



Press release

9 March 2009

Nviro Cleantech plc

("Nviro" or "the Company")

Trading Update

Nviro Cleantech plc (AIM:NVR), a leader in commercialising environmental technologies including clean fuels for power generation, provides the following trading update, focused mainly on the Company's clean fuel project in Ohio, USA, with its partner Cincinnati Bulk Terminals ("CBT"). Due to the extraordinary current economic conditions worldwide, as well as certain factors temporarily affecting only local market conditions (described below), the Company is now planning to change its approach to near-term revenue generation. The Company intends to re-deploy certain of its proprietary Reductive Thermal Processing technology ('Vertus RTP') equipment from its Cincinnati site to other sites with potential strategic partners, who it is intended would bear the cost of installation and share revenues. In addition, the Company will use some of its existing capital equipment and a change in processing, to manufacture tailored blends of coal-based fuels and coal and biomass blends to provide clean fuels products to the Cincinnati market until market conditions return to historic norms and the Vertus RTP technology can be economically deployed in Cincinnati once again.

The Company expects that its immediate realignment of strategy at its Cincinnati site will extend the utilisation of current cash, £6.6m at 1 March 2009, and allow the business to continue to make progress, while widening the potential of bringing a Vertus system on line more rapidly at alternative locations.

The Directors continue to support the ongoing development and commercialisation of the Vertus RTP technology for thermal treatment of coals and biomass that is expected to satisfy strong and growing market needs for clean fuels manufactured and tailored to the boiler requirements of global utility and industrial clients. Nonetheless, the Directors are taking measures to prudently manage the business in these difficult economic times while ensuring continued future participation in the substantial revenue opportunities anticipated for the business.

The Company is progressing through the qualification process for additional grant aid funding in the Ohio Region targeting clean hybrid fuel development. The Company is also progressing plans with potential operating partners to generate revenues by deploying Nviro's proven thermal pre-treatment technology for coal and biomass in locations where market conditions favour use of that technology. The Company intends to negotiate with potential strategic partners to bear the cost of installing those sites but it is intended that any revenues generated will be shared between partners. These negotiations will be the subject of a further announcement when completed. Additionally, the Company is progressing discussions with potential partners for development of the clean fuels business internationally. The Company is intending thereby to satisfy any cash requirements that the Vertus clean fuels business may incur over the next twelve to fifteen months.

The CBT project has been temporarily affected both by the rapidly-changing regional coal market in the Cincinnati, Ohio, area and by significant national macroeconomic and political events; most notably the US Supreme Court's suspension of the Clean Air Act in 2008. As a result, in its original specification the CBT project is not currently able to deliver the expected economic benefits to the Company. Consequently, the Company is re-configuring the CBT plant to produce fuel products that better reflect current market demand.

Despite these prudent steps by the Company, Nviro foresees that the delay and re-configuring of the CBT plant, combined with the current market and political conditions will result in a delay of revenues. Subject to planning and building requirements for the reconfiguring going through normally accepted approval periods, revenues from this product stream are not expected to occur until Q1 2010. Therefore, the Company has taken the decision to immediately address current operating costs. The Company temporarily has ceased further capital spending at the CBT site until completion of plant re-configuration planning. At the same time it is seeking to utilise the technologies and resources that are currently not required in Ohio with potential partners in alternative locations where the economic proposition for thermal treatment is more attractive.

The CBT project was originally configured to upgrade low cost, low quality and high sulphur coals sourced from mines in the Illinois Basin, to more compliant fuels that demand higher prices. Whilst the project remains technologically and ecologically viable, the damaging economic environment has led the Company and CBT to take the steps

outlined above. The driving forces behind this project change, which may well be temporary in their impact, can be summarised as:

- The rapid collapse from historic ranges of the price differential between the higher-quality compliant coals out of Appalachian and West Virginian mines and the higher-sulphur non-compliant coals of Illinois. (We believe this collapse is temporary but macro and micro-market forces make this impossible to predict.)
- The sharp fall in the value of sulphur credits traded on the emissions market at the end of 2008. This caused the perceived value between a compliant fuel and a non-compliant fuel to fall from over US\$60/ton to hover between \$6 and \$10 over the last 2 months (Energy Information Administration figures).
- The decrease of natural gas prices to levels last witnessed over three years ago, causing owners and operators of industrial dual-fuel boilers to switch to gas.
- The US Supreme Court's suspension of the Clean Air Act in 2008 and the subsequent uncertainty about the legislation. The Directors note that many industry and environmental experts are expecting the new US Administration to reinstate a more vigorous set of rules for sulphur and for the first time mercury as well as driving the reduction of CO₂ emissions.

The Directors believe that the Vertus RTP technology for thermal treatment of fuels should continue to be developed and commercialised to meet the needs of utility and industrial clients for clean fuels manufactured and tailored to their boiler requirements. The planned adaptation of the Cincinnati site is intended as a prudent measure to address the current adverse market conditions by using existing handling and fuel packaging equipment and making a change in processing to manufacture further tailored blends of coal-based clean fuels and coal and biomass blends.

As noted, Nviro is accelerating development of its relationships with other sites and potential partners, initially looking to Europe, then to existing Asia contacts, to maximise the availability of capital equipment for the thermal treatment of fuels in areas where the economics are sustainable at this time. Furthermore, the Company anticipates it will resume installation of the Vertus RTP technology at its Cincinnati site, when the economic circumstances in the Cincinnati region realign. In addition, the Company may consider other sites in North America in the meantime which are not affected by the conditions that are local to the Cincinnati Region.

In addition to the CBT project the Company also announces that its two air treatment technologies, Laseair and Organotect have now reached an inflection point in their

development and the Company will be seeking to maximize the value of these technologies in an appropriate manner.

Microrelease, the Company's technology for recycling medium density fibre and particle board, continues to progress well, and a number of funding opportunities including potential joint ventures, are being considered. The Company will make a further announcement to the market as required.

Chris Every, CEO of Nviro Cleantech, commented: "We have taken a calculated and firm decision to realign our business to adjust to the extraordinary macroeconomic changes which have taken place in the last few months. Although this means that we will reach revenue generation stage not, as originally expected, at the end of Q1 2009 but rather twelve months later in Q1 2010, we see this as only a delay in these tough times and continue to believe in the potential of the Vertus RTP technology business. Our realignment is a prudent management step to preserve cash and address operating costs while enabling our business to continue to progress in this difficult climate.

"We have been impacted by economic and political changes beyond our control, but believe that the current evolving legislative landscape will act in our favour in the very near future. While the US Supreme Court suspended the Clean Air Act last year, we expect the new US Administration to reinstate a more vigorous set of rules for controlling the emissions of sulphur, mercury, and CO₂,

A benefit of this is that the utility sector throughout the US has recognised the forthcoming CO₂ controls and is moving, like Europe, to address the issues by substantial co-burning of biomass and other fuel treatment. We have initiated discussions with a number of utilities and will be pursuing these in earnest. These fuel technology areas fit well with our expertise and we are actively looking to exploit the opportunities, both with our proprietary RTP technology and through other related technologies."

– Ends –

For further information:

Nviro Cleantech plc

Chris Every, Chief Executive Officer

Tel: +44 (0) 20 7451 2473

www.nvirocleantech.com

cevery@nvirocleantech.com

**Grant Thornton Corporate Finance –
Nominated Adviser**

Fiona Owen

Tel: +44 (0) 20 7383 5100

www.grantthornton.co.uk

**Fairfax I.S. PLC
Broker**

Ewan Leggat

Tel: +44 (0) 20 7598 5368

www.fairfaxplc.com

eleggat@fairfaxis.com

Media enquiries:

Abchurch Communications Limited

Justin Heath / Monique Tsang

monique.tsang@abchurch-group.com

Tel: +44 (0) 20 7398 7700

www.abchurch-group.com