



## ASX Release

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**Issued Capital:**  
160.5 million shares

**ASX Symbol:** HUN

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# Further Expansion in the South Gobi Coal Province

The Company is very pleased to announce that it has acquired a 60% interest in the Tsohio Coal Project, which is located approximately 40km south of the Company's Khuree-2 coal project in the Umnugobi Province of Mongolia.

- **Located between the Giant Tavan Tolgoi Coking Coal Field and South Gobi Energy Resources Coal Field.**
- **60 km north of Mongolian-Chinese border.**
- **Granted Exploration License with an area of 38,600Ha.**
- **The Tsohio Coal project is highly prospective for both coking and thermal coals.**
- **The Company has discovered an outcropping coal seam that is approximately 3km in strike length.**
- **The Tsohio Coal Project has an Exploration Target\* of 50Mt to 75Mt.**
- **Company is currently planning an aggressive exploration programme.**

The Tsohio Coal Project is located forty kilometres to the south of Hunnu Coals Khuree-2 Coal Project, where the Company is currently undertaking a mapping and geophysics exploration programme. The Tsohio Coal Project has had limited past exploration. Due diligence work by Hunnu Coal has discovered a coal seam outcrop that is approximately 3 km in strike length. This coal seam has also been intersected in a single trench with a thickness of approximately 5 metres. Based on this work the Company has an Exploration target for the Tsohio of 50Mt to 75Mt.

At the Khuree-2 Coal Project an extensive mapping and geophysics programme is in progress with the aim of identifying coal seams. This work will be followed by a drilling programme commencing in July 2010.

At the Tenuun-2 Coal Project, located eighty kilometres north of the Tsohio Coal Project the Company is conducting a mapping and geophysics programme. A single vertical drill hole completed at Tenuun-2 by the Company intersected three coal seams with combined true thickness of 12m. The average results of the core analysis showed Ash (dry basis) = 15.8%, Volatile matter = 27.81%, Sulfur = 0.49%, Q(dry basis) = 5,445 kCal/kg, and Q(dry, ash free) = 7,071 kCal/kg. The Company is very encouraged by these results and further drilling is planned at Tenuun-2 in June 2010. An independent geologist has commenced the process of calculating a JORC compliant resource statement for historical work completed at the Tenuun 2 Coal Project

with results available in the coming weeks. Mapping in the north west of the Tenuun-2 license has also identified extensive coal outcrop that has never been drill tested. Further work will be completed on this zone prior to drill testing this year.

The Company will be undertaking detailed exploration on the Tsohio, Khuree-2 and Tenuun-2 Coal Projects in the coming months as part of its coking and thermal coal exploration strategy in the South Gobi Province.

**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 coal province. The Company is currently assessing further acquisition opportunities in the South Gobi and would hope to be able to update shareholders on these potential acquisitions over the next month.**

George Tumor  
Managing Director

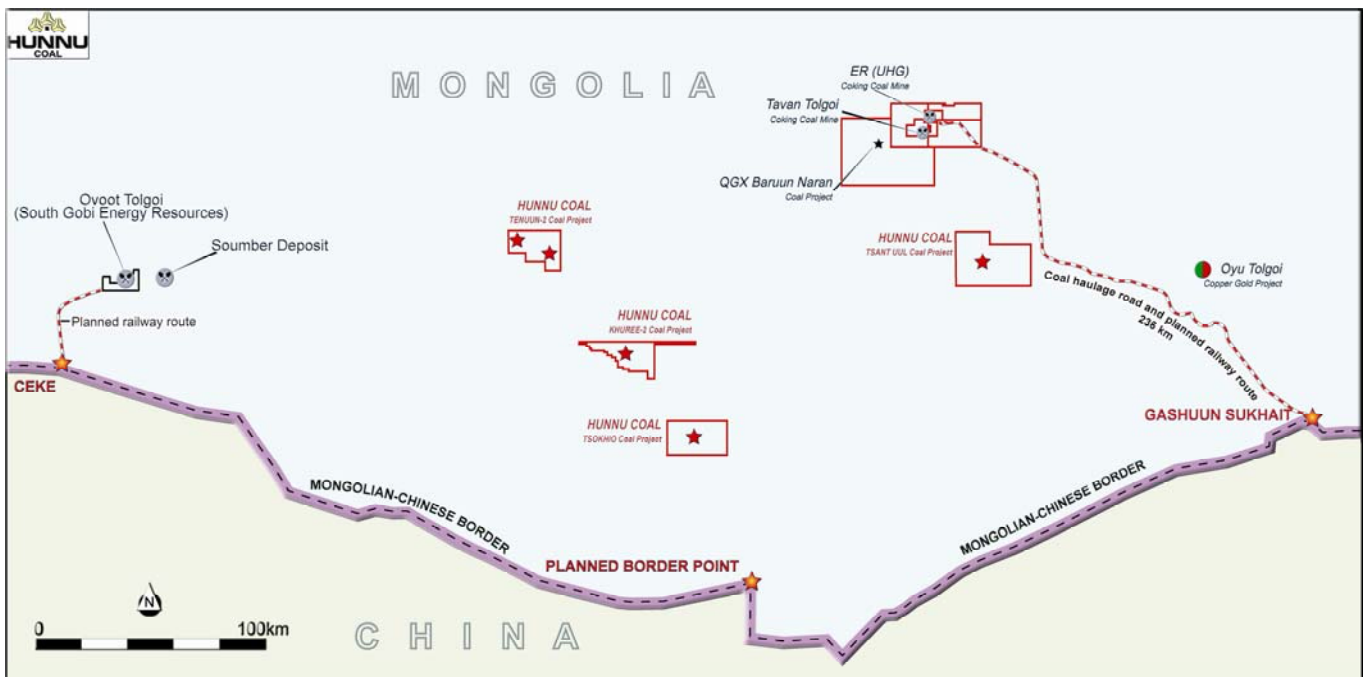


Figure 1. Location of the Tsohio Coal Project in South Gobi, Mongolia



Figure 2. Due diligence work discovering coal at the Tsohio Coal Project

*\*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 75Mt 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.*