



ANNUAL GENERAL MEETING - 30 NOVEMBER 2009

CHAIRMAN'S ADDRESS

This has been a year of disappointment for Pacific Enviromin and its shareholders. Last Annual General Meeting, the Company informed you that our calcium bentonite mine at Mantuan Downs in central Queensland was up and running with all necessary processing equipment in place to enable commercial mining of an apparently valuable industrial mineral resource. We also informed you that agricultural field trials of our calcium bentonite were producing excellent results supporting the earlier outcomes of the research activities. Likewise, other trials being undertaken by the Company were also highly prospective and suggestive of sound commercial outcomes. Unfortunately, despite the strong initial interest from end users and much hard work and enthusiasm from the Company's board and employees, our expectations of significant revenues from our Mantuan Downs' bentonite mine have failed to materialize. In particular, with the difficulties in the rural sector, the time taken to generate sales in this area have proven to be much greater than originally estimated. This single fact, together with the marked reduction in the Company's cash balance, has led to the Company now being in a difficult financial position. Without an adjustment to, and refinement of, the Company's strategy together with a capital raising, the Company's prospects would be considered doubtful. In order to reverse the current situation, your Board has undertaken the following actions.

It has sought to improve market opportunities for the Company's existing bentonite operation by joint venturing with other parties involved in the mining, sale and or use of this industrial mineral. By adopting this approach, it is expected that significantly more sales may be generated leading to increased revenues from the exploitation of this deposit, and, at the same time, a reduction in overhead expenses in connection with the mine. Discussions are being undertaken with two parties; however, the outcome is still to be determined. Needless to say, the Company is attempting to do everything reasonably possible to exploit what has become in recent years its major asset.

The previously announced water filtration and solutions business acquired earlier in the calendar year has failed to provide expected early significant revenues. Associated with the acquisition of the business the company established a minerals testing laboratory as a useful adjunct in the development of the Company's bentonite markets. Sadly, the predicted early revenue from this business did not eventuate. In many ways the difficulties experienced mirrored the difficulties experienced with the Company's exploitation of its bentonite deposit with longer than expected time frames required for the generation of sales revenue. In light of the current financial pressures facing the Company no further funding is being committed to this project while the Company reviews its investment in this business.

The Company has decided after strategic review of the growth prospects for resources in Queensland to focus more heavily on its mineral exploration opportunities building on its portfolio of quality mining and exploration tenements. An update on this strategy was released to the market on the 5th of November. I refer you to that release for further detail. In summary, the Company is actively pursuing coal tenements that are prospective for coking, PCI and thermal coal in the Bowen basin with the acquisition of 24 Exploration Permit for Coal (EPC) applications. Of these EPCs, 3 have now been offered and 5 remain competing applications. As the Queensland government recently noted, "the Queensland coal industry continues to expand to meet growing world demand." Coal exports are expected to exceed 200 million tonnes by 2011, an increase from the approximate 152 million tonnes exported in 2007-08. The Company is setting out to participate in this growing demand for coal by aggressively exploiting the economic potential of its mineral tenements.

Our diminished financial position necessitates the immediate raising of new capital to address potential liquidity concerns and to allow the Company to be placed on a firmer financial footing. Resolution 4 in the Notice of Meeting proposes issuing up to 40,000,000 fully paid ordinary shares to sophisticated or professional investors. Assuming a total 40 million shares are issued, approximately \$400,000 of additional capital should be raised for the Company based on the Company's current share price. It is not envisaged that the placement of shares will lead to any changes in the management of the Company or its underlying activities. Based on the company's presently envisaged activities, further capital raisings will also likely be required going forward. Shareholder approval of Resolution 4 will ensure that the Company maintains its flexibility in this regard.

The requirement to further focus the Company's activities has led to several Board changes to assist the Company in seeking to achieve its current objectives. First, you will all be aware that Mr Brian Jones has recently retired from the Board of the Company. I would like to thank Brian Jones for his tireless efforts as Chairman of the Company over the past ten years and wish him all the best in his future endeavours. In his place, the Company has been fortunate in securing Mr John Bovard as the Company's new Non-Executive Chairman. (Unfortunately, John cannot be with us here today as he had a prior long-standing engagement overseas.) As indicated in the Company's recent ASX release in connection with his appointment, Mr Bovard has vast experience in the mining industry and his skills will be most invaluable in the Company's pursuit of its strategic objectives. Mr Bovard will have a crucial role to play in guiding the Company going forward as it pursues its re-focused business strategies.

Secondly, Mr Sirjit Singh who was recently appointed to the Board as an Executive Director has resigned. Mr Singh has stepped down from the Board following the Company's increased focus on its coal and other mineral exploration activities. The Board is currently seeking an additional Non- Executive Director to assist the Company in the pursuit of its present objectives and is hopeful that an announcement in this regard can soon be made.

A Resolution was to be put to the meeting today seeking an increase in the maximum amount of remuneration available for payment to Non-Executive Directors of the Company. While the Board recognises the increasing pressure on companies to provide sufficient remuneration to be

able to attract Non-executive Directors of the caliber of Mr Bovard it also recognises that the Company's results do not support the increase at this time. This resolution has been withdrawn.

Obviously, your Board is disappointed with the level of the Company's share price. It has been a long and heavy fall that we are setting out to reverse for the benefit of all shareholders through the on-going refinement and execution of the Company's mineral exploration strategy, a strategy that is now predominantly focused on coal in Queensland's Bowen basin. Likewise, it will seek to optimize the value of its other businesses as it restructures them to be better placed to maximize their financial returns and to reduce the operating risks inherent within them.

I hope that at the next annual general meeting your new Chairman will have much better news to report to shareholders.

Peter Ziegler

A handwritten signature in black ink, appearing to read 'P. Ziegler', with a stylized flourish at the end.

Deputy Chairman