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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)

POSITIVE PROFIT ALERT

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 Securities and Futures Ordinance.

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 for the six months ended 30 June 2017 of the Group, it is expected that the Group would record a consolidated net profit before taxation exceeding RMB100 million for the six months ended 30 June 2017 as compared to a consolidated net loss before taxation of RMB55.8 million for the year ended 30 June 2016.

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 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 profit before taxation exceeding RMB100 million for the year ended 30 June 2017 as compared to a consolidated net loss before taxation of RMB55.8 million for the year ended 30 June 2016, which is mainly due to, among others, significant increase in sales volume as well as growth in gross profit margins due to the increase in the average selling price of the Group’s coal products during the first half of 2017 compared with the corresponding period in 2016. According to the statistics published by Qinhuangdao Coal Net (秦皇島煤炭網), the

average price of 5,000 kCal thermal coal at the Bohai Rim remained steadily and ranged from approximately RMB500 to 550 per tonne (inclusive of value-added tax) during the first half of 2017.

The information contained in this announcement is based only on the preliminary assessment by the Board upon its review of the unaudited management accounts of the Group for the six months ended 30 June 2017 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 ending 30 June 2017 expected to be announced by the end of August 2017.

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, 7 July 2017

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