

EARTH SANCTUARIES LTD.

Chairman's Address to Annual Meeting

24 November 2003

Welcome to guests and introduction of board.

Thank you for your attendance here today. The continued support of ESL shareholders is one of the major strengths of the company.

Hopefully, you have read my comments in the annual report. In its coverage, "The Advertiser" said, that we were "desperate for public support". Desperate is probably not the right word but it is not far from the truth.

ESL relies on the public to attend Earth Sanctuaries and pay an entrance fee. This keeps the company going. Unfortunately for a long time the fees for walks and other income have been insufficient and the company has traded at a loss. After completing the purchase of the Waratah Park Lease and spending a further \$600,000 approximately on works there we will be approximately \$1.2 million dollars cash available to us at the end of this year. However, the sanctuaries are still trading at a loss for this financial year. Obviously, this situation cannot continue.

Management projections based on budgeted attendances at Little River and Waratah Park indicate the company should break even in 2004. The Board is closely monitoring these figures.

It has resolved that unless the income situation is turned around by early in the new year, then we will have to look at restructuring the company and its basic activities.

As a public company, ESL is expensive to operate. ESL's administration is being conducted virtually on a shoe string. There is very little scope for reducing overhead expenses, particularly with business operations in 3 states. The directors are responsible to the shareholders to ensure that the shareholders' value in the company is not eroded completely. Despite the fact that ESL's main purpose is to support conservation of Australia's wildlife, it is a company - and a public company - and people have invested in it. It is not a "not for profit organisation" where people donate money. That is the function, for example, of the Earth Sanctuaries Foundation.

The company is taking active steps to improve its position. A professional manager has been appointed and will commence at Waratah Park at the end of this month. A marketing manager was recently appointed at Little River to improve its penetration of the Melbourne market. We had thought we had found a good person to take over as Manager at Little River but unfortunately, when he told his current employer that he was leaving them, they realised his value and persuaded him to stay. We are currently looking for a new manager and our recruitment agency has told us we should have one shortly.

We are consistently investigating other types of projects, like consultancies, which could provide cash flow to ESL consistent with its conservation objectives. Your board is positive in its view the position can be rectified but unless attendance figures are improved, it might be a different type of ESL that will be reporting to you next year. Whatever happens however, I would like shareholders to be assured that the welfare of our wildlife will remain a prime consideration. We will not let all of the work that has been done to date go to waste but we will not leave it until it is too late to do what has to be done, just hoping that the finances of the company can be turned around.

In conclusion, I would like to pay tribute to the staff of the company. John Wamsley and the people working under him at Waratah Park have done a great job to get it open under difficult circumstances. Staff numbers at Little River and Warrawong have been reduced and the people left are working very hard to maintain the service and facilities that we have come to expect. Prue and her management team are as dedicated as ever and I would like to thank them on your behalf for the efforts that they continue to exert to ensure the success of the company.

After the two formal matters on the agenda, I will ask our managing director, Ms Prue Geddes, to address you on ESL wildlife activities.

I now move that the financial reports of the company for the year ended 30 June 2003 together with the reports of the directors and the auditor be received.