

# National Challenge Systems Inc.

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TSX Symbol: NLC

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## NEWS RELEASE

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### NCS PREFERRED SHARES TRADED

**Woodbridge, Ontario –February 5, 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 a group of individuals including certain officers and directors of the Company purchased 1,123,770 of National Challenge's 3,964,823 outstanding preferred shares, from two non-related preferred shareholders.

The preferred shares have a par value of \$1.00 and were sold at \$0.45 per share. These shares are not publicly traded, but are redeemable at any time and convertible on or after June 1, 2007 into common shares at the option of either the Company or the preferred shareholder. The conversion into common shares is to be calculated by dividing the redemption value of the preferred shares at \$1.00 per share by an amount per common share, which would be equal to the lesser of \$0.40; or the average weighted market price over the 15-day period immediately prior to the date upon which conversion notice is given.

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](http://www.nationalchallenge.com/NCS_Investor.asp). Alternatively, investors are asked to e-mail all questions and correspondence to [Info@NationalChallenge.com](mailto: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](http://www.nationalchallenge.com).

#### CONTACT INFORMATION

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