



DEFENCE OF THIRD RESPONDENT TO FURTHER AMENDED STATEMENT OF CLAIM

No. VID1072 of 2024

Federal Court of Australia
District Registry: New South Wales
Division: General

EDWIN PAUL CAYZER

Applicant

**PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (ACN 099 555 290) and others
named in the schedule**

Respondents

PROCEDURAL

- 1A. In this Defence to Amended Statement of Claim (**Defence**), the Third Respondent:
- a. will use the headings used in the Amended Statement of Claim (**Claim**) for convenience only. Use of those headings is not an admission; and
 - b. will use the terms defined in the Claim, unless those terms are otherwise defined in this Defence to the Claim (**Defence**).
- 1B. Pursuant to Order 8(b) of the orders of Stewart J made 2 May 2025, the requirements of rr 16.03, 16.07, 16.08 and 16.41 of the *Federal Court Rules 2011* (Cth) have been dispensed with to the extent stated in the Order.
- 1C. The Third Respondent presently intends to seek leave to submit that he has no case to answer, either at the close of the Applicant's case in chief or at some other appropriate time.

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|--|---|-----|-----------------|
| Filed on behalf of (name & role of party) | Robert Paul Schuitema - Third Respondent | | |
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PRIVILEGE CLAIMED

- 1D. Nothing in this Defence should be taken to amount to an express or implied waiver of any privilege of the Third Respondent against self-incrimination or privilege against self-exposure to penalty.
- 1E. The Third Respondent reserves the right to seek leave to amend the Defence after the Applicant has presented his case, including to plead:
- a. a positive defence;
 - b. relief from liability (which is denied) pursuant to section 1318 of the *Corporations Act 2001* (Cth) (**Corporations Act**);
 - c. a reduction of liability (which liability is denied) under s 1041I(1B) of the Corporations Act, section 12GF(1B) of the *Australian Securities and Investments Commission Act 2001* (Cth) (**ASIC Act**) and section 137B of the *Competition and Consumer Act 2010* (Cth) (**CCA**); and
 - d. proportionate liability (which liability is denied) for apportionable claims pursuant to Division 2A, Part 7.10 of the Corporations Act, Subdivision GA of Division 2 of Part 2 of the ASIC Act and Part VIA of the CCA.

A. THE PARTIES AND GROUP MEMBERS**A.1 The Applicant and the Group Members**

1. As to paragraph 1 of the Claim, the Third Respondent:
 - a. admits paragraph 1(a)(i) but does not know and therefore cannot admit paragraph 1(a)(ii);
 - b. denies paragraph 1(b);
 - c. admits paragraph 1(c); and
 - d. otherwise denies paragraph 1 of the Claim.
2. As to paragraph 2 of the Claim, the Third Respondent admits paragraph 2(a) but otherwise does not know and therefore cannot admit paragraph 2 of the Claim.

3. As to paragraph 3, the Third Respondent:
 - a. repeats paragraph 1 of the Claim;
 - b. admits that there are or were more than 7 persons as described in paragraphs 1(a) and (c) of the Claim; and
 - c. otherwise denies paragraph 3 of the Claim.

A.2 The Respondents

4. The Third Respondent admits paragraph 4 of the Claim.
5. As to paragraph 5 of the Claim, the Third Respondent:
 - a. admits paragraphs 5(a)-(d);
 - b. does not know and therefore cannot admit paragraph 5(e); and
 - c. otherwise denies paragraph 5 of the Claim.
6. As to paragraph 6, the Third Respondent:
 - a. admits that he:
 - i. was appointed a *director* (as defined in section 9AC of the Corporations Act) on 1 April 2005 and Managing Director of Phoslock in about January 2007 (prior to the start of the Relevant Period);
 - ii. retired as a director and Managing Director on 25 May 2020, at the Phoslock Annual General Meeting;
 - b. admits that, while he was Managing Director, and subject to and within the powers delegated to him, he was an *officer* as defined in section 9AD of the Corporations Act;
 - c. denies paragraph 6(e); and
 - d. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims privilege against self-exposure to penalty and privilege against self-incrimination (**Privilege**);

- iii. does not plead to paragraph 6; and
- iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

6A. As to paragraph 6A, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 6A; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

7. As to paragraph 7 of the Claim, the Third Respondent:

- a. admits paragraph 7(a);
- b. admits paragraph 7(b);
- c. admits paragraph 7(c)(i) and paragraph 7(c)(ii)(a), (b) and (c) and says that while it is possible for natural persons to be a “person” in certain circumstances for the purposes of paragraphs 7(c)(ii)(d), (e) and (f), he does not know and therefore cannot admit that they are applicable to Ms Cain;
- d. admits paragraphs 7(d); and
- e. otherwise denies paragraph 7 of the Claim.

B. PHOSLOCK’S REPORTING REQUIREMENTS

8. The Third Respondent admits paragraph 8 of the Claim.

9. As to paragraph 9, the Third Respondent:

- a. says that AASB 101 is entitled “Presentation of Financial Statements”; and
- b. otherwise admits paragraph 9 of the Claim.

10. As to paragraph 10 of the Claim, the Third Respondent:

- a. admits that AASB 101 is relevant to the preparation of Phoslock’s financial statements;

- b. admits that AASB 101 makes some statements similar in effect to that pleaded in paragraph 10(b);
 - c. will rely upon the whole of AASB 101 and the Framework for their full force and effect; and
 - d. otherwise denies paragraph 10 of the Claim.
11. As to paragraph 11 of the Claim, the Third Respondent:
- a. admits that, by paragraph 2 of AASB 110 *Events after the Reporting Period*, AASB 110 was to be applied in the accounting for, and disclosure of, events after the reporting period;
 - b. admits that AASB 110 contained the following definition in paragraph 3:
 - Events after the reporting period* are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:
 - (a) those that provide evidence of conditions that existed at the end of the reporting period (*adjusting events after the reporting period*); and
 - (b) those that are indicative of conditions that arose after the reporting period (*non-adjusting events after the reporting period*).
 - c. admits that paragraph 8 of AASB 110 stated that an entity shall adjust the amounts recognised in its financial statements to reflect adjusting events after the reporting period;
 - d. says that paragraph 10 of AASB stated that an entity shall not adjust the amounts recognised in its financial statements to reflect non-adjusting events after the reporting period;
 - e. relies upon the content of AASB 110 for its full force and effect; and
 - f. otherwise denies paragraph 11.
12. The Third Respondent admits paragraph 12 of the Claim.
13. The Third Respondent admits paragraph 13 of the Claim.
- C. DIRECTORS' ROLES**
14. The Third Respondent admits paragraph 14 of the Claim.

15. The Third Respondent denies paragraph 15 of the Claim and says that Phoslock was required by section 292 of the Corporations Act to include within a financial report the matters prescribed by section 295 of the Corporations Act.
16. The Third Respondent denies paragraph 16 of the Claim and says that Phoslock was required by section 302 of the Corporations Act to include within a financial report the matters prescribed by section 303 of the Corporations Act.
17. As to paragraph 17 of the Claim, the Third Respondent:
 - a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 17; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
18. The Third Respondent denies paragraph 18 of the Claim and says that Phoslock was required by section 292 of the Corporations Act to include within a financial report the matters prescribed by section 295 of the Corporations Act.
19. The Third Respondent denies paragraph 19 of the Claim and says that Phoslock was required by section 302 of the Corporations Act to include within a financial report the matters prescribed by section 303 of the Corporations Act.

D. KPMG'S ROLE

D.1 KPMG's Audit Obligations

20. The Third Respondent admits paragraph 20 of the Claim.
21. The Third Respondent admits paragraph 21 of the Claim.
22. The Third Respondent admits paragraph 22 of the Claim.
23. The Third Respondent admits paragraph 23 of the Claim.

D.2 KPMG Audit Team

24. The Third Respondent admits paragraph 24 of the Claim.
25. The Third Respondent admits paragraph 25 of the Claim.

26. The Third Respondent admits paragraph 26 of the Claim.

E. PHOSLOCK'S FINANCIAL STATEMENTS

E.1 Relevant events leading up to FY18

27. As to paragraph 27 of the Claim, the Third Respondent:

- a. admits that, on or about 4 May 2017, Phoslock lodged with ASX an announcement that stated, in part:
 - i. Phoslock had signed a Strategic Co-Operation Agreement with Beijing BHZQ Environmental Engineering Technology Company Limited (**BHZQ**) (**BHZQ Deal**);
 - ii. given the size and scope of BHZQ's project pipeline, Phoslock anticipated annual sales to increase from current \$5 million to some \$15 million for next full financial year;
- b. relies upon the whole of the announcement for its full effect; and
- c. otherwise denies paragraph 27 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 27; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

28. As to paragraph 28 of the Claim, the Third Respondent:

- a. says that paragraph 28 does not refer to any occasion on, or means by, or time at, which an alleged representation was made;
- b. denies that the alleged representation was made; and
- c. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;

- iii. does not plead to paragraph 28; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
29. As to paragraph 29 of the Claim, the Third Respondent:
- a. admits that on 16 June 2017, Phoslock shareholders approved 65 million performance options with a grant date of 10 April 2017;
 - b. says that:
 - i. the options were subject to sales and revenue performance criteria before 30 June 2019 and were exercisable by 20 December 2019 at an exercise price of 10.5 cents;
 - ii. the options were performance options, vesting if the performance criteria were met;
 - iii. the performance criteria were contained in the General Meeting Notice for the 16 June 2017 shareholder meeting; and
 - c. otherwise denies paragraph 29 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 29; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock Annual Report, page 61.

30. As to paragraph 30, the Third Respondent:
- a. denies paragraph 30(a) of the Claim;
 - b. denies paragraph 30(b) of the Claim;
 - c. says that, in its FY2017 Annual Report published on 16 October 2017, Phoslock and its controlled entities stated to the effect that the group had been

manufacturing in China for a number of years but its sales of Phoslock products had been limited as it had not found the right sales partner and after significant due diligence an agreement was signed with BHZQ in May 2017; and

- d. otherwise denies paragraph 30 of the Claim and
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 30; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock FY17 Annual Report, page 15.

E.2 Phoslock's FY18 financial performance

- 31. As to paragraph 31 of the Claim, the Third Respondent:
 - a. admits that on or about 28 August 2018, Phoslock lodged with the ASX its preliminary final financial report for the year ended 30 June 2018;
 - b. admits that on or about 11 October 2018, Phoslock lodged with the ASX:
 - i. its Audited Report for the year ended 30 June 2018 (**FY18 Annual Report**);
 - ii. a Notice of Annual General Meeting;
 - iii. a proxy form for its Annual General Meeting;
 - iv. an Appendix 4G; and
 - c. otherwise denies paragraph 31 of the Claim.
- 32. As to paragraph 32 of the Claim, the Third Respondent:
 - a. repeats paragraph 31(b) of the Defence;
 - b. admits paragraph 32(a); and
 - c. otherwise denies paragraph 32 of the Claim.

33. As to paragraph 33 of the Claim, the Third Respondent:
- a. repeats paragraphs 31 and 32 of the Defence;
 - b. says that the FY18 Annual Report was released on or about 11 October 2018 and contained a Chairman's Report dated 25 September 2018 from the Second Respondent;
 - c. says that, in part, the Chairman's Report stated to the effect that:
 - i. Phoslock's new business mix had seen sales and other revenues increase almost fourfold from \$4.2 million to \$16.2 million in the last financial year;
 - ii. Phoslock was now forecasting a further rise of some 75% to \$27-30 million in the current financial year;
 - d. relies upon the whole of the Chairman's report for its full effect; and
 - e. otherwise denies paragraph 33 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 33; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock FY18 Annual Report, page 4.

34. As to paragraph 34 of the Claim, the Third Respondent:
- a. repeats paragraphs 31 and 32 of the Defence;
 - b. says that the FY18 Annual Report was released on or about 11 October 2018 and contained a Managing Director's Report dated 25 September 2018 from the Third Respondent;
 - c. says that, in part, the Managing Director's Report stated to the effect that:
 - i. there was a 385% increase in Phoslock's sales and other revenues from \$4.2 million to \$16.2 million in FY18;

- ii. Phoslock recently announced a preliminary sales revenue range of \$27-\$30 million and a Net Profit before Tax of (excluding non-cash option expense) of \$7-10 million for the current financial year and, at the time of writing the report, Phoslock was well on track to achieve those forecasts;
- d. relies upon the whole of the Managing Director's report for its full effect; and
- e. otherwise denies paragraph 34 of the Claim and
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 34; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock FY18 Annual Report, page 8.

35. As to paragraph 35 of the Claim, the Third Respondent:
- a. repeats paragraph 29 of the Defence;
 - b. denies paragraphs 35(a) to paragraph 35(f) but admits that the FY 18 Annual Report for Phoslock and its controlled entities recorded the matters in paragraphs 35(a) to 35(f);
 - c. as to paragraph 35(g) of the Claim, says that:
 - i. the 28,000,000 options referred to are a sub-set of the options referred to in paragraph 29 of the Defence;
 - ii. the FY18 Annual Report recorded that as at 30 June 2018, Phoslock had, relevantly granted the options on 16 June 2017, that a vesting condition was that the grantee remain employed beyond the vesting date and otherwise admits paragraph 35(g) (**FY18 Management Options Grants**);
 - d. as to paragraph 35(h) of the Claim, says that:
 - i. the 2,450,000 options are a sub-set of the options referred to in paragraph 29 of the Defence;

- ii. the FY18 Annual Report recorded that as at 30 June 2018, Phoslock had, relevantly, granted the options on 16 June 2017 (1,100,000), 17 July 2017 (1,000,000), 1 September 2017 (200,000) and 10 October 2017 (150,000), that a vesting condition was that the grantee remain employed beyond the vesting date and otherwise admits paragraph 35(h) (**FY18 Employment Options Grants**); and
- e. otherwise denies paragraph 35 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 35; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock FY18 Annual Report, page 57

E.3 Phoslock's July to December 2018 financial performance

- 36. The Third Respondent admits paragraph 36 of the Claim and says that the announcement also stated that Phoslock would prepare a financial report covering the six month period 1 July 2018 to 31 December 2018.
- 37. The Third Respondent admits paragraph 37 of the Claim.
- 38. As to paragraph 38 of the Claim, the Third Respondent:
 - a. admits that on or about 28 February 2019, Phoslock lodged with the ASX its preliminary final financial report for the six months ended 31 December 2018;
 - b. admits that on or about 1 April 2019, Phoslock lodged with the ASX its Annual Report for the six months ended 31 December 2018 (**Extended FY18 Annual Report**); and
 - c. otherwise denies paragraph 38 of the Claim.

39. As to paragraph 39, the Third Respondent:
- a. denies paragraphs 39(a) to paragraph 39(f) but admits that the Extended FY18 Annual Report for Phoslock and its controlled entities recorded the matters in paragraphs 39(a) to 39(f);
 - b. admits that the Extended FY18 Annual Report recorded that for the six months ended 31 December 2018, performance vesting criteria for the 65 million performance options referred to in paragraph 29 of the Defence were met (which included the FY18 Management Options Grants and the FY18 Employment Options Grants); and
 - c. otherwise denies paragraph 39 of the Claim and
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 39; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

E.4 Phoslock's FY19 Financial Performance

40. As to paragraph 40 of the Claim, the Third Respondent admits that on or about 23 August 2019, Phoslock provided its Interim Financial Report for the six months ended 30 June 2019 to the ASX (**1H19 Accounts**) and otherwise denies paragraph 40.
41. As to paragraph 41 of the Claim, the Third Respondent:
- a. admits that the 1H19 Accounts recorded that for the six months ended 30 June 2019, Phoslock and its controlled entities had:
 - i. recorded a Profit before income tax of \$1,708,998 (**1H19 Operation Profit**);
 - ii. recorded Sales revenue of \$9,802,611 (**1H19 Revenue**); and
 - b. otherwise denies paragraph 41 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;

- iii. does not plead to paragraph 41; and
- iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock 1H19 Accounts, page 12.

42. As to paragraph 42 of the Claim, the Third Respondent:
- a. admits that on 31 October 2019, Phoslock sent a letter to the ASX stating, amongst other things, that Phoslock was of the view that:
 - i. FY2019 forecast sales will be in the range of \$27-30 million; and
 - ii. FY2019 forecast Net Profit before Tax before Option Expense will be in the range of \$6-8 million;
 - b. relies upon the whole of the letter for its full effect; and
 - c. otherwise denies paragraph 42 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 42; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
43. As to paragraph 43 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 43; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

44. As to paragraph 44 of the Claim, the Third Respondent:
- a. says that on or about 28 February 2020, Phoslock lodged with the ASX its preliminary final financial report for the six months ended 31 December 2019;
 - b. says that on or about 26 March 2020, Phoslock lodged with the ASX its Audited Financial Statements for the year ended 31 December 2019;
 - c. admits that on or about 22 April 2020, Phoslock lodged with the ASX:
 - i. its Annual Report for the year ended 31 December 2019 (**FY19 Annual Report**); and
 - ii. a Notice of Annual General Meeting;
 - iii. a proxy form for its Annual General Meeting;
 - iv. an Appendix 4G; and
 - d. otherwise denies paragraph 44 of the Claim.
45. As to paragraph 45, the Third Respondent:
- a. repeats paragraph 44(c) of the Defence;
 - b. admits paragraph 45(a); and
 - c. otherwise denies paragraph 45 of the Claim.
46. As to paragraph 46 of the Claim, the Third Respondent:
- a. repeats paragraphs 44 and 45 of the Defence;
 - b. says that the FY19 Annual Report was released on or about 22 April 2019 and contained a Chairman's Report dated 14 April 2020 from the Second Respondent;
 - c. says that, in part, the Chairman's Report stated to the effect that:
 - i. Phoslock and its controlled entities' revenue for 2019 was \$25.1 million, up 30% over 2018;
 - ii. Phoslock and its controlled entities' sales for 2020 were forecast in the range of \$50-70 million, a doubling over last year;
 - d. relies upon the whole of the Chairman's report for its full effect; and

- e. otherwise denies paragraph 46 of the Claim and
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 46; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock FY19 Annual Report, page 5.

47. As to paragraph 47 of the Claim, the Third Respondent:
- a. repeats paragraphs 44 and 45 of the Defence;
 - b. says that the FY19 Annual Report was released on or about 22 April 2019 and contained a Managing Director's Report dated 14 April 2019 from the Third Respondent;
 - c. says that, in part, the Managing Director's Report stated to the effect that:
 - i. for FY2019 (1 January to 31 December 2019), Phoslock and its controlled entities reported revenue of \$25.1 million, up 30% of FY2018;
 - ii. Phoslock was currently forecasting FY2020 revenue in the range \$50m-\$70m, up approximately 100% on FY2019, subject to a specifically identified qualification;
 - iii. the qualification was as follows "*Forward Looking Statements – The Managing Director's Report includes forward looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. These risks, uncertainties and assumptions include commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates. Actual values, results or events may be materially different to those expressed or implied in this Report*";

- d. relies upon the whole of the Managing Director's Report for its full effect;
- e. otherwise denies paragraph 47 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 43; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Phoslock FY19 Annual Report, page 8, page 9, page 11.

- 48. As to paragraph 48 of the Claim, the Third Respondent:
 - a. admits that the FY19 Annual Report reported that Phoslock and its controlled entities reported:
 - i. a profit before income tax of \$3,651,375 (**FY19 Operation Profit**);
 - ii. total sales and other revenue of \$25,112,831 with sales of goods and provision of services reported as \$24,536,398 (**FY19 Revenue**);
 - iii. segment revenue for China of \$22,317,562 (**FY19 China Revenue**);
 - iv. segment profit before tax for China of \$5,417,162 (**FY19 China Profit**);
 - v. segment assets for China of \$30,674,737 (**FY19 China Assets**);
 - vi. segment liabilities for China of \$8,002,531 (**FY19 China Liabilities**); and
 - b. otherwise denies paragraph 48 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 48; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

FY19 Annual Report at pages 30, 45, 55 and 56.

E.5 Phoslock's FY20 financial performance

49. As to paragraph 49 of the Claim, the Third Respondent:
- a. admits that on or about 26 August 2020, Phoslock lodged with the ASX an Appendix 4D together with its preliminary interim report (unreviewed) for the six months ended 30 June 2020 (**Unaudited 1H20 Accounts**);
 - b. on or about 31 August 2020, Phoslock lodged with the ASX an Appendix 4D – Supplementary Disclosure, relating to the Unaudited 1H20 Accounts; and
 - c. otherwise denies paragraph 49 of the Claim.
50. As to paragraph 50 of the Claim, the Third Respondent:
- a. says that the Unaudited 1H20 Accounts reported:
 - i. a loss before income tax expense or benefit of \$5,137,000 (**Unaudited 1H20 Operating Loss**);
 - ii. sales revenue of \$1,232,000 (**Unaudited 1H20 Revenue**);
 - b. otherwise denies paragraph 50 of the Claim; and
 - c. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 50; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Unaudited 1H20 Accounts at page 4.

51. As to paragraph 51 of the Claim, the Third Respondent:
- a. admits that on or about 1 February 2021, Phoslock lodged with the ASX its Interim Report (Reviewed) for the six months ended 30 June 2020 (**Audited 1H20 Accounts**) under cover of an announcement dated 29 January 2021 (**1H20 Results Announcement**) which was released by ASX on 1 February 2021; and
 - b. otherwise denies paragraph 51 of the Claim.
52. As to paragraph 52 of the Claim, the Third Respondent:
- a. admits that the Audited 1H20 Accounts for the six months ended 30 June 2020 recorded:
 - i. a loss before income tax expense or benefit of \$21,648,000;
 - ii. sales revenue of \$2,090,000 (**Audited 1H20 Revenue**);
 - b. admits that the 1H20 Results Announcement stated, in part, that:
 - i. “Underlying Earnings Before Interest and Taxes (‘Underlying EBIT’)” was a loss of \$4,312,000 (**1H20 Operating Loss**);
 - ii. 1H20 Underlying EBIT was calculated in the 1H20 Results Announcement after adding back to the net operating loss after tax various amounts including impairment of receivables of \$9,804,000 and impairment of assets of \$7,536,000;
 - iii. Phoslock believed that presenting Underlying EBIT provides a better understanding of its financial performance by facilitating a more representative comparison of financial performance between financial periods;
 - c. relies upon the whole of the 1H20 Results Announcement for its full effect;
 - d. otherwise denies paragraph 52 of the Claim; and
 - e. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 52; and

- iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

Particulars

Audited 1H20 Accounts at page 13.

1H20 Results Announcement.

- 52A. The Third Respondent denies paragraph 52A of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 52A; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

F. PHOSLOCK'S CAPITAL RAISINGS

53. As to paragraph 53, the Third Respondent:
- a. admits that on 4 July 2018, Phoslock lodged with the ASX an announcement entitled "Capital Raising heavily oversubscribed: \$5.5 million raised" (**First Capital Raising Announcement**);
 - b. admits that the First Capital Raising Announcement stated, among other things, that Phoslock had raised \$5.5 million (before costs) pursuant to a share placement of 15.3 million fully paid ordinary shares at an issue price of 36 cents per share to institutional and sophisticated investors in Australia and overseas;
 - c. admits that the First Capital Raising Announcement included a statement to the effect, in part, that Mr Freedman said that the placement provides Phoslock with additional working capital to further expand the China business and to undertake more and even larger projects;
 - d. admits that, on 12 July 2018, Phoslock lodged with the ASX a notice under section 708A(5)(e) of the Corporations Act (**First Capital Raising Notice**);
 - e. relies upon the whole of the content of the First Capital Raising Announcement and the First Capital Raising Notice for their full effect; and

- f. otherwise denies paragraph 53 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 53; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
54. As to paragraph 54 of the Claim, the Third Respondent:
- a. admits that, amongst other things, the First Capital Raising Notice confirmed that, as at the date of the notice (being 12 July 2018):
 - i. Phoslock had complied with the provisions of Chapter 2M of the Corporations Act (as applied to Phoslock);
 - ii. Phoslock had complied with section 674 of the Corporations Act;
 - iii. there was no excluded information as defined in paragraph (7) of section 708A of the Corporations Act which is required to be disclosed by Phoslock; and
 - b. otherwise denies paragraph 54 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 54; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
55. The Third Respondent admits paragraph 55 of the Claim.

56. As to paragraph 56 of the Claim, the Third Respondent:
- a. admits that on or about 9 April 2020, Phoslock lodged with the ASX the **Second Capital Raising Announcement**;
 - b. admits that the Second Capital Raising Announcement stated, among other things, that Phoslock had raised \$12 million (before costs) pursuant to a share placement of 24 million fully paid ordinary shares at an issue price of 50 cents per share to institutional investors in Australia and internationally;
 - c. admits that the Second Capital Raising Announcement included a statement to the effect, in part, that the funds raised would help facilitate Phoslock's rapidly growing China business and enable Phoslock to commence large projects without working capital concerns;
 - d. admits that on or about 17 April 2020, Phoslock lodged with the ASX a notice under section 708A(5)(e) of the Corporations Act (**Second Capital Raising Notice**);
 - e. relies upon the whole of the content of the Second Capital Raising Announcement and the Second Capital Raising Notice for their full effect; and
 - f. otherwise denies paragraph 56 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 56; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
57. As to paragraph 57 of the Claim, the Third Respondent:
- a. admits that, among other things, the Second Capital Raising Notice stated that, as at the date of the Second Capital Raising Notice (being 17 April 2020):
 - i. Phoslock had complied with the provisions of Chapter 2M of the Corporations Act as they applied to Phoslock;
 - ii. Phoslock had complied with section 674 of the Corporations Act; and

- iii. there was no excluded information (within the meaning of sections 708A(7) and 708A(8) of the Corporations Act which is required to be set out in the Second Capital Raising Notice under section 708A(6)(e) of the Corporations Act; and
 - b. otherwise denies paragraph 57 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 57; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
58. As to paragraph 58 of the Claim, the Third Respondent:
- a. admits that on or about 5 May 2020, Phoslock lodged with the ASX the **Third Capital Raising Announcement**;
 - b. admits that the Third Capital Raising Announcement stated, among other things, that:
 - i. Phoslock's Share Purchase Plan had closed with subscriptions of some \$17 million received from nearly 1,200 shareholders;
 - ii. Phoslock will issue approximately 30 million shares under the Share Purchase Plan (**SPP**);
 - iii. the issue price was 50c per share;
 - iv. the SPP raised \$15 million;
 - c. admits that on or about 16 April 2020, Phoslock lodged with the ASX a *Cleansing Notice in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (Third Capital Raising Notice)*;
 - d. relies upon the whole of the content of the Third Capital Raising Announcement and the Third Capital Raising Notice for their full effect; and
 - e. otherwise denies paragraph 58 of the Claim.

59. As to paragraph 59 of the Claim, the Third Respondent:
- a. admits that, among other things, the Third Capital Raising Notice stated that, as at the date of the Third Capital Raising Notice (being 16 April 2020):
 - i. Phoslock had complied with the provisions of Chapter 2M of the Corporations Act as they applied to Phoslock;
 - ii. Phoslock had complied with section 674 of the Corporations Act; and
 - iii. there was no information that was excluded information (as at the date of the Third Capital Raising Notice (in accordance with the requirements of subsections 708A(7) and section 708A(8) of the Corporations Act as if the Third Capital Raising Notice were a notice under paragraph 708A(5)(e) of the Corporations Act; and
 - b. otherwise denies paragraph 59 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 59; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
60. The Third Respondent admits paragraph 60 of the Claim.
61. As to paragraph 61 of the Claim, the Third Respondent:
- a. admits that, on or about 3 June 2020, Phoslock lodged with ASX a notice under section 708A(5)(e) of the Corporations Act (**Fourth Capital Raising Notice**);
 - b. admits that, among other things, the Fourth Capital Raising Notice stated that, as at the date of the Fourth Capital Raising Notice (being 3 June 2020):
 - i. Phoslock had complied with the provisions of Chapter 2M of the Corporations Act as they applied to Phoslock;
 - ii. Phoslock had complied with section 674 of the Corporations Act; and

- iii. there was no information that was “excluded information” (as at the date of the Third Capital Raising Notice (within the meaning of sections 708A(7) and 708A(8) of the Corporations Act) which was required to be set out in the Fourth Capital Raising Notice under section 708A(6)(e) of the Corporations Act; and
- c. relies upon the whole of the content of the Fourth Capital Raising Notice for its full effect;
- d. otherwise denies paragraph 61 of the Claim and:
- e. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 61; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

G. THE TRUE POSITION

G.1 Related party contracts

62. As to paragraph 62 of the Claim, the Third Respondent:
- a. admits that, among other things, Phoslock carried on business as a supplier of water remediation products and services;
 - b. admits that Phoslock had a number of wholly owned subsidiaries;
 - c. admits that some wholly owned subsidiaries carried on business in China after their incorporation, including:
 - i. Phoslock (Beijing) Ecological Engineering Technology Co Ltd (**Phoslock Beijing**);
 - ii. Beijing Ecosystem Environmental Science and Technology Co Ltd (**BEST**);
 - iii. Phoslock (Shanghai) Water Solutions Ltd;
 - iv. Phoslock (Changxing) Water Solutions Ltd; and

- v. Zhejiang Phoslock Environmental Technologies Ltd (between 20 February 2020 and the end of the Relevant Period);
- d. admits that Phoslock and its subsidiaries had several key personnel in China;
- e. admits that:
 - i. Mr Zhang was a director of Phoslock from about 12 June 2017 to 28 September 2020, after the time of the BHZQ Deal;
 - ii. Mr Ma was a director of Phoslock from about 5 December 2018 to 28 September 2020;
 - iii. Mr Liu, who was not a director of Phoslock, was the General Manager of China Sales and Projects of Phoslock Beijing from June 2017 to 29 September 2020; and
- f. otherwise:
 - i. does not plead to paragraph 62;
 - ii. relies upon Order 8(b) of the Orders made 2 May 2025;
 - iii. claims Privilege; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

62A As to paragraph 62A of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 62A; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

63. As to paragraph 63 of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;

- c. does not plead to paragraph 63; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

64. The Third Respondent denies paragraph 64 of the Claim and:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 64; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

65. [Not used]

66. [Not used]

67. [Not used]

68. [Not used]

69. [Not used]

70. [Not used]

G.2 Potentially suspicious payments

70A. As to paragraph 70A of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70A; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

G.4 China Impacted Revenue

70B. As to paragraph 70B, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70B; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented its case.

G.5 Undisclosed BHZQ Related Party Information

70C. As to paragraph 70C of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70C; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

70D. As to paragraph 70D of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70D; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

70E. As to paragraph 70E, the Third Respondent denies paragraph 70E of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70F; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

G.5 Undisclosed China Business Practice Information

70F. As to paragraph 70F of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70F; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

70G. As to paragraph 70G of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70G; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

70H. As to paragraph 70H of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70H; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

G.6 Impacted China Revenue

70I. The Third Respondent denies paragraph 70I of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;

- c. does not plead to paragraph 70I; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

70J. The Third Respondent denies paragraph 70J of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70J; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

70K. As to paragraph 70K of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 70K; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71. [Not used]

GA. TRUE POSITION – NON-PAYMENT OF RECEIVABLES

GA.1 Non-payment of receivables

71A. As to paragraph 71A of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71A; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71B. As to paragraph 71B of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71B; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71C. As to paragraph 71C of the claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71C; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71D. As to paragraph 71D of the claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71D; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71E. As to paragraph 71E of the claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71E; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71F. As to paragraph 71F of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71F; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71G. As to paragraph 71G of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71G; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71H. As to paragraph 71H of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71H; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71I. As to paragraph 71I of the Claim, the Third Respondent

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71I; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71J. As to paragraph 71J of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71J; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71K. As to paragraph 71K of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71K; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71L. As to paragraph 71L of the Claim, the Third Respondent does not know and therefore cannot admit paragraph 71L of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71L; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71M. As to paragraph 71M of the Claim, the Third Respondent does not know and therefore cannot admit paragraph 71M of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71M; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

GA.2 Undisclosed Receivables Non-Payment Information

71N. The Third Respondent denies paragraph 71N of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71N; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71O. The Third Respondent denies paragraph 71O of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71O; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71P. The Third Respondent denies paragraph 71P of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71P; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

GA.3. Incorrect accounting treatment of Phoslock Beijing Receivables

71Q. The Third Respondent denies paragraph 71Q of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71Q; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71R. The Third Respondent denies paragraph 71R of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71R; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71S. The Third Respondent denies paragraph 71S of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71S; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71T. The Third Respondent denies paragraph 71T of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71T; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71U. The Third Respondent denies paragraph 71U of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71U; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71V. The Third Respondent admits paragraph 71V of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71V; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

71W. The Third Respondent denies paragraph 71W of the Claim and otherwise.

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 71W; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

72. [Not used]

H. PHOSLOCK'S CONTRAVENTION OF ITS CONTINUOUS DISCLOSURE OBLIGATIONS

73. [Not used]

74. [Not used]

75. The Third Respondent denies paragraph 75 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 75; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

- 75A. The Third Respondent denies paragraph 75A of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 75A; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
- 75B. As to paragraph 75B of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 75B; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
76. The Third Respondent denies paragraph 76 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 76; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
77. As to paragraph 77 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 77; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

78. The Third Respondent denies paragraph 78 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 78; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

I. DIRECTORS' CONTRAVENING CONDUCT

I.1 Directors' representations

79. As to paragraph 79, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 79; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
80. As to paragraph 80, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 80; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
81. As to paragraph 81, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 81; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
82. As to paragraph 82, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 82; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
83. As to paragraph 83, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 83; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
84. As to paragraph 84, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 84; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
85. As to paragraph 85, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 85; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

86. As to paragraph 86, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 86; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

I.2 Misleading or deceptive conduct (FY18 report)

86A. The Third Respondent denies paragraph 86A of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 86A; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

87. [Not used]

88. The Third Respondent denies paragraph 88 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 88; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

89. The Third Respondent denies paragraph 89 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;

- c. does not plead to paragraph 89; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
90. The Third Respondent denies paragraph 90 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 90; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
91. As to paragraph 91 of the Claim, the Third Respondent:
- a. admits that the conduct of Phoslock in lodging the FY18 Annual Report containing the FY18 Directors' Opinion to ASX and the FY18 Directors' Representation to ASX was conduct of the kind pleaded in paragraph 91(a), (b) and (c) of the Claim; and
 - b. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 91; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
92. The Third Respondent denies paragraph 92 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 92; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

93. The Third Respondent denies paragraph 93 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 93; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
94. The Third Respondent denies paragraph 94 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 94; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
95. The Third Respondent denies paragraph 95 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 95; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
96. The Third Respondent denies paragraph 96 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 96; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

97. As to paragraph 97 of the Claim, the Third Respondent:
- a. admits that the conduct of Phoslock in lodging the Extended FY18 Annual Report containing the Extended FY18 Directors' Opinion to ASX and the Extended FY18 Directors' Representation to ASX was conduct of the kind pleaded in paragraph 97(a), (b) and (c) of the Claim; and
 - b. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 97; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
98. The Third Respondent denies paragraph 98 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 98; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
99. The Third Respondent denies paragraph 99 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 99; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

I.2A Misleading or deceptive conduct (FY19)

100. The Third Respondent denies paragraph 100 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 100; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
101. The Third Respondent denies paragraph 101 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 101; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
102. The Third Respondent denies paragraph 102 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 102; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
103. As to paragraph 103 of the Claim, the Third Respondent:
- a. admits that the conduct of Phoslock in lodging the FY19 Annual Report containing the FY19 Directors' Opinion to ASX and the FY19 Directors' Representation to ASX was conduct of the kind pleaded in paragraph 103(a), (b) and (c) of the Claim; and
 - b. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;

- ii. claims Privilege;
- iii. does not plead to paragraph 103; and
- iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

104. The Third Respondent denies paragraph 104 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 104; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

105. The Third Respondent denies paragraph 105 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 105; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

I.3 Section 1041E liability in respect of the FY18 Directors' Opinion, Extended FY18 Directors' Opinion, and FY19 Directors' Opinion to ASX

106. The Third Respondent denies paragraph 106 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 106; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

107. The Third Respondent denies paragraph 107 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 107; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
108. As to paragraph 108, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 108; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
109. Third Respondent does not know and therefore cannot admit paragraph 109 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 109; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
110. The Third Respondent denies paragraph 110 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 110; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

111. The Third Respondent denies paragraph 111 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 111; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
112. The Third Respondent denies paragraph 112 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 112; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
113. The Third Respondent denies paragraph 113 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 113; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
114. As to paragraph 114 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 114; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

115. The Third Respondent does not know and therefore cannot admit paragraph 115 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 115; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
116. The Third Respondent denies paragraph 116 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 116; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
117. The Third Respondent denies paragraph 117 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 117; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
118. The Third Respondent denies paragraph 118 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 118; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

119. The Third Respondent denies paragraph 119 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 119; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
120. As to paragraph 120 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 120; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
121. The Third Respondent does not know and therefore cannot admit paragraph 121 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 121; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
122. The Third Respondent denies paragraph 122 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 122; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

123. The Third Respondent denies paragraph 123 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 123; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

I.4 Section 1041E liability in respect of the FY18 Directors' Representation, Extended FY18 Directors' Representation, FY19 Directors' Representation to ASX

124. The Third Respondent denies paragraph 124 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 124; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
125. The Third Respondent denies paragraph 125 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 125; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
126. As to paragraph 126 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 126; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
127. The Third Respondent does not know and therefore cannot admit paragraph 127 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 127; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
128. The Third Respondent denies paragraph 128 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 128; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
129. The Third Respondent denies paragraph 129 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 129; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
130. The Third Respondent denies paragraph 130 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 130; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
131. The Third Respondent denies paragraph 131 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 131; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
132. As to paragraph 132 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 132; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
133. The Third Respondent does not know and therefore cannot admit paragraph 133 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 133; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
134. The Third Respondent denies paragraph 134 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 134; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
135. The Third Respondent denies paragraph 135 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 135; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
136. The Third Respondent denies paragraph 136 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 136; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
137. The Third Respondent denies paragraph 137 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 137; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
138. The Third Respondent denies paragraph 138 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 138; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
139. The Third Respondent does not know and therefore cannot admit paragraph 139 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 139; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
140. The Third Respondent denies paragraph 140 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 140; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
141. The Third Respondent denies paragraph 141 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 141; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

I.5 Continuing nature of the Directors' FY18 Accounts Misleading Conduct Contraventions

142. The Third Respondent denies paragraph 142 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;

- c. does not plead to paragraph 142; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
143. The Third Respondent denies paragraph 143 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 143; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
144. The Third Respondent denies paragraph 144 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 144; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

I.6 Directors' liability in respect of the Capital Raising

145. The Third Respondent denies paragraph 145 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 145; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
146. As to paragraph 146 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;

- c. does not plead to paragraph 146; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
147. As to paragraph 147 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 147; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
148. As to paragraph 148 of the Claim, the Third Respondent:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 148; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
149. The Third Respondent does not know and therefore cannot admit paragraph 149 of the Claim.
150. The Third Respondent denies paragraph 150 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 150; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

151. As to paragraph 151 of the Claim, the Third Respondent:
- a. admits that the conduct of Phoslock in lodging with ASX the documents pleaded in paragraphs 53 to 61 of the Claim and the conduct pleaded in paragraphs 55 and 60 of the Claim was conduct of the kind pleaded in paragraph 151(a), (b) and (c) of the Claim; and
 - b. otherwise:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 151; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
152. The Third Respondent denies paragraph 152 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 152; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
153. The Third Respondent denies paragraph 153 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 153; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

J. KPMG'S CONTRAVENING CONDUCT

J.1 KPMG's Representations in FY18

154. The Third Respondent admits paragraph 154 of the Claim.

J.2 Misleading or deceptive conduct in FY18**J.2.1 Misleading or deceptive conduct in respect of the FY18 KPMG Opinion to ASX**

155. The Third Respondent denies paragraph 155 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 155; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
156. The Third Respondent denies paragraph 156 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 156; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
157. As to paragraph 157 of the Claim, the Third Respondent:
- a. does not know and therefore cannot admit whether KPMG's opinions were based on reasonable grounds;
 - b. denies that if KPMG's opinions lacked reasonable grounds that they are by reason of the matters pleaded in paragraph 155 and/or paragraph 156 and otherwise;
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 157; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
158. The Third Respondent admits paragraph 158 of the Claim.

159. As to paragraph 159 of the Claim, the Third Respondent:
- a. repeats paragraphs 156, 157 and 158 of the Defence; and
 - b. otherwise denies paragraph 159.
160. As to paragraph 160 of the Claim, the Third Respondent:
- a. admits paragraph 160(b) with respect to the making of the FY18 KPMG Opinion to ASX;
 - b. repeats paragraphs 156 and 157 of the Defence; and
 - c. otherwise denies paragraph 160 of the Claim.

J.2.2 Misleading or deceptive conduct in respect of the FY18 KPMG representation to ASX

161. As to paragraph 161 of the Claim, the Third Respondent:
- a. repeats paragraphs 156, 157 and 158 of the Defence; and
 - b. otherwise denies paragraph 161.
162. As to paragraph 162 of the Claim, the Third Respondent:
- a. admits paragraph 162(b) with respect to the making of the FY18 KPMG Representation to ASX;
 - b. repeats paragraphs 156 and 157 of the Defence; and
 - c. otherwise denies paragraph 162 of the Claim.

J.2.3 Section 1041E liability in respect of the FY18 KPMG Opinion to ASX

163. The Third Respondent admits paragraph 163 of the Claim.
164. As to paragraph 164 of the Claim, the Third Respondent:
- a. repeats paragraphs 156, 157 and 158 of the Defence; and
 - b. otherwise denies paragraph 164 of the Claim.
165. The Third Respondent admits paragraph 165 of the Claim.

166. The Third Respondent does not know and therefore cannot admit paragraph 166 of the Claim.

167. As to paragraph 167 of the Claim, the Third Respondent:

a. does not know and therefore cannot admit whether the FY18 KPMG Opinion to ASX was:

i. the product of an exercise of reasonable skill and care; or

ii. based on reasonable grounds;

b. denies that if KPMG's opinions were not the product of an exercise of reasonable skill and care and/or lacked reasonable grounds that it was by reason of the matters pleaded in paragraphs 155 and/or paragraph 156 and/or paragraph 157 of the Claim and otherwise;

i. relies upon Order 8(b) of the Orders made 2 May 2025;

ii. claims Privilege;

iii. does not plead to paragraph 167; and

iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

168. As to paragraph 168 of the Claim, the Third Respondent:

a. repeats paragraphs 163 to 167 of the Defence; and

b. otherwise denies paragraph 168 of the Claim.

169. As to paragraph 169 of the Claim, the Third Respondent:

a. admits paragraph 169(a) with respect to the making of the FY18 KPMG Opinion to ASX;

b. repeats paragraphs 156 and 157 of the Defence; and

c. otherwise denies paragraph 169 of the Claim.

J.2.4 Section 1041E liability in respect of the FY18 KPMG Representation to ASX

170. The Third Respondent admits paragraph 170 of the Claim.

171. As to paragraph 171 of the Claim, the Third Respondent:
- a. repeats paragraphs 156, 157 and 158 of the Defence; and
 - b. otherwise denies paragraph 171 of the Claim.
172. The Third Respondent admits paragraph 172 of the Claim.
173. The Third Respondent does not know and therefore cannot admit paragraph 173 of the Claim.
174. As to paragraph 174 of the Claim, the Third Respondent:
- a. does not know and therefore cannot admit whether the FY18 KPMG Representation to ASX was:
 - i. the product of an exercise of reasonable skill and care; or
 - ii. based on reasonable grounds;
 - b. denies that if KPMG's opinions were not the product of an exercise of reasonable skill and care and/or lacked reasonable grounds that it was by reason of the matters pleaded in paragraphs 155 and/or paragraph 156 and/or 157 of the Claim and otherwise;
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 174; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
175. As to paragraph 175 of the Claim, the Third Respondent:
- a. repeats paragraphs 170 to 174 of the Defence; and
 - b. otherwise denies paragraph 175 of the Claim.
176. As to paragraph 176 of the Claim, the Third Respondent:
- a. admits paragraph 176(a) with respect to the making of the FY18 KPMG Representation to ASX;

- b. repeats paragraphs 155, 156 and 157 of the Defence; and
- c. otherwise denies paragraph 176 of the Claim.

J.3 Continuing nature of the KPMG FY18 Accounts Contraventions

177. As to paragraph 177 of the Claim, the Third Respondent:

- a. repeats paragraphs 159, 160, 161, 162, 168, 169, 175 and 176 of the Defence; and
- b. otherwise denies paragraph 177 of the Claim.

J.4 KPMG's representations in Extended FY18

178. The Third Respondent admits paragraph 178 of the Claim.

J.5 Misleading or deceptive conduct in Extended FY18

J.5.1 Misleading or deceptive conduct in respect of the Extended FY18 KPMG Opinion to ASX

179. The Third Respondent denies paragraph 179 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 179; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

180. The Third Respondent denies paragraph 180 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 180; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

181. As to paragraph 181 of the Claim, the Third Respondent:
- a. does not know and therefore cannot admit whether KPMG's opinions were based on reasonable grounds;
 - b. denies that if KPMG's opinions lacked reasonable grounds that they are by reason of the matters pleaded in paragraphs 179 and/or 180 and otherwise;
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 181; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
182. The Third Respondent admits paragraph 182 of the Claim.
183. As to paragraph 183 of the Claim, the Third Respondent:
- a. repeats paragraphs 180, 181 and 182 of the Defence; and
 - b. otherwise denies paragraph 183.
184. As to paragraph 184 of the Claim, the Third Respondent:
- a. admits paragraph 184(b) with respect to the making of the Extended FY18 KPMG Opinion to ASX;
 - b. repeats paragraphs 180 and 181 of the Defence; and
 - c. otherwise denies paragraph 184 of the Claim.

J.5.2 Misleading or deceptive conduct in respect of the Extended FY18 KPMG Representation to ASX

185. As to paragraph 185 of the Claim, the Third Respondent:
- a. repeats paragraphs 180, 181 and 182 of the Defence; and
 - b. otherwise denies paragraph 185.

186. As to paragraph 186 of the Claim, the Third Respondent:
- a. admits paragraph 186(b) with respect to the making of the Extended FY18 KPMG Representation to ASX;
 - b. repeats paragraphs 180 and 181 of the Defence; and
 - c. otherwise denies paragraph 186 of the Claim.

J.5.3 Section 1041E liability in respect of the Extended FY18 KPMG Opinion to ASX

187. The Third Respondent admits paragraph 187 of the Claim.
188. As to paragraph 188 of the Claim, the Third Respondent:
- a. repeats paragraphs 180, 181 and 182 of the Defence; and
 - b. otherwise denies paragraph 188 of the Claim.
189. The Third Respondent admits paragraph 189 of the Claim.
190. The Third Respondent does not know and therefore cannot admit paragraph 190 of the Claim.
191. As to paragraph 191 of the Claim, the Third Respondent:
- a. does not know and therefore cannot admit whether the Extended FY18 KPMG Opinion to ASX was:
 - i. the product of an exercise of reasonable skill and care; or
 - ii. based on reasonable grounds;
 - b. denies that if KPMG's opinions were not the product of an exercise of reasonable skill and care and/or lacked reasonable grounds that it was by reason of the matters pleaded in paragraphs 179 and/or paragraph 180 and/or paragraph 181 of the Claim and otherwise;
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 191; and

- iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

192. As to paragraph 192 of the Claim, the Third Respondent:

- a. repeats paragraphs 187 to 191 of the Defence; and
- b. otherwise denies paragraph 192 of the Claim.

193. As to paragraph 193 of the Claim, the Third Respondent:

- a. admits paragraph 193(a) with respect to the making of the Extended FY18 KPMG Opinion to ASX;
- b. repeats paragraphs 179, 180 and 181 of the Defence; and
- c. otherwise denies paragraph 193 of the Claim.

J.5.4 Section 1041E liability in respect of the Extended FY18 KPMG Representation to ASX

194. The Third Respondent admits paragraph 194 of the Claim.

195. As to paragraph 195 of the Claim, the Third Respondent:

- a. repeats paragraphs 180, 181 and 182 of the Defence; and
- b. otherwise denies paragraph 195 of the Claim.

196. The Third Respondent admits paragraph 196 of the Claim.

197. The Third Respondent does not know and therefore cannot admit paragraph 197 of the Claim.

198. As to paragraph 198 of the Claim, the Third Respondent:

- a. does not know and therefore cannot admit whether the Extended FY18 KPMG Representation to ASX was:
 - i. the product of an exercise of reasonable skill and care; or
 - ii. based on reasonable grounds;
- b. denies that if KPMG's opinions were not the product of an exercise of reasonable skill and care and/or lacked reasonable grounds that it was by reason of the

matters pleaded in paragraphs 179 and/or paragraph 180 and/or paragraph 181 of the Claim and otherwise;

- i. relies upon Order 8(b) of the Orders made 2 May 2025;
- ii. claims Privilege;
- iii. does not plead to paragraph 198; and
- iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

199. As to paragraph 199 of the Claim, the Third Respondent:

- a. repeats paragraphs 194 to 198 of the Defence; and
- b. otherwise denies paragraph 199 of the Claim.

200. As to paragraph 200 of the Claim, the Third Respondent:

- a. admits paragraph 200(a) with respect to the making of the Extended FY18 KPMG Representation to ASX;
- b. repeats paragraphs 179, 180 and 181 of the Defence; and
- c. otherwise denies paragraph 200 of the Claim.

J.6 Continuing nature of the KPMG Extended FY18 Accounts Contraventions

201. As to paragraph 201 of the Claim, the Third Respondent:

- a. repeats paragraphs 183, 184, 185, 186, 192, 193, 199 and 200 of the Defence; and
- b. otherwise denies paragraph 201 of the Claim.

J.7 KPMG's Representations in FY19

202. The Third Respondent admits paragraph 202 of the Claim.

J.8 Misleading or deceptive conduct in FY19**J.8.1 Misleading or deceptive conduct in respect of the FY19 KPMG Opinion to ASX**

203. The Third Respondent denies paragraph 203 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 203; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
204. The Third Respondent denies paragraph 204 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 204; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
205. As to paragraph 205 of the Claim, the Third Respondent:
- a. does not know and therefore cannot admit whether KPMG's opinions were based on reasonable grounds;
 - b. denies that if KPMG's opinions lacked reasonable grounds that they are by reason of the matters pleaded in paragraphs 203 and/or 204 and otherwise;
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 205; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
206. The Third Respondent admits paragraph 206 of the Claim.

207. As to paragraph 207 of the Claim, the Third Respondent:

- a. repeats paragraphs 204, 205 and 206 of the Defence; and
- b. otherwise denies paragraph 207.

208. As to paragraph 208 of the Claim, the Third Respondent:

- a. admits paragraph 208(b) with respect to the making of the FY19 KPMG Opinion to ASX;
- b. repeats paragraphs 204 and 205 of the Defence; and
- c. otherwise denies paragraph 208 of the Claim.

J.8.2 Misleading or deceptive conduct in respect of the FY19 KPMG Representation to ASX

209. As to paragraph 209 of the Claim, the Third Respondent:

- a. repeats paragraphs 204, 205 and 206 of the Defence; and
- b. otherwise denies paragraph 209.

210. As to paragraph 210 of the Claim, the Third Respondent:

- a. admits paragraph 210(b) with respect to the making of the FY19 KPMG Representation to ASX;
- b. repeats paragraphs 204 and 205 of the Defence; and
- c. otherwise denies paragraph 210 of the Claim.

J.8.3 Section 1041E liability in respect of the FY19 KPMG Opinion to ASX

211. The Third Respondent admits paragraph 211 of the Claim.

212. As to paragraph 212 of the Claim, the Third Respondent:

- a. repeats paragraphs 204, 205 and 206 of the Defence; and
- b. otherwise denies paragraph 212 of the Claim.

213. The Third Respondent admits paragraph 213 of the Claim.

214. The Third Respondent does not know and therefore cannot admit paragraph 214 of the Claim.
215. As to paragraph 215 of the Claim, the Third Respondent:
- a. does not know and therefore cannot admit whether the FY19 KPMG Opinion to ASX was:
 - i. the product of an exercise of reasonable skill and care; or
 - ii. based on reasonable grounds;
 - b. denies that if KPMG's opinions were not the product of an exercise of reasonable skill and care and/or lacked reasonable grounds that it was by reason of the matters pleaded in paragraphs 203 and/or paragraph 204 and/or paragraph 205 of the Claim and otherwise;
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 215; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
216. As to paragraph 216 of the Claim, the Third Respondent:
- a. repeats paragraphs 211 to 215 of the Defence; and
 - b. otherwise denies paragraph 216 of the Claim.
217. As to paragraph 217 of the Claim, the Third Respondent:
- a. admits paragraph 217(a) with respect to the making of the FY19 KPMG Opinion to ASX;
 - b. repeats paragraphs 203, 204 and 204 of the Defence; and
 - c. otherwise denies paragraph 217 of the Claim.

J.8.4 Section 1041E liability in respect of the Extended FY18 KPMG Representation to ASX

218. The Third Respondent admits paragraph 218 of the Claim.

219. As to paragraph 219 of the Claim, the Third Respondent:

- a. repeats paragraphs 204, 205 and 206 of the Defence; and
- b. otherwise denies paragraph 219 of the Claim.

220. The Third Respondent admits paragraph 220 of the Claim.

221. As to paragraph 221 of the Claim, the Third Respondent does not know and therefore cannot admit paragraph 221 of the Claim.

222. As to paragraph 222 of the Claim, the Third Respondent:

- a. does not know and therefore cannot admit whether the FY19 KPMG Representation to ASX was:
 - i. the product of an exercise of reasonable skill and care; or
 - ii. based on reasonable grounds;
- b. denies that if KPMG's opinions were not the product of an exercise of reasonable skill and care and/or lacked reasonable grounds that it was by reason of the matters pleaded in paragraphs 203 and/or paragraph 204 and/or paragraph 205 of the Claim and otherwise;
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 222; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

223. As to paragraph 223 of the Claim, the Third Respondent:

- a. repeats paragraphs 218 to 222 of the Defence; and
- b. otherwise denies paragraph 223 of the Claim.

224. As to paragraph 224 of the Claim, the Third Respondent:

- a. admits paragraph 224(a) with respect to the making of the FY19 KPMG Representation to ASX;
- b. repeats paragraphs 203, 204 and 205 of the Defence; and
- c. otherwise denies paragraph 224 of the Claim.

J.9 Continuing Nature of the KPMG FY19 Accounts Contraventions

225. As to paragraph 225 of the Claim, the Third Respondent:

- a. repeats paragraphs 207, 208, 209, 210, 216, 217, 223 and 224 of the Defence; and
- b. otherwise denies paragraph 225 of the Claim.

K. CONTRAVENING CONDUCT CAUSED LOSS

K.1 What happened after the contraventions

226. As to paragraph 226 of the Claim, the Third Respondent:

- a. admits that, among other things, the Affected Market was informed of the matters pleaded in paragraphs 227 to 233F of the Defence; and
- b. otherwise denies paragraph 226 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 226; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

227. The Third Respondent admits paragraph 227 of the Claim.

228. As to paragraph 228 of the Claim, the Third Respondent:
- a. admits that on 21 September 2020, Phoslock securities were suspended voluntarily from official quotation on ASX; and
 - b. otherwise denies paragraph 228 of the Claim.
229. The Third Respondent admits paragraph 229 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 229; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
230. As to paragraph 230 of the Claim, the Third Respondent:
- a. admits that Phoslock's 8 October 2020 ASX announcement made statements to the broad effect alleged;
 - b. relies upon the whole of the announcement for its full effect; and
 - c. otherwise denies paragraph 230 of the Claim and
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 230; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
231. The Third Respondent admits paragraph 231 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 231; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

232. As to paragraph 232 of the Claim, the Third Respondent:

- a. admits that on 12 November 2020, Phoslock made an ASX announcement regarding an update into alleged China accounting irregularities;
- b. relies upon the whole of the announcement for its full effect; and
- c. otherwise denies paragraph 232 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 232; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

233. As to paragraph 233 of the Claim, the Third Respondent:

- a. admits that on 28 January 2021, Phoslock made an ASX announcement regarding the investigation into the alleged China Activities;
- b. relies upon the whole of the announcement for its full effect; and
- c. otherwise denies paragraph 233 of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 233; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

233A. As to paragraph 233A of the Claim, the Third Respondent:

- a. admits that between 29 January 2021 and 16 September 2022, Phoslock provided the ASX various updates about the investigation of the alleged China Activities, amongst other things, including but not limited to those particularised; and

- b. otherwise denies paragraph 233A of the Claim and:
 - i. relies upon Order 8(b) of the Orders made 2 May 2025;
 - ii. claims Privilege;
 - iii. does not plead to paragraph 233A; and
 - iv. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

233B. As to paragraph 233B, the Third Respondent denies paragraph 233B of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 233B; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

233C. The Third Respondent admits paragraph 233C of the Claim.

233D. The Third Respondent does not know and therefore cannot admit paragraph 233D of the Claim.

233E. The Third Respondent does not know and therefore cannot admit paragraph 233E of the Claim.

233F. As to paragraph 233F of the Claim, the Third Respondent:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 233F; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

K.2 What would have happened but for the contraventions

234. The Third Respondent denies paragraph 234 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 234; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
235. The Third Respondent denies paragraph 235 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 235; and
 - a. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
236. The Third Respondent denies paragraph 236 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 236; and
 - a. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
237. The Third Respondent denies paragraph 237 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 237; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

238. The Third Respondent denies paragraph 238 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 238; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
239. The Third Respondent denies paragraph 239 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 239; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

K.3 Causation: acquisitions in the Capital Raising

240. The Third Respondent denies paragraph 240 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 240; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
241. The Third Respondent denies paragraph 241 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 241; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

242. The Third Respondent denies paragraph 242 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 242; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
243. The Third Respondent denies paragraph 243 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 243; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
244. The Third Respondent denies paragraph 244 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 244; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.
245. The Third Respondent does not know and therefore cannot admit paragraph 245 of the Claim.
246. The Third Respondent denies paragraph 246 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 246; and

- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

247. The Third Respondent denies paragraph 247 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 247; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

248. The Third Respondent does not know and therefore cannot admit paragraph 248 of the Claim.

K.4 Market-based causation (on-market acquisitions)

249. The Third Respondent denies paragraph 249 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 249; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

250. The Third Respondent denies paragraph 250 of the Claim and otherwise:

- a. relies upon Order 8(b) of the Orders made 2 May 2025;
- b. claims Privilege;
- c. does not plead to paragraph 250; and
- d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

251. The Third Respondent denies paragraph 251 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 251; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

252. The Third Respondent does not know and therefore cannot admit paragraph 252 of the Claim.

K.5 Causation: Retained Shareholders

253. The Third Respondent does not know and therefore cannot admit paragraph 253 of the Claim.

254. The Third Respondent denies paragraph 254 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 254; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

K.6 Loss or damage suffered by the Applicant and Group Members

255. The Third Respondent denies paragraph 255 of the Claim and otherwise:
- a. relies upon Order 8(b) of the Orders made 2 May 2025;
 - b. claims Privilege;
 - c. does not plead to paragraph 255; and
 - d. reserves the right to seek leave to amend the Defence after the Applicant has presented his case.

L. PHOSLOCK'S CONDUCT CONTRARY TO THE INTERESTS OF ITS MEMBERS

256. [Not used]

257. [Not used]

258. [Not used]

M. ENTITLEMENT TO RELIEF

259. The Third Respondent denies that the Applicant and any Group Member is entitled to the relief claimed or any relief at all.

N. COMMON QUESTIONS OF FACT OR LAW

The Third Respondent defers its response on the common questions until the Applicant has presented its case.

Date: 29 September 2025.



Signed by Cecilia Elizabeth Wright
Lawyer for the Third Respondent

This pleading was prepared and settled by David Healey, counsel.

Certificate of lawyer

I Cecilia Elizabeth Wright certify to the Court that, in relation to the defence filed on behalf of the Third Respondent, the factual and legal material available to me at present provides a proper basis for:

- (a) each allegation in the pleading; and
- (b) each denial in the pleading; and
- (c) each non admission in the pleading.

Date: 29 September 2025



Signed by Cecilia Elizabeth Wright
Lawyer for the Respondent

Schedule of Parties

Edwin Paul Cayzer

Applicant

Phoslock Environmental Technologies Ltd (ACN 099 555 290)

First Respondent

Laurence Stephen Freedman AM

Second Respondent

Robert Paul Schuitema

Third Respondent

KPMG (a firm) (ABN 51 194 660 183)

Fourth Respondent

NOTICE OF FILING

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Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.