PHOSLOCK®

Phoslock Water Solutions Ltd.
ABN 88 099 555 290

ASX Code: **PHK**
Share Price: **A$0.20**
Issued Shares: **130.4m**
Market Cap: **A$26.1m**
Unlisted Options: **30.3m**

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Phoslock in the Aquaculture Industry

PWS continues to work with various freshwater prawn and fish farmers to find a commercial basis to use Phoslock in their industry to improve returns to the farmers.

A major issue in the freshwater aquaculture industry are the problems caused by excess levels of algae in the growing ponds. The problems include higher mortality rates, lower yields, reduction in the quality of the flesh, and the flesh taking on an adverse taste and odour. All of these consequences result in a reduced price or reduced output and thus lower financial return to the farmers.

Phoslock is a natural product with no adverse consequences for its use. PWS has commissioned several independent toxicity reports which have confirmed that by using Phoslock in fish and prawn ponds, it does not adversely affect fish, prawn or marine life. The reports conclude that Phoslock would have to be overdosed by a factor of 44 times to affect the test fish and a factor of 375 times to affect the test prawns.

PWS has received a number of approaches from fish and prawn growers (also called shrimps in certain marketplaces) seeking a natural solution to their algae issue and associated problems. The Company is working closely with the farmers in determining precise quantities, the correct timing of application and the most efficient methods of applying Phoslock. Once these aspects of the use of Phoslock are determined with precision PWS will use these results to market to both fish and prawn farmers.

The prawn farming industry is enormous. It is reported that there are over 3 million hectares of fresh water prawn farms around the world, the vast majority in the tropical belt. The major prawn farming countries are Indonesia, Malaysia, Thailand, Vietnam, China, Taiwan, India, Brazil, and Central American countries. PWS is working with growers in Indonesia, Malaysia and Honduras to determine the most efficient methods (timing and amount) of using Phoslock to regulate algae and enhance financial returns to the farmers.

Should the use of Phoslock to regulate algae and enhance financial returns to the prawn farmers be proven, this industry segment could be very significant for Phoslock. The projected usage of Phoslock is in the range of 0.75 tons to 1.25 tons per hectare. A number of the large prawn farming companies control areas greater than 5,000 hectares. The Company's long stated objective of producing and selling 20,000-30,000 tpa of Phoslock could be achieve solely from this industry segment and from a relatively small number of large producers.

The freshwater fish industry encompassing salmon, trout, barramundi, and other species is larger than the prawn industry. PWS's work with this industry is less advanced than the prawn industry however a major trial has recently commenced in South Africa with a group of salmon fish farmers, looking to regulate algae and enhance financial returns to the farmers.

For more information please contact either:

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