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25 May 2007

The Manager
Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir / Madam

EXECUTION OF NATIONAL ENGINEERING ACQUISITION AGREEMENT

Following its recent announcement advising of the acquisition of the business of National Engineering Pty Ltd, Envirozel Limited (ASX: EVZ) is pleased to announce it has now executed the formal agreement to acquire the National Engineering business.

The acquisition will be effective from 1 June 2007 and is subject to approval by the Vendors ultimate parent company.

National Engineering is Envirozel's fourth acquisition since 2004 and continues the Company's previously articulated strategy of acquiring established, profitable companies that service the infrastructure, construction and water based industries. It is also the Company's first strategic move into N.S.W.

From its base in Young, New South Wales, National Engineering has completed projects over a wide area of Australia. The workforce is currently 75 skilled employees and the Company has an annual turnover exceeding \$15 million.

The purchase price for the National Engineering business will be up to a maximum of \$4.95 million and will be satisfied through a combination of cash and shares.

Yours faithfully

Ian Wallace
Company Secretary

For further information, please contact:

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About Envirozel Limited

Envirozel is an emerging industrial group with a portfolio of specialist businesses operating in the infrastructure, water and engineering industries. The company's operations currently encompass three successful businesses, Syfon Systems, Brockman Engineering and Danum Engineering. These businesses have strong positions in their respective markets with exceptional growth opportunities. The company's strategy is to grow by acquisition targeting strong, established and profitable businesses where generational change or succession issues have become a constraint on growth.

For further information, please visit: www.envirozel.com.au

About National Engineering Pty Ltd

N.S.W. Young based, National Engineering details, fabricates and erects structural steelwork, for commercial, industrial and retail projects including stadiums, car parking stations, bridges, multi-storey buildings, the resource sector and mining. The company has 75 employees and annual turnover exceeding \$15 million.