



ASX Release

Tuesday 19 October 2010

HUNNU COAL LIMITED

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WEST PERTH

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Issued Capital:

161.1 million shares

ASX Symbol: HUN

Media:

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PLACEMENT TO RAISE \$40 MILLION

Hunnu Coal Limited (**Company**) is very pleased to announce the raising of \$AUD40 million through a placement to institutional and sophisticated investors to accelerate the exploration and development of the Company's coking and thermal coal projects in Mongolia.

The Company has secured firm commitments from subscribers to participate in a placement by which the Company will raise \$40 million (before costs) through the issue of 50 million shares at an issue price of 80 cents each (**Placement**). Azure Capital Limited and CPS Securities have been appointed Joint Lead Managers for the Placement.

The successful completion of the Placement will place the Company in a strong financial position to accelerate its aggressive exploration programme. The Company currently has 14 drilling rigs operating in Mongolia.

Funds raised pursuant to the Placement and Offer will be used for:

- Continue the aggressive drilling programme at the Tsant Uul Coking Coal Project which currently has eight drilling rigs operating,
- Continue the aggressive drilling programme at the Unst Khudag Thermal Coal Project which currently has six drilling rigs operating,
- Calculation of JORC resources at both Unst Khudag and Tsant Uul
- Fast track development of both Tsant Uul and Unst Khudag
- Acquire additional coking coal projects

The Placement will be issued in two tranches. The first tranche of 24 million shares will be issued on 27 October 2010. The issue of the second tranche of 26 million shares is conditional on shareholders approving the issue of those shares at a general meeting of the Company to be held as soon as practicable.

Use of Funds (assuming shareholder approval of the second tranche of Placement shares)

	A\$M
Drilling Programmes & JORC calculations	20
Development and Infrastructure Spending	10
Acquisitions	5
Working Capital	3
Expenses of the Placement and the Offer	2
Total	40

HUNNU COAL

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

HUNNU COAL PROJECT LOCATIONS

