THE ENVIRONMENTAL GROUP LIMITED (EGL)

ABN 89 000 013 427

NOTICE OF GENERAL MEETING AND PROXY FORM

Date of Meeting
9 August 2006

Time of Meeting
10:00am

Place of Meeting

The Company's Boardroom
Unit 3, 9 Packard Avenue
CASTLE HILL NSW 2154

CORPORATE DIRECTORY

Directors	Mr John D Read Mr Michael J Williamson Mr Christopher M Fullerton Dr Julian M Higgs Mr Richard A Kell
Secretary	Mr Bjorn Borg
Auditors	PKF Chartered Accountants Level 10, 1 Margaret Street SYDNEY NSW 2000
Share Registry	Registries Limited Level 2, 28 Margaret Street SYDNEY NSW 2000 PH: (02) 9290 9600 FX: (02) 9279 0664
Registered Office	Unit 3, 9 Packard Avenue CASTLE HILL NSW 2154 PH: (02) 8858 3400 FX: (02) 9899 3463 Email: mail@environmental.com.au Web: www.environmental.com.au
ABN	89 000 013 427
Stock Exchange Code	EGL

THE ENVIRONMENTAL GROUP LIMITED

(ABN 89 000 013 427)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of The Environmental Group Limited will be held on Wednesday 9 August at 10:00am, at the offices of the Company, Unit 3, 9 Packard Avenue Castle Hill, New South Wales.

The following resolution is to be considered at the meeting:

1. APPROVAL OF SECURITIES ISSUE
Fully Paid Ordinary Shares

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for all purposes, the ordinary shareholders of the Company approve the issue of up to thirty million (30,000,000) ordinary fully paid shares."

Voting Exclusion

For the purposes of Listing Rule 14.11, the Company will disregard any votes cast on this resolution by any person who will participate in the proposed issue and any person who may obtain a benefit, except the benefit solely in the capacity of a holder of ordinary securities if the resolution is passed and any associate of such person. However the Company need not disregard a vote if:-

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated at Sydney this 11th day of July, 2006

By the order of the Board of Directors

Bjorn Borg
Company Secretary

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the General Meeting, shares will be taken to be held by persons who are registered as holding the shares at 5.00pm EST on 7 August 2006. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

A form of proxy with related information and instructions accompanies this Notice of General Meeting.

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at the offices of the Company, Unit 3, 9 Packard Avenue, Castle Hill, New South Wales on Wednesday 9 August, 2006 commencing at 10:00am EST.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolution.

This Explanatory Statement should be read in conjunction with the accompanying Notice of General Meeting.

RESOLUTION 1 – APPROVAL OF SECURITIES ISSUE – SHARES

The purpose of the proposed issue is to raise additional funds to supplement the Company's working capital requirements and to contribute in part to the implementation of the Company's annunciated acquisition strategy.

As at the date of this Notice of Meeting it is the Directors' current intention to introduce simultaneously with any allotment approved hereunder, a Security Purchase Plan (SPP) whereby the existing shareholders of the Company registered at a prescribed future date, may acquire up to $5,000 of new shares on materially equivalent terms to the allottees under the proposed allotment the subject of this Notice of Meeting.

As at the date of this Notice of Meeting the Directors (with Mr J D Read abstaining) have subject to certain prescribed conditions precedent agreed to accept an indicative offer from CVC Sustainable Investments Limited (ABN 35 088 731 837) an entity associated with but not related to Mr J D Read to participate in the proposed allotment up to a maximum of $500,000, the subject of this Notice of Meeting and to act as underwriter of the proposed SPP to a maximum extent of $1,000,000.

The shares to be issued are fully paid ordinary shares in the Company ranking equally with the existing fully paid ordinary shares in the Company.

APPROVALS REQUIRED

Under Chapter 7 of the ASX Listing Rules, there are limitations on the capacity of the Company to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides generally that a Company may not issue shares or options to subscribe for shares equal to more than 15% of the Company's issued share capital in any 12 month period without obtaining shareholder approval.

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ASX Listing Rule 7.3 requires the following information to be given to shareholders and approval is sought from Shareholders for the issue of fully paid ordinary shares on the following terms:

(a) The maximum number of fully paid ordinary shares to be issued is thirty million (30,000,000).
(b) The shares will be issued not later than 3 months after the date of Shareholder approval.
(c) The shares will be issued at a price equal to not less than 80% of the average market price of ordinary shares in the Company which are recorded on the ASX over the last five days on which sales were recorded before the date upon which the issue was made.
(d) The intended use of the funds raised under the proposed issue is to fund in part the working capital requirements of the Company and to contribute towards the Company's annunciated acquisition strategy.
(e) As at the date of this Notice of Meeting the allottees, if any, save those detailed in (g) below, have not been determined and will be ultimately determined by the Directors in their absolute discretion.
(f) Any ordinary shares issued under the proposed allotment will rank pari passu with the existing issued capital of the Company.
(g) As at the date of this Notice of Meeting the Directors (with Mr J D Read abstaining) have accepted an indicative offer from CVC Sustainable Investments Limited (ABN 35 088 731 837) an entity associated with Mr J D Read to participate in the proposed issue.

DIRECTORS' RECOMMENDATION

The Board believes that the proposed transaction is beneficial for the Company.

The Board (with Mr J D Read abstaining) recommends Shareholders vote in favour of resolution 1 as it allows the Company to implement its annunciated strategy and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

(a) "ASX " means Australian Stock Exchange Limited (ABN 98 008 624 691)
(b) "Board" means Board of Directors
(c) "Company" means The Environmental Group Limited (ABN 89 000 013 427)
(d) "Corporations Act" means the Corporations Act 2001 (Cth) and all regulations made pursuant to such legislation, as amended from time to time.
(e) "Director" means a Director of the company
(f) "Listing Rules" means Listing Rules of ASX, as amended or replaced from time to time, except to the extent of any waiver by ASX
(g) "Shareholder" means a member of the Company, as defined in the constitution of the Company
(h) "Shares" means ordinary fully paid shares in the capital of the Company
(i) "EST" Means Eastern Standard Time

THE ENVIRONMENTAL GROUP LIMITED

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Proxy Form

Shareholder Details

Name: ....

Address: ....

Contact Telephone No: ....

Contact Name (if different from above): ....

Appointment of Proxy

I/We being a shareholder/s of The Environmental Group Limited (EGL) and entitled to attend and vote hereby appoint

☐	The Chairman of the meeting (mark with an "X")	OR	☐	Write here the name of the person you are appointing if this **person is someone other than** the Chairman of the meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of The Environmental Group Limited (EGL) to be held on Wednesday 9th August 2006 at 10.00am EST and at any adjournment of that meeting.

☐

IMPORTANT
If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an' X'. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes Cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the Meeting intends to vote undirected proxies in favour of each resolution.

Voting directions to your proxy - please mark X to indicate your directions

Ordinary Business	**For**	**Against**	**Abstain***
Resolution 1 Approval of Securities Issue - Shares	☐	☐	☐

*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll. Appointment of a second proxy (see instructions overleaf).

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form ☐ %

PLEASE SIGN HERE
This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
☐	☐	☐
Sole Director and Sole Company Secretary	**Director**	**Director/Company Secretary**

Contact Name | Contact Daytime Telephone Number | Date

How to complete this Proxy

1. Please print your name and address as it appears on your holding statement and the Company's share register. If shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2. **Appointment of a Proxy**
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

Voting on Resolutions

3. You may direct your proxy how to vote by placing a mark in the box opposite the Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the resolution your vote on the resolution will be invalid

4. **Appointment of a Second Proxy**
You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Bjorn Borg on (02) 8858 3412 or you may photocopy this form.
To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5. **Signing Instructions**
You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the holder must sign.
Joint Holding:	where the holding is in more than one name, all of the shareholders should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

6. **Lodgement of a Proxy**
This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. ie. no later than 10.00am EST on 7 August, 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Unit 3, 9 Packard Avenue, Castle Hill NSW 2154, or sent by facsimile to the registered office on (02) 9899 3463.