



EGL

The Environmental Group Limited

ABN 89 000 013 427
Unit 1A, 9 Packard Avenue
Castle Hill NSW 2154
Telephone: (02) 8858 3499
Facsimile: (02) 9899 3463

Response to ASX Query

1. The Company notes the recent increase in trading volume of its securities and awaits filing of requisite statutory shareholder notices detailing the changes in its shareholder base.
2. Not applicable.
3. The Company can not provide forecasts of its future financial performance. The Company has advised the market of its contractual disputes with Unitywater. Any determination of these disputes may materially impact the future financial performance of the Company or its controlled entities.
4. The Company has advised the market of its contractual disputes with Unitywater. Any determination of these disputes may materially impact the future financial performance of the Company or its controlled entities.
5. Refer to question 1.
6. The Company is in compliance with the Listing Rules and in particular Listing Rule 3.1.

On behalf of the Board

Yuri van der Walt

Company Secretary

18 May 2012

- Gas Cleaning
- Water/Wastewater Treatment
- Pressure Sewer



ASX Compliance Pty Limited
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square
NSW 1215

Telephone 61 2 9227 0137
Facsimile 61 2 9241 7620
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17 May 2012

Mr Johannes van der Walt
Company Secretary
Unit 1A,
9 Packard Avenue,
CASTLE HILL,
NSW, AUSTRALIA, 2154

By Email

Dear Johannes,

ENVIRONMENTAL GROUP LIMITED (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from a low of \$0.05 on 16 May 2012 to a high of \$0.07 today at the time of writing. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating loss before abnormal items and income tax so that the figure for the full-year ending 30 June 2012 would vary from the previous full-year by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Company may record any material abnormal or extraordinary profit for the full-year ending 30 June 2012? If so, please provide details.
5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?



6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by a return e-mail at simon.daniels@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 9:30 a.m. A.E.S.T Friday, 18 May 2012.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.



Yours sincerely,

[Sent electronically without signature]

Simon Daniels
Adviser, Listings (Sydney)