ASX ANNOUNCEMENT

13 MAY, 2004.

SOUTH GIPPSLAND WATER SELECTS EGL FOR TWO WASTEWATER TREATMENT PLANTS

Environmental Group (Operations) Pty Ltd, the operating company of The Environmental Group Limited (EGL) has been awarded contracts totaling in excess of \$9.9 million for the design, construction, commissioning and operations management of two new wastewater treatment plants to service the communities of Leongatha and Korumburra in South Gippsland. These projects continue the excellent relationship established on the Yarram Water Treatment plant project supplied and currently being commissioned by EGL for South Gippsland Water.

These projects further demonstrate EGL's growing capability as a provider of innovative environmental systems in water following last years securing of the PURAC Technology License and the successful integration of PURAC's Australian expertise in water and wastewater treatment into EGL.

The two plants located in Korumburra and Leongatha will treat a combined average flow of up to 4.6 ML per day of domestic wastewater and will have the capacity to serve an equivalent population of 18,000, using the latest Biological Nutrient Removal (BNR) process. This process will achieve discharge levels of Nitrogen and Phosphorus of less than 10 and 0.5 respectively reducing the impact on surrounding waterways. The plants also use Ultraviolet Treatment as final disinfection prior to discharge. The turnkey contracts include associated works such as sludge dewatering facilities, process buildings and civil works.

Design work will start immediately with most of the work to be completed during the next financial year starting 1 July, 2004.

The plants are scheduled to be commissioned by December 2005, with operations management up to December 2007.

For further information, please contact Mr. Howard Johnson on 02 8858 3499

Howard Johnson Managing Director and CEO

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