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: 8182)

ANNOUNCEMENT

GREATLY INCREASED GAS CONTENT COMBINED WITH VERY THICK COAL IN TWO FORMATIONS CONFIRMED IN INITIAL RESULTS OF 2009 CBM DRILLING

The Board is pleased to announce that TWE has reported the results of gas desorption testing of 2009 drill core samples. The gas content results are uniquely positive and very encouraging when combined with the extensive thickness of the coals in two target formations on the PSC.

The board ("**Board**") of directors ("**Directors**") of Enviro Energy International Holdings Limited ("**Company**") is pleased to announce that TerraWest Energy Corp. ("**TWE**"), a subsidiary owned as to 61.07% by the Company, has reported positive results of gas desorption testing of drill core samples from its Liuhuanggou CBM Project in Xinjiang, the People's Republic of China ("**PRC**").

As previously reported, the 2009 drilling program included testing coal drill core samples taken from both the Xishanyao ("**J2X**") and Badaowan ("**J1B**") formations.

Xishanyao (J2X) Formation

Well LHG 09-03 was drilled to total depth of 726 metres ("**m**") and intersected over 50m (165 feet) of J2X coal. Coalbed methane ("**CBM**") desorption testing was initiated as planned and the results indicate the J2X to have greater gas content than previously anticipated. Gas content as calculated to the end of March 2010 ranges from a minimum value of 30.08 standard cubic feet ("**scf**") / ton ("**t**") to a maximum of 268.69 scf/t. The readings confirm the final desorption results from well LHG 08-01 which had shown higher gas content results for the J2X particularly the upper 4-5 and 9-10 seams where desorption results of 53.62 to 199.92 scf/t and 53.74 to 243.32 scf/t, respectively, were measured. The gas content results for the J2X are especially encouraging when combined with the thickness of the coal seams. J2X net coal seam thickness has been calculated to average 25.74m (85 feet). Net thickness is calculated by adjusting intersected thickness for formation dip and observed mineral partings.

The initial gas desorption results for the J2X from 2006 exploration drilling had ranged to a maximum of 100scf/t in wells LHG 06-01 and LHG 06-02.

Badaowan (J1B) Formation

Desorption results for J1B coal samples taken from wells LHG 09-01 (749m total depth) and LHG 09-02 (844m total depth) indicate the J1B coal to be generally higher in gas content than the J2X as test results are reported to range from 105.98 to 335.43 scf/t and 86.74 to 350.49 scf/t from the two wells, respectively. The multiple J1B coal seams have an average net aggregate thickness of 19.15m (63.2 feet).

Each of the two target formations represents a viable CBM prospect on a stand-alone basis. Taken together, the total average net thickness of the two coal seam packages (44.9m or 148.7 feet) and the latest gas content results represent a unique CBM prospect in the world when compared with major CBM producing or exploration basins. Reported gas contents and seam thicknesses are for coal only and do not include other formation rocks or coal seam surrounding rocks which were sampled and analyzed separately. Other rocks including shale are being analyzed at laboratories in North America.

CBM desorption testing of the coal samples was completed by the Laboratory of the Xinjiang Coal Bureau in Urumqi, Xinjiang, the PRC under the guidance of the Company's Canadian technical adviser which designed and supervised the drilling and coal drill core sampling program, and prepared samples of other rocks including shale.

A comparison of net coal thickness, production well spacing, gas content and annual production between Junggar Basin and other major CBM producing basins around the world is presented below.

Comparison of CBM Reservoir Characteristics of Junggar Basin and Major Producing Basins

Basin	Formations	Description	Typical Net Coal (m)	Typical Well Spacing (acres)	Typical Gas Content (scf/t)	Annual Basin Production (2006)
TWE Liuhuanggou Project under the PSC						
Junggar Xinjiang	Xishanyao (J2X)	Sub-bituminous/ Low Volatile Bituminous C	25.74	80-160 (Potential)	30-269	-
	Badaowan (J1B)	Sub-bituminous/ Low Volatile Bituminous C	19.15	80-160 (Potential)	50-350	-
	TOTAL J2X+J1B		44.89	80-160	30-350	Not in commercial production

Basin	Formations	Description	Typical Net Coal (m)	Typical Well Spacing (acres)	Typical Gas Content (scf/t)	Annual Basin Production (2006)
Major Producing Basins						
San Juan USA	Fruitland	Bituminous Coal	20-25	320	430	1 trillion cubic feet
Black Warrior USA	Pottsville	Bituminous Coal	8-10	80	350	127 billion cubic feet ("**Bcf**")
Piceance USA	Williams Fork	Bituminous Coal	20-25	60-80	750	4 Bcf
Raton USA	Raton Vermejo	Bituminous Coal	10	160	350	105 Bcf
Powder River USA	Fort Union	Sub-bituminous Coal	25-30	80	30-50	340 Bcf
Western Canadian Sedimentary	Horseshoe Canyon	Sub-bituminous/ Low Volatile Bituminous C	10-15	80	60	323 Bcf *(Note 1)*
Surat Australia	Walloon	Bituminous Coal	20	160	125-350	Not available
Kutai Indonesia	Pranget	Sub-bituminous Coal	20	To be determined	50+ *(Note 2)*	Not in commercial production

Sources: US GRI, 2004; Stevens, S. "Indonesia Coalbed Methane Indicators and Basin Evaluation", 2004; Robert W. Day, Coal Seam Gas Booms in Eastern Australia, June 2009
http://www.eia.doe.gov/oil_gas/rpd/cbmusa2.pdf

Notes:
1. 2007 production level.
2. Estimated gas content based on published coal rank and reflectance.

TWE holds a 47% interest in the Liuhuanggou Production Sharing Contract executed on 30 December 2005 with China United Coalbed Methane Corporation Limited holding 53% ("**PSC**"). TWE is the operator of the PSC which covers 653 square kilometres (255 square miles or 163,200 acres). Administration of the PSC has been passed to PetroChina Coalbed Methane Company Ltd. The PSC defines CBM as all gas mainly consisting of methane (CH_4) in four named geologic formations of Jurassic age to a depth of 1,500m (4,950 feet).

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

Hong Kong, 26 May 2010

As at the date of this announcement, the Directors 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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the website of GEM at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of publication and the website of the Company at www.enviro-energy.com.hk.