

EnviroSuite Investor Update

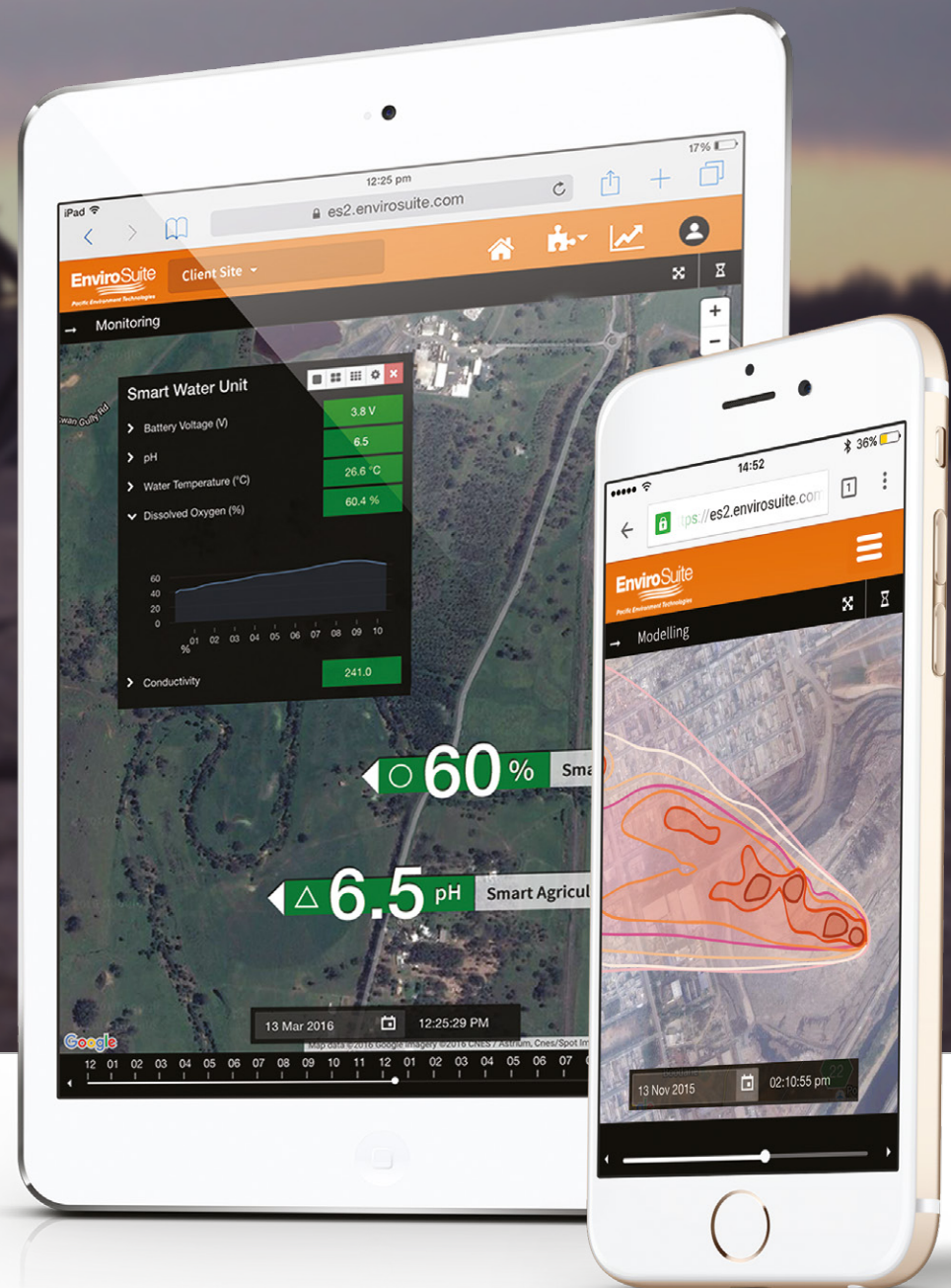
March 2016

Pacific Environment
Limited



Applied Science and Technology

EnviroSuite



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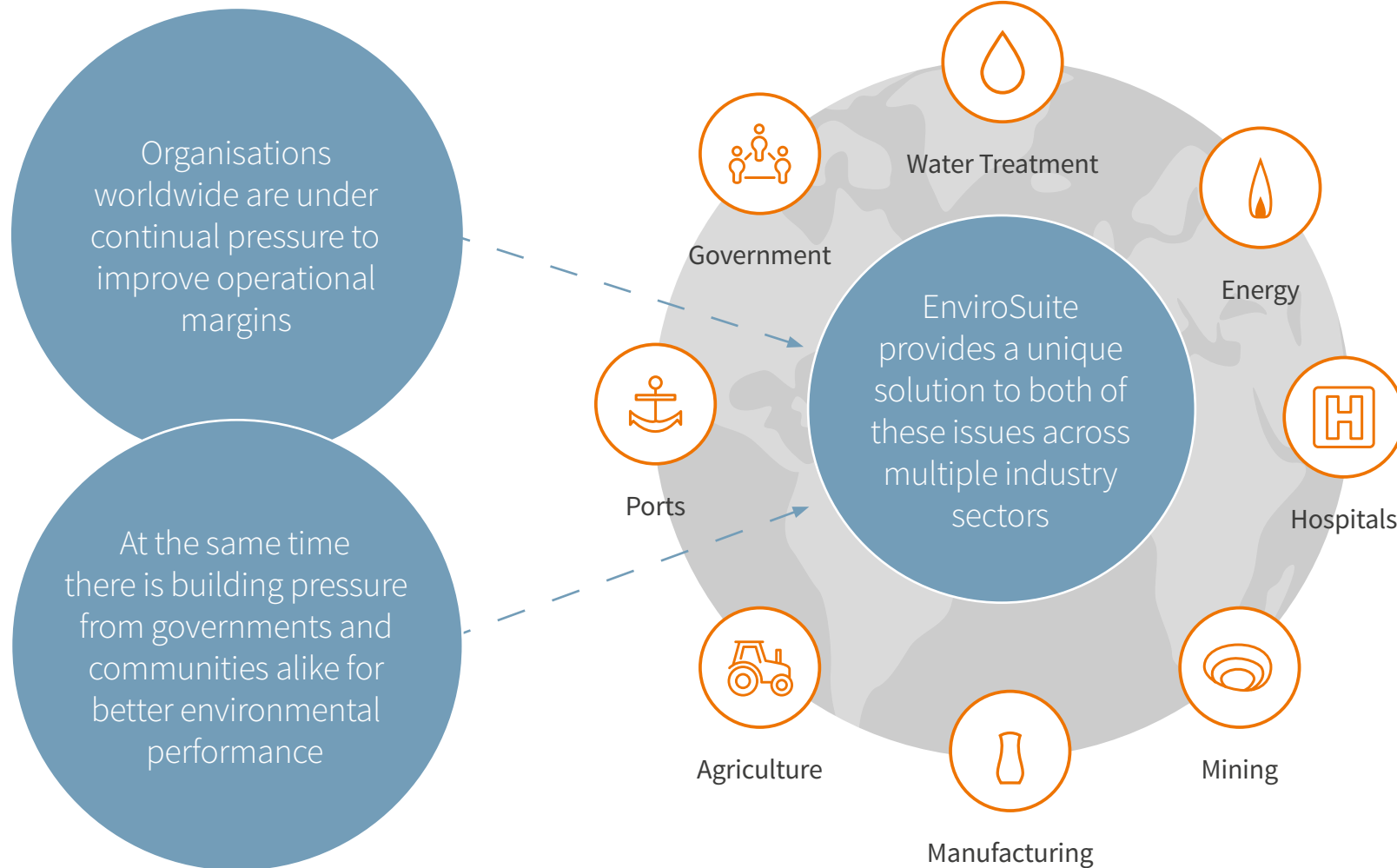
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Global Market Opportunity



Market Sizing

Out of the US\$900+ billion environmental technology market, EnviroSuite addresses a market of US\$3 to \$4 billion.

| Facilities | Global Clients | Existing Clients |
|----------------------|----------------|------------------|
| Bulk Ports | c. 1,800 | 8 |
| Operating Mines | 2,500+ | 15 |
| Heavy Industry | 5,000+ | 4 |
| Wastewater Treatment | 7,000+ | 1 |
| Other | 12,000+ | 6 |
| Government | Very Large | 1 |

Typical EnviroSuite sale is \$60 - \$80,000 per site per annum

New Business and Use Cases

Contracts signed or renewed since July 2014



The EnviroSuite Opportunity

Proven global solution

- Technology validated, business model established
- Operating in over 30 clients across Australia, SE Asia and Europe
- Established first-mover advantage
- Breadth of solution is a major differentiator
- Ability to monitor across different disciplines



International Expansion Launched

Focus is now on accelerating sales

- Establishing international resellers
 - Perform local sales and marketing
 - Responsible for Level 1 support
- Acquire distribution channels
- Enhancing market lead through new module development

Target Markets



Europe



SE Asia



North America

Current Resellers



UK, France, Spain



Global



Spain



USA



Malaysia



Singapore

Four Case Studies & Recent Wins

Sectors:



Wastewater



Industrial



Agriculture



Mining

Geography:



UK

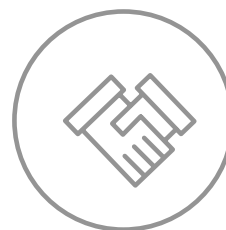


Indonesia

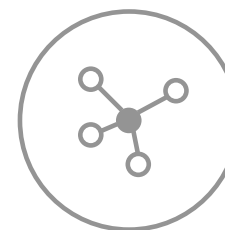


Australia

Distribution:



2 direct sales



2 through resellers



Case Study 1 - Optimising Activities for Odour Management

EnviroSuite Modules:

- Monitoring
- Modelling
- Incident Investigation

Client / Sector:

Thames Water / Wastewater treatment

Channel:

Odournet (UK)

Client Problem:

Traditional approaches do not provide adequate understanding of odour impacts on local communities and do not integrate with operational responses for odour management. This situation can have an adverse effect on social licence to operate.

Solution:

Integrated IT/OT System for Proactive Management and Decision Support enabling alternative operating options rather than expensive engineering controls. Initial contract covers two sites for a period of one year for a project fee of \$300,000. Future potential at Thames may be for 30 plus sites.



Case Study 2 - Improving Health Risks to Community

EnviroSuite Modules:

- Monitoring
- Modelling
- Incident Investigation

Client / Sector:

Global Resource Company / Refinery

Channel:

ESC (Singapore)

Client Problem:

Impacts of sulphur dioxide (SO₂) on nearby community.

Solution:

Forecast potential off-site impacts by linking with facility operating scenarios to plan operations better and prevent problems.



Case Study 3 - Innovating Water Quality Management

EnviroSuite Modules:

- Water Management
- Monitoring

Client / Sector:

AJ Bush / Agribusiness

Channel:

Direct

Client Problem:

Traditional environmental management approaches are costly and operations are uninformed during the significant time lag to receive results.

Solution:

System for real-time monitoring, forecasting and reporting surface and groundwater conditions – lowering costs and enabling dynamic management measures to be used.



Case Study 4 - Managing Cumulative Mining Impacts

EnviroSuite Modules:

- Monitoring
- Modelling
- Incident Investigation
- Blast Management

Client / Sector:

Three adjacent coal mines (NSW) / Mining

Channel:

Direct

Client Problem:

Regulatory compliance requirements for cumulative air quality management system.

Solution:

System using predictive forecasting and real-time modelling and monitoring to better inform mine planning to ensure environmental compliance whilst optimising mining activities.

Why EnviroSuite is Leading

EnviroSuite is different – it integrates into the client's operational platform

In real-time it:

- Improves operational efficiency
- Ensures regulatory and corporate compliance
- Manages risk of impacts on community (maintains corporate & social licence to operate)

The typical competitor only offers measurement and reporting, often after the event



Responsive:

Real-time operational monitoring

Instantaneous alerts

Enables operators to avoid costly and damaging environmental incidents.



Planning:

Predictive capabilities

72-hour outlook

Enables planners to optimise their work schedules



Investigation:

Source Identification

Analyse Events

Allows operators to pinpoint the sources of issues for events – both in real-time and historical

EnviroSuite Architecture & Business Model

EnviroSuite Architecture

- Cloud Solution (Amazon)
- Scalable & Modular
- Mobile
- Easy to use interface

Delivered as SaaS

- Software as a Service
- Monthly subscription per site per module
- Pricing based on number of modules
- Typically \$60-\$80,000 per annum per site

EnviroSuite Modules

Breadth of solution increases EnviroSuite relevance to clients.
Competitors typically supply just one module.



Customised
Weather Forecasting



Air Quality and
Odour Management



Noise
Management



Blast
Management



Environmental Data
Management



Incident
Investigation



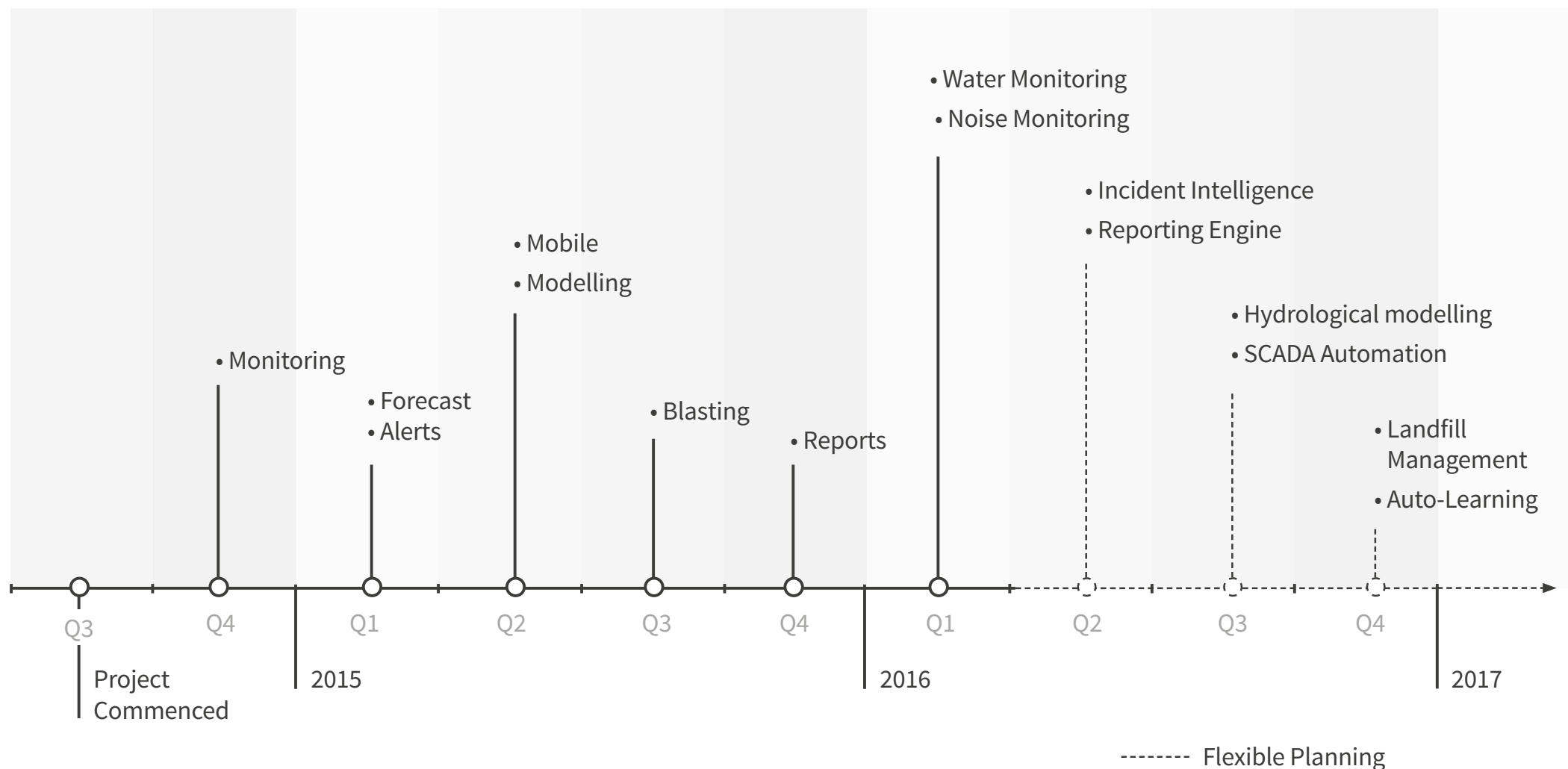
Environmental
Compliance
Reporting



Water
Monitoring

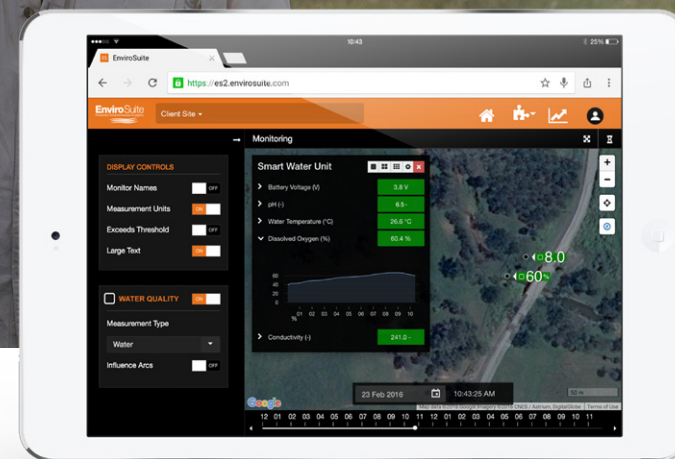
Commercialisation Roadmap

Delivering on milestones



Continually Evolving Roadmap

Extracting IP from world-class consultants ensures EnviroSuite remains at the leading edge of solutions.

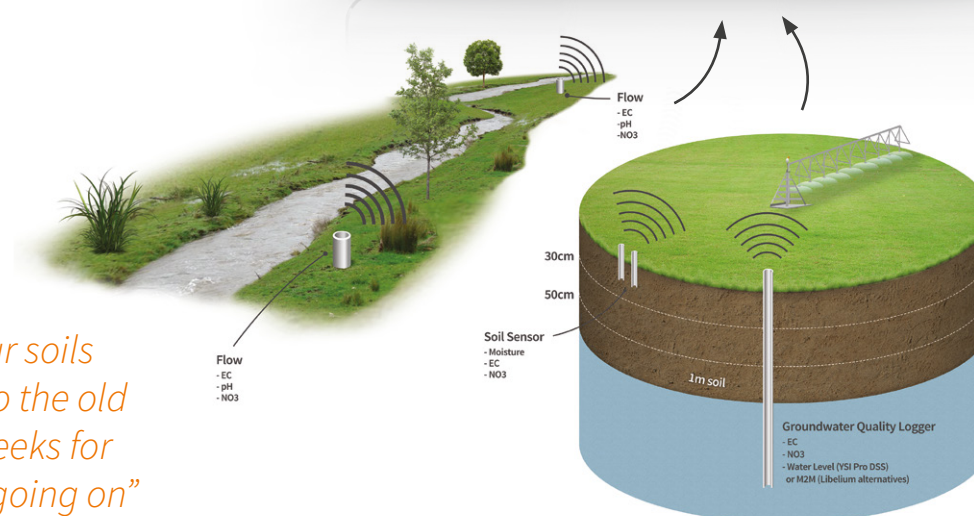


EnviroSuite Water Module available from January

- Being piloted:
 - Power station
 - Agribusiness – Abattoir
- Opens up new industry sectors
- Broadens EnviroSuite value to clients

“It is so much better knowing what’s happening in your soils and waterways by getting real-time data compared to the old ways of sending samples to the lab and waiting for weeks for the results, and not knowing in the meantime what’s going on”

David Kassulke, Managing Director, AJ Bush



Summary

Established, de-risked SaaS Solution

- Validated by 30 clients, mostly multinationals
- “Sticky” solution, very high retention

Growing Environmental IoT Market

- Increasing global demand for environmental technology (>10% CAGR)

First-mover advantage

- Highly differentiated in target markets
- Unique combination of real-time and predictive functions

Launchpad established for international expansion

- Ongoing investment to:
 - Establish reseller & distribution network
 - Potentially acquire distribution channels
 - Further develop technology for new use cases

Appendix



Company Snapshot

As of March 16, 2016

| | |
|---------------------------------|-------------------------|
| ASX Ticker: | PEH |
| Shares on issue: | 145 million |
| Issued Options: | 47.4 million |
| Share price range (12 month): | \$0.081 - \$0.220/share |
| Current Market Cap (@ A\$0.14): | A\$20.3 million |
| Diluted Market Cap (@ A\$0.14): | A\$25.0 million |
| Cash (31 Dec 15): | A\$0.65m |
| Debt ³ (31 Dec 15): | A\$3.34m |
| Enterprise Value ⁴ : | A\$26.2 million |

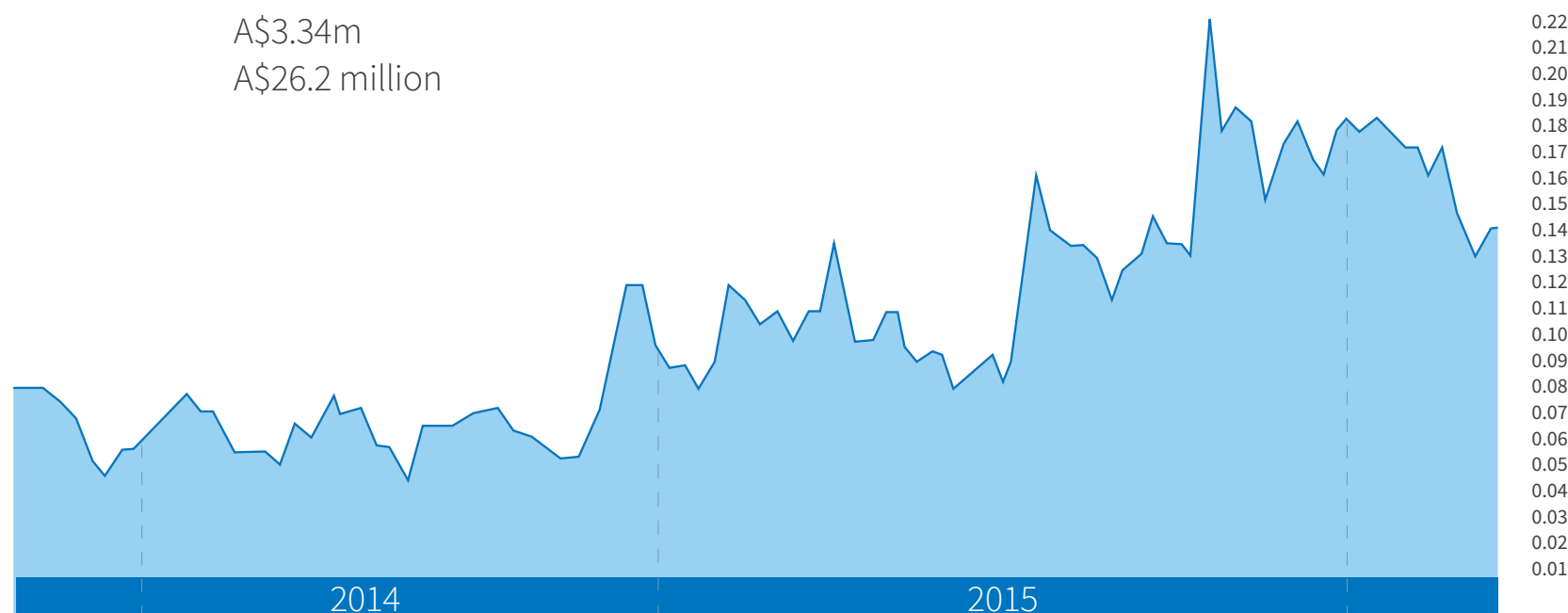
Top 10 shareholders hold 44%

¹ Various options with strike price ranging from \$0.025 - \$1.50 with expiry dates ranging from 8/5/2017 to 4/2/2021

² Includes 33.2m ITM Options with various strike ranging up to \$0.13

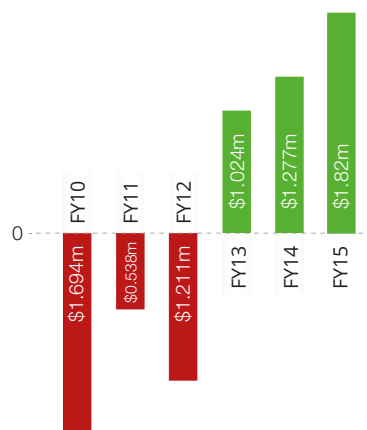
³ Includes \$0.88m in unsecured convertible notes (held by Robin Ormerod)

⁴ Based on diluted mkt cap, less cash proceeds from exercise of ITM options and cash at 31-Dec-15, plus Debt



FY15-16 Half Year Results and Update to Mar-16

- During H1 2016, Pacific Environment reported an operating EBITDA loss of \$358,000.
- This reflected:
 - the investment expenditure to commence the international distribution strategy for EnviroSuite
 - continued technical development
 - poor performance in the Victorian consulting office. This office has since been closed.
- Pay-offs of this investment are evident with new sales in desired markets and on-going development of the EnviroSuite platform
- Full year NPAT from continuing operations (A\$m):



By Mar-16, EnviroSuite:

- ✓ Achieved its first sale in Indonesia and Thailand to multinational groups
- ✓ Signed up three neighbouring coal mines in NSW
- ✓ Won a cornerstone project with Thames Water in the wastewater sector
- ✓ Signed new distributors in: Spain, Singapore, Malaysia, Europe, USA

Balance Sheet

| | Notes | As at 31 Dec 2015 \$'000 | As at 30 Jun 2015 \$'000 |
|---|-------|--------------------------------|--------------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 650 | 1,695 |
| Trade and other receivables | | 4,171 | 5,408 |
| Other Assets | | 274 | 105 |
| Inventories | | 262 | 307 |
| Total current assets | | 5,357 | 7,515 |
| Non-current assets | | | |
| Property, plant and equipment | | 2,529 | 2,611 |
| Deferred tax assets | | 419 | 350 |
| Intangible assets | | 12,488 | 11,798 |
| Total non-current assets | | 15,436 | 14,759 |
| Total assets | | 20,793 | 22,274 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 3,651 | 3,251 |
| Borrowings | | 1,076 | 1,140 |
| Current tax liabilities | | 279 | - |
| Provisions | | 812 | 742 |
| Total current liabilities | | 5,818 | 5,133 |
| Non-current liabilities | | | |
| Trade and other payables | | 103 | 695 |
| Borrowings | | 2,263 | 3,074 |
| Deferred tax liabilities | | - | 92 |
| Provisions | | 162 | 144 |
| Total non-current liabilities | | 2,528 | 4,005 |
| Total liabilities | | 8,346 | 9,138 |
| NET ASSETS | | 12,447 | 13,136 |
| EQUITY | | | |
| Contributed equity | | 20,348 | 19,820 |
| Reserves | | 405 | 503 |
| Retained losses | | (8,306) | (7,187) |
| Total equity attributable to equity holders of Pacific Environment Limited | | 12,447 | 13,136 |