
Hunnu Coal update on Erdenes thermal coal project in Mongolia

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Hunnu Coal announced that it has been granted an option to acquire an 80% interest in the Erdenes Thermal Coal Project which is located in the Dornogobi Province of south eastern Mongolia.

Strategically located 56 kilometers from an operational multi party coal loading facility on major rail line. Exploration work carried out in 1978 discovered coal bearing Lower Cretaceous Khukhteeg Formation distributed throughout the property.

Test pits discovered high quality coal seams, with Q = 5,120 to 7,310 kCal per kg, S = 0.11% to 0.63%, Ash = 14% to 38.5% and Moisture content = 8.6% to 12.4%.

A single drill hole intercepted a coal seam of eight meters in thickness from 13.23 to 1.5 m depth. The Company has an exploration target of 40 million tonne to 60 million tonne for the Erdenes Coal Project based on existing exploration work.

The Erdenes Coal Project is located in Dornogovi province, 380 kilometers from the capital city of Ulaanbaatar and 56 kilometers from a bulk commodity loading rail facility at Bor Undur which is connected to the Mongolian railway grid.

There are 2 existing coal deposits in the surrounding area. The Khashaat Khudag Coal Deposit located 8 kilometers to the north east of the Erdenes Coal Project hosts approximately 140 million tonne to 180 million tonne of coal, with an average of 5,500 kCal per kilogram. The Olongiin Ukhaa Coal Deposit is located 4.5 kilometer to the south of the Erdenes Coal Project and hosts 80 million tonne to 90 million tonne of coal.

Exploration work carried out at the Erdenes Coal Project included 60 cubic meters of pit sampling and a single drill hole to 12.5 meters depth. The exploration was carried out in the northern part and at southern part of the license. The average depth of the pits was three meters and coal was detected in six of the pits. Drill hole DH49 intersected an 8 meter thick coal seam from 1.5 meters depth.

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