



## ASX Release

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**Directors / Officers:**

**Alan Scott**  
**Mike Haynes**  
**Matthew Wood**  
**Timothy Flavel**

**Issued Capital:**  
**604.2 million shares**  
**100.3 million options**

**Australian Stock Exchange**  
**Symbol: BLR & BLRO**

## ACQUISITION OF JONESVILLE COAL PROJECT, ALASKA, USA

- Acquisition of 100% interest in the advanced Jonesville Coal Project in Alaska, USA
- Hosts JORC measured, indicated and inferred resources of 130Mt of high quality thermal coal
- Historic production of circa 5.5Mt of coal
- Excellent existing infrastructure:
  - 100 kilometres northeast of Anchorage
  - Readily accessible by road, with sealed highway within 2 kilometres of project
  - 20 kilometres from existing railroad
  - Two ports nearby, both fully equipped with coal loading facilities
- Short shipping distance to major markets in China, Taiwan, South Korea and Japan
- Opportunistic, very low cost acquisition
- Near term development opportunity

Black Range Minerals Limited (ASX:BLR; “Black Range” and the “Company”) is very pleased to advise that it has secured a 100% interest in the advanced Jonesville Coal Project in Alaska, USA.

### Location and Access

The Jonesville Coal Project is located approximately 100 kilometres northeast of Anchorage, the largest city in the state of Alaska, USA. The project comprises two leases covering 1,450 acres.

The project includes the historic Evan Jones Coal Mine, which is readily accessible from several minor roads that extend from the sealed Glenn Highway which itself passes several kilometres south of the project (see Figure 1). A fully operational rail line services the town of Palmer, located some 20 kilometres southwest of the project and provides a rail connection to the port of Seward approximately 300 kilometres further south.

The port of Seward is fully equipped with coal loading facilities, and is currently being used to export coal to Asia and the Pacific Rim region. A second, recently constructed, port is located approximately 100 kilometres southwest of the project by road at Port Mackenzie. This port is also fully equipped with coal loading facilities and provides berthing facilities for Panamax and Cape sized vessels.

**Historic production of 5.5 million tonnes of high quality thermal coal**

**Twelve coal seams each greater than one metre thick**

**#3 and #5 seams up to 7 metres and 6 metres thick respectively**

**#3 and #5 seams average 4 metres and 6 metres thick respectively**

**Excellent quality steam or thermal coal**

**Low sulphur coal**

**Measured, indicated and inferred resources of 130.7Mt**

## **History**

Approximately 5.5 million tonnes of high quality thermal coal were produced from the Evan Jones Coal Mine between 1920 and 1968, from a combination of open pit and underground mining, predominantly in the northern area of the current leases. Mining was suspended in 1968 when the mines' main customers, military and civilian power plants in Anchorage, switched from coal to natural gas.

Limited exploration work was conducted between 1990 and 1997 and again in 2004. Drilling during these periods confirmed the presence of extensive, thick, high quality coal resources south of the historically mined area however no further mining was undertaken.

## **Geology**

Coal-bearing rocks in the Jonesville area belong to the Paleocene to Eocene aged Chickaloon Formation, which is 1,000 to 1,500 metres thick. The main coal measures occur in the upper 500 metres of this formation. At the Jonesville project these coal measures are found from surface through to around 800 metres depth.

There are twelve coal seams of thickness greater than one metre at the Jonesville Coal Project. Of these, seams #3 and #5 both reach a maximum thickness of 7 metres, with seam #5 averaging 6 metres thickness and seam #3 averaging 4 metres thickness. The thickness of seven other coal seams averages greater than 1.5 metres, with seams #7b, #6 and the lower Shaw bed locally exhibiting thicknesses of 6 metres, 3 metres and 3 metres respectively.

Within the Jonesville project the coal units are laterally extensive within a doubly plunging syncline. They are interbedded by sandstone, siltstone, claystone and carbonaceous shales.

## **Coal Quality**

Coal at the Jonesville Coal Project is an excellent quality high volatile B bituminous rank. It has excellent steam or thermal combustion qualities and has been used in the past for power generation. Its heat content averages 10,400-13,400 Btu/lb. One of the coal's key attributes is its low sulfur content (0.3-0.4%), making it valuable as a compliance coal.

Historically coal from the project has needed to be washed due to inherent clastic and middling partings.

## **JORC Compliant Resources**

The Jonesville Coal Project hosts JORC compliant measured, indicated and inferred resources of 130.7Mt of coal. The breakdown of these resources by classification is presented in

Table 1:

**Table 1.** JORC Code compliant resources at the Jonesville Coal Project.

<b>Classification</b>	<b>Million Tonnes</b>
Measured	17.0
Indicated	17.3
Inferred	96.4
<b>TOTAL</b>	<b>130.7</b>

The Company intends reassessing previous work and conducting further exploration prior to issuing a revised resource/reserve statement.

It is noted that from a mining and ore reserve perspective approximately 50% of the coal resources are hosted by seams that dip at greater than 20°. Special mining methodologies may need to be utilized in order to economically recover these resources.

The Company also has the right to reprocess tailings from the historic Evan Jones Coal Mine. It has been estimated previously that around 500,000 tonnes of clean coal could be recovered from tailings reprocessing within this area. The Company will conduct its own evaluation to determine whether this may be a viable opportunity to generate some cash flow in the short term.

**Potential to reprocess up to 500,000 tonnes of clean coal**

### **Potential Markets**

The high volatile B bituminous coal at the Jonesville Coal Project is an excellent thermal compliance grade coal and has been sold previously on this basis. Its low sulfur content makes it environmentally compliant and therefore attractive to many coal importation countries in the Pacific Rim.

**Ready markets for high quality, low sulphur coal**

The close proximity of Alaska to Pacific Rim countries that are heavily dependent on the importation of thermal coal, including South Korea, Japan, Taiwan and China, may make the potentially lower transportation costs from Alaska to these proximal countries attractive to buyers.

**Close proximity to Asian markets**

### **Leases and Permits**

The Company has acquired two adjacent leases at the Jonesville Coal Project covering 1,450 acres. These leases give the Company the exclusive right to mine and explore for coal on these leases, as well as to reprocess coal tailings from the historic Evan Jones Coal Mine operation.

**All permits in place for further exploration, trial mining and tailings reprocessing**

All permits are in place to conduct an extensive exploration drilling programme on the project. Permits are also in place to construct a box-cut and develop a trial underground mining operation. The recovery of up to 17,000 tons of coal from this trial mining operation has been approved. Permits are also in place to commence tailings reprocessing. Additional permits would be required to commence commercial scale mining.

The State of Alaska is entitled to a 5.0% “adjusted gross value” royalty on all coal produced from this area. When calculating this royalty the costs of beneficiating and transporting the coal to the point of sale are allowable deductions from the sale price.

### **Consideration**

Black Range has agreed to purchase a 100% interest in the two leases from the current lease holders for the following consideration:

**Low cost acquisition**

(i) The issue of 15,000,000 fully paid ordinary shares in Black Range Minerals Limited, within 14 days of transfer of the leases to Black Range Minerals Limited, and

**Company’s cash reserves preserved**

(ii) The payment of US\$2 million to the current lease holders on commencement of commercial scale mining within the current leases.

In addition the current lease owners shall retain a 2.0% “adjusted gross value” royalty (see above) on all production from the project.

### **Implications for the Company**

Black Range is very well financed, with approximately \$10.0 million cash at bank.

Black Range recently announced that it had executed a Letter of Intent with Uranium One Inc. to jointly pursue the development of the Taylor Ranch and Hansen Uranium Projects in Colorado, USA. The Company remains committed to advancing these energy projects to production.

**Company committed to the development of two large, high quality energy projects**

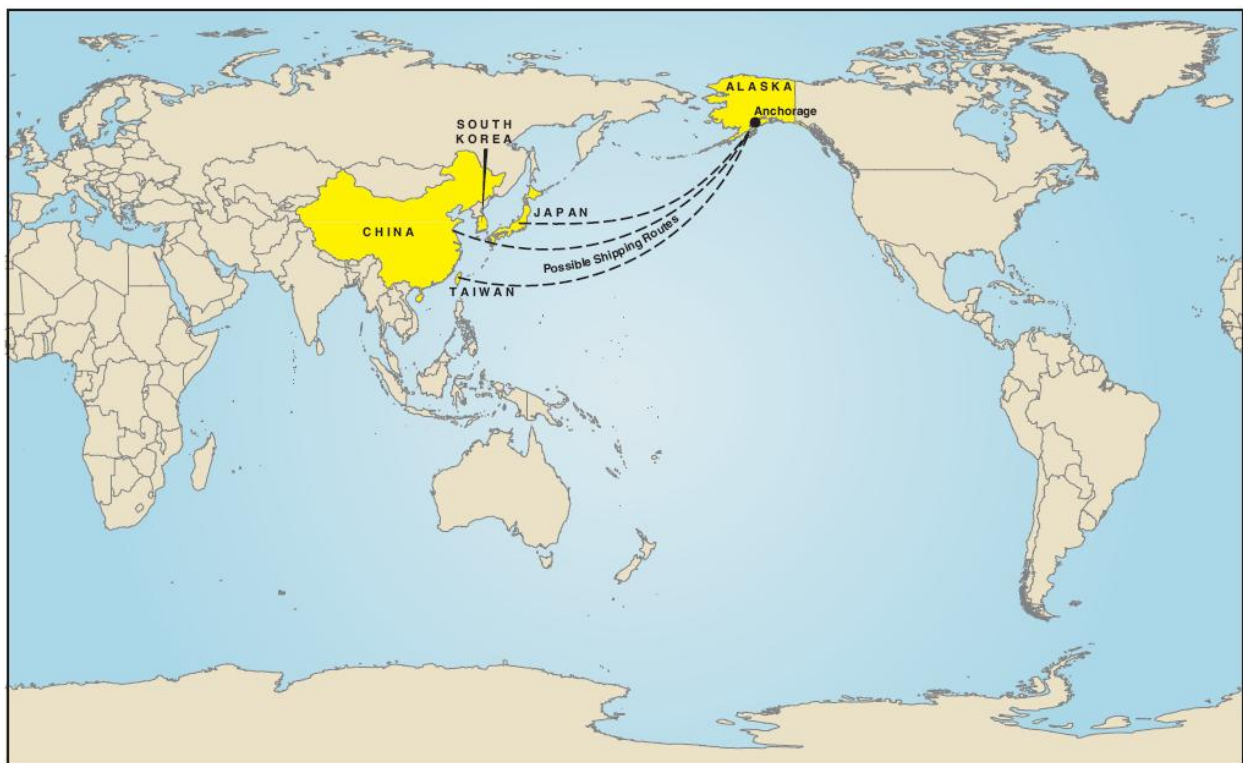
The Company additionally sees the acquisition of the Jonesville Coal Project as an outstanding, low risk, low cost opportunity to secure a sizeable, high quality energy project that could potentially be brought into production in the near term to generate substantial cash flows.

The Company will continue to evaluate numerous other growth opportunities during an opportunistic period where numerous quality assets are substantially undervalued and securing funding from conventional sources has become increasingly difficult.

**Mike Haynes  
Managing Director**



**Figure 1.** Location of Jonesville Coal Project, Alaska, USA.



**Figure 2.** Location of Jonesville Coal Project with respect to China, Japan, South Korea and Taiwan and shipping distance as opposed to shipping from Australia.

*The information in this report relating to Mineral Resources at the Jonesville Coal Project is based on information compiled by Mr. Michael Belowich who is a member of the American Institute of Professional Geologists. Mr Michael Belowich is a Geologist of Alaska Earth Sciences. Mr. Michael Belowich has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Michael Belowich consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*