ECSI limited

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Company Update

The board of ECSI Limited are pleased to announce that we have completed the 6 month review of Puneng. This is an important step for the due diligence process.

The 6 month review has identified a continued turn around in the performance in the Puneng's operations, with the months from April 2010 to September 2010 figures showing profitability. The below listed Profit Statement was supplied by Puneng Management and has not been audited. The improvement has been driven largely by the management restructure and continued improvement in the plants productivity. The losses in the first quarter were attributable higher coal prices as Puneng increased its coal inventory, ready for production in the ensuing months and seasonal factors of Chinese Lunar New Year.

Puneng - Profit Statement (January to September)			
Period		**2009**	**2010**
		RMB	**RMB**
January		-1,822,080	-9,248,181
February		-8,695,350	-346,963
March		-9,599,616	-4,703,176
April		-9,999,037	518,966
May		-11,570,113	497,464
June		-13,124,050	1,865,894
July		3,422,541	384,990
August		-14,966,435	191,367
September		-15,258,214	507,677
Total		-81,612,354	-10,331,962

This is an important turn around especially taking into the consideration of the expansion of the plant, which is due for completion in the first half of 2011.

A greater amount of Puneng's Cash flow has been allocated to the current construction and expansion of the facilities. This has placed some capital constraints on the Puneng goal of attaining full production in the current year. However, as Puneng increases production with the planned commissioning of the new battery of coking Ovens, funds will be directed to the purchase of raw material and thus the plant running at full capacity. The subsequent increase in production has been forward sold as Puneng has entered into a number of forward Sales contracts for Grade 2 Coking coal. These companies include Xiling Steel Group Limited, Jilin Steel International Trading Limited and Jilin Xin Da. The aggregated minimum contract amount is as follows: 320,000 tonnes in 2010, 900,000 tonnes in 2011 and 1,500,000 tonnes in 2012. The sale contracts are executable at market price.

The board has also decided to appoint RSM Bird Cameron as the alternate independent consultant to perform the Independent Expert Report. Their engagement was motivated by the fact that they have a previous track record and familiar with commercial transactions in China. They are also able to process and translate the foreign documentation in house.

Jim Green
Chairman