



ECO - Energy China Inc
中能再生能源有限公司

June 22, 2010

Dear ECO-Energy China Shareholders,

The Board of Directors of ECO-Energy China (“EEC”) is pleased to provide this update.

Management

On June 15, Dr. Run-Peng Wei was appointed Chief Operating Officer of the company. Dr. Wei, one of the top forest geneticists in China, was formerly the Director, Research & Development for **Sino-Forest Corporation**. For the past several months, Dr. Wei has been actively involved in the company’s expansion into Yunnan Province. Under Dr. Wei’s direction and expertise, EEC will become the foremost bio-diesel company in Asia.

On June 15, John Duncanson, a Director of EEC was appointed Executive Vice-President and Chief Operating Officer of **Cathay Forest Products Corporation**, EEC’s largest shareholder. Mr. Duncanson will continue as a Director of EEC and will be active in the future development of EEC.

Yunnan Jatropha Plantation Acquisition

The company is in the final stages to acquire 16,667 hectares of existing Jatropha plantations in Yunnan Province in Yongsheng and Qina Counties. Included in the transaction is an additional 33,333 ha of barren land designated to be planted with Jatropha. The established plantations consist of 14,667 ha of 2 to 4 year-old Jatropha, and 2,000 ha of mature (8 years+) Jatropha.

Upon closing of the acquisition, EEC will have 26,430 hectares of Jatropha plantations in Guizhou and Yunnan Provinces and a total land bank of 90,000 hectares, including 63,333 hectares of designated lands to be established to Jatropha. All of the leases being acquired are 40 years in length.

Poyry Evaluation

Poyry (Beijing) Consulting has been retained to undertake a valuation of EEC’s Jatropha assets to be acquired in Yunnan Province. In addition, the consultants will perform another valuation of EEC’s Jatropha plantations in Guizhou. The field analysis will be performed between July 5 and July 16 with a final report on August 12, 2010. The Poyry valuations will include a Remote Sensing analysis.

The total cost of the valuations, including remote sensing, will be \$67,000.

Yunnan Purchase Seed / Mobile Crushing Units

As we previously reported, the company has entered into contracts to purchase Jatropha seeds from local producers (farmers) in Yunnan. The first 3,000 - 5,000 tonnes of seeds will be delivered to EEC between the end of July and mid October. The company is currently negotiating the purchase price, however, management expects to pay approximately RMB 1.2 per kilo.

EEC will take delivery of three mobile crushing units (oil expellers) by the end of June. The crushing units will be located in Yunnan at a site to be determined. The mobile crushing units will first be used to extract the oil from the purchased seed in Yunnan before being relocated to Guizhou. The raw Jatropha oil will then be transported to the Guiyang refinery. This will allow the refinery to produce Jatropha based bio-diesel before the Guizhou plantations are ready for harvesting in late August.

Financial Position

The company has US\$1.6 million in cash. The monthly “burn rate” for the first three months of 2010 was US\$108,000. During the month of January one of the two production lines at the Guiyang refinery was being retro-fitted and the refinery was down for much of February due to the Chinese New Year. Bio-diesel production from waste cooking oil was also hampered by the cold weather. Over the past month, the company repaid RMB 20 million (US\$2.9 million) in high interest bearing debt. As a result, the monthly cash burn rate has dropped to \$70,000.

As of March 2010, EEC had total equity of US\$22.5 million and 9.5 million shares outstanding.

BIO-DIESEL INDUSTRY NEWS

China Cuts Fuel Prices

On June 1, the Chinese government cut the retail price of diesel and gasoline by about 3% (220 RMB per tonne) to reflect the recent fall in international crude prices. This is the first price cut since September 2009. Prices had been set at record highs on April 14. The new price for petrol diesel is RMB 6,520 per tonne or the equivalent of US\$0.91 per litre. EEC is selling its unblended bio-diesel for RMB 6,450 per tonne. The 80/20 blended bio-diesel that the company is now starting to produce for **PetroChina** is being sold at RMB 6,800 per tonne.

Mission NewEnergy Limited (ASX: MBT) to Acquire D1 Oils PLC (LSE: DOO)

On June 9, **Mission NewEnergy Limited**, a bio-diesel refiner and one of the world’s largest Jatropha plantation companies, announced that it was in detailed discussions with the board of London based **D1 Oils PLC** with a view to acquire the company. D1 Oils owns Jatropha plantations

in India. The all share offer for D1 Oils is valued at GBP 16 million or 12.60 pence per share. This price represents a premium of 50% over the closing price of D1 Oil on June 8.

China Integrated Energy (Nasdaq: CBEH) – Reports Record Q1’10 Results

On May 11, **China Integrated Energy**, a leading non-state owned integrated energy company in China engaged in the production and sale of bio-diesel, reported record sales and earnings for Q1’10. CBEH reported net income of \$11.4 million on sales of \$109.4 million in Q1’10 representing year-over-year increases of 86.5% and 28.6% respectively.

CBEH operates a 100,000 tpy bio-diesel refinery in Shaanxi Province (North Central China) based primarily on WCO. The company also distributes finished oil and heavy oil products and operates retail gas stations.

Sales volumes of bio-diesel for the first quarter of 2010 totalled 18,400 tonnes and the average selling price of bio-diesel increased by 10.9% from the same period in 2009. The gross profit margin of bio-diesel was 31.5%.

Yours truly,

The Board of Directors