[For Immediate Release]

Kinetic Mines Announces 2013 Annual Results

(24 March 2014, Hong Kong) **Kinetic Mines and Energy Limited** ("Kinetic Mines" or the "Group"; stock code: 1277), a coal mining player primarily operating the Dafanpu Coal Mine in Zhunge'er Banner, Erdos City, Inner Mongolia in China, today announced its annual results for the year ended 31 December 2013.

During 2013, the Group continued to achieve remarkable growth and development in its business as it (i) had obtained the required permits and approvals for the operations of the Xiaojia Station with the associated rail spur lines; and (ii) continued to ramp up the designed production capacity of the Dafanpu Coal Mine up to 5.0 million run-of-mine tonnes of coal per year after the completion of the longwall top coal caving system for the No.6 coal seam of the Dafanpu Coal Mine.

The Group had been making continuous efforts to improve the production efficiency of the Dafanpu Coal Mine despite the challenges and difficulties that it faced during the year. Since the second half of the year, the Group focused its resources and manpower on the construction of the longwall top coal caving system for the No. 6 coal seam of the Dafanpu Coal Mine, which was substantially completed in the fourth quarter of 2013.

The No. 6 coal seam is the best coal seam at the Dafanpu Coal Mine, with an average coal seam thickness of 23 meters, and the Group believes that the average coal recovery percentage at the No. 6 coal seam would be higher than that of the No.5 coal seam. Therefore, in order to increase the production level and operating efficiency of the Dafanpu Coal Mine, the Group decided to transition to the No.6 coal seam to continue mining since the end of 2013. The Group expects that the average washability yield and production volume of fine coal at the Dafanpu Coal Mine will surge after the No.6 coal seam commences commercial production in 2014 and the unit production costs will then decrease accordingly. Based on the data collected during the trial production of the No.6 coal seam, the washability yield of the No.6 coal seam can reach 70% or above.

For the year ended 31 December 2013, the Dafanpu Coal Mine produced a total of approximately 1.2 million tonnes of raw coal and processed a portion of the raw coal into an aggregate of 469,200 tonnes of fine coal. Sales generated during the year under review comprised approximately 426,500 tonnes of fine coal at an average selling price (excluding VAT) of RMB297.0 per tonne. For the year ended 31 December 2013, total comprehensive loss attributable to equity shareholders of the Company amounted to RMB155.4 million, up from the previous RMB115.1 million loss.

After the required permits and approvals were obtained in June 2013, the first loaded coal train departed from Xiaojia Station for Qinhuangdao on 21 August 2013. This was a remarkable moment in the Group's development as the Xiaojia Station enables the Group to transport coal products from its Dafanpu Coal Mine and those procured from other third-party coal mine operators to Qinhuangdao through the Nanping Rail Line and Datong-Qinhuangdao Rail Line.

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This strengthens the Group's coal trading business in Qinhuangdao and reduces the unit transportation cost from Zhunge'er Banner to Qinhuangdao. Since the coal prices at Qinhuangdao port were higher than the mine gate prices at Inner Mongolia, the Group expanded its coal trading business in Qinhuangdao through the Xiaojia Station during the second half of the year. As at 19 March 2014, the average selling price of 5,000 kCal/kg coal at the Qinhuangdao port was RMB450.0 to 460.0 per tonne (VAT inclusive).

Looking ahead, the control measures enacted by the PRC government restricted lending and investment, and slower growth in developed countries reduced Chinese exports, which in turn had an impact on the demand of thermal coal in China. China's industrialisation, urbanisation and agricultural modernisation will continue their steady development, which will facilitate the persisting demand for electricity and thermal coal. The Group believes that China's economy will be on track for sustained recovery while ongoing revival of industrial production will sustain domestic energy demand. Prices are expected to remain stable for the foreseeable future.

Mr. Zhang Li, Chairman of the Group, said: "After obtaining the required permits and approvals for the operations of the Xiaojia Station and ramping up the designed production capacity of the Dafanpu Coal Mine to 5.0 million run-of-mine tonnes of coal per year, we accomplished our goal of becoming an integrated coal provider and laid a solid foundation for its future development. Apart from focusing on the commercial production of the No.6 coal seam of the Dafanpu Coal Mine and our trading business at Qinhuangdao, we strongly believe that we can gain a more dominant position in the coal market by acquiring more coal resources. Therefore, we will continue to identify quality and suitable coal investment projects for merger and acquisition. This is in line with our strategy of achieving synergies and economies of scale by increasing coal resources and coal reserves and integrating them with our business."

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About Kinetic Mines and Energy Limited

Kinetic Mines currently operates Dafanpu Coal Mine located in Zhunge'er Banner, Erdos City, Inner Mongolia, China. It strives to become a leading privately-owned integrated coal provider in China with mining, processing and trading capabilities, contribute to China's energy development and firmly grasp the enormous development potentials in China's growing energy market.

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