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1 June 2017

Company Announcements Office ASX Limited Level 4 20 Bridge Street Sydney NSW 2000

NOTICE OF SERVICE OF MATERIAL LAW SUIT

The Environmental Group Limited [ASX: EGL], announces that the Company has been served with a Federal Court Application commenced against the Company by the Company's former CEO, Mr Peter Bowd.

The proceeding concerns the circumstances of the termination of Mr Bowd's employment with the Company, which was announced to the market on 2 March 2017.

Mr Bowd is seeking damages of an ongoing nature. The Company understands that the amount of the claim could exceed AUD \$500,000.

The Board of EGL believes that the Company's termination of Mr Bowd's employment was lawful, and that Mr Bowd's claim is without foundation. Accordingly, the Company intends to defend the claim.

David Cartney Chairman

The Environmental Group Limited

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