blogs please visit our website: **www.PHOSLOCK.com.au**