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12 September 2011

Banpu Public Company Limited to make recommended cash takeover offers for Hunnu Coal Limited

We act for Banpu Public Company Limited (**Banpu PCL**).

We attach, on behalf of Banpu PCL, an announcement regarding Hunnu Coal Limited (ASX:HUN).

Yours sincerely,



Aaron Kenavan
Partner



Wendy Ko
Lawyer



BANPU ANNOUNCES UNANIMOUSLY RECOMMENDED ALL CASH OFFERS FOR HUNNU COAL LIMITED

12 September 2011

Highlights:

- Highly compelling all cash off-market takeover offer of A\$1.80 per share for Hunnu Coal Limited
- Share Offer represents a significant premium to Hunnu's recent trading prices
- The Board of Directors of Hunnu has unanimously recommended that Hunnu shareholders accept Banpu's Share Offer, in the absence of a superior proposal
- A takeover offer for all Hunnu options will also be made subject to obtaining regulatory modifications and consents
- The Board of Directors of Hunnu has unanimously recommended that Hunnu optionholders accept Banpu's Option Offer, in the absence of a superior proposal
- Banpu currently owns approximately 12%¹ of Hunnu shares
- Banpu's Offers value Hunnu's fully diluted equity at A\$477 million²

Banpu Public Company Limited ("Banpu PCL") is pleased to announce that its 100% owned subsidiary, Banpu Minerals (Singapore) Pte Ltd ("Banpu"), intends to make cash offers for:

- all of the shares in Hunnu Coal Limited ("Hunnu") that Banpu does not already own (the "Share Offer") of A\$1.80 cash per share (the "Share Offer Price"); and
- subject to Banpu obtaining required regulatory modifications and consents, all the options to subscribe for Hunnu shares that are currently on issue (the "Option Offer");

(together, the "Offers").

The Offers will be made pursuant to simultaneous takeover bids under Chapter 6 of the Corporations Act 2001 (Cth).

Banpu is pleased to note that the Board of Directors of Hunnu has unanimously recommended that:

- Hunnu shareholders accept Banpu's Share Offer, in the absence of a superior proposal; and
- if Banpu makes the Option Offer, Hunnu optionholders accept Banpu's Option Offer, in the absence of a superior proposal.

¹ Based on 246.1 million unrestricted and restricted ordinary Hunnu shares.

² Based on 246.1 million unrestricted and restricted ordinary Hunnu shares and 28.3 million Hunnu options outstanding.

All Hunnu Directors intend to accept the Banpu's Share Offer in respect of any Hunnu shares held by them, or on their behalf, in the absence of a superior proposal. If Banpu makes the Option Offer, all Hunnu Directors also intend to accept Banpu's Option Offer in respect of any Hunnu options held by them, or on their behalf, in the absence of a superior proposal.

The Share Offer Price represents an attractive premium for Hunnu shareholders, namely:

- 30% to Hunnu's last closing price of A\$1.385 per share on 8 September 2011, being the last day that Hunnu shares traded prior to this announcement
- 53% to Hunnu's 1-month volume weighted average price ("VWAP") of A\$1.18 per share up to and including 8 September 2011
- 41% to Hunnu's 3-month VWAP of A\$1.28 per share up to and including 8 September 2011

The Offers will be conditional upon certain requirements, including Banpu obtaining required regulatory approvals, Banpu having a relevant interest in at least 90% of Hunnu shares and options by the end of the Share Offer and Option Offer period, ASIC and ASX granting the modifications and waivers necessary to permit the Option Offer, and other conditions set out in full in the Annexure.

Banpu PCL CEO, Mr Chanin Vongkusolkrit, said: "Following the formation of our strategic partnership with Hunnu in March 2011, Banpu is pleased to make these Offers for all the shares and options in Hunnu that we do not already own. We believe this transaction presents a unique and compelling opportunity for all stakeholders involved."

"Banpu's Share Offer for Hunnu is at a significant premium to recent trading levels of Hunnu and has regard to the strong prospects of Hunnu's coking and thermal coal deposits. Furthermore, we believe that the cash nature of the Offers will enable Hunnu shareholders and optionholders to realise a premium value for their shares and options in a volatile and uncertain market."

"Banpu is strongly supportive of the Hunnu management team and its current strategy, and is excited to potentially increase its exposure to the Mongolian coal sector," Mr Vongkusolkrit said.

Funding

The consideration will be financed through a combination of cash reserves and available capacity under existing credit facilities.

Bid Implementation Deed ("BID")

Banpu and Hunnu have entered into a BID pursuant to which the parties have given certain undertakings to each other in order to facilitate the implementation of Banpu's Offers.

The BID contains certain terms usual for a transaction of this nature including customary deal protection mechanisms such as "no shop", "no talk" and "no due diligence" restrictions as well as a right for Banpu to match a competing proposal. A break fee may also be payable by Hunnu to Banpu in certain circumstances.

Under the BID, Banpu will not be required to make the Option Offer unless it obtains the required regulatory modifications and consents from ASIC.

Transaction timing

Banpu's Bidder's Statements will be dispatched to Hunnu shareholders and optionholders (if applicable) in late September/early October 2011.

Advisors

Banpu is being advised by J.P. Morgan and Allen & Overy.

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About Banpu PCL

Banpu PCL (SET: BANPU) is a Thai stock exchange listed company which owns operating coal mines and power generating assets across Asia and in Australia, with a long (25-year) track record of exceptional growth and operational performance.

Banpu PCL has successfully adopted a best practice management philosophy and culture built on international principles of corporate governance, transparency and social responsibility. It also has a deep commitment to the safety and well being of its employees, as well as environmental conservation.

Banpu PCL's strategy is to grow coal sector investments and operations in the pan-Asian region, in a sustainable fashion, through organic growth, acquisitions and joint venture partnerships.

For further information, please see Banpu PCL's website at <http://www.banpu.com/en/index.php>.

About Hunnu Coal

Hunnu Coal (ASX:HUN) has over 843Mt (100% basis) of JORC reported Coal Resource across its projects and has become one of the major explorers for coking and thermal coal deposits in the world class South Gobi and Middle Gobi Coal Provinces.

Hunnu Coal intends to continue its aggressive exploration and acquisition efforts and move from exploration to mine development and then into production.

For further information, please see Hunnu's website at <http://www.hunnucoal.com>.

Annexure: Key conditions of the Offers

1. Conditions

a) Minimum acceptance

At or before the end of the Offer Period, Banpu has a Relevant Interest in such number of:

- (i) Hunnu Shares which represents at least 90% of the aggregate of all the Hunnu Shares on issue and becomes entitled to compulsorily acquire all outstanding Hunnu Shares under Part 6A.1 of the Corporations Act; and
- (ii) Hunnu Options which represents at least 90% of the aggregate of all the Hunnu Options on issue and becomes entitled to compulsorily acquire all outstanding Hunnu Options under Part 6A.1 of the Corporations Act.

b) FIRB approval

Before the end of the Offer Period, the Treasurer of the Commonwealth of Australia (Treasurer) either:

- (i) ceases to be empowered to make an order under the Foreign Acquisitions and Takeovers Act 1975 (Cth) in relation to the proposed acquisition by Banpu of up to all of the Hunnu Shares and Hunnu Options it does not already hold; or
- (ii) gives written advice of a decision by or on behalf of the Treasurer stating (either unconditionally or on the basis of conditions which are reasonably acceptable to Banpu) that there is no objection to the proposed acquisition by Banpu of up to all of the Hunnu Shares and Hunnu Options it does not already hold.

c) No prescribed occurrences

During the period from the date of the Bidder's Statements to the day that is 3 Business Days after the end of the Offer Period (each inclusive), none of the following occurrences (being the prescribed occurrences listed in section 652C of the Corporations Act) happens:

- (i) Hunnu converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) Hunnu or a subsidiary of Hunnu resolves to reduce its share capital in any way;
- (iii) Hunnu or a subsidiary of Hunnu enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Hunnu or a subsidiary of Hunnu issues shares (other than as a result of the exercise of Hunnu Options) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Hunnu or a subsidiary of Hunnu issues, or agrees to issue, convertible notes;
- (vi) Hunnu or a subsidiary of Hunnu disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Hunnu or a subsidiary of Hunnu charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Hunnu or a subsidiary of Hunnu resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Hunnu or of a subsidiary of Hunnu is appointed;

- (x) a court makes an order for the winding up of Hunnu or of a subsidiary of Hunnu;
- (xi) an administrator of Hunnu or of a subsidiary of Hunnu is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Hunnu or a subsidiary of Hunnu executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Hunnu or a subsidiary of Hunnu.

d) No prescribed occurrences between Announcement Date and service

None of the events listed in sub-sections (i) to (xiii) of paragraph (c) happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statements are given to Hunnu.

e) No action by Government Agency adversely affecting the Takeover Bids

During the period from the date of the Bidder's Statements to the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Government Agency;
- (ii) no action or investigation is instituted, or threatened by any Government Agency with respect to Hunnu or any subsidiary of Hunnu; or
- (iii) no application is made to any Government Agency (other than an application by Banpu or any company within the Banpu Group, an application under section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to either of the Takeover Bids),

In consequence of, or in connection with, the Takeover Bids, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Takeover Bids or the completion of any transaction contemplated by the Bidder's Statements (including implementing the intentions expressed therein) or seeks to require the divestiture by Banpu of any Hunnu Shares, or the divestiture of any assets by Hunnu or by any subsidiary of Hunnu or by any company within the Banpu Group.

f) Approvals by Government Agencies

During the Offer Period, Banpu receives all approvals which are required by law or by any Government Agency:

- (i) to permit the Offers to be made to and accepted by Hunnu Shareholders and Hunnu Optionholders and to permit Banpu to acquire any or all of the Hunnu Shares it does not already hold; or
- (ii) as a result of the Offers, or the successful acquisition of the Hunnu Shares and Hunnu Options (or cancellation of the Hunnu Options), and which are necessary for the continued operation of the business of Hunnu and its subsidiaries or of Banpu and its subsidiaries,

and those Approvals are on an unconditional basis and remain in force in all respects and there is no notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

g) Conduct of business

Except for any proposed transaction publicly announced by Hunnu before the Announcement Date, none of the following events occur during the period from that date to the end of the Offer Period:

- (i) Hunnu, or any subsidiary of Hunnu, acquires, offers to acquire or agrees to acquire one or more companies, businesses, trusts or assets (or an interest in one or more companies, businesses, trusts or assets) for an amount in aggregate greater than A\$500,000 or makes an announcement about such an acquisition, other than the proposed acquisition of mining equipment disclosed to Banpu prior to the date of this Deed;
- (ii) Hunnu, or any subsidiary of Hunnu, disposes, offers to dispose or agrees to dispose of, or creates, or offers to create an equity interest in one or more companies, trusts or assets (or an interest in one or more companies, trusts or assets) for an amount in aggregate greater than A\$500,000 or makes an announcement about such a disposal;
- (iii) Hunnu, or any subsidiary of Hunnu, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of (or foregoing of revenue of) greater than A\$500,000 or dual listed company structure, or makes an announcement about such a commitment;
- (iv) Hunnu, or any subsidiary of Hunnu, incurs or commits to, or
- (v) grants to another person a right the exercise of which would
- (vi) involve Hunnu or any subsidiary of Hunnu incurring or
- (vii) committing to any capital expenditure or liability for one or
- (viii) more related items of greater than A\$1,000,000 or makes an
- (ix) announcement about such a commitment; or
- (x) Hunnu, or any subsidiary of Hunnu, declares, pays or distributes any dividend, bonus or other share of its profits or assets.

h) No material fallings in filings

Banpu does not become aware, during the Offer Period, that any document filed by or on behalf of Hunnu with ASX or ASIC contains a statement which is incorrect or misleading in any material respect or from which there is a material omission.

i) Non-existence of certain rights

No person has any right (whether subject to conditions or not) as a result of Banpu acquiring Hunnu Shares to:

- (i) acquire, or require Hunnu or a subsidiary of Hunnu to dispose of, or offer to dispose of, or alter the terms of its holding of, any material asset of Hunnu or a subsidiary of Hunnu;
- (ii) terminate or vary any material agreement with Hunnu or a subsidiary of Hunnu; or
- (iii) accelerate or adversely modify the performance of any obligations of Hunnu or any of its subsidiaries in a material respect under any material agreements, contracts or other legal arrangements.

j) No force majeure event

During the Offer Period:

- (i) no outbreak of hostilities (whether war is declared or not) or terrorism, mobilisation of armed forces, civil or political unrest or labour disturbance, fire or natural disaster, material increase in the intensity of any of the above events or other event beyond the control of Hunnu or the relevant subsidiary occurs which affects or is likely to affect the assets, liabilities, financial position, performance, profitability or prospects of Hunnu or any of its subsidiaries and;
- (ii) there is no amendment made (or proposed to be made) to any law, regulation or similar applying to Hunnu or any of its subsidiaries that is reasonably likely to have an adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the Hunnu Group; and
- (iii) there is no widespread disruption to global financial markets, or the financial markets of Australia or Thailand.

k) No material adverse change to Hunnu

Between the Announcement Date and the end of the Offer Period, no matter, event, change, condition, circumstance, information or thing (**Change(s)**) occurs, is announced, becomes likely to occur or becomes known to Banpu (in any such case, individually or when aggregated with all such **Change(s)** and whether or not becoming public) that discloses (or could reasonably be inferred from the disclosure that), would result in and/or would reasonably be likely to result in:

- (i) the value of the consolidated net assets of the Hunnu Group being reduced by at least A\$5 million against what they would reasonably have been expected to have been but for the **Change(s)** (as the case may be); or
- (ii) a material adverse effect on the business, assets, liabilities, financial position or performance, profitability or prospects of the Hunnu Group taken as a whole, or the status or terms of any of the exploration or mining tenements owned by the Hunnu Group.

l) Renewal of Mining Interests

Between the Announcement Date and the end of the Offer Period (each inclusive), no mining or exploration agreement, tenement, permit, license, lease, concession, grant, permission, authorisation, renewal or right of any kind held by any member of the Hunnu Group at the Announcement Date (**Mining Interests**), or any interest in any **Mining Interest**, is revoked, terminated or expires (excluding for the avoidance of doubt relinquishment of parts of tenements in the ordinary course of business) without there being a reasonable likelihood of such **Mining Interest** being promptly renewed or extended on terms which are no less favourable to the relevant member of the Hunnu Group.

m) No direct or indirect disposal of, or Encumbrance over, Mining Interests

Between the Announcement Date and the end of the Offer Period (each inclusive), no member of the Hunnu Group enters into, announces an intention or proposal to enter into, discloses the existence of, or becomes subject to, any obligation or arrangement, whether conditional or otherwise, to:

- (i) dispose of all or any of, or any interest in, any **Mining Interest**; or
- (ii) grant, permit, or agree to grant or permit, any **Encumbrance** over all or any part of any **Interest** in a **Mining Interest**.

n) No litigation

Between the Announcement Date and the end of the Offer Period (each inclusive), no litigation against any member of the Hunnu Group which may reasonably result in a judgment or A\$5 million or more is commenced, threatened in writing to be commenced, announced, or is made known to Hunnu or Banpu (whether or not becoming public).

o) Index fall

During the period from the Announcement Date to the end of the Offer Period, the S&P/ASX 200 Index does not fall below 3,500 at any time on any ASX trading day.

p) Amendment of the Personal Property Securities Regulations 2010 (Cth)

The Personal Property Securities Regulations 2010 (Cth) are amended to the effect that section 32(1)(a) of the Personal Property Securities Act 2009 (Cth) does not apply to the compulsory acquisition of securities under Part 6A.1 or 6A.2 of the Corporations Act, or as at the end of the Offer Period, the commencement date of the new PPSA regime under that Act is after the date on which compulsory acquisition of all securities in Hunnu is reasonably likely to be completed.

q) ASIC option relief

ASIC granting, on the basis of conditions which are reasonably acceptable to Banpu, modifications to:

- (i) section 605(2) of the Corporations Act, to allow Banpu to treat the different classes of Hunnu Options as one class for the purpose of the Option Offer;
- (ii) section 619(2) of the Corporations Act, to allow Banpu to offer different consideration for each class of Hunnu Option under the Option Offer; and
- (iii) section 618(1) and Chapter 6A of the Corporations Act, to allow Banpu to cancel non-transferable Hunnu Options under the Option Offer and as part of the compulsory acquisition process.

r) Restricted Hunnu Shares and Hunnu Options

ASX and Hunnu grant waivers of all escrow and other restrictions on the transfer of all Hunnu Options and restricted Hunnu Shares.

2. Definitions

Announcement Date means the date of this announcement.

Approval means a licence, authority, consent, approval, order, exemption, waiver, ruling, decision or similar.

ASIC means the Australian Securities & Investments Commission.

ASX means the Australian Securities Exchange.

Banpu means Banpu Minerals (Singapore) Pte Ltd.

Banpu Group means Banpu and Its Related Bodies Corporate.

Bidder's Statements means the Share Bidder's Statement and, if applicable, the Option Bidders Statement.

Business Day means a day on which the banks are open for business in Perth, Australia, Thailand and Singapore, excluding a Saturday, Sunday or public holiday.

Corporations Act means the Corporations Act 2001 (Cth).

Encumbrance means:

- (a) a mortgage, charge, pledge, lien, hypothecation or a title retention arrangement;
- (b) a notice under section 255 of the Income Tax Assessment Act 1936 (Cth), subdivision 260-A in schedule 1 to the Taxation Administration Act 1953 (Cth) or any similar legislation;
- (c) any other interest in or right or power over property (including a right to set off or withhold payment of a deposit or other money);
- (d) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property, the continued ownership or interest in the property, or the registration of an interest in or dealing with property; or
- (e) an agreement to create anything referred to above or to allow any of them to exist.

Government Agency means any government or representative of a government or any governmental, semi-governmental, administrative, fiscal, regulatory or judicial body, department, commission, authority, tribunal, agency, competition authority or entity whether foreign, federal, state, territorial or local in any part of the world in which a party is domiciled or holds any of its assets. It includes ASIC and ASX (and any other stock exchange), and the Bank of Thailand.

Hunnu means Hunnu Coal Limited.

Hunnu Group means Hunnu and Its Related Bodies Corporate.

Hunnu Option means an option to subscribe for a Hunnu Share.

Hunnu Optionholder means a person who holds Hunnu Options.

Hunnu Share means a fully paid ordinary share issued in the capital of Hunnu.

Hunnu Shareholder means a person who is recorded in Hunnu's register of members as the holder of one or more Hunnu Shares.

Offer Period means the period with respect to either the Share Offer or the Option Offer during which the relevant Offer is open for acceptance.

Option Bidder's Statement means the bidder's statement for the Hunnu Options to be prepared by Banpu under sections 636 and 637 of the Corporations Act, and which includes the Option Offer.

Option Offer means the offer by Bidder or a wholly owned subsidiary to acquire or enter into cancellation deed polls in respect of each Hunnu Option in connection with the Takeover Bids.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act.

Share Offer means each offer to acquire Hunnu Shares to be made by Banpu in connection with the Takeover Bids.

Share Bidder's Statement means the bidder's statement for the Hunnu Shares to be prepared by Banpu under sections 636 and 637 of the Corporations Act, and which includes the Share Offer.

Takeover Bids means off-market takeover bids by Banpu to acquire the Hunnu Shares and, if applicable, to acquire or cancel the Hunnu Options.