

Ludgate Environmental Fund Limited
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Ludgate Environmental Fund to invest \$550,000 in water technology business

Ludgate Environmental Fund Limited ("LEF" or the "Fund") is pleased to announce its commitment to invest \$550,000 into Phoslock Water Solutions Limited ("PWS" or "the Company"). PWS is an Australian public company listed on the Australian Stock Exchange (ASK Code: PHK).

PWS owns the patents and global trade mark for 'Phoslock'. Phoslock is a modified clay product which removes phosphorus from the water column and sediment pore water of water bodies. By removing the phosphorus, Phoslock effectively controls the growth and proliferation of algae through limiting one of their essential nutrients. Application of Phoslock in a water body will break existing algal blooms and prevent future blooms.

Phoslock was invented and developed by the Commonwealth Scientific & Industrial Research Organisation (CSIRO), Australia's national scientific organization. PWS manufactures Phoslock at its joint venture manufacturing operation near Kunming, China.

Subject to the approval of PWS shareholders at a General Meeting scheduled for Friday 3rd October 2008, LEF will subscribe for five million fully paid ordinary shares in the Company at a subscription price of \$0.11 per share. As part of its investment, LEF will also be granted options to subscribe for an additional 1.25 million shares in PWS at \$0.11 per share any time up to 31st July 2009. LEF's investment is part of a wider share placing in PWS, raising a total of just over A\$1.7 million for the Company on the same terms. Post investment, LEF's shareholding in PWS will be approximately 3%.

About Ludgate Environmental Fund:

Ludgate Environmental Fund is a Jersey domiciled closed-ended investment company, listed on AIM. The Fund was launched in August 2007, raising £26.7 million at listing. A further £3.0 million was raised by the Fund in February 2008.

The Environmental/Cleantech sector is characterised by products and services which optimise the use of natural resources while reducing environmental impact in ways that enhance economic value. Opportunities include: energy efficiency and alternative energy sources including renewable energy; water treatment and management; waste management and resource recovery; industrial process advances; and emission reduction technologies.

LEF was launched to enable experienced and sophisticated investors to participate in a diverse portfolio of investment holdings in Environmental/Cleantech companies. LEF believes that there are a number of key drivers of growth, both in terms of business and investment activities, within this sector including:

- increasing demand for, and decreasing supply of, natural resources;
- rising concern over the economic costs of waste accumulation and pollution;
- growing awareness of environmental issues amongst the public; and
- environmental technology advances in recent years.

The Fund's Investment Adviser, Ludgate Investments Limited, has significant experience and a successful track record of investing in and helping to build companies within this sector.

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