



ASX Code: **PHK**
Share Price: **A\$0.057**

52 Week High: **A\$0.125**
52 Week Low: **A\$0.051**

Issued Shares: **212.9m**

Market Cap: **A\$12.1m**

Unlisted Options: **0.15m**

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ASX ANNOUNCEMENT

Wednesday 23rd November, 2011

2011 Chairman's address to Phoslock AGM

Ladies and Gentlemen,

This has been a seminal year for the Company.

As many of you know, I have been a shareholder almost since the Company went public.

12 months ago, in October 2010, the Directors invited me to join the Board, probably in the expectation that it would be better to have me in the tent helping, than outside the tent giving copious amounts of free advice. I think they will tell you that the advice is as copious as it ever was, but I now have a much better understanding of how well the Company is being run, and so my input has been fully focused on just those few matters which are critical to the commercial success of the Company.

In the eight months since becoming Chairman, the direction of the Company has been streamlined, from being a test-bed for water authorities around the world, to being highly focused within a limited number of countries and totally sales orientated. To this end, we virtually eliminated the broad spread of countries that the previous leadership had allowed and are now concentrated- and fully focused on- just three regions: North America, Western Europe and Australia. These three regions have in common excellent commercial opportunities, a relationship built by us with commercial groups and a history of actually selling the Phoslock product.

In particular, I am delighted with the progress very recently made in the United States where, in January, we signed an agreement with SePRO based in the centre of the United States. SePRO is a water treatment application company which has a very wide-spread sales force as well as an equally wide-spread group of application companies.

Related to this new, focused, approach, is that we have effectively stopped giving away free samples of Phoslock, where water authorities would use our goodwill- often for years- but not produce the commercial results we were after.



I also asked for the maximum effort to be made to get external authorities to verify the effectiveness of Phoslock. Just a week ago, we made what I anticipate will be the most critical announcement we have ever made- that is that in both the United States and Canada, Phoslock is now approved to be safe to be used in water bodies that will be used by humans for drinking water. I cannot stress how important this is, in that it effectively circumvents water authorities from claiming that they need to test our product, often for years, before considering buying it.

The Water Quality Association, which has given us their gold seal of approval, is a pre-eminent water certifying authority in North America and is recognised globally as such.

So our expectation is that this will not only give a boost to the current sales efforts by SePRO, but also to increased sales in Europe and Australia. And, of course, we are open to genuine sales enquiries from anywhere else in the world.

Despite this great breakthrough, I must issue a note of caution in that, regardless of this stamp of approval, many water authorities are innately conservative, take a long time to make decisions and, unfortunately in this global economic environment, have little or no funds, and therefore may feel that cleaning up their lakes and dams is not as high a priority as other matters.

Nevertheless, I feel that in the past year, the Company has made great strides and hopefully in the next year or two, WILL reward our patience as shareholders. Certainly Phoslock is without a doubt the most effective algae reducing agent known.

Another innovation which you will see shortly is the complete revamp of the Phoslock website. It has been redesigned to be much more informative, and addresses three levels of enquiry- ranging from people who have little knowledge of the global algae problem but want to know more, to those with technical knowledge, and all the way to those with scientific knowledge. So, in the one website, you will be able to gain information at whatever level you wish. As to the day to day running of the Company, I must stress that the Company is run by Rob on the smell of an oily rag and that we are financially funded for the future-- unless demand grows so rapidly that we have to look to build another factory to meet demand! I certainly hope that this may be the case, in which event, we are already making plans.

Now, before I hand over to Rob and to Eddie who will give you the details of what we have done, what we are doing and what we are going to do, I want to thank everyone on the staff, who have, over the past year, done an outstanding job, particularly given the very substantial changes made to both the direction and the modus operandi of the Company. And of course, to my fellow directors, who have taken up my proposals with enthusiasm- most of the time!

Please feel free to ask questions as they make their presentations, but bear in mind it might be better to wait until the end as they plan to give you a comprehensive run down and hopefully will answer those questions for you.

So thank you for attendance and I'll hand over to Rob.

Laurence Freedman AM
Chairman of Directors

ABOUT PHOSLOCK WATER SOLUTIONS LIMITED

Phoslock Water Solutions has worldwide exclusivity for the sale and marketing of Phoslock, a technology developed by the Australian government scientific body CSIRO. Phoslock removes phosphorus and harmful contaminants. It has been applied to over 200 water bodies and used in over 20 countries since it was commercialised in 2005.

Phoslock is headquartered in Sydney, Australia and has offices in Brisbane, Kunming, China and European Operations (covering Europe, Central & South America) near Bremen, northern Germany. Phoslock is represented by licensees and agents in ten other countries including SePRO Corporation in the United States.

Phoslock is a certified NSF/ANSI Standard 60 product - North American Drinking Water (see websites ansi.org and scc.ca).

Phoslock Water Solutions is listed on the Australian Stock Exchange (ASX Code: PHK).

For more information about Phoslock Water Solutions visit www.phoslock.com.au or www.phoslock.com.eu

ABOUT PHOSLOCK – the Product

Phoslock is a unique water treatment product that effectively removes phosphorous from algae-contaminated water bodies. It acts by permanently binding phosphorus in the water, forming a protective permeable sediment, preventing its re-release. Retention of phosphorus deprives algae of nutrients, thus improving water quality for human use, aquatic life and clarity of water. The sediment is inert and has no effect on aquatic flora or fauna.

Phoslock is primarily used as an in-water solution for lakes and other high value recreational water bodies. It is also used as a preventative, absorbing phosphorus before it is transported into water bodies by being applied in storm water basins and inflow channels, rivers and canals.

Phoslock is approved for used in North American Drinking Water Reservoirs via NSF/ANSI Standard 60 Certification. This certifies that Phoslock is safe for use in drinking water.

Phoslock is now used by the aquaculture industry (fish and shrimp/prawn) to control phosphorus levels in grow-out ponds and eliminate harmful algae blooms (HAB) and blue green algae. These have a deleterious effect on the health of aquatic life.

PHOSLOCK DIRECTORS

Mr Laurence Freedman AM Non-Executive Chairman

Mr Freedman was appointed a Director of Phoslock in October, 2010 and was elected Chairman in March 2011.

Mr Freedman has a long history of involvement and expertise in public companies with international trading and investment activities. He began his career with the Gold Fields Group: initially an analyst, he rose to Director of Group companies. He later joined BT Australia as Manager, Investments.

In 1980 he founded Equitilink Limited, an investment management group which he grew to a global company with operations around the world and over \$3 billion under management. He held Chairman and/or Director positions in a number of public and private companies in Australia, the United States, the United Kingdom, Canada, New Zealand and Taiwan.

He was a member of the syndicate which bought the Ten Network, of which he became a director, taking it out of receivership and helping to make it the most profitable media network in Australia for some years.

In 2000 he sold the Equitilink Group and in 2004 sold out of the Ten Group.

He currently manages his private investment portfolio of international shares, property and fixed income securities. He is a mentor to a number of resource, biotech and technology companies.

He is Chairman of The Freedman Foundation, a philanthropic foundation funded by the Freedman family, which assists and supports young Australians in many areas of endeavour. The Foundation also finances a broad range of medical and scientific programs and organizations.

In 2001 he was awarded The Order of Australia for service to the community, to medical research, the arts, and to business and investment in Australia.

He is also Chairman of ASX listed Carrick Gold Limited and Condor Metals Limited.

Mr Robert Schuitema Managing Director and Company Secretary

Mr Schuitema was appointed a Director of Phoslock in April 2005, and shortly thereafter assumed the role of Executive Chairman. In January 2007, he took over the role of fulltime Managing Director, and at the same time stepped down as Chairman.

He brings to PHOSLOCK a wide range of business and commercial skills. He is responsible for the day to day running of the Company's businesses globally. He is also a Director of Phoslock's Joint Venture manufacturing company in China.

He is a former Managing Director of investment bank Chase Manhattan Bank and later JPMorgan Chase where he was global co-head of the Mining & Metals group and responsible for the Asia-Pacific region and also had extensive involvement in the bank's southern Africa business. He has extensive experience in a range of investment banking disciplines including commodity derivatives, equity issues, project finance for standalone projects, US\$ bond issues, trade finance, acquisition finance and mergers & acquisition advise.

Mr Schuitema is a Director of ASX listed companies Carrick Gold Limited and Condor Metals Limited and previously a Director of Electro-Optical Systems Limited.

Honorable Pam Allan
Non-Executive Director

The Hon. Pam Allan was appointed a Director of Phoslock in July 2007.

Elected to the Parramatta City Council in 1983, she was elected to the New South Wales Legislative Assembly in 1988.

She was, for 18 years, a member of the NSW Parliament, where she was Minister of Environment from 1995 to 1999. She also chaired a number of parliamentary committees.

Her appointments include: Shadow Minister Planning & Environment 1988-1995, Minister of Environment 1995-1999, Chair for Select Committee on Salinity 2000-2002, and Chair, Standing Committee on Natural Resource Management from May 2003. She retired as the member for Wentworthville at the March 2007 election.

The Hon. Pam Allan currently serves on a number of local government bodies and authorities.