



## ASX Release

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**Issued Capital:**  
160.5 million shares

**ASX Symbol:** HUN

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# ADDITIONAL THERMAL COAL PROJECT TO BE ACQUIRED IN MONGOLIA

The Company is very pleased to announce that it has been granted an option to acquire an 80% interest in the Erdenes Thermal Coal Project (EL14733) which is located in the Dornogobi Province of south eastern Mongolia.

- **Strategically located 56 km from an operational multi party coal loading facility on major rail line.**
- **Exploration work carried out in 1978 discovered coal bearing Lower Cretaceous Khukhteg Formation distributed throughout the property.**
- **Test pits discovered high quality coal seams, with Q = 5,120 to 7,310 kCal/kg, S = 0.11% to 0.63%, Ash = 14% to 38.5% and Moisture content = 8.6% to 12.4%.**
- **A single drill hole intercepted a coal seam of eight meters in thickness from 1.5 m depth.**
- **The Company has an exploration target\* of 40Mt to 60Mt for the Erdenes Coal Project based on existing exploration work.**

The Erdenes Coal Project is located in Dornogovi province, 380 km from the capital city of Ulaanbaatar and 56 km from a bulk commodity loading rail facility at Bor Undur, which is connected to the Mongolian railway grid.

There are two existing coal deposits in the surrounding area. The Khashaat Khudag Coal Deposit located 8 km to the north east of the Erdenes Coal Project hosts approximately 140Mt to 180Mt of coal, with an average of 5,500 kCal/kg. The Olongiin Ukhaa Coal Deposit is located 4.5 km to the south of the Erdenes Coal Project and hosts 80Mt to 90Mt of coal.

Exploration work carried out at the Erdenes Coal Project included 60 cubic metres of pit sampling and a single drill hole to 12.5 metres depth. The exploration was carried out in the northern part (pit 1 to 6), and at southern part (pit 9 to 20 and drill hole DH49) of the license. The average depth of the pits was three metres and coal was detected in six of the pits. Drill hole DH49 intersected an eight metre thick coal seam from 1.5 metres depth.

A total of five samples (taken from one drill hole and 4 pits) were analysed for basic coal parameters, with results tabled below:

Pits and drill holes	Result of analysis					
	A, %	M %	V, %	S, %	SG	Q, kCal/kg
Pit 13	13.9	10.3	47.1	0.25	1.70	7,310
Pit 14	38.5	8.6	32.9	0.63	1.91	5,120
Pit 17	24.2	10.9	50.3	0.12	1.74	5,130
Pit 14	28.7	12.4	51.2	0.11	1.79	6,150
Drill hole 49	56.4	6.4	55.7		2.81	4,880*

\* The report indicates error in proper sampling procedure of the core sample.

The Erdenes Coal Project is strategically located in a producing high quality thermal coal basin, where mines can be quickly brought into production to deliver thermal coal to both domestic and Chinese export markets. The Company is currently planning an active exploration programme on this project and its other coal projects.

**George Tumur  
Managing Director**

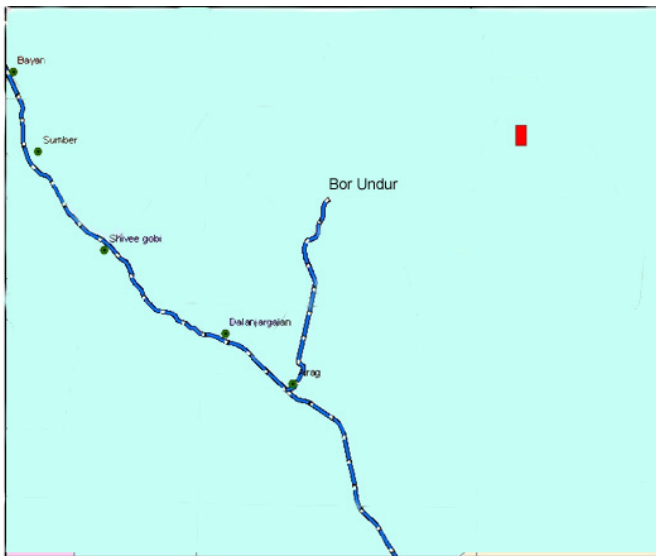
*\*This work has not resulted in the definition of any resource which is compliant with the JORC Code but has identified an Exploration Target. With further exploration, this target has potential for between 40Mt to 60Mt of coal. The potential quantity and grade is conceptual in nature and there has 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 'Australian 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.*

**Hunnu Coal Project Locations**



# EL 14733 - Erdenes Coal Project



## Legend

Mongolia\_Railroad

License 14733X

