

7 May 2013

Business Restructure

The Environmental Group Limited (EGL) has undertaken a review of its operations across its subsidiary companies. As a result of this review EGL has made the decision to shut down its de-watering and poly pipe welding business in the Hunter Valley and the Bowen Basin, and its equipment cleaning business in the Hunter Valley.

Employees have today been given notice of this change. All current contracts will be completed and all customers have been advised of the withdrawal from the provision of these services.

The businesses experienced a severe downturn from June/July last year as detailed in the 2012 Annual Report and half-year announcement to the ASX. Reduced volumes of work, brought on by the downturn in mining generally but particularly in the coal industry have not recovered and the Board's best estimate is that they are unlikely to recover in the foreseeable future. As such, the Board of Directors felt it un-commercial to continue to fund losses in these businesses without a recovery in sight. In addition to lower overall volumes, un-commercial pricing of the limited remaining work by competitors has reinforced the Directors view that the prudent course of action for shareholders is to exit these unprofitable operations.

Louis A. Niederer
Chairman

About EGL

EGL is a leading ASX listed facility services and environmental solutions company that provides mining services, clean air and clean water to the resource, industrial and municipal sectors. EGL provides industrial services to the resources sector, operates air and water infrastructure, completes engineered solutions to enhance air and water quality and provides environmental facility management. For further information on EGL visit www.environmental.com.au.

- Gas Cleaning
- Water/Wastewater Treatment
- Pressure Sewer