

National Challenge Systems Inc.

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NEWS RELEASE

Approval Granted for Off-farm Organic Residuals at On-farm Anaerobic Digester

Woodbridge, Ontario – May 29, 2007. National Challenge Systems Inc. (“NCS”) today announced that the Ontario Ministry of Environment has issued the first Certificate of Approval for the use of off-farm organic residuals as a feedstock to an on-farm anaerobic digester (“AD”) for biogas production in Ontario.

The AD owned and operated by Paul and Fritz Klaesi, is integrated into their dairy farm located at Cobden, Ontario. “We were elated when we received the certificate in the mail yesterday” said Paul Klaesi, “This is the culmination of over 18 months of joint effort between us and Organic Resource Management Inc.” (A wholly owned subsidiary of NCS)

“This is a critical building block towards making biogas renewable energy a long-term sustainable solution for managing organic residuals in Ontario.” said Charles Buehler, the Company’s President and CEO. “We will now strive to finalize a supply agreement with the Klaesi AD.” Because of the AD’s relatively small size, it is not expected to have a material financial impact on the Company.

The off-farm liquid organic residuals collected by the Company are an excellent feedstock for AD’s and are expected to generate significantly more biogas than any on-farm feedstock. “Now that the regulatory hurdles have been cleared, we will work with other farms and AD developers to maximize the value of the organic residual feed-stock we manage.” said Buehler. The Company is aggressively pursuing options for working and or partnering with other potential ADs.

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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