



## The Environmental Group Limited

ABN 89 000 013 427  
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Telephone: (02) 8852 3811

2 July 2015

Dear Shareholder

On 1 July 2015 The Environmental Group Limited (**EGL**) announced a non-renounceable rights issue (**Rights Issue**) in accordance with section 708AA of the Corporations Act 2001.

Shareholders with an address in Australia or New Zealand recorded on EGL's register of members at 7 July 2015 will be offered the opportunity to subscribe for 1 fully paid ordinary share in EGL (**New Shares**) for every 3 fully paid ordinary share held at 7:00pm (AEST) on 7 July 2015, with fractional entitlements rounded up. Holdings on different registers will not be aggregated for calculating entitlements.

The New Shares will be offered at an issue price of \$0.014 per share (**Issue Price**). The Directors have reserved the right to offer at the Issue Price any shares that are not subscribed for in the Rights Issue (**Shortfall Shares**) in accordance with Listing Rule 7.2 Exception 3.

The Rights Issue (including the issue of any Shortfall Shares), may result in the issue of up to 53,871,322 fully paid ordinary shares. The Rights Issue is fully underwritten by Baltec Inlet & Exhaust Systems Pty Ltd, Richmarsh Investments Pty Ltd and Cabernet House Pty Ltd. These underwriters will not receive a fee for acting as underwriter. On completion of the Rights Issue and issue of the Shortfall Shares the maximum number of quoted shares that will be on issue is 215,931,711 fully paid ordinary shares and 20,000,000 unquoted options. New Shares and Shortfall Shares will rank equally with EGL's sole existing class of ordinary fully paid shares.

Details of the terms and conditions of the offer of New Shares and how to apply for Shortfall Shares will be contained in the offer document that will be sent to Eligible Shareholders on 10 July 2015. Subject to any changes that may be made by your Directors, the other key dates for this Rights Issue are:

| EVENT                                    | DATE                          |
|--|-------------------------------|
| Shares quoted on ex-entitlement basis    | 3 July 2015                   |
| Record Date for determining entitlements | 7:00pm (AEST) 7 July 2015     |
| Closing Date                             | 5:00pm (AEST) on 29 July 2015 |
| Issue Date                               | 6 August 2015                 |

The additional funds will be used to pay the costs of the Rights Issue as well as provide additional working capital.

**Your Directors recommend that you read the offer document carefully when you receive it. The offer will be made without a disclosure document and accordingly it is important that you review EGL's ASX announcements made in relation to the Rights Issue, together with past ASX announcements made regarding EGL, its business operations, financial position and prospects before deciding whether to participate in the Rights Issue.** All ASX announcements released by EGL and any documents relating to the Rights Issue can be accessed at [www.asx.com.au](http://www.asx.com.au).

EGL currently has shareholders with an address on the register of members in the United States of America, Germany, the United Kingdom, Canada, Brunei, Poland and Fiji. Shareholders in these countries will not be sent offer documents.

If you have any questions in relation to this letter please seek professional advice or contact David Cartney, Non-Executive Chairman on 0407 828 762 or Allan Fink, Chief Financial Officer on 02 8852 3811 during office hours.

Yours sincerely,

David Cartney  
Non- Executive Chairman