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## ASX RELEASE

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#### ASX CODE:

JAL (Fully paid Ordinary Shares)

# Basin Coal Quality Confirmed as a PCI Product for Export Market

## Highlights

- Coal quality evaluation confirms Basin coal as having potential for the Pulverised Coal Injection (PCI) export market
- Specifications including low sulphur (0.56%) and phosphorous (0.012%), and HGI 46, indicate Basin Coal is suitable as enhancing product for Western Canadian PCI coals
- PCI coals of similar quality typically achieve a US\$10-\$15 premium on thermal spot prices
- Processing options being assessed to produce both thermal and PCI products
- Norwest Corporation anticipated to complete 250,000 tonnes per annum recommissioning study in October 2009
- British Columbia Ministry of Energy, Mines and Petroleum Resources approves diamond drilling and trenching program
- Drilling to commence late October with results from program being used to quantify reserves for 1,000,000 tonnes per annum feasibility study

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Jameson Resources Limited ("Jameson" or the "Company") is pleased to announce that leading coal quality evaluation consultants Khan and Associates have confirmed that the Basin Coal is of suitable quality for a PCI product or as an enhancing component for the PCI market.

In addition, the Company has received an exploration permit from the British Columbia Ministry of Energy, Mines and Petroleum Resources to undertake a diamond drilling and trenching program at the Basin Thermal Coal Mine Project ("Basin" or the "Project") (Figure 1).

Drilling results will be incorporated into the final reserve estimate as part of the ongoing 1,000,000 tonnes per annum feasibility study. Norwest anticipates completion of the 250,000 tonnes per annum recommissioning study before end of October 2009.

## **COAL QUALITY EVALUATION & MARKET POTENTIAL OF BASIN COAL AS PCI PRODUCT**

Leading independent experts Khan & Associates have completed an evaluation on the Basin Coal to investigate the both the PCI product potential for the export market, and also the potential to be used as an enhancing component for a PCI blended product.

Pulverised Coal Injection (PCI) technology allows injection of a pulverised coal into the bottom tier of blast furnaces for steel production. The main objective of the technology is to provide heat energy to the hearth of the furnace where hot metal is being purified. Industrial experience has proven significant cost savings between Coke operation and combination of Coke and PCI technology.

The evaluation of the Basin coal was largely based on analytical and test work data from the trenching program undertaken by the Jameson across the main seam in July 2009.

Basin Coal quality attributes that make this an attractive PCI product or PCI blend are as follows;

- High Volatile Matter around 33% adb
- Low sulphur at 0.56% adb
- Modest coke replacement of 0.75 to each ton of coal injected (6280Kcal/kg adb)
- Coal ash mineral composition relatively acidic with 69.43% silica and lower basicity ratio of 0.128
- Lower level of iron oxide (5.69%) and alkaline (1.41%) will improve coal combustion characteristics
- Very low phosphorous (0.012%) and alkaline (0.12%) indicating can be used as a PCI blend with the higher phosphorous other Western Canadian PCI coals
- HGI index at 46 makes this coal a very suitable blending coal to maximise pulverising and injecting capacity
- Petrographic examination indicates the high volatile Basin coal has 90% reactives and about 10% inert macerals which should provide high efficiency in combustion.

Coal process plant options to produce both PCI and thermal products are being addressed as part of feasibility study.

## **PROJECT UPDATE**

Norwest Corporation are now in the final stages of the 250,000 tonnes per annum re-commissioning study on the Basin Coal mine. Results from this study are anticipated this month. Advanced discussions are underway with preferred rail network.

The Company has received an exploration permit from the British Columbia Ministry of Energy, Mines and Petroleum Resources to undertake a diamond drilling and trenching program at Basin. Drilling is scheduled to commence before the end of October 2009. The program includes 6 diamond drill holes and 11 trenches, the majority of which will be undertaken to the north of the currently exposed open pit (Figure 2).

Results from this program will be utilised to quantify reserves from the currently defined 123Mt raw coal resource base (Table 1) for the proposed 1,000,000 tonnes per annum staged expansion. Feasibility studies on the 1,000,000 tonnes per annum expansion are being undertaken in parallel with the re-commissioning study.

Any enquiries regarding this announcement should be directed to Jameson's Executive Director, John Holmes.



John Holmes

*The information pertaining to the technical content of this report has been reviewed by Mr John Holmes, who is a member of the Australian Institute of Geoscientists. Mr. Holmes is employed by Jameson Resources Ltd and 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. Holmes consents to the inclusion in the report of the technical information in the form and context in which it appears.*

Category	Seam	BCM	SG	Ash	Tonnes
Measured	Main	25,656,400	1.72	48.2	44,005,000
	Lower	18,109,000	1.72	49.1	31,147,000
Indicated	Main	4,664,100	1.72	48.8	8,022,000
	Lower	2,160,800	1.72	49.1	3,717,000
<b>Total Measured / Indicated</b>	<b>Main</b>	<b>30,320,500</b>	<b>1.72</b>	<b>48.3</b>	<b>52,027,000</b>
	<b>Lower</b>	<b>20,269,800</b>	<b>1.72</b>	<b>48.9</b>	<b>34,864,000</b>
	<b>Total</b>				<b>86,891,000</b>
Inferred	Main	11,370,500	1.72	48.8	19,557,000
	Lower	9,958,300	1.72	49.1	17,128,000
<b>Grand Total All Categories</b>		<b>71,919,100</b>	<b>1.72</b>	<b>48.8</b>	<b>123,576,000</b>

Table 1



Figure 1 - Location Diagram – Basin Thermal Coal Project

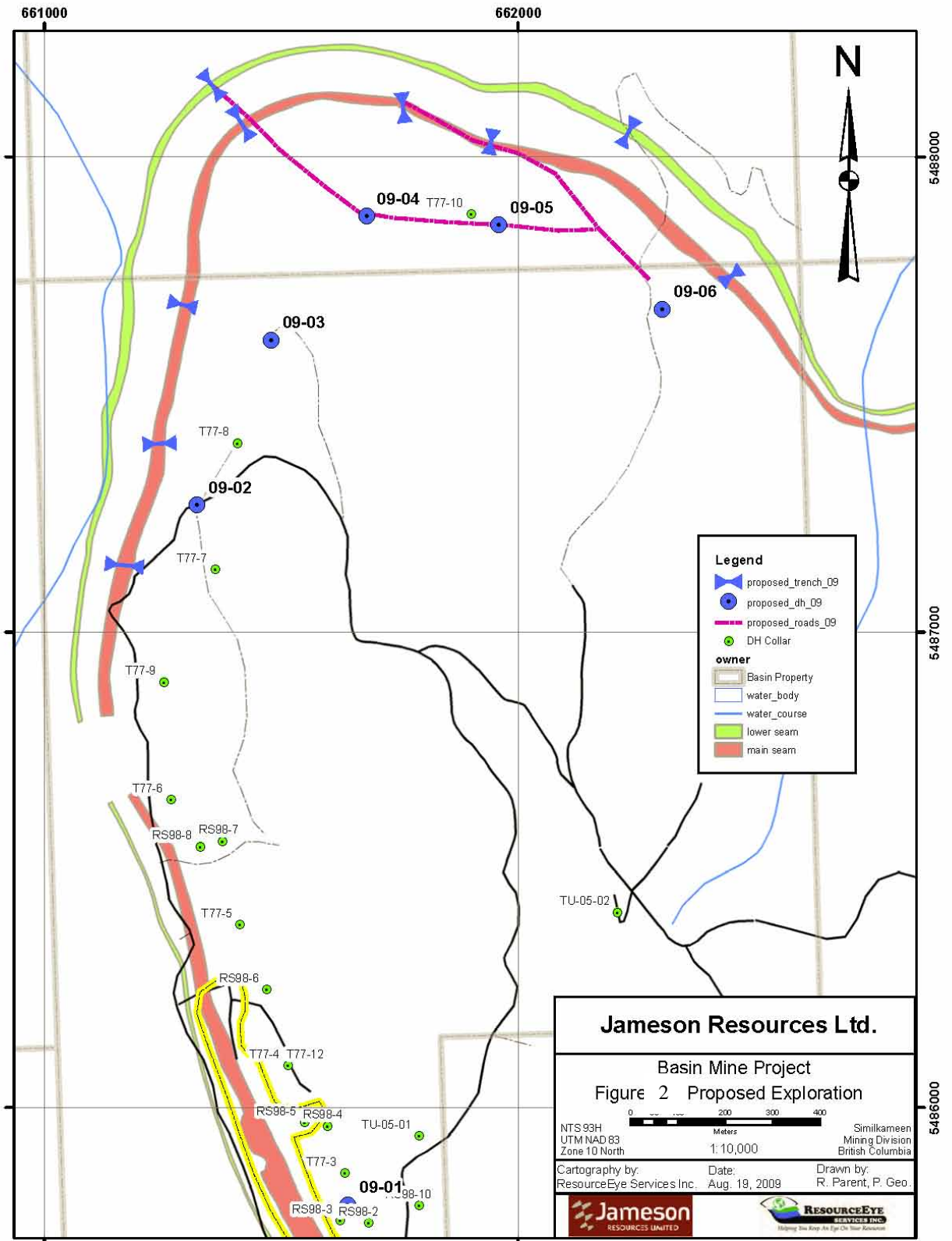


Figure 2 - Exploration Program – Proposed Diamond Drill holes and Trenches