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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)

Letter of Intent with Xinjiang Coal Geology Bureau

This announcement is made pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The board (the “Board”) of the directors (the “Directors”) of Kaisun Energy Group Limited (the “Company”) is pleased to announce that on 14 November, 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 letter of intent (the “Letter of Intent”) pursuant to which the parties, based on the general principles of leveraging the core competences of both parties, mutually benefiting each other, in order to accelerate the development of exploring mineral resources, the parties will cooperate with each other in good faith, with major terms as follows:

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

- i. In compliance with PRC laws and government policies, based on principles of mutual benefit, both parties will cooperate to develop mining resources in Tajikistan regarding exploration, exploitation, etc. of coal mines.
- ii. Xinjiang Bureau agreed during preliminary period to send its technical experts to the three mines owned by Saddleback Mining Limited (“Saddleback”), which is wholly owned by Kaisun Energy, to conduct site visit, taking samples and drafting exploration program, which provide the basis of the geological exploration of the mines in Tajikistan for the future.
- iii. Kaisun Energy agreed to cooperate with Xinjiang Bureau to jointly develop the coal mines held by Saddleback. Xinjiang Bureau can own equity interest in Saddleback by providing cash, exploration services or plant and machinery in return.
- iv. Based on results obtained on the preliminary site visit, both parties agreed that a third party can be introduced in the future to jointly develop the coal resources held by Saddleback.
- v. Kaisun Energy welcome the appointment of board member(s) to Saddleback Mining Limited, to facilitate communication between parties and technical advice to be provided by Xinjiang Bureau.
- vi. Both parties agreed to set up periodic communication channel to facilitate timely communication, so as to ease implementation of cooperation between both parties.

- vii. This Letter of Intent is valid for three years, and effective upon the date of signing by both parties. The Letter of Intent 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 Letter of Intent 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 Letter of Intent 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 19 of the GEM Listing Rules.

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

Hong Kong, 14 November, 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.kaisunenergy.com.

** for identification purpose only*