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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, the consolidated net loss for the six months ended 30 June 2016 is expected to range from approximately RMB35.0 million to approximately RMB42.0 million as compared to a consolidated net loss of RMB12.5 million for the corresponding period in 2015.

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 consolidated net loss for the six months ended 30 June 2016 is expected to range from approximately RMB35.0 million to approximately RMB42.0 million as compared to a consolidated net loss of RMB12.5 million for the corresponding period in 2015 which is mainly attributable to, amongst others, a

significant decrease in coal production and sale volume due to loss of production time as a result of changing of coal mining surfaces as well as the coal production control enforced by the PRC government during the six months ended 30 June 2016.

Facing severe market and operational conditions, the Company will comprehensively strengthen its operations and management, actively meet market changes, strive to expand product sales, further strengthen cost control, strive to improve business performance and to realize sustainable and sound development. The Board is of the view that the Group's operations during the six months ended 30 June 2016 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 consolidated management accounts of the Group for the six months ended 30 June 2016 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 six months ended 30 June 2016 which is expected to be announced by the end of August 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, 1 August 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 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.