Australian Market Report of June 8, 2010: Hunnu Coal Acquires 60% Interest in a Mongolia Project

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Sydney, Australia (ABN Newswire) - The Australian shares opened higher despite Wall Street overnight hit its lowest close in seven months. Both S&P/ASX200 index and All Ordinaries index rose more than 0.5 per cent in early trade, after European finance ministers have agreed a 440 billion euro safety net for debt-laden countries in the eurozone.

Yesterday the local market experienced a sharp fall along with its Asian peers, due to fresh concerns about the Hungarian economy. The benchmark S&P/ASX200 shed 2.78 per cent at the close.

In economic news today, the National Australia Bank is due to release monthly business confidence survey for May.

Company News

Hunnu Coal Limited (ASX: HUN) has acquired a 60 per cent interest in the Buyan coal project, which is located within the giant Tavan Tolgoi coking coal field in the Umnugobi province of Mongolia. The Tavan Tolgoi coking coal field is estimated to host over six billion tonnes of coking and thermal coal. The company says operating mines within 10km of the project are currently exporting coking coal to China while there are existing and proposed transportation infrastructures nearby. Hunnu also said it is planning an aggressive exploration program.

Karoon Gas Australia Ltd (ASX: KAR) said it is assessing the possibility of a separate stock exchange listing for its Brazilian and Peruvian asset portfolio. The Brazilian stock exchange is the likely exchange of choice for this possible listing. The company says a separate listing of these assets could establish a comparable value with other South American oil exploration companies. It believes that the companies with South American exploration assets, whose shares are listed on overseas exchanges, achieve far greater value for their asset than that achieved by Karoon in Australia. But the company said no final decisions have been made.

Newcrest Mining Limited (ASX: NCM) said it has completed the due diligence process as agreed under the Merger Implementation Agreement (MIA) with its takeover target **Lihir Gold Limited** (ASX: LGL) and it is satisfied with the outcomes of this process. The two parties are working together to complete the Scheme of Arrangement between Lihir and its shareholders. Under the MIA, Lihir enters an exclusivity period with Newcrest that Lihir will stop any discussions with any third parties about a competing takeover proposal. The combined entity would be the fourth largest gold miner in the world with a market capitalisation of A$25 billion.

Kairiki Energy Limited (ASX: KIK) has been advised by **Nido Petroleum Limited** (ASX: NDO) that an extensive drill-stem testing programme (DST) has now been completed on the Tindalo-1 well with a maximum oil flow rate measured of 18,689 bbls/d, surpassing Kairiki's pre-test flow rate expectations. Nido is the operator of SC54A project off the coast of the Philippines. Tindalo production commenced on 6th June at an approximate flow rate of15,000 bbls/d. The well will be produced at various flow rates in the short term to determine the optimum reservoir management strategy for the well.

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