ABN 89 000 013 427
Unit 3, 9 Packard Avenue
Castle Hill NSW 2154
Telephone: (02) 8858 3499
Facsimile: (02) 9899 3463

The Environmental Group Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2010 Annual General Meeting of the Shareholders of The Environmental Group Limited ("**EGL**" or "**Company**") will be held in the Kangaroo Room at Level 1, 33 Erskine Street, Sydney, NSW 2000, on Thursday 25 November 2010, at 10.00am.

BUSINESS

The business of the meeting is to consider, and if thought fit, to pass the following resolutions as ordinary resolutions.

Financial Statements and Reports

"To receive and consider the Annual Financial Statements and reports of the Directors and the Auditor for the year ended 30 June 2010."
No resolution is required in respect of this agenda item. However, it provides Shareholders with the opportunity to ask questions of the Company's Directors and Auditors in relation to the Company's results.

Resolution 1: Remuneration Report

"To receive, consider and if thought fit, to adopt the remuneration report for the year ended 30 June 2010."
Note: the vote on this resolution is advisory only and does not bind the Directors. A resolution on the remuneration report will be put at the Annual General Meeting ((s.249L(27))

Resolution 2: Election of Director

To consider, and if thought fit, to pass the following resolution:
"That Mr. Alex Fabbri, having been appointed by the Board since the last AGM and therefore retiring in accordance with the ASX Listing Rules and the Company's Constitution and, being eligible, offers himself for election as a Director of the Company, be elected as a Director."

Resolution 3: Share Consolidation

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:
".That subject to the approval of Resolution 4 hereof, that for the purposes of section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that for every three (3) existing fully paid ordinary shares in the Company be consolidated into one (1) fully paid ordinary share, and where this consolidation results in a fraction of a share being held by a shareholder, that fraction will be rounded to the nearest whole share with the consolidation to take effect from 6:00pm Eastern Summer Time on the Record Date (as detailed in the Explanatory Memorandum accompanying this Notice of Meeting)."

ABN 89 000 013 427
Unit 3, 9 Packard Avenue
Castle Hill NSW 2154
Telephone: (02) 8858 3499
Facsimile: (02) 9899 3463

The Environmental Group Limited

Resolution 4: On-market Share Buy Back

To consider, and if thought fit, to pass the following resolution as an ordinary resolution: *"That subject to the approval of Resolution 3 hereof, the Company is authorised to conduct an on-market buy-back program for up to 15,800,000 fully paid ordinary shares , being approximately 20% of the consolidated share capital of the Company, in accordance with the terms and conditions set out in the Explanatory Memorandum. ".*

ELECTRONIC ANNUAL REPORT

Shareholders are advised that the Company's 2010 Annual Report is now available in PDF format to view or download at http://www.environmental.com.au.

PROXIES

If you are unable to attend and vote at the meeting, you may appoint a person as your proxy to attend in your place by completing the enclosed Proxy Form.

A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of the member. For the conditions relating to the appointment of proxies please refer to the notes on the reverse of the attached proxy form.

The completed Proxy Form may be:

- delivered to:

  Registries Ltd, GPO Box 3993, Sydney NSW 2001 Australia ; or
- faxed to (02) 9279 0664 .

The Proxy Form must be received by the Company by 10.00 am, Tuesday 23 November 2010.

RECORD DATE

Pursuant to Regulation 7.11.37 of the Corporations Regulations 2001, the shareholding of each shareholder for the purposes of ascertaining voting entitlements at the Annual General Meeting will be the registered holders of the shares in the Company at 9:00 am EST on 24 November 2010.

EXPLANATORY MEMORANDUM

Please refer to the Explanatory Memorandum attached to this Notice of Meeting in relation to Resolutions 1 to 4.

By order of the Board.

Yuri van der Walt
Company Secretary
Sydney, 22 October 2010

The Environmental Group Limited
ACN 000 013 427

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum contains an explanation of the resolutions that it is proposed will be put to the Company's Shareholders at the 2010 Annual General Meeting ("AGM"). This Explanatory Memorandum forms part of the Notice of Annual General Meeting.

RECORD DATE

For the purposes of the Corporations Act, the Company has determined that all securities of the Company that are quoted securities as at 9:00am EST on Wednesday 24 November 2010 will be taken, for the purposes of the AGM, to be held by the persons who held them at that time, accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

FINANCIAL STATEMENTS AND REPORTS

The Corporations Act 2001 requires that the annual report of the directors, the annual report of the auditor and the annual financial report be presented to the annual general meeting. Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act 2001 nor the Company's Constitution requires a vote of shareholders at the annual general meeting on such reports or statements, however shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the meeting.

The auditors of the Company will be present at the AGM and will also be available to answer any questions.

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Corporations Act 2001 requires that the section of the directors' report dealing with the remuneration of directors and key management personnel ('Remuneration Report') be put to Shareholders for adoption by way of a non-binding vote.

The Remuneration Report may be found in the Annual Report on pages 23 to 28.

Following consideration of the Remuneration Report, the Chairman will give shareholders a reasonable opportunity to ask questions about or to make comments upon, the Remuneration Report.

RESOLUTION 2: ELECTION OF ALEX FABBRI AS A DIRECTOR

Mr. Alex Fabbri was appointed by the Board to a casual vacancy as a director on 1 December 2009. Clause 21.2.1 of the Company's Constitution requires the appointment of any person appointed as a director to a casual vacancy (pursuant to its provisions) to be confirmed at the Company's next annual general meeting otherwise the person appointed ceases to be a director at the end of the annual general meeting. Accordingly, the proposed resolution seeks confirmation of Mr. Alex Fabbri's appointment as a director of the Company.

Mr. Fabbri is an experienced investment banking executive having worked with a number of major local and international financial institutions. He is currently an Executive Director of Moore Stephens Corporate Finance (Melb.) Pty Limited. Mr. Fabbri is very experienced in working with high growth listed emergent companies and brings a detailed understanding of mergers and acquisitions and capital markets to the Company.

The Board (with Mr. Fabbri abstaining) recommends that shareholders vote in favour of Resolution 2.

RESOLUTION 3: SHARE CONSOLIDATION

3.1 INTRODUCTION

The implementation of this Resolution is dependent on the approval of Resolution 4 hereof.

Section 254H of the Corporations Act provides that a company may by resolution passed in general meeting convert all or any of its shares into a larger or smaller number.

ASX Listing Rule 7.20 provides that if an entity proposes to reorganize its capital it must advise shareholders of certain matters, which are set out below.

3.2 BACKGROUND

The Company currently has 237,181,212 ordinary fully paid shares and 4,400,000 unlisted options on issue.

Resolution 3 seeks shareholder approval to consolidate the Company's issued capital by consolidating every three (3) shares into one (1) share.

For example, if you held 30,000 shares before the consolidation, you would hold 10,000 shares after the consolidation.

If Resolutions 3 & 4 are passed then the number of shares on issue will be reduced from over 237 million to approximately 79 million.

3.3 OPTIONS

The Company has unlisted options on issue under its Employee Share Option Plan (ESOP). In accordance with the option terms and ASX Listing Rule 7.22, these options will be consolidated on the same basis as the shares, that is, 3 options to acquire a share will be consolidated into one option to acquire a share and their exercise price amended in inverse proportion to the consolidation ratio.

3.4 HOLDING STATEMENTS

From the date of the consolidation, all existing holding statements for shares and options will cease to have any effect, except as evidence of entitlement to a certain number of shares and options on a post consolidation basis. After the consolidation becomes effective, the Company will arrange for new holding statements to be issued to shareholders and optionholders. It is the responsibility of each shareholder and optionholder to check the number of shares and options held prior to any disposal.

3.5 TAXATION IMPLICATIONS

Shareholders and optionholders are advised to seek their own tax advice on the effect of the consolidation and neither the Company nor the Directors and Officers (or the Company's advisors) accept any responsibility for the individual taxation implications arising from the consolidation.

3.6 INDICATIVE TIMETABLE

Event	Date
Company announces to ASX that shareholders have approved consolidation and buy-back	25 November 2010
Last day for ASX trading of shares on a pre-consolidated basis	9 December 2010
Trading in **consolidated** shares on a deferred basis starts Record Date.	10 December 2010
Last day for Company to register share transfers on a **pre-consolidated** basis	17 December 2010
Company issues holding statements for shares and options on a consolidated basis. Company announces to ASX that dispatch of the new holding statements has occurred.	23 December 2010
Deferred settlement trading ends	23 December 2010
Normal T+3 trading in **consolidated** shares start on ASX	24 December 2010
Settlement of trades conducted on a deferred settlement basis and first settlement of trades conducted on the normal T+3 basis	31 December 2010

The above dates and timetable are indicative only and may be subject to change. Subject to the Corporations Act,the ASX Listing Rules and other applicable laws the Company reserves the right to vary any of the above dates and times without notice.

3.7 DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that shareholders vote in favour of the proposed share consolidation.

RESOLUTION 4: ON-MARKET SHARE BUY BACK

4.1 INTRODUCTION

The implementation of this resolution is dependent on the approval of Resolution 3 hereof.

4.2 BACKGROUND

The Corporations Act authorises a listed company to buy back its own shares on market if the buy back does not materially prejudice the company's ability to pay its creditors and it follows the procedures required in the Act.

Shareholder approval is required if all of the shares bought back in a 12 month period is more than 10% of the minimum number of shares on issue at any time during the last 12 months. The limit after which a company requires shareholder approval for a buyback is called the 10/12 limit.

The Company is able to acquire on a post-consolidated basis approximately 7,900,000 (approximately 23,718,121 pre-consolidation) fully paid ordinary shares without shareholder approval. The Company wishes to buy back on market more shares than permitted under the 10/12 limit and accordingly seeks shareholder approval for the on-market buy–back of up to 15,800,000 (approximately 47,436,242 pre- consolidated) fully paid ordinary shares on a post consolidated basis (approximately 7,900,000 shares more on a post consolidation basis than EGL would be permitted to buy back without shareholder approval).

4.3 REASON FOR THE BUY BACK

The share buy back offer an opportunity:

- To return capital to long standing shareholders in an otherwise relatively illiquid market;
- Increase price competition for the Company's shares; and
- Represents an efficient use of capital whilst the Company's shares trade at a discount to their net asset backing.

4.4 DETAILS OF THE BUY BACK

The key details of the proposed buy back are as follows:

Price Range

The Company will in its discretion offer to buy back shares on market at a price determined by the Company subject to the ASX Listing Rules. The Listing Rules impose a moving cap on the price the Company may pay for the shares of 5% above the average market price per share for the last five days on which trades were recorded before the day on which the purchase under the buy back was made.

Maximum Number of Shares

The maximum number of shares in the Company to be bought back on a post consolidation basis is 15,800,000 fully paid ordinary shares. The number of shares to be bought back represents approximately 20% of the total issued share capital on a post consolidation basis of approximately 79 million.

4.5 ADVANTAGES OF THE BUY BACK

The key advantages of the buy back are:

4.5.1 increase in the liquidity of the Company's shares

4.5.2 increase in price competition for the Company's shares

4.5.3 represents an efficient use of capital whilst the Company's shares trade at a discount to their asset backing

4.5.4 continuing shareholders will have a larger proportional ownership of the Company; and

4.5.5 the buy back could result in an increase in the net asset backing of the Company's shares.

This is not an exhaustive list of all of the key advantages of the proposed buy back.

4.6 DISADVATAGES OF THE BUY BACK

The key disadvantages of the buy back are:

4.6.1 reduces the cash balances of the Company;

4.6.2 reduces the growth opportunities for the Company to be funded from existing cash resources;

4.6.3 is on a selective rather than an equal access basis;

4.6.4 may restrict the Company's ability to pay future dividends; and

4.6.5 may reduce the Company's ability to access credit.

This is not an exhaustive list of all of the key disadvantages of the proposed buy back.

4.7 FUNDING

The buy back will be funded from the Company's existing cash reserves. The Directors will manage the buy back so that the buy back will not materially prejudice EGL's ability to pay its creditors.

4.8 CONSEQUENCES IF APPROVAL IS NOT GIVEN

If approval is not given, the Company may proceed to buy back on market the maximum number of shares permitted under the 10/12 limit (approximately 7,900,000 shares on a post consolidation basis) without shareholder approval.

4.9 DIRECTORS' INTENTION

As at the date of this Notice of Meeting, Mr. Read is the only director holding shares in the Company. Although Mr. Read is eligible to participate in the buy back, it is not Mr. Read's present intention to participate in the buy back. This intention may however change based on future circumstances. Any participation by Mr. Read will be disclosed to the market.

4.10 DIRECTORS' RECOMMENDATION

The Directors' unanimously recommend that shareholders vote in favour of the proposed share buy back.

QUESTIONS AND COMMENTS BY SHAREHOLDERS AT THE MEETING

In accordance with the Corporations Act , a reasonable opportunity will be given to shareholders, as a whole, to ask questions or make comments on the management of the Company at the meeting. Similarly, a reasonable opportunity will be given to shareholders, as a whole, to ask the Company's external auditor questions relevant to :

a) the conduct of the audit;
b) the preparation and content of the auditor's report;
c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit written questions to the auditor if the question is relevant to:

a) the content of the auditor's report to be considered at the AGM; or
b) the conduct of the audit of the annual financial report to be considered at the AGM.

Relevant written questions to the auditor must be received no later than 5 pm (Sydney Eastern Summer Time) on Thursday 18 November 2010.