

National Challenge Systems Inc.

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February 13, 2006

TSX Symbol: NLC

NEWS RELEASE

National Challenge Reports Revenues of \$7,974,000 for Six Months

Woodbridge, Ontario – February 13, 2006. 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 financial results for its second quarter of fiscal 2006 ended December 31, 2005.

Revenues for the six months ended December 31, 2005 were up 16% or \$562,000 from \$3,446,000 in second quarter of 2005 to \$4,008,000 in second quarter of 2006. Year to date revenue was up 18% or \$1,199,000 from \$6,775,000 in 2005 to \$7,974,000 in 2006. The increase reflects the price increase to its Ontario customers that the Company put into effect at the beginning December 2004 in order to offset the increase in disposal costs.

For the first six months the net loss including items not involving cash, improved by 20% or \$67,000 from \$342,000 in 2005 to \$409,000 in 2006.

The Company continues to face difficulties re-permitting and expanding Direct Land Application Process (“DLAP”) facilities in Ontario. As a result the Company is using higher cost disposal alternatives including transporting material out of province to third party disposal sites. Consequently, waste disposal costs year to date are up 52% over the last year. The Company is continuing to investigate other in-province disposal options to reduce this cost.

Year to date the net loss was down \$65,000 or 11% from \$596,000 in 2005 to \$530,000 in 2006. The net loss for the second quarter of 2006 was \$305,000 almost unchanged from the net loss of \$299,000 in the first quarter of 2005. The Company continues to have large non-cash operating expenses including amortization of intangible assets related to the acquisition of its two operating subsidiaries, and the amortization of these intangible assets was \$242,000 in the second quarters of both 2006 and 2005 and year to date of \$485,000 in both 2006 and 2005.

The comparative financial statements for the six months ending December 31, 2005 along with other information may be obtained through the Company’s website at www.nationalchallenge.com, or on SEDAR at www.sedar.com.

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.

WARNING: The Company relies upon litigation protection for "forward-looking" statements.

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