

20 November 2007

Chairman's address to AGM

This has been a year of great progress but also some frustration. I had hoped to announce the granting of the mining license for Mantuan Downs by now.

PEV has worked hard for 12 months to progress through the requirements for landholder compensation and native title claimant compensation and completed all the relevant agreements. All the documents were lodged with the Department of Mines & Energy several months ago and we are still waiting for the mining lease to be issued.

We are now being told, "You will be given 2 week's notice of the lease issue", which we anticipate will be soon. Meanwhile, there are contractors ready to go, global distributors and end users who are waiting for samples, and shareholders who would like to see action.

With the approval of the landholder we have laid out the required infrastructure components, including the access road, on-site water supply, drying pads and excavation pit locations, but until the lease is granted we cannot dig the pit.

There have been good initiatives during the year with the approval of our calcium bentonite as a specified product under the Queensland Government Waterwise program. The Company has registered the name "Home and Garden Waterwise" and will commence delivery of product into Queensland homes as soon as we have access to the resource.

Executive Director, Paul Byrne, visited major international bentonite suppliers and distributors, S & B Bentonite in Greece and Wyoming Bentonite in the US, and has developed a good working relationship and understanding of their requirements. Both these major bentonite companies have requested a visit to Mantuan Downs and bentonite samples as soon as possible. They are both major distributors into Asia and obviously shipping costs to Asia from their respective countries are very high compared to Australian-sourced product.

Previous approaches from US company, Amcol, European giant, Sud Chemie, and Malaysian distributor, Taiko, have all shown similar strong interest.

Pacific Enviromin will commence operations immediately on issue of the licence, with on-site facilities being completed, and the minimal (1 metre) overburden removed, to access the top seam of bentonite for extraction.

The initial bentonite extracted will be used domestically to supply into PEV's Queensland Government-approved Water Wise program, and large samples will also be sent to the major international industrial minerals companies who have requested access to this particular high-quality calcium bentonite.

Domestic markets are likely to include the Water Wise home and garden water retention product, livestock supplements, soil remediation, clarification of food, wine, and beverages, oil well drilling, and pet litter.

The major overseas sales focus is on Asia Pacific and the Middle East, with refining of food oil and biodiesel, foundry mouldings, oil well drilling, soil remediation and environmental applications.

Other Opportunities

We are keen supporters of the industrial mineral's sector. It is growing rapidly, in line with the growth of the industrial capacity of China and India which is creating strong demand for all minerals.

Industrial minerals are also being driven by the global market's swing to natural, rather than synthetic, components in numerous end-products from makeup and pharmaceuticals, food preparation, agricultural fertilizers and pesticides, to environmental protection and remediation.

Most importantly, many industrial minerals do not have the massive primary processing costs associated with extraction of the metallic minerals such as gold, copper, zinc and the like. Mantuan Downs bentonite, for example, will be simply sundried, or run through a fine crusher, and shipped to end users.

In expanding our coverage in this sector, PEV late yesterday signed the documents for the acquisition (subject to a short due diligence period) of the sodium bicarbonate project based at Roma in Southern Queensland.

Sodium bicarbonate (baking soda) is a product with a strong demand domestically and globally. It is used extensively in food manufacture and other industries, and major derivative products such as sodium carbonate (soda ash) and caustic soda are key inputs into a number of industries including glass manufacture.

Currently, Australian produced sodium bicarbonate is manufactured through a capital intensive industrial chemical process.

The Roma sodium bicarbonate is contained in subterranean brine water that will be pumped to the surface. The brine can then generate the carbonate products through a number of "cleaner" processes including solar evaporation or reverse osmosis.

The consideration for this acquisition will be \$200,000 plus 1.5 million PEV shares at settlement, and a deferred payment of 2.5% of revenue generated from sales of sodium bicarbonate to a maximum payment of \$1 million.

PEV is also continuing the analysis of the Central Queensland nepheline syenite tenement and the Southern Queensland dolomite tenement.

In addition, we are currently negotiating to acquire a major cash-flow positive industrial mineral project, which we hope to announce shortly.

In June 2007, PEV announced that, subject to certain conditions, it would acquire a number of uranium tenements in the Northern Territory and Queensland.

The conditions precedent had not been fulfilled within the envisaged time frame, and following detailed analysis of the market, the Company has decided not to proceed with the announced acquisition. This is an area best left to those with deeper exploration pockets, and the Board believes that a clear focus on identified quality industrial mineral opportunities will better serve shareholder returns.

We will continue this focus and look to build an Australian-based industrial mineral business which will have several important projects in its portfolio, some generating revenue and others developing to revenue stage, starting with the revenue to be generated from our first project, Mantuan Downs.

Thank you for your support during the past year. The directors look forward to the next twelve months of Pacific Enviromin with enthusiasm and confidence in the future of the Company.

A handwritten signature in black ink, appearing to read 'BJones', written in a cursive style.

Brian Jones
Chairman
Pacific Enviromin Limited