



# PHOSLOCK®

## Shareholder Presentation

29<sup>th</sup> November, 2007

# INVESTMENT HIGHLIGHTS

- PWS is a global water technology company manufacturing & selling environmental solutions
- PWS main product is Phoslock – 15 years of R&D; 2 ½ years of commercial sales.
- Phoslock is manufactured at J/V factory in Kunming, China; plans in place for larger low cost second factory.
- Over 130 applications taken place in 20 countries; results very positive.
- Sales momentum continues; focus on larger projects; three core business segments:
  - High value recreational lakes in Australia, NZ, UK, Western Europe, North America, South Africa and parts of Asia.
  - Drinking water reservoirs
  - Aquaculture (prawn/shrimp and fish farming) in closed pond environments
- Pipeline of 18 medium and large projects with potential sales volume of over 20,000 tons
- Break even for PWS is approx 3,500 tpa of Phoslock product sales.
- Secured license for evaporation control product - WaterSavr
- PWS has A\$3.7m of cash, inventories (at cost) and receivables and is debt free. Includes \$0.5m received from recent exercise of employee and consultant options.
- Three Year Plan - producing and selling 30,000 tpa Phoslock products in 30 countries; adding additional products (like WaterSavr)

# CAPITAL STRUCTURE

ASX Code:	PHK
Current Price:	29 cents*
Trading range: (last 12 months)	20 - 49 cents
Total Issued Shares:	149.9 million
Total Issued Options:	26.2 million **
Market Capitalisation:	A\$43.5 million

\* Price on 28 November, 2007

\*\* Exercise prices range between 20c – 60c and expiring between Nov 2007 and Nov 2010.

Future exercise value of all options is approx A\$8 m.

Approx A\$2.3m of options exercisable in 2008 at prices 20-23c

# MAJOR SHAREHOLDERS

## Major Shareholders of Ordinary Shares \*

Link Traders Pty Ltd	Investor	12.2%
Newest Pty Ltd	Investor	5.2%
CSIRO	Govt Scientific Organisation	2.5%

Current Directors and Executives – Ordinary Shares	4.5%
– Ordinary Shares & Options	15.0%

Top 50 Shareholders aggregate holding	55%
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Institutional Shareholding (approx)	7%
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Total number of Shareholders (approx)	1,500
- number of shareholders increased by 35% during 2007	

\* Shareholders as at 28 November, 2007



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# DIRECTORS

Directors	Located	Joined	Experience
<b>Dr David Garman</b> Chairman	Sydney	2002	President of International Water Association Executive Director – Environment Biotech CRC
<b>Robert Schuitema</b> Managing Director	Sydney	2005	Former Investment Banker – JP Morgan Mining & Metals/ Project Finance background
<b>Russell Brown</b> Non Executive Director	Sydney	2005	MD of Agricultural Chemical Company
<b>Hon. Pam Allan</b> Non Executive Director	Sydney	2007	18 years NSW Parliament Former NSW Minister of Environment

# KEY MANAGEMENT

Management	Located	Joined	Experience
<b>Colin Upcroft</b> CFO & Company Secretary	Brisbane (relocating to Sydney)	2001	20 years Accountancy, Company Secretarial
<b>Eddie Edmunds</b> Chief Operating Officer	Sydney	2006	20 years Water Treatment industry
<b>Nigel Traill</b> General Manager – Europe, ME & Africa	Brussels, Belgium	2000	15 years Sales
<b>Dr Sarah Groves</b> Technical Manager	Sydney	2007	Limnologist; Hydrogeochemist
<b>Dr Anisul Afsar</b> Aquatic Scientist	Sydney	2007	Aquatic Scientist
<b>Phil Adcock</b> Sales Manager – United Kingdom	North London, UK	2006	20 years Sales
<b>Andrew Winks</b> Group Operations Manager	Global Role	2005	Process plants/Engineering
<b>Terry Vulles</b> Operations Manager – China	Kunming, China	2006	Fluent Chinese speaker & writer; worked in China for 8 years



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# BUSINESS RATIONALE

- Excessive phosphorus in water bodies is a global problem getting worse each year with few natural solutions; global warming will compound problem
- Phoslock is a natural product and environmentally friendly
- Phoslock is the ideal product to use in natural and man-made water bodies, including lakes, reservoirs, rivers, dams and aquaculture ponds
- There are thousands of high value recreational lakes and drinking water reservoirs which require major reduction in nutrient loads to improve water quality, avoid/treat BGA issues and to make the water body usable/safe for public use/usage
- In the aquaculture industry, Phoslock allows shrimp/prawn and fish farmers to prevent BGA, control the level of algae in the water to maximize growth and quality



**The potential for Phoslock is enormous –  
it is a natural solution to a global water quality problem**

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# MANUFACTURING OF PHOSLOCK

- Continuous production commenced in May, 2005
- JV Plant (71% PWS) in Kunming, China has capacity to produce 6,000 – 8,000 tpa of Phoslock products
- PWS Chinese speaking executive located in Kunming, China
- Plans in place for a large second factory to significantly increase production and lower both cost of production and transportation costs to customers
- For large one off projects, Phoslock can be manufactured next to the water body being treated. Minimum application size required to make this cost effective



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# PHOSLOCK MANUFACTURING PLANT



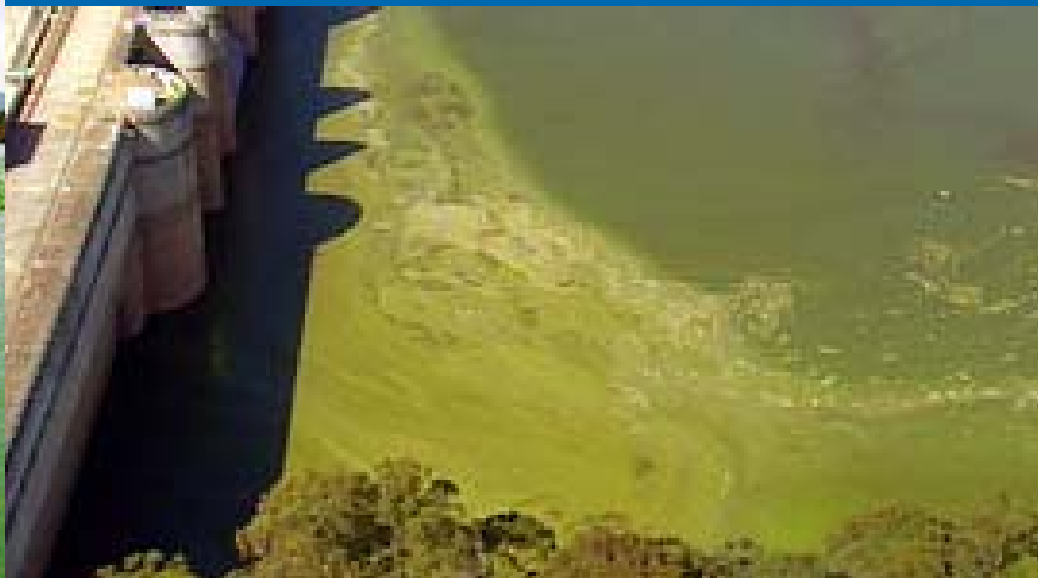
Phoslock Manufacturing Plant – Kunming, China

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# SALES & MARKETING

- Phoslock is now in its third year of commercial sales
- Over 130 applications completed in 20 countries; results of applications have been very positive
- PWS has retained licensees in Australia, UK /Ireland and China/HK and has developed its own sales coverage in these countries
- Licensees appointed for NZ, US/Canada, Southern Africa (covering 30 countries), Western Europe (covering Germany, Switzerland, Austria, Belgium, Holland, Lux), Poland, Hungary, Korea, Taiwan, Singapore, Indonesia.
- Western European licensee, Novak Institute very strong technically; have seven people dedicated to Phoslock business; long advanced pipeline of major projects
- Majority of customers for larger projects are governmental authorities; understand their issues well; motivated to find a solution to water body issues; access to funding; sales process timeline varies according to circumstances
- Success in smaller trials/applications is a pre-requisite to treating larger water bodies
- Significant progress has been made with prawn growing companies; moving to meaningful commercial sales



## China to spend \$14.5 billion to clean up lake

**Algae bloom had blocked water supplies to millions of people in summer**



Sipa Press file

A view of the blue-green algae bloom affecting Taihu Lake in Wuxi, the second largest city of eastern China's Jiangsu province on June 1.

**Goulburn-Murray water, Australia**



# Global Application of Phoslock



CANADA  
River and Canal leading  
into Recreational Lake



GERMANY  
Recreational Lake



SOUTH AFRICA  
Hartebeespoort Dam



UNITED KINGDOM  
Drinking Water Reservoir



POLAND  
Recreational Lake



CHINA  
River and Canal System  
in Major City



MALAYSIA & INDONESIA  
Aquaculture



NORTH QLD  
Prawn Farms



BRISBANE  
Golf Course



SYDNEY  
Drinking Water Reservoir



PERTH  
Recreational Lake



ADELAIDE  
Torrens River



NEW ZEALAND  
Rotorua Lakes

# LAKES

- Phoslock is applied to high value recreational lakes ranging from smaller council/municipal lakes to very large lakes to:
  - reduce phosphorus level
  - change the N:P ratio (which changes algal population away from BGA)
  - cap sediment to stop release of P into water body
- phosphorus and BGA problems is an enormous problem round the world and getting bigger each year; number of water bodies closed for use; public health issues; poor conditions affecting fish/biota
- Phoslock applied to lakes in 16 countries have been closely followed by multitude of future customers; results have been very good.



Business Opportunity – Phoslock is an environmental solution to an enormous problem in lakes around the world.

# DRINKING WATER RESERVOIRS

- major problem in drinking water reservoirs with BGA problems along with taste and odour issues with the water
- phosphorus and algal problems have two major impacts for water companies:
  - increase treatment costs significantly
  - in some instances, can't use the water from a reservoir until water quality is improved
- water companies are looking for a proactive solution of phosphorus and BGA issues
- Phoslock being used in drinking water reservoirs in Australia and UK.



Business Opportunity – enormous market looking for a pro-active solution to mitigate water quality issues



# PRAWN FARMS

- prawn growers need to regulate the amount of phosphorus and BGA/algae in their growing ponds
- effects of phosphorus and too much BGA/algae impacts size, number, weight and taste of prawns impacting the economic value of the crop to the grower
- PWS has been working with leading prawn growers in Indonesia, Malaysia and Australia to find right balance between amount of Phoslock and timing of application to produce best results to significantly enhance economic value of crop to the grower
- Results of prawn trials (each growing period is 100 days) very positive; moving towards meaningful commercial sales
- over 3,000,000 ha of prawn/shrimp farms worldwide

Commenced work on other areas of Aquaculture farming

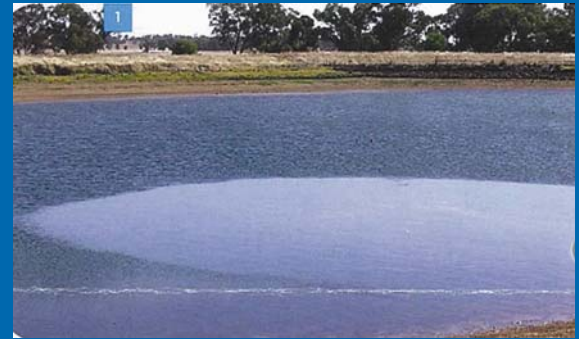
Business Opportunity – enormous market who are economically driven to finding a solution to enhance the value of their crop



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# WaterSavr

- WaterSavr is an environmentally friendly evaporation control product
  - made from bio degradable ingredients
  - self-spreads across the waterbody surface to form a mono-layer which limits the escape of water vapor
  - approved for use in drinking water
- evaporation is a major problem in Australia
  - average water storages evaporates 1.5m to 2m pa
  - 1 hectare (100m by 100m) loses 15m-20m litres pa
- PWS granted WaterSavr license on 1 January, 2007
  - sold product to 6 mid-sized water authorities in NSW & Vic
  - being trialed by several of the large water authorities
  - over dozen proposals currently with large water body managers



WaterSavr

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# CONTACTS

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