



29 September 2011

The Manager  
Company Announcements Office  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Hunnu Coal Limited (ASX: HUN) – takeover bid by Banpu Minerals (Singapore) Pte Ltd  
Target's Statement**

We attach, by way of service pursuant to item 14 of subsection 633(1) of the *Corporations Act 2001* (Cth), a copy of the target's statement of Hunnu Coal Limited (**Hunnu**) in response to the off-market takeover bid by Banpu Minerals (Singapore) Pte Ltd for all of the options to acquire ordinary shares in Hunnu.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tim Flavel', written in a cursive style.

**Mr Tim Flavel  
Director and Company Secretary  
Hunnu Coal Limited**



## Hunnu Coal Limited

(ABN 83 138 962 124)

# Target's Statement

This Target's Statement has been issued in response to the off-market takeover bid made by Banpu Minerals (Singapore) Pte Ltd (Reg No. 199608046M)), a subsidiary of Banpu Public Company Limited, for all of the options to acquire ordinary shares in Hunnu Coal Limited.

**The directors of Hunnu Coal Limited unanimously recommend that you ACCEPT Banpu's Offer (in the absence of a Superior Proposal)**



**Legal Adviser**

### **IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

---

---

## CONTENTS

---

1.	FREQUENTLY ASKED QUESTIONS .....	8
2.	WHY YOU SHOULD ACCEPT THE OFFER .....	15
3.	DIRECTORS' RECOMMENDATION .....	19
4.	IMPORTANT MATTERS FOR HUNNU SHAREHOLDERS TO CONSIDER .....	20
5.	KEY FEATURES OF BANPU'S OFFER .....	25
6.	INFORMATION REGARDING HUNNU .....	30
7.	INFORMATION RELATING TO THE HUNNU DIRECTORS.....	35
8.	AUSTRALIAN TAXATION CONSEQUENCES .....	37
9.	ADDITIONAL INFORMATION .....	38
10.	GLOSSARY AND INTERPRETATION.....	43
11.	AUTHORISATION.....	49
	ANNEXURE A – OFFER CONDITIONS.....	50

---

## KEY DATES

---

Date of Banpu's Offer	Tuesday, 4 October 2011
Date of this Target's Statement	Thursday, 29 September 2011
Close of Offer Period (unless extended or withdrawn)	7:00pm (Sydney time) on Monday, 7 November 2011

---

---

## HUNNU SHAREHOLDER INFORMATION

---

Hunnu has established an Offer Information Line which Hunnu Optionholders may call if they have any queries in relation to Banpu's Offer. The telephone number for the Offer Information Line is 1300 664 413 (toll free, for calls made from within Australia) or +61 2 8022 7902 (not toll free, for calls made from outside Australia) between 9:00 am and 7:00 pm (Sydney time) Monday to Friday. Calls to the Offer Information Line may be recorded.

Further information relating to Banpu's Offer can be obtained from Hunnu's website at [www.hunnucoal.com](http://www.hunnucoal.com).

---

## **IMPORTANT NOTICES**

---

### **Nature of this document**

This document is a Target's Statement issued by Hunnu Coal Limited (ABN 83 138 962 124) under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Banpu Minerals (Singapore) Pte Ltd (Reg No. 199608046M) for all of the options issued by Hunnu to acquire ordinary shares in Hunnu.

This Target's Statement is dated 29 September 2011 and was lodged with the ASIC and given to ASX on that date. Neither ASIC nor ASX nor any of their respective officers take no responsibility for the contents of this Target's Statement.

### **Defined terms**

A number of defined terms are used in this Target's Statement. These terms are explained in section 10 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

### **No account of personal circumstances**

This Target's Statement does not take into account your individual objectives, financial situation or particular needs. It does not contain personal advice. Your Hunnu Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

### **Disclaimer as to forward looking statements**

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Hunnu operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Hunnu, Hunnu's officers and employees, any persons named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

## **Disclaimer as to information**

The information on Banpu PCL, Banpu and the Banpu Group contained in this Target's Statement has been prepared by Hunnu using publicly available information. The information in the Target's Statement concerning Banpu PCL, Banpu and the Banpu Group, has not been independently verified by Hunnu. Accordingly Hunnu does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

## **Foreign jurisdictions**

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

## **Privacy**

Hunnu has collected your information from the Hunnu register of Hunnu Optionholders for the purpose of providing you with this Target's Statement. The type of information Hunnu has collected about you includes your name, contact details and information on your optionholding in Hunnu. Without this information, Hunnu would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of Hunnu Shareholders and Hunnu Optionholders to be held in a public register. Your information may be disclosed on a confidential basis to Hunnu's related bodies corporate and external service providers (such as the share registry of Hunnu and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Hunnu, please contact the Offer Information Line. Calls to the Offer Information Line may be recorded.



29 September 2011

Dear Hunnu Optionholders

### **Takeover bid by Banpu Minerals (Singapore) Pte Ltd**

On 12 September 2011, Hunnu announced it had entered into a bid implementation deed with Banpu Public Company Limited, through its Singaporean subsidiary Banpu Minerals (Singapore) Pte Ltd, pursuant to which Banpu Minerals (Singapore) Pte Ltd would make offers for all of the Hunnu Options on issue (**Offer**).

Banpu also announced that it would make a separate offer of A\$1.80 per Hunnu Share for all of the Hunnu Shares on issue that it does not already own (**Share Offer**).

Banpu PCL is a Thai stock exchange listed company that owns operating coal mines and power generating assets across Asia and in Australia.

### **Hunnu's Directors recommend you accept the Offer**

Under the Offer, Banpu is offering to acquire or enter into cancellation deed polls in respect of each Hunnu Option. The Offer is being made at the following prices for each class of Hunnu Options on issue (**Option Offer Prices**):

<b>Option Class (expiry date)</b>	<b>Number on issue</b>	<b>Current exercise price</b>	<b>Option Offer Prices</b>
Option Class 1 (31-Dec-14)	15,000,000	\$0.20	\$1.60
Option Class 2 (31-Dec-12)	1,000,000	\$0.20	\$1.60
Option Class 3 (31-Dec-12)	1,000,000	\$0.40	\$1.40
Option Class 4 (31-May-14)	9,000,000	\$2.00	\$0.60
Option Class 5 (30-Jun-15)	2,000,000	\$1.00	\$0.90
Option Class 6 (28 Feb-16)	300,000	\$1.25	\$0.90

The Offer enables you to monetise a value for your Hunnu Options at a premium (subject to the conditions of the Offer being fulfilled or freed).

Your Hunnu Directors unanimously recommend that you accept the Offer, in the absence of a Superior Proposal. The principal reasons for your Hunnu Directors' recommendation are:

1. Hunnu's Directors have unanimously recommended the Offer.
2. The Option Offer provides Hunnu Optionholders with certainty of cash.
3. There are risks in not accepting the Offer.
4. No Superior Proposal for Hunnu has emerged.

The detailed reasons for this recommendation are set out in section 2 of this Target's Statement.

All Hunnu Directors intend to accept the Offer and the Share Offer, in respect of the Hunnu Options and Hunnu Shares they own, or control, in the absence of Superior Proposal.

As at the date immediately before the date of this Target's Statement, Banpu is Hunnu's largest shareholder and has voting power of approximately 12.1% of Hunnu's issued share capital.

### **Accepting the Offer and next steps**

The Offer Period is scheduled to close at 7:00 pm (Sydney time) on Monday, 7 November 2011 (unless extended).

To accept the Offer, simply follow the instructions outlined in section 7.4 of the Bidder's Statement and printed on the Acceptance Form and Deed Poll. To be valid, your acceptance must be received before the close of the Offer Period.

In considering whether to accept the Offer, the Hunnu Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- read the whole of the Share Target's Statement and the Share Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you as outlined in section 4.9 of this Target's Statement;
- carefully consider section 4.11 of this Target's Statement and 4.12 of the Share Target's Statement;
- carefully consider section 2.3 of this Target's Statement, including the risks of becoming a minority Hunnu Shareholder; and
- obtain personal advice from your broker, financial adviser, accountant, lawyer or other professional adviser on the effect of accepting the Offer.

**Further information**

Hunnu will keep Hunnu Optionholders informed of any material developments in relation to the Offer through releases to the ASX (which will also be published on Hunnu's website).

I encourage you to read this document carefully. If you need any more information I recommend that you seek professional advice or call the Offer Information Line between 9.00am and 7.00pm (Sydney time) Monday to Friday.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Matthew Wood', with a stylized flourish extending to the right.

**Mr Matthew Wood  
Executive Chairman  
For and on behalf of  
Hunnu Coal Limited**

---

## 1. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for Hunnu Optionholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer
----------	--------

What is Banpu's Offer for my Hunnu Options?

Banpu is offering to acquire or enter into cancellation deed polls in respect of all of your Hunnu Options. The Offer is being made at the following prices for each class of Hunnu Options:

Option Class (expiry date)	Number on issue	Current exercise price	Option Offer Prices
Option Class 1 (31-Dec-14)	15,000,000	\$0.20	\$1.60
Option Class 2 (31-Dec-12)	1,000,000	\$0.20	\$1.60
Option Class 3 (31-Dec-12)	1,000,000	\$0.40	\$1.40
Option Class 4 (31-May-14)	9,000,000	\$2.00	\$0.60
Option Class 5 (30-Jun-15)	2,000,000	\$1.00	\$0.90
Option Class 6 (28 Feb-16)	300,000	\$1.25	\$0.90

If you accept the Offer, you will have:

- (a) agreed to transfer your Transferable Options to Banpu; and
- (b) agreed and covenanted by way of deed poll to have all Non-transferable Options cancelled.

You may accept the Offer only in respect of all, and not part, of the Hunnu Options that you hold unless

**Question****Answer**

sections 7.3(b) or 7.3(c) of the Bidder's Statement applies to you.

Additionally, Hunnu Optionholders may also exercise their Hunnu Options and accept the Share Offer in respect of any Hunnu Shares that are issued upon exercise of any Hunnu Options (while the Share Offer is still open for acceptance).

---

What choices do I have as a Hunnu Optionholder?

As a Hunnu Optionholder, you have the following choices in respect of your Hunnu Options:

- accept the Offer for all your Hunnu Options;
- sell your Hunnu Options, subject to any restrictions on their transfer;
- exercise your Hunnu Options and accept the Share Offer;
- exercise your Hunnu Options and sell some or all of your Hunnu Shares on ASX;
- exercise your Hunnu Options but not accept the Share Offer; or
- do nothing.

There are several implications in relation to each of the above choices. A summary of these implications is set out in section 4.9 of this Target's Statement.

---

What are the Hunnu Directors recommending?

Each Hunnu Director recommends that you accept the Offer (in the absence of a Superior Proposal). The reasons why the Directors are recommending that you accept the Offer are set out in section 2 of this Target's Statement.

---

What do the Directors of Hunnu intend to do with any Hunnu Options that they hold?

Each Hunnu Director has advised that they intend to accept the Offer in respect of any Hunnu Options that they own or control, in the absence of a Superior Proposal.

Further, each Hunnu Director has advised that they intend to accept the Share Offer in respect of any Hunnu Shares that they own or control, in the absence of a Superior Proposal.

Question	Answer
How many Hunnu Shares does Banpu already own?	As at the date immediately before the date of this Target's Statement, Banpu had a relevant interest in 30,000,000 Hunnu Shares and had no relevant interest in Hunnu Options. Banpu PCL's voting power is 12.1% as at the date of this Target's Statement. See section 6.7 of the Bidder's Statement for further details on Banpu PCL's interest in Hunnu.
How do I accept the Offer?	Full details of how to accept the Offer are set out in the section of the Bidder's Statement entitled "How Do I Accept The Offer?" on page 3 of the Bidder's Statement, section 7.4 of the Bidder's Statement and on the Acceptance Form and Deed Poll.
What are the consequences of accepting the Offer now?	<p>If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your Hunnu Options (if they are transferable under their terms) or otherwise deal with your Hunnu Options while the Offer remains open.</p> <p>The effect of acceptance is set out in section 7.5 of the Bidder's Statement. Hunnu Optionholders should read this section in full to understand the effect that acceptance will have on their ability to exercise rights attaching to their Hunnu Options and the representations and warranties they give by accepting the Offer.</p>
If I accept the Offer, can I withdraw my acceptance?	<p>Under the terms of the Offer, you may only withdraw your acceptance if the Offer terminates in accordance with section 7.8(e) of the Bidder's Statement; Banpu varies the Offer in a way that postpones the time when Banpu is required to satisfy its obligations by more than one month; or as described in section 7.8(a)(i)(C) of the Bidder's Statement.</p> <p>See section 5.8 of this Target's Statement and "Can I Withdraw My Acceptance?" on page 10 of the Bidder's Statement for further details.</p>

**Question****Answer**

When does the Offer close?

The Offer is scheduled to close at 7:00 pm (Sydney time) on Monday, 7 November 2011, but the Offer Period can be extended in certain circumstances.

Please be aware that there is no guarantee that Banpu will extend the Offer Period beyond Monday, 7 November 2011. Accordingly, your Hunnu Directors recommend that you should assume that the Offer Period will not be extended beyond this date. See section 5.5 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.

Can the Offer Period be extended?

Yes. While the Offer is subject to the Offer Conditions, Banpu may extend the Offer Period at any time before giving the Notice of Status of Conditions and otherwise only in limited circumstances. However, if the Offer is unconditional (that is all of the Offer Conditions are fulfilled or freed), Banpu may extend the Offer Period at any time before the end of the Offer Period. In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period Banpu improves the consideration offered under the Offer, or Banpu's voting power in Hunnu increases to more than 50%. If this occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event.

What are the conditions to the Offer?

In summary, the key outstanding conditions to the Offer, as at the date of this Target's Statement, are:

Banpu acquiring a relevant interest in at least 90% of all the Hunnu Shares on issue and 90% of all Hunnu Options on issue, and becomes entitled to compulsorily acquire all outstanding Hunnu Shares and Hunnu Options;

- Banpu obtaining FIRB Approval;
- there is no prescribed occurrence, as that term is defined in Annexure A to this Target's Statement;
- there is no action by a Government Agency that adversely affects the Takeover Bids;
- Banpu receives all Approvals which are required by law or by a Government Agency to permit the Offers, and acquisition of the Hunnu Shares and Hunnu Options contemplated by the Takeover Bids;
- certain conduct of business requirements are not breached;
- there are no material failings in filings by

**Question****Answer**

Hunnu;

- no person having any rights as a result of Banpu acquiring Hunnu Shares with respect to any material assets, material agreements or other legal arrangements;
- there are no force majeure events;
- there is no Hunnu Material Adverse Change;
- there are no Mining Interests that are revoked, terminated or expire 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;
- there is no direct or indirect disposal of, or Encumbrance over, the Mining Interests;
- there is not litigation is threatened in writing or commenced against any member of the Hunnu Group which may reasonably result in a judgement of \$5 million or more;
- the S&P/ASX 200 index does not fall below 3,500; and
- the PPS Act Condition being satisfied.

Unless all of the Offer Conditions are freed or fulfilled, the Offer will not proceed. See section 5.2 of this Target's Statement for further details.

---

What happens if the conditions of the Offer are not satisfied or waived?

If the conditions are not fulfilled or freed (that is, if any of the Offer Conditions are not satisfied or waived) before the Offer closes (or in the case of the conditions in section 7.7(c) of the Bidder's Statement, within 3 Business Days after the end of the Offer Period), the Offer will lapse. You would then be free to deal with Hunnu Options even if you had accepted the Offer.

---

Can Banpu withdraw the Offer?

Banpu may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Banpu may withdraw the Offer with the written consent of ASIC and subject to conditions (if any) specified in such consent.

---

Question	Answer
<p>When will I be sent my consideration if I accept the Offer?</p>	<p>In the usual case, you will be issued your consideration on or before the earlier of:</p> <ul style="list-style-type: none"> <li>• the day that is one month after the date of your acceptance or, if at the time of your acceptance the Offer is subject to an Offer Condition, one month after the Offer becomes, or is declared, unconditional; and</li> <li>• the day that is 21 days after the end of the Offer Period.</li> </ul> <p>Full details of when you will be issued consideration are set out in section 7.6 of the Bidder's Statement. See section 5.9 of this Target's Statement for further details on when you will be sent your consideration.</p>
<p>What are the tax implications of accepting the Offer?</p>	<p>Hunnu Optionholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p>
<p>What happens if Banpu improves the consideration under its Offer?</p>	<p>If Banpu improves the consideration offered under its Offer, all Hunnu Optionholders who have accepted the Offer will be entitled to the benefit of that improved consideration (whether they accepted the Offer before or after the consideration is improved).</p>
<p>Can I participate in the Share Offer?</p>	<p>The Share Offer extends to Hunnu Shares that come into existence during the period when the Share Offer is open for acceptance, including Hunnu Shares issued on the exercise of Hunnu Options. Therefore you can either accept the Offer or exercise your Hunnu Options and accept the Share Offer.</p>
<p>What happens if I do not accept the Offer?</p>	<p>If you do not accept the Offer, you will remain a Hunnu Optionholder and will not receive the Option Offer Prices. However, if Banpu becomes entitled to compulsorily acquire your Hunnu Options, it has stated that it intends to do so. If this occurs, the Option Offer Price will become available to you at a later date than if you had accepted the Offer. In that case, you will have to claim the Option Offer Prices for your Hunnu Options at the conclusion of the compulsory acquisition process.</p>
<p>Do I have to pay any fees?</p>	<p>You will not pay stamp duty on the disposal of your Hunnu Options if you accept the Offer. Refer to Section 7.11(a) of the Bidder's Statement for further information.</p>

**Question****Answer**

Is there a number that I can call if I have further queries in relation to the Offer?

If you have any further queries in relation to the Offer, you can call 1300 664 413 (toll free, for calls made from inside Australia) or +61 2 8022 7902 (not toll free, for calls made from outside Australia). Calls to these numbers may be recorded.

---

---

**2. WHY YOU SHOULD ACCEPT THE OFFER**

In summary, the key reasons why the Hunnu Directors have recommended Hunnu Optionholders accept the Offer, in the absence of a Superior Proposal, are:

---

1. Hunnu's Directors have unanimously recommended the Offer.

---

2. The Offer provides Hunnu Shareholders with certainty of cash.

---

3. There are risks in not accepting the Offer.

---

4. No superior proposal for Hunnu has emerged.

---

## 2.1 Introduction

The consideration being offered by Banpu under the Offer is the Option Offer Prices, in the form of cash for each Hunnu Option. The Offer is subject to a number of conditions. Those conditions are summarised in section 5.2 of this Target's Statement.

The Hunnu Board has carefully considered the Offer and unanimously recommends that Hunnu Optionholders accept the Offer promptly to ensure their acceptance is received before 7:00 pm (Sydney time) on Monday, 7 November 2011, in the absence of a Superior Proposal. All Hunnu Directors intend to accept the Offers in respect of the Hunnu Options that they own or control, in the absence of a Superior Proposal. The Hunnu Directors' reasons for their recommendation are set out below.

## 2.2 The Offer provides Hunnu Optionholders with certainty of cash

The Offer is to acquire all of your Hunnu Option for cash. The Offer provides Hunnu Optionholders with the ability to lock in an attractive price compared to the risks and uncertainties associated with remaining a Hunnu Optionholder.

By accepting the Offer:

- (a) you will receive the Option Offer Prices in the form of cash for each Hunnu Option in respect of which you accept the Offer (subject to the Offer becoming, or being declared, wholly unconditional);
- (b) in the usual case, you will be paid within one month after the later of the date of receipt of your acceptance and the date on which the Offer becomes, or is declared, wholly unconditional, and, in any event, within 21 days after the end of the Offer Period (subject to the Offer becoming, or being declared, wholly unconditional).

To accept the Offer, Hunnu Optionholders must complete and sign the Acceptance Form and Deed Poll in accordance with the instructions on these documents, and return them (together with all documents required by the instructions on them) so that they are received at the address stated on the form before the end of the Offer Period.

The Offer provides you with the opportunity to receive a certain cash return relative to retaining your Hunnu Shares. If you retain your Hunnu Options and exercise those Hunnu Options into Hunnu Shares, you will continue to be exposed to risks associated with, amongst other things:

- (a) Hunnu Share price volatility;
- (b) regulatory, sovereign and policy risk;
- (c) commodity price risk, in particular coal price;
- (d) foreign exchange risk;
- (e) funding risk;
- (f) exploration, development and operational risks; and
- (g) risks surrounding the development and/or access to infrastructure.

## 2.3 There are risks in not accepting the Offer

If Banpu does not acquire all of the Hunnu Shares under the Share Offer, and no Superior Proposal is received by Hunnu, your Hunnu Directors believe that Hunnu's share price may fall, meaning that the implied value of Hunnu Options is also likely to fall.

The Offers are subject to the Offer Conditions, including the Minimum Acceptance Condition, and Banpu has indicated that if it acquires a Relevant Interest in at least 90% of the Hunnu Shares and 90% of the Hunnu Options by the end of the Offer Period, it intends to:

- (a) proceed with compulsory acquisition of the outstanding Hunnu Shares and Hunnu Options in accordance with section 661B of the Corporations Act; and
- (b) arrange for Hunnu be removed from the official list of ASX. Under the ASX Listing Rules, a listed company must maintain a spread of share holdings which, in ASX's opinion, is sufficient to ensure there is an orderly and liquid market in securities. ASX may suspend and de-list a company that does not meet its spread requirements. It is possible that, whether or not Banpu intends for Hunnu to be de-listed, ASX may de-list Hunnu if Banpu acquires 90% or more of the Hunnu Shares.

Banpu has indicated that it does not currently intend to waive the Minimum Acceptance Condition (but reserves the right to do so). This means that if the Minimum Acceptance Condition is waived, there is a risk that, if you do not accept the Offer by the end of the Offer Period (and the other Offer Conditions are satisfied or waived), you may end up being a minority Hunnu Shareholder in the event you decide to exercise your Hunnu Options in the future. This will have a number of possible implications, including:

- (a) Banpu may be in a position to cast the majority of votes at a general meeting of Hunnu. This will enable it to control the composition of the Hunnu Board and senior management, determine Hunnu's dividend policy and control the strategic direction of the business;
- (b) the liquidity of Hunnu Shares may be lower than at present;
- (c) there may be limited institutional support for Hunnu Shares;
- (d) if the number of Hunnu Shareholders is less than that required by the Listing Rules to maintain an ASX listing, then the ASX may suspend and/or de-list Hunnu. If this occurs, any remaining Hunnu Shareholders will not be able to sell their Hunnu Shares on market;
- (e) if Banpu acquires 75% or more of the Hunnu Shares, Banpu will be able to pass a special resolution of Hunnu. This will enable Banpu to, among other things, change Hunnu's constitution; and
- (f) if Banpu acquires a majority of the Hunnu Shares, your Hunnu Directors believe that it is unlikely that a subsequent takeover bid for Hunnu will emerge at a later date from a Third Party.

Hunnu Optionholders should take these possible implications into account in considering whether to accept the Offer.

The Hunnu Directors recommend that Hunnu Optionholders should accept the Offer promptly to ensure their acceptance is received before 7:00 pm (Sydney time) on Monday, 7 November 2011, in the absence of a Superior Proposal.

#### **2.4 No Superior Proposal for Hunnu has emerged**

Your Hunnu Directors consider the Offer and the Share Offer to be the best proposals available to Hunnu Optionholders and Hunnu Shareholders respectively, and unanimously recommend that Hunnu Optionholders and Hunnu Shareholders respectively accept the Offer and the Share Offer, in the absence of a Superior Proposal.

As at the last Business Day prior to the date of this Target's Statement, no Competing Proposal or Superior Proposal had been received by the Hunnu Board in respect of Hunnu Options or Hunnu Shares.

---

### **3. DIRECTORS' RECOMMENDATION**

#### **3.1 Summary of Offer**

The consideration being offered by Banpu under the Offer for each Hunnu Option is the Option Offer Prices, in the form of cash. The Offer is subject to a number of Offer Conditions. Those Offer Conditions are summarised in section 5.2 of this Target's Statement.

#### **3.2 Directors' recommendations**

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, each of the Hunnu Directors recommends that you accept the Offer (in the absence of a Superior Proposal).

The Hunnu Directors' reasons for their above recommendation are set out in section 2 of this Target's statement.

In considering whether to accept the Offer, the Hunnu Directors encourage you to:

- (a) read the whole of this Target's Statement and the Bidder's Statement;
- (b) read the whole of the Share Target's Statement and the Share Bidder's Statement;
- (c) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (d) consider the choices available to you as outlined in section 4.9 of this Target's Statement;
- (e) carefully consider section 4.11 of this Target's Statement and 4.12 of the Share Target's Statement;
- (f) carefully consider section 2.3 of this Target's Statement, including the risks of becoming a minority Hunnu Shareholder; and
- (g) obtain financial advice from your broker or financial adviser upon the Offer and obtain taxation advice on the effect of accepting the Offer.

#### **3.3 Intentions of the Hunnu Directors in relation to the Offer**

Each Hunnu Director has advised that they intend to accept the Offer in respect of any Hunnu Options that they own or control, in the absence of a Superior Proposal.

Details of the previously announced direct and indirect holdings of each Hunnu Director in Hunnu Options are set out in section 7.1 of this Target's Statement.

#### **3.4 No brokerage payable**

You will not incur any brokerage in connection with your acceptance of the Offer which may otherwise have been payable if you exercised your Hunnu Options and sold any Hunnu Shares on market.

---

## **4. IMPORTANT MATTERS FOR HUNNU SHAREHOLDERS TO CONSIDER**

### **4.1 Banpu's Offer**

Banpu announced its intention to make the Takeover Bids for Hunnu on 12 September 2011. A copy of the announcement by Banpu is available on Hunnu's website, [www.hunnucoal.com](http://www.hunnucoal.com). A summary of the Offer is contained in section 5 of this Target's Statement.

Banpu's Offer is open for acceptance until 7:00 pm (Sydney time) on Monday, 7 November 2011, unless it is extended or withdrawn (sections 5.5 and 5.6 of this Target's Statement describe the circumstances in which Banpu can extend or withdraw its Offer).

### **4.2 Information about Banpu and the Banpu Group**

Banpu PCL is a pan Asian coal focused energy group with a diverse portfolio of coal mining and power assets in Thailand, Laos, Indonesia, Australia, China and Mongolia.

The shares of Banpu PCL are listed on the Stock Exchange of Thailand (SET: BANPU). As a result, Banpu PCL is subject to the disclosure obligations of the Stock Exchange of Thailand. These include obligations to disclose material information which may affect shareholders' rights, share price or investors' decisions whether to invest in Banpu PCL. Information concerning Banpu PCL is publicly available and may be accessed at [www.banpu.com](http://www.banpu.com).

Section 1 of the Bidder's Statement contains further information regarding Banpu.

### **4.3 Value of Banpu's Offer**

The Option Offer Prices to be received by Hunnu Optionholders who accept the Offer represents an attractive value for your Hunnu Options. Banpu has indicated that the Option Offer Prices have been calculated as the greater of:

- (a) the difference between \$1.80, being the Share Offer price per Hunnu Share, and the exercise prices of Hunnu Options; and
- (b) the valuation (in the absence of the Offer and Share Offer), derived using Black-Scholes methodology.

For further information on the value of the Offer, see section 1 of this Target's Statement.

### **4.4 Sources of consideration**

Information relating to the sources of consideration for the Offer are set out in section 4 of the Bidder's Statement.

### **4.5 Minority ownership consequences**

Banpu's Offer is presently subject to the Minimum Acceptance Condition. Banpu has the right to free its Offer from the Minimum Acceptance Condition. If Banpu waives the Minimum Acceptance Condition and acquires more than 50% but less than 90% of the Hunnu Shares under the Share Offer then, assuming all other offer conditions applicable to the Share Offer are fulfilled or freed, Banpu will acquire a majority shareholding in Hunnu.

Accordingly, Hunnu Optionholders, who do not accept the Offer but who decide to exercise their Hunnu Options in the future, may become minority shareholders in Hunnu. This has a number of possible implications, including:

- (a) Banpu will be in a position to cast the majority of votes at a general meeting of Hunnu. This will enable it to control the composition of Hunnu's Board and senior management, determine Hunnu's dividend policy and control the strategic direction of the businesses of Hunnu and its subsidiaries;
- (b) the liquidity of Hunnu Shares may be lower than at present;
- (c) there may be limited institutional support for Hunnu Shares;
- (d) if the number of Hunnu Shareholders is less than that required by the Listing Rules to maintain an ASX listing then the ASX may suspend and/or de-list Hunnu. If this occurs, any remaining Hunnu Shareholders will not be able to sell their Hunnu Shares on market;
- (e) if Banpu acquires 75% or more of the Hunnu Shares, Banpu will be able to pass a special resolution of Hunnu. This will enable Banpu to, among other things, change Hunnu's constitution;
- (f) if the number of Hunnu Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing then Banpu may seek to have Hunnu removed from the official list of the ASX. If this occurs, Hunnu Shares will not be able to be bought or sold on the ASX;
- (g) if Banpu acquires a majority of the Hunnu Shares on issue, your Hunnu Directors believe that it is unlikely that a subsequent takeover bid for Hunnu will emerge at a later date from a Third Party.

However, Banpu does not currently intend to waive the Minimum Acceptance Condition (but reserves the right to do so). See section 3.3 of the Bidder's Statement for further details of Banpu's intentions if it acquires more than 50% but less than 90% of the Hunnu Shares under the Share Offer.

#### **4.6 Other alternatives to the Offer**

The Board is not aware of any alternatives to the Offer in order to maximise value for Hunnu Optionholders.

At this stage, the Board is not in a position to provide Hunnu Optionholders or Hunnu Shareholders with information in relation to the probability of an alternative transaction arising but will keep Hunnu Optionholders and Hunnu Shareholders informed of any material developments.

#### **4.7 Hunnu share price absent the Offer**

While there are many factors that influence the market price of Hunnu Shares and the implied value of Hunnu Options, your Hunnu Directors anticipate that, following the close of the Offer, the market price of Hunnu Shares may fall if Banpu's Share Offer fails or if the Takeover Bids are otherwise unsuccessful, meaning that the implied value of Hunnu Options is also likely to fall.

#### **4.8 Taxation consequences of a change in control in Hunnu**

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances.

You should carefully consider the taxation consequences of accepting the Offer and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

#### **4.9 Your choices as an Hunnu Optionholder**

**Your Hunnu Directors unanimously recommend that you accept the Offer (in the absence of a Superior Proposal).**

However, as a Hunnu Optionholder you have the following choices currently available to you:

(a) **Accept the Offer**

Hunnu Optionholders may elect to accept the Offer. Details of the consideration that will be received by Hunnu Optionholders who accept the Offer are set out in section 5.1 of this Target's Statement and in the Bidder's Statement.

Hunnu Optionholders should be aware that if they accept the Offer, they may be liable for CGT on the disposal of their shares.

The Bidder's Statement contains details of how to accept the Offer in section 7.4 of the Bidder's Statement. Such details are also included on page 10 of this Target's Statement.

(b) **Sell your Hunnu Options**

Hunnu Optionholders who have not already accepted the Offer may sell some or all of their Hunnu Options (subject to any applicable restrictions on under their terms).

Hunnu Optionholders who sell their Hunnu Options may be liable for CGT on the sale (see section 5 of the Bidder's Statement and section 8 of the Target's Statement).

(c) **Exercise your Hunnu Options and accept the Share Offer**

Hunnu Optionholders may (subject to any applicable restrictions under their terms) exercise their Hunnu Options and accept the Share Offer. Further details of the Share Offer are outlined in section 4.10 of this Target's Statement.

Hunnu Optionholders who accept the Share Offer in respect of the Hunnu Shares issued to them upon exercise of their Hunnu Options may be liable for CGT on the sale (see section 5 of the Share Bidder's Statement and section 8 of the Share Target's Statement) and may incur a brokerage charge.

(d) **Exercise your Hunnu Options and sell your Hunnu Shares**

Hunnu Optionholders may exercise their Hunnu Options and sell some or all of their Hunnu Shares, issued upon the exercise of their Hunnu

Options, on the ASX (unless they have already accepted the Share Offer in respect of those Hunnu Shares).

Hunnu Optionholders who sell any Hunnu Shares issued to them upon exercise of their Hunnu Options may be liable for CGT on the sale and may incur a brokerage charge.

Hunnu Optionholders, who have exercised their Hunnu Options and received Hunnu Shares, and who wish to sell their Hunnu Shares on market should contact their broker for further information on how to effect that sale.

(e) **Exercise your Hunnu Options and do nothing**

Hunnu Optionholders may exercise their Hunnu Options and not accept the Share Offer in respect of those Hunnu Shares issued upon exercise of their Hunnu Options.

Hunnu Shareholders should note that if Banpu and its associates have a Relevant Interest in at least 90% of the Hunnu Shares during or at the end of the offer period of the Share Offer, Banpu will be entitled to compulsorily acquire the Hunnu Shares that it does not already own.

If, under the Share Offer, Banpu acquires more than 50% but less than 90% of the Hunnu Shares then, assuming all other conditions of the Share Offer are fulfilled or freed, Banpu will acquire a majority shareholding in Hunnu. In these circumstances, Hunnu Optionholders who exercise their Hunnu Options but do not accept the Share Offer will become minority shareholders in Hunnu. The potential implications of becoming a minority shareholder in Hunnu are discussed in section 4.5 of this Target's Statement.

However, Banpu does not currently intend to waive the minimum acceptance condition under the Share Offer (but reserves the right to do so). See section 3.3 of the Share Bidder's Statement for further details of Banpu's intentions if it acquires more than 50% but less than 90% of the Hunnu Shares under the Share Offer.

(f) **Do nothing**

Hunnu Optionholders who do not wish to accept the Offer should do nothing.

Hunnu Optionholders should note that if Banpu and its associates have a Relevant Interest in at least 90% of the Hunnu Options during or at the end of the Offer Period, Banpu will be entitled to compulsorily acquire the Hunnu Options that it does not already own (see section 5.12 of this Target's Statement for further details).

If, under the Share Offer, Banpu acquires more than 50% but less than 90% of the Hunnu Shares then, assuming all other conditions of the Share Offer are fulfilled or freed, Banpu will acquire a majority shareholding in Hunnu. In these circumstances, Hunnu Optionholders who do not accept the Offer will become minority shareholders in Hunnu if they decide to exercise their Hunnu Options in the future. The potential implications of becoming a minority shareholder in Hunnu are discussed in section 4.5 of this Target's Statement.

However, Banpu does not currently intend to waive the minimum acceptance condition of the Share Offer (but reserves the right to do so). See section 3.3 of the Share Bidder's Statement for further details of Banpu's intentions if it acquires more than 50% but less than 90% of the Hunnu Shares under the Share Offer.

#### **4.10 Share Offer**

In addition to the Offer, Banpu has also announced that is making a separate offer for all of the Hunnu Shares on issue that it does not already own of A\$1.80 per Hunnu Share.

If you are a holder of Hunnu Shares you will be sent the Share Bidder's Statement and the Share Target's Statement, which sets out the alternatives available to you with respect of your Hunnu Shares in connection with the Takeover Bids. Your Hunnu Directors encourage you to read the information regarding the Share Offer sent to you.

#### **4.11 Risk factors**

Refer to section 4.12 of the Share Target's Statement for details of the risks to which Hunnu is exposed.

#### **4.12 Other factors to consider - why you might not wish to accept the Offer**

The Hunnu Directors consider that Hunnu Optionholders should also be aware of the following factors in making their decision in relation to the Offer:

- (a) you may disagree with the Hunnu Directors, and believe that the Offer is not in the interests of Hunnu Optionholders;
- (b) there is a possibility that international economic conditions will materially improve in the future. Any such improvement may have a positive impact on the demand for coal and the price that Hunnu receives for the coal it produces;
- (c) Hunnu is one of only a limited number of independent, exclusively coal-focused, ASX-listed resource companies. By accepting the Offer for all of your Hunnu Options, you will no longer have any economic exposure to Hunnu's future operations, results and performance; and
- (d) you may consider that you will have the opportunity to dispose of your Hunnu Options or any Hunnu Shares received upon exercise of your Hunnu Options at a price in excess of Option Offer Price in the future.

Despite these factors, the Hunnu Directors unanimously recommend that you accept the Offer, and each Director of Hunnu has accepted, or intends to accept, the Offer in respect of any Hunnu Options that they own or control, in the absence of a Superior Proposal.

The Hunnu Directors also encourage Hunnu Optionholders to carefully read the risk factors in section 4.12 of the Share Target's Statement associated with retaining an investment in Hunnu and the potential effects on Hunnu's financing arrangements and material agreements in section 9.2 of the Share Target's Statement.

---

## **5. KEY FEATURES OF BANPU'S OFFER**

### **5.1 Consideration payable to Hunnu Optionholders who accept the Offer**

The consideration being offered by Banpu for each Hunnu Option is the Option Offer Price, in the form of cash for each Hunnu Option.

### **5.2 Offer Conditions**

Banpu's Offer is subject to a number of Offer Conditions. The Offer Conditions are set out in full in section 7.7 of the Bidder's Statement and Annexure A of this Target's Statement.

In summary, the outstanding Offer Conditions to the Offer, as at the date of this Target's Statement, are:

- (a) Banpu acquiring a Relevant Interest in at least 90% of all the Hunnu Shares on issue and 90% of all Hunnu Options on issue, and becomes entitled to compulsorily acquire all outstanding Hunnu Shares and Hunnu Options;
- (b) Banpu obtaining FIRB Approval;
- (c) there is no prescribed occurrence, as that term is defined in Annexure A to this Target's Statement;
- (d) there is no action by a Government Agency that adversely affects the Takeover Bids;
- (e) Banpu receives all Approvals which are required by law or by a Government Agency to permit the Offers, and acquisition of the Hunnu Shares and Hunnu Options contemplated by the Takeover Bids;
- (f) certain conduct of business requirements are not breached;
- (g) there are no material failings in filings by Hunnu;
- (h) no person has any rights as a result of Banpu acquiring Hunnu Shares with respect to any material assets, material agreements or other legal arrangements;
- (i) there are no force majeure events;
- (j) there is no Hunnu Material Adverse Change;
- (k) there are no Mining Interests that are revoked, terminated or expire 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;
- (l) there is no direct or indirect disposal of, or Encumbrance over, the Mining Interests;
- (m) there is not litigation is threatened in writing or commenced against any member of the Hunnu Group which may reasonably result in a judgement of \$5 million or more;
- (n) the S&P/ASX 200 index does not fall below 3,500; and

- (o) the PPS Act Condition being satisfied.

As at the date of this Target's Statement, Hunnu is not aware of any act, omission, event or fact that would result in the failure of any of the Offer Conditions.

Subject to the Corporations Act, Banpu may declare the Offer to be free from any Offer Condition or to extend the Offer at any time.

### **5.3 Notice of Status of Conditions**

Section 7.8(d) of the Bidder's Statement provides that Banpu will give a Notice of Status of Conditions to the ASX and Hunnu on Friday, 28 October 2011 (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

Banpu is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the conditions;
- (b) whether, so far as Banpu knows, any of the Offer Conditions have been fulfilled; and
- (c) Banpu's voting power in Hunnu.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Banpu is required, as soon as practicable after the extension, to give a notice to the ASX and Hunnu that states the new date for the giving of the Notice of Status of Conditions.

If a condition is fulfilled (so that the Offer becomes free of that condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Banpu must, as soon as practicable, give the ASX and Hunnu a notice that states that the particular condition has been fulfilled.

### **5.4 Offer Period**

Unless Banpu's Offer is extended or withdrawn, it is open for acceptance from Thursday, 4 October 2011 until 7:00 pm (Sydney time) on Monday, 7 November 2011.

The circumstances in which Banpu may extend or withdraw its Offer are set out in section 5.5 and section 5.6 respectively of this Target's Statement.

### **5.5 Extension of the Offer Period**

Banpu may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to in section 5.3 in this Target's Statement) while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the Offer Conditions are fulfilled or freed), Banpu may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Banpu improves the consideration offered under the Offer; or

- (b) Banpu's voting power in Hunnu increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

## **5.6 Withdrawal of Offer**

Banpu may not withdraw the Offer if you have already accepted it. Before you accept the Offer, Banpu may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

## **5.7 Effect of acceptance**

The effect of acceptance of the Offer is set out in section 7.5 of the Bidder's Statement. Hunnu Optionholders should read these provisions in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their Hunnu Options and the representations and warranties which they give by accepting of the Offer.

## **5.8 Your ability to withdraw your acceptance**

You only have limited rights to withdraw your acceptance of the Offer. These are set out in section 7.5(b) of the Bidder's Statement.

In summary, you may only withdraw your acceptance of the Offer if:

- (a) as described in section 7.8(a)(i)(C) of the Bidder's Statement;
- (b) the Offer terminates in accordance with section 7.8(e) of the Bidder's Statement; or
- (c) Banpu varies the Offer in a way that postpones, for more than one month, the time when Banpu needs to meet its obligations under the Offer. This will occur if Banpu extends the Offer Period by more than one month and the Offer is still subject to conditions.

## **5.9 When you will receive your consideration if you accept the Offer**

In the usual case, you will be issued your consideration on or before the later of:

- (a) one month after the date the Offer becomes, or is declared, unconditional; and
- (b) one month after the date you accept the Offer if the Offer is, at the time of acceptance, unconditional,

but, in any event (assuming the Offer becomes, or is declared, unconditional), no later than 21 days after the end of the Offer Period.

However, there are certain exceptions to the above timetable for the issuing of consideration. Full details of when you will be issued your consideration are set out in section 7.6 of the Bidder's Statement.

## **5.10 Effect of an improvement in consideration on Hunnu Optionholders who have already accepted the Offer**

If Banpu improves the consideration offered under the Offer, all Hunnu Optionholders, whether or not they have accepted the Offer before that

improvement in consideration, will be entitled to the benefit of that improved consideration.

## **5.11 Lapse of Offer**

The Offer will lapse if the Offer Conditions are not freed or fulfilled by the end of the Offer Period (or in the case of the conditions in section 7.7(c) of the Bidder's Statement, within 3 Business Days after the end of the Offer Period), in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your Hunnu Options as you see fit.

## **5.12 Compulsory acquisition**

### **(a) Introduction**

Banpu has indicated in section 3.2 of its Bidder's Statement that, if it satisfies the required thresholds, it intends to compulsorily acquire any outstanding Hunnu Options and Hunnu Shares in accordance with the Corporations Act. Accordingly, Hunnu Optionholders should assume that, if Banpu becomes entitled to exercise its right to compulsorily acquire any outstanding Hunnu Options and Hunnu Shares, Banpu will exercise that right.

### **(b) Compulsory acquisition within one month after the end of the Offer Period**

Banpu will be entitled to compulsorily acquire any Hunnu Options in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- (i) Banpu and its Related Bodies Corporate acquire Relevant Interests in at least 90% (by number) of the Hunnu Options; and
- (ii) Banpu and its Related Bodies Corporate have acquired at least 75% (by number) of the Hunnu Options that Banpu offered to acquire (excluding Hunnu Options in which Banpu or its Related Bodies Corporate had a Relevant Interest at the date of the Offer and also excluding Hunnu Options issued to an associate of Banpu during the Offer Period).

If these thresholds are met and Banpu wishes to exercise its right to compulsorily acquire any outstanding Hunnu Options, Banpu will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Hunnu Optionholders who have not accepted the Offer. Hunnu Optionholders have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedure outlined in the Corporations Act, but a successful challenge will require the relevant Hunnu Optionholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their Hunnu Options. If compulsory acquisition occurs, Hunnu Optionholders who have their Hunnu Options compulsorily acquired are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

(c) **Alternative compulsory acquisition regime**

It is also possible that Banpu will, at some time during or after the end of the Offer Period, either alone or with a Related Body Corporate, hold full beneficial interests in at least 90% (by number) of all the Hunnu Options. Banpu would then have rights to compulsorily acquire all of the Hunnu Options that it does not own within six months of becoming the holder of 90% (by number) of all the Hunnu Options. The price which Banpu would have to pay to compulsorily acquire all of the remaining Hunnu Options under this alternative compulsory acquisition regime would have to be considered in a report of an independent expert.

Hunnu Optionholders would have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedures outlined in the Corporations Act, but a challenge would require people who hold at least 10% of the Hunnu Options that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If people holding such number of Hunnu Options object to the compulsory acquisition, and Banpu still wishes to proceed with the compulsory acquisition, Banpu would be required to establish to the satisfaction of a court that the terms of the compulsory acquisition represent 'fair value' for the Hunnu Options. In the absence of a challenge by people holding the requisite number of Hunnu Options, Hunnu Optionholders who have their Hunnu Shares compulsorily acquired under this procedure are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

---

## **6. INFORMATION REGARDING HUNNU**

### **6.1 Background information on Hunnu**

Hunnu was incorporated on 19 August 2009 and was formed with the aim of acquiring and exploring coal projects in Mongolia. Hunnu operates in Mongolia through its subsidiary company Hunnu Coal Resources LLC, a Mongolian incorporated company.

Hunnu has established interests in a portfolio of thermal and coking coal in the world class coal basin of southern Mongolia.

Hunnu's strategy is to discover and develop high quality coking and thermal coal deposits located proximal to existing or planned transport infrastructure and/or within proximal distance to Chinese border crossing points.

### **6.2 Directors of Hunnu**

As at the date of this Target's Statement, the directors of Hunnu are:

<b>Name</b>	<b>Position</b>
Matthew Wood	Executive Chairman
Lkhagvadorj (George) Tumur	Managing Director
Daniel Crennan	Non Executive Director
Timothy Flavel	Executive Director

### **6.3 Publicly available information about Hunnu**

Hunnu is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Hunnu is subject to the ASX Listing Rules which require continuous disclosure of any information Hunnu has that a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of ASX announcements made by Hunnu are available on ASX's website.

### **6.4 Principal activities of Hunnu**

Hunnu's principal coking and thermal coal projects are located in South and Middle Gobi regions and the Gobi-Altai region.

#### *Tsant Uul Coal Project (Hunnu 80%)*

The Tsant Uul Coal Project is located 40 km south of the Tavan Tolgoi coal deposit and covers over 69,233 ha. In July 2011, the Mineral Authority of Mongolia granted mining licence MV - 016872 over part of the area of the project. The mining licence has an initial term of 30 years with an option for two twenty year extensions, providing for a potential of 70 years of mining operations.

Hunnu has a total JORC Resource for this project of 167.1Mt with 93.8Mt classified as Measured (40.9Mt) and Indicated (52.9Mt). In addition to this, there has been a new coal discovery 7km north of the main deposit.

Hunnu is targeting commencement of mining in the last quarter of 2011.

TABLE 1: TSANT UUL DEPOSIT JORC RESOURCE SUMMARY TONNES

Resource Category	Mt
Measured	40.9
Indicated	52.9
Inferred	73.3
TOTAL	167.1

*Altai Nuurs Project (Hunnu 80/70%)*

Hunnu has a controlling interest in the Altai Nuurs Project comprising: 80% of 8 licences (including four mining licences) are held by Hunnu Gobi Altai LLC (formerly Rio Gobi LLC); and 70% of 2 licences are held by Rio AD LLC, being subsidiaries of Rio Tinto Development (now known as Hunnu Altai LLC) incorporated in Mongolia.

The project comprises six exploration licenses totalling 46,212ha and four mining licenses totalling 202ha. Hunnu is in the process of modelling data for JORC Code reporting purposes. This modelling suggests a low strip ratio of 3.5:1 for an open cut mine. Hunnu has also commenced an extensive drill programme. Preliminary test work previously undertaken indicates the coking coal parameters compare favourably with similar coking coal projects elsewhere in the world.

TABLE 2: COMPARISON OF KEY PARAMETERS OF COAL FROM RC DRILLING AT ALTAI NUURS TO OTHER COAL DEPOSITS.

Parameter	Altai Nuurs (Hunnu)	Tavan Tolgoi	Moatize (BHPB)	Peak Downs (BHPB)
Moisture (% ad)	1.6	n/a	n/a	1.0
Ash (% ad)	10.7	7.8	10.5	9.7
Volatile Matter (% ad)	18.0	26.5	22-25	20.5
Cal. Val. (kcal/kg, ad)	7,460	7,770	~7,400	n/a
Crucible Swelling No.	8.5	8	8	8.5
Total Sulphur (% ad)	0.48	0.39	0.8- 0.9	0.6
Phosphorous (% ad)	0.017	0.06	0.08-0.10	0.04
Alkalinity Index	0.56	0.65	n/a	0.66
Coke Strength Ratio	>70 (est)	65 (est)	> 65	74

As a number of the mining licences for this project have already been granted, and given the close proximity of this project to sale points (either at the mine gate, or at the Chinese border point at Burgastai in Western China which is only 250km by road) Hunnu intends to fast track the development of this project.

*Unst Khudag Coal Project (Hunnu 80%)*

The Unst Khudag Coal Project is located in Dundgobi province, and is 290km from Ulaanbaatar, the capital and largest city of Mongolia, and approximately 180km from existing Mongolian railway infrastructure. The project consists of two exploration licenses and one mining license covering over 59,000 ha.

This project has a total JORC Resource of 676Mt with 600.8Mt classified as Measured (540.9Mt) and Indicated (59.9Mt).

Hunnu has completed construction of a rail loading spur at the Choir railway station, and secured 3Mt per annum of capacity on the existing Trans-Mongolian Railway. A feasibility study on building a railway from the mine site to access the Trans-Mongolian Railway via the Choir railway station is currently being finalised and it is envisaged that this would enable 10-20Mt of +5,000Kcal coal to be transported to the Chinese border per annum.

TABLE 3: UNST KHUDAG DEPOSIT JORC RESOURCE SUMMARY TONNES

Resource Category	Mt
Measured	540.9
Indicated	59.9
Inferred	75.6
TOTAL	676.4

*Tenuun-2 Coal Project (Hunnu 60%)*

Hunnu has acquired a 60% interest in the coal rights to the Tenuun-2 Coal Project and has committed to staged payments and expenditure. The project covers approximately 30,360 ha and has two main areas of interest in the southern and northwest parts of the project area. Extensive drilling, geological mapping and geophysical survey studies were undertaken during 2010. A JORC Resource estimate is currently being calculated for this project.

*Buyan Coal Project (Hunnu 60%)*

The Buyan Coal Project is located within the giant Tavan Tolgoi Coking Coal Field and is within 10km of existing exporting coking coal mines in the South Gobi region. The project covers approximately 76 ha. It is expected to benefit from existing infrastructure in place. A detailed exploration program is planned to commence on the project from 2012.

*Baruun Tsokhio Coal Project (Hunnu 60%)*

The Baruun Tsokhio Coal Project is prospective for both coking and thermal coals. The project covers 38,600 ha and exploration is planned to commence on the project from 2012.

*Khuree-2 Coal Project (Hunnu 60%)*

The Khuree-2 Coal Project is located in the South Gobi coal province. The project covers approximately 28,823 ha and Hunnu has acquired a 60% interest in the coal rights and has a commitment of staged payments and expenditure.

*Tsagaan Delger Coal Project (Hunnu 70%)*

The Tsagaan Delger Coal Project is located in Middle Gobi province and the project covers approximately 10,454 ha. The project is at an early stage with minimal exploration to date. Drilling has commenced at the project.

*Delgerekh Coal Project (Hunnu 70%)*

The Delgerekh Coal Project is located in Middle Gobi province. The project covers approximately 10,943 ha with exploration planned for the third quarter of 2011. Hunnu has the right to earn an 85% interest in the project through expenditure and staged payments.

*Ar Zuun Gol and Zuun Gol Coal Projects (Hunnu 70%)*

Hunnu has a 70% interest in the Zuun Gol and Ar Zuun Gol Coal Projects and Hunnu intends to commence exploration on these projects from 2012. The projects consist of 2 contiguous exploration licences covering over 25,640 ha.

*Munkhhaan, Nariin Khudgiin Khundii & Havtsaliin Khudgiin Khundii Projects (Hunnu 60%/70%)*

Hunnu has either a 60 or 70% interest in the coal rights associated with the Munkhhaan Nariin Khudgiin Khundii & Havtsaliin Khudgiin Khundii Projects and has a commitment of staged payments and expenditure. The projects cover over 36,233 ha and exploration drilling has commenced. .

## **6.5 Financial information and related matters**

Hunnu's last published audited financial statements are for the financial year ended 31 December 2010 and were lodged with ASX on 17 March 2011.

Details of Hunnu's operational, financial and exploration activities for the intervening periods are provided in Hunnu's quarterly and half year reports lodged with the ASX on:

- (a) 29 April 2011 (for the quarter ending 31 March 2011);
- (b) 29 July 2011 (for the quarter ending 30 June 2011); and
- (c) 9 September 2011 (for the half year ended 30 June 2011).

Copies of these reports may be obtained from the ASX website or from Hunnu's website at [www.hunnucoal.com](http://www.hunnucoal.com).

So far as the Hunnu Directors are aware:

- (a) the financial position of Hunnu has not materially changed since the date of the half year report dated 9 September 2011 for the half year ending 30 June 2011 other than a reduced cash position in the normal course of operating its business; and
- (b) there has not been any matter or circumstances, other than those referred to in the half year report dated 9 September 2011 and this Target's Statement that has significantly affected, or may significantly affect the operations or the financial position of Hunnu, the results of operations of Hunnu, or the state of affairs of Hunnu in future financial years.

Hunnu Optionholders should consider section 9.2 of this Target's Statement in connection with the potential effect of the Offer and Option Offer on Hunnu's financing arrangements and material contracts.

## **6.6 Forecast financial information for the Hunnu Group**

Hunnu has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The Hunnu Directors have concluded that, as at the date of this Target's Statement, it would be misleading to provide forecast financial information for the Hunnu Group, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Hunnu Group in any period will be influenced by various factors that are outside the control of the directors and that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the Hunnu Group will be materially affected by:

- (a) prevailing exchange rates, especially between the A\$/US\$/MNT exchange rate, which are subject to material change from time to time; and
- (b) costs related to exploration, development and operating activities.

---

## 7. INFORMATION RELATING TO THE HUNNU DIRECTORS

### 7.1 Interests and dealings in Hunnu securities

#### (a) Interests in Hunnu securities

As at the date of this Target's Statement, the Hunnu Directors had the following Relevant Interests in Hunnu Shares and Hunnu Options:

Director	Hunnu Shares	Hunnu Options – exercisable at \$0.20 each on or before 31 December 2014	Hunnu Options – exercisable at \$1.00 each on or before 30 June 2015	Hunnu Options – exercisable at \$2.00 each on or before 31 May 2014
Matthew Wood	7,725,001	500,000	Nil	2,500,000
Timothy Flavel	4,922,500	500,000	Nil	1,500,000
Lkhagvadorj (George) Tumur	6,012,501	500,000	Nil	4,000,000
Daniel Crennan	215,000	Nil	500,000	500,000

#### (b) Dealings in Hunnu Shares and Options

No Hunnu Director has acquired or disposed of a Relevant Interest in any Hunnu Shares or Hunnu Options in the 4 month period ending on the date immediately before the date of this Target's Statement, other than the acquisition by each Hunnu Director of Hunnu Options exercisable at \$2.00 each on or before 31 May 2014, issued to Hunnu Directors on 13 June 2011.

### 7.2 Interests and dealings in Banpu securities

#### (a) Interests in Banpu Group securities

As at the date immediately before the date of this Target's Statement, no Hunnu Director had a Relevant Interest in any Banpu Group securities.

#### (b) Dealings in Banpu securities

No Hunnu Director has acquired or disposed of a Relevant Interest in any Banpu Group securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

### 7.3 Benefits and agreements

#### (a) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that

person, or someone else, from a board or managerial office of Hunnu or related body corporate of Hunnu.

(b) **Agreements connected with or conditional on the Offer**

There are no agreements made between any Hunnu Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of Hunnu Shares or Hunnu Options.

(c) **Benefits from Banpu Group**

None of the Hunnu Directors have agreed to receive, or are entitled to receive, any benefit from any member of the Banpu Group which is conditional on, or is related to, the Offer, other than in their capacity as a holder of Hunnu Shares or Hunnu Options.

(d) **Interests of directors in contracts with Banpu**

None of the Hunnu Directors have any interest in any contract entered into by any member of the Banpu Group.

---

## **8. AUSTRALIAN TAXATION CONSEQUENCES**

The tax implications for a Hunnu Optionholder of accepting the Offer will depend on a number of factors, including:

- (a) whether the Hunnu Optionholder holds their Hunnu Options on capital or revenue account for taxation purposes;
- (b) the nature of the Hunnu Optionholder (i.e. whether it is an individual, company, trust or complying superannuation fund);
- (c) the tax residency status of the Hunnu Optionholder (i.e. Australian tax resident or not); and
- (d) in the case of employee Hunnu Optionholders, whether the Hunnu employee has been taxed in respect of the Hunnu Options.

As these consequences differ widely according to each Hunnu Optionholder's individual circumstances, you are encouraged to seek independent tax advice before making any decision in relation to the Offer. Banpu has included a general outline of the tax implications to Australian residents of accepting the Offer in section 5 of the Bidder's Statement, but the Hunnu Directors recommend you discuss the Offer with your own tax advisor.

Hunnu Optionholders may also wish to refer to section 8 of the Share Target's Statements which provides a summary of the Australian income tax, GST and stamp duty consequences relating to the acceptance of the Offer by Australian resident and Foreign Resident Hunnu Shareholders who hold their Hunnu Shares on capital account.

---

## 9. ADDITIONAL INFORMATION

### 9.1 Bid Implementation Deed

On 12 September 2011, Hunnu and Banpu entered into a bid implementation deed (**BIA**) in relation to the Takeover Bids. The key terms of the BIA are summarised in section 9.1 of the Share Target's Statement.

### 9.2 Effect of the takeover on Hunnu's financing arrangements and material agreements

To the best of each Hunnu Director's knowledge none of the material agreements or financing arrangements to which Hunnu is a party contains change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

However, Hunnu is a party to the RTM Agreement which contains a changes of control provision which may be triggered by, or as a result of, the Share Offer. See section 9.2 of the Share Bidder's Statement for further details.

### 9.3 Material litigation

As far as the Hunnu Directors are aware, Hunnu is not involved in any ongoing litigation which is material in the context of Hunnu and its Related Bodies Corporate taken as a whole.

### 9.4 Hunnu's issued securities

As at the date of this Target's Statement, Hunnu's issued equity securities consisted of:

- (a) 248,100,002 Hunnu Shares on issue;
- (b) the following 28,300,000 Hunnu Options on issue being:

Expiry date	Option number
Option Class 1 (31-Dec-14)	15,000,000
Option Class 2 (31-Dec-12)	1,000,000
Option Class 3 (31-Dec-12)	1,000,000
Option Class 4 (31-May-14)	9,000,000
Option Class 5 (30-Jun-15)	2,000,000
Option Class 6 (28 Feb-16)	300,000
<b>Total</b>	<b>28,300,000</b>

There are no other shares or other securities (including equity securities, debt securities or convertible securities) or options or performance rights or other instruments which are convertible into securities in Hunnu nor has it offered or agreed to issue any such shares, securities, options or performance rights or other instruments to any Third Party.

## 9.5 Substantial holders

As at the date of this Target's Statement, Hunnu is aware from notices filed with the ASX that the following persons have substantial holdings in Hunnu:

	Name of substantial holder	Number of Hunnu Shares held	% of total Hunnu Shares
1.	Banpu Minerals (Singapore) Pte Ltd	30,000,000	12.1
2.	L1 Capital Pty Limited	17,252,289	7.0
3.	Deutsche Bank Group	13,885,768	5.6

## 9.6 Share Offer

The Share Offer extends to any new Hunnu Shares that are issued during the offer period of the Share Offer as a result of the exercise of Hunnu Options. Accordingly, Hunnu Optionholders may elect to exercise their Hunnu Options before the expiry date of their Hunnu Options, pay the relevant exercise price to Hunnu and accept the Share Offer in respect of the Hunnu Shares issued following the exercise of their Hunnu Options.

Hunnu Shareholders will be sent the Share Bidder's Statement and the Share Target's Statement, which contains detailed information regarding the alternatives available to them in respect of their Hunnu Shares in connection with the Share Offer, including information on the tax consequences of those alternatives.

## 9.7 Effect of Offer on Hunnu's Incentive Option Plan

Hunnu has adopted the Incentive Option Plan. Pursuant to the terms of the Incentive Option Plan, upon the occurrence of a "Trigger Event", the Hunnu Directors may determine, despite any other rule of the Incentive Option Plan:

- (a) that the Hunnu Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Hunnu Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Hunnu Options shall lapse to the extent they have not been exercised; or
- (b) to use their reasonable endeavours to procure that an offer is made to holders of Hunnu Options on like terms (having regard to the nature and value of the Hunnu Options) to the terms proposed under the Trigger Event in which case the Hunnu Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Hunnu Options shall immediately become exercisable and if not exercised within 10 days, will lapse.

The "**Trigger Event**" for the purposes of the rules of the Incentive Option Plan includes:

- (a) the announcement of a takeover bid or receipt by Hunnu of a bidder's statement in respect of Hunnu; or
- (b) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Hunnu Option, to sufficient Hunnu Shares to give it or them the ability, in general meeting, to replace all or allow a majority of Hunnu's Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

The Hunnu Board regards the announcement of the Takeover Bids on the Announcement Date as a Trigger Event. The Board has determined that subject to, and upon the Share Offer being declared unconditional, all Hunnu Options issued under the Incentive Option Plan shall vest and become exercisable. This will permit Hunnu Optionholders issued Hunnu Options under the Incentive Option Plan to participate in the Share Offer in respect of any Hunnu Shares issued upon exercise of the Hunnu Options.

## **9.8 JORC Code reporting of Hunnu's exploration results and ore reserves and mineral resources**

The information in this Target's Statement that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Lkhagvadorj (George) Tumur, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Tumur is a full time employee of Hunnu, as its Managing Director. 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 Target's Statement of the matters based on his information in the form and context in which it appears.

## **9.9 Consents**

Steinepreis Paganin has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in the Target's Statement as Hunnu's Australian legal advisers in the form and context in which it is so named. Steinepreis Paganin has not advised on the laws of any foreign jurisdiction, and has not provided tax advice in relation to any jurisdiction. Steinepreis Paganin has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based, and takes no responsibility for any part of this Target's Statement other than any reference to its name.

This Target's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Under the terms of ASIC Class Order 01/1543, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Target's Statement. If you would like to receive a copy of any of these documents, or the relevant parts of the documents containing the statements (free of charge), during the Offer Period, please contact the Offer Information Line. Calls to the Offer Information Line may be recorded.

As permitted by ASIC Class Order 03/635, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

## 9.10 Regulatory and other approval, consent or waiver requirements

### (a) **FIRB Approval**

The Offer is conditional on Banpu, being a foreign person for the purposes of the FATA, receiving notice from, or on behalf of, the Australian Treasurer to the effect that there is no objection under the Commonwealth Government's foreign investment policy or under the FATA to the acquisition by Banpu of the Hunnu Shares and Hunnu Options under the Offer, and that notice is not subject to any condition.

Banpu has stated in section 6.4 of its Bidder's Statement that Banpu has lodged a notice with FIRB seeking this approval. Banpu believes that these transactions are consistent with the Government's foreign investment policy and anticipates that a statement of non-objection to the proposals will be issued in due course.

### (b) **Modifications of Corporations Act**

Banpu has stated in section 6.6 of its Bidder's Statement that Banpu has obtained modifications of the Corporations Act from ASIC so that the Hunnu Options comprise one class of security notwithstanding their exercise prices and expiry dates, to offer different consideration for certain Hunnu Options, and to allow Banpu to cancel any non-transferable Hunnu Options.

### (c) **Approval from Bank of Thailand**

The Offer is conditional on Banpu obtaining all legal and regulatory Approvals, authorisations and consents required under any laws, regulations or policies relevant to Banpu and necessary to enable Banpu to acquire Hunnu Shares under the Offer, and Hunnu Options under the Option Offer. Banpu is required to receive approval from the Bank of Thailand for Banpu to remit foreign currency to pay the consideration under the Offer.

Banpu has stated in section 6.4 of its Bidder's Statement that Banpu has pursued, and will continue to vigorously pursue, all relevant Bank of Thailand Approvals as expeditiously as possible and undertakes not to withdraw any application for such approvals or any other Approval which would be relevant to the Offer Condition described in section (f) of Annexure A to this Target's Statement.

### (d) **ASX Listing Rule waivers and consents**

Hunnu has sought the following consents and waivers from ASX:

- (i) ASX's consent, pursuant to ASX Listing Rule 9.17, to the removal of a holding lock applied in respect of certain Hunnu Shares which are restricted securities, provided the applicable conditions in ASX Listing Rule 9.18 are met;

- (ii) ASX's consent, pursuant to ASX Listing Rule 9.17, to the removal of a holding lock in respect of certain Hunnu Options which are restricted securities, provided the applicable conditions in ASX Listing Rule 9.18 are met; and
- (iii) a waiver of ASX Listing Rule 6.23.2 in respect of the proposed acquisition or cancellation of Hunnu Options, subject to the satisfaction of any conditions the ASX may impose.

ASX has provided its consent to the removal of the holding locks applied to certain Hunnu Options and Hunnu Shares which are restricted securities, provided the applicable conditions in ASX Listing Rule 9.18 are met.

#### **9.11 No other material information**

This Target's Statement is required to include all the information that Hunnu Optionholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any director of Hunnu.

The Hunnu Directors are of the opinion that the information that Hunnu Optionholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in Hunnu's releases to the ASX, and in the documents lodged by Hunnu with ASIC before the date of this Target's Statement; and
- (c) the information contained in this Target's Statement.

The Hunnu Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Hunnu Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it.

In deciding what information should be included in this Target's Statement, the Hunnu Directors have had regard to:

- (a) the nature of the Hunnu Options;
- (b) the matters that optionholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to optionholders' professional advisers; and
- (d) the time available to Hunnu to prepare this Target's Statement.

---

## 10. GLOSSARY AND INTERPRETATION

### 10.1 Glossary

Where the following terms are used in this Target's Statement they have the following meanings:

**A\$** or **\$** means an Australian dollar.

**Acceptance Form and Deed Poll** means the acceptance form and deed poll for the Offer accompanying the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form and deed poll provided by or on behalf of Banpu, which forms part of the Bidder's Statement.

**Announcement Date** means the date of announcement of the Offer, Monday 12 September 2011.

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

**ASIC** means Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**Banpu** means Banpu Minerals (Singapore) Pte Ltd, (Reg No. 199608046M)) of 1 Marina Boulevard, #28-00, Singapore 018989.

**Banpu Group** means Banpu PCL and its Related Bodies Corporate.

**Banpu PCL** means Banpu Public Company Limited, a company incorporated in Thailand.

**Bidder's Statement** means the statement of Banpu under Part 6.5 Division 2 of the Corporations Act issued in relation to the Offer.

**Bid Implementation Deed** or **BIA** means the bid implementation deed dated 12 September 2011 between Hunnu and Banpu.

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

**CGT** means capital gains tax.

**Competing Proposal** means any expression of interest, offer or proposal pursuant to which a person (other than Banpu or another entity in the Banpu Group), whether alone or together with one or more associates, would, if the proposal were implemented substantially in accordance with its terms:

- (a) directly or indirectly, acquire an interest in all or a substantial part of the assets of Hunnu or the Hunnu Group;
- (b) directly or indirectly, acquire or hold a legal, equitable or economic interest in, a Relevant Interest in, or become the holder of, more than

15% of the Hunnu Shares (including by way of issue of new Hunnu Shares);

- (c) acquire control of Hunnu, within the meaning of section 50AA of the Corporations Act; or
- (d) otherwise acquire or merge with Hunnu (including by way of a scheme of arrangement, reverse takeover bid, stapled security structure, dual listed companies structure or other economic merger).

**Control** has the meaning given in section 50AA of the Corporations Act.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Encumbrance** means in relation to any asset:

- (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.

**FATA** means *Foreign Acquisitions and Takeovers Act 1975* (Cth).

**FIRB** means Foreign Investment Review Board.

**FIRB Approval** means approval from, or on behalf of, the Australian Treasurer to the effect that there is no objection under the Commonwealth Government's foreign investment policy or under the FATA to the acquisition by Banpu of the Hunnu Shares under the Offer.

**FIRB Condition** means the condition of the Offer set out in section (b) of Annexure A.

**Foreign Resident** means a person that is not a resident of Australia within the meaning of section 6(1) of the *Income Tax Assessment Act 1936* (Cth).

**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.

**GST** means Australian goods and services tax.

**Hunnu** means Hunnu Coal Limited, (ABN 83 138 962 124) of Level 1, 33 Richardson Street, West Sydney, Western Australia.

**Hunnu Board** or **Board** means the board of directors of Hunnu.

**Hunnu Director** means a director of Hunnu.

**Hunnu Group** means Hunnu and its Related Bodies Corporate.

**Hunnu Material Adverse Change** means any matter, event, change, condition, information or thing (**Change**) which individually, or when aggregated with all other such Changes, results in or could reasonably be likely to result in:

- (a) 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 or Changes (as the case may be); or
- (b) 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.

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

**Hunnu Optionholder** means a person who holds one or more Hunnu Options.

**Hunnu Shares** means fully paid ordinary share in the issued 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.

**Hunnu Singapore** means Hunnu Investments Pte. Ltd, a company incorporated under the laws of Singapore with registered number 201110484H and a subsidiary of Hunnu.

**Incentive Option Plan** means the employee incentive option plan to issue options to full or part time employees of Hunnu and its Related Bodies Corporate adopted by Hunnu in January 2010.

**JORC Code** means 2004 Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

**JORC Resource** has the meaning given to that term pursuant to the JORC Code.

**Minimum Acceptance Condition** means at or before the end of the Offer Period, Banpu has a relevant interest in such number of:

- (c) 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
- (d) 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.

**Mining Interests** 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.

**MNT** means Mongolian National Tugrik.

**Non-transferable Options** means Hunnu Options that are not transferable under their terms.

**Notice of Status of Conditions** means Banpu's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.

**Offer** or **Banpu's Offer** means the offer to acquire Hunnu Options to be made by Banpu in connection with the Takeover Bid.

**Offer Conditions** means the conditions to the Offers set out in Annexure A.

**Offer Information Line** means:

- (a) 1300 664 413 (for calls made from within Australia); or
- (b) +61 2 8022 7902 (not toll free, for calls made from outside Australia),

between 9.00 am and 7.00 pm (Sydney time) Monday to Friday.

**Offer Period** means the period during which the Offer will remain open for acceptance in accordance with 7.2 of the Bidder's Statement.

**Offers** means the Offer and the Option Offer.

**Officer** means, in relation to an entity, its directors, officers and employees.

**Option Offer Prices** means the offer prices set out in section 7.1 of the Bidder's Statement and in the letter on page 5 of this Target's Statement, at which the Offer is to be made for each class of Hunnu Options, and **Option Offer Price** has a corresponding meaning.

**PPS Act Condition** means the condition of the Offer set out in section (p) of Annexure A.

**Related Bodies Corporate** has the meaning given in the Corporations Act.

**Relevant Interest** has the meaning given in section 608 and section 609 of the Corporations Act.

**Rio Tinto Development** means Rio Tinto Minerals Development Limited, a company incorporated in England with registered number 281218 and recently renamed Hunnu Altai LLC.

**RTM Agreement** means the agreement entered into in May 2011 made between Rio Tinto Development as the vendor, Hunnu Singapore as the purchaser, and Hunnu as the purchaser's guarantor.

**Share Bidder's Statement** means the statement of Banpu under Part 6.5 Division 2 of the Corporations Act issued in relation to the Share Offer.

**Share Offer** means the offer by Banpu to acquire all Hunnu Shares on issue pursuant to the Takeover Bid.

**Share Target's Statement** means the statement of Hunnu under Part 6.5 Division 3 of the Corporations Act issued in relation to the Share Offer.

**Superior Proposal** means a written bona fide Competing Proposal which the Hunnu Directors have determined, acting in good faith and after having first obtained written advice from Hunnu's external legal advisers and, if appropriate, Hunnu's external financial advisers, is:

- (c) reasonably capable of being valued, taking into account all aspects of the Competing Proposal and the person making it;
- (d) reasonably capable of being completed on a timely basis; and
- (e) is more favourable to Hunnu Shareholders and Hunnu Optionholders than the Offers, taking into account all the terms and conditions of the Competing Proposal.

**Sydney time** means time as observed in Sydney, New South Wales, Australia.

**Takeover Bids** means the off-market takeover bids made by Banpu for all the Hunnu Shares and Hunnu Options that Banpu PCL does not currently own or control and **Takeover Bid** means either bid, as appropriate.

**Target's Statement** means this document (including the attachments and annexures), being the statement of Hunnu under Part 6.5 Division 3 of the Corporations Act issued in relation to the Offer.

**Third Party** means a party other than Hunnu and any subsidiary of Hunnu, and Banpu PCL and any subsidiary of Banpu PCL.

**Transferable Options** means Hunnu Options that are transferable under their terms.

**Treasurer** means the Treasurer of the Commonwealth of Australia.

**US\$ or US Dollar** means United States dollar.

**VWAP** means volume weighted average price.

## 10.2 Interpretation

In this Target's Statement:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act.
- (b) words of any gender include all genders.
- (c) words indicating the singular include the plural and vice versa.
- (d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa.

- (e) a reference to a section, clause, attachment and schedule is a reference to a section of, clause of and an attachment and schedule to this Target's Statement as relevant.
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them.
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement.
- (h) a reference to time is a reference to Sydney time.
- (i) a reference to dollars, \$, A\$, AUD, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia unless otherwise stated.

---

**11. AUTHORISATION**

This Target's Statement has been approved by a resolution passed by the directors of Hunnu. All Hunnu Directors voted in favour of that resolution.

Signed for and on behalf of Hunnu:



---

**Mr Matthew Wood  
Executive Chairman  
For and on behalf of  
Hunnu Coal Limited**

---

## ANNEXURE A – OFFER 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 sections 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 \$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 the BIA;
- (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 \$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 \$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 grants to another person a right the exercise of which would involve Hunnu or any subsidiary of Hunnu incurring or committing to any capital expenditure or liability for one or more related items of greater than \$1,000,000 or makes an announcement about such a commitment; or
- (v) Hunnu, or any subsidiary of Hunnu, declares, pays or distributes any dividend, bonus or other share of its profits or assets.

(h) **No material failings 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 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 \$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) (**Act**) 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.