



## 1.0 to 1.3 Billion Tonnes of Open Cut Thermal Coal JORC Exploration Target at Taroom

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### Highlights

- **JORC Exploration Target of 1 to 1.3 billion tonnes<sup>A</sup> of open-cut depth thermal coal at the Taroom Project**
- **Exploration activities fast tracked** – Phase 1 exploration program including 21 drill holes completed on time and under budget
- **Historical data captured, coded, validated and re-interpreted** – Over 710 historical drill holes are used in the geological model
- **Four open-cut mining targets** – Phase 2 exploration to focus on four areas or sub-projects to target significant tonnages of shallow coal. This exploration program will commence in Q2 2012 with the aim of defining Inferred and Indicated JORC Resources.
- **Blackwood now has a total of 3.29 to 4.74 Bt<sup>A</sup> of JORC Exploration Target tonnes from its South Pentand (2.1 – 3.2 billion tonnes – underground with potential opencut)<sup>B</sup>, Taroom (1 to 1.3 billion Tonnes - opencut)<sup>A</sup> and Chinchilla (190-240 million tonnes - opencut)<sup>C</sup> projects.**

<sup>A</sup> 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, it is uncertain if further exploration will result in discovery of a coal resource on the tenement.

## Taroom Project Overview

The Taroom Project is 100% owned by Blackwood Corporation Limited ('Blackwood'). The Project areas are located north of Xstrata Coal's world class Wandoan Project, south and west of the township of Taroom at the north-eastern edge of the Surat Basin, as shown in Figure 1. The region is serviced by the Leichhardt Highway which passes through the townships of Wandoan and Taroom.

The Taroom Project comprises five tenures (EPCs 1436, 1465, 1556, 1557 & 1558), covering 189 granted sub blocks of 639km<sup>2</sup> (Figure 2). Blackwood is the priority applicant for an additional one sub-block (3km<sup>2</sup>) and another 17 sub-blocks are under application (54.4km<sup>2</sup>). These application areas have not been included in the JORC Exploration Target calculation.

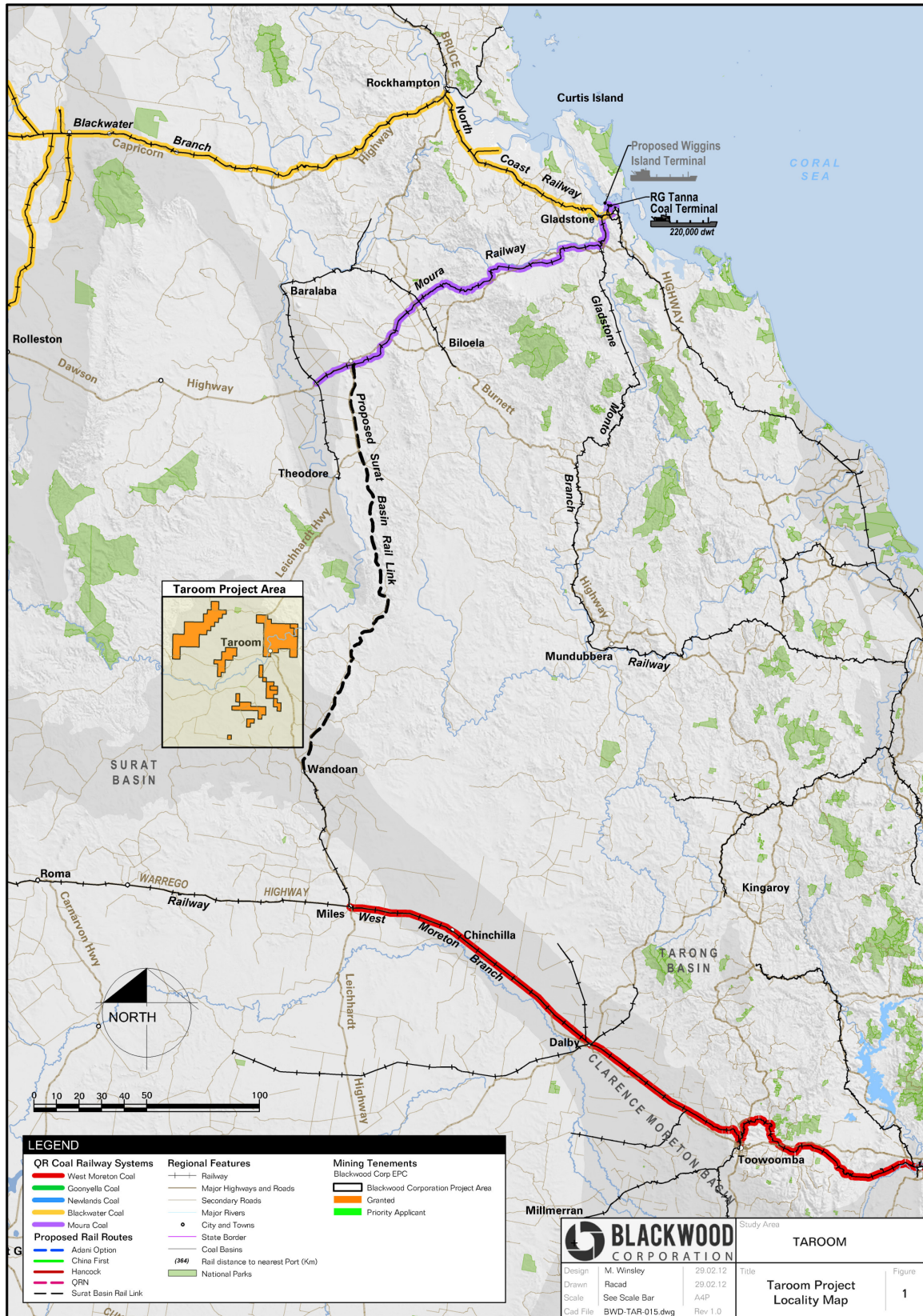
Blackwood is exploring the coal seams of the Walloon Coal Measures, the main coal bearing sequence throughout the Surat Basin. These sequences have demonstrated excellent potential for significant quantities of export quality thermal coal.

Blackwood completed the phase 1 exploration program, comprising 21 open holes with full down-hole geophysics. The phase 2 drilling campaign is scheduled to commence in Q2 2012 and will include coal quality samples, tests and a drill hole density designed with the aim of defining Inferred and Indicated JORC resources.

In estimating the 1.0 to 1.3 billion potential tonnages<sup>A</sup> (JORC Exploration Target) of coal in the Taroom Project area, Blackwood has taken a conservative approach and applied strict mining-based criteria in the process.

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 (Figure 1).

Figure 1 –Location of Blackwood Corporation's Taroom Project and associated infrastructure



## Taroom JORC Exploration Target

Blackwood has completed a comprehensive review of all available data (current Blackwood drilling and historic data) before building a detailed geological model which has allowed the generation of a JORC Exploration Target for the Taroom Project **within the range 1.0 billion tonnes to 1.3 billion tonnes<sup>A</sup>**.

This exploration target is based upon borehole collars and seam picks that were interpreted by Blackwood personnel, collated into a Mincom GDB Database, correlated and modelled in Minescape.

An independent geological model review was undertaken by Meryll Peterson of Runge Limited.

The geological model has been constructed as a high level seam group model with no seam splits currently defined in the model. The geological model is a parting model where any non-coal intervals included in a seam group are excluded during the estimation stage to only report material that has been designated as coal. Hence all stone/waste intervals have been excluded from the quantities reported for each seam group.

Constraining factors for the Exploration Target were:

- Only seams with an average thickness >0.25m thickness and <150m depth were used in the estimation of the Exploration Target;
- Coal seams are not weathered or intruded; and
- An appropriate geological loss factor of 25% was applied to all seams to account for unexpected seam splitting and thinning.

Although there are numerous coal seams in the region, only the confident interpretations and correlatable coal seams of the Condamine, Bulwer, Auburn, Wambo, Iona and Argyle seams were included for the Exploration Target.

A conservative relative density of 1.35 was applied to the coal seams. The coal quality of seams is assumed to be consistent with other “Northern Surat” coals. Coal quality stated here is derived from core holes drilled on an adjacent deposit which is within the geological model area. Table 1 details the parameters and the ranges reported in this data set.

**Table 1: 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 1 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.

## Four sub-projects

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 Taroom 1.0 to 1.3 Bt<sup>A</sup> of JORC Exploration Target. Figure 2 shows the main JORC Exploration Target areas with excellent potential for stand-alone open-cut projects.

Broadmere is centred on EPC 1465, Tarana Crossing on EPC1557, Raka Hills on EPC 1556, and Juandah Creek is on EPC 1558.

Broadmere has confirmed cumulative coal<sup>^^</sup> 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. Importantly 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 north-west within the Blackwood EPC.

Tarana Crossing is centrally located and did not have any drilling completed in Blackwood's phase 1 program. However, the geological model suggests a potential for shallow or sub-cropping coal across the lease.

Raka Hills has confirmed cumulative coal<sup>^^</sup> intersections in two holes of 5.6m and 6m and modelling indicates potential sub-cropping coal north within the Blackwood EPC.

Juandah Creek has confirmed coal intersections from seven holes with cumulative thickness ranges of 6.2m to 9.1m and appears to be an extension of the adjacent Orazabah deposit held by Xstrata. The four projects in the greater Blackwood Taroom Project area are located in the northern Surat Basin and are surrounded by known coal deposits as shown in Figure 3.

## Future Exploration

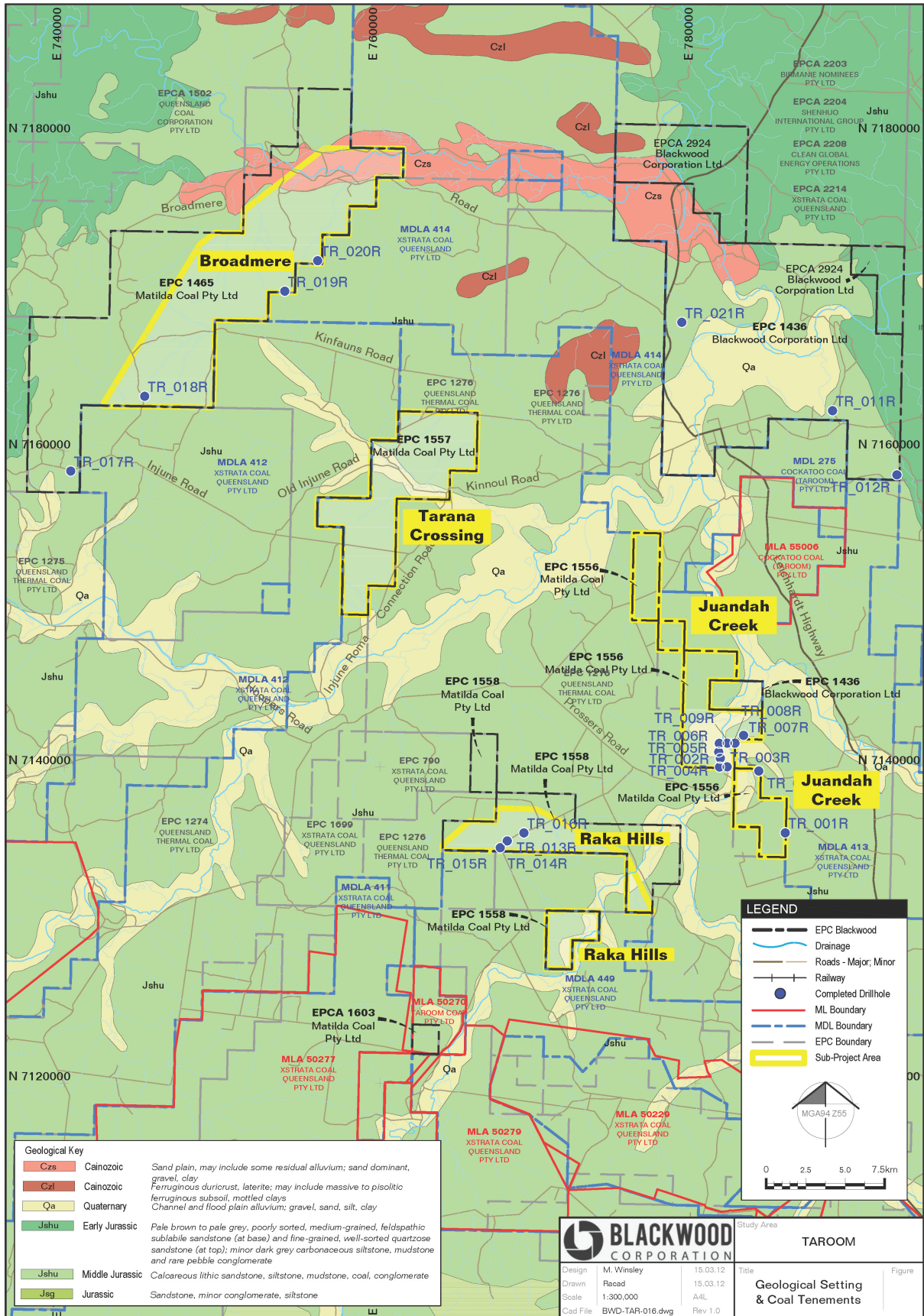
Blackwood has planned additional exploration at the Taroom project to commence Q2 2012. This will involve up to 100 drill holes across the four projects aimed at advancing Blackwood's understanding of the opportunity to develop open-pit mines within the four target areas.

Importantly all drilling will target coal seams of open-cut depths. Plans are designed to target areas where seam plies coalesce and provide the lowest strip ratio coal potential.

The drill program will be a 100mm diameter core program for coal quality testing, with the aim of defining Inferred and Indicated JORC tonnes by the end of Q3 2012. To achieve this two drill rigs have been secured with an option on a third, land access agreements are in place and work scheduled to commence in Q2 2012.

<sup>^^</sup> Note all cumulative coal thickness quoted have excluded coal plies less than 0.20m, as this is assumed to be a minimum mineable thickness.

Figure 2: JORC Exploration Targets and Four Project areas.



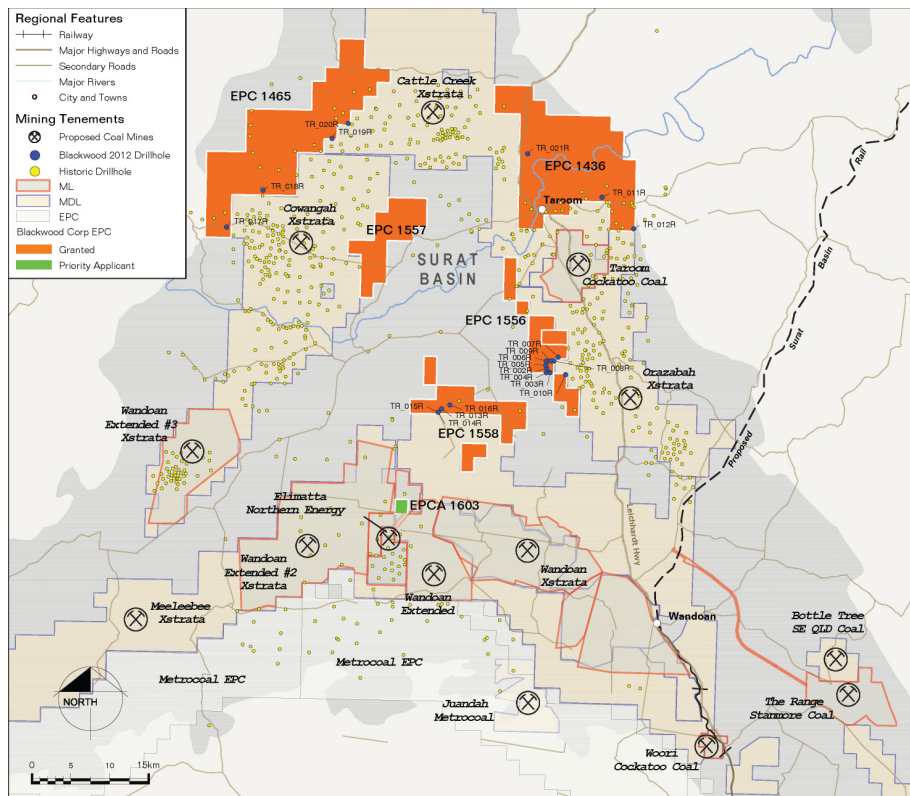


Figure 3: Blackwood tenure of the Taroom Project and known Coal Deposits

The northern Surat Basin region contains numerous coal projects, as summarised in Table 2.

Table 2: Northern Surat Region – Project Resources/Targets

Company	Tenement	JORC Resources	Exploration Targets
Xstrata	Wandoan	4.476 Bt <sup>B</sup>	4.1 - 7.7 Billion Tonnes <sup>#</sup>
	Cattle Creek	~500 Mt *	(Non JORC QLD Gov estimates)
	Cowangah	~700 Mt *	(Non JORC QLD Gov estimates)
	Meeleebee	~500 Mt *	(Non JORC QLD Gov estimates)
	Orzabah	~500 Mt *	(Non JORC QLD Gov estimates)
Blackwood Corporation	Taroom Tenements	N/A	1.0 – 1.3 Billion Tonnes <sup>A</sup>
Cockatoo Coal Ltd	Bottle Tree	35 Mt***	
	Taroom	433 Mt***	
	Woori	84 Mt ***	
	Collingwood	229 Mt***	
Stanmore	The Range	229Mt****	Plus 60-70 Million Tonnes
Northern Energy	Elimatta	244 Mt <sup>##</sup>	
Metro Coal (Underground)	Juandah	248 Mt**	
	Bundi	1.55 Bt**	
	Norwood	156 Mt**	

Note 1: The information in this table that relates to Exploration Results and Minerals Resources (other than the Blackwood Exploration Target) has been taken from the documents listed below, and are subject to the respective Competent Persons' Statements contained in each document:

\*See Southern Queensland Advanced Exploration Projects, DEEDI-Mines, Brisbane December 2011

\*\* Metrocoal, 1 Feb 2012; Presentation to QC Investors Forum. primarily underground resources

\*\*\* Cockatoo Coal Limited, Quarterly Report 31 December 2011.

\*\*\*\* Stanmore Coal Limited – Investor presentation 6<sup>th</sup> March 2012.

<sup>#</sup> Xstrata - Preliminary Financial Results 2009.

<sup>B</sup> Xstrata – Mineral Resources & Ore Reserves as of 30 June 2010.

<sup>##</sup> New Hope July 2011 presentation

Note 2: Blackwood's 1.0 to 1.3 Bt<sup>A</sup> is classified as JORC Exploration Target and not JORC Resources. As such it is conceptual in nature and there has been insufficient exploration drilling to define a JORC Resource on the tenement, it is uncertain if further exploration will result in discovery of a JORC Resource on the tenement.

## Regional Geology

The coal sequences of the Taroom Project area occur in the Jurassic Walloon Coal Measures (Figure 4) of the central-north part of the Surat Basin in South East Queensland.

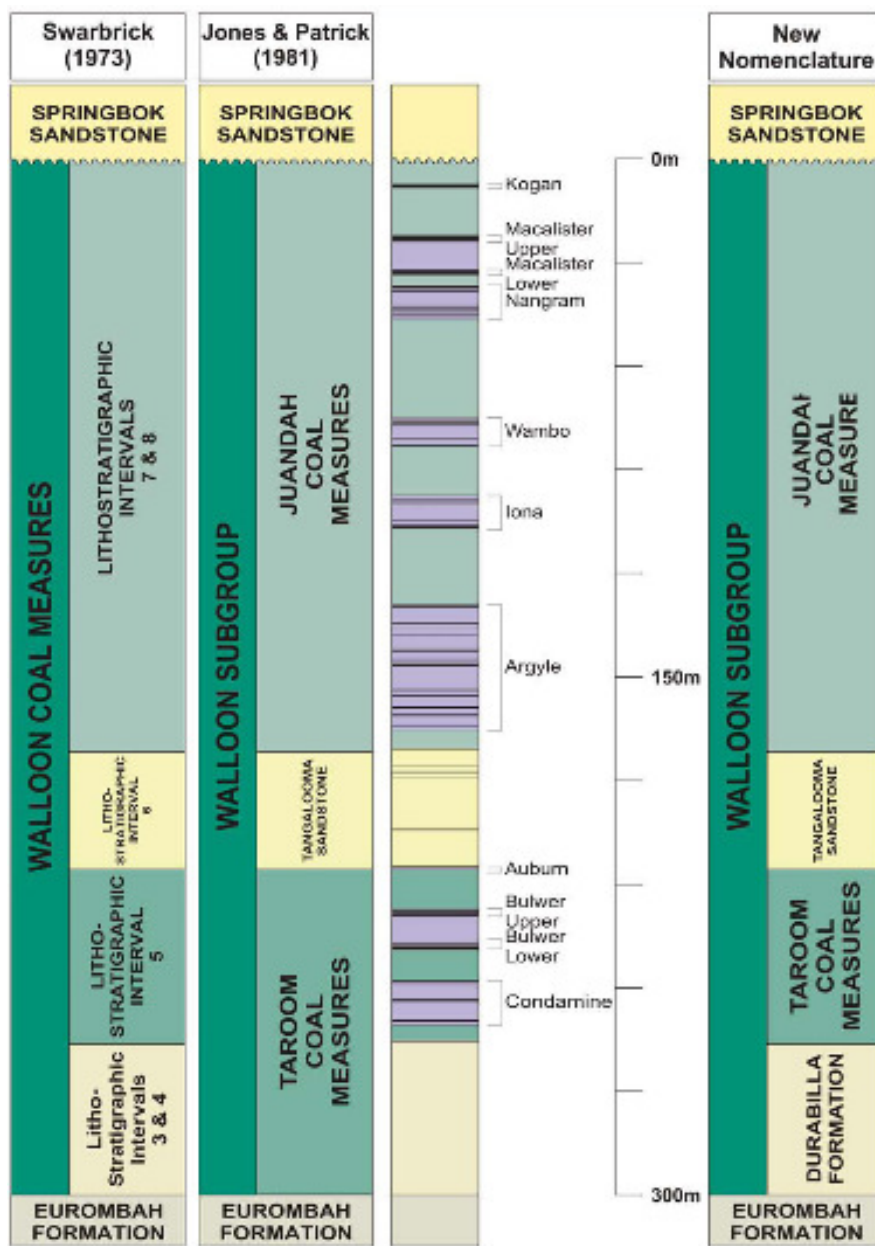


Figure 4 - Surat Basin - Walloon Subgroup

These coal measures and the seam groups contained within are considered to be regionally consistent and correlatable for many hundreds of kilometres. Blackwood’s geological team have produced a 3D regional model that maps the Juandah Coal Measures, Tangalooma Sandstone and the Taroom Coal Measures as groups to correlate and quantify the coal seams in the project area.



## Infrastructure

Blackwood is examining multiple infrastructure solutions to provide a path to export markets. During 2012 the company will compile detailed studies on a range of options, with a particular focus on opportunities incorporating the proposed Southern Missing Link (Surat Basin Rail) and potential Wiggins Island Coal Terminal at Gladstone.

Surat Basin Rail (SBR) is a private consortium that will build a rail system to link the emerging Surat Basin to the existing QR National "Moura" network to Gladstone. It is expected that expansion capacity will be available on this network, although detailed studies and consultation with counterparties has not yet occurred. SBR is expected to be complete in approximately 2017. Wiggins Island Coal Export Terminal (WICET) is a private consortium aiming to construct a new export facility for coal at the Port of Gladstone. It is understood that there will be further phases of expansion at WICET, in due course.

## Chief Executive Comments

Todd Harrington, Chief Executive Officer of Blackwood Corporation, said: "These results reinforce Blackwood's confidence in the quality of our assets around Taroom, and give the company an opportunity to further explore coal mineralisation which we believe could support more than one open-cut mine."

"This billion tonne plus open cut exploration target, in conjunction with the recent announcement of a 190-240mt<sup>c</sup> open cut JORC Exploration Target at the Chinchilla Project, gives Blackwood exposure to potentially multiple open-cut projects in the rapidly-emerging Surat Basin."

"Alongside our Galilee Basin projects, Blackwood now has two highly prospective project areas in both of Queensland's emerging coal basins," he said.

Mr Harrington also noted the forward plan for the Surat Basin projects, with the creating of infrastructure solutions becoming a priority for the Company.

"As part of our strategy to de-risk our projects and secure a future path to market, Blackwood is investigating infrastructure opportunities in the area. Many projects are advancing to solve infrastructure constraints and Blackwood is well positioned to benefit from these developments. We have commenced this process by signing a Memorandum of Understanding with the Port of Brisbane and Queensland Rail to investigate export opportunities through Brisbane and will commission work to study the potential options emerging in the Gladstone area."

"On a corporate note, I commend the work completed by our General Manager for Queensland Exploration, Mark Winsley and his exploration team. The Taroom area has experienced significant adverse weather conditions across the last two quarters and the team's use of new and existing exploration has produced excellent, timely results at minimal cost to shareholders."

## About Blackwood Corporation

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

Queensland, Australia. Through its wholly owned subsidiary, Matilda Coal Pty Ltd, Blackwood Corporation holds tenure of over 5,800km<sup>2</sup> in world class and internationally recognized 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.



## Competent Persons' Statement

The information in this report that relates to Exploration Results and Minerals Resources is based on information compiled by Mr Mark Winsley and Mrs Merryl Peterson, who are both members of The Australian Institute of Mining and Metallurgy (AUSIMM).

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 the information in the form and context in which it appears.

Mr Winsley is Blackwood Corporation Limited's General Manager – QLD Exploration and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Winsley consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mrs Peterson and Mr Winsley as Competent Persons are responsible only for information relating to the resources of Blackwood Corporation, and that the information provided in Table 2 is based on information taken from the documents listed in that table, and is subject to the respective Competent Persons' Statements contained in each document.

## JORC Exploration Targets

<sup>A</sup> *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, it is uncertain if further exploration will result in discovery of a coal resource on the tenement.*

<sup>B</sup> 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, it is uncertain if further exploration will result in discovery of a coal resource on the tenement. 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.

<sup>C</sup> 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, it is uncertain if further exploration will result in discovery of a coal resource on the tenement. 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.

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