



**Press Release**  
**(For immediate release)**

## **Fushan Energy ceases acquisition of Qipanjing Mining The Group will continue to pursue other acquisitions for further expansion**

(7 April 2010, Hong Kong) Fushan International Energy Group Limited (“Fushan Energy” or “the Company”; together with its subsidiaries referred to as the “Group”) (Stock Code: 639.HK), one of the largest hard coking coal producers in the PRC, announced that the Group did not proceed with the acquisition of 60% equity interest in Inner Mongolia Qipanjing Mining Company Limited (“Qipanjing Mining”) because the condition precedents in the Acquisition Framework Agreement entered in October last year were not satisfied to the Group. Meanwhile, the Group will strive to further increase capacity and operating efficiency of its existing coal mines and coal preparation plants. It will be actively involved in the coal industry restructuring in Shanxi Province and look for suitable acquisition targets to continuously drive growth and build a bigger market share.

The Group is currently in negotiations of acquiring 12 coking coal mines in Shanxi Province, all located in the vicinity of its three existing mines in Liulin County, Shanxi Province, with an estimated aggregate reserve of 442 million tonnes and an annual approved production capacity of not less than 6 million tonnes. If successful, this acquisition will enable the Group to centralize the management of its coal resources and thus to achieve greater synergies. In addition, the Group also expanded into iron ore operation by acquiring a certain equity interest in Mount Gibson, the fourth largest pure iron ore exploration and mining company in Australia. Upon completion of these transactions, the Group’s production capacity will be substantially increased.

Mr. Jimmy So, Deputy Managing Director of Fushan Energy, said, “The outlook for domestic coal industry in 2010 is quite promising. As the global economy bounces back, demand for steel will see stronger, which in turn will boost the demand for coking coal, a major raw material for steel production. On the other hand, domestic coking coal supply will remain tight since various provinces in China will take restructuring measures to enhance the competitiveness of local coal enterprises by closing down small-scale coal mines. Under the impact of supply shocks, both domestic and overseas coal prices have steadily climbed up since the beginning of this year and are set to



rise higher.”

Additionally, the Group has also dedicated its efforts to expand clean coal business in recent years. Save for the new coal preparation plant commenced operation in June last year, another two new coal preparation plants are expected to commence operation this year or in the early of next year. Accordingly, all of its three existing coking coal mines in Liulin County, Shanxi Province will have their own coal preparation plants, with total annual processing capacity soaring to 11 million tonnes. The Group will then be able to enjoy even greater economy of scale. Meanwhile, the railway linking Yinchuan, Ningxia and Taiyuan will start operation soon. It will largely improve the coal transportation capacity of Shanxi Province, therefore enabling the Group to expand its premier customer network to other provinces and strongly boost its growth.

- The End -

#### **About Fushan International Energy Group Limited**

Fushan International Energy Group Limited is one of the largest hard coking coal producers in the PRC. With a production base in Liulin County, Shanxi Province, it is principally engaged in coking coal mining and production and sale of raw and clean coking coal. It boasts three premier coking coal mines in Shanxi Province, i.e., Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine. Their total annual production capacity reaches 6.3 million tonnes. The Group has established long-term cooperation relationship with various major steel manufacturers in Mainland China, including Shougang Group, Handan Iron & Steel Group, Baogang Group and Taiyuan Iron and Steel Company. Shougang Group is the single largest shareholder of Fushan Energy.

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