

National Challenge Systems Inc.

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NEWS RELEASE

National Challenge Proposes Share Structure Reorganization

Woodbridge, Ontario – June 1, 2007. National Challenge Systems Inc., a leader in the provision of vacuum truck services for the collection, treatment and disposal of non-hazardous liquid waste, today announced that subject to final regulatory approval and as previously announced, it is proceeding to convert all of the outstanding Class A and Class B Preferred shares into common shares as of June 1, 2007.

As at June 1, 2007 there are a total of 4,086,650 class A and B shares outstanding. Under the terms of these shares, the conversion into common shares is calculated by dividing the redemption value of the preferred shares at \$1.00 per share by the amount per common share, equal to the lesser of:

1. \$0.40; or
2. \$0.0852 the average weighted market price over the 15-day period immediately prior to June 1, 2007 when the conversion notice was given.

As a result the conversion will result in the issuance of 47,965,376 million additional common shares for a total of 88,098,949 issued and outstanding common shares.

National Challenge Systems Inc. and Charles H. Buehler also announced today that, in December 2003, the Company's legal counsel inadvertently neglected to disseminate a press release and early warning report with respect to an exchange of preferred shares directly or indirectly made by Buehler. On December 4, 2003 Buehler exchanged Series A and Series B preferred shares on a one-for-one basis (Exchange) for 1,075,200 new Class of A and 900,000 new Class B preferred shares (collectively the "Preferred Shares") of National Challenge Systems Inc. (the "Issuer").

The provisions of the new preferred shares (i) removed the mandatory redemption feature; (ii) added new attributes specifying that the preferred shares are redeemable at any time at the Corporation's sole option, and (iii) enabled the preferred shares to be converted on or after June 1, 2007 into common shares at the option of either the Corporation or the preferred shareholder. The conversion into common shares is to be calculated by dividing the redemption value of the preferred shares at \$1 per share by an amount per common share that would be equal to the least of:

- a) \$0.40; and
- b) The average weighted market price over the 15-day period immediately prior to the date upon which conversion notice is given.

The Class A preferred shares carry a 12% per annum dividend, which is cumulative and can be paid either in cash or in additional Class A preferred shares at the Corporation's option. The Class A and the Class B shares are non-voting and non-participating.

Assuming the immediate (December 4, 2003) conversion of the Preferred Shares owned by Buehler based on a volume weighted average of the trading price per Common Share on the TSX over the 15 trading days prior to December 4, 2003 of \$0.144 per Common Share, Buehler would have received 13,716,666 Common Shares, representing approximately 40.17% of the issued and outstanding Common Shares on a partially diluted basis as at December 4, 2003.

Prior to the Exchange, Buehler owned or had control over 9,213,453 Common Shares, representing approximately 26.98% of the issued and outstanding Common Shares. As a result of the Exchange and assuming the immediate Conversion, Buehler would have owned or have control over an aggregate of 22,930,119 Common Shares, representing approximately 67.16% of the issued and outstanding Common Shares on a partially diluted basis as at December 4, 2003.

On June 1, 2007, as a result of the preferred share conversion 30,199,437 Common Shares were issued to Buehler. After the preferred share conversion Buehler owns or has control over an aggregate of 39,412,890 Common Shares and 675,000 options (each option is exercisable for one Common Share), representing approximately 43.65% of the issued and outstanding Common Shares on a fully diluted basis.

The original Series of preferred shares were directly or indirectly acquired by Buehler as partial consideration for the purchase of Organic Resource Management Inc. as previously disclosed. Depending on market conditions and other factors, Buehler may from time to time acquire additional securities of the Issuer or dispose of such securities in the open market, by private agreement or otherwise.

This press release is available on the Company's official on-line investor relations site for investor commentary, feedback and questions. Investors are asked to visit the investor relations section of the Company's website at http://www.nationalchallenge.com/NCS_Investor.asp . Alternatively, investors are asked to e-mail all questions and correspondence to Info@NationalChallenge.com where they can also request addition to the National Challenge investor e-mail list to receive all future press releases and updates directly.

About National Challenge Systems Inc.

National Challenge is Canada's largest provider of vacuum truck services for the collection, treatment and disposal of organic and other non-hazardous liquid waste. NCS services in excess of 8,000 commercial, industrial, institutional and residential customers in Ontario, Quebec, and British Columbia. Further information about NCS may be obtained at the Company's web site at www.nationalchallenge.com .

Note: Certain information contained in this press release may be forward-looking and therefore subject to unknown risks or uncertainties. The actual results, performance or achievements of National Challenge Systems Inc. may differ materially from the results, performance or achievements of the Company expressed or implied by such forward-looking statements.

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