

10 July 2007

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

PEV gains exploration partner in Diamantina Uranium

Pacific Enviromin Limited ("PEV") is pleased to announce that it has signed an agreement with uranium and gold explorer, Uranco Resources Limited ("Uranco"), to fund the initial exploration of 6,474 sq kms of highly prospective uranium tenements in the Northern Territory over which PEV holds an option.

PEV announced on 25 June this year that it signed an option to acquire all of the issued capital of Diamantina Uranium Pty Ltd ("Diamantina"), the company that holds the tenements.

Under the terms of the agreement announced today, Uranco has committed to \$3.2 million in exploration expenditure over three years in exchange for 70% of Diamantina.

PEV has agreed, subject to shareholder approval, to acquire the remaining 30% of Diamantina for a consideration of \$500,000 consisting of 3,000,000 fully paid ordinary shares at 16.67 cents.

Uranco is an unlisted public company controlled by long term mineral exploration participants. It intends to proceed to an IPO on the ASX in the next few months. Uranco must meet its expenditure commitment of \$3.2 million by the earlier of 3 years from the date of completion of the IPO, or 2 years from the date on which the last of the Exploration Licence Applications (ELAs), currently held by Diamantina are granted.

As foreshadowed in the 25 June announcement, PEV will call a general meeting to approve the acquisition of Diamantina, along with two other companies, Spinifex Uranium and Frontier Uranium, which together hold 22,000 sq kms of prospective uranium areas. SRK Consulting has been engaged to provide a valuation report on the three companies, and BDO has been engaged to prepare the Independent Expert's Report. Both reports will be provided to shareholders with the notice of meeting.

The new structure for Diamantina allows PEV to hold an unencumbered 30% share in the uranium project, while allowing the Company to focus on the final stages of commercialisation of the Mantuan Downs bentonite resource in Central Queensland.

Yours faithfully

A handwritten signature in black ink, appearing to read 'B. Jones', written over a white background.

Brian Jones

Chairman