Notice of Annual General Meeting and Explanatory Notes

Phoslock Water Solutions Limited

ACN 099 555 290

Date: Thursday 30 November 2006

Time: 10:00 am

Place: BioFirst Seminar Room, G18 Ground Floor, National Innovation Centre, Australian Technology Park – Eveleigh, NSW (Refer map attached)

Phoslock Water Solutions Limited

ACN 099 555 290

Dear Shareholder,

I am pleased to invite you to the 2006 Annual General Meeting of Phoslock Water Solutions Limited (PWS) to be held on Thursday, 30 November 2006. The Meeting will be held at 10am at the National Innovation Centre, Australian Technology Park, Eveleigh NSW (please refer to the attached map)

I enclose your Notice of Meeting, Explanatory Statement, Proxy Form and the Company's 2006 Annual Report. The Notice of Meeting (including the Explanatory Notes) sets out the items of business for the Meeting. Please take time to carefully read the whole document. To help you understand what the document contains, here is a summary of the items of business for the Meeting, including the resolutions on which shareholders are asked to vote.

1. **Discussion of the 2006 Financial Statements and Reports**

2. Adoption of the Remuneration Report

3. Election of Director

One director will stand for election at the 2006 AGM.

Executive Director Robert Schuitema, retires by rotation and is eligible for re-election. Your PWS Board recommends the re-election of Mr Schuitema.

Refer to the 2006 Annual Report for details of the Director.

4. Other Business

Any other business that may be legally transacted may be dealt with.

Voting on items of business at the Meeting

If you would like to vote on items of business outlined in the Notice of Meeting, you may attend the Meeting or appoint a proxy to vote for you at the Meeting. If appointing a proxy, the enclosed Proxy Form should be completed and returned (see Proxy Form for details) as soon as possible and in any event by 10am (EST) on 29th November 2006.

If you have any queries in relation to the Annual General Meeting, please contact Mr Brett Crowley (Managing Director) on 02 9317 3390 or Mr Colin Upcroft (CFO & Company Secretary) on 07-3890 7344.

Yours sincerely,

Robert Schuitema
Executive Chairman

Sydney, Australia

26 October, 2006

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of Phoslock Water Solutions Limited ACN 099 555 290 (**'PWS' or 'the Company'**) will be held on 30^{th} November, 2006 at the BioFirst Seminar Room, G18 Ground Floor, National Innovation Centre, Australian Technology Park, Eveleigh, NSW, at 10.00 am (EST).

Business

1. Financial Statements and Reports

To receive and consider:

- the Financial Statements;
- the Directors' Report; and
- the Auditor's Report

of the Company for the year ended 30 June 2006.

2. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2006.

3. Election of Director

To consider and, if thought fit, to pass the following ordinary resolution:

> That Robert Schuitema, a Director retiring in accordance with clause 22 of the Constitution of the Company, is re-elected as a Director of the Company.

4. Other Business

To transact any other business that may legally be brought before the Meeting.

By Order of the Board

Robert Schuitema
Executive Chairman

Sydney, Australia

26 October, 2006

Voting and Proxies

1. Determination of Membership and Voting Entitlement

In accordance with regulation 7.11.37 of the *Corporations Regulations* 2001 (Cwlth), the shares of the Company that are quoted on the Australian Stock Exchange Limited as at 5.00pm Sydney time on 29 November 2006, will be taken for the purpose of the 2006 Annual General Meeting to be held by the persons who held them at that time.

Accordingly, those persons will be recognised as members of the Company and the holder of Shares and will be entitled to attend and vote at the Annual General Meeting.

2. Votes of Members

On a show of hands, each member present in person or by proxy or in the case of a body corporate by a representative at the Annual General Meeting shall have one vote.

On a poll, every member present in person or by attorney or by proxy or in the case of a body corporate by a representative shall have one vote for each Share held by him.

3. Proxies

Please note that:

- a member who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on behalf of the member; and
- where the member is entitled to cast two (2) or more votes, the member may appoint two (2) proxies and may specify the proportion or the number of votes each proxy is appointed to exercise.

If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.

A proxy need not be a member of the Company.

Any instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filled in shall be deemed to be given in favour of the Chairman of the Annual General Meeting to which it relates.

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised officer or attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

If a shareholder appoints the Chairperson of the Meeting as the shareholder's proxy and does not specify how the Chairperson is to vote on an item of business, the Chairperson will vote, as proxy for that shareholder, in favour of that item on a poll.

To be effective the instrument appointing a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of the power or authority) must be deposited not less than twenty four (24) hours prior to the General Meeting, that is, by 10.00 am Sydney time on 29 November 2006 by mail to PO Box 319, Rosebery, Sydney, NSW 1445 or by delivery at the Company's Registered office, being 116 Rothschild Avenue, Rosebery, Sydney, NSW, 2018 or be received by facsimile on (02) 9317 4437.

A form of proxy accompanies this Notice of Annual General Meeting.

Explanatory Statement

1. Financial Statements and Reports

The *Corporations Act 2001* (Cwlth) requires the Financial Report (which includes the Financial Statements and Directors Declaration), the Directors' Report and Auditor's Report in respect of the financial year of PWS ended on 30 June 2006 to be laid before the 2006 Annual General Meeting. There is no requirement either in the *Corporations Act 2001* (Cwlth) or the Company's constitution for shareholders to approve the Financial Report, the Directors' Report or the Auditor's Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports and on the business, operations and management of PWS.

2.Adoption of the Remuneration Report

During this item of business there will be opportunity for shareholders at the meeting to comment and ask questions about the PWS Remuneration Report. The Remuneration Report is available on page 15 of the 2006 Annual Report.

The vote on the proposed resolution in item 2 is advisory only and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policy of the Company.

3.Election of Director

To consider, and, if thought fit, to pass the following ordinary resolution:

Clause 22 of the Company's constitution requires that at each Annual General Meeting one-third of the Directors must retire from office. Mr Robert Schuitema retires by rotation and is eligible for re-election at the Annual General Meeting on 30 November 2006. In accordance with clause 22 of the Company's Constitution, Mr Robert Schuitema has submitted himself for re-election at the Annual General Meeting as a Director.

4. Other Business

Any other business which may be legally transacted may be dealt with.

Shareholder Proxy Form

Phoslock Water Solutions Limited, 116 Rothschild Avenue, Rosebery, Sydney, NSW, 2018.

I/We ....

of ....

appoint..

of ....

or in his/her absence ....

of ....

or, if no person is named above or if this proxy form contains conflicting directions, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 30 November 2006 and at any adjournment of that meeting. The Chairman of the meeting intends voting in favour of the item of business in relation to undirected proxies.

Note: *If appointing a second proxy please state the number of shares OR the percentage of voting rights applicable to this Proxy Form.*

[ ] Number of shares OR [ ] %

I/We direct my/our proxy to vote in respect of the resolutions to be considered as indicated with an "X" below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.

	FOR	AGAINST	ABSTAIN
Item 2: Adoption of the Remuneration Report	☐	☐	☐
Item 3: Election of Director			
Robert Schuitema	☐	☐	☐

If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the resolution to be considered by the meeting and any adjournment of the meeting.

If you do **not** wish to direct your proxy how to vote, please place a mark in this box. ☐

Note: *By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than, as proxy holder will be disregarded because of that interest.*

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Individual/Sole Director and Sole Company Secretary	**Director**	**Director/Company Secretary**

Date: ....

Instructions for completing this proxy form

Appointment of proxy

Insert the name of your proxy if your proxy is someone other than the Chairman of the meeting. If you leave the appointment section of this Proxy Form blank or your named proxy is unable to attend, the Chairman of the meeting for the time being will be your proxy to vote your shares. Your proxy need not be a shareholder of the Company.

You may appoint one or two proxies to attend and vote at the General Meeting on your behalf. If you appoint two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes in which case any fraction of votes will be disregarded. Where a shareholder appoints more than one proxy, neither proxy is entitled to vote on a show of hands. If you require an additional proxy form, the Company will supply it on request.

Voting directions to your proxy

You may direct your proxy how to vote on the item of business by placing an "X" in one of the three boxes opposite the item. Your proxy may decide whether to vote on the item, except where proxies are required by law or the constitution of the Company to vote or abstain in their capacity as proxies. If your proxy votes on an item, all of your shares will be voted in accordance with your direction unless you indicate a proportion of voting rights on the item by inserting the number of shares or percentage you wish to vote in the appropriate box. If you do not mark any of the boxes on a given item and your proxy is entitled to vote, your proxy may decide how to vote on that item. If you mark more than one box, your vote may be invalid.

If not directing your proxy

If the Chairman of the meeting is your proxy and you do not direct him how to vote on the item of business please mark the box to confirm that the Chairman should vote on your behalf. If you do not mark the box, the Chairman will not be able to vote on your behalf. **The Chairman intends to vote undirected proxies in favour of the item of business**.

Signature(s)

You must sign this form in the spaces provided as follows:

- **Individual Holding**: The Shareholder must sign in the box.
- **Joint Holding**: If shares are held in joint names, all Shareholders must sign in the boxes.
- **Attorney**: If you are signing as an Attorney, the Power of Attorney must have already been lodged with the Company or, alternatively, a certified copy of it must accompany this proxy form.
- **Companies**: Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided which state the office held by the signatory, ie Director and Director, or Company Secretary and Director, or the Sole Director and Sole Company Secretary.

Lodgment of Proxy

The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company at least 24 hours before the time for holding the General Meeting. Documents may be sent to the Company by:

- posting or delivering them to the address detailed on page 4 of this Notice; or
- sending them by fax to the Company's registered office on (02) 9317 4437

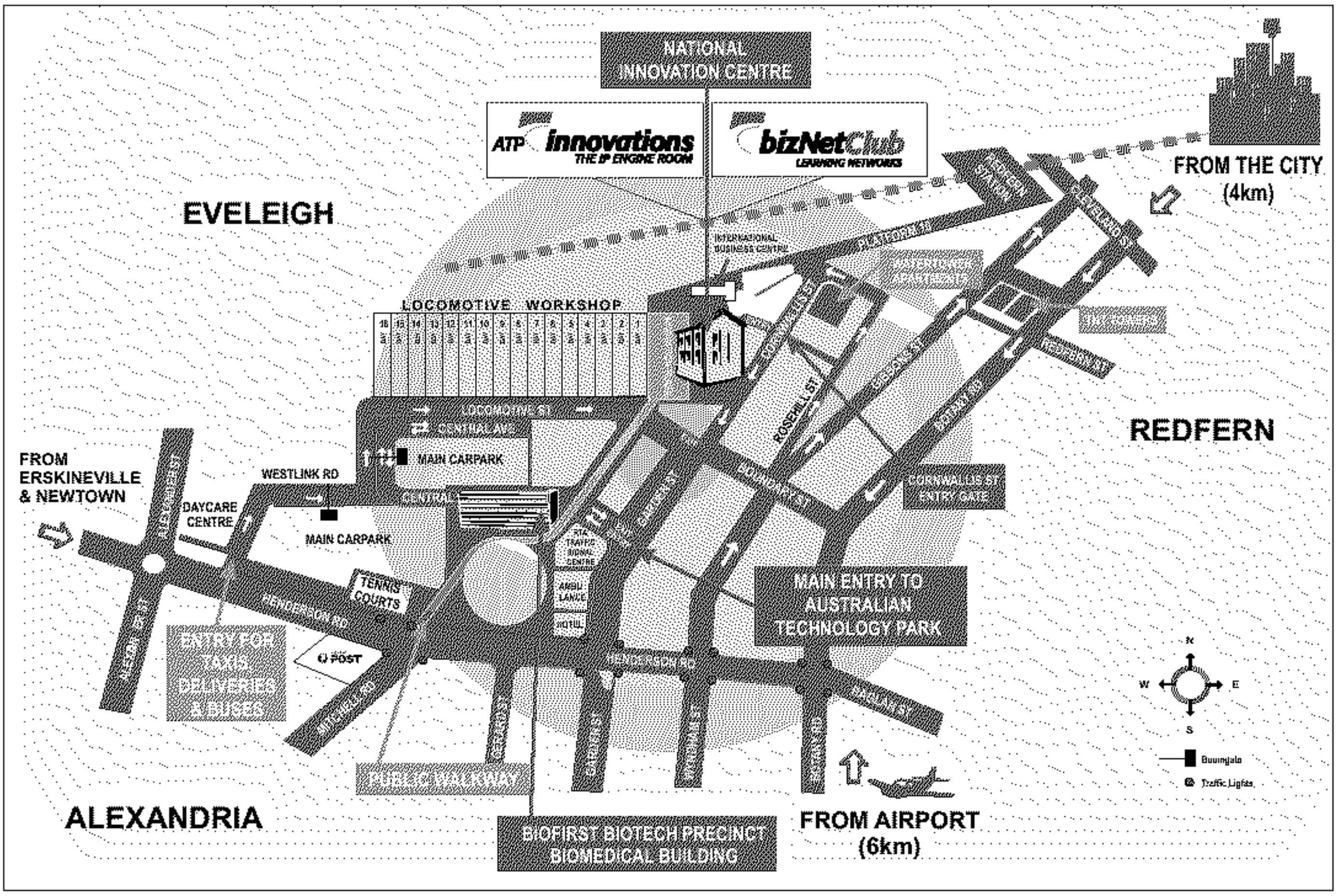
Australian Technology Park Innovations Pty Ltd
Suite 145, Level 1
National Innovation Centre
Australian Technology Park
Eveleigh NSW 1430

Telephone: **61 2 9209 4444**
Facsimile: 61 2 319 3874
info@atp-innovations.com.au

www.atp-innovations.com.au

ATP innovations
THE IP ENGINE ROOM

How to find us!



By Car: ATP has parking for 800 cars. Casual parking is by electronic ticket dispensers. There is a free 30 minute drop-off period and no charge for motorcycles or disabled parking permits.

The entrance to the ATP car park is from Garden Street, Eveleigh.

By Rail: City Rail operates frequent train services between Redfern Station (adjacent to ATP) and major stations including Central, Town Hall, Wynyard and the City Circle stops.

Access to the ATP is via Platform 10 at Redfern Station.

By Bus: To travel between ATPi and Pitt St, Sydney's Central Business District, use any bus numbered 301-305 or 309-310. The bus stop nearest ATPi is in Boundary St, Redfern.