Enviro Energy International Holdings Limited

環能國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

Website: http://www.enviro-energy.com.hk

(Stock Code: 1102)

VERY SIGNIFICANT INCREASE IN LIUHUANGGOU GAS RESOURCES

This announcement is made pursuant to Rule 13.09 of the Listing Rules to provide information on the very significant increase in the gas resources in the Liuhuanggou PSC area of the Company.

The board of directors of the Company is pleased to announce that TWE, a non wholly-owned subsidiary of the Company, has achieved a significant milestone in its development with the results of an independent engineering report prepared by NSAI updating estimates for the total Undiscovered OGIP in the Liuhuanggou PSC area situated in Xinjiang, China.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") to provide information on the very significant increase in the gas resources in the Liuhuanggou Production Sharing Contract ("**PSC**") area of Enviro Energy International Holdings Limited ("**Company**").

VERY SIGNIFICANT INCREASE IN LIUHUANGGOU GAS RESOURCES

The board of directors of the Company is pleased to announce that TerraWest Energy Corp. ("**TWE**"), a non wholly-owned subsidiary of the Company, has achieved a significant milestone in its development with the results of an independent engineering report ("**NSAI Report**") prepared by Netherland, Sewell & Associates, Inc. ("**NSAI**") updating estimates for the total Undiscovered Original Gas-in-Place ("**OGIP**") in the Liuhuanggou CBM PSC area situated in Xinjiang, the People's Republic of China ("**China**"). The Liuhuanggou PSC area covers approximately 653 square kilometres (255 square miles; 163,200 acres) and is located adjacent to the capital city of Urumqi, Xinjiang.

This announcement is made further to the Company's announcement on Discovered Coalbed Methane ("**CBM**") Resources and CBM Contingent Resources issued on 21 June 2010 as NSAI has completed an assessment of all natural gas resources within the Liuhuanggou PSC area additional to Discovered CBM Resources reported in the previously evaluated area ("**TWE's discovered CBM area**").

The updating NSAI Report covers the Xishanyao (J2X) and Badaowan (J1B) target coal seams outside TWE's discovered CBM area as well as other prospective zones in these formations within the Liuhuanggou PSC on a 100% (gross) basis and concludes with OGIP estimates for the Liuhuanggou PSC as follows:

- **Grand total Best Estimate OGIP of 11.825 Trillion cubic feet ("Tcf") of natural gas; and**
- **Grand total OGIP Low Estimate of 7.179 Tcf; and a High Estimate of 19.185 Tcf.**

The major portion of the estimated values is contained in shale underlying a significant area of the PSC which underscores the great potential and significant merit of the area as an exploration and development target.

The results of the current resource evaluation provide a significant increase in the Company's independently evaluated resource potential at Liuhuanggou and are a major milestone and a next step in unlocking substantial value as the Company moves forward to commercialise its natural gas position. Previously the Company had indications that CBM resources as defined in the PSC greatly exceed the potential resources in coal seams alone. Such indications now prove to be true and the Jurassic formations within the Liuhuanggou PSC area are seen to be potentially prolific, based on the prospective resource estimates.

"*With gas prices increasing in China, local markets expanding and large-scale trans-national infrastructure already in place at Liuhuanggou, the expanding project scope now indicates that the two target formations identified by TWE have vast potential. Prospective gas pay in multiple zones provides further support to move the project towards commercialisation*", said Mr. Chan Wing Him Kenny, the Chairman and Chief Executive Officer and an Executive Director of the Company.

The estimates in the NSAI Report were prepared in accordance with the definitions and guidelines set forth in the Petroleum Resource Management System ("**PRMS**"), 2007. *PRMS was prepared by the Society of Petroleum Engineers (SPE) and jointly sponsored by World Petroleum Council (WPC), American Association of Petroleum Geologists (AAPG), Society of Petroleum Evaluation Engineers (SPEE) and the Society of Exploration Geophysicists (SEG)and is referenced as SPE-PRMS.* The OGIP volumes are defined as those quantities of gas estimated, as of a given date, to be contained in known accumulations prior to production, plus those estimated quantities in accumulations yet to be discovered, and do not indicate the level of reserves or resources that may be ultimately produced. The OGIP volumes shown in the NSAI Report are estimates only and should not be construed as exact quantities. Readers are urged to read the report in its entirety as posted on the Company's website at www.enviro-energy.com.hk.

Netherland, Sewell & Associates, Inc.

NSAI provides integrated consulting services encompassing geophysics, geology, petrophysics, engineering, reservoir modeling and economics. NSAI has performed geophysical, geologic and engineering studies of reservoirs around the globe – from the North Sea to South America, from the North Slope to South Florida, and from West Africa to the Middle East and Indonesia – for leading major integrated petroleum companies, both small and large independent oil and gas companies, and various financial institutions and government agencies. For more information about NSAI, please visit their website at www.netherlandsewell.com.

Highlights of the Resource Estimate

The Liuhuanggou PSC defines CBM as all gas in four named formations of Jurassic Age:

- OGIP estimated by NSAI in shale in the Badaowan (J1B) (low to high estimate) 6.658 Tcf to 10.503 Tcf to 16.961 Tcf and Unrisked gross prospective gas resources (low to high) 0.499 Tcf to 1.512 Tcf to 3.200 Tcf;
- OGIP found in tight sand (low to high estimate) 0.267 Tcf to 0.809 Tcf to 1.441 Tcf and Unrisked gross prospective gas resources (low to high) 0.061 Tcf to 0.229 Tcf to 0.610 Tcf; and
- OGIP in coal seams (low to high estimate) 253.8 Billion cubic feet ("**Bcf**") to 512.8 Bcf to 783.2 Bcf and Unrisked gross prospective gas resources (low to high) 19.5 Bcf to 93.1 Bcf to 310.9 Bcf.

NSAI evaluation results are summarised in tabular form below:

Bcf	**Undiscovered OGIP**			**Unrisked Gross Prospective Resources**		
	Low Estimate	**Best Estimate**	**High Estimate**	**Low Estimate**	**Best Estimate**	**High Estimate**
CBM						
4-5 Seams	77	115	159	9	24	71
9-10 Seams	55	109	164	2	17	55
14-15 Seams	53	184	316	0.2	28	121
J1B	70	105	144	8	24	64
Total CBM	254	513	783	20	93	311
J1B Shale Gas	6,658	10,503	16,961	499	1,512	3,200
J1B Tight Gas	267	809	1,441	61	229	610
Grand Total	**7,179**	**11,825**	**19,185**	**580**	**1,834**	**4,121**

Figures represent 100% Liuhuanggou PSC; TWE's share is 47% pursuant to the PSC.

The Company intends to proceed to development in a phased approach as TWE works to complete the required steps to move natural gas resources from Prospective to Contingent Resources and then to Reserves. It is TWE's intention to develop the PSC area in a number of phases, with the initial phase likely to consist of additional pilot wells in the TWE's discovered CBM area. Subsequent phases of development will focus on expanding development in the larger prospective area.

The Company previously reported Discovered OGIP and Contingent Resources. In determining the current resources, NSAI has classified the natural gas as Undiscovered OGIP and Unrisked Gross Prospective Resources, the difference between Contingent Resources and these categories being:

- Contingent Resources are associated with TWE's discovered CBM area, the area of current development focus, and would be expected to mature to Reserves in phases as development plans for that phase are matured supported by successful pilot test results; and
- Prospective Resources either lie beyond TWE's discovered CBM area or in the case of shale and tight sand were not included in the previous evaluation.

By order of the Board
Enviro Energy International Holdings Limited
Chan Wing Him Kenny
Chairman and Chief Executive Officer

Hong Kong, 10 October 2011

As at the date of this announcement, the directors of the Company are:

Executive Directors
Mr. Chan Wing Him Kenny
Dr. Arthur Ross Gorrell

Independent non-executive Directors
Mr. David Tsoi
Mr. Lo Chi Kit
Mr. Tam Hang Chuen