

[For Immediate Release]



King Stone Energy Announces its Interim Results 2011

Significant turnaround with sharp increase in revenue

(Hong Kong, 23 August 2011) – King Stone Energy Group Limited (“the Company” or “King Stone Energy”; stock code: 663.HK) announced today its 2011 interim results for the six months ended 30 June 2011 (“the reviewing period”).

RESULTS HIGHLIGHTS

- Revenue recorded HK\$532 million with significant increase of 42% in comparison to the same period of last year
- Gross profit increased 29% to HK\$244 million
- Profit attributable to owners of the Company made a significant turnaround to gain HK\$94 million (2010: loss of HK\$522 million)
- EBITDA upped 53% at HK\$363 million vs. HK\$237 million in the corresponding period of 2010
- Output in 1H 2011 has 47% increase to reach 2.2 million tonnes (2010: 1.5 million tonnes)
- Successfully acquired “Liaoyuan Coal Mine” in Inner Mongolia; Continue to grow through its strategic plan in developing its businesses vertically and horizontally

During the reviewing period, the total production output was 2.2 million tonnes, representing a yoy increase of 47%; Revenues amounted to HK\$532 million, representing a yoy increase of 42%; The gross profit was HK\$244million, representing a yoy increase of 29%; Company has achieved a significant turnaround with an EPS of HK\$0.078; EBITDA was HK\$363 million, representing a significant yoy increase of 53%. As certain terms of the convertible notes were amended at the end of last year, the fair value adjustment will no longer affect the results starting from this financial year. The Company believes its financial report is now truly reflecting its operating and financial performance.

In the first half of 2011, the Company has been making every effort to search new opportunities. In July, the Company completed its thermal coal mine acquisition in Inner Mongolia (“Liaoyuan Coal Mine”), which enhances the company’s production capacity, efficiency in management and operation; King Stone Energy has been looking for strategic alliance to build its solid business platform. During the first half of

the year, the Company entered into a joint venture agreement with CITIC Trust to establish a fund management company, jointly develop and invest in the areas of coal resources, environmentally-clean production and integrated utilization of coal, clean energy and energy-saving emission reduction. The establishment of the Joint Venture as well as CITIC Trust's full range support has opened up for King Stone Energy a platform of new growth opportunities in the PRC and overseas. The Company has also entered into strategic agreement with China Railway Energy to entitle priority usage of their coal transporting facilities, which would enhance the Company's competitiveness.

Commenting to the interim results of 2011, the Chairman of the Company, Mr. DaYong Wang stated, "With the stable economic growth in China, the demand for coal in the coming years may continue to soar and stimulate the coal price, which benefits the Group in pricing and growing opportunity. The management of the Company will continue seeking opportunity through a series of strategic plan and agreements. The acquisition of Liaoyuan Coal Mine enhances the Group's production capacity. The synergies created with our strategic partners, may also help King Stone Energy to stand out in the coal industry. The cooperation opportunities with two well-known enterprises, CITIC Trust and China Railway Energy, are the results of powerful business network and strategic management deployment of the team. It would absolutely be beneficial to the company's future development in both upstream and downstream business."

Looking forward, King Stone Energy will continue to develop and grow its business horizontally and vertically in order to enhance the Group's competitiveness, through its strengths and resources. In terms of horizontal business development, the Group will continue to strengthen its development capability, increase the production capacity of existing coal mines, seek for suitable merger and acquisition opportunities in neighboring areas which may support the product diversification strategy, and improve the cost-effectiveness in management, operation and construction. For the vertical chain development, The company will seize opportunities, as well as seek for strategic partners to enhance our competitiveness and expand the revenue sources, in order to build a leading diversified energy player. Experienced management team, business networks and established sales channel, as well as synergies created with our strategic partners, would help King Stone Energy to stand out in the coal industry. We shall keep up our efforts and conscientiously carry out our duties, to become a diversified coal mining company and bring great returns to our shareholders.

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. 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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