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The Manager  
Australian Stock Exchange  
Companies Announcement Centre  
20 Bridge Street  
Sydney NSW 2000

## ACTIVITIES REPORT FOR SEPTEMBER QUARTER 2009

### Highlights

- ❖ Basin Resource of 123Mt including 87.1 Mt measured/indicated and 36.7 Mt inferred at cut off stripping ratio of 8:1 (BCM: tonne raw coal) of bituminous thermal coal filed with SEDAR
- ❖ Coal quality specifications of 6090 kcal/kg (adb), 12.5% ash, 10.8% moisture, and 0.56% sulphur released following completion of bulk sample test work program
- ❖ Evaluation on coal quality by leading independent expert confirms Basin coal as having potential for the PCI export market
- ❖ Advanced discussions in progress with rail network for transportation of coal to Westshore terminal in Vancouver
- ❖ British Columbia Ministry of Energy, Mines and Petroleum Resources approves diamond drilling and trenching program
- ❖ Mining and processing operations anticipated to commence within 12 months of decision to mine
- ❖ Highly experienced coal mining executive appointed to the Jameson Board of Directors
- ❖ At 30 September 2009 the Top 20 shareholders held approximately 54% of the capital of the Company and the Company had a cash balance of \$3.0 million

## Overview

Norwest Corporation (“Norwest”), a leading international consulting group is undertaking a feasibility study on behalf of Jameson to recommission the Basin Thermal Coal Mine (“Basin” or the “Project”) in British Columbia (Figure 1). The study is targeting an initial production rate at the permitted capacity of 250,000 tonnes per annum with a rapid staged expansion to approximately 1million tonnes per annum.

Significant progress has been made during the September quarter including completion of the coal quality test work. Coal quality specifications of 6090 kcal/kg (adb), 12.5% ash, 10.8% moisture, and 0.56% sulphur were released following completion of bulk sample test work program. In addition, an evaluation on coal quality by a leading independent expert has confirmed that the Basin coal has potential for the PCI export market. PCI coals of this quality typically attract a \$10-\$15 premium on the thermal coal spot price. Other components of the recommissioning study including, mining and transportation studies are being advanced.

The Company has also announced during the quarter that it has appointed Mr T. Art Palm, a highly experienced coal mining executive to the Jameson Board of Directors. Mr Palm will take on the role of Executive Director of Operations on decision to mine.



Figure 1 – Project Location

## ***Project Summary***

Basin is located 30km northwest of Princeton, British Columbia. Compliance Energy Corporation has the right to develop and mine the coal on licences covering 2,172 ha. The mine tenements cover most of the Tulameen Syncline, of which the Province of British Columbia government has estimated the resource potential to be greater than 200Mt of coal.

Mining at the Basin Coal Mine began in 2002, but was ceased in 2006 when the provincial government abolished the use of coal power plants in British Columbia. Infrastructure remaining on site includes a coal washing process plant, crusher, road, workshop, and administration buildings. A registered Mining Permit to produce up to 250,000 tonnes of coal per year remains in place.

Norwest Corporation is undertaking a feasibility study on behalf of Jameson to recommission the Coal Mine. The study is targeting an initial production rate at the permitted capacity of 250,000 tonnes per annum with a rapid staged expansion to approximately 1million tonnes per annum. Significant progress has been made during the September quarter including plant design work, completion of open pit designs for small mine study, advancements in road and rail discussions, and completion of the coal quality test work.

Basin is the closest mainland coal project to the Western Canadian ports and has good rail and road access with significant available capacity. The existing infrastructure, including logging roads, loading facilities and rail, will significantly minimise the capital required to recommence operations.

Prospective buyers of thermal coal include international utilities and local cement manufacturers. Discussions with both potential overseas and domestic off-take partners have been positive, with interest confirmed in the thermal coal produced from the Basin Coal Mine.

## ***Exploration Program***

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 3). Holes will be drilled to depths of approximately 100m, and have been designed to intersect the top of the main seam between depths of 20 to 50m. Trenching will be undertaken prior to the drilling. It is proposed to take bulk samples from the trenches for further washability and other coal quality test work.

It is anticipated that the program will be completed before the end of November 2009. 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 million tonnes per annum staged expansion.

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 – Basin Coal Project – Surface Resource Table (SR 8:1)



Figure 2 – Bulk Sampling Program



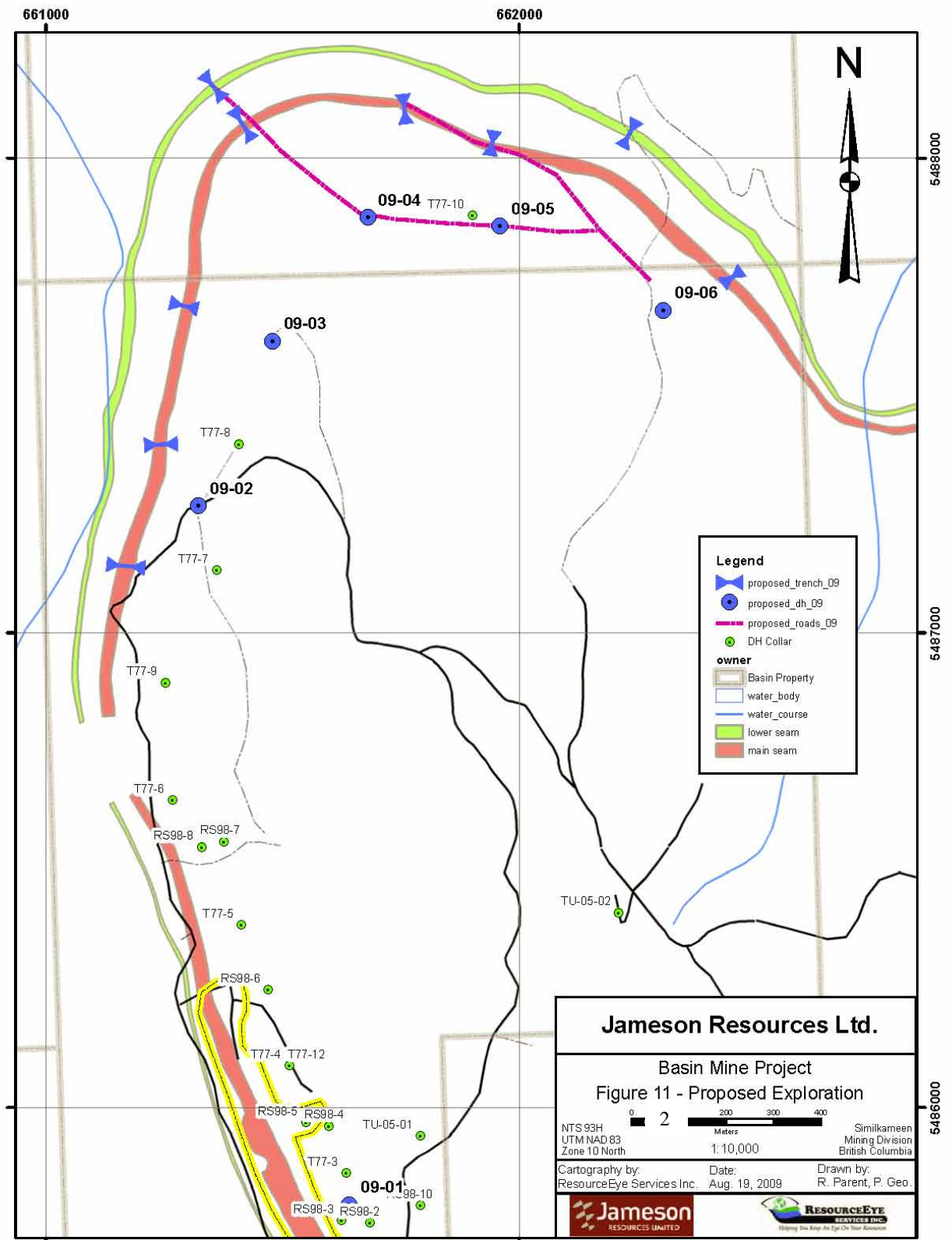


Figure 3 - Exploration Program – Proposed Diamond Drill holes and Trenches

## ***Coal Quality***

Coal quality test work from the trenching campaign across the main seam within the currently exposed pit has now been completed. All samples were sent to Birtley Coal and Minerals Testing Laboratories in Calgary ("Birtley"). Coal quality test work included proximate and ultimate analysis, screen size analysis, washability, liberation, and composite analysis.

Norwest has composited the washability results obtained during the 2009 trenching program to achieve a simulated Run-of-Mine (ROM) material. In addition to the compositing, liberation test work undertaken by Birtley has shown positive yield benefits are achievable. Results from composite analysis at a simulated 12% product ash are projected in Table 2.

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.

PCI coals of this quality typically attract a \$10-\$15 premium on the thermal coal spot price. Coal process plant options to produce both PCI and thermal products are being addressed as part of feasibility study.

Table 2

## TYPICAL COAL QUALITY SPECIFICATION BASIN MINE

<b>Proximate Analysis</b>				
	<b>As-received</b>	<b>Air-dried</b>	<b>Dry</b>	<b>DAF</b>
Ash	12.2	13.1	13.7	
Volatile Matter	29.7	32.0	33.3	38.60
Fixed Carbon	47.3	50.9	53.0	61.4
Moisture	10.8	4		
Sulphur	0.56	0.60	0.63	
Btu/lb	10188	10960	11421	13228
kcal/kg	5660	6090	6350	7350

### Mineral Analyses of Ash

SiO <sub>2</sub>	70.46
Al <sub>2</sub> O <sub>3</sub>	16.14
Fe <sub>2</sub> O <sub>3</sub>	5.65
CaO	1.16
MgO	0.6
Na <sub>2</sub> O	0.05
K <sub>2</sub> O	3.42
TiO <sub>2</sub>	1.2
P <sub>2</sub> O <sub>5</sub>	0.24
SO <sub>3</sub>	0.45
other	0.63

**Hg, ppb**

**66**

**FSI**

**0**

**P in Coal, % (db)**

**0.014**

### Ash Fusion Temperatures

	<b>Oxidizing °F</b>	<b>Oxidizing °C</b>	<b>Reducing °F</b>	<b>Reducing °C</b>
Initial Deformation	2417	1325	2291	1255
Softening (Spherical)	2514	1379	2404	1318
Softening (Hemispherical)	2593	1423	2408	1320
Fluid	2721	1494	2674	1468

### Particle Size Distribution

+1 1/2	16.40%
1 1/2 x 3/4	11.90%
3/4 x 16M	45.80%
16M x 100M	23.70%
100M x 0	2.20%

### Ultimate Analysis

Ash	13.7
Carbon	66.3
Hydrogen	4.2
Oxygen	13.8
Nitrogen	1.4
Sulphur	0.6

**Base/Acid Ratio**

**0.124**

**Fuel Ratio**

**1.59**

**HGI**

**49**

**Light Transmittance**

**16.6**

**Alkalies, % (as Na<sub>2</sub>O)**

**0.31**

## Canadian Coal Market

Canada is emerging as an alternative supplier for high quality thermal coal with its available port capacity.

In 2007, Canada produced 72.5mt of thermal and metallurgical coal. Approximately 44% of Canadian coal produced in 2007 was exported with estimates for 2008 rising to 47%. Metallurgical coal accounts for the majority of Canada's coal exports (90%) with the remainder being thermal coal. The biggest buyer in Canada's coal export market is Asia which accounts for 59% with smaller buyers coming from Europe, the UK and the US. 2008 estimates show Asia importing approximately 18.5 million tonnes of coal from Canada which has increased by 500,000 tonnes from 2007. In 2007, Japan and South Korea were the two leading buyers of Canadian coal with 10.6 million tonnes and 6.1 million tonnes respectively. Both countries have increased their import of Canadian coal over the years with Japan now taking 35% of Canada's coal, up from 21% in 2004 and South Korea which now accounts for 21%, up from 14% in 2004.

With Canada's coal export trade known for its stability and reliability, international coal buyers are increasingly looking to countries like Canada to diversify their sources of coal and secure supply.



*Figure 4– Coal Mining at the Project (2005)*

## **Corporate**

The Company has also announced during the quarter that it has appointed Mr T. Art Palm, a highly experienced coal mining executive to the Jameson Board of Directors. Mr Palm will take on the role of Executive Director of Operations on decision to mine.



## **Projects**

During the quarter the Company announced it had entered into a Sale Agreement to divest its Ora Banda gold assets to Winchester Resources Limited ("Winchester"). Winchester is an Australian public company which intends to raise \$2.0 million via an Initial Public Offering on the ASX.

The sale of the assets are contingent upon Winchester successfully completing an Initial Public Offering of shares on the ASX and receiving conditional approval for the admission of the Company to the Official List within six (6) months from the date of the Sale Agreement.

The terms of the Agreement are as follows;

- Payment of \$10,000 to Jameson; and
- Issue to Jameson 750,000 fully paid ordinary shares in Winchester upon listing

The Board of Jameson considers the Ora Banda project to be a non-core asset of the Company, and the divestment will see the project receive the attention it deserves whilst allowing Jameson to focus upon the re-commissioning of the Basin thermal coal mine in British Columbia.

Winchester has been formed to acquire, explore and exploit gold and other mineral projects both in Australia and overseas.

## **Project Generation**

The company is continuing with the evaluation of several other coal projects in Western Canada.

Yours faithfully,



John Holmes  
**Executive Director**

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### **For further information please contact:**

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*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.*

*The information in this report relating to mineralisation and exploration results that were used in the resource estimation that has been undertaken by Mr Ron Parent of ResourceEye Services Inc.. Mr. Parent, P.Geol. is a registered Professional Geoscientist with the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC). Mr. Parent, P.Geol. has completed the Resource Estimation to NI43-101 and JORC reporting standards. Mr Parent, P.Geol. 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 Qualified Person for the reporting of resources in accordance with the National Instrument 43-101 (NI43-101) standards. Mr Parent, P.Geol. consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*