



Date: 31 January 2022

Quarterly Report - Update

ASX Announcement

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Operation Report for Quarter Ended 31 December 2021

During the quarter the Company has continued test-work on products under development with the following results.

Strategic Review

A strategic review of the Company's underlying FRG technology and the development plans thereof was undertaken during the quarter.

The key outcomes of the strategic review were that the technology continues to be seen as ground breaking, but there remained an investment required in product development and marketing to get it to the market place.

The Company has previously sought to work with OEM's to achieve that outcome on behalf of the company, but struggled with the margins required by the different participants in the development chain.

The Company is seeking to streamline its approach to ensure a product to the market is achievable as soon as possible. To that end a review of the Company's product suite has indicated the belief that the Air Conditioning Environmental Remediation Treatment ("ACERT") unit is the closest product to achieving the short term sales outcome, whilst retaining a uniqueness that should entice consumers as below.

ACERT Units

The ACERT device is progressing to the next stages of product development with the aim to finalise the prototype by June 2022 and the pilot unit by September 2022. The ACERT broad spectrum disinfection device will be deployed to treat a wide range of Air Conditioning coils on a periodic basis to prevent colonising of aircons with a range of pathogens.

ACERT will address a range of aircon-related building maintenance issues - from eliminating malodours to improving infection control compliance. Various scenarios of commercialising ACERT to retail and institutional customers are considered with some delays due to sourcing hardware and software required for implementation on a per use fee basis.

The next steps include finalising the independent validation of the disinfection claims in a GLP-certified laboratory, engaging industry partners and setting up manufacturing capabilities.

Ongoing Testwork – Whitegoods Manufacture

Through the quarter the Company worked with the whitegoods manufacturer through a Phase 2 testing program of the Company's hydroplasma technology. The outcome of the work undertaken was satisfactory to that whitegoods OEM and they have indicated a desire to move forward to a Stage 3 development, the protocols of which are being finalised.

Osmoflo

After unavoidable Covid related delays due to border closures between Victoria and South Australia, the first phase of testing is set to begin in the second week of February.

This phase will focus on establishing the potential of PurifloH water treatment in prolonging reverse osmosis (desalination) membrane life and providing additional treatment value. Preliminary results are anticipated to be available by the end of the current quarter.

COVID Testing

The Company has been endeavouring to conclude testing to prove its capability to destroy the Covid-19 virus through its FRG system. During the quarter it commenced work at a laboratory in Texas but could not arrive at conclusive results primarily due to the inability to establish base line controls.

The Company oversaw the testwork and whilst preliminary results showed promise they remain inconclusive and unable to be reported.

The Company is currently seeking another laboratory where the tests can be recommenced with a conclusive outcome.

Internal R&D Work on Surface Sterilisation

Internal R&D work has been focused on disinfecting treated surfaces to high level disinfection (HLD) levels using low amounts of energy and consumables, a prominent feature of PurifloH's FRG technology. With confirmed destruction of 99.9% to 99.9999% of bacterial endospores in a simple 10-15 minute cycle at ambient temperature and pressure, PurifloH is expecting to patent the method and process in the near future and open up new commercial applications.

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Comment on Appendix 4C – Quarterly Cashflow Report

- The Company notes that it has continued to operate on funds drawn down from its Dilato facility. It increased the facility during the quarter by an additional \$2M for a total of \$3M of financing facility. To date it has drawn down \$520,000.
- Funds spent during the quarter were spent on design consultancies, Stage 2 testwork associated with an offshore whitegoods manufacturer, Director and general consulting fees and laboratory R&D work in Melbourne..
- Director fees for the quarter as identified in the Appendix 4C totalled \$42,167 for consulting work completed by Directors within the business.
- Fees associated with Stage 2 testwork totalled \$72,294.

This ASX announcement was authorized and approved by the Board of Directors of Purifloh Limited.

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