

4 June 2008

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

PEV subsidiary in dispute with CRC Care

The Company wishes to advise that its subsidiary, Exnox Technologies Pty Ltd ("Exnox"), has received a demand for payment arising out of Exnox's prior involvement as a participating member of the CRC for Contamination and Remediation of the Environment (CRC Care), from which Exnox resigned by notice given in April 2007. The demand alleges that Exnox is liable to pay \$900,000 to CRC Care.

Exnox is a non-operating company in the PEV group, with no impact on the forecast revenues of PEV. Exnox strenuously disputes the CRC Care demand, denies liability and has instructed its lawyers to respond accordingly.

Exnox was a foundation participant in CRC Care because the senior researchers of CRC Care, in their previous time at CSIRO, had focussed on bentonite-based environmental remediation research. With that background, directors of Exnox believed that CRC Care would be an ideal research partner for the portfolio of bentonite based projects held by Exnox and its associated companies.

Subsequently, PEV acquired Exnox and its associated companies, and, after a period during which no research applicable to the Group's bentonite-based projects was commenced, it was decided to end the Company's participation.

PEV believes that the demand is opportunistic in light of the fact that more than 12 months has elapsed since Exnox gave notice of its withdrawal from CRC Care, and follows closely on PEV's recent rights issue announcement.

Yours faithfully



Chairman