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ABN 88 099 555 290

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Company announcement

Release date 22 October 2026

September 2026 Quarterly Activities Report and Appendix 4C

Financial

The Company's cash balance at 30 September 2026 was $3.436 million, representing a decrease of $90,000 over the quarter.

Net cash outflow from operating activities was $21,000 for the September quarter, a substantial improvement on the $952,000 outflow recorded in the corresponding quarter last year. The improvement reflected higher sales receipts and a significant reduction in net operating outlays.

Net operating outlays totalled $1.153 million and included legal fees of $36,000, offset by $27,000 in insurance reimbursements and a $116,000 refund of excess US import duties paid in the previous year.

Quarterly cash flow data ($000)

	Sep Q 2025	Dec Q 2025	Mar Q 2026	Jun Q 2026	Sep Q 2026
Sales receipts	562	1,095	466	501	1,132
Net operating outlays	-1,513	-966	-1,242	-1,253	-1,153
Cash from operations	-952	+129	-776	-752	-21
Cash from investing	-39	-42	-16	-13	-30
Cash from financing	-	-	-	-	-
Net cash flow	-990	+87	-792	-765	-48
Forex movements	-27	-47	-100	-22	-42
Cash position	5,164	5,205	4,313	3,526	3,436

Quarterly cash flow figures can be subject to significant variability and should be interpreted with caution when assessing or extrapolating underlying trends.

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In accordance with Listing Rule 4.7C, payments made to related parties and their associates included in item 6.1 of the Appendix 4C relate to directors' fees (including superannuation) paid to non-executive directors.

Operations

Sales volumes for the September quarter totalled 275 tonnes, compared with 251 tonnes in the corresponding quarter last year and 189 tonnes in the preceding quarter. Sales by region comprised Brazil 61%, Australia 24%, China 12% and Europe 4%.

Production for the quarter was 457 tonnes, bringing year-to-date production to 1,524 tonnes. Product inventory at 30 September totalled 1,848 tonnes, including 983 tonnes held in China.

The reduction in production followed a decision to pause manufacturing at the end of August after inventory at Changxing reached available storage capacity. The deferral of several major European projects until the first quarter of 2027 also contributed to the decision. Production is expected to resume in the coming months. The pause will also provide an opportunity to undertake further bulk production runs of new products.

New Product Development and Trials

Laboratory-scale research and development continued during the quarter, with the range of new formulations extended to include products containing 15% and 20% lanthanum (La). Initial results have been encouraging. Testing has been undertaken using saline, alkaline and pond water, in addition to pure water. A patent application has been filed in relation to the development.

Bulk trials of Phoslock 10 containing 10% lanthanum were delayed until suitable trial ponds were identified.

The first bulk trial is underway at a small pond in Jintan, Changzhou, approximately 100 kilometres north of Changxing, China. Dosing with 700kg Phoslock 10 took place this week, with water and sediment sampling and analysis to continue over the following months.

The Company is working to identify suitable sites for additional bulk trials in the United States, Europe and Australia.

Corporate

The Company continues to manage legacy legal matters, including the class action commenced in the Federal Court by the Banton Group on behalf of certain shareholders.

The proceedings remain ongoing, with the matter still largely at the discovery stage. Formal court proceedings may not take place until 2027.

While the outcomes of these matters cannot be predicted, the Company remains committed to meeting its regulatory obligations and protecting its interests.

This announcement has been approved by the Chairman.

Mr Fred Bart
Chairman

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About PET. Phoslock Environmental Technologies Limited (ASX: PET) specialises in water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

PET is headquartered in Sydney, has a factory in Changxing, China, and has offices in China, the UK/Europe and in the USA. The Company is represented by licensees, distributors and agents in other countries including HydroScience in Brazil and The Orion Companies in the USA.

PET's main manufactured product is Phoslock®, a lanthanum modified bentonite (LMB) that permanently binds excess phosphorus in the water column and sediments, and thus improves water quality and biodiversity. Phoslock does not harm living organisms and is certified for use in drinking water in North America, Europe, Brazil, Australia, and China.

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

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Name of entity

PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED

ABN	**Quarter ended ("current quarter")**
88 099 555 290	September 2026

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	1,132	2,099
1.2	Payments for		
	(a) research and development	(26)	(63)
	(b) product manufacturing and operating costs	(166)	(580)
	(c) advertising and marketing	(20)	(66)
	(d) leased assets	-	(230)
	(e) staff costs	(348)	(1,126)
	(f) administration and corporate costs	(593)	(1,583)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(21)**	**(1,547)**
2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	(1)	(11)
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	(29)	(48)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(30)**	**(59)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	3,526	5,205
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(21)	(1,547)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(30)	(59)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(39)	(163)
4.6	**Cash and cash equivalents at end of period**	**3,436**	**3,436**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	3,350	3,140
5.2	Call deposits	86	386
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**3,436**	**3,526**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(11)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	-	-

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(21)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,436
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	3,436
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	**164**

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

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Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: .....October 2026.....

Authorised by: .....Managing Director.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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