



Quarterly Report

Quarter 3 2011

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Board of Directors

Barry Bolitho
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Will Randall
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Company Secretary

Patrick McCole

Senior Management

CEO – Todd Harrington
GM Exploration QLD – Mark Winsley
GM Bus Dev – Brendan Schilling
Principal Geo Intl – Joel Yago

Highlights

- Strategic Operating Review focuses exploration on fast project development
- New executive team has experience and local expertise
- Encouraging results from South Pentland drilling
- Drilling commences at Rolleston Project

EXPLORATION

Operations

Throughout the quarter, Blackwood secured and commissioned an additional drilling rig to increase the exploration effort (by 50% as a 3rd rig). Wildcat Drilling joins Blackwood Corporation after several years of successful drilling on the Alpha and Kevin's corner (Galilee) projects. Wildcat commenced on the South Pentland project, aimed at increasing drilling production rates.

Land access programs are progressing well on the following projects; Taroom, Bymount, Chinchilla, North Carmichael and North Hughenden. Advanced planning is underway to allow a number of project options to be available to drill over the wet season and throughout 2012.

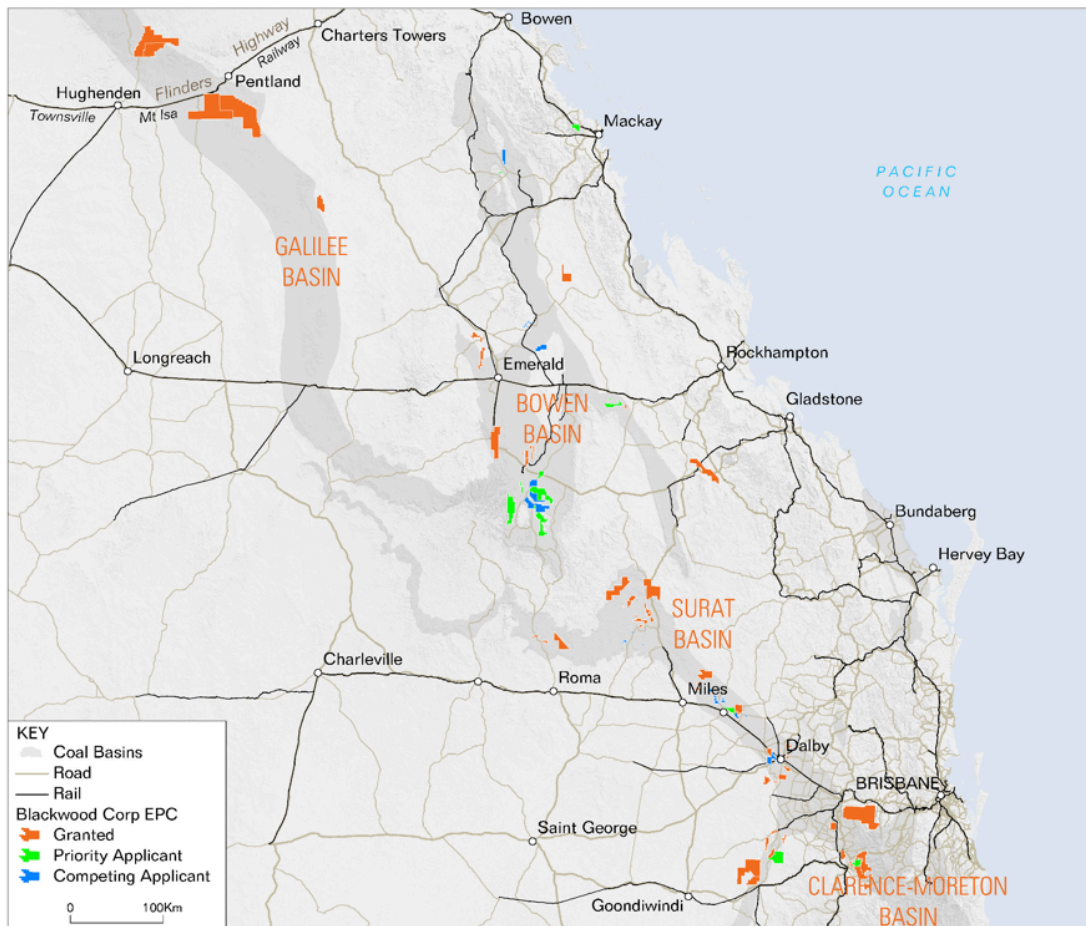


Figure 1: Blackwood's extensive tenure portfolio in Queensland

Drilling to date confirms >4 coal seam groups present in all holes, with a cumulative coal thickness of 10 to 15m, and three or more seams over 2m in thickness. The shallowest intersection for the top of the coal measures was 205m in the northeast, and deepening to 350m. With seam thickness exceeding 2m, there is potential for more than one target coal section to be suitable for underground mining methods. A summary of results to date are presented in tables 1 & 2.

Hole	Site	Top Coal Measures (metres)	Base Coal Measures (metres)	Hole Total Depth (metres)
GC 001	A	207.5	300	360.5
GC 002	E	204.5	297.5	360
GC 003	D	350	450	390
GC 004	H	350	436	462
GC 005\006\007	F			Ongoing

Table 1: South Pentland Summary of results



Figure 3 - South Pentland – Drilling in Progress

vHOLE	SEAM	TOP (m)	BASE (m)	THICKNESS (m)	COMMENTS
GC001	A1	207.35	209.17	1.82	
	A 2/3	214.36	217.07	2.71	2.71m Potential UG working section
	B group	222.05	241.65	19.60	Inferior coal banded carbonaceous mudstone
	C rider	256.34	256.94	0.60	
	C	268.24	270.67	2.43	2.23m Potential UG working section
	D1	275.56	276.33	0.77	
	D2				
	DU	294.78	295.31	0.53	
	DM1	295.62	296.12	0.50	
	DM2	296.45	297.24	0.79	3.27m Potential UG working section
	DL	297.58	300.06	2.48	
GC002	A1	204.54	205.43	0.89	
	A2	211.35	213.55	2.20	2.20m Potential UG working section
	A3	214.2	215.2	1.00	
	B group	216	237.45	21.45	Inferior coal banded carbonaceous mudstone
	C rider				
	C	245	246.3	1.30	
	D1	256.4	257.45	1.05	
	D2	268.78	270.1	1.32	
	DU	290.06	291.87	1.81	3.66m Potential UG working section
	DM1	292.32	293.28	0.96	
	DM2	293.62	294.51	0.89	
	DL1	295.23	296.1	0.87	
	DL2	296.3	297.65	1.35	
GC003					No Geophysics
GC004					Logged through rods - detailed seam picks not available
GC005					GC005 Results not received yet, GC006 & GC007 Currently being drilled
GC006					
GC007					

Table 2: Detailed seam correlations from GC001 & GC002

The recent coal intersections confirm the down dip extension of the adjacent Milray Deposit (Xstrata) to the north east and together with the vast tenure at South Pentland (over 1600km² on this single project – Figure 4), this project represents a significant underground opportunity for Blackwood.

Geological modelling of the South Pentland project is due to be completed in December 2011 for an initial Galilee Exploration Target resource to be defined in early Q1 2012. Planning and land access is also underway for Blackwood’s other two significant Galilee opportunities, North Hughenden and North Carmichael. Representing over 750km² of granted tenure, both projects will target the shallow (<150m) and sub-cropping coal measures of the Permian Betts Creek Beds and are planned to commence in the fourth Quarter of 2011, optimising the drilling resources within Blackwood.

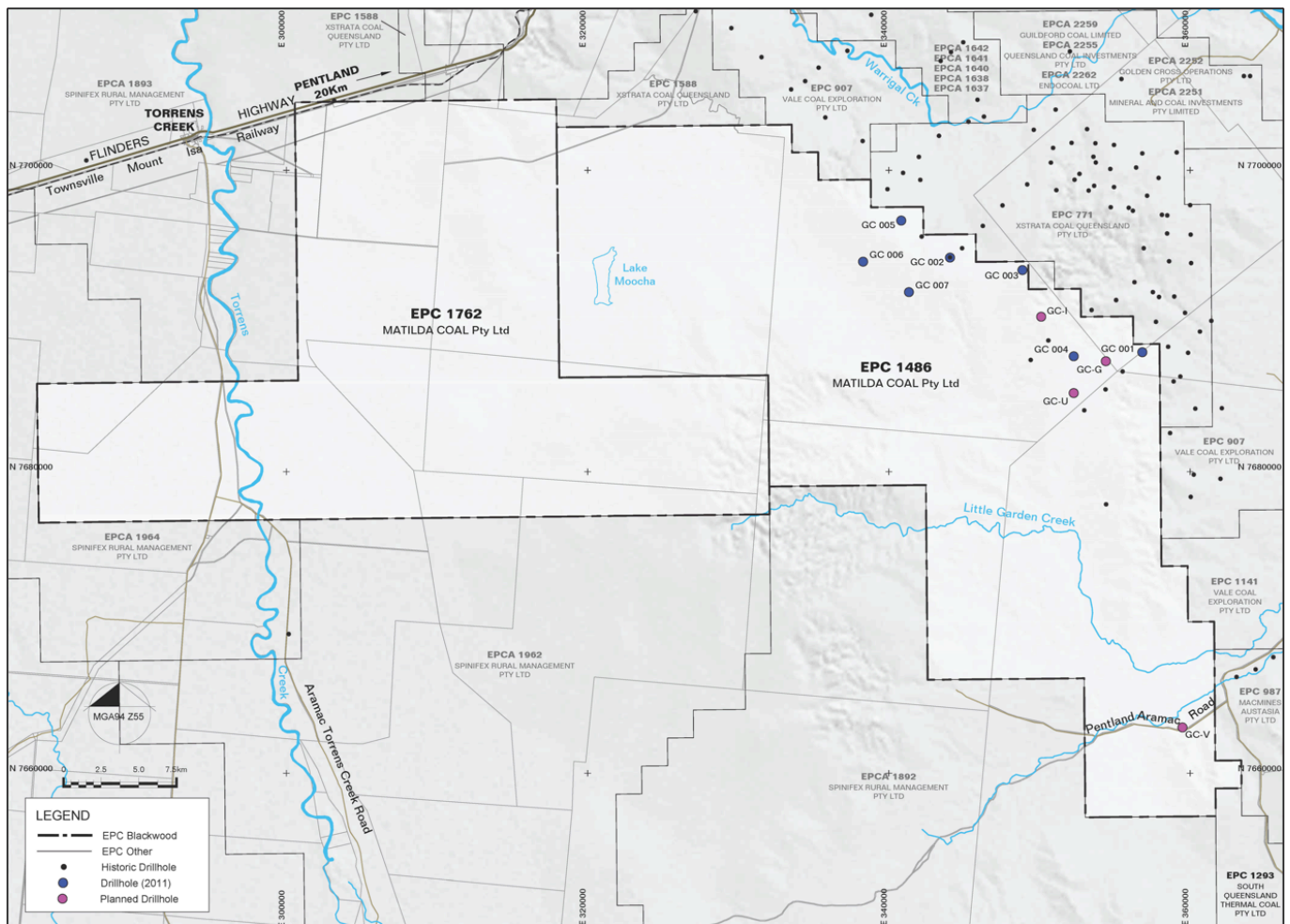


Figure 4: Location of South Pentland leases, current drilling & proximity to established road and rail infrastructure. Note: all Blackwood tenure is in the name of its wholly owned subsidiary, Matilda Coal Pty Ltd.

North Rolleston Project

Blackwood also commenced the exploration drilling program at North Rolleston during Quarter 3. Four drill holes have been completed to date, targeting the eastern limb of the sub-cropping Rangal Coal Measures in this area. Exploration results have confirmed Blackwood's reinterpretation of the regional geology in this area and a single prospective coal target (1.92m seam) has been identified at 82m. This confirms the shallowing within our tenure, and constrained the target for future programs

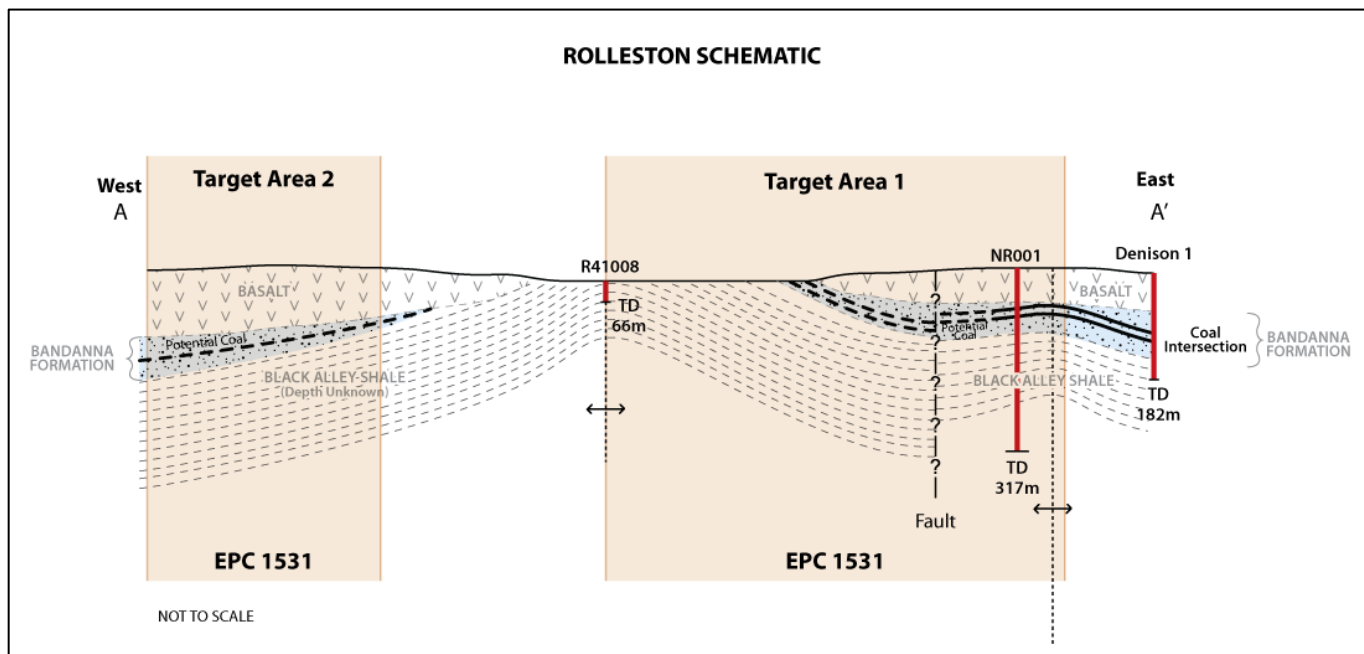


Figure 5: Geological cross section of Rolleston North Target areas, and location of new and existing drill intersections



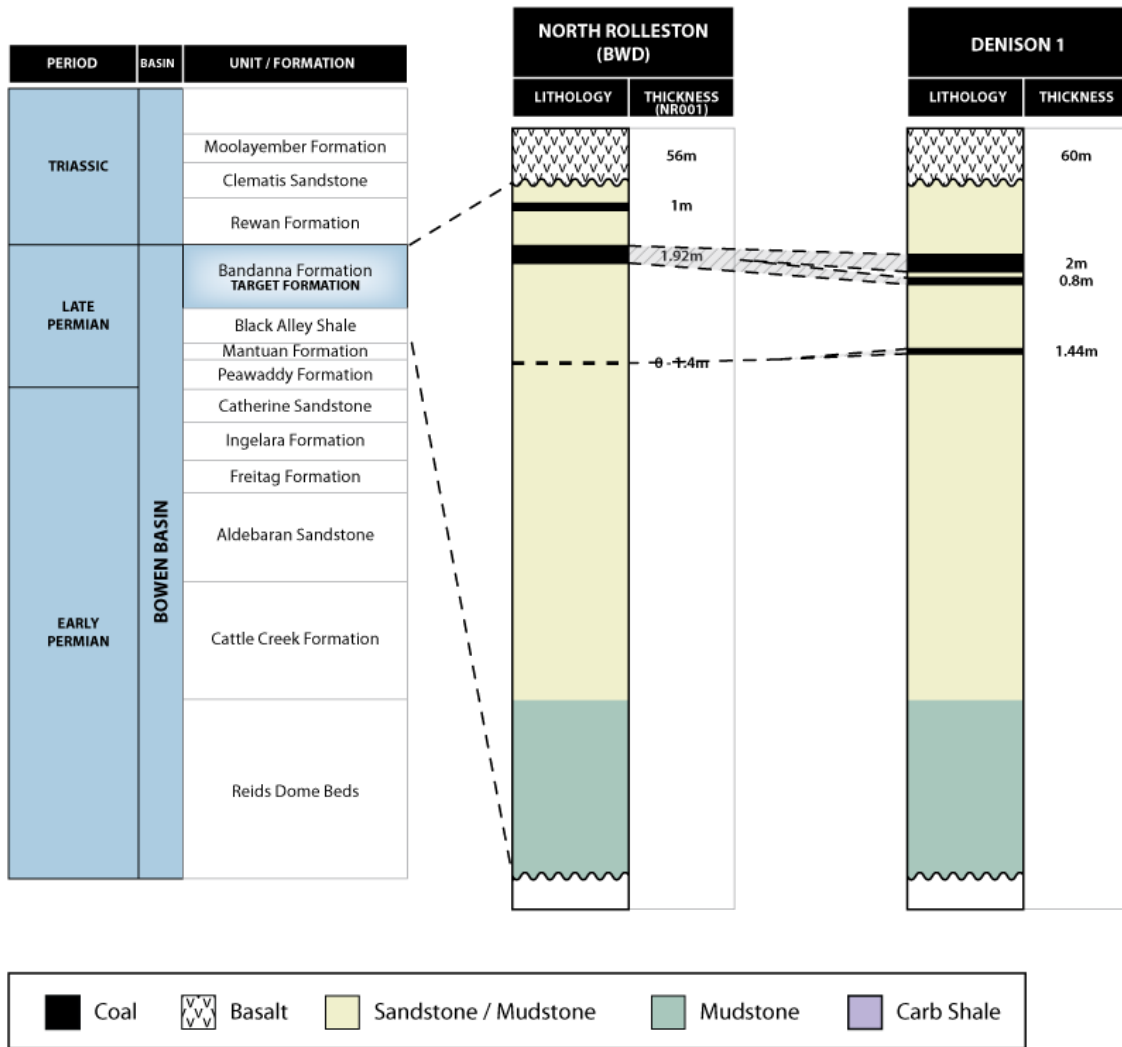


Figure 6: Correlated coal seams and regional stratigraphy in the Rolleston North area

The Rangal Coal Measures in this area, just north of Xstrata’s Rolleston mining operations, are known to contain vast quantities of low ash, export quality thermal coal. Blackwood’s exploration programs in North Rolleston have now shifted to the western limb of the anticline (westerly dipping shallow coal targets) to refine sub-crop location, understand target depth and seam thickness. Importantly, coal seams are known to thicken, join and also split again, over small distances (<5km) within this region. This has resulted in single seams up to 9 meters being present in the nearby leases, and further justifies continues exploration in this area.

Current exploration efforts will finish in Rolleston in November 2011, before the rig is deployed further north to other key projects. It is hoped when Blackwood returns to Rolleston in 2012, the southern application tenures will have been granted (a number of which Blackwood is the priority applicant. These are both significant in size and potential. Once granted, this will grow Blackwood's Rolleston tenure position from 90km² to >1000km², and potentially yield access to higher rank, semi-soft coking coal targets.

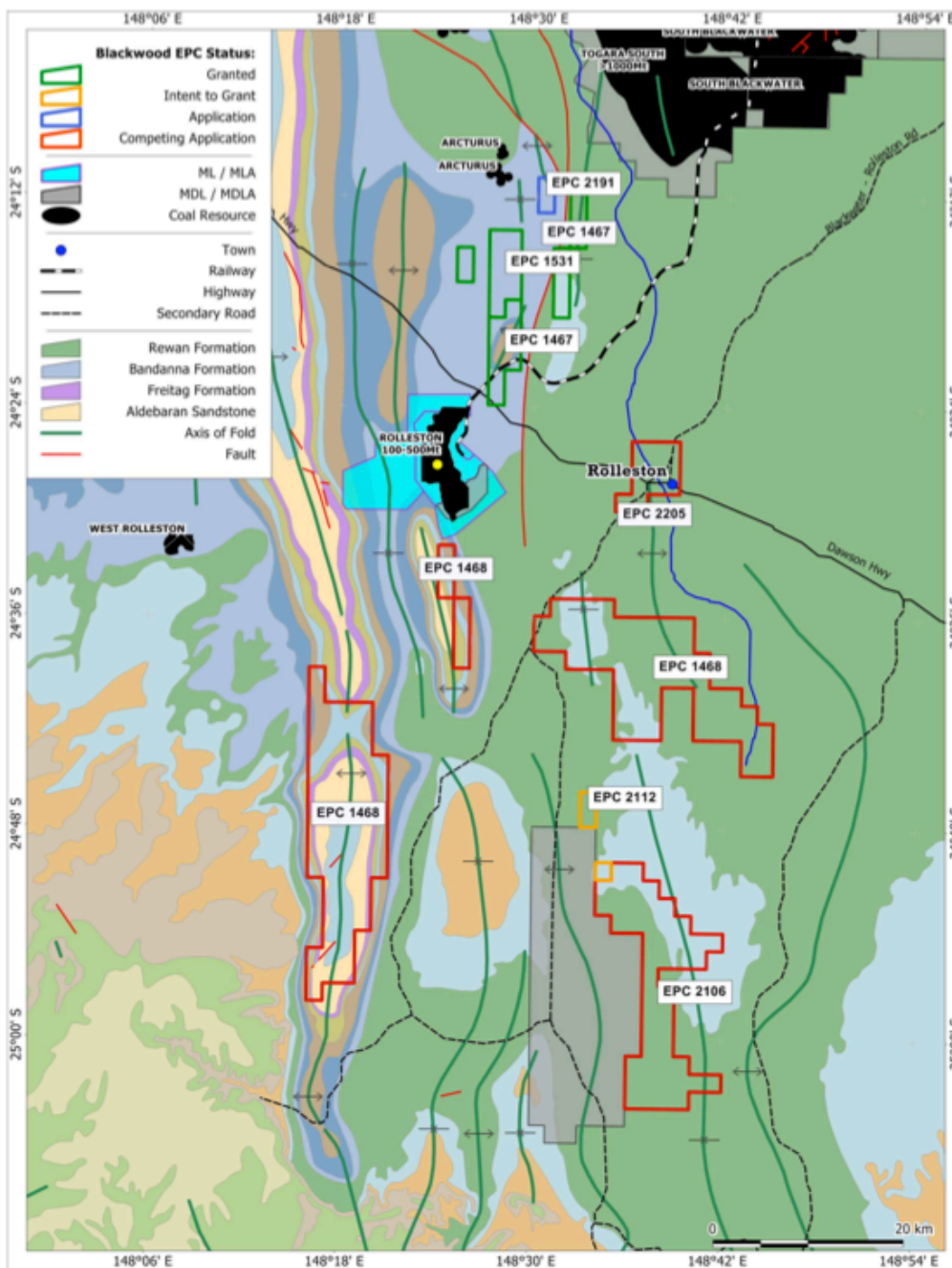


Figure 7: Blackwood's coal tenures in the Rolleston region (Green framed are granted EPC's and location of current drilling, Red framed areas are EPC applications not yet granted).

Springsure Project

The Company is reassessing its strategy with regards to the Springsure Project. Delays have continued throughout the Quarter due to landholder issues. Drilling has been rescheduled into mid 2012, which coincides with our return to the Rolleston priority targets, and maximises rig utilisation and exploration effort ahead of this years forecast wet season.

At Springsure, Blackwood is targeting the Reids Dome Beds coals, potentially uplifted by faulting transverse to the trend of the Springsure Anticline.

Capella Project

Drill targets have been developed for the Capella Project. Landholder discussions commenced, and were continued throughout the quarter. It is expected that drilling on Capella will commence in late quarter 4. The Capella Project is targeting Rangal Measures coals along strike from the Valeria deposit being developed by Rio Tinto.

Surat Basin

The company is preparing to assess its Surat Basin assets (at Taroom and Chinchilla) with an intensive field program in Q4 2011 and 2012. Additional drilling capacity is currently being sought for these programs

Safety

Bushfires created by lightning strikes in the Pentland region affected operations at South Pentland during the quarter. Blackwood was proud to assist the local Rural Fire Brigade through the provision of meals and refreshments for local firefighters at its 'Binkar' campsite.

One reportable incident was recorded during the period.



CORPORATE

Appointments

Brendan McPherson resigned as a director of Blackwood Corporation in July 2011. The board thanked Mr McPherson for his diligent service to the company, and wished him all the best for the future. Rex Littlewood was appointed as replacement Non-Executive Director. Mr Littlewood brings a wealth of experience to the company, having more than 30 years experience in the international coal market. Mr Littlewood is a former Vice President of Noble Energy, and was responsible for the development of their Asian Coal & Coke platform.

Mr Todd Harrington commenced as Chief Executive Officer of Blackwood on August 1, 2011. Mr Harrington has extensive experience in the Australian Coal Industry, and was formerly Manager – Geological Services for Xstrata Coal Queensland. Mr Harrington was responsible for over \$80 million of annual exploration expenditure, and added over 3 billion tonnes of JORC compliant coal resources to Xstrata’s portfolio. The Company was also pleased to announce the appointments of Mr Mark Winsley as General Manager Queensland – Exploration, and Dr Joel Yago as Principal Geologist – International. Mr Winsley was formerly Exploration Manager for Hancock Coal, being responsible for the design and implementation of all exploration programmes, and was also a member of the Executive Management team for both pre and bankable feasibility studies. Dr Yago was previously Manager – Exploration and Mining for GeoConsult, a leading geoscience organization where he was responsible for more than 46 geologists. Dr Yago has also been involved with the CSIRO, being part of the design team for the Bowen Basin sedimentological and structural Bowen Basin “Super Model”.

Infrastructure

The company is continuing to investigate infrastructure options along the Eastern seaboard of Queensland to ensure access for its projects. This includes Port of Townsville, Abbot Point (T4-7 expansion), Dudgeon Point, Wiggins Islands, Port of Brisbane and Queensland Rail systems. Although no binding agreements have been signed at this point, the Company is assessing proposals and will provide updates in due course.

Strategic Review

The additional capacity has seen Blackwood’s programs expanded significantly, following completion of a strategic operational review in August by the new team. The review has assisted the Company with accelerating the development of its 7 “Priority Projects”. It has also provided a strategic plan for the further 11 “Pipeline Projects”, aimed at delivering a stream of business opportunities to the Company (see table 3).

BASIN	PROJECT	BWD RANK
Galilee	North Hughenden	Primary
Galilee	South Pentland	Primary
Galilee	North Carmichael	Primary
Bowen	Rolleston North	Primary
Bowen	Capella	Primary
Bowen	Dingo	Primary
Surat	Taroom	Primary
Bowen	Rolleston South	Pipeline
Bowen	Springsure	Pipeline
Bowen	Bowen East	Pipeline
Bowen	Calen	Pipeline
Bowen	Biloela	Pipeline
Surat	Chinchilla	Pipeline
Surat	Dalby	Pipeline
Surat	Bymount	Pipeline
Clarence Moreton	Milmerran	Pipeline
Clarence Moreton	Warwick North	Pipeline
Clarence Moreton	Warwick South	Pipeline

Table 3 – Strategic Review Recommendations

Statutory Accounts

The Company successfully completed its 30 June 2011 Audit, in conjunction with BDO Queensland. This document is currently available both through the ASX website and the company website

Roadshows and Presentations

An Australian roadshow presentation was carried out in the latter part of the quarter. The presentations were well attended by institutions and retail brokers in Brisbane, Sydney, Melbourne and Perth. The investment community positively received the presentations.

Tenement Summary

The following changes occurred to Blackwood's portfolio in Quarter Three:

Granted

EPC1475 – Granted 21/07/11

EPC1475 – Granted 21/07/11

New Applications

EL28874 – 60 sub-blocks in the Northern Territory.

CEO Commentary

Blackwood Corporation CEO Todd Harrington has expressed his satisfaction with program expansion throughout quarter three 2011. "I am happy with the progress made by the Blackwood team on our portfolio. It is clear that the new team has hit the ground running with immediate impact, and I look forward to further ramp up through the fourth quarter of 2011".

About Blackwood Corporation

Blackwood Corporation Limited (**ASX: BWD**) is an emerging Australian energy and resources company, with a primary focus on the exploration and development of its coal tenement portfolio in Queensland, Australia.

Through its wholly owned subsidiary, Matilda Coal Pty Ltd, Blackwood Corporation holds tenure of over 5,800km² in world class and internationally recognized coal basins, such as the Bowen Basin, Galilee Basin, Surat Basin and Clarence-Moreton Basin. The company has established 7 'priority projects' and 11 'pipeline projects', aimed at providing long term growth opportunities. Many of its assets are adjacent to proven coal reserves of significant size and export quality, as well as excellent infrastructure.

BWD enjoys superb corporate, technical and marketing support from its major shareholder, Noble Group.

For more information, please contact

Todd Harrington

Chief Executive Officer

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Competent Persons Statement

The information contained in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Mark Winsley, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Winsley is engaged as General Manager Queensland – Exploration of Blackwood Corporation 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 Winsley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Blackwood Corporation Limited

ABN

31 103 651 538

Quarter ended ("current quarter")

30th September 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	0	0
1.2 Payments for (a) exploration & evaluation	(1,650)	(1,650)
(b) development	-	-
(c) production	-	-
(d) administration	(448)	(448)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	155	155
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(1,946)	(1,946)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(18)	(18)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	(18)	(18)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	-	-

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	-	-
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(1,964)	(1,964)
1.20	Cash at beginning of quarter/year to date	9,346	9,346
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	7,382	7,382

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	113
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Payments to directors are made in accordance with contracts/agreements.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

During the period \$329,000 was incurred under the Technical Services Agreement.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,500
4.2 Development	
4.3 Production	
4.4 Administration	470
Total	

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,382	4,836
5.2 Deposits at call	-	5,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	7,382	9,836

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	1474	Grant to Matilda Coal EPC1474	0%	100%
		1475	Grant to Matilda Coal of EPC1475	0%	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	160,350,269	160,350,269		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil	Nil		
7.5	+Convertible debt securities <i>(description)</i>	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	Executive options – 1:1				
	Executive options – 1:1				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	1,100,000			

+ See chapter 19 for defined terms.

