

[For Immediate Release]



**KING STONE ENERGY ANNOUNCES POSITIVE PROFIT ALERT**  
**Attributable to Significant Increase in Revenue and**  
**Amendment of the Terms of Convertible Notes**

(August 4, 2011, Hong Kong) – King Stone Energy Group Limited (the “Company” or “King Stone Energy”, stock code: 00663.HK) is pleased to announce that the Company is expected to record significant turnaround profit for the six months period ended 30 June 2011 as compared to the loss recorded for the six months ended 30 June 2010.

The turnaround profit for the period was largely attributable to the significant increase in the revenue of the Group’s mining business, supported by strong output growth, and that the fair value of convertible notes issued by the Company in December 2009 (“2009 CN”) no longer affected the financial results since the amendment of the terms in December 2010.

Mr. Wang Da Yong, Chairman of the Company commented, “Our strong growth strategy has allowed us to take full advantage of favourable industry conditions this year. We can be very proud of what we have achieved so far and I am excited about what the future holds for the Company. China’s robust demand for thermal coal is supported by its strong economic growth and this alone can provide King Stone Energy with a solid platform for growth. Supported by opportunistic merger and acquisition activities and strategic joint ventures, King Stone Energy is steadily becoming a leading integrated energy player in China.”

In July, the Company has signed the Sales and Purchase Agreement to acquire the stakes of Inner Mongolia Liaoyuan Coal Mining Company Limited (“Liaoyuan Coal Mining”). The acquisition is expected to further enhance the Company’s coal production capacity and reserves in Inner Mongolia.

The Company is still in the process of finalising its unaudited results for the six month period ended 30 June 2011 and the information in this announcement is based only on the preliminary review of the Company's unaudited consolidated management accounts.

### **About King Stone Energy Group Company Limited**

In December 2009, King Stone Energy expanded its business in coal mining through the acquisition of Eerduosi Hengtai Coal Company Limited in Inner Mongolia . The Company currently owns and operates coal mines located in Eerduosi, Inner Mongolia and Shuozhou, Shanxi. Under the leadership of a professional management team and backed by extensive operational and corporate governance experience, with the synergies of organic growth and acquisition, King Stone Energy Group aims at becoming a top diversified coal enterprise in China through organic growth and the synergies resulting from mergers and acquisitions.

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This press release is distributed by Kreab Gavin Anderson on behalf of King Stone Energy Group Company Limited

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