Tel: +61 7 3034 0800
Fax: +61 7 3034 0899
www.bwdcorp.com.au

Grant Thornton House
Level 8, 102 Adelaide St
Brisbane, QLD, 4000
Australia

15 October 2012

Manager of Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2001

By E-Lodgement

2012 Annual Report

Attached is a copy of the Company's 2012 Annual Report.

Blackwood advises that the Annual General Meeting of the Company will be held on Friday, 30 November 2012.

For and on behalf of the Board

Patrick McCole
Company Secretary

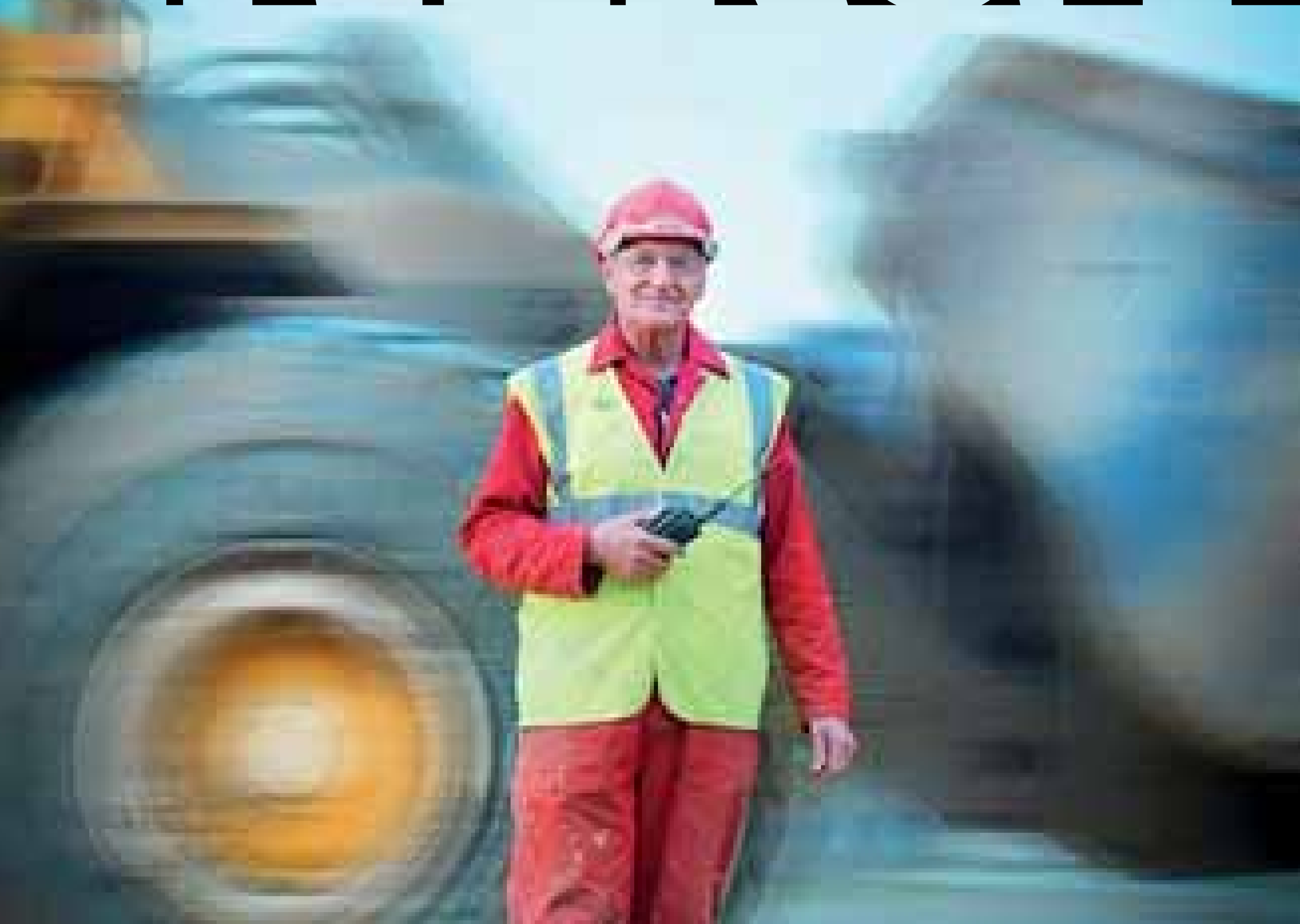
For more information please contact:
Todd Harrington
Chief Executive Officer
Phone +61 (0) 7 3034 0800

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 6,100km^2 in world class and internationally recognised coal basins, including the Bowen Basin, Galilee Basin, Surat Basin and Clarence-Moreton Basin. Many of its assets are adjacent to proven coal reserves of significant size and export quality, as well as excellent infrastructure.

ANNUAL REPORT 2012

BLACKWOOD
ENERGY TO GROW

ENERGY



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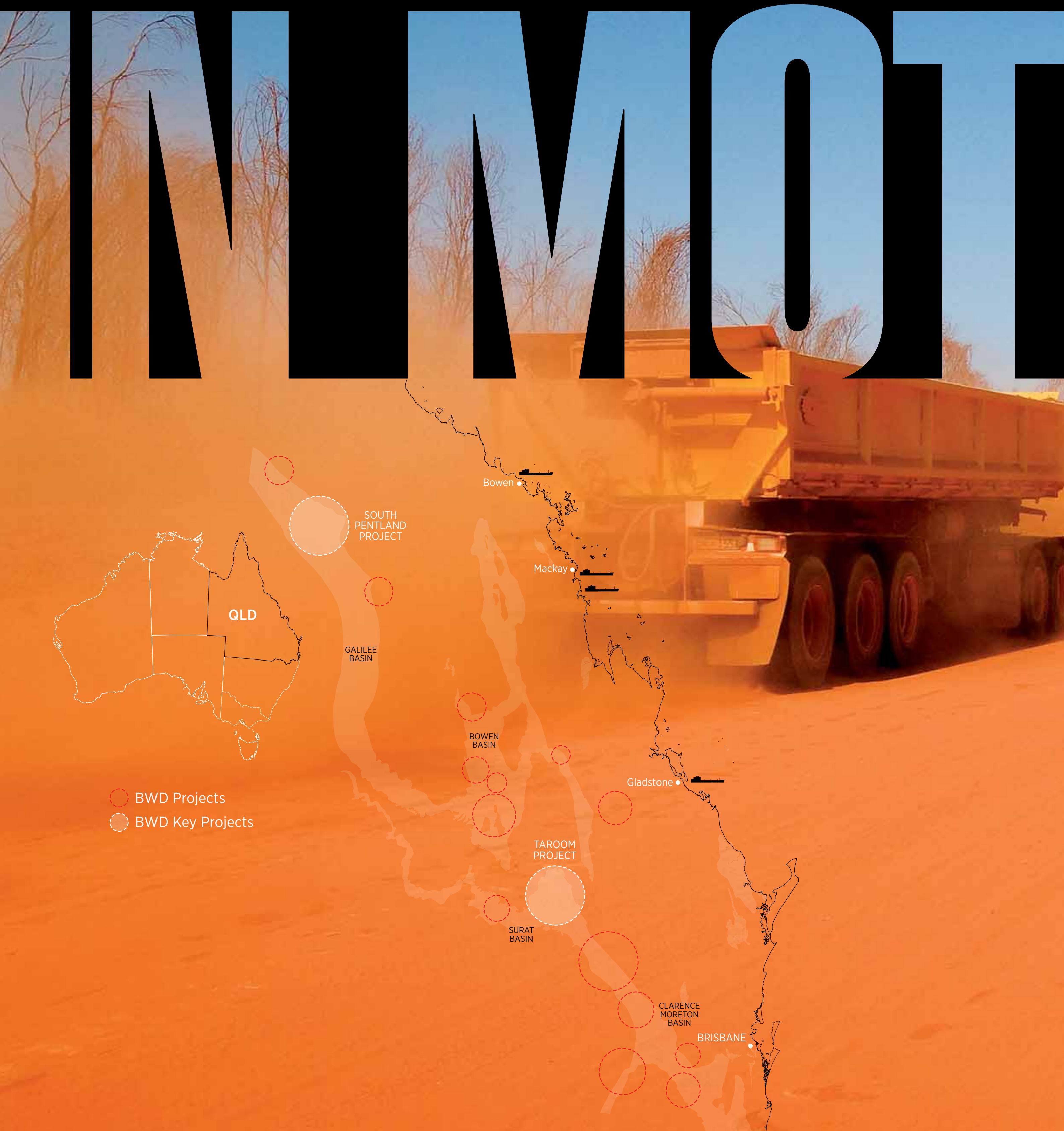


CONTENTS

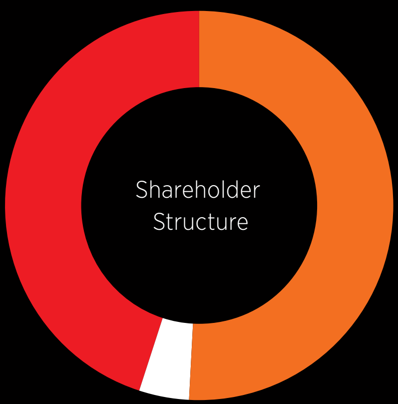
OVERVIEW

AND BUILDING MOMENTUM

OUR VISION

EXPLORE	ENHANCE	EXPAND	ACQUIRE
Our priority Queensland projects, aiming to fast track JORC resources confirmation, accelerate coal to market and establish project pipeline.	Our tenement portfolio, through rationalisation of existing tenements and accumulation of prospective tenements.	Our business through M&A opportunities and present synergies, utilising accumulated value and complimentary assets to Blackwood's projects.	High value international coal prospects for market diversification and growth.

OUR CORPORATE SUPPORT



51% Noble Group

04% Directors

45% Ordinary Shareholders

51 EPC'S GRANTED COVERING 6,100KM^2

17 PROJECTS PRIORITISED FOR RAPID DEVELOPMENT

Significant and Quality Exploration Tenure

Blackwood, through its wholly owned subsidiary Matilda Coal Pty Ltd, has a portfolio of 51 granted Exploration Permits for Coal (EPC) covering over 6,100km^2. A further 25 EPC applications cover an additional 1,535km^2 in the major coal basins of Queensland. Blackwood has designated priority project areas in the Bowen, Galilee and Surat Basins, based on the prospectivity for high quality export coal and proximity to export infrastructure. Blackwood has also established a pipeline of secondary exploration projects that provide long term growth opportunities.

Early Results Encouraging with Strong Growth Potential

Blackwood has assembled a 5.0 to 6.9 billion tonnes## JORC Exploration Target across four of its projects to date. This presents substantial upside for the Company to exploit, with further resource definition and tenure exploration adding shareholder value.

Progressing Infrastructure Solutions

Blackwood has positioned itself to take advantage of several infrastructure opportunities currently present for its projects. Of particular note is the potential access to the rail and port infrastructure that is in close proximity to the South Pentland project, and the various options that may present for our Surat and Bowen Basin projects utilising existing infrastructure. The Company is working hard towards securing these options for its projects, to help unlock and maximise the value present for shareholders.

WE INTEND TO AGGRESSIVELY EXPLORE OUR TENEMENTS, LOCATED IN WORLD CLASS AUSTRALIAN COAL BASINS, WITH THE AIM OF IDENTIFYING JORC COMPLIANT COAL RESOURCES

Experienced Board and Management

The board of Blackwood Corporation contains highly experienced industry-recognised individuals in the resources sector. The Company's Management has significant experience in the coal industry, have the required skill sets and are enthusiastic to take Blackwood forward.

OUR TENURE OPPORTUNITY

Basin	Project	BWD Rank
Galilee	South Pentland	Priority
Galilee	North Hughenden	Priority
Surat	Taroom	Priority
Surat	Chinchilla	Priority
Bowen	Rolleston North	Priority
Bowen	Capella	Priority
Bowen	Dingo	Priority
Galilee	North Carmichael	Pipeline
Bowen	Rolleston South	Pipeline
Bowen	Springsure	Pipeline
Bowen	Calen	Pipeline
Bowen	Biloela	Pipeline
Surat	Dalby	Pipeline
Surat	Bymount	Pipeline
Clarence Milmerran	South Pentland	Pipeline
Clarence Moreton	Warwick North	Pipeline
Clarence Moreton	Warwick South	Pipeline

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004).As such it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement and it is uncertain if further exploration will result in discovery of a coal resource on the tenement.

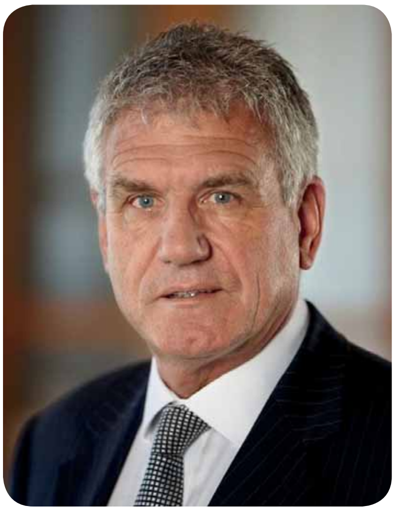
CHAIRMAN'S REPORT

Dear Shareholder,

It is with great pleasure that I am able to report on the very significant progress of the Blackwood Corporation ("Blackwood") team over the last twelve months.

Your Company's extensive portfolio of seventeen (17) projects has delivered excellent early exploration results, providing a platform for both short and long-term growth opportunities. Blackwood has drilled across five (5) of these projects, assembling a cumulative JORC Exploration Target of 5.0 to 6.9 billion tonnes##.

OUR EXTENSIVE PORTFOLIO OF SEVENTEEN PROJECTS HAS DELIVERED EXCELLENT EARLY EXPLORATION RESULTS



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Of particular note is the exciting South Pentland project opportunity. This large tonnage Galilee Basin play is well positioned to existing excellent rail and port infrastructure. The Blackwood team has completed an internal mine and infrastructure concept study on the South Pentland project, which has provided encouraging feedback warranting further studies to be undertaken. Of further note is the possibility of twin prospects in both the Lauderdale and Longton sub-projects at South Pentland. Blackwood has quickly become a leading proponent in the Northern Galilee Basin, forging excellent community and government relationships in the process. The team have also been working very closely with Queensland Rail and the Port of Townsville to unlock the infrastructure required to deliver on this project. It is expected that further clarity and detail surrounding these opportunities will emerge in late 2012 and the Board is delighted that Blackwood has positioned itself strongly to take maximum advantage.

The Taroom and Bymount projects present open-cut Surat Basin exposure for Blackwood in the two emerging Queensland coal provinces. It is also exciting to note that the exploration programs are yet to commence on two of our key project opportunities at Capella and Dingo, providing further resource delineation opportunities for your Company to pursue.

The Board is committed to supporting Blackwood's original three-year strategy of continuing its core exploration programs, enhancing the value of our suite of projects, and expanding its merger and acquisition opportunities. Blackwood constantly reviewing and investigating any appropriate growth prospects to compliment this strategy.

It has been an emerging year for Blackwood with the appointment of an executive management team to deliver on the opportunities present. Blackwood's CEO, Todd Harrington swiftly built an extremely competent and experienced team of industry professionals to deliver on the businesses exploration activities in Queensland. I reiterate the board's belief that Todd and his team are one of the best management teams in the coal exploration sector, and look forward to further results being delivered.

On behalf of the Board and all its shareholders, I take this opportunity as Chairman to thank our dedicated management team and all employees for their wonderful commitment and achievements throughout the year. I also thank all shareholders for their ongoing support and express my confidence in Blackwood continuing to build momentum towards becoming Australia's next mid-tier coal Company. Finally I would like to thank all Board members for their enthusiasm, insightfulness and wisdom that has helped to propel Blackwood forward.

Sincerely,

Barry Bolitho
Chairman

CEO'S REPORT

I LOOK FORWARD TO CONTINUING TO BUILD BLACKWOOD INTO A WORLD CLASS, AUSTRALIAN COAL COMPANY.

Dear Shareholder,

I welcome you to the 2012 Blackwood Corporation Annual Report.

The past twelve months have seen Blackwood gain momentum throughout its business. Whilst it is clear that we still have much to do, the foundations that have been built throughout the past year will provide an excellent path for us to build and deliver value across all facets of our business.

Corporate Review

Blackwood has seen a wonderful transformation throughout the previous year, with several skilled executives and employees joining the Company to drive our business forward.

Mr Mark Winsley joined as General Manager Queensland – Exploration bringing with him a geological pedigree in Queensland of the highest standard. Mark has quickly assembled a professional exploration team, which has begun to deliver on our extensive portfolio of projects.

Dr Joel Yago commenced as Principal Geologist – International in September 2011. Joel is extremely experienced in both domestic and international coal projects, having formerly worked for the CSIRO in domestic coal basin research as well as consulting both domestically and internationally on several exploration and development projects. Both Mark and Joel bring complimentary skillsets to our exploration programs.

Finally, Mr David Smith joined the company in mid 2012 as Chief Financial Officer following an extensive search for an appropriate candidate. David brings excellent financial credentials to the business, including his wealth of experience on the very successful Aston Resources Limited float, sell down and merger with Whitehaven Coal Limited. David will assist Blackwood in its forward ambitions to deliver value to its shareholders.

Projects

Throughout the year the Blackwood team began to deliver on our extensive portfolio of opportunities. Exploration to date has yielded a portfolio JORC Exploration Target of 5.0 to 6.9 billion tonnes##, giving Blackwood an array of exciting open cut and underground projects to investigate towards development.

I consider South Pentland to be a superb opportunity for Blackwood. Not only does the project present a large coal opportunity, its proximity to infrastructure and supporting town solution give this project a significant advantage over our peers. Full plans have been constructed for the team to further define and explore this opportunity throughout the next year, and I believe this flagship asset will present an even stronger prospect for delivering shareholder value.

Complementing our excellent Galilee Basin opportunity at South Pentland is the exciting Surat Basin projects of Taroom and Bymount. Taroom in particular appears to have delivered four separate project opportunities for Blackwood to explore, with all sub-projects emerging as potential open-cut prospects. The team have commenced investigations into rail and port opportunities in association with the resource definition, again to give Blackwood the best possible chance of commercialising our assets. It is encouraging to be placed as one of the few companies with projects in both the emerging Galilee and Surat Basins, positioning us well to participate in sector momentum and opportunities.

Unseasonal weather has been a problem across Blackwood's portfolio throughout the year, impacting on our ability to commence, continue and finalise several projects. Our Bowen Basin projects at Capella and Dingo have been particularly hampered. Despite the weather, our team has continued desktop analysis and drill target refinement on both projects. These projects will provide diversified opportunities for Blackwood to investigate, with a possibility of PCI/Coking coals.

The exploration team has adhered to the portfolio strategy of intelligently reusing and reinterpreting as much historical data as possible. This has enabled specific drilling targets to be defined, complemented by a newly correlated extensive data set. A comprehensive plan has been developed for our portfolio throughout the next 12 months, and we will work to the extent possible to ensure results are delivered on time, and under budget.

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement and it is uncertain if further exploration will result in discovery of a coal resource on the tenement.

Infrastructure

We have identified several infrastructure opportunities across our project portfolio, aimed at ensuring rail and port access is available for potential future production from our assets. A comprehensive body of work has been completed to understand the ability to access the infrastructure adjacent to the South Pentland project. The Berth 12 opportunity at the Port of Townsville combined with the adjacent Mt Isa to Townsville rail system provides South Pentland with an excellent chance of future export. We have been working extremely closely with both Queensland Rail and the Port of Townsville to unlock this fantastic opportunity together.

Commercial dialogue has also commenced with rail port providers servicing the Bowen, Surat Basin

projects. Abbot Point and Gladstone are the natural hubs that fit Blackwood's project portfolio in these areas and we are investigating all available opportunities. Blackwood also participated in an Expression of Interest through the Port of Brisbane for its Surat and Clarence-Moreton Basin projects in June, enabling the Company to contribute its view on for the future expansion of this Port and providing commercial appeal for these projects.

Sustainable Development & Environment

Blackwood recognises that sustainable exploration and development underpins everything we do. We are proud to be a part of the communities in which we operate, and seek to give something back to the local community.

As part of our regional commitment, I am delighted to announce that the first

KEY OPERATIONS

GALILEE BASIN PROJECTS

Project Overview

BLACKWOOD'S FLAGSHIP SOUTH PENTLAND PROJECT IS STRATEGICALLY LOCATED IN THE NORTHEAST GALILEE BASIN, APPROXIMATELY 50KM SOUTH OF PENTLAND TOWNSHIP, MAKING IT ONE OF THE CLOSEST GALILEE PROJECTS TO THE COAST (APPROXIMATELY 270KM). DRILLING COMMENCED ON THE PROJECT MID 2011, CULMINATING IN A JORC EXPLORATION TARGET BEING RELEASED IN NOVEMBER 2011 OF 2.1 TO 3.2 BILLION TONNES[A] OF COAL OVER THE LONGTON PORTION OF THE PROJECT AREA. BLACKWOOD IS EXPLORING THE COAL SEAMS OF THE PERMIAN BETTS CREEK BEDS, WHICH ARE DEMONSTRATING POTENTIAL FOR SIGNIFICANT QUANTITIES OF EXPORT QUALITY THERMAL COAL.

Note: All references to Exploration Targets in document are in accordance with the guidelines of the JORC Code (2004). As such, it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement, it is uncertain if further exploration will result in discovery of a coal resource on the tenement.

tranche of participants have graduated from the Blackwood Rural Leadership Legacy Program. Extremely positive feedback has been received from the participants, with many views and attitudes challenged. I look forward to refining the program with the Australian Rural Leadership Foundation, and the intake of participants for the next year.

Health & Safety

'Zero Harm' embodies Blackwood's attitude to safety. It is a core value of the Company, and is reflected in the way we operate to ensure that all employees, contractors and stakeholders are injury and illness free. We have a strong and robust Safety & Health Management System (SHMS) implemented across all projects and workers. Our Senior Site Executive leads by example in this regard, not only maintaining and overseeing the implementation of the SHMS and driving a risk based culture, but is also regularly on site to challenge testing systems and processes for compliance.

The Next 12 Months

I am confident that the work over the past 12 months by the Blackwood team will provide an excellent platform for results for shareholders in the future. Your Company possesses an excellent tenement portfolio that is showing early indications of its significant potential. Our Galilee and Surat assets are prime examples of this, with tonnage Exploration Targets of 5.0 to 6.9 billion tonnes## having been developed throughout the past 12 months. We are working hard to capitalise on these opportunities to deliver value to our shareholders. A clear path has emerged in our South Pentland project to transition from explorer to developer, and ultimately producer, with much upside yet to come from our extensive base of opportunities.

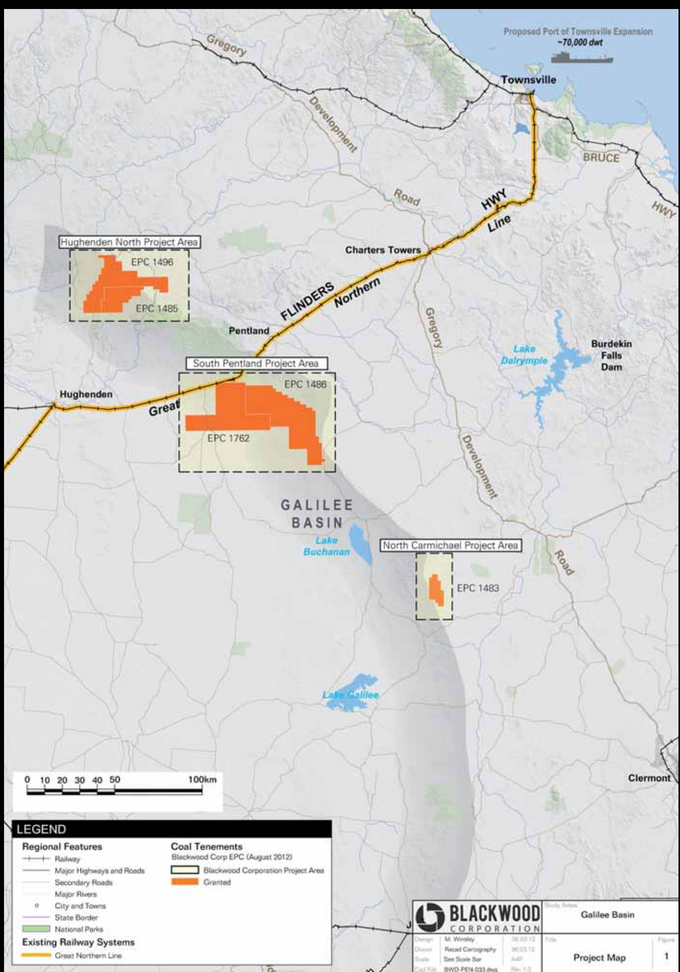
I take this opportunity to thank the team at Blackwood for their efforts over the past twelve months, and note to you their desire to build further momentum. I would also like to thank you for your support throughout the year, and look forward to continuing to build Blackwood into a world class, Australian Coal Company.

Sincerely,

T Harrington

Todd Harrington
Chief Executive Officer

Galilee Basin Projects



SOUTH PENTLAND PROJECT

Location: 54km south of Pentland, 270km west of Townsville

Area: 1,724km²

Ownership: 100% Blackwood Corporation

Targets: Export Thermal Coal

Raw Coal Analysis (air dried)	D-seam Average	Range
Moisture %	9.7	7.6 – 11.6
Ash %	17.3	9.5 – 43.3
Volatile Matter %	24.2	18.4 – 32.6
Fixed Carbon %	50.3	20.6 – 55.3
Sulphur %	0.30	0.25 – 0.31
Specific Energy Mj/kg	22.8	14.6 – 25.4
Specific Energy kcal/kg	5445	3486 – 6065
HGI	65	63 – 67

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement and it is uncertain if further exploration will result in discovery of a coal resource on the tenement.

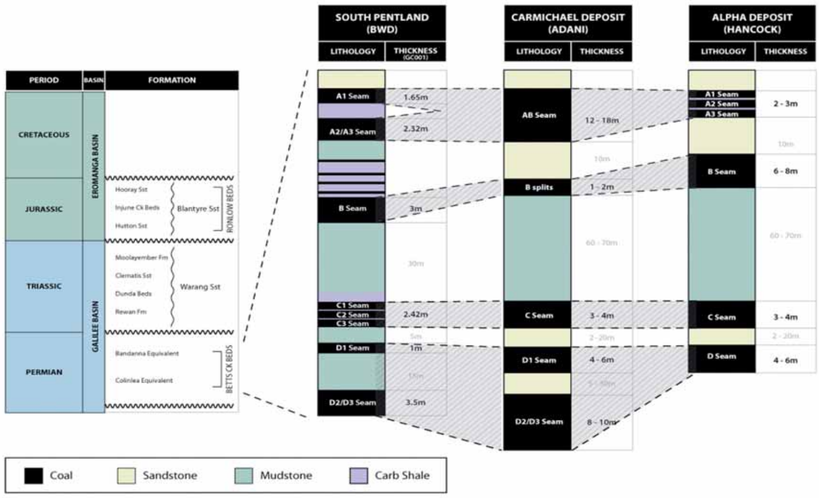
GALILEE BASIN PROJECTS (CONTINUED)

The projects coal seams are regionally consistent and are correlatable for many hundreds of kilometres; indeed, the project is the northern extension of GVK-Hancock's "Alpha" & "Kevin's Corner" projects, and Adani's "Carmichael" project.

A comprehensive data set has been assembled at the South Pentland project, including over 80 historical and new drill holes, as well as over 90 km of historical and new seismic lines.

Several constraining factors were considered in the calculation of the "Longton" Exploration Target:

- Area to the north ("Lauderdale") excluded as exploration efforts at the time were not complete
- Coal seams were modelled to greater than 0.3 meters thickness, and less than 1,000 meters depth; however, only seams with an average thickness greater than 2.0 meters and less than 600 meters in depth were used in the estimation of the Exploration Target
- Coal seams are not weathered or intruded
- An appropriate geological loss factor of 20% was applied to all seams to account for unexpected seam splitting and thinning



SOUTH PENTLAND CONCEPTUAL TIMELINE

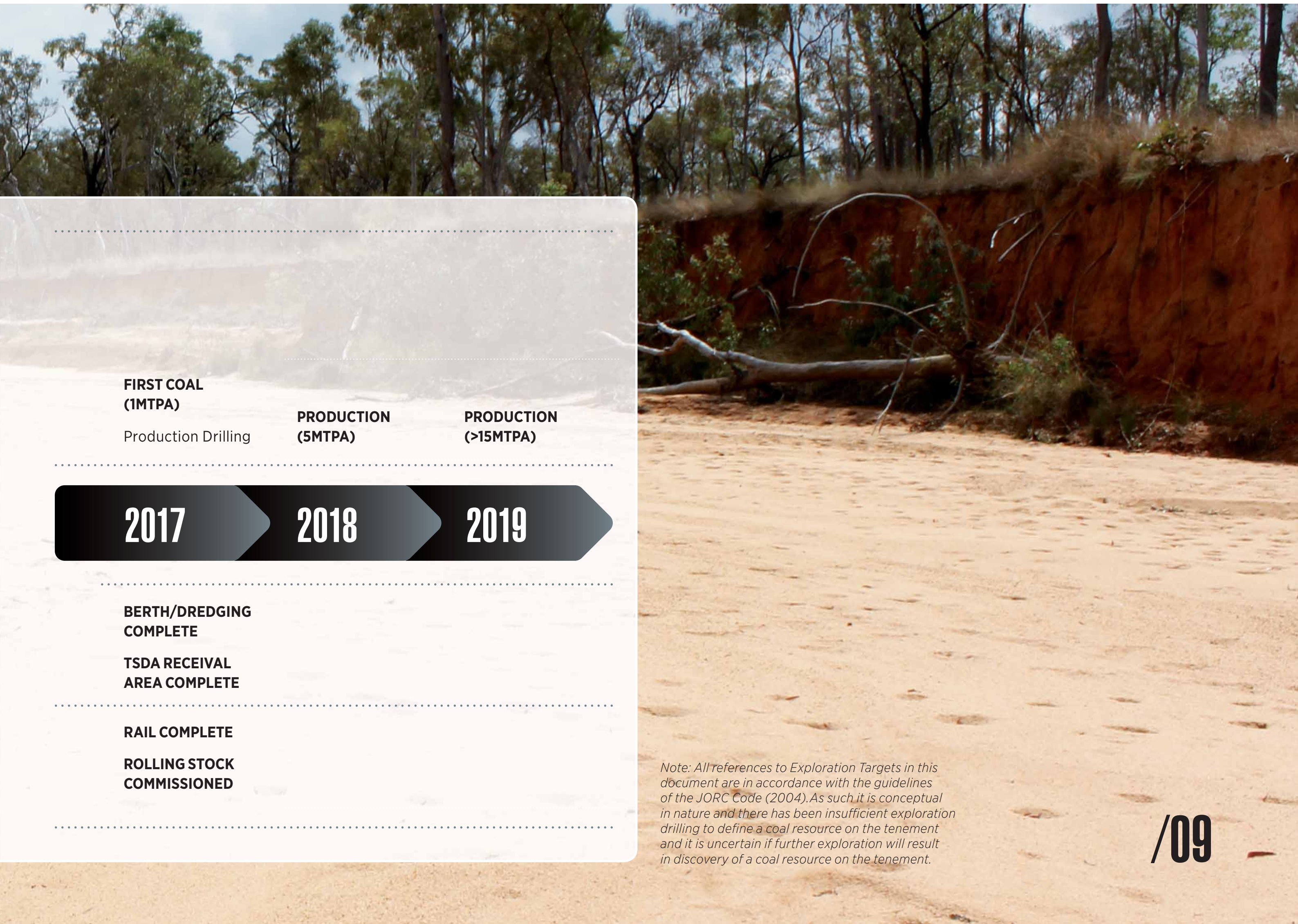
PROJECT	2012	2013	2014	2015	2016
PROJECT MILESTONES	JORC Inferred Resources Conceptual Mining & Infrastructure Studies	JORC Indicated Resources & Probable Reserves Pre-Feasibility Study EIS Conducted ML Application	Bankable Feasibility Study Completed Finanlise EIS ML Application in Progress JORC Indicated Resources & Probable Reserves	EIS Approved ML Granted JORC Measured Resources & Probable Reserves Award Contracts for Mine Infrastructure	Mine Construction Production Drilling JORC Measured Resources & Proven Reserves
PORT	Capacity secured through Berth 12 EOI Coal Export Port Studies		Detailed Berth Design Detailed TSDA Receival Area Design	Berth Construction TSDA Receival Area Construction	
RAIL	Conceptual Above and Below Rail Studies	Feasibility Above and Below Rail Studies	Below Rail Capacity Secured Award Above Rail Contract	Rail upgrade construction	

New exploration has been undertaken in the first half of 2012, with a focus upon the "Lauderdale" project area. Blackwood released a 1.5 to 1.8 billion tonnes[A] JORC Exploration Target for the "Lauderdale" project in October 2012. Geological models indicate that the coal seams both thicken and shallow towards the north of the area, with the project also being closer to the Mt Isa to Townsville railway system.

Blackwood has also been progressing its infrastructure initiatives aimed at unlocking the South Pentland projects potential. Memoranda of Understanding were signed between Blackwood and Queensland Rail ("QR", owner and operator of the Mt Isa to Townsville Railway System) as well as Port of Townsville Limited ("POTL", owner and operator of the Port of Townsville). These agreements have seen Blackwood work very closely with both QR and POTL towards securing a freight export solution for the South Pentland project. The Company has also been proactive in developing strong relationships with local governments and communities in the region.

SOUTH PENTLAND – ASSET STRENGTHS

Metric	Favourable
Very large potential resource base & tenure	✓
Export quality thermal coal	✓
Comprehensive data set (supporting Exploration Target and focus areas)	✓
General geological environment (seam dip 1-2 degrees, minimal faulting, very low gas regime)	✓
General seam thickness (three seams >2m)	✓
Project access to heavy haulage highway	✓
Potential supporting infrastructure opportunity	✓
Project proximity to Townsville (250km) and established communities of Hughenden, Pentland & Charters Towers	✓



FIRST COAL (1MTPA)
Production Drilling

PRODUCTION (5MTPA)

PRODUCTION (>15MTPA)

2017 2018 2019

BERTH/DREDGING COMPLETE

TSDA RECEIVAL AREA COMPLETE

RAIL COMPLETE

ROLLING STOCK COMMISSIONED

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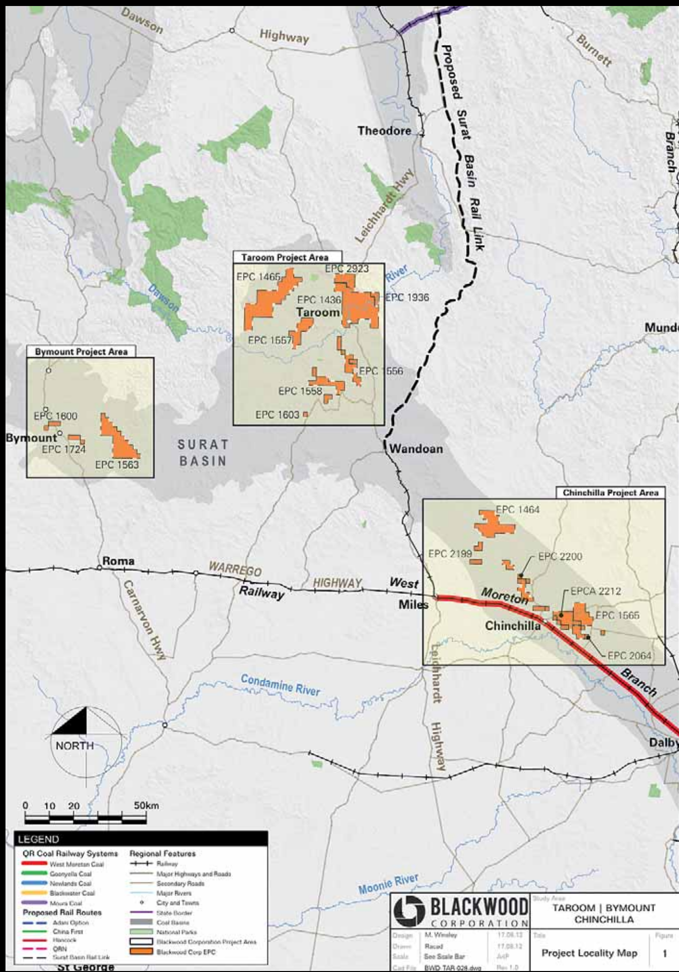
SURAT BASIN PROJECTS

Project Overview

BLACKWOOD HAS DEVELOPED EXPLORATION TARGETS ACROSS ITS THREE SURAT BASIN PROJECTS AT TAROOM, BYMOUNT AND CHINCHILLA. THIS HAS GIVEN THE COMPANY EXCELLENT EXPOSURE TO THE RAPIDLY DEVELOPING SURAT REGION, WITH ALL PROSPECTS POTENTIALLY PROVIDING OPEN-CUT RESOURCE OPPORTUNITIES.

Surat Basin Projects



TAROOM PROJECT

Location: Four sub-project areas near Taroom and Wandoan

Area: 703km^2

Ownership: 100% Blackwood Corporation

Targets: Export Thermal Coal

Blackwood released a 1.0 to 1.3 billion tonne[B] Exploration Target for the Taroom project in March 2012. Geological modelling and new drilling have led to the interpretation of four separate target areas (Broadmere, Tarana Crossing, Raka Hills and Juandah Creek) within the Exploration Target.

The region is serviced by the Leichhardt Highway, which passes through the townships of Wandoan and Taroom.

Blackwood is exploring the coal seams of the Walloon Coal Measures, the main coal bearing sequence throughout the Surat Basin. These sequences have demonstrated excellent potential for significant quantities of export quality thermal coal.

Blackwood completed the first phase of its exploration program in early 2012, comprising of 21 open holes with full down-hole geophysics. The second phase of the frilling campaign commenced in the second quarter of 2012, with programs including coal quality testing and drill hole density designed with the aim of defining Inferred and Indicated JORC resources. Exploration programs will continue on the project throughout the next 12 months, with the intent of improving confidence in the resources discovered.

Broadmere has confirmed cumulative coal intersections in the three newly drilled holes of 5.6 m of coal over depths less than 49 metres, 7.7 m of coal at less than 64 m and 5.1m at less than 87m. The coal seams dip gently at 1 to 2 degrees; therefore more shallow coal of similar thickness is interpreted in the geological model and exploration will target the area to the northwest within the Blackwood EPC.

The rail infrastructure to service the northern Surat Basin coal province is the Surat Basin Railway ("SBR") project of "significant project" status and the development of the Blackwood's Taroom Project (and all other projects in the northern Surat) is dependent on construction of the SBR project.

Coal Quality Ranges

Raw Coal Analysis – air dried basis (ad)	From	To
Moisture %	5.7	9.9
Ash %	9.8	31.3
Volatile Matter %	28.7	43.9
Fixed Carbon %	27	40
Sulphur %	0.22	0.51
Specific Energy (Calorific Value) Mj/kg	21.62	28.10
Specific Energy (Calorific Value) kcal/kg	5162	6709
HGI	36	48

Note: Table details the parameters and the ranges reported in Cockatoo Coal's Taroom Project which is within the geological model area, as announced by Cockatoo Coal Limited to the ASX on 18 October 2011.

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004).As such it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement and it is uncertain if further exploration will result in discovery of a coal resource on the tenement.

BYMOUNT PROJECT

Location: 50km north of Roma

Area: 148km^2

Ownership: 100% Blackwood Corporation

Targets: Export Thermal Coal

Blackwood released a 300 to 420 million tonne[C] Exploration Target for the Bymount project in August 2012.

The coal quality of seams is assumed to be consistent with other "Northern Surat" coals, as delineated on the adjacent Cornwall deposit (466mt JORC compliant) owned by Aquila.

Over 340 drill holes have been included in the modelling of the Exploration Target, providing a detailed and conservative Exploration Target.

Blackwood is exploring avenues to commercialise this project and tap into infrastructure initiatives for the region. A comprehensive drilling program has been developed to further define the project, and will be executed throughout the next year.

Raw Coal Analysis – air dried basis (ad)	From	To
Moisture %	5.7	9.9
Ash %	9.8	31.3
Volatile Matter %	28.7	43.9
Fixed Carbon %	27	40
Sulphur %	0.22	0.51
Specific Energy (Calorific Value) Mj/kg	21.62	28.10
Specific Energy (Calorific Value) kcal/kg	5162	6709
HGI	36	48

Table details the parameters and the ranges reported in Aquila Resources Cornwall Deposit which is within the geological model area, as announced by Aquila Resources to the ASX on 4th May 2012.

BOWEN BASIN PROJECTS

DINGO PROJECT

Location: 20km southwest of Duringa

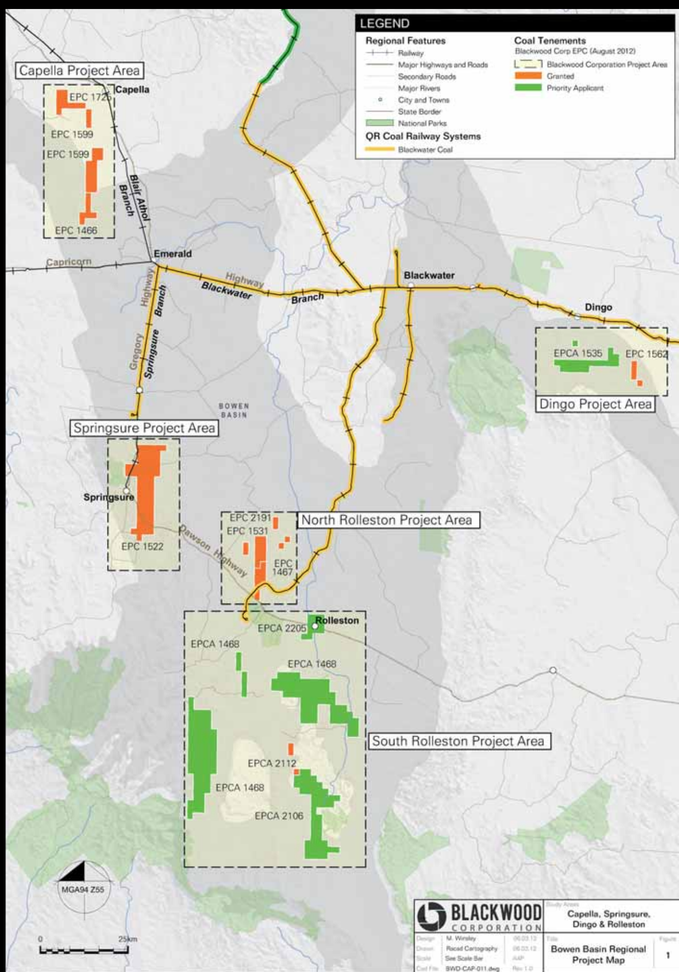
Area: 76km^2

Ownership: 100% Blackwood Corporation

Targets: Export PCI Coal

Drilling on the Dingo project has so far been delayed due to weather and landholder issues. Blackwood has developed advanced plans and drill targets based on historical and regional geology, and it is believed this project has the potential to host PCI style coals. Proximity to infrastructure further enhances the appeal of this project. The Company plans to access and commence exploration at Dingo in the second half of 2012.

Bowen Basin Projects



CHINCHILLA PROJECT

Location: Various permits around township of Chinchilla

Area: 217km^2

Ownership: 100% Blackwood Corporation

Targets: Export Thermal Coal

Blackwood announced a 190 to 220 million tonnes JORC Exploration Target[D] for the Chinchilla project in February 2012. The Exploration Target was derived through the re-evaluation and geological modelling of the historic and new data, providing a cost effective result for shareholders. The reinterpretation has enabled Blackwood to focus and optimise its exploration efforts to achieve the best possible outcomes.

Several constraining factors were considered in the calculation of the Chinchilla Exploration Target:

- Coal seams were modelled to greater than 0.1 meter thick and greater than 1000 meters depth, however only seams with an average thickness greater than 0.25 meters and less than 150 meters in depth were used in the estimation of the Exploration Target
- Coal seams are not weathered or intruded
- An appropriate geological loss factor of 20% was applied to all seams to account for unexpected seam splitting and thinning

Blackwood will continue to investigate opportunities to further define the Chinchilla project throughout the next year, including the analysis of various infrastructure solutions.

Raw Coal Analysis – air dried basis (ad)	From	To
Moisture %	8.0	10.4
Ash %	13.8	28.8
Volatile Matter %	34.1	40.1
Fixed Carbon %	32.0	35.7
Sulphur %	0.31	0.43
Specific Energy (Calorific Value) Mj/kg	20.16	24.36
Specific Energy (Calorific Value) kcal/kg	4814	5817
HGI	38	48

Table details the parameters and the ranges reported in historical data set of drilling across the project area

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ROLLESTON NORTH AND SOUTH PROJECT

Location: 20km north and 20km south of Rolleston

Area: 103km^2

Ownership: 100% Blackwood Corporation

Targets: Export Thermal Coal, Export Semi-Soft Coking Coal

Blackwood drilled on the Rolleston North project in 2011, intercepting seam packets consistent with the Xstrata "Rolleston" mine located to the south of the project. Exploration results confirmed Blackwood's reinterpretation of the regional geology in this area, and a single prospective coal target of 1.92m was identified at 82m. This has assisted with drill target selection for future drilling campaigns on the Northern project; it is known that coal seams thicken, join and split again over small distances within the reason, further justifying continued exploration over the next year.

Blackwood still awaits the grant of Rolleston South tenure from the Queensland State Government. The Company has been awarded priority applicant status over EPC's 1468 and 2106, and has a detailed campaign planned for the area upon full grant from the State Government. Desktop assessment and geological review of historical information has resulted in the Company forming the opinion that the area may potentially yield access to a sem-soft style of coking coal.

CAPELLA PROJECT

Location: 30km northwest of Emerald

Area: 87km^2

Ownership: 100% Blackwood Corporation

Targets: Export Thermal Coal, Export Semi-Soft Coking Coal

Weather and landholder access issues have hampered exploration efforts on the Capella project in the central Bowen Basin. The Company has extensively modelled and analysed the tenure, utilising adjacent data from Rio Tinto's "Valeria" deposit, and believes there to be an extension of the "Valeria" coal measures into the Capella project area. Capella remains a priority for Blackwood in the second half of 2012.

OTHER PROJECTS

Blackwood possesses an extensive portfolio of exploration opportunities throughout Queensland. Projects have been evaluated and prioritised by the exploration team, with a focus upon drilling those projects that possess the best opportunity of delivering quality results to shareholders.

The Company has attempted to utilise re-correlation of historical drill data across its portfolio to assist in drill target selection, and minimise cost to shareholders. This has resulted in full geological models of coal basins being built internally, providing a wealth of information. Utilising this comprehensive database, exploration targets have been assembled across an array of projects without the Company incurring a large financial cost in the process.

Work continues to progress Exploration Targets for Milmerran and Dalby, whilst drilling campaigns have been designed to explore and maintain the Company's suite of prospects.

[#] *Note: All references to Exploration Targets in document are in accordance with the guidelines of the JORC Code (2004). As such, it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement, it is uncertain if further exploration will result in discovery of a coal resource on the tenement.*

[##] *Note: The total of 5.0 to 6.9 billion tonnes of JORC Exploration Target tonnes is derived from the South Pentland Longton (2.1 to 3.2 billion tonnes[A]), South Pentland Lauderdale (1.5 to 1.8 billion tonnes[A]), Taroom (1 to 1.3 billion tonnes[B]), Bymount (300 to 420 million tonnes[C] and Chinchilla (190 to 240 million tonnes[D]) projects.*

[A] *Coal Quality Ranges for the South Pentland Project are as follows (all on an air dried basis): Moisture 8.4-11.6, Raw Ash 9.5 – 34.2, Volatile Matter 21.5 – 32.6, Fixed Carbon 46.4 – 55.3, Total Sulphur 0.26 – 0.34, Ave SE 5445 kcal/kg.*

[B] *Coal Quality Ranges for the Taroom Project are as follows (all on an air dried basis): Moisture 5.7 – 9.9, Raw Ash 9.8 – 31.3, Volatile Matter 28.7 – 43.9, Fixed Carbon 27 – 40, Total Sulphur 0.22 – 0.51, SE 5162 – 5817 kcal/kg.*

[C] *Coal Quality Ranges for the Bymount Project are as follows (all on an air dried basis): Moisture 5.7 – 9.9, Raw Ash 9.8 – 31.3, Volatile Matter 28.7 – 43.9, Fixed Carbon 27 – 40, Total Sulphur 0.22 – 0.51, SE 5162 – 5817 kcal/kg.*

[D] *Coal Quality Ranges for the Chinchilla Project are as follows (all on an air dried basis): Moisture 8.0-10.4, Raw Ash 13.8-28.8, Volatile Matter34.1-40.1, Fixed Carbon 32.0-35.7, Total Sulphur 0.31-0.43, SE 4814 – 5817 kcal/kg.*

Competent Persons Statement: The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr Mark Winsley, Mr Lyon Barrett, and Mrs Merryl Peterson, who are all members of The Australasian Institute of Mining and Metallurgy.

Mr Winsley is engaged as the General Manager – QLD Exploration of Blackwood Corporation Limited 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. Mr Winsley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mr Barrett is engaged as Principal Resource Geologist/ Director at Measured Resources Pty 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. Mr Barrett consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mrs Peterson is engaged as Principal Geologist at Runge Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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'. Mrs Peterson consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

BOARD OF DIRECTORS

Mr Barry Bolitho
Non-Executive Chairman
(B App Sc, Dip App Chem, FAusIMM)

Mr Bolitho has many years experience in senior executive roles in the resources industry, including experience as chairman, executive and non-executive directorships on ASX and TSX listed companies. He has tertiary qualifications in metallurgy and chemistry, and has extensive operational experience in a number of metals, including base metals, mineral sands and precious sands.

Mr Andrew Simpson
Non-Executive Director
(Grad Dip Bus, MAICD)

Mr Simpson is a senior corporate executive, with extensive global marketing and business development experience in the resources industry, including more than 30 years in international marketing and distribution of minerals and metals. He is a professional company director and is also the managing director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory to the mineral resources and technology industries, both in Australia and internationally.

Mr Rex Littlewood
Non-Executive Director
(B Sc [Geology], MAICD)

Mr Littlewood has more than 30 years experience in the international coal market, and well versed in all aspects of the mining industry; from exploration, development and production, through to export and delivery to customer. As Vice President of Noble Energy, a subsidiary of Noble Group, Mr Littlewood was responsible for their Asian coal & coke platform, developing mines as well as mining and export infrastructure. Mr Littlewood is a highly respected coal industry figure, who currently consults in most facets of the industry through his company, Australian Carbon Assets.

Mr William Randall
Non-Executive Director
(B Bus)

Mr. Randall's career started with Noble Group in Australia in February 1997, transferring to Asia in 1999 where he established Noble's coal operations, mining and supply chain management businesses. He served as a Director of Noble Energy Inc before being appointed Global Head of Coal & Coke in 2006, and a member of the Noble Group internal management Board in 2008. He was appointed an Executive Director and Head of Hard Commodities in 2012, prior to which he was Head of Energy Coal & Carbon Complex.

Mr Patrick McCole
Company Secretary
(LLB, B Com)

Mr McCole has a broad range of company secretariat experience, and he is also currently the Company Secretary of Territory Resources Limited.

Mr McCole has previously held Company Secretary positions at Alinta Limited and Monarch Gold Mining Company Limited, prior to which he was Assistant Company Secretary at Foodland Associated Limited.

SENIOR MANAGEMENT

Mr Todd Harrington

Chief Executive Officer (B Sc [Geology] {Hons}, MBA, MAusIMM, MAICD)

Mr Harrington serves as Chief Executive Officer of Blackwood Corporation and has extensive coal industry experience. Mr Harrington has previously held several roles with Xstrata, Rio Tinto and Billiton, with comprehensive technical and managerial exposure. Throughout his career, Mr Harrington has delivered five Queensland Greenfield coal exploration projects through to production, as well as adding over 3 billion tonnes of JORC compliant coal resources to Xstrata Coal's portfolio. Mr Harrington has also performed various asset evaluation, business development and merger & acquisition roles on Australian, Asian, African and North American coal prospects and projects.

Mr Harrington also currently serves as a Council Member of the Association of Mining and Exploration Companies (AMEC), is a Member of the Queensland Resource Council's (QRC) Exploration Group Sub-Committee, and is a former chairman of the Bowen Basin Geology Group.

Mr David Smith

Chief Financial Officer (CA, B Com, Grad Dip App Finance & Investment, Grad Dip Adv Acctg)

Mr Smith has significant financial and project development expertise, having formerly held the position of General Manager – Finance at Aston Resources Ltd. His experience included the successful completion of Australia's largest coal IPO, equity sell-downs in the Maules Creek metallurgical coal project to both Itochu and J-Power, refinancing of Maules Creek acquisition debt, and culminated in the merger with Whitehaven Coal in 2012. He has also served as Chief Financial Officer and Company Secretary for an ASX listed company, and has held roles with several audit and energy companies.

Mr Mark Winsley

General Manager Queensland – Exploration (B Sc [Geology], MAusIMM)

Mr Winsley has been closely involved with the Queensland coal industry for the past 17 years. Before assuming responsibility for Blackwood's Queensland exploration projects, he was Exploration Manager for Hancock Coal, where he oversaw the design and implementation of all exploration programmes and was also a member of the Executive Management team for pre-feasibility and bankable feasibility studies.

Prior to this role, he was Principal Exploration Geologist with Salva Resources where he was integral to the rapid growth of this organisation. For 3 years, he developed the exploration team and managed several large exploration programmes leading to the discovery of substantial commercial coal resources.

Mr Brendan Schilling

General Manager – Business Development (B Bus, MBA, M Mktg)

Mr Schilling joined Noble Resources Australia in 2007, having previously worked in marketing, brand and business development for an international consumer goods company. He was involved in Noble's marketing, planning and logistics activities, specialising in coal. During 2009, Mr Schilling was transferred to Singapore as Vice President – Energy Coal Marketing, responsible for the origination, execution and marketing of Noble Resources East Kalimantan coal operations. Mr Schilling currently oversees all infrastructure and commercial initiatives for Blackwood's portfolio.

Dr Joel Yago

Principal Geologist – International (B Sc [Geology], M Sc [Geology], PhD [Geology])

Dr Yago has extensive coal exploration and development experience including recent management and supervisory roles, principally in Queensland. Prior to joining Blackwood, Mr Yago was Manager – Exploration and Mining for GeoConsult; a leading geoscience organisation where he was responsible for more than 46 geologists working on a variety of coal projects.

Previous to this, he was with the CSIRO Queensland Centre for Advanced Technology for 5 years, where he was involved with generating the 3D sedimentological and structural "Super Model" for the western limb of the Bowen Basin, plus a number of other coal related detailed research projects.

CONTENTS

FINANCIAL REPORT

Your Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Blackwood Corporation Limited ("the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2012.

DIRECTORS

The following persons were Directors of Blackwood Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- Mr Barry Bolitho (Chairman)
- Mr Rex Littlewood (appointed 6 July 2011)
- Mr William Randall
- Mr Andrew Simpson
- Mr Brendan McPherson (resigned 6 July 2011)

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was coal exploration in Australia.

REVIEW OF OPERATIONS AND ACTIVITIES

The operating loss after income tax of the Group for the year was $3,927,485 (2011: loss $1,531,012). The loss reflects the nature of the Group's principal activity of exploration for coal in Queensland. The company has commenced exploration on its tenements, with drilling started on Galilee, Surat and Bowen Basin projects. The company expects to continue to increase exploration activity over the next year, in association with reviewing and refining its asset portfolio.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

A strategic review on all operations and assets was completed in August 2011. 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.

The Company executed a Memorandum of Understanding with Queensland Rail Limited (QR) in November 2011 to jointly investigate the potential opportunity of coal export along the Mount Isa System from its Galilee projects via the existing rail infrastructure. QR is the owner and operator of the Mount Isa to Townsville Railway System, controlling over 1,000km of track that currently predominantly carries heavy freight to and from the coast of Queensland. QR is responsible for the 'below rail' services such as track operations, access and maintenance of the Mount Isa System, which traverses the northern portion of Blackwood's 'South Pentland' project and lies approximately 55km from the 'North Hughenden' project.

The Company executed a Memorandum of Understanding with Port of Townsville Limited (POTL) in November 2011 to jointly investigate the potential opportunity of coal export from its Galilee projects through the Port of Townsville via both existing and new infrastructure. POTL is the owner and operator of the Port of Townsville; a multi-commodity industrial port servicing industry in Far-North Queensland. The Port potentially provides an excellent export opportunity, lying approximately 250km from Blackwood's 'South Pentland' project.

In November 2011, the Company announced a maiden 2.1 to 3.2Bt[A] thermal coal JORC Exploration Target at the South Pentland Project at depths suitable for underground mining. The South Pentland Project is strategically located in the northeast Galilee basin approximately 250km from Townsville, making it one of the closest Galilee basin projects to the coast.

In February 2012, the Company announced a 190 to 240Mt[B] thermal coal JORC Exploration Target at the Chinchilla Project at depths suitable for open-cut mining. The Chinchilla Project is strategically located in the middle of the Surat basin adjacent to the existing Queensland Rail network and 300km to the Port of Brisbane.

In March 2012, the Company announced a 1 to 1.3Bt[C] thermal coal JORC Exploration Target at the Taroom Project across four open-cut mining targets. The Taroom Project is located north of Xstrata Coal's Wandoan Project in the Surat basin.

On 21 December 2011, the company issued 24,700,000 shares to Janval Pty Ltd (a subsidiary of Noble Group). 19,700,000 shares were issued for cash at $0.20 per share to raise $3,940,000 and 5,000,000 shares were issued at $0.20 per share in satisfaction of services provided under the Technical Services Agreement (TSA) between the company and Janval Pty Ltd entered in September 2010. The issue of shares was approved by shareholders at the Company's Annual General Meeting on 14 December 2011. The TSA was terminated on 11 November 2011.

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2004). As such it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement and it is uncertain if further exploration will result in discovery of a coal resource on the tenement. Refer to additional information on p29.

In May 2012, the Company signed a subscription agreement with Mulsanne Resources Pty Ltd (a company associated with the Tinkler Group) to raise $28.4m through a placement of 94.7m shares at $0.30 per share. On 12 July 2012, Shareholder approval for the placement was granted. Completion had not yet occurred at the date of this report and the Company has commenced legal action to enforce this agreement.

DIVIDEND

The Directors do not recommend the payment of a dividend. No dividend was paid or provided during the year (2011: Nil).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Share Placement Agreement

On 7 May 2012, the Company entered into a Share Placement Agreement to issue 94,689,760 shares at $0.30 per share to raise $28.4 million to fund its exploration and development programmes through a new cornerstone investor, Mulsanne Resources Pty Ltd, a company associated with the Tinkler Group ("Share Placement").

The Share Placement was subject to (amongst other conditions) the Company obtaining the approval of the shareholders of the Company in a General Meeting to issue the placement shares to Mulsanne Resources Pty Ltd. On 12 July 2012, Shareholder approval for the placement was granted.

Completion of the Share Placement had not yet occurred as at the date of this report and the Company has commenced legal action to recover the monies payable under the Share Placement.

The Company continues to investigate and consider its options regarding the recovery of the amounts outstanding. If the Share Placement is not completed, the Company will need to raise additional funds to support our operations during the next 12 months. The Company may seek to raise additional funds through debt or equity financing (including extensions of existing debt facilities) or through the sale of strategic interests in our exploration tenements. If the Company is unable to raise additional funds when needed, a delay to planned exploration and associated activities may be required.

Draw Down Facility

On 1 August 2012, the Company entered into agreement for the provision of a $5,000,000 unsecured draw down facility ("Facility") with its subsidiary Matilda Coal Pty Ltd, and its controlling shareholder Noble Group Limited ("Noble").

The key terms of the Facility are:

1. A facility limit of $5,000,000, to be drawn down at any time prior to the Repayment Date in multiples of $250,000.
2. The Repayment Date is the earlier of:
   (a) the 5th business day after receiving subscription monies from the Share Placement to Mulsanne Resources Pty Ltd; or
   (b) 31 December 2012
3. Any funds raised either through a capital raising or debt funding must, within 5 business days of receipt, be applied towards repaying the draw downs.
4. Interest is payable at 12.5 % per annum, payable monthly in arrears. Blackwood may elect to capitalise interest prior to the Repayment Date. The final interest payment will be paid on the Repayment Date.
5. Blackwood's obligations under the Facility are guaranteed by Blackwood's subsidiary Matilda Coal Pty Limited.
6. Blackwood may, with 10 business days' notice, elect to repay an amount of principal before the Repayment Date. With 15 day's written notice Blackwood may elect to cancel the entire facility before the Repayment Date without penalty or cost.

Other than as noted in the previous paragraphs, no matters or circumstances have arisen since 30 June 2012 that have significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS FROM OPERATIONS

Further information on likely developments in the operations of the Group and the expected results of operation have not been included in this financial report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION

The Group is subject to significant environmental regulation in respect of its exploration activities in Australia and is committed to undertaking all its operations in an environmentally responsible manner.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

INFORMATION ON DIRECTORS

Mr Barry Bolitho, Non-Executive Chairman

B AppSc, Dip App Chem, FAusIMM

Expertise and experience

Mr Bolitho has many years experience in senior executive roles in the resources industry, including experience as Chairman, Executive and Non-Executive Directorships on ASX and TSX listed companies. He has tertiary qualifications in metallurgy and chemistry, and has extensive operational experience in a number of metals, including base metals, mineral sands and precious sands.

Special responsibilities

Chairman of the Board
Chairman of Remuneration and Nomination Committee
Member of Audit and Risk Management Committee

Other Directorships

During the past three years Mr Bolitho has served as a Director and/or Chairman of other listed companies as follows:

Industrial Minerals Ltd	From: 10 March 2011		
Brightstar Resources Ltd	From: 4 April 2011	To:	7 December 2011
Red 5 Limited	From: 10 March 2010	To:	1 November 2011
Jabiru Metals Ltd	From: 1 November 2005	To:	1 May 2011
Andean Resources Ltd	From: 1 August 2006	To:	1 November 2010
Sub Sahara Resources NL	From: 1 March 2007	To:	26 August 2009
Olympia Resources Limited	From: 17 June 2008	To:	4 May 2009

Interest in shares, rights and options

6,209,323	ordinary shares
Nil	options
Nil	share rights

Mr Andrew Simpson, Non-Executive Director

Grad Dip Bus and Admin, MAICD

Expertise and experience

Mr Simpson is a senior corporate executive, with extensive global marketing and business development experience in the resource industry, including more than 30 years in international marketing and distribution of minerals and metals. He is a professional Company Eirector and is also the Managing Director of Resource & Technology Marketing Services Pty Ltd, a company providing specialist marketing and business assessment advisory to the mineral resources and technology industries, both in Australia and Internationally.

Special responsibilities

Chairman of Audit and Risk Management Committee
Member of Remuneration and Nomination Committee

Other Directorships

During the past three years Mr Simpson has served as a Director/and or Chairman of other listed companies as follows: –

Territory Resources Limited	From: 25 Sept 2007	
India Resources Limited	From: 21 August 2006	
Swick Mining Services Ltd	From: 24 Oct 2006	
Vital Metals Limited	From: 23 Feb 2005	
ABM Resources NL	From: 12 May 2007	To: 23 November 2009

Interest in shares, rights and options

1,000,000	ordinary shares
Nil	options
Nil	share rights

Mr William Randall, Non-Executive Director

B Business

Expertise and experience

Mr. Randall's career started with Noble Group in Australia in February 1997, transferring to Asia in 1999 where he established Noble's coal operations, mining and supply chain management businesses. He served as a Director of Noble Energy Inc before being appointed Global Head of Coal & Coke in 2006, and a member of the Noble Group internal management Board in 2008. He was appointed an Executive Director and Head of Hard Commodities in 2012, prior to which he was Head of Energy Coal & Carbon Complex

Special responsibilities

None

Other Directorships

Yancoal Australia Limited	From: 26 June 2012	
Noble Group Limited	From: 6 February 2012	
East Energy Resources Limited	From: 20 July 2010	
Gloucester Coal Limited	From: 17 June 2009	To: 26 June 2012

Interest in shares, rights and options

Mr Randall does not hold any ordinary shares, options or share rights.

Mr Rex Littlewood, Non-Executive Director

B Science (Geology), MAICD

Date of appointment: 6 July 2011

Expertise and experience

Mr Littlewood has more than 30 years experience in the international coal market, being well versed in all aspects of the mining industry; from exploration, development and production, through to export and delivery to customer. As Vice President of Noble Energy, a subsidiary of Noble Group, Mr Littlewood was responsible for their Asian coal & coke platform, developing mines as well as mining and export infrastructure. Mr Littlewood is a highly respected coal industry figure, who currently consults in most facets of the coal industry through his company, Australian Carbon Assets.

Mr Littlewood possesses a Bachelor of Science Degree (Geology), as well as tertiary qualifications in Analytical Chemistry and Coal Technology. Mr Littlewood is a Member of the Australian Institute of Company Directors

Special responsibilities

None

Other Directorships

East Energy Resources Limited	From: 20 July 2011

Interest in shares, rights and options

Mr Littlewood does not hold any ordinary shares, options or share rights.

Mr Brendan McPherson, Non-Executive Director

B Economics, PMD (Harvard)

Date of appointment: 8 November 2010

Date of resignation: 6 July 2011

Expertise and experience

Mr McPherson was previously the Senior Vice President – Asset Development & Operations of Noble Resources Australia Pty Ltd. Mr McPherson was also Chief Executive Officer and Director of Donaldson Coal, and a Director of the Newcastle Coal Infrastructure Group. As CEO of Donaldson Coal, Mr McPherson has overseen the approval and development of three mines within the Donaldson Mining Complex. Prior to joining Donaldson Coal in 1999, Mr McPherson was the Chief Finance Officer of Multinet Gas, and Ikon Energy, Mr McPherson has also worked with the Gas & Fuel Corporation of Victoria, the State Bank of Victoria and the Electricity Trust of South Australia. Mr McPherson holds a Bachelor of Economics degree from Adelaide University, and completed the Program for Management Development at the Harvard Business School in 1996.

Special responsibilities

None

Other Directorships

No other listed company Directorships in the past three years.

Interest in shares, rights and options as at date of resignation

Mr McPherson did not hold any ordinary shares, options or share rights.

MEETINGS OF DIRECTORS

The numbers of meetings of the company's Board of Directors and of each Board committee held during the year ended 30 June 2012, and the numbers of meetings attended by each Director were:

	FULL MEETINGS OF DIRECTORS		MEETINGS OF NOMINATION AND REMUNERATION COMMITTEE		MEETINGS OF AUDIT AND RISK MANAGEMENT COMMITTEE	
	A	B	A	B	A	B
B Bolitho	6	6	1	1	–	–
A Simpson	5	6	1	1	–	–
W Randall	5	6	–	–	–	–
R Littlewood	6	6	–	–	–	–
B McPherson	–	–	–	–	–	–

Note: During the period the functions of the Nomination and Remuneration Committee were fulfilled by the full Board and all matters were considered during the full meetings of Directors held during the year.

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the committee during the year.

INFORMATION ON COMPANY SECRETARY

Mr Patrick McCole, Company secretary

LLB, B Com

Expertise and experience

Mr McCole has a broad range of company secretariat experience and he is also currently the Company Secretary of Territory Resources Limited. Mr McCole has previously held Company Secretary positions at Alinta Limited and Monarch Gold Mining Company Limited, prior to which he was Assistant Company Secretary at Foodland Associated Limited.

Mr McCole was appointed to the position of company secretary on 12 October 2011.

Prior to Mr McCole's appointment, Ms Shannon Robinson was Company Secretary from 8 November 2007 to 1 September 2011 and Sarah Smith and Emma McCormack were joint company secretaries from 1 September 2011 to 12 October 2011.

REMUNERATION REPORT (AUDITED)

This remuneration report sets out remuneration information for Blackwood Corporation Limited's Non-Executive Directors, and key management personnel of the Group.

Directors and executives disclosed in this report

NAME	POSITION	DATE OF APPOINTMENT
Non-Executive Directors – see pages 20 to 21 above		
Other key management personnel		
T Harrington	Chief Executive Officer	1 August 2011
D Smith	Chief Financial Officer	25 June 2012
M Winsley	General Manager – Queensland Exploration	8 August 2011
B Schilling	General Manager – Business Development	1 February 2011
J Yago	Principal Geologist – International	1 September 2011

Role of the remuneration and nomination committee

The remuneration and nomination committee is a committee of the Board of Directors (the "Board"). It is primarily responsible for making recommendations to the Board on:

- Non-Executive Director fees
- Executive remuneration, and
- the over-arching Executive remuneration framework and incentive plan policies

Principles used to determine the nature and amount of remuneration

The remuneration policy of Blackwood Corporation Limited has been designed to align Directors and Executive objectives with shareholder and business objectives by providing a fixed remuneration component together with short and long term incentives for Executives. The Board of Blackwood Corporation Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best Executives and Directors to run and manage the Company, as well as create goal congruence between Directors, Executives and Shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Executives of the Company is set out below.

The remuneration policy, setting the terms and conditions for Directors and other Senior Executives, was developed by the remuneration and nomination committee and approved by the Board.

The Board reviews Executive packages annually by reference to comparable information from industry sectors and other listed companies in similar industries. In addition external consultants may be used to provide analysis and advice to ensure the Directors and Senior Executives' remuneration is competitive in the market place. The Company did not use remuneration consultants during the year.

Directors and Senior Executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and Executives is valued at the cost to the Company. Shares and performance rights issued to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using the Black-Scholes option pricing method.

The Company's policy is to remunerate Directors at market rates for comparable companies for time, commitment and responsibilities. The remuneration and nomination committee determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Directors are not linked to the performance of the Company. The Directors are not required to hold any shares in the Company under the Constitution of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

Non-Executive Directors

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Non-Executive Directors receive a base fee for being a Director and may receive additional fees for either chairing or being a member of a committee. Non-Executive Directors may also be remunerated for additional specialised services performed at the request of the Board and reimbursed for reasonable expenses incurred by Directors on Company business.

Directors' fees

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $350,000 per annum which was approved by shareholders on 14 December 2011.

There are no termination benefits or notice periods for Non-Executive Directors. No Directors were party to, or are entitled to, a benefit under a contract that creates a right to acquire any shares or an interest in the Company.

The current base fees were last reviewed with effect from 1 July 2011 and are as follows:

BASE FEES	$
Chair	100,000
Other Non-Executive Directors	70,000

Additional fees

A Director may also be paid fees or other amounts as the Directors determines if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. The Chair of the audit committee is paid an additional fee of $10,000 per annum in recognition of the additional duties performed in that role. A Director may also be reimbursed for out of pocket expenses incurred as a result of their Directorship or any special duties.

Executive pay

Objective

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Align the interests of Executives with those of Shareholders; and
- Ensure total remuneration is competitive by market standards.

Structure

The remuneration of senior management is comprised of:

- Base Salary – this is the only fixed component of the remuneration package;
- Short Term Incentives (STI) – the STI provides an annual opportunity for an incentive award (currently in the form of a cash bonus) if certain company and individual objectives are met; and
- Long Term Incentives (LTI) – the LTI provides an annual opportunity for an equity award that aligns a significant proportion of overall remuneration to shareholder value over the longer term if certain company and individual objectives are met.

As Executives gain seniority with the Company, the balance of fixed and variable remuneration shifts to a higher potential proportion of 'at risk' remuneration. Key Management Personnel have the ability to earn up to 100% of their base salary in the form of STI awards and 75%–125% of their base salary in the form of LTI awards depending on both the performance of the Company and their individual performance. As a result, 'at risk' remuneration can be up to 69% of total remuneration in certain circumstances depending on performance.

Short Term Incentives

The Company did not award any short term incentives for the financial year due to the global commodity market outlook and Company's financial circumstances.

The Company expects short term incentives may be awarded during the 2012/2013 financial year, which will be based on meeting both Company and individual objectives against Key Performance Indicators (KPIs) to be determined during the 2011/2012 performance review process. The decision to offer short term incentives is considered on an annual basis.

Long Term Incentives

Long term incentives may be provided to certain Senior Executives to reward creation of Shareholder value and provide incentives to create further value. The Company did not make any long term incentive grants (other than agreeing sign-on Performance Rights) during the financial year, however, the Company expects to make long term incentive grants during the 2012/2013 financial year.

(a) Performance Rights Plan

To implement and issue performance rights under the Performance Rights Plan the Company was required to seek ASIC relief for an ASIC disclosure exemption from Part 6D.2 and 6D.3 of the Corporations Ac 2001 to issue rights under the Performance Rights Plan. The ASIC relief was gazetted on 28 February 2012 and the Company was entitled to offer rights in accordance with the Corporations Act 2001 and under the Performance Rights Plan from 28 February 2012.

Shareholders approved the Performance Rights Plan on 29 October 2010, however no rights ("Performance Rights") were issued during the financial year due to the requirement to obtain ASIC relief before any offers under the Plan could be made to potential participants. The Company intends to proceed with implementing the Performance Rights Plan and offer rights under the Plan during the 2012/2013 financial year.

In addition, one off sign-on Performance Rights were included as part of the employment contracts of certain Executives during the financial year to align their interests with shareholders from their appointment with the Company. The Company has not proceeded with formal performance right offer documentation for these sign on Performance Rights due to the legal requirements and the Company's circumstances. The Company intends to proceed with implementing the sign-on rights to Executives during the 2012/2013 financial year. The sign-on Performance Rights will contain Vesting Conditions (and such additional terms and conditions as the Board determines) in which the rights will vest in two equal tranches on the first and second anniversary of commencement.

Any shares issued upon the exercise of a right under the terms of the Performance Rights Plan is subject to a disposal restriction in which they must not be disposed of or dealt with in any way until the earlier of:

(i) the time when an event occurs so that an eligible participant to whom the offer was originally made is no longer an eligible participant in any Group Company;

(ii) the Board, in its sole and absolute discretion, approving that the restriction on disposal be released where the eligible participant to whom the offer was originally made dies, suffers total and permanent disability, serious illness or injury, or severe financial hardship; and

(iii) the seven year anniversary of the date of grant of the Performance Rights.

(b) Employee Share Option Plan

On 14 December 2011, Shareholders approved the Employee Share Option Plan. During the financial year no options were issued under the Option Plan by the Company. The Company will consider the benefits and utilization of the Performance Rights and Option Plans during the 2012/2013 financial year to create the optimal incentive structure for generating Shareholder value over the long term.

Details of remuneration

The Board reviews Executive packages annually by reference to comparable information from industry sectors and other listed companies in similar industries.

Company Performance, Shareholder Wealth and Directors and Executives Remuneration

The majority of Executives were appointed during the year ended 30 June 2012 and the performance review process in relation to that year has not been completed at the date of this report. As a result there has been no Company or individual performance related remuneration paid for the year ended 30 June 2012. Non-Executive Director fees are fixed and do not have a performance related component.

The Company was re-listed on ASX on 16 December 2010. The share price on 30 June 2011 was 23 cents and during the year the shares have traded between 31 cents and 17 cents. The closing price on 30 June 2012 was 21 cents. As a mining exploration entity there is no direct correlation between financial performance and shareholder wealth. Market sentiment in relation to exploration results is the main driver of shareholder wealth.

Amounts of remuneration

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of Blackwood Corporation Limited are set out in the following tables.

2012

	SHORT TERM BENEFITS		POST-EMPLOYMENT BENEFITS			
NAME	CASH SALARY AND FEES $	NON-MONETARY BENEFITS $	SUPERANNUATION $	SHARE-BASED PAYMENT – PERFORMANCE RIGHTS $	TOTAL $	A %
Non-Executive directors						
B Bolitho[1]	165,829	–	–	–	165,829	–
R Littlewood	70,000	–	–	–	70,000	–
A Simpson	85,000	–	–	–	85,000	–
W Randall[2]	–	–	–	–	–	–
B McPherson[3]	–	–	–	–	–	–
Sub-total Non-Executive	320,829	–	–	–	320,829	
Key management personnel						
T Harrington	411,848	13,289	15,775	384,329	825,241	47%
D Smith	5,452	300	491	2,158	8,401	26%
M Winsley	250,170	–	14,658	161,260	426,088	38%
B Schilling	144,919	–	12,346	107,250	264,515	41%
J Yago	172,425	–	13,847	119,540	305,812	39%
Sub-total executive	984,814	13,589	57,117	774,537	1,830,057	
Total key management personnel compensation (Group)	1,305,643	13,589	57,117	774,537	2,150,886	

A: Percentage of remuneration that is share-based payment.

1 Includes consulting fees paid in capacity as executive director prior to the appointment of T Harrington and during a transition period post appointment.

2 W Randall did not receive any remuneration during the period.

3 B McPherson resigned 6 July 2011 and did not receive any remuneration during the period.

2011

NAME	CASH SALARY AND FEES $	SUPERANNUATION $	SHARE-BASED PAYMENT – SHARES $	TOTAL $	A %
Non-Executive directors					
A Simpson	34,899	–	200,000	234,899	85%
W Randall[1]	–	–	–	–	–
B McPherson[1]	–	–	–	–	–
Sub-total Non-Executive directors	**34,899**	**–**	**200,000**	**234,899**	
Executive directors					
B Bolitho	163,460	–	300,000	463,460	65%
R Hobbs[2]	368,108	–	200,000	568,108	35%
Key management personnel					
B Schilling	51,606	4,645	–	56,251	–
Sub-total executive directors and key management personnel	**583,174**	**4,645**	**500,000**	**1,087,819**	
Total key management personnel compensation (Group)	**618,073**	**4,645**	**700,000**	**1,322,718**	

A: Percentage of remuneration that is share-based payment.

1 W Randall and B McPherson did not receive any remuneration during the period.

2 R Hobbs resigned as a director on 8 November 2010.

There were no termination payments made during the year (2011: Nil).

No element of remuneration paid during the current or prior year was linked to performance.

There were no other executives of the Group in 2012 and 2011.

Service agreements

No formal service agreement has been enacted between Non-Executive directors and the Company.

Remuneration and other terms of employment for Executive Key Management Personnel are formalised in service agreements. All contracts with Executives are on-going and have no fixed term, unless otherwise stated. Other major provisions of the agreements relating to remuneration are set out below:

NAME	TERM	BASE SALARY INCLUDING SUPERANNUATION $	NOTICE PERIOD	TERMINATION BENEFIT*
T Harrington	3 years	450,000	6 months	12 months
D Smith	On-going	300,000	3 months	6 months
M Winsley	On-going	275,000	3 months	Per applicable legislation
J Yago	On-going	215,000	3 months	Per applicable legislation
B Schilling	On-going	150,000	4 weeks	Per applicable legislation

* Termination benefits are reduced by the amount of any payment in lieu of notice where permitted by law.

Share-based compensation

Performance Rights

The Company has agreed to issue sign-on grants of Performance Rights to Executives during the year ended 30 June 2012 to align their interests with shareholders from appointment. The table below summarises the Performance Rights to be granted to executives:

NAME	PERFORMANCE RIGHTS GRANTED[1]	GRANT DATE[2]	FAIR VALUE AT GRANT DATE	FIRST VESTING DATE (50% OF GRANT)	SECOND VESTING DATE (50% OF GRANT)	EXPIRY DATE
T Harrington	2,000,000	3 June 2011	$0.28	1 Aug 12	1 Aug 13	1 Aug 18
D Smith	1,000,000	22 June 2012	$0.21	25 Jun 13	25 Jun 14	25 Jun 19
M Winsley	1,000,000	18 July 2011	$0.24	8 Aug 12	8 Aug 13	8 Aug 18
J Yago	800,000	18 July 2011	$0.24	1 Sept 12	1 Sept 13	1 Sept 18
B Schilling	650,000	5 Sept 2011	$0.22	1 Jul 12	1 Jul 13	1 Jul 18

1 Subject to satisfaction of the applicable vesting conditions, each performance right is convertible into one fully paid ordinary share in the Company and has a nil strike price. The only vesting condition applicable to Performance Rights in 2012 is a service condition. The Performance Rights can be exercised at any time from vesting to expiry.

2 Grant date has been determined in accordance with AASB 2 and is the date on which agreement to issue sign-on grants was made between the executive and the Company in the relevant employment agreement. ASIC relief to issue the Performance Rights was granted on 28 February 2012 and the Company was not in a position to offer formal performance right documentation until the ASIC relief was granted and gazzetted. The Company has not proceeded with formal performance right offer documentation as the date of this Report however, the Company intends to proceed with implementation the Performance Rights Plan (as approved by shareholders on 29 October 2010) and offer rights under the Plan including the sign-on rights to executives during the 2012/2013 financial year. The Grant of the Performance rights are subject to the Company issuing offer letter in accordance with the Performance Rights Plan and those offers being accepted by the executives.

3 Fair Value at grant date is calculated as the closing share price on the date of grant.

There were no Performance Rights issued during the year ended 30 June 2011.

Shares provided on exercise of Performance Rights

No Performance Rights were exercised by any of the Directors or Key Management Personnel during the year under review.

Options

There were no options granted affecting remuneration in the current or a future reporting period. There are currently no options held by Directors and other Key Management Personnel.

Shares provided on exercise of remuneration options

No options were exercised by any of the Directors or Key Management Personnel during the year under review.

Shares

Shares were issued to Directors for services provided during the prior period when the company was under a deed of company arrangement. These were valued using quoted market prices on the day of issue. There were no other performance conditions attaching to these shares. The Board's current policy does not allow Director and Executives to limit their risk exposure in relation to equities or options without the approval of the Board.

There were no shares issued to Directors or Executives during the current year.

This is the end of the remuneration report.

SHARES UNDER RIGHTS AND OPTIONS

At the date of this report the Company had agreed to issue 6,850,000 unlisted performance rights over ordinary shares with an expiry date 7 years from date of issue. There were no unissued ordinary shares of Blackwood Corporation Limited under option at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

No options were exercised during the year.

INSURANCE OF OFFICERS AND AUDITORS

During the financial year Blackwood Corporation Limited paid a premium to insure the Directors and Officers of the company. The contract of insurance prohibits the disclosure of the premium paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as Officers of the entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company.

The company has not indemnified or insured its auditors.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Management Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor during the year ended 30 June 2012, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the current or prior years there were no fees paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 30. BDO Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of the directors.

B Bolitho
Chairman

Brisbane, 28 September 2012

Note: All references to Exploration Targets in document are in accordance with the guidelines of the JORC Code (2004). As such, it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement, it is uncertain if further exploration will result in discovery of a coal resource on the tenement.

A Coal Quality Ranges for the South Pentland Project are as follows (all on an air dried basis): Moisture 8.4–11.6, Raw Ash 9.5–34.2, Volatile Matter 21.5–32.6, Fixed Carbon 46.4–55.3, Total Sulphur 0.26–0.34, Ave SE 5445 kcal/kg.

B Coal Quality Ranges for the Chinchilla Project are as follows (all on an air dried basis): Moisture 8.0–10.4, Raw Ash 13.8–28.8, Volatile Matter 34.1–40.1, Fixed Carbon 32.0–35.7, Total Sulphur 0.31–0.43, SE 4814–5817 kcal/kg.

C Coal Quality Ranges for the Taroom Project are as follows (all on an air dried basis): Moisture 5.7–9.9, Raw Ash 9.8–31.3, Volatile Matter 28.7–43.9, Fixed Carbon 27–40, Total Sulphur 0.22–0.51, SE 5162–5817 kcal/kg.

Competent Persons Statement: The information in this report that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr Mark Winsley, Mr Lyon Barrett, and Mrs Merryl Peterson, who are all members of The Australasian Institute of Mining and Metallurgy.

Mr Winsley is engaged as the General Manager – QLD Exploration of Blackwood Corporation Limited 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. Mr Winsley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mr Barrett is engaged as Principal Resource Geologist/Director at Measured Resources Pty 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. Mr Barrett consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mrs Peterson is engaged as Principal Geologist at Runge Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which she 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'. Mrs Peterson consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY D P WRIGHT TO THE DIRECTORS OF BLACKWOOD CORPORATION LIMITED

As lead auditor of Blackwood Corporation Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Blackwood Corporation Limited and the entities it controlled during the period.

D P WRIGHT
Director

BDO Audit Pty Ltd

Brisbane, 28 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTES	CONSOLIDATED 2012 $	2011 $
Revenue	5	283,491	170,084
Other income	5	2,026	1,019,558
Depreciation and amortisation expenses		(20,536)	(3,370)
Employee benefits expenses		(1,972,340)	(1,035,231)
Finance costs		(15,195)	(17,331)
Legal Expenses		(235,279)	(276,543)
Administration and consulting expenses		(1,152,729)	(999,874)
Other Expenses		(816,923)	(387,356)
Loss before income tax	5	(3,927,485)	(1,531,012)
Income tax expense	6	–	–
Loss for the year		**(3,927,485)**	**(1,531,012)**
Other comprehensive income			
Other comprehensive income for the year, net of tax		–	–
Total comprehensive loss for the year attributable to members of Blackwood Corporation Limited		**(3,927,485)**	**(1,531,012)**

		CENTS	CENTS
Loss per share			
Basic loss per share	24	(2.3)	(1.2)
Diluted loss per share	24	(2.3)	(1.2)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	NOTES	CONSOLIDATED 2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	*7*	1,692,394	9,346,260
Trade and other receivables	*8*	182,855	197,960
Other current assets	*9*	186,798	–
Total current assets		2,062,047	9,544,220
Non-current assets			
Property, plant and equipment	*10*	97,620	35,030
Exploration and evaluation assets	*11*	11,581,538	1,424,602
Intangible assets	*12*	21,393	6,769
Total non-current assets		11,700,551	1,466,401
Total assets		13,762,598	11,010,621
LIABILITIES			
Current liabilities			
Trade and other payables	*13*	1,417,664	151,071
Total current liabilities		1,417,664	151,071
Total liabilities		1,417,664	151,071
Net assets		**12,344,934**	**10,859,550**
EQUITY			
Issued capital	*14(a)*	46,622,005	41,682,005
Shares to be issued under the Technical Services Agreement		–	476,089
Reserves		2,369,213	1,420,254
Accumulated losses		(36,646,283)	(32,718,798)
Total equity		**12,344,935**	**10,859,550**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	ISSUED CAPITAL $	SHARES TO BE ISSUED UNDER THE TECHNICAL SERVICES AGREEMENT $	SHARE BASED PAYMENT RESERVE $	ACCUMULATED LOSSES $	TOTAL $
Balance at 1 July 2010	**28,470,297**	**–**	**1,420,254**	**(31,187,786)**	**(1,297,235)**
Loss attributable to members of the parent entity	**–**	**–**	**–**	**(1,531,012)**	**(1,531,012)**
Total Comprehensive income for the period	–	–	–	(1,531,012)	(1,531,012)
Transactions with owners in their capacity as owners:					
Shares issued	13,000,000	–	–	–	13,000,000
Share issue costs	(628,292)	–	–	–	(628,292)
Shares earned, yet to be issued	–	476,089	–	–	476,089
Share-based payments	840,000	–	–	–	840,000
Balance at 30 June 2011	41,682,005	476,089	1,420,254	(32,718,798)	10,859,550
Loss attributable to members of the parent entity	–	–	–	(3,927,485)	(3,927,485)
Total Comprehensive income for the period	–	–	–	(3,927,485)	(3,927,485)
Transactions with owners in their capacity as owners:					
Shares earned, yet to be issued	–	523,911	–	–	523,911
Shares issued	4,940,000	(1,000,000)	–	–	3,940,000
Share-based payments	–	–	948,959	–	948,959
Balance at 30 June 2012	**46,622,005**	**–**	**2,369,213**	**(36,646,283)**	**12,344,935**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	NOTES	CONSOLIDATED 2012 $	2011 $
Cash flows from operating activities			
Receipts in the course of operations (inclusive of goods and services tax)		2,026	13,334
Payments to suppliers and employees (inclusive of goods and services tax)		(3,275,408)	(8,304,839)
Interest received		283,491	170,084
Finance costs		(15,195)	(17,331)
Net cash outflows from operating activities	*22*	**(3,005,086)**	**(8,138,742)**
Cash flows from investing activities			
Payments in relation to exploration assets		(8,451,975)	(484,486)
Payments for property, plant and equipment		(91,050)	(31,158)
Proceeds from sale of plant and equipment		2,755	1,000
Payments for intangible assets		(16,010)	(7,000)
Payments for secured deposits		(32,500)	–
Net cash outflows from investing activities		**(8,588,780)**	**(521,644)**
Cash flows from financing activities			
Proceeds from share issue		3,940,000	12,000,000
Payment of share issue costs		–	(628,292)
Net cash inflows from financing activities		**3,940,000**	**11,371,708**
Net increase/(decrease) in cash and cash equivalents		(7,653,866)	2,711,322
Cash and cash equivalents at the beginning of the financial year		9,346,260	6,634,938
Effect of exchange rate changes on cash and cash equivalents		–	–
Cash and cash equivalents at the end of the financial year	*7*	**1,692,394**	**9,346,260**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Blackwood Corporation Limited (the "company") is a for-profit company incorporated and domiciled in Australia. The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Blackwood Corporation Limited and its subsidiaries.

The financial statements are presented in Australian dollars which is the company's and consolidated entity's functional and presentation currency.

The Financial Report was authorised for issue by the Directors on 28 September 2012.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

The consolidated financial statement of the Blackwood Corporation Limited Group (the Group) complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the Group

The AASB has issued AASB 1054 Australian Additional Disclosures and 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, and made several minor amendments to a number of AASBs. These standards eliminate a large portion of the differences between the Australian and New Zealand accounting standards and IFRS and retain only additional disclosures considered necessary. These changes also simplify some current disclosures for Australian entities and remove others.

The adoption of these standards did not have any material impact on the current period or any prior period and are not likely to affect future periods.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Going concern

The annual financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Company has entered a binding subscription agreement with Mulsanne Resources Pty Ltd (a company associated with the Tinkler Group) to raise $28.4m through a placement of 94.7m shares at $0.30 per share ("Placement Agreement"). On 12 July 2012, Shareholder approval for the placement was granted. Completion had not yet occurred at the date of this report and the Company has commenced legal action to enforce this agreement. If the Placement Agreement is not completed, the Company will need to raise additional funds to support our operations during the next 12 months. The Company may seek to raise additional funds through debt or equity financing (including extensions of existing debt facilities) or through the sale of strategic interests in our exploration tenements. If the Company is unable to raise additional funds when needed, we will be required to delay our planned exploration and associated activities.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding and the consolidated entity's ability to effectively manage its expenditures and cashflows from operations, the Directors believe that the consolidated entity will continue to operate as a going concern for at least the next 12 months from the date of signing of this report and therefore it is appropriate to prepare the financial statements on a going concern basis.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there exists a material uncertainty whether the consolidated entity will continue to operate as a going concern. If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3. Estimates may materially vary from actual results.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Blackwood Corporation Limited at 30 June 2012. Blackwood Corporation Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management Team that makes strategic decisions.

(d) Income taxes

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Exploration and evaluation assets

Pre-license costs are recognised in profit or loss as incurred.

Exploration and evaluation assets, including the costs of acquiring licenses, are capitalised on a project by project basis. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to abandoned areas are written off in full in the year in which the decision to abandon is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

(f) Property, plant and equipment

All property, plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation, and any impairment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life to the entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.
The expected useful lives are as follows:

Plant & equipment 4–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income.

(g) Intangibles

Software costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the asset.

(h) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(j) Impairment of assets

The carrying amounts of assets are reviewed at each reporting date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, as discussed below.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

An impairment loss is reversed if there has been an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of assets other than goodwill is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually have 30 day payment terms.

(l) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.
The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Interest Income

Interest income is recognised on a time proportion basis using the effective interest method.

(o) Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Share-based compensation benefits are provided to employees via the Blackwood Corporation Limited Performance Rights Plan.

The fair value of performance rights granted under the Blackwood Corporation Limited Employee Performance Rights Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the performance rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of performance rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of performance rights that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the performance rights are exercised the proceeds received (if any) net of any directly attributable transaction costs are credited directly to equity.

(p) Business combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

The excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

(q) Operating leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives are recognised in the profit or loss as an integral part of total lease expense spread over the lease term.

(r) Parent entity financial information

The financial information for the parent entity, Blackwood Corporation Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements, except that investments in subsidiaries are recorded at cost.

(s) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

(i) AASB 9 Financial Instruments (AASB 9)

AASB 9 aims to replace AASB 139 Financial Instruments: Recognition and Measurement in its entirety. The replacement standard (AASB 9) is being issued in phases. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning 1 January 2015. Further chapters dealing with impairment methodology and hedge accounting are still being developed.

Management have yet to assess the impact that this amendment is likely to have on the financial statements of the Group. However, they do not expect to implement the amendments until all chapters of AASB 9 have been published and they can comprehensively assess the impact of all changes.

(ii) AASB 10 Consolidated Financial Statements (AASB 10)

AASB 10 introduces the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders.

Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present:

- Power over investee (whether or not power used in practice)
- Exposure, or rights, to variable returns from investee
- Ability to use power over investee to affect the entity's returns from investee.

When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.

(iii) AASB 11 Joint Arrangements (AASB 11)

AASB 11 supersedes AASB 131 Interests in Joint Ventures (AASB 131). It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. It introduces two accounting categories (joint operations and joint ventures) whose applicability is determined based on the substance of the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method for joint ventures, which is currently used for investments in associates.

(iv) AASB 13 Fair Value Measurement (AASB 13)

AASB 13 does not affect which items are required to be fair-valued, but clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after 1 January 2013. The Group's management have yet to assess the impact of this new standard.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

(v) AASB 2011-9 Amendments to Australian Accounting Standards Presentation of Items of Other Comprehensive Income (AASB 101 Amendments)

The AASB 101 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRSs: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after 1 July 2012. The Group's management expects this will change the current presentation of items in other comprehensive income; however, it will not affect the measurement or recognition of such items.

(vi) AASB Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Clarifies that costs of removing mine waste materials (overburden) to gain access to mineral ore deposits during the production phase of a mine must be capitalised as inventories under AASB 112 Inventories if the benefits from stripping activity is realised in the form of inventory produced. Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met (as an addition to, or enhancement of, an existing asset). The interpretation is applicable for annual periods beginning on or after 1 January 2013. The interpretation will have no impact on the Group as it has no mining activities.

2. FINANCIAL RISK MANAGEMENT

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are credit risk, liquidity risk and cash flow interest rate risk.

The Group holds the following financial instruments:

	CONSOLIDATED	
	2012 $	2011 $
Financial assets		
Cash and cash equivalents – variable interest rates	1,692,394	9,346,260
Trade and other receivables – no interest	182,855	197,960
	1,875,249	**9,544,220**
Financial liabilities		
Trade and other payables – no interest	1,417,664	151,071
	1,417,664	**151,071**

Risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The CEO has been delegated the authority for designing and implementing processes which follow the objectives and policies.

The Board receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Credit risk

Credit risk is the risk of loss from a counter-party failing to meet its financial obligations to the Group.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provision for doubtful debts, as disclosed in the balance sheet and notes to the financial statements.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For bank and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available).

	CONSOLIDATED 2012 $	2011 $
Cash at bank and short-term bank deposits		
A-1+ rating (held with HSBC)	1,692,394	9,346,260

Other than cash and cash equivalents, the most significant other financial assets are trade and other receivables. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. There were no debts over 30 days at balance date requiring consideration of impairment provisions.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet obligations when due.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows. The Group has financed its operations through capital raisings and not sought alternate funding from external finance facilities.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings.

CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES	LESS THAN 6 MONTHS $	6 – 12 MONTHS $	BETWEEN 1 AND 2 YEARS $	BETWEEN 2 AND 5 YEARS $	OVER 5 YEARS $	TOTAL CONTRACTUAL CASH FLOWS $	CARRYING AMOUNT $
At 30 June 2012							
Trade and other payables	**1,417,664**	**–**	**–**	**–**	**–**	**1,417,664**	**1,417,664**
At 30 June 2011							
Trade and other payables	**151,071**	**–**	**–**	**–**	**–**	**151,071**	**151,071**

Interest rate risk

Interest rate risk is managed by constant monitoring of interest rates. The Group's interest rate exposure is limited to its cash and cash equivalent assets. The weighted average interest rate is 2.9% (2011: 2.1%)

A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2011.

	PROFIT OR LOSS		EQUITY	
	100BP INCREASE	100BP DECREASE	100BP INCREASE	100BP DECREASE
30 June 2012				
Cash flow sensitivity	16,923	(16,923)	16,923	(16,923)
30 June 2011				
Cash flow sensitivity	93,463	(93,463)	93,463	(93,463)

Fair value measurements

The fair value of financial assets and financial liabilities approximates their carrying values as disclosed in the statement of financial position and notes to the financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key judgments

(i) Carrying value of exploration and evaluation assets

The Group has capitalised exploration assets of $11,581,538 (2011: $1,424,602). This amount includes costs directly associated with exploration. These costs are capitalised as an intangible asset until assessment and/or drilling of the permit is complete and the results have been evaluated. These costs include employee remuneration, materials, rig costs, delay rentals and payments to contractors. The expenditure is carried forward until such a time as the area of interest moves into the development phase, is abandoned, sold or sub-blocks relinquished.

Given exploration activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable resources and the difficulty in forecasting cash flows to assess the fair value of exploration expenditure there is uncertainty as to the carrying value of exploration expenditure. The ultimate recovery of the carrying value of exploration expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the interests in the tenements.

4. SEGMENT INFORMATION

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision maker in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category. Operating segments are therefore determined on this basis.

Description of segments

Based on the internal reports presented to the key operating decision makers the consolidated entity has only one operating segment; being the exploration for coal in Australia. The financial information of this segment matches that of the Group.

Unless otherwise stated, all amounts reported to the Executive Management Team, being the chief operating decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

5. REVENUE, OTHER INCOME AND EXPENSES

	CONSOLIDATED	
	2012 $	2011 $
Interest	283,491	170,084
	283,491	**170,084**
Other income – gain on extinguishment of debt (refer (a) below)	–	1,005,224
Other income	2,026	14,334
	2,026	**1,019,558**
Share based payment expense	586,892	840,000
Defined contributions superannuation expense	113,830	6,681
Loss on sale of property, plant and equipment	6,555	8,244

(a) Gain on extinguishment of debt

The release of the company from the Deed of Company arrangement occurred during the prior period. In consideration for the extinguishment of all liabilities incurred prior to the release, the Company transferred all cash holdings to the Creditors Trust and issued 5,000,000 shares at 20 cents per share.

6. INCOME TAX

(a) Income tax expense

	CONSOLIDATED	
	2012 $	2011 $
Current tax expense	(991,464)	(508,871)
Deferred tax expense	1,312,674	508,871
Under/Over provision	(321,210)	–
Total income tax expense	–	–

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	CONSOLIDATED	
	2012 $	2011 $
Loss before income tax	(3,927,485)	(1,531,012)
Tax at the Australian tax rate of 30% (2011: 30%)	(1,178,246)	(459,304)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	176,067	252,000
Other non-allowable items	10,715	–
Gain on extinguishment of liability	–	(301,507)
Prior year adjustment	(321,210)	–
	(1,312,674)	(508,871)
Deferred tax asset not recognised	1,312,674	508,871
Income tax expense	–	–

(c) Deferred tax liabilities

	CONSOLIDATED	
	2012 $	2011 $
Exploration expenditure	3,473,051	427,381
Timing differences	–	–
Deferred tax liabilities 30% (2011: 30%)	3,473,051	427,381
Offset of deferred tax assets	(3,473,051)	(427,381)
Recognised deferred tax liabilities	–	–

6. INCOME TAX (CONTINUED)

(d) Deferred tax assets

	CONSOLIDATED	
	2012 $	2011 $
Tax losses	12,824,542	8,483,467
Expenses taken to equity	113,093	150,790
Timing differences	107,301	52,335
Potential deferred tax assets at 30% (2011: 30%)	13,044,935	8,686,592
Offset of deferred tax liabilities	(3,473,051	(427,381)
Net unrecognised deferred tax assets	9,571,884	**8,259,211**

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test (SBT) must be passed. The majority of losses are carried forward at 30 June 2012 under the SBT.

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

(i) the economic entity derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;

(ii) the economic entity continues to comply with the conditions for deductibility imposed by the law; and

(iii) no changes in tax legislation adversely affect the economic entity in realising the losses.

(e) Franking credits

The Group has no franking credits available.

7. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2012 $	2011 $
Cash at bank and in hand	**1,692,394**	**9,346,260**

Risk exposure

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

8. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2012 $	2011 $
Current		
Other debtors	–	47,605
Deposits	182,855	150,355
	182,855	**197,960**

As at 30 June 2012 there were no past due or impaired receivables (2011: Nil). The Group's exposure to credit risk is discussed in note 2.

The deposits are held with HSBC and support the bank guarantees required to be given in relation to exploration permits.

9. OTHER ASSETS

	CONSOLIDATED	
	2012 $	2011 $
Current		
Prepayments	186,798	–
	186,798	**–**

10. PLANT AND EQUIPMENT

	CONSOLIDATED	
	2012 $	2011 $
At Cost	120,925	40,485
Accumulated depreciation	(23,305)	(5,455)
Net book amount	97,620	35,030
Reconciliation of carrying amount at the beginning and end of the year		
At 1 July	35,030	16,255
Additions	91,050	31,158
Disposals	(9,310)	(9,244)
Depreciation charge	(19,150)	(3,139)
At 30 June	**97,620**	**35,030**

11. EXPLORATION AND EVALUATION ASSETS

	CONSOLIDATED	
	2012 $	2011 $
Mineral properties – cost	**11,581,538**	**1,424,602**
Reconciliation		
Balance at the beginning of the year	1,424,602	505,373
Additions	9,794,869	919,229
Share based payments capitalised	362,067	
Disposals	–	–
Written off	–	–
Balance at the end of the year	**11,581,538**	**1,424,602**

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation or alternatively sale of the respective area of interest.

12. INTANGIBLE ASSETS

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Software at cost	23,010	7,000
Accumulated amortization	(1,617)	(231)
	21,393	**6,769**

13. TRADE AND OTHER PAYABLES

	CONSOLIDATED 2012 $	CONSOLIDATED 2011 $
Trade payables	321,571	83,277
Other payables and accrued expenses	1,002,771	64,423
Employee benefits	93,322	3,371
	1,417,664	**151,071**

14. ISSUED CAPITAL

(a) Share capital

	CONSOLIDATED		CONSOLIDATED	
	2012 SHARES	2011 SHARES	2012 $	2011 $
Ordinary shares – Fully paid	185,050,269	160,350,269	46,622,005	41,682,005
	185,050,269	**160,350,269**	**46,622,005**	**41,682,005**

(b) Movements in ordinary share capital:

DETAILS	NUMBER OF SHARES	ISSUE PRICE ($)	$
Balance at 1 July 2010	91,150,269		28,470,297
Shares issued under the prospectus	60,000,000	0.20	12,000,000
Capital costs associate with shares issued under the prospectus	–		(628,292)
Shares issued to Trustee of the Creditors' Trust	5,000,000	0.20	1,000,000
Shares issued to Directors and employees	4,200,000	0.20	840,000
Balance at 30 June 2011	160,350,269		41,682,005
Shares issued to Noble Group	24,700,000	0.20	4,940,000
Balance at 30 June 2012	**185,050,269**		**46,622,005**

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(d) Options

There were nil (2011: 1,100,000) options over ordinary shares of Blackwood Corporation Limited at 30 June 2012.

During the financial year no options were exercised and all options outstanding at 30 June 2011 expired.

(e) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to equity holders, comprising of contributed equity, reserves and accumulated losses. In order to maintain or adjust the capital structure, the company may issue new shares or adjust the level of activities undertaken by the Group. There are no externally imposed capital requirements. The Group monitors capital on the basis of cash flow requirements for operational, and exploration and evaluation expenditure. The Group's exposure to borrowings as at 30 June 2012 totals $nil (2011: $nil). The Group will continue to use capital market issues and joint venture participant funding contributions to satisfy anticipated funding requirements.

The Group's strategy to capital risk management is unchanged from prior years.

(f) Technical services agreement

The Group had entered into a Technical Services Agreement ("**TSA**") which contemplated Janvel Pty Ltd, a subsidiary of Noble Group (formerly Osendo Pty Ltd, a subsidiary of Noble Group) being issued with 24,700,000 shares in consideration for performing services up to the value of $4,940,000 and in the event the annuity date was reached without services totalling the full amount as specified in the agreement being performed, a cash payment to acquire the remaining shares. During the year ended 30 June 3012, technical services to the value of $523,911 (2011: $476,089) were received and the balance of $3,940,000 cash was provided to the Group and 24,700,000 shares were issued in consideration. The TSA was terminated in November 2011.

15. RESERVES

Nature and purpose of reserves

Share based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of performance rights and options issued to Directors/contractors but not exercised.

16. DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors and other key management personnel compensation

	CONSOLIDATED	
	2012 $	2011 $
Short-term employee benefits	1,319,232	905,144
Post-employment benefits	57,117	4,645
Share-based payments	774,537	700,000
	2,150,886	**1,609,789**

(b) Equity instrument disclosures relating to Directors and key management personnel

(i) Performance Rights holdings of key management personnel

2012

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS COMPENSATION	EXERCISED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR
Directors					
B Bolitho	–	–	–	–	–
R Littlewood	–	–	–	–	–
W Randall	–	–	–	–	–
A Simpson	–	–	–	–	–
B McPherson	–	–	–	–	–
Executives					
T Harrington	–	2,000,000	–	2,000,000	–
D Smith	–	1,000,000	–	1,000,000	–
M Winsley	–	1,000,000	–	1,000,000	–
J Yago	–	800,000	–	800,000	–
B Schilling	–	650,000	–	650,000	–
Total	–	5,450,000	–	5,450,000	–

There were no rights provided as remuneration nor were any shares issued on exercise of such rights during the year ended 30 June 2011.

Please refer to the Remuneration Report for details of the Performance Rights Plan.

(ii) Option holdings of key management personnel

There were no options held or granted to key management personnel during 2012 (2011: Nil).

(iii) Share holdings

The number of ordinary shares in the company held during the financial year by each Director of Blackwood Corporation Limited and other key management personnel, including their personally related parties, are set out below.

2012

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Directors				
B Bolitho	5,778,323	–	431,000[1]	6,209,323
R Littlewood	–	–	–	–
W Randall	–	–	–	–
A Simpson	1,000,000	–	–	1,000,000
Executives				
T Harrington	–	–	–	–
D Smith	–	–	–	–
M Winsley	–	–	–	–
J Yago	–	–	–	–
B Schilling	25,000	–	–	25,000
Total	6,803,323	–	431,000	7,234,323

1 B Bolitho purchased shares on-market during the period

2011

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
Directors				
R Hobbs[2]	3,918,772	1,000,000	(4,918,772)	–
B Bolitho	4,078,323	1,500,000	200,000[1]	5,778,323
A Simpson	–	1,000,000	–	1,000,000
Executives				
B Schilling	–	–	25,000[3]	25,000
Total	7,997,095	3,500,000	(4,693,772)	6,803,323

1 B Bolitho purchased shares on-market during the period
2 R Hobbs resigned as a Director on 8 November 2010
3 B Schilling purchased shares on-market during the period

No other key management personnel held shares.

(c) Other transactions with Directors and key management personnel

Transactions with related parties are at arm's length both in terms of prevailing market prices and commercial terms.

There were no other transactions with key management personnel.

17. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2012 $	2011 $
During the year the following fees were paid or payable for services provided by the auditor, its related practices and non-related audit firms:		
BDO Audit Pty Ltd		
Audit services		
Audit and review of financial reports	67,500	37,885
Other services		
Taxation services	–	–
Due diligence	46,176	–
Total remuneration	113,676	37,885

18. CONTINGENT LIABILITIES

No contingent liabilities have been identified as at 30 June 2012 (2011: Nil).

19. COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED 2012 $	2011 $
Exploration commitments		
Commitments for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities payable are as follows:		
Within one year	6,966,000	5,244,000
Later than one year but not later than 5 years	26,854,000	15,285,000
Later than 5 years	–	–
Commitments not recognised in the financial statements	**33,820,000**	**20,529,000**

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements, are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments total $33,820,000 (2011: $20,529,000). They are calculated on the assumption that each of these tenements will be held for its full term. But, in fact, commitments will decrease materially as exploration advances and ground that is shown to be unprospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds, joint ventures, farm-outs, and new capital raisings.

20. RELATED PARTIES

(a) Subsidiaries

Interests in subsidiaries are set out in note 21.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 16.

(c) Transactions with other related parties

Noble Group Limited has a significant interest in the Group. The Technical Services Agreement was been entered into with a subsidiary of Noble Group Limited and was terminated in November 2011. Refer Note 14(f) for details of services provided under the Technical Services Agreement.

21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING 2012 %	2011 %
Matilda Coal Pty Ltd	Australia	Ordinary	100	100

22. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2012 $	2011 $
Loss after income tax	(3,927,485)	(1,531,012)
Depreciation	20,536	3,370
Gain on debt extinguishment	–	(1,005,224)
(Gain)/Loss on sale of plant & equipment	6,555	8,244
Share based payments	586,892	840,000
Expenses under Technical Services Agreement	181,191	41,346
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	47,604	304,439
(Increase)/decrease in other current assets	(186,798)	–
Increase/(decrease) in trade and other payables	266,419	(6,799,905)
Net cash outflow from operating activities	**(3,005,086)**	**(8,138,742)**

(a) Non-cash financing and investing activities

On 29 October 2010, the company issued 5,000,000 shares to the Trustee of the Creditors' Trust that was established under the Creditors' Trust Deed, which was a condition of releasing the company from the Deed of Company Arrangement. These shares were issued at 20 cents per share.

Janval Pty Ltd had provided technical services to the value of $523,911 (2011: $476,089). $181,191 (2011: $41,346) of this total was provision of office space by Janval Pty Ltd for the Group to operate in and the balance ($342,720 2011: $434,743) was expenditure on exploration and evaluation assets.

During the period $362,067 (2011: Nil) of share based payments incurred in employee remuneration were capitalised to exploration and evaluation assets.

23. EVENTS OCCURRING AFTER REPORTING DATE

Share Placement Agreement

On 7 May 2012, the Company entered into a Share Placement Agreement to issue 94,689,760 shares at $0.30 per share to raise $28.4 million to fund its exploration and development programmes through a new cornerstone investor, Mulsanne Resources Pty Ltd, a company associated with the Tinkler Group ("Share Placement").

The Share Placement was subject to (amongst other conditions) the Company obtaining the approval of the shareholders of the Company in a General Meeting to issue the placement shares to Mulsanne Resources Pty Ltd. On 12 July 2012, Shareholder approval for the placement was granted.

Completion of the Share Placement had not yet occurred as at the date of this report and the Company has commenced legal action to recover the monies payable under the Share Placement.

The Company continues to investigate and consider its options regarding the recovery of the amounts outstanding. If the Share Placement is not completed, the Company will need to raise additional funds to support our operations during the next 12 months. The Company may seek to raise additional funds through debt or equity financing (including extensions of existing debt facilities) or through the sale of strategic interests in our exploration tenements. If the Company is unable to raise additional funds when needed, a delay to planned exploration and associated activities may be required.

Draw Down Facility

On 1 August 2012, the Company entered into agreement for the provision of a $5,000,000 unsecured draw down facility ("Facility") with its subsidiary Matilda Coal Pty Ltd, and its controlling shareholder Noble Group Limited ("Noble").

23. EVENTS OCCURRING AFTER REPORTING DATE (CONTINUED)

The key terms of the Facility are:

1. A facility limit of $5,000,000, to be drawn down at any time prior to the Repayment Date in multiples of $250,000.
2. The Repayment Date is the earlier of:
   a. the 5th business day after receiving subscription monies from the Share Placement to Mulsanne Resources Pty Ltd; or
   b. 31 December 2012
3. Any funds raised either through a capital raising or debt funding must, within 5 business days of receipt, be applied towards repaying the draw downs.
4. Interest is payable at 12.5 % per annum, payable monthly in arrears. Blackwood may elect to capitalise interest prior to the Repayment Date. The final interest payment will be paid on the Repayment Date.
5. Blackwood's obligations under the Facility are guaranteed by Blackwood's subsidiary Matilda Coal Pty Limited.
6. Blackwood may, with 10 business days' notice, elect to repay an amount of principal before the Repayment Date. With 15 day's written notice Blackwood may elect to cancel the entire facility before the Repayment Date without penalty or cost.

24. EARNINGS PER SHARE

	2012 CENTS	2011 CENTS
(a) Basic earnings per share		
Loss attributable to ordinary equity holders of the company	(2.3)	(1.2)
(b) Diluted earnings per share		
Loss attributable to ordinary equity holders of the company	(2.3)	(1.2)
(c) Reconciliation of earnings used in calculating earnings per share		
Basic earnings per share		
Loss from operations	(3,927,485)	(1,531,012)
Diluted earnings per share		
Loss from operations	(3,927,485)	(1,531,012)

(d) Weighted average number of shares used as the denominator

	2012 NUMBER	2011 NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	173,343,146	130,487,632
Adjustments for calculation of diluted earnings per share:		
Options and Performance Rights	–	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**173,343,146**	**130,487,632**

(e) Information concerning the classification of securities

Options and performance rights on issue (or agreed to be issued) are not included in the calculation of diluted earnings per share because they are anti-dilutive for the year ended 30 June 2012. These instruments could potentially dilute basic earnings per share in the future. Details relating to options are set out in note 13(d).

25. SHARE-BASED PAYMENTS

(a) Performance rights plan

At the extraordinary general meeting on 29 October 2010 approval was given for the performance rights plan. The purpose of the plan is to provide an incentive to Eligible Participants by enabling them to participate in the future growth of the Company and upon becoming shareholders to participate in the Company's profits and development. Under the Plan Eligible Participants may be granted rights to shares upon the satisfaction of specific performance criteria and specified periods of tenure. The only vesting conditions applicable to rights in 2012 were service conditions. Please refer to the Remuneration Report for further details of the Performance Rights Plan. The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, performance rights issued during the year:

	2012 NO.	2012 WEIGHTED AVERAGE EXERCISE PRICE	2011 NO.	2011 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	–	–	–	–
Expired	–	–	–	–
Granted	6,825,000	Nil	–	–
Forfeited	–	–	–	–
Exercised	–	–	–	–
Total outstanding at end of year	6,825,000	Nil	–	–
Vested and exercisable at end of year	–	–	–	–

The weighted average remaining contractual life for the options and performance rights on issue at 30 June 2012 is 6.2 years (2011: Nil).

The exercise price on all performance rights on issue at 30 June 2012 is Nil (2011: Nil).

The fair value of performance rights at grant date is calculated as the closing share price on the date of grant. The weighted average fair value of performance rights granted during the year is $0.24 (2011: Nil).

(b) Shares

At the extraordinary general meeting on 29 October 2010 approval was given for the following share-based payments to employees and Directors for services provided during the period the Company was under a Deed of Company Arrangement. Shares were valued using quoted market price on the date of issue. There were no shares issued during the current year.

2011

NAME	NUMBER OF SHARES ISSUED	VALUE PER SHARE	TOTAL SHARE-BASED PAYMENT $
Employees	700,000	$0.20	140,000
B Bolitho	1,500,000	$0.20	300,000
R Hobbs	1,000,000	$0.20	200,000
A Simpson	1,000,000	$0.20	200,000
Total	4,200,000		840,000

(c) Technical Services Agreement

Refer to Note 14(f) for details of share based payments under the Technical Services Agreement. The value of goods and services received was measured at the market price for those goods and services.

(d) Options

No options were issued as share based payments in the year ended 30 June 2012 (2011: Nil).

(e) Total share based payment costs

The amount of share based payments included in the statement of comprehensive income is as follows:

	CONSOLIDATED	
	2012 $	2011 $
Performance Rights	586,892	–
Shares issued under the TSA	181,191	41,346
Shares issued for services	–	840,000
	768,083	**881,346**

The amount of share based payments included in the statement of financial position is as follows:

	CONSOLIDATED	
	2012 $	2011 $
Performance Rights capitalised to exploration and evaluation assets	362,067	–
Shares issued under the TSA capitalised to exploration and evaluation assets	342,720	434,743
	704,787	**434,743**

(f) Options on issue

The following table illustrates the number and weighted average exercise price and amounts in share options during the year:

	2012 NO.	2012 WEIGHTED AVERAGE EXERCISE PRICE	2011 NO.	2011 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of year	1,100,000	$0.516	1,200,000	$0.511
Expired	(1,100,000)	$0.516	(100,000)	$0.450
Granted	–	–	–	–
Forfeited	–	–	–	–
Exercised	–	–	–	–
Total	–	–	1,100,000	$0.516
Vested and exercisable at end of year	–	–	–	–

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Blackwood Corporation Limited. The information presented has been prepared using accounting policies that are consistent with those presented in note 1.

	2012 $	2011 $
Loss for the year	(3,921,280)	(1,513,256)
Other comprehensive income, net of tax	–	–
Total comprehensive loss for the year	(3,921,280)	(1,513,256)
Financial position of the parent entity at the end of the year:		
Current assets	1,877,514	10,893,245
Non-current assets	11,903,716	125,490
Total assets	13,781,230	11,018,735
Current liabilities	1,412,334	141,429
Non-current liabilities	–	–
Total liabilities	1,412,334	141,429
Net assets	12,368,896	10,877,306
Issued capital	46,622,005	41,682,005
Accumulated losses	(36,622,322)	(32,701,042)
Shares to be issued	–	476,089
Share based payment reserve	2,369,213	1,420,254
Total equity	12,368,896	10,877,306

Contingent liabilities

Refer to note 18 for any contingent liabilities at 30 June 2012.

Capital commitments

Blackwood Corporation Limited has no commitments to acquire property plant and equipment.

Guarantees

Blackwood Corporation Limited has not provided any guarantees in relation to the debts of its subsidiary.

27. ENTITY DETAILS

The registered office and principal place of business is:

Level 8, 102 Adelaide Street
Brisbane QLD 4000

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(c) The financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in Note 1; and

(d) The Directors have been given the declarations required to be made by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

This declaration is made in accordance with a resolution of the Directors.

B Bolitho
Chairman

Brisbane, 28 September 2012

BDO

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 18, 300 Queen St
Brisbane QLD 4000,
GPO Box 457 Brisbane QLD 4001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Blackwood Corporation Limited

Report on the Financial Report

We have audited the accompanying financial report of Blackwood Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Blackwood Corporation Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Blackwood Corporation Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion expressed above, we draw attention to the matters set out in Note 1. The financial report has been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the consolidated entity to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding or the successful exploration and subsequent exploitation of the consolidated entity's tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the consolidated entity's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

No adjustments have been made to the carrying value of assets or recorded amount of liabilities should the company's plans not eventuate.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 17 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Blackwood Corporation Limited for the year ended 30 June 2012 complies with section 300A of the Corporations Act 2001.

BDO Audit Pty Ltd

BDO

D P WRIGHT
Director

Brisbane, 28 September 2012

In fulfilling its obligations and responsibilities to its various stakeholders, the Board is a strong advocate of corporate governance. This statement outlines the principal corporate governance procedures of the Company. The Board supports a system of corporate governance to ensure that the management of the Company is conducted to maximise shareholder wealth in a proper and ethical manner.

ASX CORPORATE GOVERNANCE COUNCIL RECOMMENDATIONS

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles and Recommendations 2nd Edition") where considered appropriate for company of the Company's size and nature. Such policies include, but are not limited to the Board Charter, Board Committee Charters, Code of Conduct, Security Trading, Continuous Disclosure, Shareholder Communication and Risk Management Policies.

The Company's main corporate governance policies and practices are outlined below:

(a) Board of Directors

The Company's Board of Directors is responsible for corporate governance of the Company. The Board develops strategies and financial objectives for the Company, reviews strategic objectives and monitors performance against those objectives.

The Board acknowledges its accountability to Shareholders for creating Shareholder value within a framework which protects the rights and interests of Shareholders and ensures the Company is properly managed.

The objective of the Board is to provide an acceptable rate of return to the Company's Shareholders and take into account the interests of its employees, customers, suppliers, lenders and the wider community.

Each of the Directors, when representing the Company, must act in the best interest of Shareholders of the Company and in the best interests of the Company as a whole.

In carrying out the responsibilities and powers set out in the Board Charter, the Board:

(i) recognises its overriding responsibilities to act honestly, fairly, diligently and in accordance with the law in serving the interests of its Shareholders; and

(ii) recognises its duties and responsibilities to its employees, customers and the community.

The Board is responsible for (including matters which are reserved for the Board) appointing and removing the Chief Executive Officer, providing leadership and supervision of senior management, business strategy, stakeholder relationships, reviewing and monitoring systems of risk management and internal controls, compliance with corporate governance, succession planning and approving and monitoring major capital expenditure and financial reporting. Management, on the other hand is, and was during the reporting period, responsible for the implementation of these objectives and for the day-to-day operations of the Company.

Director's individual responsibilities are set out in an appointment letter, while the Chief Executive Officer is engaged under an employment agreement, which includes a formal job description.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. Where practical, at least half of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with, the exercise of independent judgement.

The Board is currently comprised of a majority of Non-Executive, but does not currently have a majority of independent Directors. The Board considers that the Board is constituted with the appropriate range of skills, knowledge and experience to effectively govern the Company and the Board is of the view that its current structure is appropriate given the Company is in the early stages of its development and given the size, nature and scope of the Company's activities.

Details of the Directors in office at the date of this report, including their qualifications, experience and date of appointment are set out in the Directors' Report.

(c) Independent professional advice

The Board or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairperson. A copy of any such advice received is to be made available to all members of the Board.

(d) Chief Executive Officer

The Chief Executive Officer is responsible for running the Company on a day to day basis pursuant to authority delegated by the Board and is responsible for the implementation of Board and corporate policy and planning in accordance with approved programmes and budgets. The Chief Executive Officer reports to the Board regularly and is under an obligation to make sure that all reports presented give a true and fair view of the Company's operational production activities, exploration and other activities and its current financial status.

The roles of Chairman and the Chief Executive Officer are not exercised by the same individual.

(e) Remuneration arrangements

The total maximum remuneration of Non-Executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of $350,000 per annum.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

The CEO and Senior Management remuneration arrangements are set out in detail in the Remuneration Report contained in the Directors' Report.

(f) Performance Assessment

The Board has adopted a formal process for an annual self assessment of its collective performance and the performance of individual Directors. The Board is required to meet at least annually with the purpose of reviewing the role of the Board, assessing its performance over the previous 12 months and examining ways in which the Board can better perform its duties. The issues examined in the review include the Board's interaction with management, the type of information provided to the Board by management and management performance in helping the Board meet its objectives. During the reporting period the Board did not conduct the annual self assessment as the Board monitored its performance and compliance with its duties on an ongoing and continual basis.

The Board has conducted regular informal reviews of executive performance during the year. It is the intention of the Board to put into place arrangements to introduce annual performance appraisals of each individual against pre-determined Key Performance Indicators as part of the annual review to better monitor and assess the performance of the Company's Executives.

(g) Code of Conduct

A formal code of conduct for the Company applies to all Directors and employees. The code aims to encourage the appropriate standards of conduct and behaviour of the Directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Directors, managers and employees are expected to act with the utmost integrity and objectivity, observe the highest standards of behaviour and business ethics and strive at all times to enhance the good reputation and performance of the Company by acting in the best interests of the Company, being responsible and accountable for their actions and observing the ethical principles of fairness, honesty and truthfulness, including disclosure of potential conflicts.

A copy of the Code of Conduct can be found on the Company's website.

(h) Audit committee

The Company has established an Audit and Risk Management Committee which operates in accordance with a written charter. The current members of the Committee are Mr Andrew Simpson (Committee Chair) and Mr Barry Bolitho and the Chief Financial Officer participating from time to time by invitation. The member's qualifications, experience and attendance at meetings of the Audit and Risk Management Committee are set out in the Directors' Report.

Pursuant to the charter, the audit and risk management responsibilities include:

- overseeing, co-ordinating and appraising the quality of the audits conducted by both the Company's external and internal auditors (if and when appointed);
- determining the independence and effectiveness of the external and internal auditors;
- maintaining open lines of communications among the Board and the internal and external auditors to exchange views and information, as well as confirm of their respective authority and responsibilities;
- serving as an independent and objective party to review the financial information submitted by management to the Board for issue to shareholders, regulatory authorities and the general public; and
- reviewing the adequacy of the reporting and accounting controls of the Company.

A copy of the Audit and Risk Management Charter can be found on the Company's website.

(i) External audit

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance, independence and fees of those external auditors.

(j) Nomination and Remuneration Committee

The Company has established a Remuneration Committee (Committee) which operates in accordance with a written charter. The current members of the Remuneration Committee are Mr Barry Bolitho (Committee chair) and Mr Andrew Simpson with the other Board members and the Chief Executive Officer participating from time to time by invitation. The member's qualifications, experience and attendance at meetings of the Remuneration Committee are set out in the Directors' Report.

The Board, as a whole, serves and fulfils the nomination committee function and acts in accordance with the Nomination and Remuneration Committee Charter.

Pursuant to the charter, the nomination and remuneration responsibilities include:

- reviewing and recommending the overall strategies in relation to executive remuneration policies;
- reviewing and make recommendations in respect of the compensation arrangements for all Non-Executive Directors, the Chief Executive Officer and all other Senior Executives;
- reviewing the effectiveness of performance incentive plans;
- reviewing and make recommendations in respect of all equity based remuneration plans;
- reviewing and make recommendations in respect of the Company's recruitment, retention and termination policies and superannuation arrangements;
- reviewing the composition of the Board and ensuring that the Board has an appropriate mix of skills and experience to properly fulfil its responsibilities;
- ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance;
- reviewing and make recommendations to the Board in respect of the succession plans of Senior Executives (other than Executive Directors) and ensuring the performance of Senior Executives is reviewed at least annually; and
- considering nominations for potential candidates to act as Directors.

(k) Identification and Management of Risk

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business. Key operational risks, their management and internal controls to mitigate risk will be recurring items for deliberation at Board meetings.

The Board takes a proactive approach to risk management and have a formal risk management policy to provide further guidance. The identification and proper management of risk within the Company is a priority for the Board.

The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to report back on the efficiency and effectiveness of risk management.

For the reporting period the Chief Executive Office and the Chief Financial Officer have reported to the Board that:

(i) the the declaration in accordance with section 295A of the Corporations Act regarding the integrity of the financial statements and notes thereto are founded on a sound system of risk management and internal control and that system is operating effectively in all material respects in relation to financial reporting risks; and

(ii) the Company's risk management and internal control systems to manage the Company's material risks, so far as introduced, are operating effectively and are being managed effectively in all material respects.

(l) Policy for Trading in Company Securities

Trading in the Company's securities by Directors and employees is not permitted when they are in possession of unpublished price sensitive information. Any transactions undertaken must be notified to the Chairman or the Board in advance.

Directors, officers and employees must not buy, sell or subscribe for securities if they are in possession of 'inside information' (information that is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities). The Corporations Act 2001 (Cth) provides that a reasonable person would be taken to expect information to have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell the securities.

Subject to the insider trading restrictions above, it is the Company's policy that Directors, officers and employees will not deal in the Company's securities as a matter of course during:

- in the two weeks prior to the release of the Company's quarterly reports (if appropriate) and for two business days after the release of the report;
- from 1 January until the release of the Company's half year financial results and for two business days after the release of the results;
- from 1 July until the release of the Company's full year financial results and for two business days after the release of the results;
- in any other period when the Company is in possession of unpublished price-sensitive information and for two business days after the release of such information; and
- any time it may be reasonably probable that notification of price-sensitive information is required pursuant to the ASX Listing Rules and for two business days after the release of such information.

The Company's policy also reinforces the Directors' and Company's statutory obligations to notify the ASX of any dealing in the securities which results in a change in the relevant interests of a Director in the securities. As contemplated in the ASX listing rules, each Director provides notice of such dealings to the Company Secretary within five business days of any such dealing to enable the Company to comply with its corresponding obligation to notify the ASX.

Subject to the insider trading restrictions above, Directors may trade outside the specified periods with approval from the Chairman or in the case of the Chairman intending to trade with approval from the Audit Committee Directors or Board.

(m) Continuous Disclosure and Shareholder Communication

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings. A copy of the Continuous Disclosure Policy can be found on the Company's website.

The Chairman, CEO and the Company Secretary have been nominated as the Company's primary disclosure officers. All information released to the ASX is posted on the Company's website as soon as practicable after it is disclosed to the ASX. When analysts are briefed on aspects on the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website.

The Company is committed to providing shareholders and stakeholders with extensive, transparent, accessible and timely communications on the Company's activities, strategy and performance. In addition, the Company makes all market announcements, media briefings, details of shareholders meetings, press releases and financial reports available on the Company's website www.bwdcorp.com.au

(n) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards

ASX BEST PRACTICE RECOMMENDATIONS

The table below identifies the ASX Corporate Governance Principles and Recommendations (Principles) and whether or not the Company has complied with the recommendations during the reporting period:

RECOMMENDATION		COMPLIED	NOTE
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions	✓	
1.2	Disclose the process for evaluating the performance of senior executives	✓	
1.3	Provide the information indicated in the Guide to reporting on Principle 1	✓	
2.1	A majority of the Board should be independent Directors	✗	Note 1
2.2	The chair should be an independent Director	✗	Note 2
2.3	The roles of chair and Chief Executive Officer should not be exercised by the same individual	✓	
2.4	The Board should establish a nomination committee	✗	Note 3
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual Directors	✓	
2.6	Provide information indicated in the Guide to reporting on Principle 2	✓	
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: › the practices necessary to maintain confidence in the company's integrity › the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders › the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	✓	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	✗	Note 4
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress in achieving them.	✗	Note 4
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	✓	Note 4
3.5	Provide information indicated in the Guide to reporting on Principle 3	✓	
4.1	Establish an audit committee	✓	
4.2	Structure the audit committee so that it: › consists only of Non-Executive Directors › consists of a majority of independent Directors › is chaired by an independent chair, who is not chair of the Board › has at least three members	✗	Note 5
4.3	The audit committee to have a formal charter	✓	
4.4	Provide the information indicated in the Guide to reporting on Principle 4	✓	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies	✓	
5.2	Provide the information indicated in the Guide to reporting on Principle 5	✓	

RECOMMENDATION		COMPLIED	NOTE
6.1	Design communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	✓	
6.2	Provide the information indicated in the Guide to reporting on Principle 6	✓	
7.1	Establish policies for oversight and management of material business risks and disclose a summary of those policies	✓	
7.2	Require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	✓	
7.3	Disclose whether assurance has been received from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓	
7.4	Provide information indicated in the Guide to reporting on Principle 7	✓	
8.1	Establish a remuneration committee	✓	
8.2	Structure the remuneration committee so that it: › consists only of Non-Executive Directors › consists of a majority of independent Directors › is chaired by an independent chair, who is not chair of the Board › has at least three members	✗	Note 3
8.3	Clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives	✓	
8.4	Provide the information indicated in the Guide to reporting on Principle 8	✓	

Note 1: During the reporting period the majority of Directors did not satisfy the test of independence set out in Box 2.1 of the ASX Principles of Good Corporate Governance and Best Practice Recommendations (**Independence Test**).

- Messrs Simpson, Randall and Littlewood do not satisfy the Independence Test as they are officers, or otherwise associated directly with, a substantial shareholders of the Company as defined in section 9 of the *Corporations Act 2001.*
- Mr Bolitho was an Executive Director of the Company within the last 3 years.

The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's history, size and scope and the Directors' experience and knowledge of the Company's assets. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional independent Directors as it deems appropriate.

Note 2: As noted above, Mr Bolitho does not satisfy the Independence Test as he was an Executive Director of the Company within the last 3 years.

Note 3: The Principles recommend that companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and that companies should have a structure to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

(a) Recommendation 2.4 – Nomination Committee

Recommendation 2.4 of the Principles states that the Board should establish a nomination committee that should be structured so that it:

- consists of a majority of independent Directors;
- is chaired by an independent Director; and
- has at least three members.

The Board does not have a separate nomination committee. The Board, as a whole, serves as a nomination committee and acts in accordance with the Nomination and Remuneration Committee Charter. The Board does not believe any efficiency or other benefits would currently be gained by establishing a separate nomination committee.

The responsibility for the selection of potential Directors lies with the full Board of the Company. A separate nomination committee has not been constituted because the Board considers that the size of the current Board permits it to act as the nomination committee and to regularly review membership. This includes an assessment of the necessary and desirable competencies of Board members, Board succession plans and an evaluation of the Board's performance and consideration of appointments and approvals.

When a Board vacancy occurs, the Board acting as the nomination committee, identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Directors are not appointed for specific terms, as their periods in office are regularly reviewed as part of annual performance evaluation processes and they are subject to re election every three (3) years.

(b) Recommendation 8.2 – Remuneration Committee

Recommendation 8.2 of the Principles states that the Board should establish a remuneration committee that should be structured so that it:

- consists of a majority of independent Directors;
- is chaired by an independent Director; and
- has at least three members.

The Company has established a Remuneration Committee (**Committee**) which operates in accordance with a written charter. The current members of the Committee are Mr Barry Bolitho (Committee Chair) and Mr Andrew Simpson with the other Board members and the Chief Executive Officer participating from time to time by invitation.

Due the current structure of the Board, membership of the Committee does not meet all of the recommended guidelines for composition of a remuneration committee.

The Committee does not have at least 3 non-executive members and not all of the members of the Committee satisfy the Independence Test. Mr Simpson does not satisfy the Independence Test as he is associated with a substantial shareholder of the Company. Mr Bolitho does not satisfy the Independence Test as he is an Executive Director of the Company. The Board (in the absence of Messrs Simpson and Bolitho, separately) consider both he Messrs Simpson and Bolitho are capable of and demonstrates that they consistently makes decisions and takes actions which are designed to be in the best interests of the Company.

Given the size of the Board and the Company, the Board considers that this function is efficiently achieved by a committee of 2 non-executive members reporting to the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the Board will reconsider the composition of the Committee to ensure compliance with the Principles where possible.

Note 4: The Principles recommends that companies should actively promote ethical and responsible decision-making.

(a) Recommendation 3.2 – Diversity Policy

Recommendation 3.2 states that companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage and that an important contributor to the Company's success is the quality, diversity and skills of its people.

Under the Company's Code of Conduct, employees must not harass, discriminate or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation.

Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet established a Diversity Policy. However, as the Company develops the Board will consider adopting such a policy (including the appropriate incorporation of diversity as a selection criteria or the appointment of Directors).

(b) Recommendation 3.3 – Measurable Objectives for Achieving Gender Diversity

Recommendation 3.3 of the Principles states that the Board should disclose in each annual report the measurable objective for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Given the size of the Company, the Company has not yet set measurable objectives for achieving gender diversity. In addition, the Board will review progress against any objectives identified on an annual basis.

(c) Recommendation 3.4 – Annual Report Disclosure

Recommendation 3.4 of the Principles states that the Board should disclose in each annual report:

- the proportion of women employees in the whole organisation;
- women in Senior Executive positions; and
- women on the Board.

The proportion of women employees in the whole organisation is three of ten, representing 30% of total full time employees within the organisation, and there are currently no women on the Board or in Senior Executive positions within the Company.

Note 5: The Principles recommend that companies should have a structure to independently verify and safeguard the integrity of their financial reporting. Recommendation 4.1 of the Principles states that the Board should establish an audit committee.

Recommendation 4.1 of the Principles states that the audit committee should be structured so that it:

- consists only of Non-Executive Directors
- consists of a majority of independent Directors
- is chaired by an independent chair, who is not chair of the Board
- has at least three members.

The Company has established an Audit and Risk Management Committee (**Committee**) which operates in accordance with a written charter. The current members of the Committee are Mr Andrew Simpson (Committee Chair) and Mr Barry Bolitho with other Board members and the Chief Financial Officer participating from time to time by invitation.

Due the current structure of the Board, membership of the Committee does not meet all of the recommended guidelines for composition of an audit committee.

The Committee does not have at least 3 non-executive members, due to the size of the Board, and the members of the Committee do not satisfy the Independence Test. Mr Simpson does not satisfy the Independence Test as he is associated with a substantial shareholder of the Company. Mr Bolitho does not satisfy the Independence Test as he was an Executive Director of the Company within the last 3 years.

Given the size of the Board and the Company, the Board considers that this function is efficiently achieved by a committee of 2 non-executive members reporting to the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the Board will reconsider the composition of the Committee to ensure compliance with the Principles where possible.

The Committee chair is not the Chairman of the Board.

The Board (in the absence of Messrs Simpson and Bolitho, separately) consider both he Messrs Simpson and Bolitho are capable of and demonstrates that they consistently makes decisions and takes actions which are designed to be in the best interests of the Company.

Given the size of the Board and the Company, the Board considers that this function is efficiently achieved by a committee of 2 non-executive members reporting to the full Board. In circumstances where the size of the Board is expanded as a result of the growth or complexity of the Company, the Board will reconsider the composition of the Committee to ensure compliance with the Principles where possible.

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

1. SHAREHOLDINGS

The issued capital of the Group as at 24 September 2012 is 185,050,269 ordinary fully paid shares. All issued ordinary fully paid shares carry one vote per share.

Ordinary Shares

SHARES RANGE	HOLDERS	UNITS	%
1–1,000	69	30,305	0.02
1,001–5,000	307	990,411	0.53
5,001–10,000	331	2,953,395	1.60
10,001–100,000	746	28,944,597	15.64
100,001–9,999,999	152	152,131,561	82.21
Total	**1,605**	**185,050,269**	**100.00**

Unmarketable parcels

There were 311 holders of less than a marketable parcel of ordinary shares.

2. TOP 20 SHAREHOLDERS AS AT 24 SEPTEMBER 2012

NAME	NUMBER OF SHARES	%
1 JANVEL PTY LIMITED	94,689,760	51.17
2 BOLITHO MINING COMPANY PTY LTD	5,485,323	2.96
3 GEARED INVESTMENTS PTY LTD	2,520,000	1.36
4 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,991,887	1.08
5 MR KEVIN MICHAEL FINN + MRS SANDRA MARRION FINN	1,885,915	1.02
6 MR MICHAEL JOHN SUTHERLAND + MRS KARLA LOUISE SUTHERLAND	1,600,000	0.86
7 ELDON AUSTRALIA PTY LTD	1,556,799	0.84
8 MR MICHAEL SUTHERLAND + MRS KARLA SUTHERLAND	1,150,000	0.62
9 SOUTHERN SILICON PTY LTD	1,000,000	0.54
10 YELRIF INVESTMENTS PTY LIMITED	1,000,000	0.54
11 YELRIF INVESTMENTS PTY LIMITED	1,000,000	0.54
12 MR BARRY COLIN BOLITHO	906,000	0.49
13 MR DAVID GEORGE METFORD	900,000	0.49
14 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	781,015	0.42
15 JP MORGAN NOMINEES AUSTRALIA LIMITED	718,735	0.39
16 ROWAN JASON PTY LTD	600,000	0.32
17 MR VU QUANG MINH DANG + MRS THI KIM DAU NGUYEN	580,528	0.31
18 MR BRANDON ANDREW GROVES	520,000	0.28
19 WITTSEND PTY LTD	512,616	0.28
20 453 CAPITAL PTY LTD	500,000	0.27
Total	**119,898,578**	**64.79**

3. SUBSTANTIAL SHAREHOLDERS AS AT 24 SEPTEMBER 2012

NAME		NUMBER OF SHARES	%
1	JANVEL PTY LIMITED	94,689,760	51.17

4. RESTRICTED SECURITIES SUBJECT TO ESCROW PERIOD

There are no restricted securities subject to escrow.

5. GROUP CASH AND ASSETS

In accordance with Listing Rule 4.10.19, the Group confirms that it has been using the cash and assets it had acquired at the time of admission and for the year ended 30 June 2012 in a conservative manner that is consistent with its business objective and strategy.

6. SHARE ISSUE

In accordance with Listing Rule 4.10.21, the Group confirms that as at the date of this report the Company has not completed the Share Placement Agreement for the issue of 94,689,760 fully paid ordinary shares at an issue price per Placement Share of $0.30 to Mulsanne Resources Pty Ltd to raise $28,406,928, which was approved by shareholders at the General Meeting held on 12 July 2012 in accordance with the provisions of Chapter 2E and Item 7 of Section 611 of the Corporations Act 2001 (Cth). Further details are set out in the Directors' Report.

TENEMENT REPORT

TENURE TYPE	PROJECT	STATUS	SUB-STATUS	DATE GRANTED	DATE EXPIRES	PROJECT HOLDER
1495	Biloela	Granted		3-Jul-09	2-Jul-14	Matilda Coal Pty Ltd
2130	Bowen East	Application	Priority Applicant			Matilda Coal Pty Ltd
2104	Bowen East	Application	Exploration Permit Proposal			Matilda Coal Pty Ltd
2139	Bowen East	Application	Competing Application			Matilda Coal Pty Ltd
2171	Bowen East	Application	Competing Application			Matilda Coal Pty Ltd
2138	Bowen North	Application	Priority Applicant			Matilda Coal Pty Ltd
1600	Bymount	Granted		26-Nov-09	25-Nov-14	Matilda Coal Pty Ltd
1724	Bymount	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1563	Bymount	Granted	Renewal Lodged	15-May-09	14-May-11	Matilda Coal Pty Ltd
1599	Capella	Granted		11-Apr-11	10-Apr-16	Matilda Coal Pty Ltd
1725	Capella	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1466	Capella	Granted		26-May-10	25-May-15	Matilda Coal Pty Ltd
1564	Capella	Application	Competing Application			Matilda Coal Pty Ltd
1483	Carmichael North	Granted		18-Jun-10	17-Jun-15	Matilda Coal Pty Ltd
2064	Chinchilla	Granted		13-Oct-10	12-Oct-15	Matilda Coal Pty Ltd
2200	Chinchilla	Granted		25-Feb-11	24-Feb-16	Matilda Coal Pty Ltd
2199	Chinchilla	Granted		25-Feb-11	24-Feb-16	Matilda Coal Pty Ltd
1464	Chinchilla	Granted		26-May-10	25-May-15	Matilda Coal Pty Ltd
1565	Chinchilla	Granted		18-Aug-09	17-Aug-14	Matilda Coal Pty Ltd
2212	Chinchilla	Application	Priority Applicant			Matilda Coal Pty Ltd
1602	Chinchilla	Application	Competing Application			Matilda Coal Pty Ltd
1596	Chinchilla	Application				Matilda Coal Pty Ltd
2782	Chinchilla	Application	Competing Application			Matilda Coal Pty Ltd
2781	Chinchilla	Application	Competing Application			Matilda Coal Pty Ltd
1734	Dalby	Granted		15-Oct-10	14-Oct-15	Matilda Coal Pty Ltd
1733	Dalby	Granted		13-Oct-10	12-Oct-15	Matilda Coal Pty Ltd
1691	Dalby	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1461	Dalby	Granted	Renewal Lodged	17-Mar-10	16-Mar-12	Matilda Coal Pty Ltd
1462	Dalby	Granted	Renewal Lodged	19-Feb-10	18-Feb-12	Matilda Coal Pty Ltd
1459	Dalby	Granted		17-Aug-09	16-Aug-14	Matilda Coal Pty Ltd
1562	Dingo	Granted		4-Aug-09	3-Aug-14	Matilda Coal Pty Ltd
1535	Dingo	Application	Priority Applicant			Matilda Coal Pty Ltd
1761	Millmerran	Granted		14-Dec-11	13-Dec-16	Matilda Coal Pty Ltd
1555	Millmerran	Granted		17-Aug-09	16-Aug-14	Matilda Coal Pty Ltd
1703	Millmerran	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1702	Millmerran	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1475	Millmerran	Granted		21-Jul-11	20-Jul-16	Matilda Coal Pty Ltd
1474	Millmerran	Granted		21-Jul-11	20-Jul-16	Matilda Coal Pty Ltd
1496	North Hughenden	Granted		29-Oct-10	28-Oct-15	Matilda Coal Pty Ltd
1485	North Hughenden	Granted		26-Nov-10	25-Nov-15	Matilda Coal Pty Ltd
EI28874	NT	Granted		19-Jan-12	18-Jan-18	Blackwood Corporation Limited
EI29438	NT	Granted		4-Apr-12	3-Apr-18	Blackwood Corporation Limited
EI29433	NT	Granted		4-Apr-12	3-Apr-18	Blackwood Corporation Limited

TENURE TYPE	PROJECT	STATUS	SUB-STATUS	DATE GRANTED	DATE EXPIRES	PROJECT HOLDER
El26891	NT	Granted		4-Apr-12	3-Apr-18	Blackwood Corporation Limited
El26820	NT	Granted		4-Apr-12	3-Apr-18	Blackwood Corporation Limited
El26067	NT	Application				Blackwood Corporation Limited
2191	Rolleston North	Granted		22-Feb-11	21-Feb-16	Matilda Coal Pty Ltd
1531	Rolleston North	Granted		15-May-09	14-May-11	Matilda Coal Pty Ltd
1467	Rolleston North	Granted		20-Jul-09	19-Jul-14	Matilda Coal Pty Ltd
2112	Rolleston South	Granted		16-Dec-11	15-Dec-16	Matilda Coal Pty Ltd
2106	Rolleston South	Application	Priority Applicant			Matilda Coal Pty Ltd
2205	Rolleston South	Application	Priority Applicant			Matilda Coal Pty Ltd
1468	Rolleston South	Application	Priority Applicant			Matilda Coal Pty Ltd
2329	Rolleston South	Application	Competing Application			Matilda Coal Pty Ltd
2326	Rolleston South	Application	Competing Application			Matilda Coal Pty Ltd
2311	Rolleston South	Application	Competing Application			Matilda Coal Pty Ltd
2922	Rolleston South	Application	Competing Application			
1486	South Pentland	Granted		21-Jan-11	20-Jan-16	Matilda Coal Pty Ltd
1762	South Pentland	Granted		28-Feb-11	28-Feb-16	Matilda Coal Pty Ltd
2853	South Pentland	Application	Exploration Permit Proposal			Matilda Coal Pty Ltd
2842	South Pentland	Application	Exploration Permit Proposal			Matilda Coal Pty Ltd
1522	Springsure North	Granted		23-Jul-09	22-Jul-14	Matilda Coal Pty Ltd
1558	Taroom	Granted		5-Nov-09	4-Nov-14	Matilda Coal Pty Ltd
1436	Taroom	Granted		17-Aug-09	16-Aug-14	Blackwood Corporation Limited
1465	Taroom	Granted		18-Aug-09	17-Aug-14	Matilda Coal Pty Ltd
1556	Taroom	Granted		18-Aug-09	17-Aug-14	Matilda Coal Pty Ltd
1557	Taroom	Granted		18-Aug-09	17-Aug-14	Matilda Coal Pty Ltd
1603	Taroom	Granted				Matilda Coal Pty Ltd
2924	Taroom	Application	Competing Application			
E70/3292	WA	Granted	Non-Managed JV (JV with image resources)	7-Sep-10	6-Sep-15	Blackwood Corporation Limited
1760	Warwick North	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1509	Warwick North	Granted		17-Aug-09	16-Aug-14	Matilda Coal Pty Ltd
1597	Warwick South	Granted		26-Nov-09	25-Nov-14	Matilda Coal Pty Ltd
2045	Warwick South	Granted		15-Oct-10	14-Oct-15	Matilda Coal Pty Ltd
1711	Warwick South	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1706	Warwick South	Granted		19-Feb-10	18-Feb-15	Matilda Coal Pty Ltd
1431	Warwick South	Granted		15-May-09	14-May-14	Blackwood Corporation Limited
1430	Warwick South	Granted	Renewal Lodged	17-Aug-09	16-Aug-11	Blackwood Corporation Limited
1533	Warwick South	Granted	Renewal Lodged	17-Aug-09	16-Aug-11	Matilda Coal Pty Ltd
1530	Warwick South	Granted	Renewal Lodged	17-Aug-09	16-Aug-11	Matilda Coal Pty Ltd
2067	Warwick South	Application	Priority Applicant			Matilda Coal Pty Ltd

CORPORATE DIRECTORY

DIRECTORS

Mr Barry Bolitho
Mr Andrew Simpson
Mr William Randall
Mr Rex Littlewood

SENIOR MANAGEMENT

Mr Todd Harrington – Chief Executive Officer
Mr David Smith – Chief Financial Officer
Mr Mark Winsley – GM Queensland Exploration
Mr Brendan Schilling – GM Business Development
Dr Joel Yago – Principal Geologist International

COMPANY SECRETARY

Mr Patrick McCole

REGISTERED OFFICE

Level 8, Grant Thornton House
102 Adelaide Street
Brisbane QLD 4000 Australia
Telephone: (07) 3034 0800

WEBSITE

www.bwdcorp.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St Georges Terrace
Perth WA 6000 Australia
Telephone: (08) 9323 2000

AUDITORS

BDO (Qld) Pty Ltd
Level 18, 300 Queen St
Brisbane QLD 4000 Australia

ACCOUNTANTS TO THE COMPANY

Grant Thornton
102 Adelaide Street
Brisbane QLD 4000 Australia

TO GROW

BLACKWOOD

ENERGY TO GROW

BWDCORP.COM.AU