



Quarter 4 2012 Report

ASX: BWD

Blackwood Corporation Limited

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Board of Directors

Barry Bolitho

Rex Littlewood

Will Randall

Andrew Simpson

Company Secretary

Patrick McCole

Senior Management

CEO – Todd Harrington

CFO – David Smith

GM Exploration – Mark Winsley

GM Bus Dev – Brendan Schilling

Principal Intl Geo – Joel Yago

Key Metrics

Projects: 17

EPC's: 52

EPCA's: 8

Portfolio JORC Exploration Target:

5.0 to 6.9 billion tonnes[#]

Highlights

- Expansion of JORC Exploration Target at South Pentland project to **3.6 to 5.0 billion tonnes^A**
- Blackwood now has a combined total of **5.0 to 6.9 billion tonnes[#]** of JORC Exploration Targets from its South Pentland^A, Taroom^B, Chinchilla^C and Bymount^D projects
- **Loan facility** between Noble Group and Blackwood repayment date increased & extended to 30 June 2013.
- Blackwood appointed to QLD State Government's "**North Queensland Resources Supply Chain Steering Committee**"

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

Exploration

Safety

Blackwood Corporation (“Blackwood”) operates with a zero-harm policy towards site and employee safety. Blackwood is pleased to report that there were no incidents or accidents during the fourth quarter of 2012.

South Pentland

Blackwood announced on the 8th of October a JORC Exploration Target within the range 1.5 billion tonnes to 1.8 billion tonnes^A at the Lauderdale Project, a second prospect within the South Pentland Project (Figure 1).

This target is the result of a program involving 63 km of new 2D seismic, 4 additional drill holes intersecting coal on the seismic lines, and a comprehensive review of all available historical data. These elements were used to build a detailed geological model of the Project area and projected coal seams.

The South Pentland Project now has a total of 3.6 – 5.0 billion tonnes^A JORC Exploration Target thermal coal. Coal quality testing is continuing on the samples received from the project.

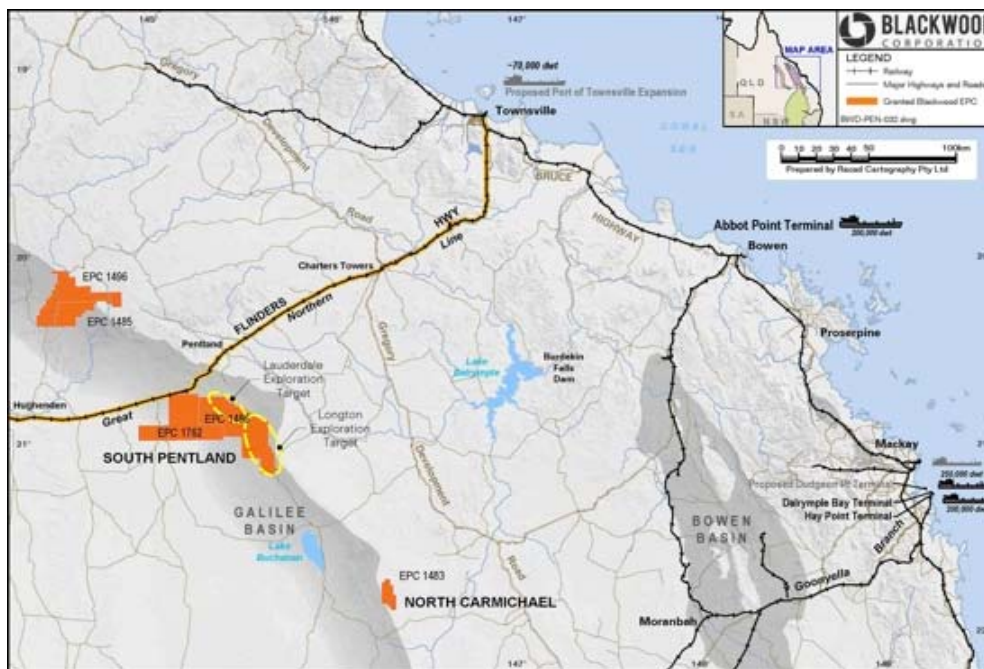


Figure 1 – Blackwood Corporation's South Pentland Project & associated infrastructure

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

Drill results from the Taroom project continued to be received throughout the Quarter. The data set continues to be compiled as it moves towards finalisation of JORC resources. Desktop analysis of results throughout the Quarter has assisted with finalisation and selection of drill target programs for 2013 drilling campaign. Rehabilitation continued throughout the Quarter at the Taroom project to comply with Environmental Approvals. All completed and logged holes were grouted and returned to original condition.

Bymount Project

Drill programs for 2012 were completed at the Bymount project, with downhole geophysical results collected throughout the Quarter. With this information processed 2013 drill target programs have been refined, and land access processes commenced in early 2013. Rehabilitation continued throughout the Quarter at the Bymount project to comply with Environmental Approvals. All completed and logged holes were grouted and returned to original condition. Blackwood continues to investigate infrastructure and commercial opportunities on the Bymount project.



Capella Project

Drill target selection and refinement occurred throughout the Quarter, with drilling to commence 15th January 2013. Four holes are planned in order to complement the current geological assessment of the project. The Capella project is believed to contain an extension of the coal measures found at the adjacent 762mt Rio Tinto “Valeria” project. These coal measures are known to contain coking, PCI and thermal seams.

Infrastructure

Blackwood has been appointed to the North Queensland Supply Chain Steering Committee, as notified by the Queensland Government Department of State Development, Planning and Infrastructure on the 24th September 2012. The purpose of this committee is to prioritise projects and investment in North Queensland, predominantly driven by the Mt Isa to Townsville rail system with funding of \$1.66 million for infrastructure planning. The Committee has held several meetings throughout the previous Quarter, with good progress on assessing forward steps to holistically analyse the current and future supply chain scenarios.



Figure 2 – Great Northern Line and Flinders Highway near South Pentland Project

Corporate

Finance

Blackwood advises that it has entered into agreements for an increase and extension to the Draw Down Facility entered into with its subsidiary Matilda Coal Pty Ltd, and its controlling shareholder Noble Group Limited that was announced to the market on 1 August 2012. The extension to the Facility was announced to the market on the 2 January 2013. The increase to the Facility was announced to the market on 31 January 2013.

Under the extension and increase agreements the parties have agreed to increase the facility from \$5,000,000 to \$6,500,000 and to extend the repayment date to 30 June 2013, providing the Company with an additional \$1,500,000 in funds for working capital purposes.

All other terms of the facility remain unchanged and in full force and effect.

Mulsanne Resources

Blackwood commenced legal action throughout the Quarter against Mulsanne Resources Pty Ltd ("Mulsanne Resources"). The Supreme Court of New South Wales ordered on the 20th November that Mulsanne Resources be wound up under the *Corporations Act 2001* (Cth) and that Robyn Louise Duggan and John Melliush of Ferrier Hodgson Chartered Accountants be appointed as joint and several liquidators of Mulsanne Resources. The Liquidators are currently undertaking investigations into Mulsanne Resources and are proceeding to undertake public examinations of the former directors and officers of Mulsanne Resources.

Blackwood is the major creditor in the liquidation of Mulsanne Resources and as such, it has agreed to fund the Liquidators to conduct the Court Proceedings for the Public Examinations (including Examination Summonses and Orders for Production) of the former directors and officers, as it continues to pursue Mulsanne Resources and its directors and officers to the fullest extent.

The liquidators are also required to provide certain reports to creditors which must be lodged with ASIC, and Blackwood will continue to monitor the recoverability of the monies owed to the Company under the Share Purchase Agreement and will keep the market updated on further developments.

Tenement Summary

Blackwood advises that two EPC's have been granted throughout the Quarter. EPC2842 (1 sub-block at South Pentland) was granted on the 7th of December. This EPC is of strategic importance to Blackwood for its South Pentland project. Blackwood also received the granting of EPC 2104 (1 sub-block) on the 15th November 2012. This EPC is adjacent to New Hope Corporation's "Lenton" project.

Blackwood also had three EPC renewals granted at its Warwick South project throughout the Quarter (1430, 1530 & 1533) and relinquished 42 sub-blocks across 4 projects in accordance with its EPC conditions.

Tenure Count	Sep-12	Oct-12	Nov-12	Dec-12
APPLICATION	22	22	21	20
COMPETING APPLICATION	11	11	11	11
EXPLORATION PERMIT PROPOSAL	3	3	2	1
PRIORITY APPLICANT	7	7	7	7
IN ASSESSMENT	1	1	1	1
GRANTED	52	52	53	54
RENEWAL LODGED	4	3	2	2
GRANTED	48	49	51	52
Grand Total	74	74	74	74

Table 1 – Count of QLD EPC's by Number

Sub-Block Count	Sep-12	Oct-12	Nov-12	Dec-12
APPLICATION	468	468	467	466
COMPETING APPLICATION	202	202	202	202
EXPLORATION PERMIT PROPOSAL	3	3	2	1
PRIORITY APPLICANT	249	249	249	249
IN ASSESSMENT	14	14	14	14
GRANTED	1831	1826	1810	1791
RENEWAL LODGED	72	63	55	55
GRANTED	1759	1763	1755	1736
Grand Total	2299	2294	2277	2257

Table 2 – Count of QLD EPC sub-block tenures by status

Mineral Tenure

EL26891 – Northern Territory
EL29433 – Northern Territory
EL26820 – Northern Territory
EL29438 – Northern Territory
EL70/3292 – Western Australia

CEO Commentary

Chief Executive Officer of Blackwood, Todd Harrington, commented that in a mixed Quarter the Company remained focused on opportunities that could bring early returns to the Company.

“The upgrade of the JORC Exploration Target at South Pentland has enabled Blackwood to examine project opportunities that are closer to the existing rail system and represent attractive options for development. I am confident that the tenure will continue to deliver”, he said. “Our appointment to the NQRSCSC also gives Blackwood an excellent opportunity to understand and shape the future of the supply chain in North Queensland by working closely with existing users, operators and asset owners of the supply chain, and the State Government of Queensland”.



“Overshadowing our progress has been the delays and issues with Mulsanne Resources, culminating in legal action being commenced by Blackwood. With the matter now in the court, Blackwood is continuing to work towards a resolution” he said.

Mr Harrington also welcomed the increase and extension of the loan facility provided by Noble Group. “The increased Facility provides the funding for Blackwood to maintain and advance the development of its assets. It shows the continued confidence of our major shareholder, Noble Group, in Blackwood’s tenement portfolio and management team and underscores the benefit of such a supportive cornerstone shareholder” he said.

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 5,500 square kilometres in world class and internationally recognized coal basins, such as the Bowen Basin, Galilee Basin, Surat Basin and Clarence-Moreton Basin. The company has established 7 'priority projects' and 10 'pipeline projects', aimed at providing long term growth opportunities. Many of its assets are adjacent to proven coal reserves of significant size and export quality, as well as excellent infrastructure.

For more information, please contact

Todd Harrington
Chief Executive Officer
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Competent Persons' Statement

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

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 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 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, Mineral Resources and Ore Reserves. 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.

Mr Pass is engaged as Principal Resource Geologist/Director at Encompass Mining 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, Mineral Resources and Ore Reserves'. Mr Pass consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

JORC Exploration Targets

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.

#: The calculation of the total Exploration Target tonnage of 5.0 – 6.9 billion tonnes is derived from the Exploration Targets of the South Pentland (3.6 – 5.0 billion tonnes^A), Taroom (1.0 – 1.3 billion tonnes^B), Chinchilla (190 – 240 million tonnes^C) and Bymount (300 – 420 million tonnes^D) Projects. Coal qualities for these individual projects can be found in Note's A, B, C and D in this Document.

^A: Please refer to the ASX South Pentland Exploration Target announcements 21 November 2011 & 8 October 2012 for full report. 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: Please refer to the ASX Taroom Exploration Target announcement 19 March 2012 for full report. Coal Quality Ranges for the Taroom Project are as follows (all on an air dried basis): Moisture 5.9-9.9, Raw Ash 9.8-31.3, Volatile Matter 28.7-43.9, Fixed Carbon 27.0-40.0, Total Sulphur 0.22-0.51, SE 5162 – 6709 kcal/kg.

^C: Please refer to the ASX Chinchilla Exploration Target announcement 20 February 2012 for full report. 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.

^D: Please refer to the ASX Bymount Exploration Target announcement 20 August 2012 for full report. 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 - 6709 kcal/kg.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Blackwood Corporation Limited

ABN

31 103 651 538

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(2,533)	(4,199)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(941)	(1,391)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	14	26
1.5	Interest and other costs of finance paid	(167)	(169)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	6
	Net Operating Cash Flows	(3,627)	(5,727)
Cash flows related to investing activities		-	-
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(10)	(50)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(10)	(50)
1.13	Total operating and investing cash flows (carried forward)	(3,637)	(5,777)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,637)	(5,777)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	5,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	5,000
	Net increase (decrease) in cash held	(3,637)	(777)
1.20	Cash at beginning of quarter/year to date	4,552	1,692
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	915	915

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

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	57
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities (*On 31 January 2013 BWD increased the existing loan facility to \$6.5m – Refer ASX announcement dated 31 January 2013)	Nil*	5,000*
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	900
4.2 Development	-
4.3 Production	-
4.4 Administration	900
Total	1,800

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	915	4,552
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	915	4,552

Note: On 31 January BWD increased the existing loan facility to \$6.5m providing the Company with an additional \$1.5 million in funding available to meet the Company's ongoing operations and asset development.

Including the funds available from the loan facility, the funds that are available for the Company's ongoing operations during the next Quarter (including the cash at the end of the Quarter) has totalled \$2.415 million.

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
	1485	Partial Relinquishment	100%	100%
	1496	Partial Relinquishment	100%	100%
	1597	Partial Relinquishment	100%	100%
	1733	Partial Relinquishment	100%	100%
	1734	Partial Relinquishment	100%	100%
	2064	Partial Relinquishment	100%	100%
6.2	Interests in mining tenements acquired or increased			
	2104	Granted EPC	-	100%
	2842	Granted EPC	-	100%

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases (b) Decreases			
7.3	+Ordinary securities	185,050,269	185,050,269	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs			
7.5	+Convertible debt securities (description)	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			
7.7	Options (description and conversion factor)	Nil	Exercise price	Expiry date
	Executive options – 1:1			
7.8	Issued during quarter			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not~~* (delete one) give a true and fair view of the matters disclosed.

Sign here: ..**Patrick McCole**..... Date: 31 January 2013
(~~Director~~/Company secretary)

Print name: Patrick McCole
.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.