

21 July 2009

Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
SYDNEY NSW 2000

## Half Year Update on Activities

PEV acquired the Filtek waste water solutions business earlier this year, following discussions with several companies with waste water problems. This business provided the opportunity for a synergistic business, combining proven membrane technology with our engineered bentonite products to provide a waste water filtration and purification solution.

The Company identified and has been working with several coal seam gas industry participants in Queensland to provide an integrated solution for the massive waste water treatment problems in that sector. About 12.5 gigalitres (12.5 billion litres) of contaminated water were produced in 2007, and this output is expected to increase four-fold in the next 5 years.

These problems are compounded by imminent Government controls being imposed on CSG producers. These controls will require substantial capital costs by producers to contain and purify the contaminated water.

PEV is in talks with a major international engineering group to work on the industry solution.

PEV is also engaged with a number of manufacturing sites in Queensland that generate waste water. These companies require a solution for their waste water discharge because Government is tightening up on the discharge of waste water, imposing higher penalties on companies who breach discharge requirements, and imposing excess water usage limited.

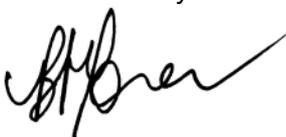
PEV can now provide that solution.

The Company also continues to pursue markets for bentonite in environmental remediation. In particular, the effect of chemical runoff in coastal Queensland from overuse of fertilizers has attracted Government demands for a change in agricultural practice, and Government funding to accelerate that change. This opens up unique opportunities for PEV's calcium bentonite to assist that environmental issue. Some of the agricultural trials have taken longer than expected, due to rain delayed plantings and other seasonal issues, and the financial slowdown has also affected the agri-sector. However trials in North Queensland with a major sugar company are progressing .

PEV has also opened up 10 exploration pits at the Mantuan Downs resource to further define the ore-body and to identify selective mining areas which may be used in specific market sectors. Some of these new potential applications are in the coal seam industry and agri-sector.

Home & Garden Waterwise has expanded its sales force and is targeting retail outlets and major users with the water saving and soil improvement bentonite products.

Yours faithfully

A handwritten signature in black ink, appearing to be 'C. Brennan', is written over the signature line.

Chairman

