

ASX STATEMENT & MEDIA RELEASE

10 June 2010

CARDNO ACQUIRES U.S. ENVIRONMENTAL FIRMS

International infrastructure services consultancy, Cardno Limited (ASX: CDD) today announced that it has agreed to acquire two major US based environmental consultancy firms, ENTRIX Holding Company (“ENTRIX”) and Environmental Resolutions, Inc (“ERI”).

The two acquisitions are expected to contribute around US\$150 million in revenue and US\$17 million in EBITDA in FY11 and add 770 staff to Cardno’s existing operations in the Americas. The acquisitions will be earnings per share accretive in FY10 and FY11 and have an effective date of 1 June 2010.

Cardno will pay up to US\$106.3 million for the purchase of both firms. Five percent (5%) of the purchase price will be deferred for 18 months or more. The ERI purchase price is subject to an earn-out based on future performance.

Cardno Managing Director, Andrew Buckley said the acquisitions will provide Cardno with significant access to the US environmental and natural resources management market.

“These two strategic acquisitions firmly position Cardno as a global provider of environmental and natural resource management services. More significantly they provide Cardno with leading capabilities in key growth markets of resources, oil and gas, energy, environmental remediation, water sustainability and climate change.” Mr. Buckley said.

The major clients of ENTRIX and ERI include ExxonMobil, Chevron, BP, ConocoPhillips, Pacific Gas & Electric, Repsol, Southern California Edison, TransCanada, Placer County Water Agency, Pepco Holdings, Dow Chemical Company, US Department of Energy and the US Federal Emergency Management Authority (FEMA).

ENTRIX (www.entrix.com) is one of the largest pure-play providers of environmental and natural resource consulting services in the US. The company specialises in water resources management, environmental risk management, facility permitting and compliance, and natural resource economics. ENTRIX has 615 staff located across 30 offices throughout the US and international branches in Canada, Ecuador and Peru.

ENTRIX is also regarded as a leader in the assessment of the environmental and economic impacts of oil spills and the associated restoration, rehabilitation and monitoring of impacted sites. It has standing environmental response management contracts with the world’s leading oil producers.

Mr Buckley said that ENTRIX is substantively engaged on environmental protection work on the current oil spill in the Gulf of Mexico. “This project is representative of the very high regard in which ENTRIX is held in the environmental protection industry”.

Mr Buckley also noted that events like the current oil spill would continue to drive the increasing regulation and legislation which underpins the growth in the environmental consulting industry.

ERI (www.eri-us.com) is an environmental soil and groundwater remediation firm primarily focused on the petro-chemical market in the US. The majority of their work is undertaken for leading oil and gas companies on sites contaminated with hydrocarbon residues, such as service stations, refineries and bulk oil storage facilities. ERI employs 155 staff located across 9 offices throughout the US and employs industry leading technology to deliver better outcomes on remediation sites. ERI is expected to continue to expand across the US and is currently pursuing opportunities to expand into Canada, Europe and Australia.

Mr Buckley said the acquisitions offer tremendous potential to cross-sell capabilities with Cardno's existing US based businesses and also with its operations in Australia and other countries. He noted that with the addition of ENTRIX and ERI Cardno's staff numbers have grown to around 3,650 people worldwide.

In line with Cardno's proven strategy, both ENTRIX and ERI's key management will become Cardno shareholders and will remain active in the company.

The acquisitions will be initially funded via a mix of around 85% cash and 15% shares. Around 3,024,814 shares will be issued to ENTRIX and ERI employees at a price of AU\$3.706858. The cash component will be funded from available cash and debt facilities with HSBC Bank Australia. Shares to be issued as part of the deferred payments and earnout will be based on the 10 day volume average weighted price at the time of payment.

Cardno has appointed RBS Morgans to advise on equity raising options to assist in funding the acquisitions. If an equity raising is pursued, Cardno would seek to conduct the capital raising in the best interests of all shareholders and include a pro-rata offer to all eligible shareholders. Mr Buckley noted that any capital raised would further strengthen Cardno's balance sheet leaving the company poised for future growth.

"These acquisitions along with the recent additions of Cardno ITC and Cardno AUS in February and May of this year demonstrate that Cardno is committed to our stated strategy of ongoing expansion and international diversification as well as organic growth."

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About Cardno: Cardno is an integrated professional services provider, delivering the specialist expertise necessary to create and improve the physical and social infrastructure that underpins communities around the world. Cardno's team includes leading professionals who plan, design, manage and deliver sustainable projects or community programs. Cardno is an international company, listed on the Australian Securities Exchange [ASX: CDD]. www.cardno.com