

ASX Release

Thursday 21 July 2011

HUNNU COAL LIMITED ABN 83 138 962 124 Level 1 / 33 Richardson Street WEST PERTH Australia

> Tel: +61 8 9200 4267 Fax: +61 8 9200 4469

Contact: Matthew Wood Executive Chairman

E-mail: info@hunnucoal.com

Directors / Officers: Matthew Wood George Tumur Timothy Flavel Daniel Crennan

Issued Capital: 242.1 million shares

ASX Symbol: HUN

Media: Fortbridge +61 2 9331 0655 Bill Kemmery +61 400 122 449

JORC RESOURCE ESTIMATE FOR THE TSANT UUL COAL PROJECT

The Company is very pleased to announce an upgraded JORC reportable resource estimate for the Tsant Uul Coal Project.

- > 85% increase to JORC Coal Resource at Tsant Uul
- JORC reported Coal Resource of 167.1Mt
- 93.8Mt classified as Measured (40.9Mt) and Indicated (52.9Mt).
- Further upgrades to the JORC reported Coal Resource model expected in the latter half of 2011 with additional drilling completed and underway.
- The Tsant Uul Project mining license has been granted for an initial term of 30 years with an option for twenty years extension twice, providing a total of 70 years of mining operations.
- > The Company is in advanced discussions for off-take with potential future buyers of Tsant Uul Project coal.
- > Targeting commencement of mining in the last quarter of 2011.
- Targeting initial production of 1.5Mt of coal in 2012 and 3Mt in 2013.
- Owner operator mining fleet currently being purchased with initial purchases including six CAT 773 Dump Trucks and a Hitachi 1200 excavator. Additional purchases underway.
- Hunnu Coal now has Total JORC Resources across its projects of 843Mt.
- Initial JORC Coal Resource currently being estimated for the Altai Nuurs Premium Hard Coking Coal Project. Altai Nuurs has an Exploration Target* of 250Mt to 500Mt.

CSA Global Pty Ltd (CSA) was engaged by Hunnu LLC (Hunnu) to complete a Coal Resource Estimate for their Tsant Uul Project (TUP).

TUP is located at Bayan Ovoo Soum in the Umnugobi Aimag Soum district of the South Gobi Province, Mongolia, approximately 610km SSW from the capital city Ulaanbaatar (Figure 1).



Figure 1. Hunnu LLC Projects and the Tsant Uul Project Location

TUP is part of 600km long EW tending South Gobi Basin (Figure 1). Coal measures at TUP are hosted within the Upper Permian age sedimentary rocks of the Tavan Tolgoi Formation (Figure 2). The coal bearing sequence consists of sandstone, siltstone, shale and coal measures with thin gravel, conglomerate, coaly shale and rare limestone layers.



Figure 2. Tsant Uul Project tenements, simplified geology and coal resource area

The Coal Resource estimate completed by CSA is summarised as follows:

- Coal Resources are based on data acquired up to June 6th, 2011.
- Hunnu Resources LLC supplied tenement details, standard operating procedures (SOPs), survey data, geological data, down hole geophysical data, sampling data and coal quality analysis laboratory certificates.
- The Coal Resource occurs within Mining Licence No. MV016872 which has an area of 69,233 ha (Figure 2). Tenement coordinates were supplied by the client and have not been independently verified.
- CSA imported the drill hole database supplied by the client into Minescape 4.118 software for validation, seam correlation and geological modelling.
- The drilling data base comprised of 287 drill holes for a total of 47,094m. A total of 276 holes were geophysically logged. Of the 233 diamond drill holes used in the geological model, 152 had coal quality analyses (5,299 samples).

DRILL	МС	DEL	EXLU	JDED	ALL		
Туре	Number	Metres	Number	Metres	Number	Metres	
Diamond	233	37,488	6	1,254	239	38,742	
Open Hole	46	8,012	2	340	48	8,352	
ALL	279	45,500	8	1,594	287	47,094	

Table 1. Drilling Summary

- Coal Seam nomenclature and stratigraphy was generated by CSA from sectional interpretations.
- There are 67 seams however only 39 could be included in the resource estimate. The 28 seams excluded were 1CU, 1CL, 1DU, 1DL, 1E, 2CU, 2CL, 2EU, 2EL, 2F, 2FU, 2FL, 3AUU, 3AUL, 3ALU, 3ALL, 3F, 4AU, 4BU, 4BL, 4CU, 4CL, 4D, 4DU, 4DL, 4E, 4EU, and 4EL. Seams were excluded because they did not meet the minimum criteria:
 - Each seam must be defined by at least 3 drill hole intersections with coal quality analyses,
 - Each seam must be defined by drill holes with geophysical logs,
 - Each seam must have at least 2 drill holes within the search ellipse i.e. no resources are defined around single hole intersections.
 - Each seam must be >0.3m in true thickness.
- The 39 seams used in the resource estimate had true thicknesses of 0.3m to 41.9m.
- The CSA interpretation was based on $75m \times 150m$ to $100m \times 750m$ drill patterns (Figure 3).
- The total area modelled was 12,946 hectares.
- The assigned minimum mining thickness for estimation purpose was 0.3 metres.
- Weakly weathered coal occurs between the Quaternary unconformity and the logged base of weathering (BOW).

The resource type category used to determine the confidence level for all points of observation are summarised in Table 2.

Table 2. Resource Type Category

CRITERIA	SIMPLE	MODERATE	COMPLEX
Sedimentary setting			Х
Structural setting			Х
Coal quality variation			Х

Drill holes were classified as valid points of observation for determining resource status if they met the following criteria:

- The entire seam was cored;
- Core recovery for the seam was $\geq 95\%$;
- The drill hole was geophysically logged.

All criteria are **Complex** (Table 2) therefore search radii for Measured, Indicated and Inferred categories were deemed to be respectively 100m, 200m and 400m (Figure 4). Cut off parameters used to estimate resources are summarised in Table 3.

Table 3. Cut Off Parameters

CUT OFF PARAMETER	CSA
Minimum coal seam thickness	0.3m
Maximum coal seam internal dilution (parting)	0.3m
Coal seam cut by base of Quaternary surface	YES
Include coal above base of weathering (BOW)	YES

The method of Inverse Distance Squared (ID^2) was used to estimate the volume and quality of the coal seams. Search ellipses were orientated parallel to the coal seams i.e. conformable to the sedimentary basin.



Figure 3. Tsant Uul Project drill hole locations and coal resource area.



Figure 4. Tsant Uul Project 3B Seams Resources.

The Tsant Uul Coal Resource has been classified and reported in accordance with the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Resource classification is based on confidence in the geological domaining, drill spacing and geostatistical measures.

A range of criteria has been considered in determining the classification including:

- Geological continuity;
- Data quality;
- Drill hole spacing;
- Modelling technique;
- Estimation parameters including search strategy, number of samples, and average distance to samples.

Based upon these considerations Coal Resource categories Measured, Indicated and Inferred were defined. Each classified resource area must contain at least 2 points of observation .i.e. there are no resources classified around a single drill hole intersection. The classification process was based upon interpolation distance and minimum samples within the search ellipse as defined by a Minescape macro as follows:

- <u>Inferred</u> if the average weighted sample distance was greater than 400m and less than 400m (Radius 400m);
- <u>Indicated</u> if the average weighted sample distance was between 200m and 200m (Radius 200m);
- <u>Measured</u> if the average weighted sample distance was less than 100m (Radius 100m).

Resource Estimation

The total Coal Resource for Tsant Uul is estimated to be 167.1 Mt of which 40.9 Mt is Measured, 52.9 Mt is Indicated and 73.3 Mt is Inferred (Tables 4, 5 & 6).

All coal quality data has been modelled on an air dried basis (adb). Relative density and tonnage have been converted to an *in situ* basis, using the Preston Sanders Formula. Coal quality was modelled on a ply by ply basis and then combined into seam composites.

Table 4. Tsant Uul Coal in situ Global Resources

CATEGORY	VOLUME (MBcm)	TONNAGE (Mt)
MEASURED	26.4	40.9
INDICATED	34.3	52.9
INFERRED	47.2	73.3
TOTAL	107.9	167.1

The global *in situ* Coal Resource cut by depth is shown in Table 5 below. The thickness of the weakly weathered coal interval below the Quaternary cover sediments varies from 0.3m to 4.3m. The Inferred weathered coal resource has reasonable prospects for eventual economic extraction.

Table 5. Tsant Uul Coal in situ Global Resources cut by depth (Minescape model)

RESOURCE CATEGORY	WEATHERED Tonnes x 1000	BOW ¹ -50m Tonnes x 1000	50m – 100m Tonnes x 1000	100m – 150m Tonnes x 1000	150m – 200m Tonnes x 1000	>200m Tonnes x 1000	TOTAL Tonnes x 1000
MEASURED	0	7,365	13,130	9,838	5,873	4,667	40,874
INDICATED	0	6,323	10,935	10,264	10,849	14,548	52,920
INFERRED	3,202	3,648	8,907	13,390	14,760	29,365	73,272
TOTAL	3,202	17,336	32,972	33,492	31,482	48,580	167,066

1.BOW = base of weathering

SEAM	True Thick	Volume	Tonnage	тм	IM	ASH	VM	FC	TS	CV	CV	CV	RD	FSI
	m	BCM	t	%	%	%	%	%	%	Kcal/Kg	Kcal/Kg	Kcal/Kg	in situ	
	Average	X 1000	X 1000		adb	adb	adb	adb	adb	adb	db	daf	g/cm ³	
1A	3.11	5,214	8,057	5.69	4.25	20.70	29.63	45.42	0.50	5,542	5,788	7,384	1.54	1.0
1AU	2.49	1,660	2,535	4.98	3.99	19.14	29.69	47.18	0.35	5,771	6,011	7,508	1.53	1.0
1AL	1.42	573	894	5.87	4.10	24.53	29.58	41.80	0.26	5,228	5,452	7,325	1.56	1.0
1B	0.81	283	430	5.52	4.51	17.67	30.45	47.37	0.38	5,863	6,140	7,534	1.52	0.5
1BU	0.68	138	218	5.19	4.10	29.48	26.94	39.48	0.31	4,827	5,033	7,267	1.59	1.0
1BL	0.64	166	260	4.85	4.07	29.44	27.04	39.45	0.30	4,814	5,018	7,239	1.57	0.5
1C	0.95	384	594	6.40	4.32	21.79	31.04	43.12	0.40	5,518	5,767	7,468	1.54	1.0
1D	1.05	170	264	5.85	4.62	21.57	28.64	45.17	0.30	5,578	5 <i>,</i> 848	7,557	1.56	0.5
2A	1.66	1,414	2,163	6.19	4.36	19.31	29.43	46.90	0.52	5,809	6,073	7,610	1.53	1.0
2AU	0.86	1,184	1,816	4.98	3.78	20.26	35.24	40.72	0.32	5,667	5,890	7,461	1.53	0.5
2AL	1.91	2,784	4,293	5.87	4.23	26.04	29.62	40.15	0.36	5,127	5,354	7,353	1.56	0.5
2ALU	1.61	174	273	5.36	4.05	22.77	29.36	43.82	0.39	5,308	5,532	7,253	1.57	0.0
2ALL	1.93	241	381	5.52	4.12	28.83	28.17	38.89	0.38	4,792	4,998	7,147	1.58	1.0
2B	1.46	1,897	2,997	5.49	4.12	26.86	27.59	41.42	0.38	5,208	5,433	7,547	1.58	1.0
2BU	1.12	2,369	3,726	4.30	2.95	27.25	33.18	36.68	0.36	5,264	5,424	7,541	1.57	1.0
2BL	0.86	967	1,527	4.22	2.85	27.19	35.86	34.11	0.27	5,292	5,447	7,564	1.58	1.0
2C	0.62	265	417	5.94	4.02	28.18	28.43	39.38	0.32	5,092	5,305	7,509	1.58	1.0
2D	0.60	382	615	5.13	3.69	39.40	24.71	32.20	0.25	4,006	4,160	7,039	1.63	1.0
2DU	1.33	3,150	4,706	4.68	2.60	16.05	40.75	40.58	0.27	6,252	6,419	7,686	1.50	1.5
2DL	1.36	2,905	4,555	4.31	2.36	24.25	37.39	36.00	0.24	5,580	5,715	7,603	1.56	1.0
2E	0.61	268	426	5.29	3.76	30.15	27.90	38.18	0.32	4,916	5,109	7,440	1.59	1.0
3AB	11.58	3,684	5,572	5.97	2.48	18.85	41.76	36.90	0.39	5,985	6,138	7,608	1.51	1.0
3A	5.70	12,460	19,225	6.98	3.69	24.97	33.78	37.29	0.38	5,366	5,572	7,522	1.54	1.0
3AU	2.43	9,575	14,839	5.69	3.18	25.39	35.81	35.62	0.36	5,358	5,534	7,501	1.55	1.0
3AL	2.17	7,427	11,609	5.46	3.20	27.43	32.82	36.54	0.33	5,223	5,395	7,529	1.56	1.0
3B	5.01	10,569	16,122	4.91	3.01	22.39	37.71	36.82	0.34	5,749	5,928	7,707	1.53	1.0
3BU	2.51	9,858	15,067	5.38	2.98	20.32	38.56	38.13	0.46	5 <i>,</i> 833	6,012	7,605	1.52	1.5
3BL	1.93	7,654	11,822	5.41	2.83	24.40	36.21	36.60	0.39	5,524	5,685	7,591	1.54	1.0
3C	0.89	1,754	2,746	5.60	2.84	28.24	33.71	35.21	0.41	5,311	5,466	7,706	1.56	1.0
3CU	0.63	806	1,257	4.99	2.69	28.41	36.68	32.23	0.38	5,170	5,313	7,503	1.56	1.0
3CL	0.67	1,114	1,730	4.57	2.63	23.01	38.45	35.91	0.47	5,659	5,812	7,611	1.55	1.0
3D	0.77	307	486	4.66	3.57	29.11	25.80	41.52	0.30	4,970	5,154	7,383	1.59	1.5
3DU	0.56	82	135	5.29	3.98	42.94	20.74	32.34	0.27	3,540	3,687	6,669	1.66	0.0
3DL	0.70	179	276	3.93	2.51	26.57	34.41	36.51	0.45	5,267	5,403	7,427	1.56	0.5
3E	0.73	159	263	4.43	3.78	38.17	20.17	37.88	0.27	4,182	4,346	7,204	1.65	1.0
4A	1.78	9,192	14,484	5.40	3.98	24.86	29.85	41.32	0.26	5,349	5,570	7,516	1.57	1.0
4AL	1.17	752	1,193	4.16	2.99	31.45	27.28	38.28	0.39	4,936	5,088	7,529	1.58	0.5
4B	1.42	5,665	8,936	4.99	4.05	25.54	27.91	42.49	0.62	5,316	5,541	7,551	1.57	1.0
4C	0.55	98	156	4.45	2.77	39.21	26.31	31.72	0.49	3,917	4,028	6,750	1.60	0.5
ALL	2.95	107,923	167,066	5.48	3.37	23.95	34.08	38.57	0.38	5,488	5,679	7,551	1.55	1.0

Table 6. Tsant Uul Coal Quality Resource Summary (Minescape model)

Notes: TM – total moisture

IM – inherent moisture

ASH – ash content

VM – volatile matter

FC – fixed carbon

TS – total sulphur

CV – calorific value

RD – relative density (adjusted to in situ basis)

FSI – free swelling index

adb – air dried basis, laboratory report

db – dry basis, calculation, db = $[100/(100-IM)] \times CVadb$

daf - dry ash free, calculation, daf = [100/(100-IM-ASH)] x CVadb

	vom Qui				••••••P ••				
SEAM	Measure	TM	IM	ASH	VM	FC	TS	CV	RD
		%	%	%	%	%	%	Kcal/Kg	in situ
			adb	adb	adb	adb	adb	adb	g/cm³
1A	Sample	25	25	25	25	25	25	25	25
	Minimum	3.97	3.04	9.69	24.38	38.07	0.23	4,760	1.46
	Maximum	11.44	9.10	31.00	35.31	51.29	3.22	6,634	1.61
	Average	5.69	4.25	20.70	29.63	45.42	0.50	5.542	1.54
140	Sample	12	12	12	12	12	12	12	12
1/10	Minimum	4 07	3 15	12 33	25.90	40.82	0.20	4 957	1 49
	Maximum	6.21	5.15	27.29	22 21	50.60	0.75	6 / 61	1 59
		4.09	3.21	27.30	33.21	47.10	0.75	0,401	1.50
1.41	Average	4.90	3.99	19.14	29.09	47.10	0.55	5,771	1.55
IAL	Sample	9	9	9	9	9	9	9	9
	winimum	3.61	2.69	8.79	23.70	29.07	0.16	3,619	1.39
	Maximum	10.28	5.24	42.72	37.61	49.90	0.54	6,812	1.67
	Average	5.87	3.75	26.06	29.38	40.81	0.28	5,160	1.55
1B	Sample	12	12	12	12	12	12	12	12
	Minimum	4.42	3.56	8.99	25.86	35.73	0.22	4,506	1.44
	Maximum	6.80	5.41	34.25	35.06	52.49	1.42	6,476	1.62
	Average	5.52	4.51	17.67	30.45	47.37	0.38	5,863	1.52
1BU	Sample	7	7	7	7	7	7	7	7
	Minimum	3.70	3.28	10.28	20.36	25.44	0.16	2,621	1.44
	Maximum	7.86	5.42	50.80	32.52	53.08	0.53	6,691	1.82
	Average	5.19	4.10	29.48	26.94	39.48	0.31	4.827	1.59
1BL	Sample	10	10	10	10	10	10	10	10
	Minimum	3.54	2.96	7.65	17.09	19.58	0.11	2 027	1.43
	Maximum	6.27	5.77	60.36	35.17	57.35	0.49	6 661	1.73
	Average	4.85	4.07	29.11	27.04	29.45	0.45	1 811	1 57
10	Samula	4.05	4.07	23.44	27.04	0	0.50	4,014	1.57
IC IC	Minimum	3 53	9 2.25	9 11.25	3	30.20	9	9	9
	Mawimum	3.53	2.35	26.70	24.44	20.20	0.10	4,051	1.47
	iviaximum	17.04	8.73	36.78	44.82	53.02	0.58	6,512	1.63
	Average	6.40	4.32	21.79	31.04	43.12	0.40	5,518	1.54
1D	Sample	7	7	7	7	7	7	7	7
	Minimum	4.71	3.63	13.21	24.16	39.13	0.22	4,670	1.51
	Maximum	7.05	4.94	31.85	33.19	51.46	0.44	6,281	1.62
	Average	5.85	4.62	21.57	28.64	45.17	0.30	5,578	1.56
2A	Sample	24	24	24	24	24	24	24	24
	Minimum	3.56	2.60	9.99	22.52	30.52	0.17	3,785	1.45
	Maximum	17.33	6.11	42.96	32.95	55.32	2.88	6,595	1.66
	Average	6.19	4.36	19.31	29.43	46.90	0.52	5,809	1.53
2AU	Sample	15	15	15	15	15	15	15	15
	Minimum	3.59	1.86	9.70	24.45	19.41	0.06	2,889	1.45
	Maximum	14.24	7.52	52.41	42.48	54.00	0.50	6,642	1.72
	Average	4.98	3.78	20.26	35.24	40.72	0.32	5,667	1.53
2AL	Sample	21	21	21	21	21	21	21	21
	Minimum	3.45	2.92	12.86	17.15	20.35	0.13	2.054	1.49
	Maximum	16.53	7.39	58.83	37.82	50.85	0.70	6.416	1.70
	Average	5.87	4.23	26.04	29.62	40 15	0.36	5 1 2 7	1.56
20111	Sample	J.07	4.23	4	1	40.15	/	1	1.50
ZALU	Minimum	4	4 2 66	4 1/ 60	4 20 EC	4 27.76	4 0.26	4 1 210	4
	Mavimum	4.0/	5.00	20.34	20.30	37.20	0.20	4,313	1.54
	iviaximum	5./0	4.05	30.24	30.88	47.//	0.44	0,079	1.01
	Average	5.36	4.05	22.17	29.36	43.82	0.39	5,308	1.57
ZALL	Sample	5	5	5	5	5	5	5	5
	Minimum	4.06	3.09	19.59	23.59	30.42	0.15	3,816	1.54
	Maximum	6.34	4.90	42.15	31.45	45.61	0.59	5,652	1.61
	Average	5.52	4.12	28.83	28.17	38.89	0.38	4,792	1.58
2B	Sample	15	15	15	15	15	15	15	15
	Minimum	2.20	1.38	13.72	22.34	30.14	0.22	3,885	1.48
	Maximum	10.69	6.48	43.63	32.46	51.59	0.63	6,487	1.66
	Average	5.49	4.12	26.86	27.59	41.42	0.38	5,208	1.58

SEAM	Measure	TM	IM	ASH	VM	FC	TS	CV	RD
		%	%	%	%	%	%	Kcal/Kg	in situ
			adb	adb	adb	adb	adb	adb	g/cm ³
2BU	Sample	19	19	19	19	19	19	19	19
	Minimum	2.60	1.68	10.92	21.02	21.41	0.10	3.004	1.48
	Maximum	8.60	5.53	50.51	42.31	54.08	0.96	6.440	1.72
		4.30	2.95	27.25	33.18	36.68	0.36	5 264	1.57
2BI	Sample	7	7	7	7	7	7	7	7
	Minimum	2.99	2.30	12.12	29.88	25.64	0.17	4.142	1.48
	Maximum	6.07	4.94	41.55	40.37	51.86	0.98	6.197	1.69
		4.22	2.85	27.19	35.86	34.11	0.27	5 292	1.58
20	Sample	12	12	12	12	12	12	12	12
	Minimum	3.39	2.06	14.82	23.56	27.04	0.18	4 060	1.51
	Maximum	8 34	5.48	40.95	32.63	54.24	0.85	6 167	1.65
		5 94	4 02	28.18	28.43	39.38	0.32	5.092	1 58
20	Sample	7	7	7	7	7	7	7	7
20	Minimum	, 3 17	2 28	, 27.99	, 18.24	, 21 53	, 0 17	, 2 3 2 6	1 58
	Maximum	5.01	4 05	56 18	32.00	42 57	0.17	5 176	1 90
	Avorago	5.51	2 60	20.10	24 71	22.37	0.47	4 006	1.50
2011	Sampla	5.15 1E	3.09 1E	35.40 1E	24.71	32.20	15	4,000	1.05
200	Minimum	2 / 8	1 80	<u> </u>	28.37	32.04	0.16	112	1 / 2
	Maximum	2.40 9.77	2.97	36.79	1/ 8/	55.69	0.10	6 873	1.42
	Average	0.22	3.67	16.05	44.04	40 59	0.45	6 25 2	1.55
201	Sample	4.00	2.00	10.05	40.75	40.30	12	17	1.50
201	Minimum	2 8/	1 /0	10 52	27.80	26.84	0.11	1 101	1 //
	Maximum	8 20	5.08	38.60	44 03	55 36	0.11	6 683	1.44
		/ 21	2 36	24.25	27 20	36.00	0.45	5 580	1.07
25	Sample	5	2.30	5	57.55	50.00	5	5,580	5
21	Minimum	3 72	2/12	10/15	25.02	30.57	0.23	J 1 072	1 55
	Maximum	6.12	4.65	39.12	33 37	44 75	0.23	5 877	1.55
		5 29	3 76	30.15	27.90	28.18	0.47	/ 916	1.05
3AB	Sample	12	12	12	12	12	12	12	1.55
JAD	Minimum	3 11	1 90	15 47	25.73	33.03	0.20	4 669	1 49
	Maximum	16.59	3.44	31.50	43.82	39.55	0.56	6 375	1.62
		5 97	2 48	18.85	41 76	36.90	0.39	5 985	1 51
30	Sample	41	41	41	41.70	41	41	41	41
3/1	Minimum	2.02	1.61	11.89	18.26	19.90	0.14	3 188	1.36
	Maximum	20.23	11.96	48.52	45.26	55.30	0.74	6.724	1.76
	Average	6.98	3.69	24.97	33.78	37.29	0.38	5.366	1.54
3AU	Sample	48	48	48	48	48	48	48	48
	Minimum	2.84	1.53	13.00	16.18	21.20	0.09	2.176	1.38
	Maximum	31.78	8.01	61.09	46.08	47.61	0.73	6.460	1.71
	Average	5.69	3.18	25.39	35.81	35.62	0.36	5,358	1.55
3AL	Sample	53	53	53	53	53	53	53	53
	Minimum	2.54	1.51	9.72	17.99	21.95	0.11	3.011	1.34
	Maximum	14.23	5.18	51.64	47.68	47.72	0.87	6.872	1.75
	Average	5.46	3.20	27.43	32.82	36.54	0.33	5.223	1.56
3B	Sample	39	39	39	39	39	39	39	39
-	Minimum	2.23	1.62	13.19	18.49	29.08	0.07	3,596	1.39
	Maximum	9.88	5.53	44.85	45.12	50.97	0.53	6,577	1.73
	Average	4.91	3.01	22.39	37.71	36.82	0.34	5,749	1.53
3BU	Sample	54	54	54	54	54	54	54	54
-	Minimum	2.50	1.74	10.61	16.58	27.93	0.13	2,981	1.42
	Maximum	17.28	8.16	50.29	46.25	48.84	2.29	6,709	1.76
	Average	5.38	2.98	20.32	38.56	38.13	0.46	5,833	1.52
3BL	Sample	56	56	56	56	56	56	56	56
	Minimum	2.29	1.20	12.85	14.65	27.50	0.11	3,057	1.40
	Maximum	19.36	5.05	51.88	45.26	52.70	1.58	6,877	1.83
	Average	5.41	2.83	24.40	36.21	36.60	0.39	5,524	1.54
3C	Sample	20	20	20	20	20	20	20	20
	Minimum	2.57	1.58	12.90	19.98	26.66	0.14	3,998	1.44
	Maximum	14.23	5.25	41.43	43.54	46.53	1.24	6,365	1.74
	Average	5.60	2.84	28.24	33.71	35.21	0.41	5,311	1.56
	-								

SEAM	Measure	тм	IM	ASH	VM	FC	TS	CV	RD
		%	%	%	%	%	%	Kcal/Kg	in situ
			adb	adb	adb	adb	adb	adb	g/cm³
3CU	Sample	15	15	15	15	15	15	15	15
	Minimum	2.75	1.80	10.50	17.70	24.89	0.13	3,684	1.49
	Maximum	11.11	4.01	42.59	48.60	43.19	0.96	7,079	1.72
	Average	4.99	2.69	28.41	36.68	32.23	0.38	5,170	1.56
3CL	Sample	11	11	11	11	11	11	11	11
	Minimum	2.87	1.56	14.40	20.38	28.47	0.18	4,238	1.44
	Maximum	8.49	4.78	39.70	44.51	47.96	0.84	6,426	1.68
	Average	4.57	2.63	23.01	38.45	35.91	0.47	5,659	1.55
3D	Sample	14	14	14	14	14	14	14	14
	Minimum	2.83	2.37	10.83	15.80	21.75	0.11	2,220	1.48
	Maximum	6.36	5.64	59.99	41.64	52.10	0.49	6,640	2.04
	Average	4.66	3.57	29.11	25.80	41.52	0.30	4,970	1.59
3DU	Sample	3	3	3	3	3	3	3	3
	Minimum	4.74	3.83	34.51	15.80	29.21	0.03	2,802	1.66
	Maximum	5.83	4.08	49.65	24.19	37.46	0.50	4,266	1.84
	Average	5.29	3.98	42.94	20.74	32.34	0.27	3,540	1.66
3DL	Sample	4	4	4	4	4	4	4	4
	Minimum	2.31	1.56	20.80	16.24	13.25	0.13	1,905	1.54
	Maximum	4.74	3.49	68.94	41.28	44.51	0.56	5,888	1.67
	Average	3.93	2.51	26.57	34.41	36.51	0.45	5,267	1.56
3E	Sample	5	5	5	5	5	5	5	5
	Minimum	3.94	3.34	21.81	17.96	33.61	0.20	3,754	1.55
	Maximum	5.08	4.64	43.81	27.53	47.34	0.47	5,768	1.67
	Average	4.43	3.78	38.17	20.17	37.88	0.27	4,182	1.65
4A	Sample	13	13	13	13	13	13	13	13
	Minimum	3.52	2.31	11.00	14.83	17.02	0.13	1,359	1.46
	Maximum	16.82	5.00	65.20	47.07	53.67	0.64	6,543	1.83
	Average	5.40	3.98	24.86	29.85	41.32	0.26	5,349	1.57
4AL	Sample	3	3	3	3	3	3	3	3
	Minimum	3.95	1.51	28.48	20.63	31.78	0.30	4,315	1.49
	Maximum	4.31	3.73	36.21	38.23	46.67	0.52	5,553	1.66
	Average	4.16	2.99	31.45	27.28	38.28	0.39	4,936	1.58
4B	Sample	9	9	9	9	9	9	9	9
	Minimum	3.73	2.60	10.97	20.62	30.00	0.07	3,447	1.44
	Maximum	8.87	5.65	46.19	34.50	50.27	3.03	6,600	1.73
	Average	4.99	4.05	25.54	27.91	42.49	0.62	5,316	1.57
4C	Sample	3	3	3	3	3	3	3	3
	Minimum	3.37	1.34	29.84	21.68	22.26	0.15	3,198	1.58
	Maximum	5.67	4.07	47.89	29.01	37.08	0.93	4,744	1.64
	Average	4.45	2.77	39.21	26.31	31.72	0.49	3,917	1.60

Hunnu Coal - JORC Resource Summary

Hunnu Coal - JORC Resource Summary										
	Tsant Uul	Unst Khudag	Total							
	Mt	Mt	Mt							
Resource Category										
Measured	40.9	540.9	581.8							
Indicated	52.9	59.9	112.8							
Inferred	73.3	75.6	148.9							
TOTAL	167.1	676.4	843.5							

Hunnu Coal is aiming to become a major force in the exploration and development of coking and thermal coal deposits in the world class coal provinces of southern Mongolia.

George Tumur Managing Director

Competent Persons Statement

The information in this report that relates to Coal Resources is based on information compiled by Mr Dwiyoko TU. Taruno and Mr Irwan Mardohirawan who are a members of the Australasian Institute of Mining and Metallurgy. Mr Dwiyoko TU. Taruno and Mr Irwan Mardohirawan have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Dwiyoko TU. Taruno and Mr Irwan Mardohirawan consent to the inclusion of such information in this report in the form and context in which it appears.

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.

*Exploration Target

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 250Mt to 500Mt of coal. Hunnu Coal is currently reviewing previous exploration and test work. 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.