



# Quarterly Report

## Quarter 4 2011

### ASX: BWD

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#### Board of Directors

Barry Bolitho  
Rex Littlewood  
Will Randall  
Andrew Simpson

#### Company Secretary

Patrick McCole

#### Senior Management

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

### Highlights

- JORC Exploration Target of 2.1- 3.2 Billion Tonnes\* at South Pentland
- Progress made across all Blackwood Priority Projects
- Phase 1 & 2 Drilling and Seismic Programs completed at South Pentland
- Phase 1 Drilling Programs commenced at North Hughenden & North Carmichael
- Northern Infrastructure Solution progressing with MOU's executed between BWD/Queensland Rail/Port of Townsville

## EXPLORATION

## SAFETY

Blackwood is pleased there were no reportable incidents or accidents during the Quarter.

## PROJECTS

### South Pentland

Drilling conditions at South Pentland continued to be difficult throughout the quarter. The remainder of the phases one and two drilling program were completed and an additional 5 holes have now been planned, aimed at investigation of a structural anomaly present in the northern centre of the project. These new results combined with over 80 existing re-interpreted drill holes, allowed the calculation of a substantial JORC Exploration Target of 2.1 to 3.2 Billion tonnes\* of Thermal Coal. This was announced to the ASX on the 21<sup>st</sup> of November 2011.

Further geological assessment and interpretation of historical data for this large project area is ongoing and will continue into Q1 2012.

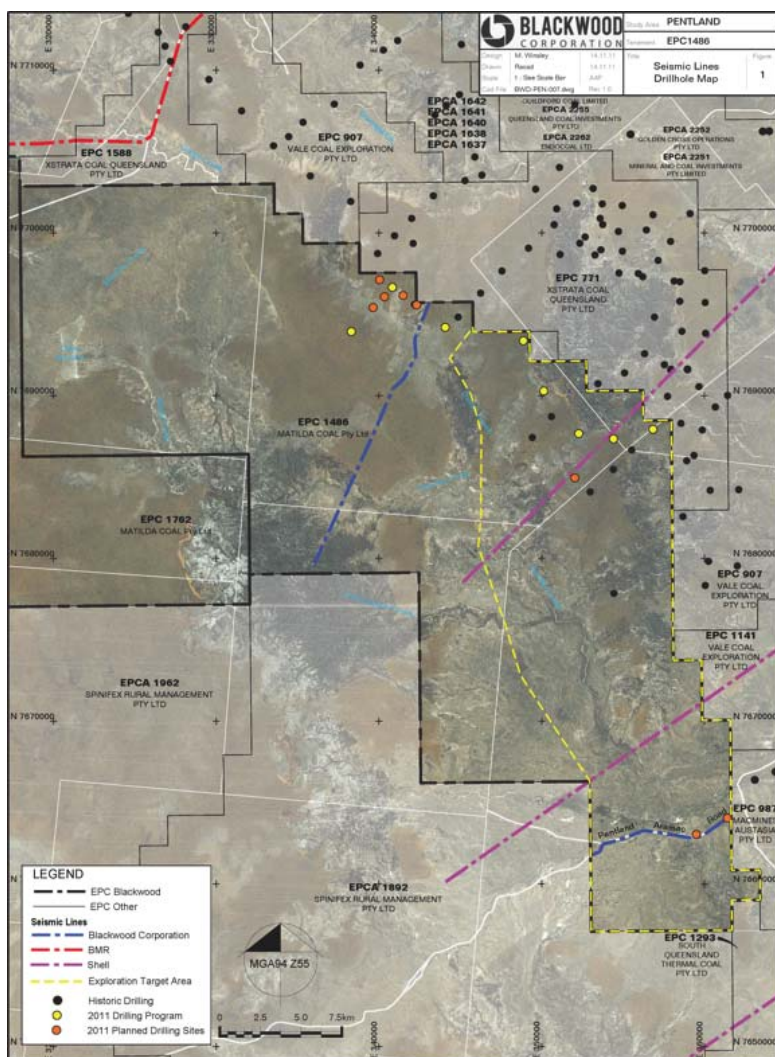


Figure 1 – Blackwood's South Pentland Project showing drilling, seismic data and JORC Exploration Target Area

## **North Hughenden**

An on-site exploration camp was established at the end of November, and one rig started drilling. Two holes were completed; one drilled out side the coal sub-crop area returned barren of coal, and a second hole intersected coal at 80m and 100m. Rain ended the year early, and as a result this hole is to be re-drilled as a core hole in January. Over 40 sites have been cultural heritage cleared, and land access agreements are in place for the upcoming program (Figure 2). Note: Within the current program, Blackwood is not intending to drill every cleared site, but this gives Blackwood maximum optionality to optimize the exploration program for both cost effectiveness and timely results.

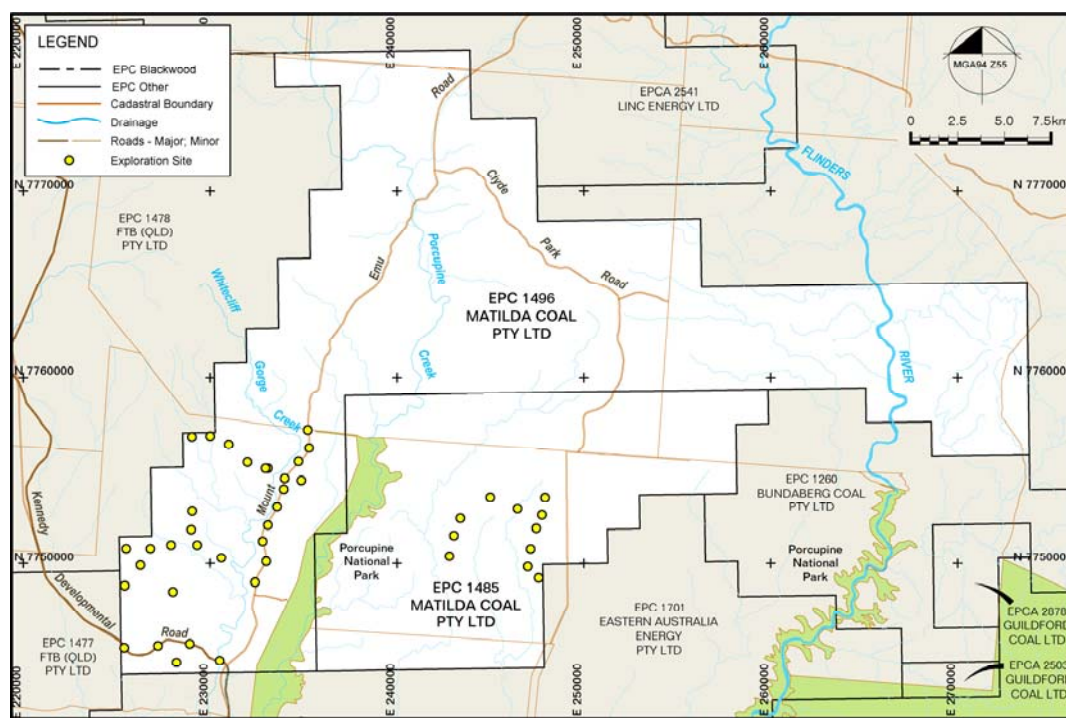


Figure 2 – North Hughenden Sites and Tenure

## **North Carmichael**

Two holes were drilled within the Quarter to review the presence of coal updip of Macmines China Stone and along strike from Adani's Carmichael projects. Using helicopter supported drill rigs, drilling intersected weathered coal in the southern portion of the lease. The remainder of the drill program will target fresh coal extensions of this seam (within Blackwood's lease) and to confirm whether or not the geological structure to the east provides another subcrop. This program will continue during the first half of 2012.

## **Taroom**

Land access agreements are complete for the planned drilling on the Taroom Project. Wet weather in December prevented a start to drilling operations. Drilling is now expected to commence in January 2012.

On the Taroom project over 45 sites have been planned and access now established. Drilling will target the shallow thermal coal seams adjacent to Xstrata's Wandoan Project and adjacent leases.

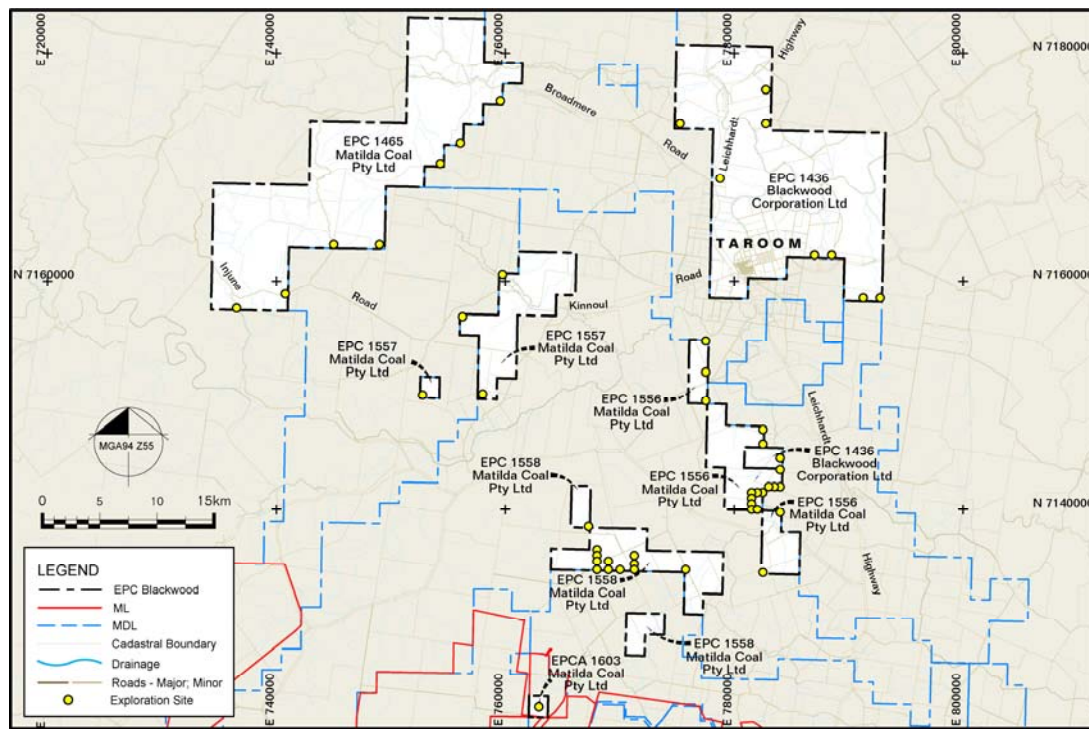


Figure 3 – Taroom Project proposed exploration sites and Tenure

### **Capella**

Further progress was also made in regard to land access during the Quarter (over half the target areas now have agreements in place). The Capella project was ready to drill in early December, but the weather in central Queensland left very wet ground conditions. Drilling is planned to commence in Q2 2012 targeting the downdip coking coal seam extensions into Blackwood's leases from Rio Tinto's Valaria deposit.

### **Chinchilla and Dalby**

A review of the historical open file data sets commenced in Q4 2011. With over 2400 relevant bore holes found, the recoding, interpretation and the subsequent geological modelling is a complex and time-consuming process. The plan is to complete this work by Q1 2012, to allow targeted drill programs to be implemented in the second half of 2012.

### **Dingo**

The Dingo project comprises two EPC's west of Cockatoo Coals Dingo Project. Blackwood is the priority applicant and is awaiting grant of EPCA 1535. The target coal in the area is PCI coal, and after a review of the historic data, a drilling plan has been designed and land access discussions are scheduled for Q1 2012.



## CORPORATE

### Accounts and AGM

All resolutions were passed at the Annual General Meeting of Blackwood Corporation on the 14<sup>th</sup> December 2011, including the re-election of current directors, adoption of the 2011 statutory accounts, implementation of an employee share incentive scheme and dissolution of the Technical Services Agreement with Noble Group. The company also released its annual report in October, which is available via the company's and the ASX websites.

### Infrastructure

The company experienced good progression of its infrastructure related projects across the quarter. The company signed twin memorandums of understanding with Queensland Rail and Port of Townsville Limited.

#### **Queensland Rail**

Queensland Rail Limited (**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.

Blackwood has executed a Memorandum of Understanding with QR to jointly investigate the potential opportunity of coal export along the Mount Isa System from its Galilee projects via the existing rail infrastructure.

Further to the executed Memorandum of Understanding, the company has also submitted 'Requests for Access' to QR for both the Mt Isa to Townsville Railway system, as well as the West Moreton Railway System, which carries freight (including coal) from Miles to Brisbane. The company expects to receive indicative pricing from QR early in Quarter 1 2012, which will assist with financial modeling of the company's projects that lie in the respective rail catchment areas.

#### **Port of Townsville Limited**

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

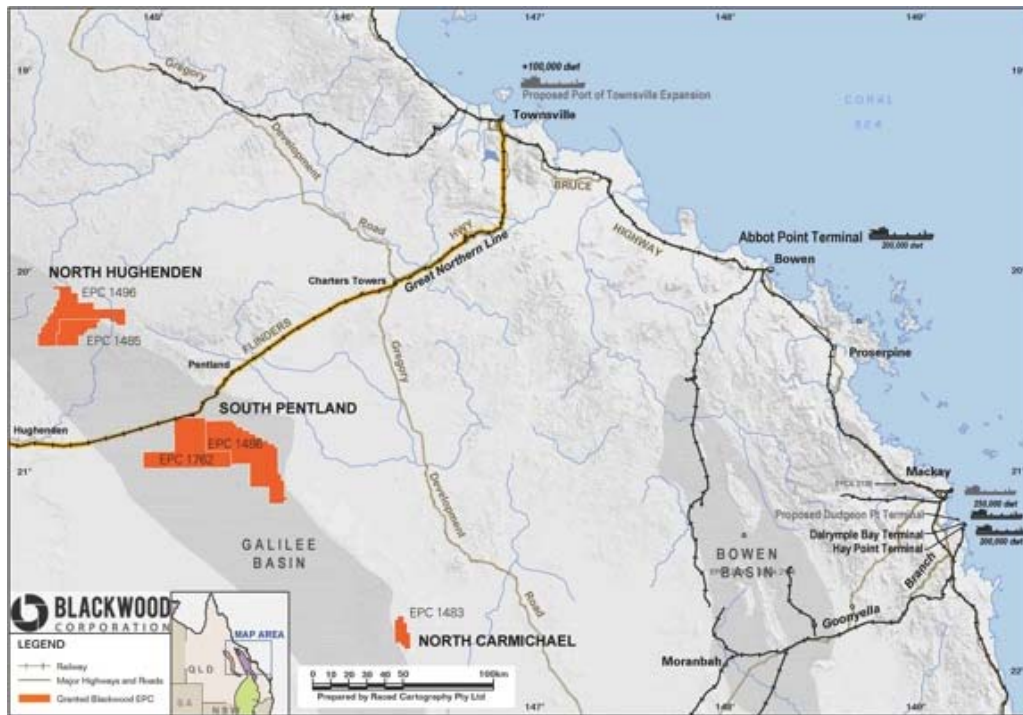


Figure 4 – Galilee Basin Projects and Associated Infrastructure

## West Moreton System / Port of Brisbane

In conjunction with the QR discussions regarding the West Moreton Railway system, the company has also commenced discussions with Port of Brisbane Pty Ltd regarding the export of coal from the facility located at Fisherman Islands, Brisbane. It is anticipated that these discussions will progress to a Memorandum of Understanding being signed by both parties, with a goal of working towards new coal export opportunities through existing infrastructure.

## Community Initiatives

### **Beneficiary: Pentland Public School**

### **Amount: \$2,000**

Blackwood Corporation completed seismic surveying for the South Pentland project in October 2011. Charters Towers Regional Council did not request any compensation from Blackwood for usage of the road easement. Subsequently, the company donated \$2,000 to the local school as a goodwill gesture of thanks for the Council's assistance.

Blackwood Corporation presented the cheque to Laura Peagham, Principal of Pentland Public School on 22<sup>nd</sup> November 2011. Representing Blackwood Corporation were Tony Brewer, Field Operations Supervisor, and Brendan Schilling, GM Business Development. Also present was Mayor of Charters Towers Regional Council, Mr Ben Callcott.

A brief talk was given to the students about coal exploration and the activities of Blackwood in the local area and questions were taken from students about the use of coal and how exploration actually occurs.

The school has advised that the donated money will be used for the end of year student camp. Blackwood Corporation is proud to support the local communities in which it operates.



Figure 5 - Tony Brewer, Field Operations Supervisor and Brendan Schilling, GM Business Development presenting the cheque with Ben Callcott, Mayor of Charters Towers Shire Council to Laura Pegham, Principal of Pentland State School and students.

### **Tenement Summary**

The company acquired the following exploration permits across the quarter:

- 1761 (Millmerran Project) – 50 Sub-blocks granted to Matilda Coal
- 2112 (South Pentland Project) – 3 sub-blocks granted to Matilda Coal

In line with government requirements, the following projects had relinquishments carried out on them over the quarter:

- 1431 (Warwick South Project) – Relinquished 12 sub-blocks
- 1430 (Warwick South Project) – Relinquished 3 sub-blocks
- 1565 (Chinchilla Project) – Relinquished 5 sub-blocks
- 1522 (Springsure Project) – Relinquished 17 sub-blocks
- 1459 (Dalby Project) – Relinquished 1 sub-block
- 1555 (Millmerran Project) – Relinquished 5 sub-blocks
- 1436 (Taroom Project) – Relinquished 17 sub-blocks
- 1509 (Warwick North) – Relinquished 42 sub-blocks
- 1556 (Taroom Project) – Relinquished 3 sub-blocks
- 1557 (Taroom Project) – Relinquished 1 sub-block

## **Roadshows and Presentations**

Blackwood Corporation was an active participant in the AJM 2011 Galilee Basin conference in November. The presentation is available on the company's website.

## **CEO Commentary**

The successful progress made over the last quarter is due to a combination of strategy and on-the-ground organization which enabled the scheduling of drilling to accommodate difficult weather conditions. Consequently, steady progress has been made on all our priority projects, in both exploration and rail and port areas, with all on or ahead of schedule. This is a significant effort especially given the Blackwood team has only been together for the last 5 months.

Of particular note, is the opportunity that is presenting at Blackwood's South Pentland Project. With a JORC exploration target of 2.1 – 3.2Bt\* estimated, and still over 80% of the tenure to be explored, this project is a very significant near term opportunity for Blackwood. The project is also very favourably positioned in regard to supporting rail and port infrastructure.

The coming year will be an exciting one for Blackwood Corporation. As one of the largest tenures holders in Queensland with a team actively exploring and fast tracking these resource opportunities, we expect Blackwood Corporation will continue its success in 2012.

## **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, such as the Bowen Basin, Galilee Basin, Surat Basin and Clarence-Moreton Basin. The company has established 7 'priority projects' and 11 'pipeline projects', aimed at providing long-term growth opportunities. Many of its assets are adjacent to proven coal reserves of significant size and export quality, as well as excellent infrastructure.

BWD enjoys strong support from its major shareholder, Noble Group.

For more information, please contact

**Todd Harrington**

Chief Executive Officer

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## **Competent Persons Statement**

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

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.

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.

\*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.

# 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<sup>st</sup> December 2011

### 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	0	
1.2	Payments for (a) exploration & evaluation	(3,032)	(4,682)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(987)	(1,435)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	36	191
1.5	Interest and other costs of finance paid	(2)	(5)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(3,985)</b>	<b>(5,931)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(65)	(83)
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)	-	-
	<b>Net investing cash flows</b>	<b>(65)</b>	<b>(83)</b>
1.13	Total operating and investing cash flows (carried forward)	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	-	-
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	3,940	3,940
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>3,940</b>	<b>3,940</b>
	<b>Net increase (decrease) in cash held</b>	<b>(110)</b>	<b>(2,074)</b>
1.20	Cash at beginning of quarter/year to date	7,382	9,346
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>7,272</b>	<b>7,272</b>

**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	82
1.24 Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

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

**Non-cash financing and investing activities**

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

N/A

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

During the period \$3,940,000 was received by the Company in relation to the dissolution of the Technical Services Agreement and entry into the Subscription Agreement.

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

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

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,000
4.2 Development	
4.3 Production	
4.4 Administration	900
<b>Total</b>	

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,272	7,382
5.2 Deposits at call	-	
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	7,272	7,382

### Changes in interests in mining tenements

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

+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	EPC 1761	Grant to Matilda Coal of EPC 1761	0%	100%
		EPC 2112	Grant to Matilda Coal of EPC 2112	0%	100%

### Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	<b>*Ordinary securities</b>	185,050,269	185,050,269		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	24,700,000	24,700,000		
7.5	<b>*Convertible debt securities</b> (description)	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			Exercise price	Expiry date
	Executive options – 1:1				
	Executive options – 1:1				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				

+ See chapter 19 for defined terms.

7.11	<b>Debentures</b> <i>(totals only)</i>		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>		

## 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: 30 January 2012  
(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.