



## ASX Release

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**HUNNU COAL LIMITED**  
ABN 83 138 962 124  
Level 1 / 33 Richardson Street  
WEST PERTH  
Australia

Tel: +61 8 9200 4267  
Fax: +61 8 9200 4469

**Contact:**

Matthew Wood  
Executive Chairman

E-mail: [info@hunnucoal.com](mailto:info@hunnucoal.com)

**Directors / Officers:**

Matthew Wood  
George Tumur  
Timothy Flavel  
Daniel Crennan

**Issued Capital:**

160.5 million shares

**ASX Symbol:** HUN

**Media:**

Fortbridge +61 2 9331 0655  
Bill Kemmery +61 400 122 449

# Acquisition of major land position in the world class South Gobi Coal Province

The Company is very pleased to announce that it has acquired a 90% interest in the Tsant Uul Coal Project. The Project is located within 40km of the giant Tavan Tolgoi Coking Coal Field in Umnugobi Province of Mongolia.

- **Hunnu Coal is aiming to become a major force in the development of coal deposits in the world class South Gobi coal province.**
- **Strategically located proximal to the giant Tavan Tolgoi Coking Coal Field.**
- **Operating coking coal mines within 50km currently exporting to China.**
- **Due diligence programme comprising seven diamond core drill holes completed. Multiple coal seams intersected with thicknesses up to 22.8 metres with partings.**
- **Past test work indicates the potential for both coking coals and high value thermal coals**
- **Granted Exploration License 59,000Ha in area.**
- **Existing haulage road to China located adjacent to project.**
- **Proposed rail line to China located close to project.**
- **Exploration Target\* of 50Mt to 100Mt of coal**
- **Aggressive exploration programme planned for 2010.**

The Company has successfully completed a due diligence programme at the Tsant Uul Coal Project and has now acquired 90% of the project.

The Tsant Uul Coal Project covers over 59,000Ha of area in the world class South Gobi Coking Coal Province of Mongolia. The project is located only forty kilometres to the south of the giant six billion tonne Tavan Tolgoi coking and thermal coal deposit and approximately 6km from the existing coal haulage road to China.

The Tsant Uul Coal Project will be greatly advantaged by the massive infrastructure projects currently being proposed and developed at the nearby Oyu Tolgoi Copper Gold Project, the Tavan Tolgoi Coking Coal Deposit and the expansion projects at the UHG Coking Coal Mine.

The Tavan Tolgoi Coking Coal Field is estimated to contain over six billion tonnes of coking and thermal coal in the South Gobi region of Mongolia. Energy Resources LLC mines approximately two million tonnes of raw coking coal from its UHG Mine which is located 45

kilometres to the north of Hunnu Coal's Tsant Uul Coal Project. Energy Resources has stated that it plans to increase the production at the UHG Mine to five million tonnes in 2010, while building a five million tonne coal washing plant and power plant on its mine site. Tavan Tolgoi Stock Holding Company, listed on Mongolian Stock Exchange, also mines raw coking coal and exports to China. The Mongolian State owned Erdenes MGL LLC owns the surrounding five mining licenses with identified resources of approximately six billion tonnes of coking and thermal coal.

Due diligence at Tsant Uul has included the drilling of seven diamond core drill holes for approximately 960 metres. Five of the drill holes intersected multiple coal seams, ranging from 1 metre to 22.8 metres in thickness with partings. Coal was intersected as close as 7.8 metres from the surface. Core samples have been submitted for test work and results are pending.

Based on this drilling the Company has estimated an **Exploration Target\* of 50Mt and 100Mt of coal** for the Tsant Uul Coal Project.

Previous drilling undertaken on the project intercepted 1m to 16m thick coal seams. Coal quality parameters included: Total Moisture = 5%, Ash = 8.34%, Volatile Matters = 33.6%, Fixed Carbon = 58.1%, Sulfur = 0.39% and the gross Qv = 6,989 kCal/kg (all on dry basis).

The Company will undertake a detailed exploration programme on the project in the coming months as part of its coking coal exploration strategy in the South Gobi.

**Hunnu Coal is aiming to become a major force in the exploration and development of coal deposits in the world class South Gobi coal province. The acquisition of the Tsant Uul Coal Project adds to the Company's advanced Tenuun 2 and Khuree 2 Coal Projects, also located in the South Gobi. The Company is currently assessing further acquisition opportunities in the South Gobi and would hope to be able to update shareholders on these potential acquisitions over the next month.**

**Hunnu Coal is also pushing forward with its detailed review of the Unst Khudag Thermal Coal Mine. Discussions with a number of potential off-take partners are progressing well with the intention of commencing mine operations in 2010.**

**An independent geologist has commenced the process of calculating a JORC compliant resource statement for historical work completed on both the Tenuun 2 Project and the Unst Khudag Coal Mine. Results should be available in the coming weeks.**

George Tumur  
Managing Director

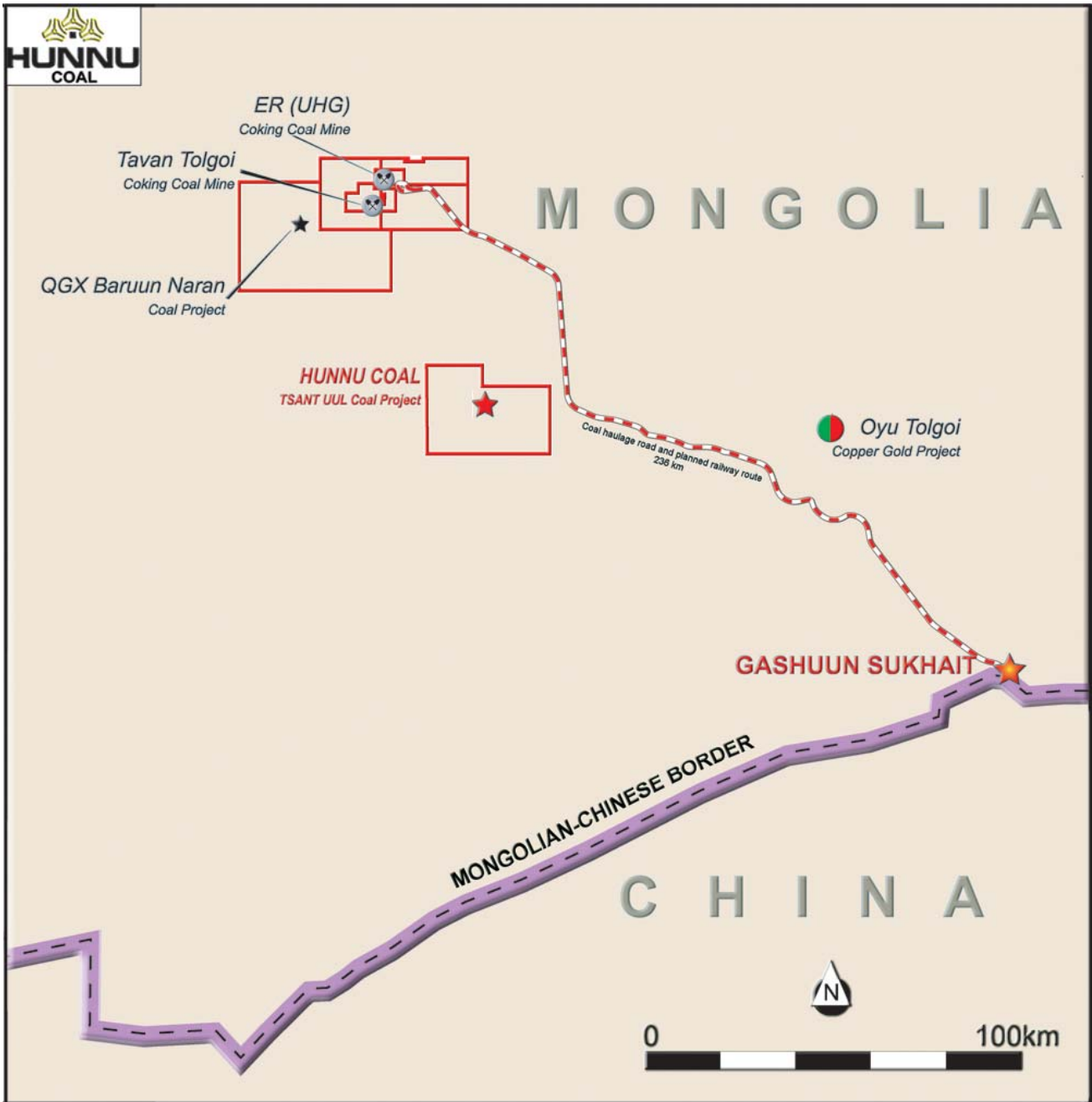


Figure 1. Location of the Tsant Uul Coal Project



Figure 2. Drill core samples from the Drill Hole No.6

*\*This work has not resulted in the definition of any resource which is compliant with the JORC Code but has identified an Exploration Target. With further exploration, this target has potential for between 50Mt to 100Mt of coal. The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource in accordance to the JORC Code. As such it is uncertain if further exploration will result in the determination of a Mineral Resource. Further Hunnu cautions that in order to achieve this target, substantial exploration is required to further geologically map, detect, trench and drill test the defined conceptual target. On this basis, Hunnu considers that further work is warranted beyond that previously conducted.*

*The information in this report that relates to Exploration Results and Exploration Targets are based on information compiled by Mr George Tumur who is a Member of the Australian Institute of Mining and Metallurgy. Mr Tumur is the Managing Director of Hunnu Coal Limited. Mr Tumur has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tumur consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*