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KINETIC MINES AND ENERGY LIMITED

力量礦業能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1277)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

The Board wishes to inform the shareholders of the Company and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group, it is expected that the Group would record a consolidated net loss for the year ended 31 December 2015 as compared to a consolidated net profit for the year ended 31 December 2014.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Kinetic Mines and Energy Limited (the “**Company**”) and together with its subsidiaries (the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company and potential investors that the Group is expected to record a consolidated net loss for the year ended 31 December 2015 as compared to a consolidated net profit for the year ended 31 December 2014, which is mainly due to, among others, the significant decrease in the price of coal in the China market during the year ended 31 December 2015 even though the Group’s coal sales volume for the year ended 31 December 2015 increased by more than 30% when compared to the coal sales volume for the year ended 31 December 2014. According to the statistics published by Qinhuangdao Coal Net (秦皇島煤炭網), the

average selling price of 5,000 kCal coal at the Qinhuangdao port decreased from approximately RMB455 per tonne (inclusive of value-added tax) at the beginning of 2015 to approximately RMB325 per tonne (inclusive of value-added tax) at the end of December 2015.

Notwithstanding the above, the Board is of the view that the Group's operations during the year ended 31 December 2015 was on the right track and well poised to withstand the slowdown in macroeconomic growth and the sluggish coal market in China.

The information contained in this announcement is only based on the preliminary assessment by the Board upon review of the unaudited management accounts of the Group for the year ended 31 December 2015 and other information currently available to the Company, which has not been reviewed or audited by the Company's independent auditor. Shareholders of the Company and potential investors are advised to refer to the details of the Company's results announcement for the year ended 31 December 2015 which is expected to be announced by the end of March 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
Kinetic Mines and Energy Limited
Zhang Li
Chairman and Executive Director

Hong Kong, 21 January 2016

As at the date of this announcement, the board of directors of the Company comprises seven directors, of whom three are executive directors, namely Mr. Zhang Li (Chairman), Mr. Gu Jianhua (Chief Executive Director) and Mr. Zhang Liang, Johnson; one is a non-executive director, namely Ms. Zhang Lin, and three are independent non-executive directors, namely Mr. Shi Xiaoyu, Ms. Liu Peilian and Mr. Zheng Ercheng.