

**ASX ANNOUNCEMENT  
21 JUNE 2010**

**BLACKHAM PROVES UP BILLION TONNE  
COALFIELD AT SCADDAN PROJECT**

Australian energy company, Blackham Resources Ltd (Blackham) ("**ASX: BLK**") is pleased to announce a significant increase in the coal resource at its Scaddan Energy Project in Western Australia. Scaddan and Zanthus combined resources now contains over 10,000 petajoules (PJ) of energy and has the potential to produce approximately 860 million barrels of oil equivalent, consisting mainly of a clean diesel product.

- **Scaddan coal resource greater than 1 billion tonnes**
- **Confidence in the resource has increased significantly with 570 million tonnes (55%) of the Scaddan resource in the Measured and Indicated categories.**
- **Scaddan West deposit remains open to the north.**
- **Infill and exploration drilling of Scaddan East inventory coal planned**
- **Resource to be used in further mining and processing studies.**
- **The current combined resources equate to approximately 40 years worth of potential feedstock based upon a 60,000 barrel per day CTL facility**

The latest assessment has been provided by internationally respected consulting company Runge Limited (Runge), which was engaged to review the borehole data for the Scaddan coal deposit and revise the resource statement in accordance with the JORC<sup>1</sup> reporting standards.

Blackham is evaluating the development of the Scaddan and Zanthus Energy Projects into Australia's premier coal to liquid (CTL) facility. The combined Scaddan and Zanthus Energy Projects near Esperance, Western Australia have 1.4 billion tonnes of coal containing 10,600 PJ of energy at shallow depth. The Scaddan Energy Project is surrounded by complimentary infrastructure approximately 60 kilometres north of the town and major port of Esperance and 10 kilometres east of the Esperance to Kalgoorlie highway, gas pipeline and railway line. Blackham and its JV participant's landholdings in the Esperance region are in excess of 1,700 square kilometres.

## Total Coal Resources

Blackham currently manages a combined coal resource of 1.4 billion tonnes estimated in accordance with the JORC Code. Blackham's attributable resource, taking into account the 70% interest in the Scaddan Energy Joint Venture, 100% owned Scaddan and Zanthus tenure is 1.1 billion tonnes of coal.

The Scaddan Energy JV is between Scaddan Energy Pty Ltd (a 100% owned subsidiary of the Company) and Wesfarmers Resources Limited (a 100% owned subsidiary of Wesfarmers Ltd (ASX: WES)) who have 70% and 30% contributing interests, respectively.

**Table 1 - Summary of Coal Resources**

Project	JORC <sup>1</sup> Resource Category	Total Tonnes (millions)	Blackham Attributable Tonnes (millions)
Scaddan	Measured	80	50
	Indicated	490	340
	Inferred	470	340
Zanthus	Inferred	350	350
<b>Total</b>		<b>1,390</b>	<b>1,080</b>

*All figures are rounded to the nearest 10 million tonnes*

<sup>1</sup> The JORC Code – “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”, the Joint Ore Reserves Committee of the AusIMM AIG and MCA, December 2004.

**Table 2 - Summary of Inventory Coal (Non JORC)<sup>2</sup>**

Project	Tonnes (millions)	Blackham Attributable Tonnes (millions)
Scaddan	200-320	150-230
Zanthus	460-760	460-760
<b>Total</b>	<b>660-1,080</b>	<b>610-990</b>

*All figures are rounded to the nearest 10 million tonnes*

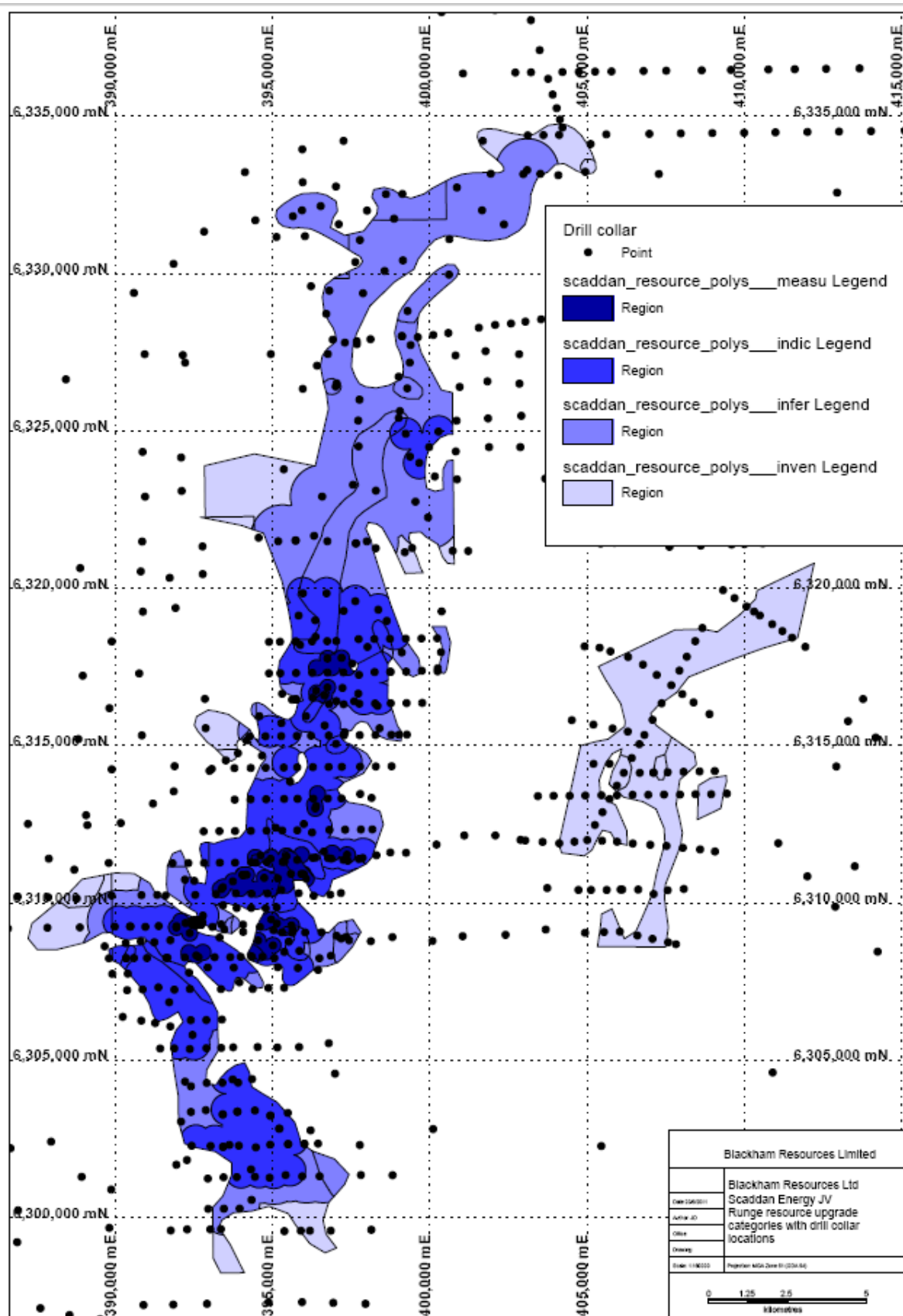
<sup>2</sup> An estimate of inventory coal was prepared by Runge based upon the drill hole data. However the coal inventory tonnage and quality is conceptual in nature and has not had sufficient exploration to define a mineral resource and uncertainty still exists as to if further exploration will result in the determination of a mineral resource. The Estimate of coal inventory is in addition to the Resources.

## Scaddan Coal Resource

Both historical and recent borehole data at Scaddan was reviewed by Runge to calculate the resources contained within the tenements. The data from the drill programme completed in December 2010 has now been included in the reported resource estimates.

The resource estimate in Table 1 is reported on a 56% moisture basis and an approximate relative density of 1.2. No thickness or quality cut-offs were applied to the Resource Estimate due to the lignite having reasonable prospects for eventual economic extraction as outlined in the Australian “Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves”.

Exploration drilling, to define the Scaddan lignite deposit is based upon the historical drill holes and recent drilling programmes over the last three years. It includes a total of 1,547 boreholes, 311 of which cored, and 1,236 drilled as open holes.



Map 1 - Scaddan Coalfield Plan

The Scaddan West coal seam now extends over 35 kilometres in length, is still open to the north and is up to five kilometres wide in places. The main control on the thickness of lignite is the basement topography, with thick zones in areas of topographic lows, and thin or absent zones around topographic highs. Thickness in the Scaddan West area varies from up to 19m, thinning rapidly at the edges of the body and around topographic highs. The main seam LGA averages 7.5 metres in thickness and contains 87% of the total coal resource.

The estimate of inventory coal at Scaddan was also revised by Runge based upon the drill hole data to total an additional 200 to 320 million tonnes. Drilling of several quality holes of a spacing of no more than 2,000m should readily convert most of the inventory area to an Inferred Resource as there is reasonable confidence in the structural continuity of the lignite from previous drill holes. However the inventory coal tonnage and quality is conceptual in nature and has not had sufficient exploration to define a mineral resource and uncertainty still exists as to whether further exploration will result in the determination of a mineral resource.

Diamond cored holes, sonic and air core holes with valid analysis were used to calculate the average lignite analysis of the resources in Table 3.

<b>Table 3 - ESTIMATED LIGNITE QUALITIES (at specified moisture)</b>		
	<b>Scaddan</b>	<b>Zanthus</b>
Moisture Basis %	56	50
Ash %	14.3	19.6
Volatile %	17.0	18.2
Fixed Carbon %	12.8	12.3
Total Sulphur %	2.2	2.1
Specific Energy MJ/kg	7.9	7.1

## Potential Oil Production

The Scaddan and Zanthus Energy Projects have a combined lignite resource of 1.4 billion tonnes estimated in accordance with the JORC Code. Blackham's attributable resource, taking into account the 70% interest in the Scaddan Energy JV and the 100% owned tenure and Scaddan and Zanthus is 1.1 billion tonnes of lignite.

The Scaddan and Zanthus Projects contain 1.4 billion tonnes of lignite containing over 10,600 PJ of energy and potential for 860 million barrels of oil equivalent mostly in the form of clean diesel.

**Table 4 – POTENTIAL BARRELS OF OIL**

<b>Project</b>	<b>Resource Mt</b>	<b>Blackham Share Mt</b>
Scaddan Energy Project	1,040	730
Zanthus Energy Project	350	350
<b>Total Resource</b>	<b>1,390</b>	<b>1,080</b>
<b>Potential barrels of oil equivalent</b>	<b>860 million barrels</b>	<b>670 million barrels</b>

*All figures are rounded to the nearest 10 million tonnes*

\* scoping studies for the Scaddan Energy project have estimated 0.64 barrels of oil for every wet tonne of lignite. 68% of the oil product is in the form of diesel. This will be confirmed by testing during the further process studies.

There is also additional production potential from the existing inventory coal which is currently estimated at 0.66 to 1.08 billion tonnes of lignite at the Scaddan and Zanthus projects.

Commenting on the resource upgrade, Blackham's Managing Director, Bryan Dixon said "The increase in the scale of the coal resource at Scaddan is a significant milestone for the Company as the resource is now sufficient to maintain a 60,000 barrel per day CTL facility giving it very significant capacity on a world scale."

Blackham recently completed Phase 1 of its Preliminary Process Study (PPS). The second phase of the PPS is now underway and is designed to prepare an overall mass and energy balances, yields and materials usages for each of the gasifier technologies to be assessed for use in the CTL facility.

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### **Sample Analysis**

*The samples were tested on maximum of 1 metre intervals and analysed for moisture content and ash yields using a Leco MAC Analyser. Volatile mater is determined according to AS2434.2. Gross wet calorific values are determined according to AS1038.5.*

### **Competent Persons Statement**

*The estimate of Coal Resources for the Scaddan Energy Project areas as presented in this report has been carried out in accordance with the Guidelines of the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australasian Institute of Geoscientists and Minerals Council of Australia, December 2004.*

*The information in the report to which this statement is attached, that relates to the Scaddan Project Coal Resources, is based on information reviewed by Mr Simon Bruzzone. Mr Bruzzone is a full time employee of Runge Limited. Mr Bruzzone is a member of the Australasian Institute of Mining and Metallurgy. Mr Bruzzone has reviewed the geological data, including drillhole location, lithology and quality, and has constructed the geological model, and estimated the resources.*

*Mr Bruzzone has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves.*

*Mr Bruzzone is signing off as the Competent Person for this statement. He consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.*

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<sup>1</sup> The JORC Code – "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the Joint Ore Reserves Committee of the AusIMM AIG and MCA, December 2004.