



ASX Release

Tuesday 10 August 2010

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Drilling Commences at the Tsant Uul Coking Coal Project

The Company is very pleased to announce the commencement of a drilling programme 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.

- **Drilling programme aims to generate an initial JORC resource in addition to further coal test work.**
- **Initial test results demonstrate similarities to coals at the giant Tavan Tolgoi Coking Coal Field.**
- **Exploration target* of 50Mt to 100Mt of coal.**
- **The coal quality analyses of previous 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.**
- **Existing road haulage to China peripheral to project.**
- **Proposed rail line to China peripheral to project.**

The Company has a 90% interest in the Tsant Uul Coking Coal Project, which covers over 69,000Ha 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 Company's previous 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

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

The Current drilling programme will progress over the coming months with the aim of generating an initial JORC resource 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.

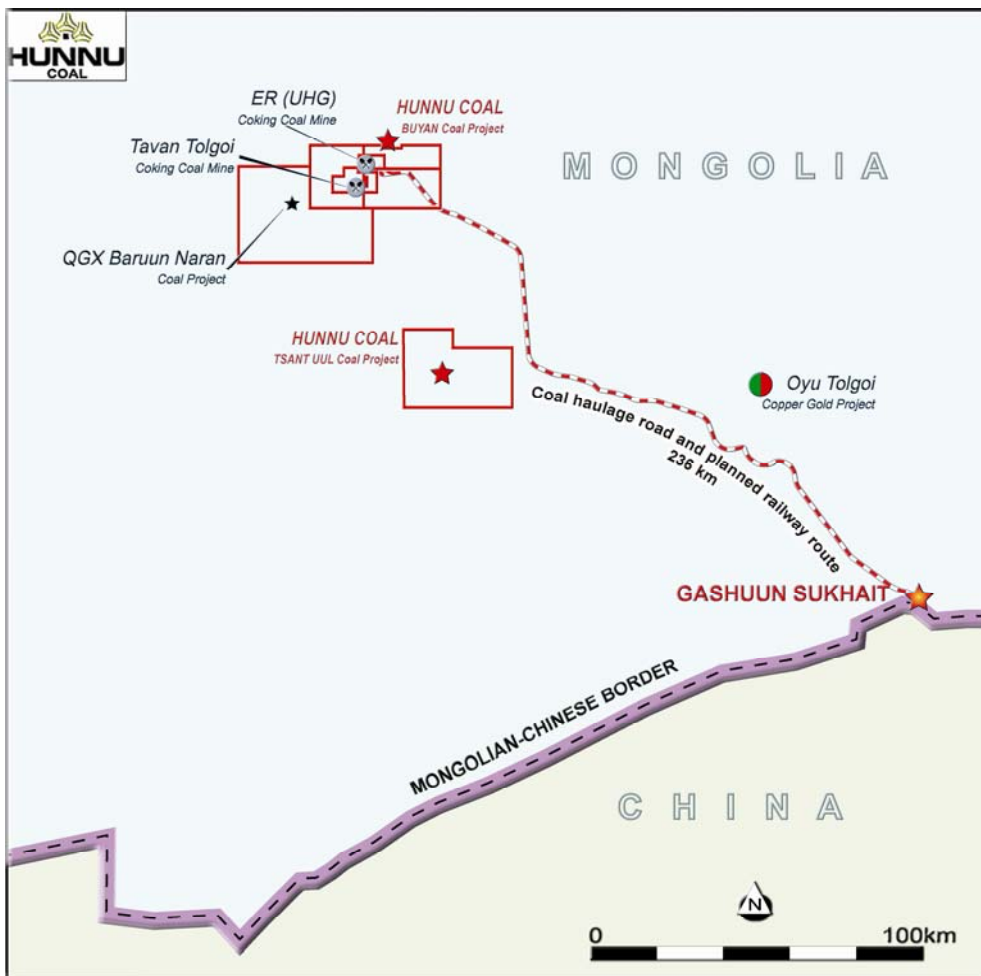


Figure 1. The Tsant Uul Project Location Map

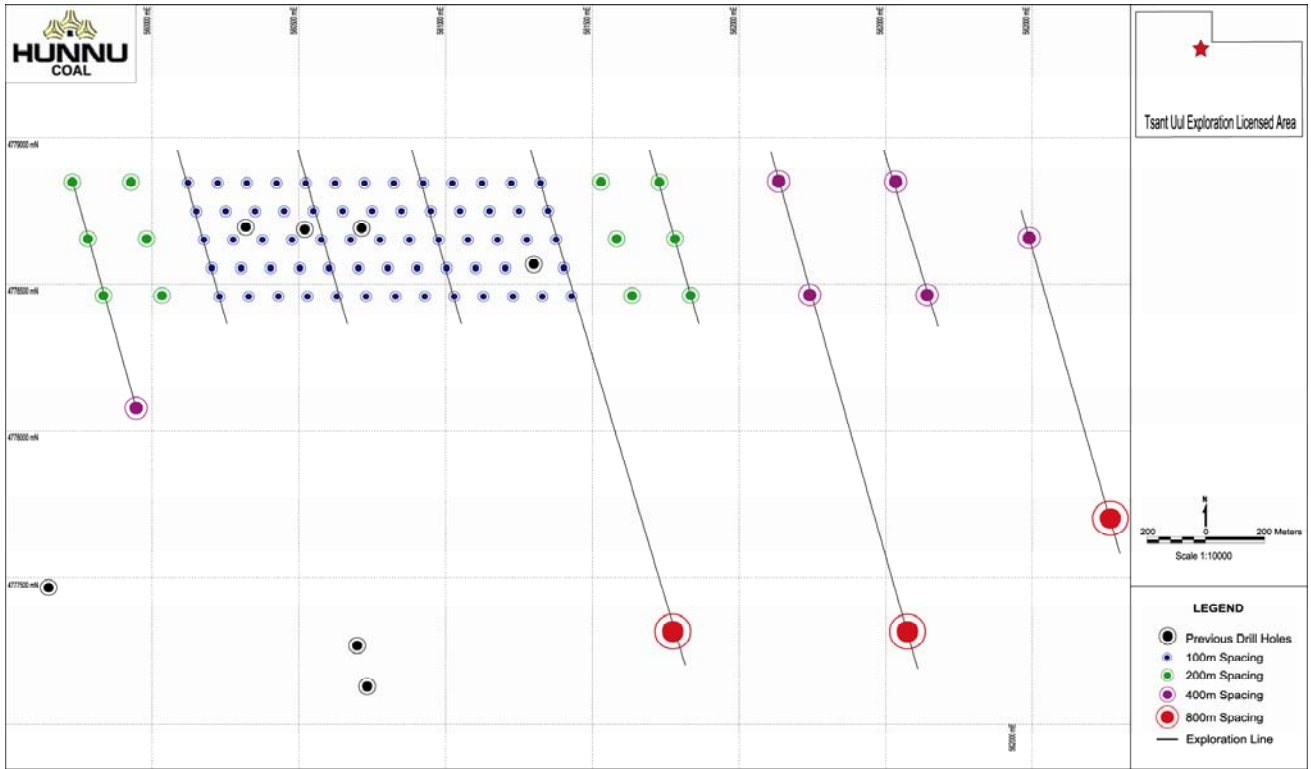


Figure 2. Drill hole location map