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KAISUN ENERGY GROUP LIMITED

凱順能源集團有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8203)

Strategic Cooperation Framework Agreement

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board (the “Board”) of the directors (the “Directors”) of Kaisun Energy Group Limited (the “Company”) is pleased to announce that on 21 January, 2011, the Company and Xinjiang Uygur Autonomous Region Coal Geology Bureau (新疆維吾爾自治區煤田地質局) have entered into a strategic cooperation framework agreement (the “Cooperation Agreement”) pursuant to which the parties, in order to develop a close and strategic cooperation relationship to explore the coal mining industry, the parties will sufficiently cooperate with each other, with major terms as follows:

Parties: (a) Xinjiang Uygur Autonomous Region Coal Geology Bureau (“Xinjiang Bureau”)
(b) Kaisun Energy Group Limited (“Kaisun Energy”)

- i. Leveraging on the core competences of both parties and in compliance with PRC laws, both parties will cooperate, explore and develop mining resources outside China.
- ii. Regarding potential projects outside China, Kaisun Energy will offer Xinjiang Bureau projects with good potential for joint cooperation, both parties will contemplate entering into definitive agreements for suitable projects.
- iii. Xinjiang Bureau will provide related capital and technology and cooperate with Kaisun Energy on joint exploration. Having obtained the results on the exploration, and after value of mine in the project can be ascertained by internationally recognized appraisals, both parties will split the shareholding on the project according to their contribution in form of capital and technology.
- iv. Xinjiang Bureau will provide suitable potential projects within China for cooperation, Kaisun Energy can cooperate with Xinjiang Bureau in accordance with the basic principles stated in (i) to (iii) above.
- v. This Strategic Cooperation Framework Agreement is valid for three years, and effective upon date of signing. The Cooperation Agreement can be extended if agreed by both parties before expiry.

Xinjiang Uygur Autonomous Region Coal Geology Bureau was established in 1956 and is Xinjiang Uygur Autonomous Region's professional geological exploration unit. The Bureau operates the 156 coal geology exploration team and the 161 coal geology exploration team, a comprehensive geologic survey team, a coal research centre, a comprehensive coal survey centre, a coal geology information

centre, a comprehensive laboratory, a coal-bed methane (CBM) research and development centre, a CBM testing centre and the Bureau's service centre etc. which totals about 10 geology exploration and research units. Xinjiang Bureau achieved remarkable results in areas of coal geology survey, geophysical exploration, CBM survey and evaluation, surveying & mapping, coal research, chemical processing of coal, coal quality evaluation and analysis, The Bureau had discovered 1.82 trillion tonnes of potential shallow coal reserve up to 2000m depth in 3 coal field reserve test in Xinjiang Uygur Autonomous Region.

The Cooperation Agreement sets out the general principles of cooperation between the parties. Detailed terms of further cooperation will be subject to definitive agreements to be entered into by both parties.

The entering into of the Cooperation Agreement is conducted in the usual and ordinary course of business of the Company and does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

By order of the Board
Kaisun Energy Group Limited
Chan Nap Kee, Joseph
Chairman

Hong Kong, 21 January, 2011

As of the date of this announcement, the executive Directors are Mr. Chan Nap Kee Joseph, Dr. Chow Pok Yu Augustine, Mr. Li Hong and Mr. Yang Yongcheng. The independent non-executive Directors are Mr. Liew Swee Yean, Mr. Siu Siu Ling Robert, Dr. Wong Yun Kuen and Mr. Anderson Brian Ralph.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company's website at www.8203.com.hk.

** for identification purpose only*