



**Press release**

**4 November 2009**

**Nviro Cleantech plc**

("Nviro" or "the Company")

**European Union Grant and Trading Update**

Nviro announces today the final approval for its wood fibre recycling technology business, Microrelease Limited, of a substantial European Union grant of up to Euro 785,450 to be invested as one quarter of the costs of development of a full scale industrial plant over a thirty month period commencing from 1<sup>st</sup> November 2009. Part of this sum, some eighteen percent, will also support the involvement of partners in the project who will contribute to the process analysis and market data preparation demanded by the approved programme. The programme is to follow two phases with Phase A, a small industrial plant to enable manufacturers to run sufficient volume of fibre to understand the integration needs on their current production lines. Phase B will be a full scale recycling plant to be integrated in to the MDF production process to be developed together with a partner in the business of manufacturing MDF. Procurement of this funding will enable progress with major European manufacturers who have been involved with the programme to date and the production of additional material to extend successful trials of the recycled fibre in applications other than board production. It is expected that funding responsibility will be shared with partners in the industrialisation programme over the next 30 months to completion.

The Company has previously announced, at the half year, the intention to continue to restructure the business to preserve cash and also to continue to develop the clean fuels business while seeking strategic partnerships to ensure the future growth of the business. The exercise to reduce overhead and control the run rate tightly was substantially complete by August this year, but continues to be closely monitored. As the business stands today, operations can continue with current overhead levels through to the end of the financial year ending 30 September 2010 while the development programme and the strategic partnering discussions are progressed. At the year end and after the clearance of

the more substantive obligations from the Vertus Cincinnati project earlier in the year cash stood at approximately £3m.

In the meantime the completion of the extensive programme of fuels testing referred to in the July 2009 trading statement has also enabled the clean fuels business to go back out to the market and reopen discussions and create new opportunities with prospective clients based on the strengthened technology portfolio. These discussions are currently continuing positively with targets in Asia, Europe and the USA who are in a position to fund clean fuels projects. In parallel, negotiations also continue with prospective strategic partners, referred to in earlier releases, who remain the focus of sustained activity to reach a mutually effective way forward.

The programme to partner the two air projects slowed during the last half of 2009 due to the focus on restructuring the business overall, but this has now re-emerged as a current activity. The delay did allow the completion of some further testing of both the Organotect and Laseair units and resulting additional positive performance data. The process of presenting and demonstrating the value in these technologies to selected potential partners or acquirers is now recommencing.

Chief Executive Chris Every said, “We continue to follow closely the plan we outlined at the half year and that has required a period of diligent internal activity by the Nviro team along with continuing negotiations with third parties to achieve a strategic strengthening of the business. Progress continues to be positive and we are delighted that the successful trials and production program for Microrelease have been able to attract this funding to enable us to move to the next stage of commercialisation in the wood fibre market. We look forward to bringing more news on the other areas of the business overall in due course.”

**For further information:**

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