



Press release

15th May 2009

Nviro Cleantech plc

("Nviro" or "the Company")

Trading Update

Nviro Cleantech plc (AIM:NVR), today releases a trading update following on from announcements to shareholders in March. The Directors provide this update to demonstrate the value of the Company's technology portfolio to identify and realise immediate market opportunities, set longer term market strategies, substantially reduce operating costs, and pursue discussions with potential strategic partners to support the future development of the business.

In March, the Company released an announcement that global, national and local economic disarray and fuel pricing trends had led the Board to temporarily halt construction work at its Cincinnati Bulk Terminals site while investigating business and engineering options, meanwhile acting prudently to conserve cash reserves.

CEO Chris Every comments: "we are about to complete the previously announced fuels evaluation and testing programme designed to evaluate application of the Vertus RTP technology and clean fuels know-how in the current, changed economic and regulatory environment. We are pleased to announce that this comprehensive programme under specific, controlled conditions has established the value of the Vertus RTP technology and clean fuels know-how. However, the results also indicate that rather than pursuing a "one size fits all" approach to all fuel processing situations our technology and know-how can be effectively applied in more sophisticated solutions tailored to individual circumstances.

We have identified specific market targets which we believe best match our technological strengths to current market needs and are pursuing those objectives going forward. At the same time as conducting our evaluation and testing programme, we have been carrying out an aggressive cost saving programme which has reduced our monthly operating costs by approximately fifty percent (50%) to date and are now undertaking further actions to reduce costs. In addition with the value of the technology and know-how in the current economic and regulatory environment now established we can move forward firmly in ongoing negotiations with potential strategic partners and other funding sources that we have been developing, as previously indicated in prior releases."

Every continued "By utilising the testing facilities of the laboratory in Cincinnati, which came into operation in quarter one 2009, we have pursued a carefully structured internal fuels evaluation programme to consider the economic performance of our clean fuels technology in current difficult

economic conditions. Concurrently, external verification of test results has been undertaken, some of which remain outstanding, and valuable findings have been achieved. Results to date have enabled Nviro to clearly isolate large volume, geographically global fuel sectors for the Company to focus upon in applying an array of clean fuel technologies and to offer specialist tailoring of coal and biomass fuels for clients in the power generation and the solid fuels marketplace. We expect further external confirmation of the testing results from independent laboratories shortly.”

Nviro is now pursuing ongoing discussions with potential strategic partners who can support the future development and resources required for growth of the business. If successful and approved by all relevant parties, this may result in a transformational change in the business through linking interests with a strategic partner. The Company anticipates making a further market announcement on these matters in the near future.

The Company intends to focus on applying clean fuels technology to meet market needs and achieve positive commercial results in three areas: the treatment of low ranking fuels such as lignite; the manipulation of the high specification, high value fuels such as anthracite; and, in the largest sector, the blending and other treatment of coal and biomass fuels to meet the fast-growing demand for CO₂ solutions in the primary power generation market. The evaluation process has proven that the proposed CBT site is not economical under the economic and regulatory conditions now existing at the designated site. However, specific customer-driven opportunities to implement alternative sites with CBT in the Cincinnati region have been successfully identified and Nviro and CBT are now working with those prospects to develop fuel treatment options on their own sites. In addition joint application for U.S. Government grant support for plant development focussed on clean fuels treatment is being pursued in the region with two of the prospective clients. With a clear focus on the three fuel treatment sectors, continuing work on prospects in the Cincinnati area, Europe and Asia the Company is focussed on re-establishing a direct route to operational revenues.

The Directors have taken actions to reduce operational expenditure and stop capital spend while improving overall function. Since the turn of the year substantial cuts have been made in staff, reducing their operating costs by approximately forty-four percent (44%). Additional reductions in consultancy support and other costs have taken the overall run rate down to approximately fifty percent (50%). Cash as at 30 April was £5.3m. In addition with completion of the evaluation and testing programme further actions are now being implemented to reduce costs and to tightly control the level of expenditure required to settle prior capital commitments. Since December there have been changes in the non-Executive team with the non Executive Chairman retiring and being replaced from among the remaining non Executives, in the Financial Director, and the Commercial Director who has stepped down and not been replaced. The experienced engineer, Bernard Gray, who has been heading up a reorganisation and refocusing of the Nviro Engineering team as well as designing and implementing the nearly completed evaluation programme, has been appointed as the Director of Engineering. Meanwhile, as negotiations to provide the business with greater future strategic strength step up pace, Directors have agreed, with immediate effect, a deferral of thirty percent of fees , facilitating tighter cash control in the immediate term.

In the meantime the Company's two air-based follow on projects, Laseair and Organotect, are being prepared for partnering into the next stage of commercialisation, with relevant industry players, to recover value for Nviro. Also, the momentum generated by significant practical success with Microrelease recycled "rMDF" product applied in store fit outs and discussions with potential industry production partners has been further encouraged by qualification for a €750,000 European Union grant towards the first industrial plant using that technology. This EU funding will be subject to final negotiation during May and finalisation of co-funding plans for the project that are acceptable to the EU.

The Directors believe the actions taken over recent months, have put the business in a stronger position to overcome the problems that were highlighted in earlier releases. Every stated, "Nviro has identified a clear direction for focusing the development of the clean fuels business that matches the Company's technological strengths with changing current demand in three major sectors of the clean fuels market place. This includes the identification of prospects able to fund the Company's projects, currently in active discussions, as well as some opportunities for substantial grant funding. These developments, along with the substantial reductions in the operating costs of the business, place Nviro in a strong position to move on as well as providing a solid foundation for strategic partnership which can bring about transformational change to the business."

The Directors expect to make further announcements in the near future.

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