



BLACKHAM

RESOURCES LIMITED

ABN 18 119 887 606

ASX ANNOUNCEMENT
20 October 2008

BLACKHAM PROGRESSES TOWARDS 1 BILLION TONNES

- **In excess of 40 years worth of feedstock for a Coal to Liquids (CTL) operation;**
- **Acquisition creates a total resource of 765 million tonnes of lignite, estimated in accordance with the JORC Code;**
- **The total Inventory Coal for the Scaddan Energy Project is 325 to 400 million tonnes;**
- **Amenable to large scale open cut mining methods; and**
- **Scoping Study about to be finalised**

Australian energy company Blackham Resources Ltd (“**ASX: BLK**”) (“Blackham or Company”) continues to increase its lignite resources in the Esperance region of Western Australia after acquiring additional tenements surrounding the Scaddan Energy Project - bringing the resource total at the project to 765 million tonnes of lignite and significantly increased its landholding in the region.

Blackham has completed all due diligence related to this transaction, including a review of Project tenements and related data and records. A list of tenements acquired (Annexure A) and a tenement plan of the acquired area (Annexure B) are enclosed.

Blackham has completed the acquisition of all but one of the tenements. The acquisition of the final tenement (EL63/521) will be settled once the conditions precedents under the agreement have been met.

The Scaddan Project is located approximately 60 kilometres north of Esperance in Western Australia. The Project is less than 6km from Esperance Kalgoorlie highway and railway line.

Resource

Runge Limited (Runge) is an internationally respected global consulting company providing resource and mining consulting services and software for more than 30 years. Runge was engaged to review the borehole data for the Scaddan lignite

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deposit and provide a resource statement in accordance with the JORC¹ reporting standards.

Existing borehole data was reviewed by Runge to calculate the resources contained within the tenements acquired and to recalculate the total resource for the Scaddan Energy Project.

Summary of Resources

Resource Category	Acquired Tonnes (million)	Total Tonnes (million)	% of Resource
Indicated	11	320	42%
Inferred	54	445	58%
Total	65	765	100%

The resource estimate is on a 60% moisture basis and an approximate relative density of 1.2. No thickness or quality cut-offs were applied to the deposit due to the range of ash values being all being less than 30% and within the required definition of lignite and the deposit 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".

Cored holes with valid analysis were used to calculate the average proximate analysis of the resource tabled below.

SCADDAN LIGNITE PROXIMATE ANALYSIS	
(60% Moisture Base)	
Ash %	12.9
Volatile %	15.9
Fixed Carbon %	11.2
Total Sulphur %	1.8
Specific Energy MJ/kg	7.2

On a 60% moisture basis as previously announced the lignite has a NaCl content of 6.3%.

An estimate of inventory coal was also prepared totalling an additional 325 to 400 million tonnes. This inventory has not had sufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the determination of a mineral resource.

Exploration drilling, to find and define the lignite deposit at Scaddan, required a total of 1,413 boreholes, 201 of which were diamond cored and 1,212 drilled as open holes. Runge has outlined locations of additional drilling on the Indicated Resource to ensure drill hole spacing is within 500m as required under the "Guidelines for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves" to potentially upgrade the area to a Measured status. Drilling of several quality holes of a spacing of no less than 2,000m should readily convert the Inventory area to an Inferred Resource as there is reasonable confidence in the structural continuity of the lignite from previous drill holes.

Based on the depth and thickness of the resource the Scaddan lignite deposit would be suitable for extraction by open cut methods as it lies at depths generally between 25 and 30 meters with an average cumulative coal thickness of 8 meters. The shallow depth and generally unconsolidated sediments overlaying the seam makes the deposit amenable to large scale open pit mining methods.

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Scaddan Energy Joint Venture

Blackham and Wesfarmers Premier Coal Limited (Premier Coal), have 70% and 30% interests respectively in the Scaddan Energy Project. Blackham has offered Premier Coal the opportunity to participate in the acquisition of the newly acquired tenements up to the extent of its 30% interest in the Scaddan Energy Joint Venture and is awaiting Premier Coal to complete its due diligence.

Potential Oil Production

Blackham currently has a combined Resource base of 719 million tonnes estimated in accordance with the JORC Code, taking into account the 70% interest in the Scaddan Energy Joint Venture and the 100% owned Zanthus deposit.

Project	Resource Mt	Blackham Share Mt
Scaddan Energy JV 70%	700	490
Scaddan acquisition 100%	65	65
Zanthus deposit 100%	164	164
Total Resource	929	719
Potential barrels of oil products*	464 million barrels	360 million barrels

*estimated at 0.5 barrel per tonne of lignite based upon feasibility studies for similar lignite projects. This is to be confirmed by bench scale testing during the feasibility study.

Blackham is evaluating the development of the Scaddan and Zanthus lignite projects into one of Australia's premier CTL operations, as well as other value adding operations. A CTL facility combined with clean coal technologies has the potential to produce a high quality diesel and other high value import replacement products for Western Australia.

Blackham and its consultants are currently finalising a CTL Scoping Study for a potential Coal to Liquids (CTL) operation at the Scaddan Energy Project, assessing the potential for an initial drying, gasification and synthetic fuel plant of 15,000 bbl per day of mostly diesel production. Eventually it is planned to expand the capacity to at least 30,000 bbl per day to take advantage of the economies of scale. Results of this study expected to be released in the near future.

Based on a 30,000 bbl per day CTL operation Blackham's current resource could provide feedstock for in excess of 45 years. With additional exploration potential at Scaddan East, Salmon Gums, Speddingup and Zanthus, Blackham is well positioned to increase its resources in the region.

For further information on Blackham please contact:

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Statement of JORC Compliance

The estimate of Coal Resources for the Scaddan Project areas as presented in this announcement have 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 this announcement to which this statement is attached, that relates to the Scaddan Project Coal Resources, is based on information reviewed by Ms Merryl Peterson and Mr Andrew Curd. Ms Peterson and Mr Curd are full time employees of Runge Limited. Ms Peterson is a member of the Australasian Institute of Mining and Metallurgy. Mr Curd has reviewed the geological data, including drillhole location, lithology and quality, and has constructed the geological model, and estimated the resources. Ms Peterson supervised the review of the geological data, construction of the geological model, and the estimation of the resources, and reviewed the modelling and resource estimation procedures.

Ms Peterson 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.

Ms Peterson is signing off as the Competent Person for this statement. She consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Merryl Peterson B.Sc.Geol.Hons M.Sc.Env.Sc.MAusIMM

The information in this report that relates to Exploration Results and Mineral Resources of the Zanthus deposit is based on a report by MBA, which was reviewed by Mr Franz Bos, who is a fellow of the the AusIMM and a consultant employed by GHD (Australia) Pty Ltd. Mr Bos 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 Bos consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Mr Brett Smith, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Smith is a non-executive Director of the Company and qualifies 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 Smith consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

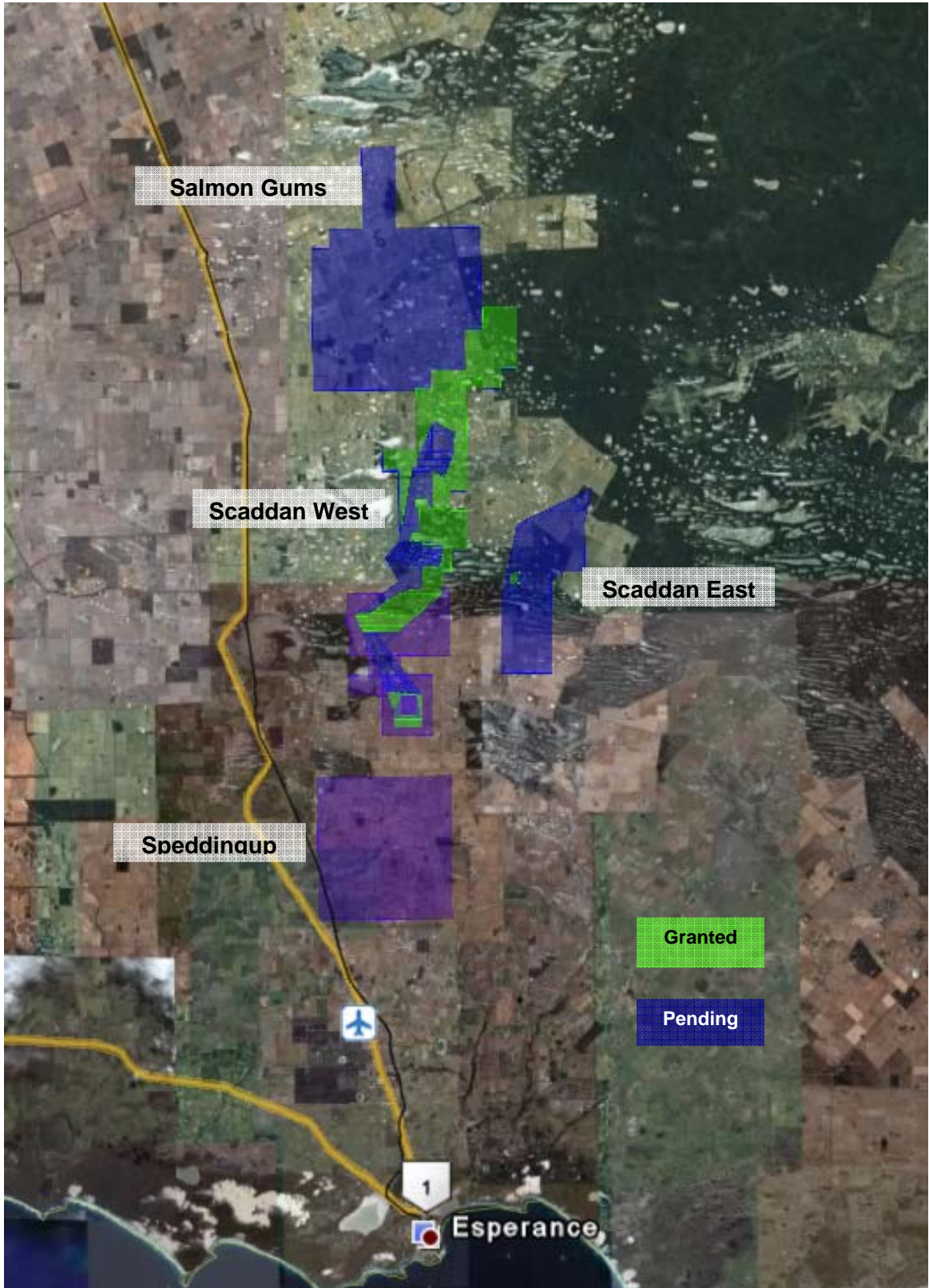
¹ *The JORC Code – "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves", the Joint Ore Reserves Committee of the AusIMM AIG and MCA, December 2004.*

Annexure A: Mining Tenements Acquired

Tenements	Grant Date	Area (km ²)
E63/521	23/11/2007	72.4
ELA63/1202	Pending	10.9
ELA63/1203	Pending	16.6
ELA63/1218	Pending	137.3
PLA63/1676	Pending	0.2
P63/1677	1/7/2008	0.5
PLA63/1678	Pending	0.2
PLA63/1679	Pending	0.2
P63/1680	1/7/2008	0.2
P63/1681	1/7/2008	0.7
P63/1682	1/7/2008	1.3
PLA63/1683	Pending	0.2

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Annexure B - Scaddan Tenements



ENDS