



ASF GROUP LIMITED

ACN 008 924 570

Bennelong, 2/3B Macquarie Street

Sydney NSW 2000

Telephone: (61 2) 9251 9088

Facsimile: (61 2) 9251 9066

www.asfgroupltd.com

20 January 2010

The Manager
Company Announcements
Australian Stock Exchange Ltd
20 Bridge Street
Sydney 2000

Dear Sir/Madam

ASF COMMENCE COAL SALES TO CHINA

Further to the Company's announcement on 16 September 2009 concerning its strategic co-operation with Fujian Materials (Group) Co., Ltd ("**FMGC**"), a Fujian state-owned enterprise, the Company is pleased to announce that, through its wholly-owned subsidiary ASF Energy Pty Limited, it has entered into a Coal Sales Agreement with FMGC for the immediate sale and export of coal to China.

FMGC intends to import 2 million tonnes of coal annually from Australia, steadily increasing this to 10 million tonnes per annum and has agreed to purchase coal **exclusively** from ASF Group sourced from the Australian energy and resources sectors.

Under the Coal Sales Agreement, ASF Energy will supply coal product to FMGC procured under a supply agreement of product initially sourced from coal fines deposits at coalfields on the south coast of New South Wales.

ASF Energy is also seeking other supply sources of Australian east coast coal which could either be contracted for supply or acquired to assist ASF to expand its coal supply and export business.

FMGC has already raised a Letter of Credit in ASF Energy's favour in respect of the first shipment, comprising approximately 45,000 tonnes of coal which is expected to depart Port Kembla by February, 2010. Subject to the successful completion and delivery of this shipment, ASF Energy intends to make regular monthly 45,000-tonne coal export shipments to FMGC, thereby creating a significant source of recurring cash flow for ASF.

Chairman of ASF Group, Ms Min Yang, said "*the Company is encouraged by the exclusive working relationship with Fujian Materials that this sale transaction represents and looks forward to developing a profitable business in the export of coal from Australia to China.*"

For further information contact:

David Fang
Director
Ph: +612 92519088
Fax: +612 92519066
www.asfgroupltd.com