



DISCOVERING TOMORROW'S BLUE CHIPS TODAY™

VISIBILITY

RESEARCH UPDATE



L & L Energy, Inc.

(OTC BB: LLEN)

JANUARY 26, 2010 | TARGET PRICE: \$13.00 | RATING: BUY

ANALYST

Matthew Kantrowitz
Thomas Pfister

MARKET DATA

TICKER	LLEN
FISCAL YEAR	APRIL
SECTOR	COAL MINING
RECENT PRICE	\$5.95
TARGET PRICE	\$13.00
MARKET CAP	\$156.9M
52-WEEK HIGH - LOW	\$8.09 - \$0.55
PRICE/EARNINGS (TTM)	9.3X
PRICE/BOOK (MRQ)	3.1X
PRICE/SALES (TTM)	2.3X
SHARES OUTSTANDING	26.4M
FLOAT	12.8M
AVG DAILY VOLUME (3 MOS)	129,938
INSIDER OWNERSHIP	32.8%

As of January 25, 2010

FINANCIAL DATA

REVENUE (TTM)	\$57.3M
REV (TTM) PER SHARE	\$2.53
QRTL REV GRWTH YOY	139.0%
GROSS PROFIT (TTM)	\$30.3M
OPERATING MARGIN (TTM)	41.6%
EBITDA	\$23.8M
NET INCOME (TTM)	\$14.7M
DILUTED EPS (TTM)	\$0.66
QRTL EPS GRWTH (YOY)	171.4%
CASH & EQUIV (MRQ)	\$11.3M
CASH (MRQ) PER SHARE	\$0.46
TOTAL DEBT/EQUITY	44.5%
BOOK VALUE PER SHARE	\$1.90
ROE (TTM)	44.2%
ROA (TTM)	22.5%

With a new corporate name and a string of strategic acquisitions, L&L Energy Inc. has surpassed RedChip estimates and expectations over the past few months. After the Company quickly and successfully integrated the profitable Hon Shen coal washing operations in July, LLEN added the Hon Shen coal coking factory, the Hong Xing coal washing factory, and the Ping Yi coal mining operations to the Company's portfolio. We view the recent acquisitions, the favorable state of the Chinese coal industry, and the potential uplisting to the NASDAQ as positive factors that we believe will serve to further share price appreciation.

Production capacity		
	Current capacity	Future capacity
Coal Mines		
DaPuAn Coal Mine	150,000	300,000
SuTsong Coal Mine	90,000	150,000
PingYi Coal Mine	150,000	300,000
Coal Washing		
DaPuAn Coal Washing	290,000	290,000
Hon Shen Coal Washing	300,000	300,000
Hong Xing Coal Washing	150,000	600,000
Ping Yi Coal Washing	N/A	600,000
Coal Coking		
Hon Shen Coal Coking	300,000	300,000
Exploration		
TianRi Coal Mine	N/A	N/A
Laos Coal Mine	N/A	N/A
Coal Mining Total	390,000	750,000
Coal Washing Total	740,000	1,790,000
Coal Coking Total	300,000	300,000

INVESTMENT HIGHLIGHTS

Corporate name change. To reflect the Company's vision to become an integrated energy provider in China, the corporate name was changed on January 6, 2010 to L&L Energy, Inc. with a new stock trading symbol "LLEN". Coupled with recent additions to the Company's management team and independent board, we believe these moves are signs of LLEN getting closer to uplisting on NASDAQ, a move that will give the Company greater visibility and access to a larger number of institutional investors.



Acquisitions further vertical integration strategy. The acquisitions of the Hon Shen coal washing and coal coking facilities, the Hong Xing coal washing facility, and the subcontract agreement with Ping Yi coal mines have advanced LLEN's vertical integration strategy. Future acquisitions in the near to medium-term will likely focus on coal mines able to supply LLEN's coal washing facilities (coal washing is a low margin business on its own, but if LLEN is able to supply the majority of the coal from its own facilities, then the washed coal product will become a high margin product for LLEN).

Mine expansion happening at the right time; poised to take advantage of Chinese mine consolidation. Chinese coal supply is being restricted by the closure of small mines, giving LLEN the opportunity to profit from higher coal prices as a result of lower supply. Following the deaths of 3,770 Chinese workers in 2007, the Chinese government moved to begin closing dangerous mines, starting in 2008. In September, China's energy chief, Zhng Guobao, head of the National Energy Administration, announced that China was going to speed up the closure of small mines with the goal to have less than 10,000 small mines remaining open by the end of 2010. The government is encouraging large mine owners to take over smaller mines in order to make them safer, improve productivity, and consolidate China's fragmented coal industry. These factors remind us of the great opportunity LLEN currently has to increase their coal production capacity through acquisition while simultaneously benefiting from increased coal prices owing to reduced supply.

Demand for coking coal on the rise. China is the world's largest steel maker producing a record 570 millions tons of steel in 2009 and according to the China Securities Journal, that total may exceed 600 million tons this year. The strong demand in Chinese steel provides a catalyst for higher coking coal prices in 2010. Just about 70% of steel production uses coking coal and China lacks the supply from domestic producers to meet the escalating demand. Coking coal imports from China rose twelve-fold in 2009 and just last month, Xishan Coal and Electricity Power Co., an entity of China's top listed coking coal producer, said that it will raise the price it charges for coking coal beginning in January from 1,125 yuan (about \$165) to 1,215 yuan (about \$178) per ton. LLEN's 93% interest in the Hon Shen coking coal operations, gives the Company another line of business that moves the vertical integration plan forward while providing a way to profit from the growing Chinese steel industry.

Private placements provide funding for expansion. LLEN has raised funds through a couple of recent private placements in October and November of 2009. We appreciate the fact that CEO Dickson Lee put up his own shares as collateral in several make good provisions related to these raises. However, we were disappointed that the Company was unable to obtain a higher selling price for their units and instead accepted a 20% discount to the volume weighted average price for the 20 days prior to September 29, 2009. With the Company indicating that it will need to raise more money through equity raises in 2010, another offering at a significant discount to the prevailing stock price could drive shares lower. That said, Mr. Lee's confidence in LLEN's ability to reach year-end revenue and net income guidance during a period of aggressive expansion is encouraging.



Details of the last two private placements are presented below:

Oct. 8 Private Placement		
	Shares	Selling/Exercise Price
Common Stock	1,371,021	\$3.90
Warrants	822,613	\$5.62
Laidlaw Warrants	109,682	\$6.11
Total Net Proceeds		\$4,919,222

- Gross proceeds totaled \$5,346,980.
- Warrants have a term of 60 months starting from October 8, 2009.
- Laidlaw, the placement agent and financial advisor for the private placement, received warrants to purchase 109,682 common shares at \$6.11 and cash equal to 8% percent of the gross proceeds raised, or about \$427,758.
- LLEN entered into two make good escrow agreements with the investors involved in the Oct. 8 private placement. The first agreement states that if LLEN does not reach \$32.04M of after tax net income before minority interest in FY2010, then the investors will receive 750,000 of CEO Dickson Lee's shares, which have been placed into escrow. The second make good escrow agreement states that if LLEN does not reach \$108.11895M in net revenues in FY2010, then the investors will receive 750,000 of CEO Dickson Lee's shares, which have been placed into escrow.

Nov. 6 Private Placement		
	Shares	Selling/Exercise Price
Common Stock	835,389	\$3.90
Warrants	501,236	\$5.62
Placement Agent Warrants	66,832	\$6.11
Total Net Proceeds		\$2,997,360

- Gross proceeds totaled \$3,257,999.70.
- Warrants have a term of 60 months starting from November 6, 2009.
- The placement agent received warrants to purchase 109,682 common shares at \$6.11 and cash equal to 8% percent of the gross proceeds raised, or about \$427,758.
- LLEN has also entered into two make good escrow agreements with the investors involved in the private placement. The first agreement states that if LLEN does not reach \$32.04M of after tax net income before minority interest in FY2010, then one of two scenarios will play out:
 1. If after tax net income before minority interest in FY2010 is \$16.02M or lower, then investors will receive about 197,808 of CEO Dickson Lee's shares, which have been placed into escrow.
 2. If after tax net income before minority interest in FY2010 is higher than \$16.02M, then the amount of shares that investors receive will be determined by the following formula:



$197,808 * (32,040,000 - \text{FY2010 ATNI}) * 2 / 32,040,000$

• The second make good escrow agreement states that if LLEN does not reach \$108.11895M of net revenues in FY2010, then one of two scenarios will play out:

1. If net revenue in FY2010 is \$54,059,475 or lower, than investors will receive about 197,808 of CEO Dickson Lee's shares, which have been placed into escrow.
2. If net revenue in FY2010 is higher than \$54,059,475, then the amount of shares that investors receive will be determined by the following formula:

$197,808 * (108,118,950 - \text{FY2010Revenue}) * 2 / 108,118,950$

Increasing majority interest in mining and coal washing operations. LLEN completed the acquisition of the Hon Shen coking operations, while also increasing their majority interest in the Hon Shen coal washing operations, from 65% to 93%. Additionally, in 2QFY10, LLEN increased their majority interest in the DaPuAn and SuTsong mines to 80%, up from 60% previously without giving any additional compensation to the minority interest holders, however LLEN did forgive \$4.3 million in short-term loans that were issued to the original owners of the two mines.

FINANCIAL DISCUSSION

LLEN had an excellent 2QFY10 (the quarter ended October 31, 2009), beating RedChip and company estimates. We were pleasantly surprised how quickly the Company was able to integrate their new business lines while avoiding a significant drop in margins. Following this quarter's operating results, it is clear that we were far too pessimistic about LLEN's margins. As can be seen in the chart below, LLEN's gross margin was much higher than our projection, posting a gross margin of 51.8% in 2QFY10, versus our estimate of 37.6%. We were concerned about the Company's new coal washing business weighing down margins (in fact the recently acquired Hon Shen coal washing facility did generate only 12.8% gross margin for the first six months of FY10), however gross margin was enhanced by the synergies of having the DaPuAn mine and washing facility at the same site which allows LLEN to offer the higher value washed coal product at a lower cost.

2nd Quarter Summary							
	2QFY10A	2QFY10 (RedChip estimates)	% Diff. (vs. RC)	2QFY10 (Company estimates)	% Diff. (vs. Company)	2QFY09	YOY % Change
Revenue	24.5	22.3	10.0%	24.0	2.0%	10.2	139.0%
Gross Profit	12.7	8.4	51.3%	10.9	16.1%	5.7	122.2%
Gross Margin	51.8%	37.6%	37.6%	45.5%	13.8%	55.7%	-7.0%
Operating Income	9.1	6.7	36.3%	9.2	-0.7%	4.6	100.8%
Operating Margin	37.4%	30.1%	24.0%	38.4%	-2.7%	44.5%	-16.0%
Net Income	6.9	4.0	73.5%	6.3	11.0%	2.4	195.1%
Net Margin	28.4%	18.0%	57.8%	26.1%	8.9%	23.0%	23.5%
EPS	0.29	0.16	81.3%	N/A	N/A	0.10	190.0%



In addition to better than expected margins, LLEN beat EPS projections, earning \$0.29 per diluted share in 2QFY10 compared to our estimate of \$0.16 per diluted share.

Income Statement Summary			
	2QFY10	2QFY09	YOY % Change
Revenue	\$24.5	\$10.2	139.0%
Gross Profit	\$12.7	\$5.7	122.2%
Gross Margin	51.8%	55.7%	-7.0%
Salaries & Wages as a % of rev	6.5%	5.2%	24.9%
S,G, & A as a % of rev	7.9%	6.0%	31.8%
Operating Profit	\$9.1	\$4.6	100.8%
Operating Margin	37.4%	44.5%	-16.0%
Net Income	\$6.9	\$2.4	195.1%
Net Margin	28.4%	23.0%	23.5%
EPS	\$0.29	\$0.10	170.8%

in USD millions, except for percentages and per share data

- The 139.0% year-over-year gain in revenue has come from the addition of the Hon Shen coal washing and coking operations, along with the completion of the DaPuAn coal washing facility.

Segment Revenue			
	2QFY10	2QFY09	% YOY Change
L&L Coal	\$12.4	\$7.2	72.1%
Hon Shen	\$8.3	\$0.0	N/A
KMC	\$3.7	\$3.0	21.8%

in USD millions, except percentages

- The decline in gross margin was due to a change in product mix, namely the addition of the Hon Shen coal washing operations.
- A steep increase in expenses relating to the acquisition of Hon Shen and the addition of personnel to the DaPuAn coal washing facility led to the decline in operating margin. Additionally, in regards to the October 8 private placement, where warrants were sold at a price unequal to the stock price at the time, the Company has taken an amortization of service costs charge of \$688,131 in the quarter, which led to a lower operating margin.
- Net margin increased principally for two reasons: 1) a non-cash gain due to the reduction of debt, and an increase in the Company's ownership of the DaPuAn and SuTsong mines, along with an increase in ownership of the Hon Shen coal washing facility, during the quarter. Due to this, income attributable to non-controlling interests was \$1.89M in 2QFY10, only a marginal increase compared to \$1.85M in 2QFY09.



Balance Sheet/Ratios Summary			
	2QFY10	2QFY09	YOY % Change
Cash & Short-term Investments	\$11.3	\$4.9	133.8%
Working Capital	\$31.3	\$25.2	24.4%
Long-term Debt	\$3.3	\$3.0	10.0%
Total Debt	\$20.9	\$17.5	19.6%
Current Ratio	2.8x	2.7x	1.3%
Avg. Days Sales Out.	66.04	110.61	-40.3%
Debt/Equity	0.45	0.84	-47.2%
Altman Z Score	6.44	3.35	92.2%

in USD millions, except ratios and percentages

- The Company's improved cash balance comes from a combination of the private placement done on October 8 and LLEN's improved cash flow this year. For the six months ending October 31, 2009, LLEN has cash flow from operations totaling \$11.9M, compared with \$1.2M ((\$0.71M) from continuing operations) for the six months ending October 31, 2009.
- LLEN has significantly reduced their average days sales outstanding (DSO) from a year ago, leading to a more robust cash flow.
- LLEN's debt to equity declined 47.2% from a year ago. The only interest payments that the Company has as of October 31 are three short-term bank loans, which were taken on when LLEN acquired HSC.

LLEN Loan Chart		
Time Period	Annual Interest Rate	Loan Amount
4/13/09 to 4/13/10	11.1%	\$512,445
1/21/09 to 1/21/10	9.9%	\$439,239
11/28/08 to 11/29/09	11.1%	\$790,630
	Total	\$1,742,313

LLEN has been very aggressively expanding its business all without acquiring lots of debt or significantly diluting the shareholder base. This is a testament to the Company's strong leadership and business model. However, even considering the Company's strong and increasing cash position, there is still potential for further near-term and longer-term dilution. To start, the following chart shows the warrants outstanding for LLEN as of October 31, 2009:

Warrants Outstanding				
Type of Warrant	Range of Exercise Prices	Total Warrants Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
D & E	\$2.25 - \$3.00	1,197,999	4.44	\$2.89
H, I, J & K	\$1.00 - \$2.60	3,498,800	0.66	\$1.74
L	\$5.62 - \$6.11	932,295	4.85	\$5.68

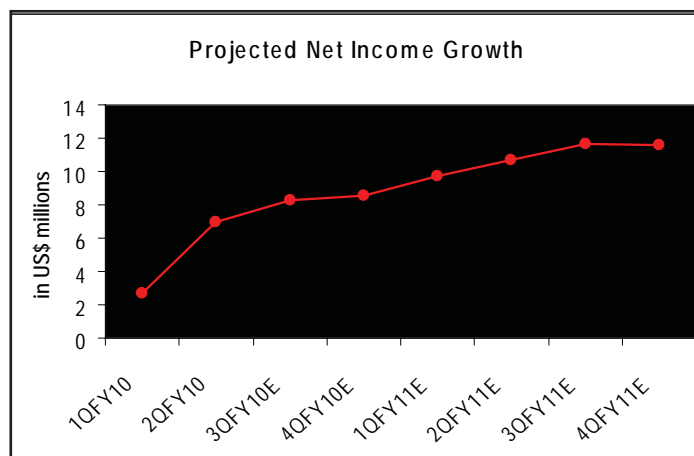
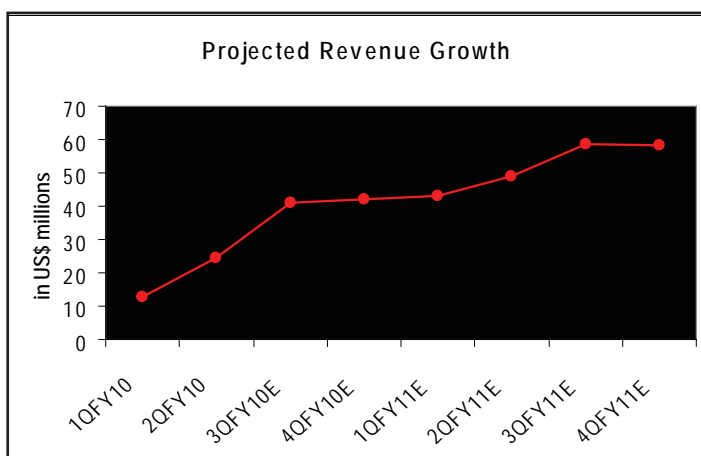


Nearly 3.5 million warrants outstanding are set to expire with a weighted average remaining life of 0.66 years and exercise prices ranging from \$1.00 - \$2.60. As of January 4, the Company stated that the shares outstanding totaled 26,364,579 (an increase from October 31 when LLEN had shares outstanding of 24,712,720). We calculate at least an additional 2.68 million warrants to be exercised from the H, I, J & K warrant classes allowing shares outstanding to soon reach 30 million shares, which would be in line with company projections.

Additionally, the rest of the Company's warrants outstanding are in the money, indicating further potential dilution. Further equity raises may be necessary considering LLEN's aggressive expansion plans. In LLEN's projected financial statements, diluted shares at the end of FY2011 are projected to be 38 million. We believe that due to the discount at which the Company has been selling its shares in its recent private placements, the fact that the warrants LLEN has issued are already in the money, and that future equity raises may also be offered at a significant discount to the share price, leads us to believe that the diluted share count could rise above company estimates. The need for future raises will be determined by how many acquisitions and how much the Company intends to spend to increase their capacity at their mines and facilities, how much further investment the Company puts into exploring the Tian-Ri and Laos mines, and how much cash LLEN is able to produce from operations.

FORWARD ESTIMATES

Forward Estimates				
	3QFY10 (RedChip Estimates)	3QFY10 (Company Estimates)	FY2010 (RedChip Estimates)	FY2010 (Company Estimates)
Revenue	\$41.1M	\$34.2M	\$120.4M	\$108.1M
Gross Profit	\$17.1M	\$16.7M	\$53.5M	\$51.8M
Gross Margin	41.6%	48.7%	44.4%	47.9%
Net Income	\$8.3M	\$9.1M	\$26.5M	\$28.1M
Net Margin	20.2%	26.6%	22.0%	26.0%
EPS	\$0.32	N/A	\$1.03	\$0.94





For FY2011 we project revenue of \$209.1M, net income of \$43.6M, and EPS of \$1.18, compared to management estimates of revenue of \$156.7M, net income of \$41.8M, and EPS of \$1.10. Our estimates are taking into account the recent acquisition of the Hong Xing coal washing facility, along with the construction of the 600,000 ton coal washing facility that is currently being built by Ping Yi. While we feel that LLEN will make additional acquisitions, particularly the additional of new coal mines, we have no visibility to project this out until the acquisitions have been finalized.

PEER GROUP

Company Name	Stock Price	Market Cap	LTM Revenue	Diluted EPS	P/Diluted EPS	LTM Gross Margin (%)	Return on Equity (%)	1 Yr Total Rev Growth (%)
L & L Energy, Inc. (OTCBB:LLEN)	\$6.15	\$162.1	\$57.3	\$0.65	9.5x	52.89	44.17	75.82
China Energy Corp. (OTCBB:CHGY)	\$0.80	\$36.0	\$16.6	\$0.07	11.9x	16.59	16.12	(28.85)
Puda Coal Inc. (AMEX:PUDA)	\$7.35	\$114.9	\$218.3	\$0.43	17.2x	8.63	9.16	(3.85)
Songzai International Holding Group Inc., (OTCBB:SGZH)	\$8.74	\$130.5	\$68.4	\$1.92	4.6x	60.00	58.77	21.35
Yanzhou Coal Mining Co. Ltd. (NYSE:YZC)	\$20.90	\$4,090.0	\$3,056.5	\$1.36	15.4x	38.97	27.35	(16.86)
Median					13.6x	27.78	21.73	-10.35

As of January 22, 2010

Company Name	Stock Price	Market Cap	LTM Revenue	Diluted EPS	P/Diluted EPS	LTM Gross Margin (%)	Return on Equity (%)	1 Yr Total Rev Growth (%)
L & L Energy, Inc. (OTCBB:LLEN)	\$6.15	\$162.1	\$57.3	\$0.65	9.5x	52.89	44.17	75.82
China Shenhua Energy Co. Ltd. (SEHK:1088)	\$4.90	\$97,466.7	\$17,248.8	\$0.22	22.7x	48.83	19.25	18.33
Datang International Power Generation Co. Ltd. (SEHK:991)	\$0.43	\$5,089.1	\$6,603.7	\$0.02	18.8x	17.11	7.17	23.84
Datong Coal Industry Co. Ltd. (SHSE:601001)	\$6.59	\$5,514.0	\$1,237.5	\$0.32	20.6x	60.60	28.51	0.52
Inner Mongolia Yitai Coal Co. Ltd. (SHSE:900948)	\$8.65	\$6,331.1	\$1,690.6	\$0.67	13.0x	50.78	49.91	49.45
Jizhong Energy Resources Co., Ltd (SZSE:000937)	\$6.09	\$4,800.6	\$1,401.7	\$0.16	37.4x	33.63	14.99	11.99
Median					20.6x	48.83	19.25	18.33

As of January 22, 2010

- The median P/E of the four companies trading on American exchanges is 13.6x trailing twelve months, slightly higher than LLEN's P/E ttm of 9.5x.
- We estimate LLEN's forward P/E to be 5.3x.
- LLEN has higher gross margins than all but two of its peers, a higher ROE than all but two of its peers, and the highest revenue growth out of both peer groups.



INVESTMENT CONCLUSION

We maintain our Buy rating on LLEN, and raise our twelve month price target to \$13.00. Our price target is derived by applying the median P/E multiple of 13.6x (taken from our American listed coal companies peer group) to our 12-month forward EPS estimate of \$1.16. We have applied a risk factor of 20%, taking into account the potential uncertainties arising from further share dilution and the unpredictable nature of growing the Company through mostly inorganic means.

12-MONTH PRICE/VOLUME CHART





Quarterly Income Statement

All Figures in US\$, except share data

FY Ending April 30,	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10
Net Revenues	10,244,949	9,989,470	10,037,728	12,745,050	24,482,676
Cost of Revenues	(4,541,646)	(4,485,767)	(3,654,372)	(6,684,640)	(11,809,412)
Gross Profit	5,703,303	5,503,703	6,383,356	6,060,410	12,673,264
Salaries & Wages	(533,686)	(772,381)	825,514	(327,948)	(1,592,617)
Selling, General and Administrative Expenses	(612,938)	(572,288)	(1,646,455)	(825,937)	(1,930,986)
Operating Income	4,556,679	4,159,034	5,562,415	4,906,525	9,149,661
Interest Income/expense	(34,836)	(344,739)	174,774	(3,598)	(29,704)
Other Income/expense	(76,272)	87,719	(2,887)	100,358	528,697
Earnings before Taxes	4,445,571	3,902,014	5,734,302	5,003,285	9,648,654
Taxes and Other Expenses					
Provision for Income Tax	(269,484)	-	(1,219,457)	(352,634)	(814,764)
Minority Interest (After Tax)	(1,849,312)	(1,565,812)	(1,920,272)	(1,956,522)	(1,887,109)
Earnings of Discontinued Operations	27,097	76,082	-	-	-
Loss on Disposal of Discontinued Operations	-	(382,961)	-	-	-
Net Income	2,353,872	2,029,323	2,594,573	2,694,129	6,946,781
Basic Earnings Per Share	0.11	0.10	0.13	0.13	0.31
Diluted Earnings Per Share	0.10	0.09	0.12	0.13	0.29
Basic Weighted Average Shares Outstanding	21,987,912	22,089,898	20,661,962	21,167,409	22,726,935
Diluted Weighted Average Shares Outstanding	22,386,910	22,488,896	20,784,968	21,307,409	24,397,083



Quarterly Balance Sheet

All Figures in US\$

FY Ending April 30,

	2QFY09	3QFY09	4QFY09	1QFY10	2QFY10
Current Assets					
Cash and Cash Equivalents	4,852,656	8,199,819	5,098,711	6,435,149	11,345,517
Accounts Receivables	13,516,296	10,954,105	16,906,010	15,628,715	19,518,573
Other Receivables	6,116,679	5,956,068	9,360,881	8,777,646	7,666,357
Inventories	4,804,953	1,766,666	1,524,493	2,701,468	3,200,571
Prepaid and Other Current Assets	6,095,539	7,490,963	3,611,371	3,003,970	5,429,122
Receivable for Disposal of an Entity	-	3,020,592	-	-	-
Loans to Business Associates	4,300,000	4,300,000	5,983,636	6,188,296	1,866,917
Total Current Assets	39,686,123	41,688,213	42,485,102	42,735,244	49,027,057
Non Current Assets					
Construction in Progress	-	-	2,085,134	6,285,466	10,061,162
Property and Equipment, net	6,873,012	4,712,429	5,243,142	7,404,273	12,694,855
Investments	78,507	-	1,275,660	1,288,097	1,539,792
Deferred Tax Assets	-	-	105,329	105,175	105,175
Goodwill	1,591,704	-	-	-	-
Intangible Assets	2,507,331	2,500,000	2,507,331	2,503,660	2,557,303
Investment Held in a Subsidiary Disposed Off	-	573,677	573,677	573,677	573,677
Other Receivables	597,140	-	-	-	-
Mining Rights Receivable	-	355,603	-	-	-
Due from Minority Shareholders	4,313,071	-	-	-	-
Total Assets	55,646,890	49,829,922	54,275,375	60,895,592	76,559,021
Current Liabilities					
Accounts Payable	5,170,878	6,995,644	4,930,866	3,491,084	1,601,893
Accrued Expenses and Other Liabilities	1,183,828	1,788,837	953,395	1,283,606	1,881,479
Bank Loan and Bank Line of Credit	397,361	396,199	-	-	1,742,313
Taxes Payable	2,911,162	1,062,677	6,014,922	5,458,889	6,371,517
Customer Deposits	3,952,222	4,611,227	300,435	494,706	2,303,770
Current Portion of Long-term Payable	-	-	3,000,000	4,464,129	3,795,360
Due to Shareholders	892,916	-	910,791	858,686	-
Due to Officers	-	910,934	-	-	-
Total Current Liabilities	14,508,367	15,765,518	16,110,409	16,051,100	17,696,332
Non Current Liabilities					
Long-term Payables	3,000,000	3,000,000	3,000,000	3,000,000	3,250,366
Total Liabilities	17,508,367	18,765,518	19,110,409	19,051,100	20,946,698
Shareholders' Equity					
Common Stock - Par Value	22,155	20,919	21,201	22,032	24,713
Additional Paid in Capital	12,156,967	9,648,030	9,604,694	10,899,438	29,602,451
Service Cost being Amortized	-	-	-	-	(5,037,453)
Retained Earnings	8,002,483	10,031,805	12,200,838	14,894,967	21,841,748
Accumulated Other Comprehensive Income	-	-	669,913	631,808	631,808
Foreign Currency Translation	670,583	670,149	-	-	-
Deferred Stock Compensation	(84,667)	(74,167)	(63,667)	(53,167)	(44,667)
Treasury Stock - Common	-	(1)	-	-	-
Total Shareholders Equity	20,767,521	20,296,734	22,432,979	26,395,078	47,018,600
Non-controlling Interest	17,371,000	10,767,670	12,731,987	15,449,414	8,593,723
Total Equity	38,138,521	31,064,404	35,164,966	41,844,492	55,612,323
Total Liabilities & Shareholders Equity	55,646,890	49,829,922	54,275,375	60,895,592	76,559,020



Quarterly Cash Flow Statement

All Figures in US\$

FY Ending April 30,

	2QFY09	3QFY09	Annualized 4QFY09	1QFY10	2QFY10
Operating Activities					
Net Income	8,560,733	7,600,411	10,194,984	2,694,129	13,484,541
Depreciation and Amortization	979,276	239,185	481,863	768,114	526,202
Issuance of Common Stock for Services	264,290	-	1,274,068	619,262	-
Issuance of Common Stock as Gift	-	-	36,385	-	-
Minority Interest Income	-	5,395,058	7,315,330	1,956,522	-
Income (Loss) from Discontinued Operations	-	(237,741)	(237,741)	-	-
Amortization of Deferred Compensation	21,000	31,500	42,000	10,500	19,000
Amortization of Service Costs	-	-	-	-	688,131
Gain on Reduction of Debt	-	-	-	-	(528,697)
Deferred Tax Assets	(3,434)	-	24,803	154	154
Long-term Payable	-	3,000,000	3,000,000	-	-
Accounts Receivable	(7,785,760)	(13,472,544)	(16,403,858)	1,277,294	(2,348,100)
Loan to Associate	-	-	(956,861)	(204,660)	-
Inventory	(839,121)	(430,177)	(188,004)	(1,176,975)	(1,516,442)
Accounts Payable and Other Payables	3,851,077	6,732,382	7,667,605	24,347	(388,720)
Taxes Payable	147,577	(549,686)	3,811,741	(556,033)	348,333
Prepaid and Other Current Assets	(10,365,931)	(11,406,925)	(12,044,873)	1,190,637	(1,817,751)
Other Receivable	-	-	-	-	1,694,524
Customer Deposits	3,271,274	4,198,430	(11,244)	194,271	1,176,480
Accrued Liabilities and Other Liabilities	1,184,469	2,019,709	1,468,957	278,106	597,721
KMC - mining right	-	(355,603)	-	-	-
Net Cash Provided By (Used In) Operating Activities of: Discontinued Operations	1,872,611	12,029,379	12,100,082	-	-
Cash Flow from Operating Activities	1,158,061	14,793,378	17,575,237	7,075,668	11,935,376
Investing Activities					
Acquisition of Property and Equipment	(5,360,054)	(4,478,841)	(7,820,446)	(2,909,227)	(1,682,233)
Acquisition of Business, net	1,600,000	-	-	-	(306,460)
Acquisition of Construction-in-progress	-	-	(2,085,133)	(4,200,333)	(7,976,029)
Change in Minority Interest Due to Acquisition and Disposal	-	-	(2,451,697)	760,906	-
(Increase)/Decrease in Investments	232,658	(164,945)	(1,405,461)	(12,437)	(264,132)
Changes in Fixed Assets	-	-	-	(20,018)	-
Changes in Intangible Assets	(2,507,331)	(2,500,000)	(2,507,331)	3,671	-
Net Cash Provided By Investing Activities of Discontinued Operation	-	3,737,104	3,666,402	-	-
Cash Flow from Investing Activities	(6,034,727)	(3,406,682)	(12,603,666)	(6,377,438)	(10,228,854)
Financing Activities					
Loan to Associates	726,775	-	-	-	(183,281)
Proceeds from Long-term Debt	3,000,000	-	-	-	-
Change in Noncontrolling Interest Due to Acquisition and Disposal	5,773,399	(2,495,742)	-	-	-
Payments of Debt	-	-	-	-	(625,000)
Payment to Shareholder	-	-	-	-	(910,791)
Net Borrowing on Bank Line of Credit	397,361	396,199	-	-	-
Proceeds from Issuance of Common Stock	314,963	-	833,786	201,313	5,543,790
Proceeds from Stock Sale and Subscriptions	-	(330,923)	-	-	-
Warrants Converted to Common Stock	-	-	50,000	475,000	750,000
Net Cash Provided By (Used In) Financing Activities of Discontinued Operations	(2,274,430)	(2,274,430)	(2,274,430)	-	-
Cash Flow from Financing Activities	7,938,068	(4,704,896)	(1,390,644)	676,313	4,574,718
Foreign Exchange Rate Effect on Cash and Cash Equivalents					
	570,244	569,810	569,574	(38,105)	(34,434)
Cash Flow Net Changes in Cash	3,631,646	7,251,610	4,150,501	1,336,438	6,246,806



L & L Energy, Inc. (OTC BB: LLEN)

PROJECTED FINANCIAL STATEMENTS

RESEARCH UPDATE

Projected Income Statement 2010

All Figures in US\$, except share data

FY Ending April 30,	1QFY10	2QFY10	3QFY10E	4QFY10E	FY2010E
Total revenues	12,745,050	24,482,676	41,087,805	42,134,388	120,449,919
Cost of revenues	(6,684,640)	(11,809,412)	(23,997,442)	(24,421,668)	(66,913,162)
Gross profit	6,060,410	12,673,264	17,090,363	17,712,720	53,536,756
Personnel costs	(327,948)	(1,592,617)	(2,588,532)	(2,654,466)	(7,163,563)
Selling, general and administrative	(825,937)	(1,930,986)	(3,163,761)	(3,244,348)	(9,165,032)
Operating income	4,906,525	9,149,661	11,338,070	11,813,905	37,208,161
Interest income/expense	(3,598)	(29,704)	(30,839)	(11,220)	(75,361)
Other income	100,358	528,697	-	-	629,055
Income before income taxes	5,003,285	9,648,654	11,307,231	11,802,685	37,761,855
Income taxes	(352,634)	(814,764)	(2,096,022)	(2,212,463)	(5,475,883)
Minority interest	(1,956,522)	(1,887,109)	(922,094)	(1,024,473)	(5,790,198)
Net income	2,694,129	6,946,781	8,289,115	8,565,750	26,495,775
Net income (loss) per share - diluted	0.13	0.29	0.32	0.27	1.03
Diluted weighted average shares outstanding	21,307,409	24,397,083	26,262,579	31,177,203	25,786,069

Projected Income Statement 2011

All Figures in US\$, except share data

FY Ending April 30,	1QFY11E	2QFY11E	3QFY11E	4QFY11E	FY2011E
Total revenues	43,271,423	48,942,785	58,666,128	58,197,657	209,077,993
Cost of revenues	(23,832,401)	(27,674,391)	(35,311,680)	(34,998,742)	(121,817,214)
Gross profit	19,439,022	21,268,394	23,354,447	23,198,915	87,260,779
Personnel costs	(2,726,100)	(3,083,395)	(3,695,966)	(3,666,452)	(13,171,914)
Selling, general and administrative	(3,331,900)	(3,768,594)	(4,517,292)	(4,481,220)	(16,099,005)
Operating income	13,381,023	14,416,404	15,141,189	15,051,243	57,989,860
Interest income/expense	-	-	-	-	-
Income before income taxes	13,381,023	14,416,404	15,141,189	15,051,243	57,989,860
Income taxes	(2,509,947)	(2,521,423)	(2,397,200)	(2,385,762)	(9,814,332)
Minority interest	(1,160,834)	(1,181,435)	(1,102,902)	(1,095,682)	(4,540,853)
Net income	9,710,242	10,713,547	11,641,087	11,569,799	43,634,674
Net income (loss) per share - diluted	0.28	0.29	0.31	0.29	1.18
Diluted weighted average shares outstanding	34,928,369	36,325,504	37,778,524	39,289,665	37,080,515



Analyst Certification

The analysts contributing to this report do not hold any shares of LLEN. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. RedChip Companies Inc. certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst authoring this report.

RedChip Visibility Research Universe

RedChip Visibility, a division of RedChip Companies Inc., covers small and micro cap companies with market caps ranging from \$5.5M to \$1.2B. Each company is typically covered for at least 12 months. New companies may be added or removed at any time.

RedChip Visibility Coverage Universe		
Rating	Number of Covered Companies	Percentage of Universe
Strong Buy	2	15.4%
Buy	8	61.5%
Speculative Buy	3	23.1%
Hold	0	0.0%
Sell	0	0.0%

RedChip Rating System

STRONG BUY

The current price reflects a substantial discount from the market and from its peers, and the company does not possess significant financial risk within its risk category. Future growth potential is undervalued relative to the company's stock price. The analyst believes the stock at current levels represents a compelling opportunity for capital gains over the time period to its target price.

BUY

The current price reflects a discount from the market and from its peers, and the company does not possess significant financial risk within its risk category. The analyst believes the stock at current levels will provide an opportunity for capital gains over the period of its target price. Several factors can indicate an undervaluation of the company's shares.

SPECULATIVE BUY

The current price appears to offer potential gains though risk is considerably higher given its risk category. There may be insufficient historical data or clear-cut prospects to warrant a "Buy," but the analyst believes that the long run prospects of the Company are positive. The analyst believes its risk reward ratio advocates purchase of the stock. In the short term, the stock may be subject to high volatility and continue to trade at a discount to its market.

HOLD

The analyst is unable to assign a buy rating due to a number of specified factors noted in the report. These include the stock being fairly valued relative to its peers and the market, or the company may have risks that make it potentially unsuitable for investment within its risk category. Similarly there are no currently known compelling factors that would warrant selling. The analyst will remain neutral pending developments.

SELL

The analyst believes that the Company is overvalued based on its current status. The future of the Company's operations may be questionable and there is an extreme level of investment risk relative to reward given its risk category. An investment in the company may produce below market returns and/or deficits.

About RedChip

RedChip Companies is an international, small-cap research and financial public relations firm headquartered in Orlando, Florida; with affiliate offices in Qingdao, China; Paris and San Diego. RedChip delivers concrete, measurable results for its clients through its extensive national and international network of small-cap institutional and retail investors. RedChip has developed the most comprehensive platform of products and services for small-cap companies, including: RedChip Visibility Research™, Traditional Investor Relations, Digital Investor Relations, Institutional and Retail Conferences, RedChip Small-Cap TV(TM), Shareholder Intelligence, Social Media and Blogging Services, Webcasts and RedChip Radio(TM). RedChip is not a FINRA member or registered broker/dealer.

None of the profiles issued by RedChip Companies, Inc., constitutes a recommendation for any investor to purchase or sell any particular security or that any security is suitable for any investor. Any investor should determine whether a particular security is suitable based on the investor's objectives, other securities holdings, financial situation needs, and tax status. L&L International Holdings, Inc. paid RedChip Visibility, a division of RedChip Companies, Inc., 30,000 shares of free-trading common stock for RedChip Visibility Program services, which includes the preparation of the equity research reports. Information contained in the research reports is obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed. RedChip Companies, Inc., employees and affiliates may have positions and affect transactions in the securities or options of the issuers mentioned herein. RedChip Companies, Inc., is currently engaged by this company to provide investor awareness services. Investor awareness services and programs are designed to help small-cap companies communicate their investment characteristics. RedChip Companies, Inc. received 50,000 shares of common stock under Rule 144 for six (6) months of these services.

Additional information about the subject security, analyst, or RedChip Companies Inc. is available upon request. To learn more about RedChip's products and services, visit <http://www.redchip.com/visibility/productsandservices.asp>, call 1-800-RedChip (733-2447), or email at info@redchip.com

Company Contact Info:
L & L Energy, Inc.
130 Andover Park East, Ste. 101
First and Second Floor
Seattle, WA 98188
Phone: (206) 264-8065
Website: www.lleenergyinc.com