

23 December 2015

MARKET UPDATE

- Internal restructure to accelerate sales
- Spanish reseller signed for Spain and Mexico
- EnviroSuite expands into Water with the commencement of client trials
- International sales momentum continues
- Discussions with Chinese EPA
- Consulting project wins with Government

Pacific Environment Limited (“PEH”) is pleased to provide an update of recent activities within the Group.

1. Internal restructure to accelerate sales

The company is pleased to announce a reorganisation of executive roles that is designed to allow it to take full advantage of the first mover position of EnviroSuite, and at the same time to more fully develop the consulting arm’s growth and breadth of expertise.

Following key appointments made through the 2015 calendar year, the CEO Peter White will now focus exclusively on the EnviroSuite technology division, and is tasked with the acceleration of sales and international distribution. The Chief Operating Officer, Ainsley Simpson will focus exclusively on managing the consulting business to deliver a profitable foundation to the Group whilst also providing scientific expertise to, and a sales distribution network for, EnviroSuite. These executives will be supported by the Chief Financial Officer Ketha Mahesan and Executive Chairman Murray d’Almeida.

2. New Spanish reseller

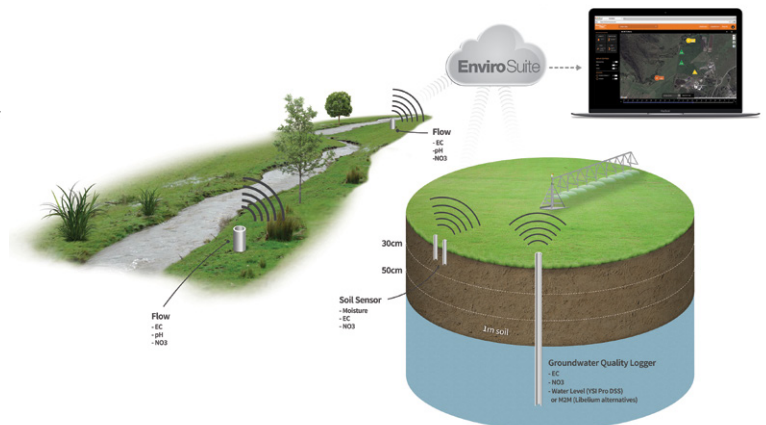
Black to Green Consulting is a Spanish environmental consulting and technology company servicing clients throughout Spain and Mexico. The company has been selected by PEH to promote EnviroSuite to its client networks in the Resources, Government, Oil and Gas, and Industrial sectors. Their sales efforts are incentivised through payment of commissions in accordance with general indirect distribution models.

Utilising resellers, particularly in overseas geographies with different languages, is a central strategy for Pacific Environment. The Group’s strategy for 2016 will be to recruit and train resellers in each target country to establish a series

of indirect sales channels. Sales in Australia will continue to be achieved primarily through our direct sales force.

3. Client trials of Water module

The EnviroSuite Water Monitoring module will be ready for client trials by the end of January 2016. Two clients based in Queensland have paid to become the pilot sites for this module. They are a power generation station, and an agribusiness, both of which want to improve their internal efficiencies in meeting their environmental regulatory compliance. The trials are expected to run for three months.



Adding a Water module to EnviroSuite has immediately resulted in the opening up of two new market sectors for the solution. There is a massive global market for solutions addressing issues in Water and/or Air Quality. The ability to supply both of these represents a significant opportunity for EnviroSuite to be sold across most industry sectors.

Sydney

Pacific Environment Limited
Level 1, 146 Arthur St
North Sydney, NSW 2060

Melbourne

Brisbane

Adelaide

Perth

(ASX: PEH) ABN: 42 122 919 948
www.pacific-environment.com
Ph: +61 2 9870 0950



4. International Sales momentum

Following on from the contract signed with Kingsgate Consolidated for their Chatree gold mine in Thailand, the company has been advancing prospects with companies based in Indonesia and in the UK. While there have been some early and very encouraging successes to date, a key dependency for furthering international sales activities is the establishment of an appropriate distribution network which is the current operational focus of the Technology division.

5. Discussions with the Chinese EPA

Pacific Environment senior executives will be meeting with the Chinese EPA in Beijing in January 2016. The company wishes to advise this correction in the AGM presentation that incorrectly stated these meetings will occur in "December 2016". The current state of air quality, and the keen focus that the authorities in China now have on finding solutions to combat this significant community health issue, has been broadly covered in mainstream media. Providing detailed and timely forecasts combined with comprehensive monitoring and reporting is a core competency of EnviroSuite that is well positioned to assist in improving community outcomes.

6. Consulting project wins with Government

The consulting arm has recently won two government contracts which highlight the expertise that is embedded in the EnviroSuite product.

The Victorian EPA has appointed Pacific Environment to undertake an impact statement to determine the costs and benefits of strengthening national ambient air quality standards. The standards are part of the National Environment Protection Measure (NEPM), which sets national air quality standards for the adequate protection of human health and wellbeing.

The Northern Territory Department of Mines and Energy has commissioned a one-year dust monitoring investigation for the NT Department of Mines and Energy to assess the potential health impacts of dust blown off a legacy mine tailings dam.

Pacific Environment along with two expert partners has secured the drafting of Contaminated Soil Guidelines as part of the United Arab Emirates government environmental policy. The guidelines will be tailored to the land uses and climatic conditions of the UAE and will set a new standard for the region. This win reinforces our experts' standing internationally and creates opportunity to extend our full suite of solutions in the Middle Eastern markets.

About EnviroSuite

EnviroSuite is a unique cloud-based solution addressing a range of operational management and environmental compliance issues across the resources, ports, hospitals, heavy industry and government sectors. EnviroSuite is the result of seven years of research and development work and provides a range of predictive, real-time and historical analysis and reporting. Over 25 blue-chip clients have relied on EnviroSuite's mobile-enabled, modular and scalable platform since 2011.

EnviroSuite is the 2015 winner of the Built Environment category at the Australian Technologies Competition and was also a finalist in the Mining Technology category.

****ENDS****

For further information, please contact:

Peter White
CEO, Pacific Environment
+61 2 9870 0950