



ASX Release

25 January 2011

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INTEREST IN UNST KHUDAG COAL PROJECT INCREASED TO 80%

The Company is very pleased to announce that it has acquired a further 15% interest in the Unst Khudag Coal Mine and surrounding licenses including the new Har Toirom Coal Discovery.

- **Hunnu Coal now has an 80% interest in the Unst Khudag Coal Project.**
- **The Unst Khudag Project has an initial JORC Measured, Indicated and Inferred Resource of 324Mt to a depth of 140m. This Resource is based on less than 30% of the available date.**
- **An updated JORC Resource is currently being calculated.**
- **Coal analysis reveals a high quality thermal coal with an average calorific value of 6,784 kcal/kg dry ash free (daf).**

The Unst Khudag Coal Project is located in Dundgobi province, 290km from Ulaanbaatar, and approximately 180km from the Mongolian railway grid. The Project consists of two exploration licenses and one mining license covering over 59,000 hectares.

Exploration programmes undertaken at the Unst Khudag Coal Project have included mapping at various scales, trenching, geophysical surveys and drilling. A total of 260 drill holes have now been completed on the Project for a total of 22,655m, including 12,194m of drill core.

Exploration and modelling has principally focused on the newly discovered Har Toirom Deposit and has resulted in the definition of an initial Coal Resource of 324Mt to a depth of 140m. Within this deposit there is an estimated 226Mt which can be classified as Measured and Indicated in accordance to the JORC Code (refer Table 1).

Table 1: Har Toirom Deposit JORC Resource Summary:

Resource Category	Tonnes (Mt)
Measured	18.85
Indicated	207.40
Inferred	98.00
TOTAL	324.25

Exploration drilling has located a number of thick, shallow coal seams with an **average calorific value of 6,784 kcal/kg dry ash free (daf)**, which are available for potential economic open cut extraction and sale as a thermal coal product. Ongoing studies are being carried out to assess mining, metallurgical, environmental and economic parameters.

The Company's independent consultants are now calculating an updated JORC Resource for the Unst Khudag Project. This will include the most recent drill hole data.

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.

George Tumur
Managing Director

Competent Person Statement

The information in this report that relates to Exploration Results, Exploration Targets and Coal Resources are based on information compiled by Mr George Tumur who is a Member of the Australasian 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.