



ASX Release

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Tsant Uul Coking Coal Project Drilling Results

The Company is very pleased to announce the results of coal quality analyses performed on samples taken from the due diligence drill cores at the Tsant Uul Coking Coal Project. Tsant Uul is strategically located within 40 km of the giant Tavan Tolgoi Coking Coal Field in the Umnugobi Province of southern Mongolia.

- **Initial test results demonstrate similarities to coals at the giant Tavan Tolgoi Coking Coal Field.**
- **Extensive drilling programme to commence in the coming weeks with the aim of generating initial JORC resources and further coal test work.**
- **Existing road haulage to China peripheral to project.**
- **Proposed rail line to China peripheral to project.**
- **Exploration target* of 50Mt to 100Mt of coal.**
- **The coal quality analyses of five drill core samples showed Total Moisture = 5% to 6.9%, Ash = 15.2% to 36%, Volatile Matters = 26.1 to 29.6%, Fixed Carbon = 36.2% to 50.7%, Sulfur = 0.3% to 0.55% and the gross Qdaf = 6,990 kCal/kg to 7,466 kCal/kg, and CSN = 0 to 1.5.**

The Company recently acquired a 90% interest in the Tsant Uul Coking Coal Project, which covers over 59,000Ha in the world class South Gobi Coal Province of southern Mongolia. The project is located forty kilometres to the south of the giant Tavan Tolgoi Coking Coal Deposit and approximately five kilometres from the existing coal haulage road to China.

The Tavan Tolgoi Coking Coal Field is estimated to contain over six billion tonnes of coking and thermal coal. Energy Resources LLC mines approximately two million tonnes of raw coking coal from its UHG Mine which is located forty five kilometres to the north of Hunnu Coal's Tsant Uul Project. Energy Resources has stated that it plans to increase the production at the UHG Mine to fifteen million tonnes in 2013, 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 approximately six billion tonnes of coking and thermal coal.

The Company's drilling programme included seven diamond core holes, five of which intersected multiple coal seams ranging from 0.5m to 25.22m in thickness starting from as shallow as 7.8m from the surface (See Table 1). Drilling core samples were analysed at Alex Stewart Laboratory in Mongolia for the coal parameters. The coal quality analyses showed Total Moisture = 5% to 6.9%, Ash = 15.2% to 36%,

Volatile Matters = 26.1% to 29.6%, Fixed Carbon = 36.2% to 50.7%%, Sulfur = 0.3% to 0.55%, Qdaf = 6,990 kCal/kg to 7,466 kCal/kg and CSN = 0 to 1.5. Initial test results demonstrate close similarities to coals at the giant Tavan Tolgoi Coking Coal Field. Summarized results of the analyses are shown in the Table 2 below.

The Company has estimated an **Exploration Target* of 50Mt to 100Mt of coal** for the Tsant Uul Project.

The Company intends to commence an extensive drilling programme in the coming weeks with the aim of generating initial JORC resources and further coal test work.

Hunnu Coal is aiming to become a major force in the exploration and development of coking and thermal coal deposits in the world class South Gobi and Middle Gobi Coal Provinces. The Company has set a timetable of developing three coal mines in Mongolia within the next four years.

George Tumur
Managing Director

**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.

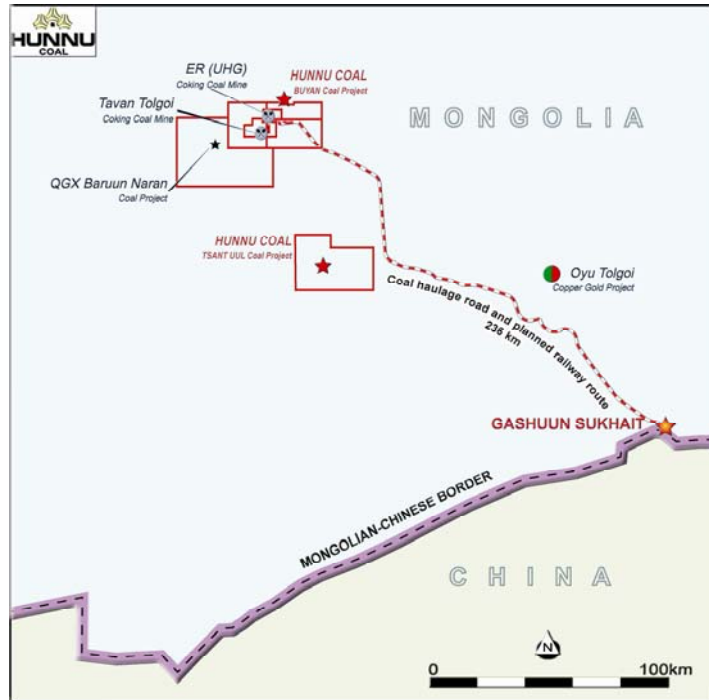


Figure 1. The Tsant Uul Project Location Map

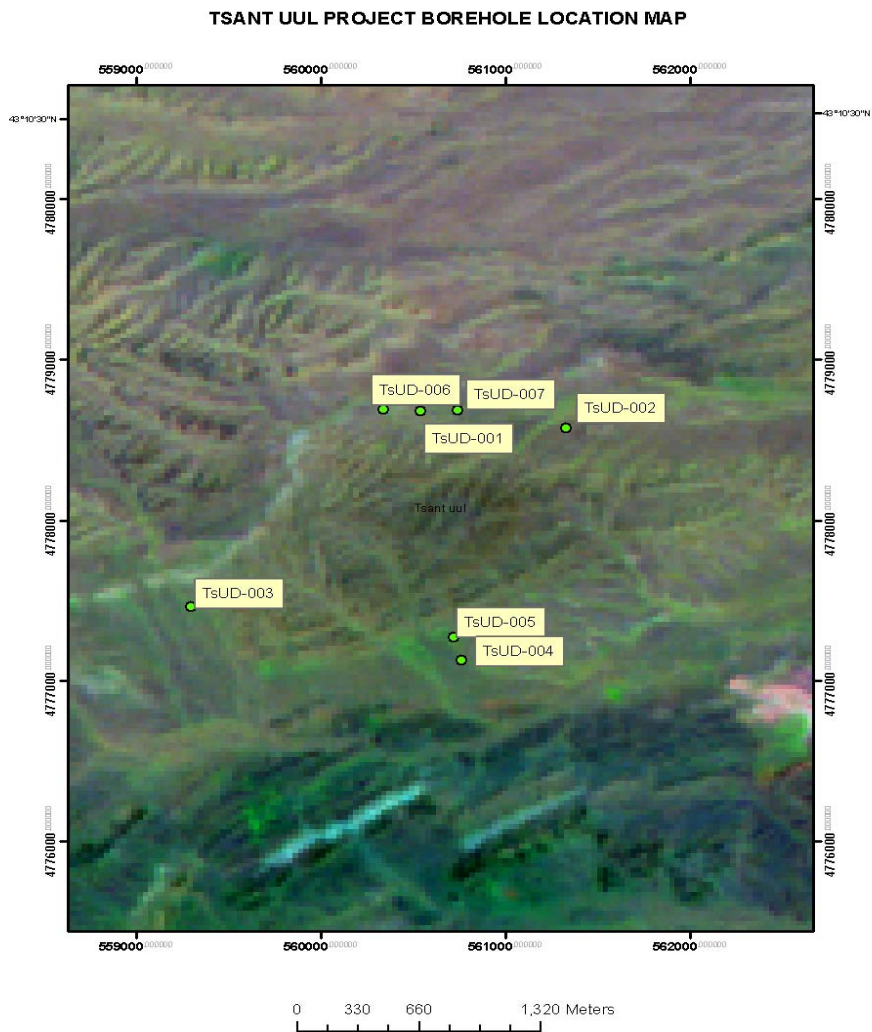


Figure 2. Drill hole location map

Table 1. Drill hole summary

	Coordinates	Coal seam ID	Coal starts from (m)	Coal ends at (m)	Thickness (m)
TsUD-001	E 105°44'40.8" N 43°09'30.5" 161m Vertical	1	7.68	15.6	7.92
		2	19.12	20.32	1.20
		3	47.38	51.82	4.44
		4	66.10	67.43	1.33
		5	120.58	126.6	6.02
		7	127.95	132.9	4.95
		8	134.55	135.95	1.40
		9	138.03	144.4	6.37
		Cumulative thickness (m)			
TsUD-002	E 105°45'15.6" N 43°09'26.9" 145m Vertical	1	26.50	28.35	1.85
		2	31.40	36	4.60
		3	76.50	78	1.50
		4	88.50	89.5	1.00
		5	95.00	96	1.00
		Cumulative thickness (m)			
TsUD-003	E 105°43'45.3" N 43°08'51.3" 142m Vertical	1	64.90	66.9	2.00
		2	70.60	73.9	3.30
		3	79.60	80.8	1.20
		4	133.90	135.65	1.75
Cumulative thickness (m)					8.25
TsUD-004	E 105°44'49", N 43°08'40", 103m, Vertical, No coal intersected				
TsUD-005	E 105°44'48", N 43°08'44", 121m, Vertical, No coal intersected				
TsUD-006	E 105°44'40.7" N 43°09'30.5" 150m Vertical	1	19.55	25.1	5.55
		2	30.85	33	2.15
		3	38.00	38.5	0.50
		4	59.15	63.45	4.30
		5	69.40	70.5	1.10
		6	80.80	81.9	1.10
		7	95.70	97.15	1.45
		8	120.30	145.55	25.22
		Cumulative thickness (m)			
TsUD-007	E 105°44'40.9" N 43°09'30.4" 137m Vertical	1	10.10	17.8	7.70
		2	24.40	26.4	2.00
		3	59.80	63.35	3.55
		4	76.00	77	1.00
		5	84.00	85.2	1.20
		6	109.20	110	0.80
Cumulative thickness (m)					16.25

Table 2. Drill core analyses summary

Hole number	Total Moisture (%)	Proximate analysis (%)			Fixed Carbon (%)	FSI	CV, gross kCal/kg	Sulphur (%)
		Ash (%)	A/moisture (%)	Volatile matter (%)			mode-dynamic	
TsUD-01	5.34	15.24	2.92	26.10	43.38	1-1.5	6,990	0.38
TsUD-02	4.98	24.26	2.05	28.74	43.98	0	7,260	0.55
TsUD-03	6.45	36.06	1.84	25.86	36.24	0	7,211	0.48
TsUD-06	4.72	18.77	2.49	26.63	41.73	0	7,294	0.48
TsUD-07	6.92	16.78	2.95	29.57	50.71	1-1.5	7,466	0.29