Energy Holdings International Inc.

Chairmans Letter to Shareholders

From: John W. Adair
Chairman, CEO

To: Shareholders of Energy Holdings International, Inc.

Date: 15 December 2011

Dear Shareholders,

Energy Holdings International, Inc. is based in Houston, Texas, Tulsa, Oklahoma and Dubai, UAE with the Board of Directors being from the United States and Saudi Arabia. Two members of the Board of Directors are from the Royal Family of Saudi Arabia as well as other very established individuals being a part of the directorship.

The company came into being via a reverse merger approximately two years ago and has focused on developing a major 450MW Electrical power generation project in the country of Bangladesh. Although this project has been our primary focus recently, the long term goal is to become active in North American oil and gas opportunities through acquisitions of high Proven developed producing (PDP) properties with Proven undeveloped upside (PUD). This being the initial goal of acquisitions with additional opportunities being evaluated in the future that would have additional upside through exploration and drilling.

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Electricity Sector Plans in Bangladesh

Bangladesh has been mobilizing Tk 40,000 crore ($5.88 billion) to generate 5,000 MW of electricity to reduce load shedding into a tolerable level within next four and half years during the term of the present government. Under the plan, the Power Development Board (PDB) would produce 500 MW gas-fired electricity between July and December to over come load shedding within December. The PDB would hire furnace-oil based 1,000MW of electricity from the private sector also. In 2011, the government plans to install furnace-oil based 800 MW capacity of power plant. The PDB officials will seek suitable place to establish the plant, a senior official of the PDB said. Another diesel or furnace oil based power plant having capacity of 700 MW in 2012 to keep load shedding into mild level, is planned. The government also contemplates to establish four coal-fired based power plants with capacity of producing 500 MW of electricity each with public and private partnership (PPP) in Rajshahi and Chittagong region. The government has initially tried to create a fund of Tk 6,000 crore ($1 billion) to implement the plan, sources said. The power division has tried to utilize the government's budgetary allocation of Tk. 2000 crore for PPP in this regard, sources added. "If we can create the fund of Tk. 6,000 crore, it would be possible also to mobilize Tk 40,000 crore under ppp to produce 5,000 MW of electricity within four and half years." [1]

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[1] 1. Islam, 2003 M. Islam, Energy efficiency potentials in the power sector of Bangladesh. 2003 Renewable Energy Information Network (REIN), Local Government Engineering Department (LGED), Bangladesh (2003).
2. Alam et al., 2004 M.S. Alam, E. Kabir, M.M. Rahman and M.A.K. Chowdhury, Power sector reform in Bangladesh: electricity distribution system, Energy 29 (2004), pp. 1773–1783
3. http://nation.ittefaq.com/issues/2009/07/30/news0295.htm
4. http://www.prothom-alo.net/V1/mcat.news.details.php?nid=MTY4MDIz&mid=MQ==

The above plan shows the tremendous shortage and potential opportunities for EHII to become a major player in electrical power development process within Bangladesh. With the aforementioned shortage of electrical power in Bangladesh, the initial 450MW Combined Cycle plant that EHII is developing presently is only a stepping stone to other power plant opportunities within the country.

In the course of developing its first project within the country, EHII has formed an association agreement with CH2MHill as its technical advisor and has an ongoing dialog with Samsung, Alstom and Siemens for different components of the construction phase of the project. O&M Engineering with offices in the Middle East and Bangladesh is the local engineering firm that will be associated with the project. The technical dialog EHII has cultivated with the top expertise in the field of Power generation will ensure a top state of the art Power Plant. **EHII anticipates signing the Power Purchase Agreement with the Bangladesh Power Development Board during the first quarter of 2012.**

Energy Holdings International, Inc. had a third party evaluation of its stock price based upon the finalizing of the Power Purchase Agreement for the Power project at a price of approximately $6 USD initially and up to $24 per share once the project is constructed.

Oil and Gas Opportunities within the United States: Will it become the Worlds Largest Producer?

Shale gas dominates onshore US M&A activity in the United States.

US shale gas has been a key theme in upstream M&A over recent years. Over the first 11 months of 2011 acquisitions spent in the sector amounted to in excess of $34 billion USD, equivalent to 22% of global upstream M&A expenditure. Through these deals, in excess of 52 Tcfe of shale gas resource changed hands at an average cost of $0.64/ Mcfe.

Resource

The magnitude of the US shale gas resource is extraordinary. Wood Mackenzie's Unconventional Gas Service estimates the total resource potential of the 22 US shale plays currently covered at 650 Tcfe, equal to a resource life of 32 years based on total US gas production in 2009. Shale gas production is set to increase as a proportion of total US gas supply from 17% in 2010 to 35% by 2020.

Sector Outlook

The ingredients required for continued high levels of M&A activity in US shale gas remain in place. The drivers that make shale gas so attractive- world-scale resource, robust economics, access opportunities, and limited above-ground risk- are as strong as ever. The corporate landscape across the sector remains fragmented, with scope for intra-play and sector wide consolidation. Potential acquirers, from domestic incumbents to overseas new entrants, continue to demonstrate a strong appetite for deal making.

Across the largest and most economically attractive shale plays, it is the North American large caps and smaller E&P companies that stand out as holding leading positions. The majors and overseas large caps, by contrast, still remain relatively underweight. While recent M&A activity has shifted the balance somewhat, the prevalence of partnership agreements dictates that existing players tend to retain a majority stake. The majors and large caps will continue to dominate large-scale deal activity in the sector.

James Burkhard, the managing director of IHS CERA's Global Oil Group, said at a Montana Petroleum Association conference that U.S. production of oil increased by 1.2 million barrels per day between 2008 and 2010, reports the Billings Gazette. This reversed four decades of decreasing domestic oil production.

Goldman Sachs predicts that America will become the world's largest oil producer by the year 2017. This estimate was obtained by using a different definition of oil and utilizing generous estimates for liquids-rich shale production, according to The Oil Drum.

Using these new parameters, the report predicts that U.S. daily production of oil will rise to 10.9 million barrels in 2017 from the current level of 8.3 million barrels, according to the media outlet. This estimate is not unreasonable when one considers the growth the country attained between 2008 and 2011.

Energy Holdings International, Inc. has met numerous times and laid the ground work with a large off shore trust company that will quarterback a large Corporate Bond for the purpose of acquiring through Mergers and Acquisitions of oil and gas assets within North and South America. The funding for the bonds will originate primarily from the Middle East.

The management has focused on completing the Power Plant Project to a point of value after which it will redirect its' forces to acquiring the before mentioned oil and gas assets that will bring substantial growth and value to our shareholders.

Respectfully,

John W. Adair

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Chairman, CEO