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China Leason CBM & Shale Gas Group Company Limited **中國聯盛煤層氣頁岩氣產業集團有限公司**

(formerly known as China Leason Investment Group Co., Limited 中國聯盛投資集團有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8270)

VOLUNTARY ANNOUNCEMENT

Reference is made to the announcements of China Leason CBM & Shale Gas Group Company Limited (formerly known as China Leason Investment Group Co., Limited) (the “**Company**” together with its subsidiaries the “**Group**”) respectively dated 31 December 2010 (the “**Announcement**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

China Leason CBM and Shale Gas Group Company Limited (“**the Company**”) has engaged an independent, US-licensed natural gas reserve engineer, the Netherland, Sewell & Associates, Inc. (“**NSAI**”) to evaluate the Company’s coalbed methane (CBM) reserves in the Qinshui Basin, Yangcheng, Shanxi Province, China as of 31 March 2012. The Yangcheng area is approximately 96 km² in the Shanxi Province. Development within the Yangcheng Block is focused on the #3 and #15 coal seams.

The results of the NSAI reserve evaluation as of March 31, 2012 are summarized as follows:—

1. Total original gas in place of 272.4 Bcf on all blocks
2. Net 3P reserves of 205 Bcf — 3P NPV 10 at US\$670.9 million
3. Net 2P reserves of 27.7 Bcf — 2P NPV 10 at US\$100.2 million
4. Net 1P reserves of 3.5Bcf — 1P NPV 10 at US\$9.8 million

BACKGROUND

On 31 December 2010, the Group entered into a gas exploitation agreement through Shanxi Yangcheng Shuntai Energy Development Company Limited (“**Shanxi Yangcheng**”) with Shanxi Yangcheng Yangtai Group Industrial Company Limited (“**Yangcheng Yangtai**”) and Zhengzhou Zhengcheng Energy Technology Service Company Limited (“**Zhengzhou Zhengcheng**”) (the “**Agreement**”). Pursuant to the Agreement, the JV Company entered into an entrusted exploitation agreement on 5 July 2011 with Yangcheng Yangtai for exploitation by the JV Company of the designated coal mines owned or to be owned by Yangcheng Yangtai for nil consideration payable to the other party (the “**Exploitation Agreement**”).

At the request of the Company, NSAI has conducted an evaluation on all the gas exploitation by the JV Company of the designated coal mines owned or to be owned by Yangcheng Yangtai. NSAI estimated that the area has a total original gas in place volumes of 272.4 billion cubic feet (Bcf) on all blocks. The estimates and evaluation of the reserves and resources contained in this announcement were prepared by NSAI, an independent, US-licensed gas reserve engineers. Whilst the Company is not required by the Hong Kong Stock Exchange to conduct this update, this independent review is provided to shareholders for the purposes of transparency.

UPDATE ON CURRENT GAS PRODUCTION

According to the Exploitation Agreement, the Company has commenced the preliminary and well drilling works of ground drainage wells of coalbed methane. As of 31 August 2012, we have completed the ground work and drilling of 200 CBM wells and expect to complete an additional 103 CBM wells and 249 CBM wells by the end of 2012 and 2013 respectively, making up the total wells drilled to 552 by 31 December, 2013. Among the existing 200 wells, there are 80 wells, which are already producing, or are ready for immediate gas output, up from 38 wells as announced in the announcement of the Company dated 1 February. The gas output of these 80 wells is currently producing 500 cubic meter per day per well on average, and estimated to produce 1,300 cubic meter per day per well on average. We expect the Company's overall gas output to exceed 100,000 cubic meter per day by the end of 2012 and 350,000 cubic meter per day by end of 2013.

NOTE

The estimates in this announcement have been prepared in accordance with definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers. The information in this announcement pertaining to China Leason CBM & Shale Gas Group Company Ltd's China reserves has been reviewed by Mr. Nathan C. Shahan, Petroleum Engineer and Mr. John G Hattner, a Senior Vice President of Netherland, Sewell & Associates, Inc. Mr Shahan is a registered Professional Engineer and Mr Hattner is a Professional Geologist, both in the State of Texas.

On behalf of the board of
China Leason CBM & Shale Gas Group Company Limited
Wang Zhong Sheng
Chairman

Hong Kong, 10 October 2012

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng, Mr. Shi Liang, Mr. Zhang Qing Lin, Mr. Fu Shou Gang and Mr. Feng San Li and the independent non-executive Directors are Mr. Luo Wei Kun, Ms. Pang Yuk Fong and Mr. Wang Zhi He.

This announcement, for which the directors of the company (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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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