ASIC FOI 011- 2024

Australian Securities and Investments Commission

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Robert Schuitema
Company Secretary
Phoslock Environmental Technologies Limited
Suite 403, Level 4, 25 Lime St
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By email: enquiries@phoslock.com.au
Our Reference: CAS-23454-X7S2Z9

12 November 2018

Dear Robert

ASIC audit file review – Phoslock Environmental Technologies Limited for the year ended 30 June 2018

The Australian Securities & Investments Commission ("ASIC") has responsibility for the regulation of the financial reporting and audit requirements of the *Corporations Act 2001*.

Amongst other activities, ASIC undertakes proactive reviews of audit files under our routine audit firm inspection program. Our objective is to promote improvement and maintenance of audit quality. We work cooperatively with the firms to achieve this objective.

The purpose of this letter is to advise you that we will shortly be commencing the review of the audit file of KPMG in connection with the audit of the financial report of Phoslock Environmental Technologies Limited for the year ended 30 June 2018. The selection of an audit file for review by ASIC should not be taken to suggest that the financial report or the work of the auditor is inadequate.

KPMG was notified of ASIC's planned review of the audit file on 05 November 2018.

ASIC Regulatory Guide 260 *Communicating findings from audit files to directors, audit committees or senior managers* (RG 260) provides guidance about when we will communicate audit quality findings from our review of an audit file to companies, and the process we will follow before communicating such findings on an exception basis. RG 260 which is available on our website www.asic.gov.au encourages directors to ask audit firms for the results of our reviews and to understand the steps the auditors are taking to address any audit quality matters identified in our reviews.

If you have any questions or concerns regarding this review, please contact me on (02) 9911 5982.

Yours sincerely

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