

PEV AGM

CHAIRMAN'S ADDRESS

This has been a year of great progress for Pacific Enviromin despite the financial earthquake which has left almost no country or company immune from bad news.

In fact, PEV is in good shape. We have over 2 years cash in the bank; our major calcium bentonite mine at Mantuan Downs is up and running with high quality processing equipment; and the agricultural field trials of our calcium bentonite are producing excellent results, and strong interest, which augers well for our future sales revenue.

Shareholders would be aware from the Annual Report that the Mantuan Downs resource was finally granted its Mining Lease on 1st April this year, however the unseasonal rains delayed immediate mining operations.

We have worked hard since then and now have on site all the infrastructure and equipment necessary to produce a high quality processed calcium bentonite. As you will see in the presentation to be made at the end of this meeting, mining is now in full production.

Our improved financial position following the rights issue in July, enabled us to acquire the large Komatsu 430 loader which handles up to 4 tonnes per load, and more importantly, the Terex Findlay 694 screening machine which can convert up to 500 tonnes per hour of raw bentonite into any product size specified by our markets. We have completed the access road into the mine, and established accommodation, management and infrastructure modules on site.

We have also been aware of the requirement for skilled support and have engaged several highly qualified people to assist with our progress.

Bernard Holtshousen was engaged as Mantuan Downs project director. Bernard is a mining engineer who was previously the Managing Director of Mt Isa Mines' Gold Division, and has been involved with the development and marketing of industrial minerals companies internationally for many years.

Sirjit Singh has been engaged as the Group Technologist . Sirjit is responsible for establishing PEV's quality control and analysis processes to conduct all testing on the bentonite to ensure it meets the requirements of our customers. Sirjit is a chemical engineer who has over 30 years experience in developing, testing and marketing industrial minerals throughout the world.

Len Thompson has been engaged to assist with the establishment of the operation. Len was previously the operations manager for a major Australian bentonite operation responsible for mining and marketing operations and is adding good hands-on knowledge to our business.

James Walters is PEV's general manager, rural, establishing the agribusiness trial programs and marketing into the rural sector. James has a high profile in the rural sector with a large number of influential contacts, having previously been Commercial Manager of the Australian Poll Hereford Society, and rural business development manager for NSW/QLD & NT for NAB.

With these personnel, shareholders can see that we have built a multi-skilled and very focussed team to take our Company forward.

PEV has focused on the agricultural sector for its initial marketing thrust, offering calcium bentonite as a soil conditioner and fertilizer substitute, both by itself, and as a blend with various compost products.

The results of agricultural trials for adding pure calcium bentonite to crop soils have been very encouraging. Early feedback showed that one grower of vegetables had his crop come to maturity in 5 weeks rather than the usual 6 weeks which is a real benefit. Another grower has reported an increase in yield in his vegetable production from an average of 10 tonnes per hectare to a yield of 12.2 tonnes. We have also sold calcium bentonite to a major Australian cotton producer for use as a soil conditioner.

These results will be confirmed with repeat crops over the next couple of months, but appear to confirm that all of the prior research done in conjunction with CSIRO and other research bodies is being validated.

PEV officially launched its agricultural bentonite credentials at the national Carbon Farming Expo and Conference held this week in central NSW. PEV received high profile coverage at the event which attracted farmers, agribusiness representatives, landscaping companies, compost and fertilizer manufacturers and politicians from around Australia interested in improving soil quality and using alternatives to inorganic fertiliser. The number of enquiries received by PEV personnel over the conference highlighted the interest in our calcium bentonite and the benefits of participation.

Finally, the Board is naturally disappointed that the Company's share price has fallen during the current global financial situation. We have worked hard to deliver the progress I have spoken about, but it is difficult in a small-cap listed company to buck the general market.

The directors are substantial holders of stock and, like all shareholders, would prefer to see the price higher than it is. Ultimately this result will be driven by how well we manage the Company in generating quality sales and revenue. I assure shareholders that this is the Board's clear focus now that we have such a high quality product available for sale, and such good feedback on its benefits for agriculture.

On that basis we look forward to the future with renewed optimism that the Company will deliver for us all in this current year.

Yours faithfully

A handwritten signature in black ink, appearing to read 'B. Jones', with a long, sweeping flourish extending to the right.

Brian Jones

Chairman