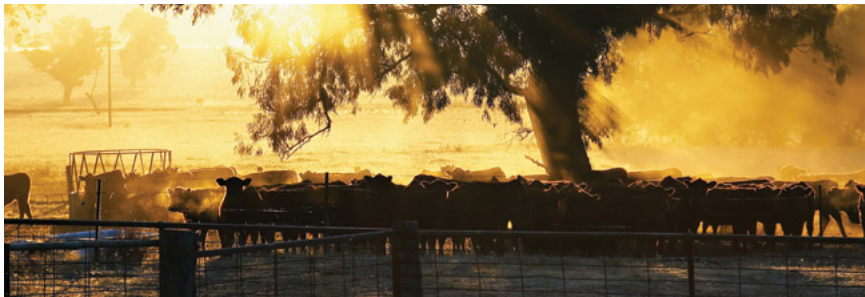


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An Environmental Services
and Technologies Group



Pacific Environment
Limited



Company Update
October 2013

ASX CODE: PEH

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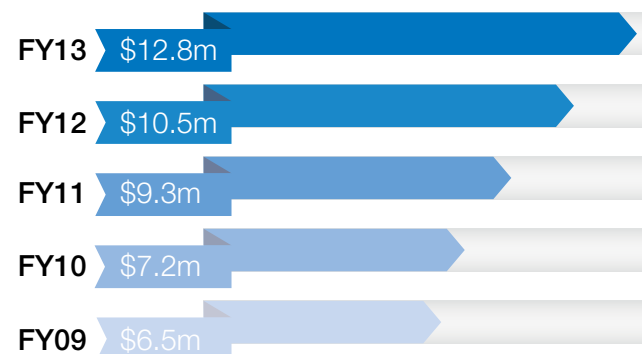
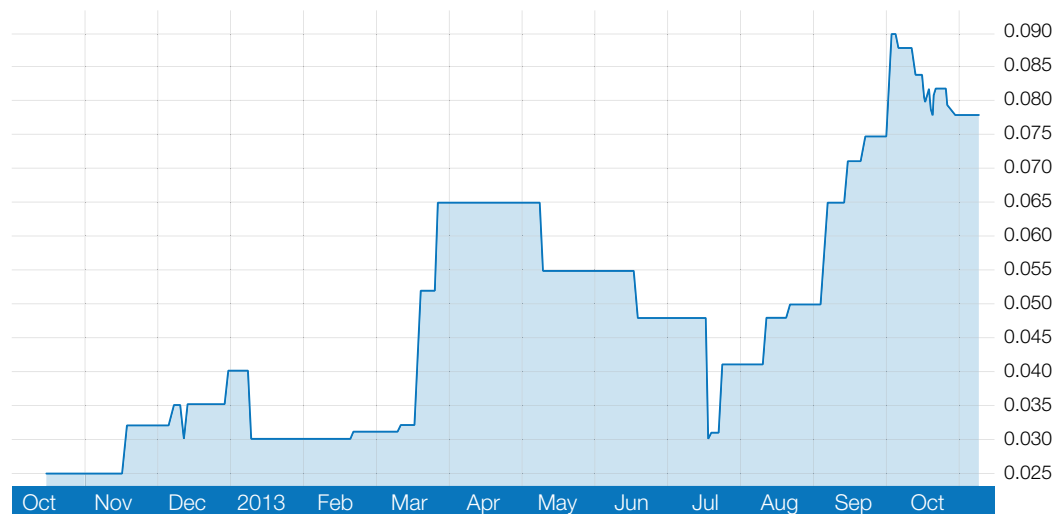
Company Snapshot

Shares on issue: 98.6m
Market Cap: \$7.7m*

Revenues FY13: \$12.8m
NPAT FY13: \$1.0m

Top 20 holdings: 67%

52 week high: \$0.09
52 week low: \$0.025



*Based on closing share price on 31/10/2013



Murray d'Almeida

Non-Executive Chairman (appointed May 2012)

- More than 35 years of diverse national and international business experience.
- Founded and built Retail Food Group (ASX:RFG) to more than 300 stores worldwide
- Current directorships include Beacon Hill Resources Limited, MRS Consulting Limited
- Previous directorships include Hyperion Asset Management Limited, Capricorn Resources NL, Allied Brands Limited, Golden Pacific Resources Limited



Robin Ormerod B Sc (Hons)

Managing Director

- Recognised leading pioneer in air quality consulting in Australia and New Zealand.
- 30 years experience at the top level of air quality and atmospheric science consulting
- Co-founded Pacific Air & Environment, a founding company of Pacific Environment



Adam Gallager B Econ M Com GDip IS GDip ACG MAICD ICSA

Director and Company Secretary (appointed in September 2013)

- Strong background in capital markets, corporate consulting and governance.
- Executive Director of a boutique investment fund that specialises in investing in and assisting ASX small caps across a range of sectors.



Peter White B Maths GAICD

Chief Executive Officer (appointed in April 2012)

- Strong career history in growing technology and services companies
- Experience in working in large multi nationals as well as in privately owned companies
- Experience across a broad range of industries in Australia, Asia, and Europe
- Focus on growth through business development, technology expansion and acquisitions



Ross Hawkey B Sc (Hons)

Chief Financial Officer (appointed in October 2013)

- Diverse financial and accounting experience with large and small businesses
- Excellent history in building value of small cap companies as a CFO
- Focus on operational and financial excellence

- \$2.2m turnaround in NPAT achieved in FY 2013
- Winning contracts across multiple Practices
- The appointment of an experienced CFO to strengthen the corporate team
- Restructure of Finance and Administration function
- Finalisation of the new operating platform
- Progressing to a rolling acquisition strategy with on-going review of potential targets
- Launch of a new website and other marketing initiatives

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Achievements in last 12 months

- First ever operational profit for the Group
- Consolidation of the four business streams into one operating unit
- Introduction of a company wide Intranet
- Introduction of performance-based pay bonuses and options for staff, and a common performance management system
- Fostering of a business development culture
- Development and implementation of business unit plans, utilisation goals and performance metrics
- Rebirth of the Toxikos business
- Streamlined and strengthened the corporate team
- Further commercial validation of our technologies

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“Stabilisation of the business was the first goal set by the new Board and CEO in mid 2012.

With this now achieved the Company boasts a strong team supported by a sound operating and reporting platform allowing us to confidently shift our focus to growing the business through acquisitions, organic growth and further development of our Technologies.

This is a very exciting time for the Company and we will be working harder than ever to deliver on our strategic plan for the benefit of all shareholders.”

Murray d’Almeida, Chairman

- Acceleration of acquisition strategy to add scale, diversify income streams
- Expansion of our existing commercially-proven technologies
- Embed the newly established operations platform - people, systems and reporting
- Driving business development into new sectors
- Improving operating margins
- Leveraging the internal knowledge base as a key business asset

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Company Structure

Company consists of 70 people, structured across four revenue generating business units:

- **Consulting**
- **Monitoring**
- **Toxicology**
- **Technologies**

Supported by a core corporate function consisting of the Board, CEO, Finance, and Administration

Offices in all mainland state capitals.



Three key practice areas of specialty:

- Air Quality & Meteorology (including dust and odour)
- Carbon Management
- Acoustics

A reputation for excellence in regard to quality work, technical leadership and 'can do' problem solving for industry.

A national presence with diverse customer base spread across agriculture, energy, mining, industrial and other sectors.



Specialising in:

- Monitoring of emissions (from industrial stacks) as a fee for service model
- Ambient monitoring of mining, port and industrial operations. This measures real-time dust and pollutant concentrations in the atmosphere. Typically performed as a 3 or 5 year annuity contract.

Companies are compelled to seek out these services from a growing world-wide trend in regulatory compliance and controls.

Existing clients include the big mining and industrial companies, ports, smelters and the power sectors.

National and offshore contracts, positioned for growth.



An exclusive though highly sought - after service suite in Australia that includes:

- Assessment of human health risks
- Ecological chemical exposure risks
- Chemical registration

The business unit has grown to be a significant contributor to group revenue in the last 12 months.

Toxikos manager, Hugh Scobie, is one of only two Board qualified Toxicologists in Australia

Recently secured a major Port Hedland project relating to health assessment of iron ore dust - a significant issue in the area.



EnviroSuite:

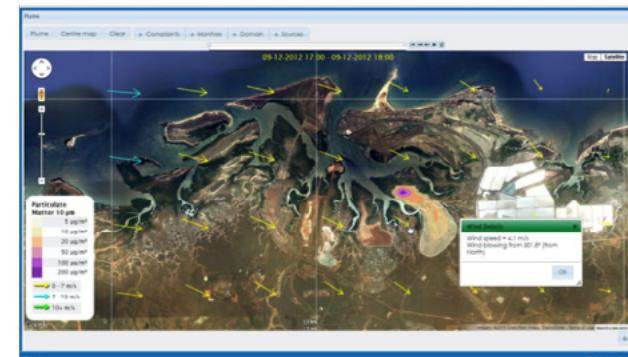
- Pacific Environment's innovative technology
- Combines our expertise in environmental science with proficiency in software development
- Maximises operational efficiencies for clients while maintaining their regulatory compliance

What does it do?

- Air quality and noise management
- Environmental data management
- Complaints management
- Environmental compliance reporting

It provides an annuity-based revenue stream with large growth potential

With strong commercial success in Australia to date, further development followed by export of our Technologies is potentially a company-making opportunity for the Group



The market:

- Multiple sectors including mining, ports, heavy industry, local councils, agriculture, power, oil and gas, and more
- Global market worth an estimated \$1.2Bn
- Predictive nature of solution allows for advanced planning (72 hours ahead) increases operational efficiencies
- Durable monitoring systems and real-time measurement is critically important to reduce and avoid downtime and meet on-going environmental compliance
- Increasing market globally as existing infrastructure increases throughput, new facilities are built, regulations tighten and community expectations lift.



Envirosuite 1.0

- Commercially launched in 2010
- Over 30 customers include BHP, Rio Tinto, Anglo American, port authorities, Queensland Aluminum, Boyne Smelters, local councils
- Winning contracts in new sectors
- Gaining multiple sites in larger customers creating platform for corporate-wide solutions

Envirosuite 2.0

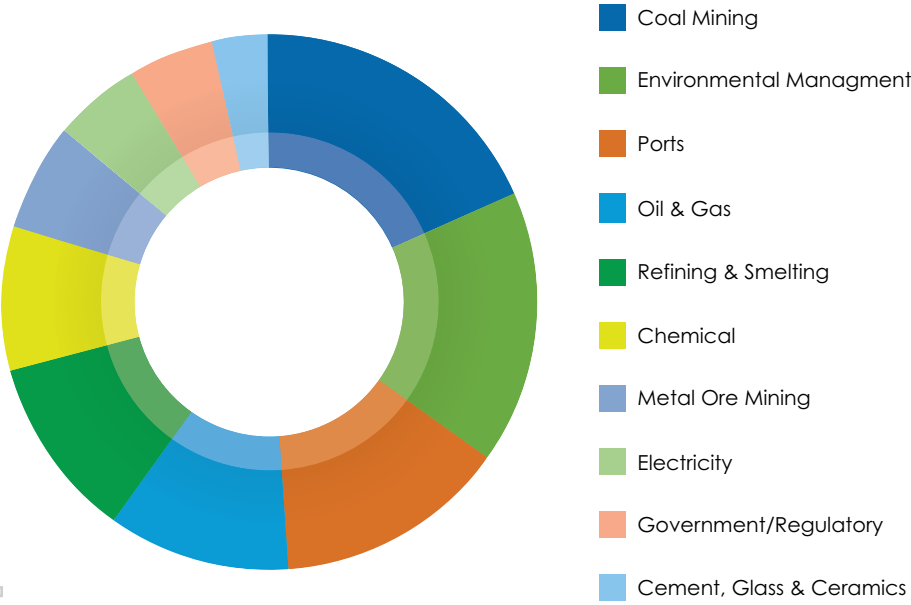
- Next generation, roadmap for release is mid 2014.
- Complete redesign of existing platform to an automated, cloud-based solution offering global scalability
- Reduced implementation time frame down to 2 weeks
- Intuitive to use and streamlined design allows for all user levels

Complemented by a well resourced and focused marketing and business development campaign.

Over 300 facilities in Australia are immediate target clients, with export market of thousands of facilities.

Diverse client base

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- Leverage on our existing platform of excellent people, national office network, strong operating and reporting systems and profitable trading.
- Sound approach:
 - Add profitability
 - Diversify revenue streams
 - Add technologies
- Strict target criteria filters are in place
- Focus on profit accretive companies in the broad Environmental Services and Technologies sector
- Rigorous process for integration into the existing company structure post acquisition
- On-going assessment of businesses with several targets identified
- Funding avenues include debt, vendor earn-outs, scrip acquisitions and capital raising where appropriate

- A turning point has clearly been achieved in both the share price and the business fundamentals in the last 12 months
- The business is now well positioned for growth and operating in multiple sectors
- The acquisition strategy is aimed at achieving step changes in shareholder value through leveraging the strong existing platform
- An exciting technology story with an already proven commercial track record in Australia, an expanding market globally with export potential providing scope for a possible company making opportunity



For more information:
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