



**Blackwood Corporation  
announces 190 – 240 Mt Thermal  
Coal JORC Exploration Target at  
its Chinchilla Project**

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GM Exploration QLD – Mark Winsley

GM Bus Dev – Brendan Schilling

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## Highlights

- **JORC Exploration Target of 190 – 240 Million Tonnes<sup>A</sup> of thermal coal** - Constrained using strict production-based criteria to seams with an average thickness greater than 0.25m and basal seam depth of less than 150m.
- **Historical data captured, coded, validated and reinterpreted** – Over 580 historical drill holes are used in the geological model.
- **Encouraging infrastructure solutions identified** – Project is adjacent to existing QR rail network, and 300km to the Port of Brisbane. MOU's recently executed with QR and Port of Brisbane.
- **Forward work programs** – Follow-up and confirmation drilling scheduled to commence in Q2 2012.

<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

# Chinchilla Project Overview

The Chinchilla Project is 100% owned by Blackwood Corporation Limited ('Blackwood') through its subsidiary Matilda Coal Pty Ltd. The Project is strategically located in the middle of the Surat Basin, 10km north-west of the Chinchilla township (Figure 1).

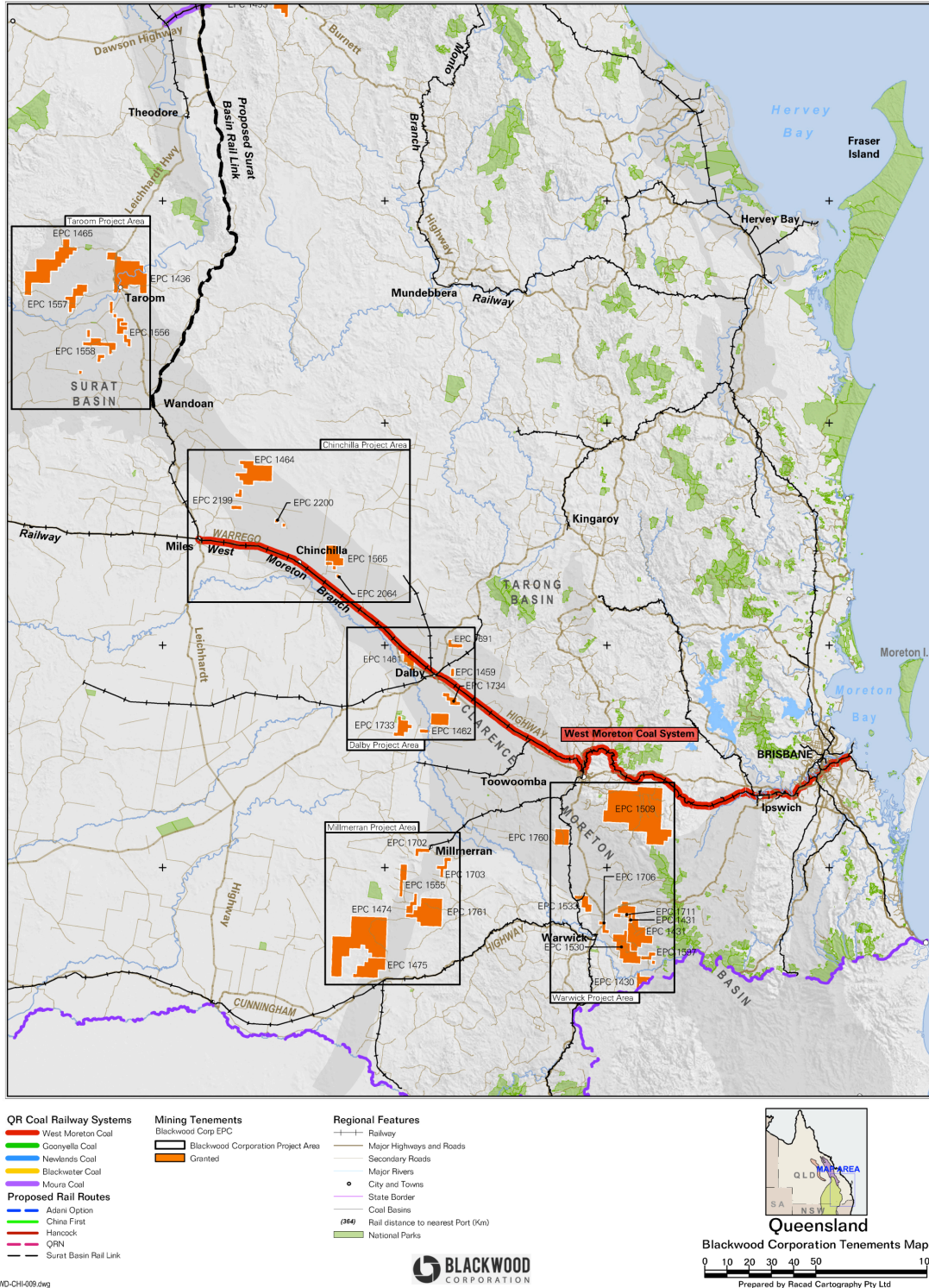


Figure 1 - Blackwood Corporation's Surat & Clarence Morton Projects with Chinchilla Project well positioned near current and proposed infrastructure

The region has a significant advantage of major roads (Warrego Highway) and railway being already established and traversing the southern edge of the Blackwood tenures. These networks currently link the nearby coal mines of Wilkie Creek (Peabody Coal) and Cameby Downs (Yancoal) to the Port of Brisbane.

The Chinchilla Project comprises 5 tenures (EPC's 1464, 1565, 2064, 2199 & 2200), covering 71 granted sub blocks of 217 km<sup>2</sup> (Figure 1). Blackwood is also the priority applicant for an additional 48 sub-blocks (147km<sup>2</sup>) that are still in application which have not been included in the JORC Exploration Target calculation.

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

The Chinchilla Project contains the coal seams; Argyle, Iona, Auburn, Upper Bulwer and Lower Bulwer of the Taroom Coal Measures, part of the Walloon subgroup (Figure 2). These coal measures and the seam groups contained within are known 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, additionally a local model was made to correlate and quantify the coal seams in the project area. The Chinchilla project is adjacent to Cockatoo Coal's Krugers, Bushranger and Davies Road projects, and Yancoal's Cameby Downs.

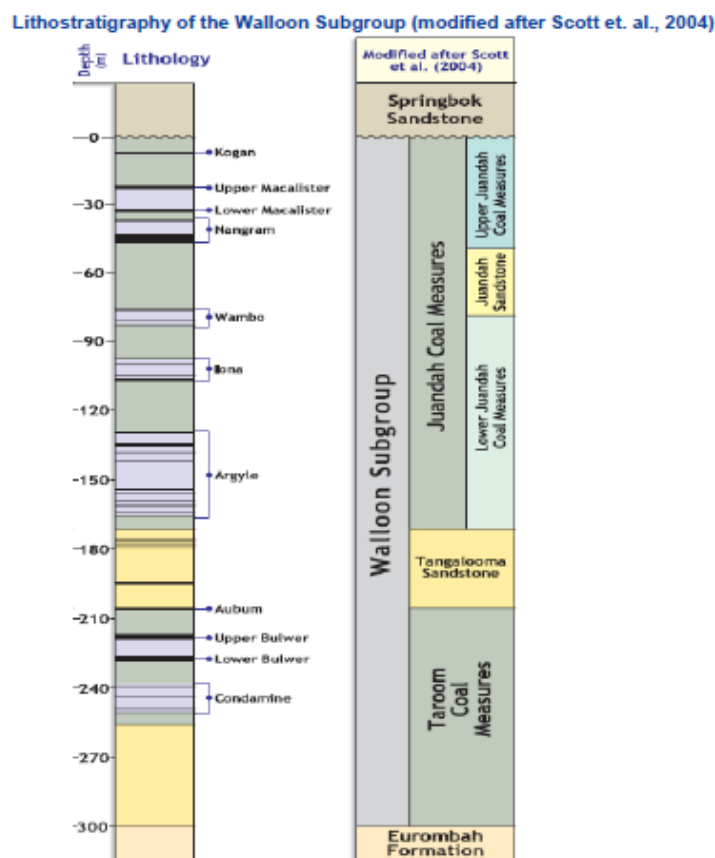


Figure 2 - Surat Basin - Walloon Subgroup

## Chinchilla JORC Exploration Target

Blackwood Corporation has completed a comprehensive review of all available data and has estimated a JORC Exploration Target for the Chinchilla Project **within the range 190 million tonnes to 240 million tonnes** <sup>A</sup>.

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

Constraining factors for the Exploration Target were as follows:

- Coal seams were modelled to >0.1m thick and >1000m depth, however 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 20% was applied to all seams to account for unexpected seam splitting and thinning.

A conservative relative density of 1.35 was applied to the coal seams (Bulwer, Auburn, Argyle & Iona) and the coal quality of seams is derived from core holes drilled on adjacent deposits within the geological model area. The table below details the parameters and the ranges reported in this historical data set.

Raw Coal analysis – air dried basis (ad)	From	To
Moisture %	8	10.4
Ash %	13.8	28.8
Volatile Matter %	34.1	40.1
Fixed Carbon %	32	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

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Figure 3 shows the subcrop of the main Bulwer seam and its associated floor contours as well as the polygons used in the calculation of the exploration target.

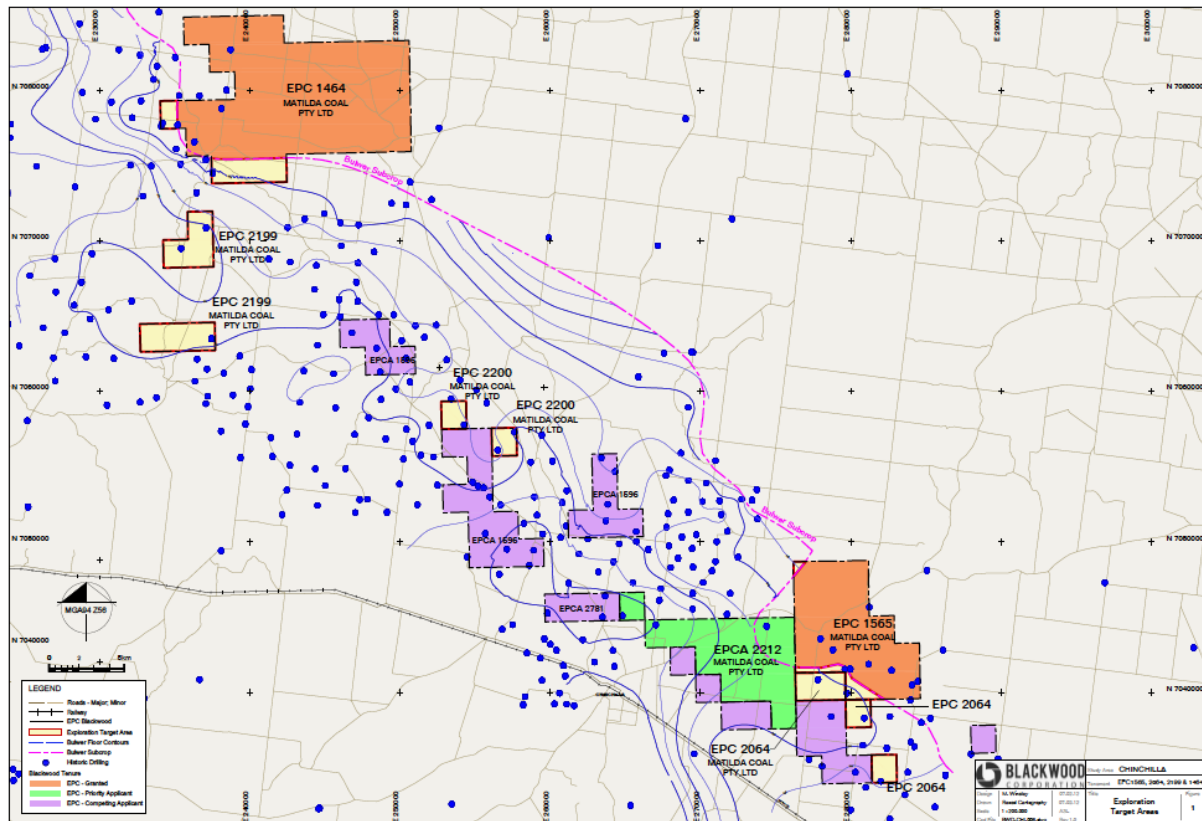


Figure 3 - Bulwer seam subcrop and floor contour and Exploration Target polygon areas in yellow.

## Chief Executive Comments

Todd Harrington, Chief Executive said “the re-evaluation and geological modelling of the historic and new exploration data confirmed the Chinchilla Project as a second JORC Exploration Target and new Priority Project for Blackwood shareholders.”

“A large amount of historical data on the Chinchilla Project was found when collating historical data from the adjacent Surat Projects. Work on the Dalby and Taroom Project areas is ongoing. The historical data was in various formats and sources, but once collated and reinterpreted highlighted an enlarged opportunity to Blackwood.”

“The substantial detail that is contained in the historical data and publicly available data from adjacent mine sites has given Blackwood a huge head-start in identifying priority exploration opportunities. Blackwood strategy is to use and understand all historical data first and foremost on all its assets. This information contains many millions of dollars of value, and allows new exploration to be complimentary to the resource understanding and interpretation. New exploration can be very focused and cost effective when it utilises more than 580 holes of historical data, recoding, re-

correlating and modelling from first principles. The result is the discovery of shallow, prospective coal opportunities.

The Chinchilla Project is another exciting prospect for Blackwood, and further shows the strength of Blackwood's diverse and large portfolio. Within the Surat and Clarence Morton Basins, Blackwood is focused on developing a number of shallow open-cut projects. Chinchilla is the first announcement in this regard. Blackwood has recently applied the same strategy on the Taroom Project. Together with the results of our current drill program (due early Q2 2012), Blackwood will make further announcements on these adjacent portfolio opportunities."

## **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. Blackwood enjoys strong support from its major shareholder, Noble Group.

## **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, who is a member of The Australian Institute of Mining and Metallurgy (AUSIMM). 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, 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.

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