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Level 8, 102 Adelaide St
Brisbane, QLD, 4000
Australia

8 June 2012

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

Dear Sir/Madam

Notice of General Meeting – Share Placement

As previously announced on 7 May 2012, Blackwood Corporation Limited (“Company”) entered into a Subscription 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 (“Subscription Agreement”).

The Subscription Agreement is subject to 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.

Attached is a copy of the Notice of General Meeting, Explanatory Memorandum, Proxy Form and Independent Expert’s Report for the General Meeting of shareholders to be held on 12 July 2012 that will be despatched to shareholders.

Yours sincerely

Patrick McCole
Company Secretary

BLACKWOOD CORPORATION LIMITED

ABN 31 103 651 538

Notice of General Meeting and Explanatory Memorandum

Date of Meeting: 12 July 2012

Time of Meeting: 10.00 am (EST) (Brisbane time)

Place of Meeting: The Oak Room
The Brisbane Club
241 Adelaide Street
Brisbane QLD 4000

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Notice of General Meeting

Notice is given that a General Meeting of shareholders of BLACKWOOD CORPORATION LIMITED ABN 31 103 651 538 (**Company**) will be held at The Oak Room, The Brisbane Club, 241 Adelaide Street, Brisbane QLD 4000, at 10.00 am (EST) on Thursday, 12 July 2012 (Brisbane time).

Agenda

Ordinary business

Resolution – Approval of the issue of 94,689,760 ordinary shares to Mulsanne Resources Pty Ltd ACN 158 006 350

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That in accordance with the provisions of Chapter 2E and Item 7 of Section 611 of the Corporations Act 2001 (Cth), Listing Rule 7.1 of the Official Listing Rules of the ASX, and for all other purposes, the Company and the Directors of the Company are authorised to:

- 1. issue 94,689,760 fully paid ordinary shares (**Placement Shares**) at an issue price per Placement Share of \$0.30 to Mulsanne Resources Pty Ltd ACN 158 006 350 (**Mulsanne Resources**), on the terms and conditions as contained in this Notice of Meeting and the attached Explanatory Memorandum; and*
- 2. perform all of the Company’s obligations under the Share Placement Agreement including without limitation those relating to the provision of participation and matching rights to Mulsanne Resources (**PAMRs**).”*

Notes:

- Certain terms used in this Notice of Meeting are defined in the Explanatory Memorandum accompanying this Notice of Meeting.
- For the purposes of Item 7 of Section 611 and Chapter 2E of the Corporations Act, an Independent Expert’s Report prepared by BDO Corporate Finance (WA) Pty Ltd in relation to the proposed issue of the Placement Shares to Mulsanne Resources and the grant of the PAMRs to Mulsanne Resources, is enclosed as Appendix A with this Notice of Meeting.
- For the purposes of Section 208 of the Corporations Act, a copy of this Notice of Meeting and the accompanying Explanatory Memorandum have been lodged with the Australian Securities and Investments Commission in accordance with Section 218 of the Corporations Act.
- A summary of the terms of the Share Subscription Agreement is contained within “Section 1. Background” of the Explanatory Memorandum.

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- (a) Mulsanne Resources; and
- (b) any associate of Mulsanne Resources.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

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General business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00 pm on Tuesday, 10 July 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

By order of the board



Patrick McCole
Company Secretary
7 June 2012

Explanatory Memorandum

Introduction

This Explanatory Memorandum is provided to shareholders of **BLACKWOOD CORPORATION LIMITED** ABN 31 103 651 538 (**Company**) to explain the Resolution to be put to Shareholders at the General Meeting to be held at The Oak Room, The Brisbane Club, 241 Adelaide Street, Brisbane QLD 4000, commencing at 10.00 am (EST) on Thursday, 12 July 2012 (Brisbane time).

The accompanying Notice of Meeting sets out the details of the ordinary resolution "Resolution – Approval of the issue of 94,689,760 ordinary shares to Mulsanne Resources Pty Ltd ACN 158 006 350", to be put to Shareholders.

The Directors recommend that Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolution. Specific comments relating to the Resolution are set out below.

This Explanatory Memorandum should also be read in conjunction with the Independent Expert's Report which is set out in Annexure A to this Explanatory Memorandum.

The recommendation of the Directors in relation to the Resolution is set out below in paragraphs 4.6.

Terms used in this Explanatory Memorandum are defined in Section 5.

1. Background to and summary of Share Placement Agreement

On 6 May 2012 the Company entered into a Share Placement Agreement with Mulsanne Resources, a private company associated with the Tinkler Group.

Pursuant to the terms of that agreement the Company has agreed:

- (a) to issue to Mulsanne Resources a total of 94,689,760 shares at an issue price of \$0.30 per share to raise \$28,406,928;
- (b) that upon Completion it must cause two (2) nominees proposed by Mulsanne Resources to be appointed as additional directors of the Company. The initial nominee directors of Mulsanne Resources will be Mr Nathan Tinkler and Mr Chris Lauritzen whose qualifications are summarised in Section 3 below. Further, for so long as Mulsanne Resources holds the legal title to 10% or more of the Shares, Mulsanne Resources may remove and replace either or both of its nominees and the Company will take all reasonable steps if required by Mulsanne Resources to give effect to these rights;
- (c) that for so long as Mulsanne Resources has legal title to 10% or more of Shares, when the Company requires a third party to carry out or provide any services or equipment relating to the development of rail or port infrastructure (**Infrastructure Services**) it shall:
 - (1) conduct a tender or seek bids for the provision of those Infrastructure Services to be provided to the Company (**Bid Process**);
 - (2) in carrying out a Bid Process, give Mulsanne Resources (or another entity ultimately controlled by Nathan Tinkler) (**Participant**) the opportunity to bid to provide those Infrastructure Services;
 - (3) where the terms of any bid from a third party to provide Infrastructure Services (**Third Party Bid**) is more favourable to the Company than the terms of a bid provided by the Participant in respect of the provision of those Infrastructure

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Services (if any), invite the Participant to match the Third Party Bid with a further bid of its own (**Matching Bid**); and

- (4) where the terms of the Matching Bid are equally or more favourable to the Company than the Third Party Bid, enter into a contract with the Participant to provide those Infrastructure Services on terms no less favourable to the Company than those of the Matching Bid provided that any required shareholder approvals are first obtained,

(**Infrastructure PAMR**); and

- (d) that for so long as Mulsanne Resources has legal title to 10% or more of the Shares, when the Company requires a third party to carry out or provide any operational services or equipment other than such services or equipment relating to Infrastructure Services (**Non-Infrastructure Services**) it shall:

- (1) conduct a tender or seek bids for the provision of those Non-Infrastructure Services to be provided to the Company (**Bid Process**); and
- (2) in carrying out a Bid Process, give the Participant the opportunity to bid to provide those Non-Infrastructure Services.

Where the terms upon which the Participant can provide the Non-Infrastructure Services are equally or more favourable to the Company than those of any other party that has bid to provide those services, it shall where it is appropriate and reasonable to do so, give priority to and use its best endeavours to enter into a contract with the Participant to provide those Non-Infrastructure Services,

(**Non-Infrastructure PAMR**).

The issue of the Placement Shares is subject to and conditional upon:

- (a) the Company notifying Mulsanne Resources in writing that it is satisfied with the form and substance of and the opinion in the IER (**IER Condition**). This condition has been satisfied;
- (b) the Company obtaining the approval of the shareholders of the Company in general meeting to the issue of the Placement Shares to Mulsanne Resources in accordance with and such as to satisfy the requirements of each of:
 - (1) the Corporations Act, including but not limited to section 208 and section 611 item 7; and
 - (2) the Listing Rules, including but not limited to Listing Rules 7.3,

in each case to the extent necessary to ensure that the Company may issue the Placement Share without breach of the Corporations Act or the Listing Rules, and without liability to itself or any of its Officers (**Shareholder Approval Condition**);

- (c) no Prescribed Occurrence having occurred, and no step having been taken by the Company that may result in a Prescribed Occurrence, between the date of this agreement and Completion; and
- (d) approval under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FIRB Approval**), if necessary (**FIRB Condition**). This condition has been waived.

If the Shareholder Approval Condition has not been satisfied by 4 August 2012, being the date 90 days from the date of the Share Placement Agreement (or such later date as the parties

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may agree), the Share Placement Agreement may be terminated by either party giving written notice to the other, subject to the party wishing to terminate having done:

- (a) promptly all things reasonably necessary to facilitate the satisfaction of:
 - (1) in the case of the Company, the Shareholder Approval Condition;
 - (2) in the case of Mulsanne Resources, the FIRB Condition if required on or before the date of the shareholders meeting the subject of the Shareholder Approval Condition, and
- (b) all things as are reasonably necessary to ensure that the Company may issue the Placement Share without breach of the Corporations Act or the Listing Rules, and without liability to itself or any of its Officers.

The rights of Mulsanne Resources to nominate 2 directors to the Board, and the grant of the Infrastructure PAMR and the Non-Infrastructure PAMR (**PAMRs**) to Mulsanne Resources are subject to Completion.

Mulsanne Resources and the Company have given such warranties as are customary for a transaction of this nature. However, in addition:

- (a) the Company has warranted that except as has been made known to Mulsanne Resources by the Company as at the date of the Share Placement Agreement, neither Noble nor any associate of Noble (to the best of the Company's knowledge) had a current contract, arrangement or understanding whether binding or not with the Company, under which services of any kind were to be provided by Noble or any associate of Noble, which services were material in nature and value, and for which the Company was or may be liable to pay either Noble or an associate of Noble, and that no such contract, arrangement or understanding was contemplated or proposed; and
- (b) Mulsanne Resources has warranted that no shareholder of the Company nor any person with a relevant interest in the Shares (as the term "relevant interest" is defined for the purposes of Chapter 6 of the Corporations Act), is an associate of Mulsanne Resources (as the term "associate" is defined for the purposes of Chapter 6 of the Corporations Act).

If Shareholders adopt the Resolution, it is intended that the issue of the Placement Shares will be completed within 5 Business days. The Company's other obligations under Share Placement Agreement (including causing the nominees of Mulsanne Resources to be appointed to the Board, and the provision of the PAMRs) will be performed at or following Completion at the times required under and pursuant to the terms of the Share Placement Agreement.

2. Mulsanne Resources and Nathan Tinkler

2.1 Overview

The Company is informed by Nathan Tinkler that Mulsanne Resources is a member of the group of entities ultimately controlled by Mr Nathan Tinkler (**Tinkler Group**).

Set out in this Section 2 and Section 3 is information which has been provided, or caused to be provided, to the Company by Nathan Tinkler.

Mulsanne Resources was incorporated as a special purpose vehicle for the purpose of acquiring the Placement Shares in the Company.

The Tinkler Group is actively engaged across a broad range of sectors. Its focus is, however, on the resources and resources infrastructure sectors.

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Greater disclosure is given in respect of these sectors in which the Tinkler Group is actively engaged in section 2.2 below.

The Tinkler Group has its head-office in Brisbane.

2.2 Major activities of the Tinkler Group

Resource sector

The Tinkler Group has interests in a range of resources projects held through its:

- (a) 21.34% interest in ASX listed Whitehaven Coal Limited (WHC);
- (b) 100% interest in Aston Metals Limited; and
- (c) 100% interest in a number of other resource entities, including Oceltip (Royalty).

An overview of the interest in Whitehaven Coal Limited and Aston Metals Limited is provided below:

Interest in Whitehaven Coal Limited

The Tinkler group holds a 21.34% interest in ASX listed Whitehaven Coal Limited through Boardwalk Resources Investments Pty Ltd and Aston Resources Investments Pty Ltd.

Whitehaven Coal Limited as currently structured is the product of a merger between Aston Resources Limited (former ASX listed entity and key mining development entity associated with the Tinkler Group) and Whitehaven Coal Limited which completed on 2 May 2012. Aston Resources Limited is now 100% held by Whitehaven Coal Limited.

The Tinkler's Group's Boardwalk Resources was also acquired by Whitehaven in May 2012.

Aston Metals

Aston Metals Limited (**Aston Metals**) is 100% held within the Tinkler Group and is a base metals explorer that, over the last four years, has acquired majority rights to base metal interests around Mount Isa, a significant base metal province.

Aston Metals' tenement package totals approximately 4,700Km² including a contiguous land holding of approximately 350 kilometres along the Mount Isa Fault north and south of the Xstrata Isa mine lease.

Aston Metals' has five key projects including the advanced Walford Creek and numerous drill ready targets on other project areas – Constance Range, Isa North, Isa West and Isa South.

Other sectors

In addition to resource interests, the Tinkler Group has interests in Infrastructure developments, led by International Ports & Logistics Ltd (**IPL**) and Hunter Ports Pty Ltd. The first project from Hunter Ports is a concept proposal for a new coal terminal on the southern side of the Hunter River in Newcastle. IPL is also exploring port opportunities in Queensland.

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2.3 Synergies between the Tinkler Group and the Company

The Company believes that the infrastructure capabilities of the Tinkler Group particularly in the rail and port infrastructure sector are compatible with the interests of the Company and, moving forward, may provide benefit to the Company in executing its business objectives.

This synergy is reflected in the terms of the Share Placement Agreement which provides an opportunity for Mulsanne Resources to bid for the provision of both Infrastructure Services and Non-Infrastructure Services.

It is also anticipated that the nominee directors will provide a valuable contribution to the Company based on their extensive industry experience, expertise and contacts.

3. Mr Nathan Tinkler and Mr Chris Lauritzen

The initial nominee directors of Mulsanne Resources will be Mr Nathan Tinkler and Mr Chris Lauritzen, who will be appointed at Completion.

Details of Mr Nathan Tinkler and Mr Chris Lauritzen are provided below:

Nathan Tinkler

As regards Nathan Tinkler the Company is informed as follows:

Nathan is the founder and a director of Mulsanne Resources, Aston Resources Investments Pty Ltd, Boardwalk Resources Investments Pty Ltd, Aston Metals Limited and each of the entities listed in section 2.2 above. Nathan is also the ultimate controller of each of the entities within the Tinkler Group, which includes Mulsanne Resources.

Nathan commenced his mining career in the Hunter Valley coal mines as an electrical technician commissioning, maintaining and upgrading a diverse range of equipment. Nathan went on to establish his own contracting company in 2003, providing technical services to the mining industry.

In 2006, Custom Mining Limited was established by Nathan to acquire and develop greenfield coal mines. After carrying out a number of feasibility studies on greenfield projects, Nathan secured the rights to buy the Middlemount coal tenement, MDL282, in November 2006.

In April 2007, Nathan was successful in securing the Noble Group Limited, a Hong Kong-based listed trading company, as a partner for the project. In June 2007, the coal tenements were acquired and strategic alliances with Leighton Contractors Pty Ltd and Sedgman Limited were formed for the mining operations and construction and operation of the coal handling and preparation plant respectively.

In December 2007, Nathan and the minority shareholders agreed to sell Custom Mining Limited to Macarthur Coal Limited for A\$275m. Nathan established Aston Resources Limited in January 2008, which was successfully listed on the ASX in August 2010 with a market capitalisation of A\$1.2bn.

Nathan was instrumental in the A\$480m purchase by Aston Resources Limited in February 2010 of Maules Creek in the Gunnedah Basin of New South Wales. As a large, undeveloped coal mine, Maules Creek is regarded as one of the few remaining top class mining assets in Australia.

As detailed in section 2.2 above, Nathan was also instrumental in the merger between Aston Resources Limited and ASX listed Whitehaven Coal Limited which completed on 2 May 2012 and the sale of 100% of Tinkler Group's unlisted coal explorer, Boardwalk Resources Limited to Whitehaven Coal Limited which completed in May 2012.

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Chris Lauritzen

Chris has a Bachelor of Science degree from Macquarie University in Sydney NSW, and is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a Member of the Australian Institute of Company Directors.

Chris commenced his mining career in 1981 as a coal geologist with CRA (now Rio Tinto) and worked on a variety of CRA coal exploration projects and mining operations in both Queensland and NSW over a period of twenty years. These projects included Maules Creek, Vickery, Western Main, Howick, Blair Athol and Tarong.

In 2000, Chris joined PT Kaltim Prima Coal (KPC) in Indonesia as Manager Geology and later General Manager Development, being responsible for exploration, grade control, mine planning, contract mining operations and development of the Bengalon Project. During this period KPC increased production from 15 million tonnes per annum to 36 million tonnes per annum, making it the world's largest export coal mine.

In 2007 Chris returned to Australia and re-joined Rio Tinto Coal Australia as Manager New Developments, and managed project development work, including the Hail Creek expansion and the Mt Thorley Warkworth Coal Bed Methane Project.

In mid 2009 Chris joined BHP Billiton Mineral Exploration in Singapore as Principal Geoscientist, in which role he was BHP Billiton's global coal commodity specialist.

In April 2011 Chris joined the Tinkler Group in Brisbane, Qld as General Manager Technical and he provides technical advice and leadership to the group in the areas of resource assessment and project development.

4. Resolution – Approval of the issue of 94,689,760 ordinary shares to Mulsanne Resources Pty Ltd ACN 158 006 350

As noted above, pursuant of the terms of the Share Placement Agreement, the Company wishes to issue to Mulsanne Resources the Placement Shares. As also noted above, this proposed issue is subject to the Shareholder Approval Condition.

Each of Mulsanne Resources' rights to nominate directors to the Board, and Mulsanne Resources' rights to the PAMRs are subject to Completion. In addition the Shareholders are being asked to approve the performance by the Company of all of its obligations under the Share Subscription Agreement, including without limitation those relating to the provision of the PAMRs to Mulsanne Resources.

Shareholder approval of the issue of the Placement Shares, is required for the reasons discussed in paragraphs 4.1 to 4.5 below.

In addition, Shareholder approval may be required pursuant to Chapter 2E of the Corporations Act for the granting of the PAMRs. Accordingly Shareholders are being asked to approve the grant of the PAMRs. However, notwithstanding that Shareholders are being asked to approve the PAMRs, the Board will still need to ensure that the requirements of Chapter 2E of the Corporations Act are met each and every time that the Company enters into a contract for the provision of services (whether for Infrastructure Services or Non-Infrastructure Services) with Mulsanne Resources, if at those times Mulsanne Resources is still a related party of the Company.

4.1 Chapter 2E Corporations Act – Related party transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of the various exceptions to the general prohibition or the company first obtains the approval of its

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shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of a public company and entities controlled by them.

A “financial benefit” for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The Resolution considers, amongst other things, the provision of financial benefits to Mulsanne Resources because, as of Completion, Mulsanne Resources is expected to be a related party of the Company. This is expected to be the case because Mulsanne Resources will be controlled by at least one of those directors that it proposes to nominate to the Board (Mr Nathan Tinkler).

Notwithstanding that Mulsanne Resources will not become a related party of the Company until the appointment of Mr Tinkler to the Board (following approval by Shareholders of the issue of the Placement Shares pursuant to the Resolution), the Corporations Act provides that if Mulsanne Resources has reasonable grounds to believe that Mulsanne Resources will become a related party of the Company in the future, Mulsanne Resources will be deemed to be a related party of the Company immediately and shareholder approval must be sought for the granting by the Company of a “financial benefit” to Mulsanne Resources.

The information required by Chapter 2E of the Corporations Act for this particular Resolution is set out in section 4.2 below.

4.2 Regulatory Requirements for Chapter 2E of the Corporations Act

The proposed Resolution (if passed and when implemented by the Company) will result in financial benefits being bestowed on Mulsanne Resources by the Company, and the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act. For this reason and for all other purposes the following information is provided to Shareholders.

- (a) The related party to whom Resolution would permit the financial benefit to be given

The representatives nominated by Mulsanne Resources as directors of the Company are Mr Nathan Tinkler and Mr Chris Lauritzen, and Mr Nathan Tinkler is the ultimate controller of 100 % of the voting rights in Mulsanne Resources and therefore the controller of Mulsanne Resources.

- (b) The nature of the financial benefit to be given:

- (1) the issue of the Placement Shares to Mulsanne Resources; and
- (2) the PAMRs.

- (c) Directors’ recommendation

The Directors recommend that the Shareholders vote in favour of the Resolution in the absence of a Superior Proposal. The reasons for their recommendation include that:

- (1) the issue of the Placement Shares is the consideration for Mulsanne Resources paying the Subscription Price;

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- (2) the Proposed Transaction provides the capital required by the Company to accelerate its growth plans; and
- (3) they consider that the Proposed Transaction is in the best interests of the Company.

The Directors acknowledge that there are some disadvantages of proceeding with the Proposed Transaction, including that:

- (1) there will be a dilution of existing ownership of the Company; and
 - (2) the Company may receive alternative offers and may receive a Superior Proposal.
- (d) Directors' interests

None of the Directors has any interest in the Proposed Transaction.

- (e) Recipients interest

As far as the Company is aware, neither Mulsanne Resources nor any of its Associates currently hold any Shares. Further, there is no relationship or arrangement between the Company and Mulsanne Resources (or any of its Associates) save and except for the Share Placement Agreement which provides for the Proposed Transaction. Shareholders are also directed to the warranty given by Mulsanne Resources under the Share Subscription Agreement detailed in section 1.1 above.

- (f) Valuation

The Placement Shares are being issued at a price of \$0.30 per Share. The Company has obtained an IER as to whether or not the Proposed Transaction is fair and reasonable to the non-associated Shareholders. A copy of the IER is attached to this Notice of Meeting as Appendix "A". BDO has consented to the use of the IER in the form and context used in this Explanatory Memorandum.

The IER states that in the opinion of BDO the proposed issue of the Placement Shares to Mulsanne Resources is fair and reasonable to the non-associated Shareholders of the Company because:

- (1) it is "fair" to non-associated Shareholders, as the price of \$0.30 (the Subscription Price):
 - (A) is within the range of the valuation assessments of the Company determined by BDO; and
 - (B) is more than the preferred value of a Share at the time the Share Placement Agreement was entered into by the Company and Mulsanne Resources; and
- (2) it is "reasonable" to non-associated Shareholders, as the position of Shareholders is more advantageous if the issue of Placement Shares is approved by Shareholders than if it is not approved by Shareholders.

Further the IER states that in the opinion of BDO the grant of the PAMRs to Mulsanne Resources by the Company is fair and reasonable to the non-associated Shareholders of the Company because:

- (1) the value to the Company of the services to be provided by Mulsanne Resources pursuant to the PAMRs, will be equal to or more favourable to the

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Company than such services provided by an unrelated third party, and accordingly is “fair” to non-associated Shareholders; and

- (2) in BDO’s opinion, as the value of services provided pursuant to the PAMRs is fair, then in the absence of any other information the grant of the PAMRs is also reasonable to non-associated Shareholders.

Details of these valuations by and the opinions of BDO are set out in the IER accompanying this Explanatory Memorandum.

- (g) Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Placement Shares to Mulsanne Resources is the dilutionary impact on the issued share capital of the Company. Section 4.3 highlights the dilutionary effect on the Company’s shareholding following the issue of the Placement Shares.

- (h) Taxation Consequences

No stamp duty will be payable in respect of the issue of the Placement Shares. No GST will be payable by the Company in respect of the issue of the Placement Shares (or if it is then it will be recoverable as an input credit).

The Directors are not aware of any tax consequences of issuing the Placement Shares.

- (i) Dilutionary Effect

If all of the Placement Shares (the subject of the Resolution) are issued to Mulsanne Resources, the effect on the current issued capital of the Company will be as shown in section 4.3 below.

4.3 Regulatory Requirements for Section 611 of the Corporations Act – Exceptions to prohibited acquisitions

Section 606 of the Corporations Act prohibits a person from acquiring an interest in a company if the acquisition would result in that person’s or another person’s voting power (as defined in the Corporations Act) in the company increasing, where the person’s voting power increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

The issue of Placement Shares to Mulsanne Resources pursuant to the Resolution will be prohibited by section 606 of the Corporations Act unless a relevant exception applies. Item 7 of Section 611 of the Corporations Act excepts an acquisition of shares which has been agreed to by shareholders passing an ordinary resolution at a general meeting on which no votes are cast in favour of the resolution by the person proposing to make the acquisition or their associates.

Therefore, in addition to the reasons described in paragraph 4.2 below, the Company seeks Shareholder approval for the issue of the Placement Shares to Mulsanne Resources pursuant to the Resolution, for the purposes of Item 7 of section 611 of the Corporations Act. This Explanatory Memorandum has been prepared to provide sufficient detail for Shareholders to appropriately consider those Resolutions and should be read in conjunction with the Independent Expert’s Report.

Assuming that Shareholders adopt the Resolution, upon the issue of the Placement Shares to Mulsanne Resources, Mulsanne Resources will gain a relevant interest in the Company in excess of 20%.

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Section 611 of the Corporations Act assumes that the directors of a company will provide shareholders with proper and full disclosure to enable them to assess the merits of a proposal and to decide whether to agree by resolution to an acquisition of shares.

ASIC policy recommends that directors should ensure that all matters are disclosed that are material and relevant for shareholders to make an informed decision on the resolutions to be passed and that shareholders should be given an analysis of whether the proposal that is being approved under Item 7 of section 611 of the Corporations Act is fair and reasonable when considered in the context of the interest of the shareholders other than those involved in the proposed issue of shares or their associates (non-associated shareholders).

In compliance with ASIC Regulatory Guide 74, the Directors appointed BDO as an independent expert, to examine the proposed issue of the Placement Shares to Mulsanne Resources, and to provide an opinion as to whether or not the proposed issue of the Placement Shares under the Resolution is fair and reasonable to the non-associated shareholders of the Company.

As noted above, the IER states that in the opinion of BDO the proposed issue of the Placement Shares to Mulsanne Resources is fair and reasonable to the non-associated Shareholders of the Company because:

- (a) it is “fair” to non-associated Shareholders, as the Subscription Price:
 - (1) is within the range of the valuation assessments of the Company determined by BDO; and
 - (2) is more than the preferred value of a Share at the time the Share Placement Agreement was entered into by the Company and Mulsanne Resources; and
- (b) it is “reasonable” to non-associated Shareholders, as the position of Shareholders is more advantageous if the issue of Placement Shares is approved by Shareholders than if it is not approved by Shareholders.

Set out below is a table showing the interests of Mulsanne Resources before and after the issue of the Placement Shares.

	Current Issued Capital ¹		Post-issue of Placement Shares ¹	
	Holding	%	Holding	%
Mulsanne Resources	0	0.00	94,689,760	33.85
Noble Group ²	94,689,760	51.17	94,689,760	33.85
Other Shareholders	90,360,509	48.83	90,360,509	32.30
Total	185,050,269	100.00	279,740,029	100.00

Notes:

1. Assumes no other Shares are issued and no existing options to subscribe for Shares are exercised.
2. Shares held by Noble (through Janvel Pty Limited)

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Pursuant to the Share Placement Agreement upon the issue of the Placement Shares, the relevant interest of Mulsanne Resources will be 33.849 %.

4.4 Listing Rule 7.1

Listing Rule 7.1 prohibits a company, except in certain cases, from issuing shares equivalent in number to more than 15% of its capital in any 12 month period without the prior approval of its shareholders. Securities issued with shareholder approval under ASX Listing Rule 7.1 do not count towards the 15% limit.

Therefore in accordance with Listing Rule 7.1, Shareholders' approval is sought under the Resolution for the issue of the Placement Shares.

If the Resolution is approved, it will have the effect that the issue of the Placement Shares, will not be counted as part of the Company's 15% limit under ASX Listing Rule 7.1. This will mean that the Company can issue up to a further 15% of its capital during the next 12 months without the need to obtain further shareholder approval.

4.5 Listing Rule Information

For the purposes of Listing Rule 7.3 in respect of the proposed issue of Placement Shares the Company advises that subject to Shareholders adopting the Resolution:

- (a) 94,689,760 Placement Shares will be issued.
- (b) The Placement Shares will be issued as soon as practicable following the Meeting, and in any event by no later than 3 months after the Meeting.
- (c) The Placement Shares will be in the same class as and carry the same rights and obligations as all of the other Shares.
- (d) The price at which the Placement Shares will be issued is \$0.30 per the Placement Share.
- (e) The Placement Shares will be issued to Mulsanne Resources.
- (f) The Company will apply for quotation of the Placement Shares.
- (g) The money paid to the Company by way of the Subscription Price, will be used for funding key Queensland exploration and development programs in particular, and for general working capital purposes, as more particularly set out in the Company's ASX Quarterly Report dated 30 April 2012.

4.6 Directors' Recommendations

The Directors recommend the Shareholders vote in favour of the Resolution.

4.7 Mulsanne Resources' Intentions

If the proposed issue of the Placement Shares to Mulsanne Resources proceeds, Mulsanne Resources will have some influence over the Company by reason of its investment and its Board appointees.

Mulsanne Resources has informed the Company that as at the date of this Notice of Meeting Mulsanne Resources does not have any current intention to:

- (a) change the business of the Company;
- (b) transfer property or rearrange fixed assets;

Notice of General Meeting

- (c) alter the Company's employment scenario;
- (d) or significantly change the Company's financial or dividend policies.

5. Interpretation

Associate has the meaning given to that term in the Corporations Act for the purposes of Chapter 6;

Bid Process has the meaning given to it in **section 1** above;

Board means the board of directors of the Company;

Company or **BWD** means Blackwood Corporation Limited ABN 31 103 651 538;

Competing Proposal means:

- (a) a transaction or proposed transaction which, if completed, would mean a person (other than Mulsanne Resources or a Related Body Corporate of Mulsanne Resources) would directly or indirectly, acquire an economic interest or relevant interest in or become the holder of:
 - (1) 20% or more of all Shares; or
 - (2) all or a substantial part or a material part of the business of the Company, including by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale of shares or joint venture, but not as a custodian, nominee or bare trustee;
- (b) a transaction or proposed transaction which, if completed, would mean a person (other than Mulsanne Resources or a Related Body Corporate of Mulsanne Resources) would acquire control of the Company within the meaning of section 50AA of the Corporations Act;
- (c) a transaction or proposed transaction which, if completed, would mean a person (other than Mulsanne Resources or a Related Body Corporate of Mulsanne Resources) would otherwise acquire or merge with the Company; or
- (d) any proposed transaction that is inconsistent with the Proposed Transaction;

Completion means completion of the issue and allotment of the Placement Shares to Mulsanne Resources;

Corporations Act means the *Corporations Act 2001* (Cth);

BDO means BDO Corporate Finance (WA) Pty Ltd;

Director means a director of the Company;

General Meeting means the general meeting of shareholders to be convened pursuant to the Notice of Meeting which this Explanatory Memorandum accompanies;

Independent Expert's Report or **IER** means the independent expert's report prepared by BDO and attached at Appendix A;

IER Condition means the condition precedent described and summarised in **section 1** above;

Infrastructure Services has the meaning given to it in **section 1** above;

Notice of General Meeting

Infrastructure PAMR has the meaning given to it in **section 1** above;

Matching Bid has the meaning given to it in **section 1** above;

Meeting means the meeting of Shareholders to be held to consider the Resolution;

Noble means Noble Group Limited and any of its Related Bodies Corporate;

Non-Infrastructure Services has the meaning given to it in **section 1** above

Non-Infrastructure PAMR has the meaning given to it in **section 1** above;

PAMRs has the meaning given to it in **section 1** above;

Participant has the meaning given to it in **section 1** above;

Placement Shares means the 94,689,760 Shares to be issued to Mulsanne Resources by the Company pursuant to the terms of the Share Placement Agreement;

Prescribed Occurrence means any of those events listed in sub-paragraphs (a) through to (h) of Section 652C(1) of the Corporations Act, including the conversion by the Company of all or any of its shares into larger or smaller numbers of shares, any resolution to reduce its share capital, any arrangements for the Company to enter into a buy-back agreement; the issuing of any shares, or granting of any options over shares, or agreeing to make such an issue or grant such an option; the issuing, agreement to issue of convertible notes; agreement to dispose or disposal of the whole or a substantial part of the business or property of the Company; the granting of a security interest in the whole or a substantial part of the business or property of the Company, or a resolution to wind the Company up;

Proposed Transaction means all of the transactions contemplated by the Share Placement Agreement;

Mulsanne Resources means Mulsanne Resources Pty Ltd ACN 158 006 350;

Third Party Bid has the meaning given to it in **section 1** above;

Related Body Corporate has the meaning ascribed to that phrase in the Corporations Act;

Resolution means the ordinary resolution described as “Resolution – Approval of the issue of 94,689,760 ordinary shares to Mulsanne Resources Pty Ltd ACN 158 006 350” and set out in the Notice of General Meeting to which this Explanatory Memorandum is attached;

Shareholder or **Member** means a shareholder in the Company;

Shareholder Approval Condition means the condition precedent described and summarised in **section 1** above;

Shares means ordinary fully paid shares in the Company;

Share Placement Agreement has the meaning given to it in **section 1** above;

Subscription Price means the amount of money payable for the issue of the Placement Shares pursuant to the terms of the Share Placement Agreement; and

Superior Proposal means a bona fide publicly announced Competing Proposal which was not solicited, invited, encouraged or initiated by the Company or its subsidiaries or any authorised officer of or adviser to the Company or its subsidiaries which the Board, acting in good faith, and after taking advice from its legal advisors and after taking into account all terms and conditions of the Competing Proposal, determines:

Notice of General Meeting

- (a) is reasonably capable of being completed taking into account all aspects of the Competing Proposal; and
- (b) is more favourable to holders of Shares than the Proposed Transaction; and
- (c) should be recommended to holders of Shares to satisfy the Directors' fiduciary or statutory duties;

Tinkler Group means the entities ultimately controlled by Mr Nathan Tinkler and, for the avoidance of doubt, includes Mulsanne Resources.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Patrick McCole (Company Secretary):

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

(07) 3034 0800

Explanatory Memorandum

Proxies and representatives

Shareholders are entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder. Each proxy must be appointed on separate copies of the Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

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

Facsimile: +61 7 3034 0899

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Completion of a proxy form will not prevent individual Shareholders from attending the General Meeting in person if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the General Meeting in person, then that Shareholder's proxies' authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the General Meeting.

A proxy form is attached to this Notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00 pm on Tuesday, 10 July 2012. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it. For the power of attorney in respect of an individual Shareholder, it must be signed in the presence of at least one witness.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.
- Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.
- Please indicate the office held by signing in the appropriate place.

Proxy Form

I / We _____

of: _____

being shareholder(s) of BLACKWOOD CORPORATION LIMITED ("Company")

hereby appoint: _____

of: _____

of failing him/her: _____

of: _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the extraordinary general meeting of the Company to be held at The Oak Room, The Brisbane Club, 241 Adelaide Street, Brisbane QLD 4000 at 10.00 am (EST) on Thursday, 12 July 2012 and at any adjournment thereof in respect of all of my/our shares in the Company unless otherwise specified below.

If you wish to indicate how your proxy is to vote, please tick the appropriate places below.

If the Chairman is appointed as your proxy, or may be appointed by default, and if you do **not** wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in this box:

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest. The Chairman advises that it is his/her intention to vote in favour of all resolutions in respect of any undirected proxies which may be granted in favour of the Chairman.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is.....%. (An additional proxy form will be supplied by the Company on request.)

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is shares (Note: proxy will be over all shares if left blank)

If no directions are given, the Proxy may vote as the Proxy thinks fit or may abstain. By signing this appointment you acknowledge that the Proxy (whether voting in accordance with your directions or voting in their discretion under an undirected Proxy) may exercise your proxy even if he/she has an interest in the outcome of the resolution and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

I/we direct my/our proxy to vote as indicated below:

Resolution

Approval of the issue of 94,689,760 ordinary shares to Mulsanne Resources Pty Ltd ACN 158 006 350

For

Against

Abstain

Individual or Security holder 1

Sole Director and sole Company Secretary (if appointed)

Security holder 2

Director

Security holder 3

Director/Company Secretary

Contact Name

5990017_1

Contact daytime telephone

Date



BLACKWOOD CORPORATION
LIMITED
Independent Expert's Report

1 June 2012



Financial Services Guide

1 June 2012

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ("BDO" or "we" or "us" or "ours" as appropriate) has been engaged by Blackwood Corporation Limited ("Blackwood" or "the Company") to provide an independent expert's report on the proposals for Blackwood to issue Mulsanne Resources Pty Ltd ("Mulsanne"), a company associated with the Tinkler Group Pty Ltd, 94,689,760 ordinary shares at an issue price of \$0.30 per share as part of a Share Placement Agreement and provide Tinkler Group the opportunity to take part in any tender process for infrastructure and non-infrastructure services to be provided to Blackwood. You will be provided with a copy of our report as a retail client because you are a shareholder of Blackwood.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed

amount depending on the terms of the agreement. The fee for this engagement is approximately \$20,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments

BDO Corporate Finance (WA) Pty Ltd prepared an Independent Expert's Report for Blackwood (then named Matilda Minerals Limited) in September 2010 relating to an issue of shares to Noble Group Ltd and Territory Resources Limited as part of the company's recapitalisation programme.

BDO Corporate Finance (WA) Pty Ltd prepared an Investigating Accountant's Report for Blackwood (then named Matilda Minerals Limited) in November 2010 for inclusion in the prospectus relating to the offer of 60 million shares.

BDO Corporate Finance (WA) Pty Ltd prepared an Independent Expert's Report for Blackwood in November 2011 relating to issue of shares to Noble Group Ltd as a result of the cancellation of a Technical Services Agreement.

BDO Audit (QLD) Pty Ltd is the appointed Auditor of Blackwood. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

We have received a fee from Blackwood for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.



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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Specialist's Report prepared by Al Maynard & Associates Pty Ltd

1 June 2012

The Directors
Blackwood Corporation Ltd
Level 8, Grant Thornton House
102 Adelaide Street
Brisbane QLD 4000

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 7 May 2012, Blackwood Corporation Limited ("Blackwood" or "the Company") announced that it had entered into a Share Placement Agreement ("SPA") with Mulsanne Resources Pty Ltd ("Mulsanne"), a company associated with the Tinkler Group Pty Ltd ("Tinkler Group"), whereby Blackwood has agreed to issue a total of 94,689,760 fully paid ordinary shares to Mulsanne at an issue price of \$0.30 per share to raise a total of \$28,406,928 ("Placement"). Under the terms of the SPA, the Placement will be performed in one tranche.

For as long as Mulsanne holds legal title to 10% or more Shares in Blackwood, the Company will also provide Tinkler Group the opportunity to participate in any future bid process to provide infrastructure and non-infrastructure services to Blackwood ("Future Services Proposal").

Blackwood is seeking the approval of its non-associated shareholders ("Shareholders"), under Chapter 2E and item 7 of section 611 of the Corporations Act 2001 ("the Act") for the Placement, as it will result in Mulsanne acquiring a greater than 20% interest in Blackwood.

Blackwood is also seeking the approval of its non associated shareholders, under Chapter 2E of the Act for the Future Services Proposal, as it could potentially result in the Company providing a financial benefit to a related party.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Blackwood have requested that BDO Corporate Finance (WA) Pty Ltd ("BDO") prepare an independent expert's report ("our Report") to express two opinions. The first, as to whether or not the Placement is fair and reasonable to the Shareholders ("Opinion One"), and the second as to whether or not the Future Services Proposal is fair and reasonable to the Shareholders ("Opinion Two").

Our Report is prepared pursuant to section 611 and Chapter 2E of the Act and is to be included in the Notice of Meeting and Explanatory Memorandum for Blackwood in order to assist the Shareholders in their decisions as to whether to approve the Placement and the Future Services Proposal.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 (“RG 111”), ‘Content of Expert’s Reports’ and Regulatory Guide 112 (“RG 112”) ‘Independence of Experts’.

In arriving at Opinion One, regarding the Placement, we have assessed the terms of the Placement as outlined in the body of this report. We have considered:

- How the value of the consideration per share offered by Mulsanne compares to the value of a Blackwood share prior to the Placement;
- The likelihood of a superior alternative offer being available to Blackwood;
- Other factors which we consider to be relevant to the Shareholder in their assessment of the Placement; and
- The position of Shareholders should the Placement not be approved.

In arriving at Opinion Two, regarding the Future Services Proposal, we have assessed the terms of the Future Services Proposal as outlined in the body of this report. We have considered:

- How the value of the Future Services to be provided by the related party compare to the value of the Future Services that could be provided by an unrelated third party; and
- Other factors which we consider to be relevant to the Shareholder in their assessment of the Future Services Proposal.

2.3 Opinion

Opinion One - Placement

We have considered the terms of the Placement as outlined in the body of this report and have concluded that the Placement is fair and reasonable to Shareholders.

Opinion Two - Future Services Proposal

We have considered the terms of the Future Services Proposal as outlined in the body of this report and have concluded that the Future Services Proposal is fair and reasonable to Shareholders.

2.4 Fairness

Opinion One - Placement

In Section 12 we determined how the Placement consideration compares to the value of a Blackwood share, as detailed hereunder.

	Ref	Low \$	Preferred \$	High \$
Value of a Blackwood share	10.3	\$0.253	\$0.292	\$0.331
Value of consideration per share	11	\$0.300	\$0.300	\$0.300

The above valuations are depicted graphically below.



We note from the table and graph above that the value of the consideration offered of \$0.30 per share is within our value range and more than the preferred value of a Blackwood share prior to the Placement. Based on the above pricing, we consider that the Placement is fair for Shareholders.

Opinion Two - Future Services Proposal

In section 14 we determined that the value of the Future Services to be provided by Tinkler Group will be equal to or more favourable than Future Services that would be provided by an unrelated third party and therefore consider that the Future Services Proposal is fair for Shareholders.

2.5 Reasonableness

Opinion One - Placement

We have considered the analysis in section 13 of this report, in terms of both:

- advantages and disadvantages of the Placement; and
- alternatives, including the position of Shareholders if the Placement does not proceed.

In our opinion, the position of Shareholders if the Placement is approved is more advantageous than the position if the Placement is not approved. Accordingly, in the absence of any other relevant information we believe that the Placement is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
12	The Placement is fair	13.5	Dilution of Shareholders' interests
13.4	Immediate capital injection	13.5	Mulsanne will gain a significant level of control of Blackwood
13.4	No changes to current operating arrangements		

Other key matters we have considered include:

Section	Description
13.1	Alternative proposals
13.2	The practical level of control
13.3	Consequences of not approving the Placement

Opinion Two - Future Services Proposal

We have considered the analysis in section 14 of this report in terms of the reasonableness of the Future Services Proposal. In our opinion, the position of Shareholders if the Future Services Proposal is approved is more advantageous than the position if the Future Services Proposal is not approved. Accordingly, in the absence of any other relevant information we believe that the Future Services Proposal is reasonable for Shareholders.

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding a relevant interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

As at the date of our report, Mulsanne and its associates do not hold any shares in Blackwood. Assuming no other shares are issued by Blackwood, the Placement will give Mulsanne and its associates a holding of 33.85% in Blackwood (see Section 4).

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Blackwood, by either:

- undertaking a detailed examination of the Placement themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Blackwood have commissioned this Independent Expert's Report to assist Shareholders in deciding whether to approve the Placement.

Section 208 of the Corporations Act requires the need for shareholder approval when an entity proposes to give a financial benefit to a related party. Section 219 of the Corporations Act requires that an explanatory statement be provided to the Shareholders that, among other things, set out whether or not it is in the Company's best interests to pass the proposed resolution.

The directors of Blackwood have commissioned this Independent Expert's Report to assist Shareholders in deciding whether to approve the Future Services Proposal.

3.2 Regulatory guidance

Opinion One - Placement

The Act does not define the meaning of "fair and reasonable". In determining whether the Placement is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

In our opinion the Placement is a control transaction as defined by RG 111 and we have therefore assessed the Placement to consider whether in our opinion it is fair and reasonable to Shareholders.

Opinion Two - Future Services Proposal

In determining whether the Future Services Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of Chapter 2E of the Corporations Act, this should not be applied as a composite test - that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Future Services Proposal to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Future Services Proposal as if it were not a control transaction.

3.3 Adopted basis of evaluation

Opinion One - Placement

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the Placement consideration for each Blackwood share and the value of the Blackwood shares being acquired (fairness - see section 12 "Is the Placement Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolutions, after reference to the value derived above (reasonableness - see Section 13 "Is the Placement Reasonable?").

Opinion Two - Future Services Proposal

RG 111 states that a proposed related party transaction is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity.

In the case of Blackwood, the financial benefit that they are providing to the related party is the opportunity to bid for the provision of the Future Services and match any offer for the provision of those Future Services that may be received from an unrelated third party.

Further to this, RG 111 states that a proposed related party transaction is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons for members to vote for the proposal.

Having regard to the above, BDO has completed this comparison in two parts:

- How the value of the Future Services to be provided by the related party compare to the value of the Future Services that could be provided by an unrelated third party (fairness - see section 14.1 "Is the Future Services Proposal fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see section 14.2 "Is the Future Services Proposal reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Proposals

Opinion One - Placement

On 7 May 2012, Blackwood Corporation Limited ("Blackwood" or "the Company") announced that it had entered into a Share Placement Agreement with Mulsanne Resources Pty Ltd ("Mulsanne"). Mulsanne is a company associated with the Tinkler Group Pty Ltd ("Tinkler Group").

Under the terms of the SPA, Blackwood has agreed to issue a total of 94,689,760 fully paid ordinary shares to Mulsanne at an issue price of \$0.30 per share to raise a total of \$28,406,928. Under the terms of the SPA, the Placement will be performed in one tranche. We also note that under the SPA, Mulsanne will have the ability to appoint two representatives to the Board of Blackwood. These directors shall be Mr Nathan Tinkler and Mr Chris Lauritzen.

As at the date of our report Mulsanne and its associates do not hold any shares in Blackwood. Assuming no other shares are issued by Blackwood, the Placement will give Mulsanne and its associates a holding of 33.85% in Blackwood. These movements are shown in the table below:

	Mulsanne and Associates	Other Shareholders	Total
Issued Shares as at date of this Report	-	185,050,269	185,050,269
<i>% holdings as at date of this Report</i>	<i>0.00%</i>	<i>100.00%</i>	<i>100.00%</i>
Shares to be issued under the Placement	94,689,760	-	94,689,760
Issued shares after Placement	94,689,760	185,050,269	279,740,029
<i>% holdings after Placement</i>	<i>33.85%</i>	<i>66.15%</i>	<i>100.00%</i>

Conditions Precedent

Completion of the Placement is subject to and conditional upon the following:

1. Blackwood notifying Mulsanne in writing that it is satisfied with the form and substance of and the opinion in the Independent Expert's Report;
2. Blackwood obtaining the approval of the shareholders of the Company in a general meeting to the issue of the Placement in accordance with and such as to satisfy the requirements of each of:
 - The Corporations Act, including but not limited to section 208 and section 611 item 7; and
 - The Listing Rules, including but not limited to Listing Rule 7.3.

In each case to the extent necessary to ensure that the Company may issue the placement shares without breach of the Act or the Listing Rules and without liability to itself or any of its Officers;

3. No Prescribed Occurrence having occurred; and
4. Approval under the Foreign Acquisitions and Takeovers Act 1975 (Cth), if considered necessary.

Blackwood and Mulsanne acknowledge that the condition relating to the Independent Expert's Report is for the sole benefit of Blackwood and may be waived by the Company.

Opinion Two - Future Services Proposal

For as long as Mulsanne holds legal title to 10% or more of the Shares in Blackwood, Tinkler Group will have the right to participate in any bid process to provide both future infrastructure and future non-infrastructure services to Blackwood. The details for the provision of these services are as follows:

Port and Rail Infrastructure Services

For so long as Mulsanne has legal title to 10% or more of the issued capital of Blackwood, when Blackwood requires a third party to carry out or provide any services or equipment relating to the development of rail or port infrastructure ("Infrastructure Services"):

- a) conduct a tender or seek bids for the provision of those Infrastructure Services to be provided to the Company ("Bid Process");
- b) in carrying out a Bid Process, give Tinkler Group the opportunity to bid to provide those Infrastructure Services;
- c) where the terms of any bid from a third party to provide Infrastructure Services is more favourable to the Company than the terms of a bid provided by Tinkler Group in respect of the provision of those Infrastructure Services (if any), the Company shall invite Tinkler Group to match the bid with a further bid of its own; and
- d) where the terms of Tinkler Group's bid are equally or more favourable to the Company than any third party bid, the Company shall enter into a contract with Tinkler Group to provide those Infrastructure Services on terms no less favourable to the Company than those of any third party bid provided that any required shareholder approvals are first obtained.

Non infrastructure Services

For so long as Mulsanne has legal title to 10% or more of the issued capital of Blackwood, when the Company requires a third party to carry out or provide any services or equipment other than such services or equipment relating to Infrastructure Services ("Non-Infrastructure Services"):

- a) conduct a tender or seek bids for the provision of those Non-Infrastructure Services to be provided to the Company ("Bid Process"); and
- b) in carrying out a Bid Process, give Tinkler Group the opportunity to bid to provide those Non-Infrastructure Services.

Where the terms upon which Tinkler Group can provide the Non-Infrastructure Services are more favourable to the Company than those of any other party that has bid to provide those services, the Company shall where it is appropriate and reasonable to do so, use its best endeavours to (and shall negotiate in good faith to) enter a contract with Tinkler Group to provide those Non-Infrastructure Services.

5. Profile of Blackwood Corporation Ltd

5.1 History

Historically, Blackwood's main focus has been on mining zircon and rutile mineral sands at the Company's Tiwi Islands mine, located to the north of Darwin in the Northern Territory. Blackwood (then Matilda Minerals Ltd) announced in August 2008 that the Tiwi Project was no longer viable due to rising operating costs and damage to Port Melville (the origination port for the Company's Tiwi Islands Mine). The project was put on care and maintenance in October 2008. On 20 October 2008 Matilda Minerals entered voluntary administration and became subject to a deed of company arrangement ("DOCA"). The Deed Administrators agreed to dispose of the Company's Tiwi Islands operations and prospective mineral sands tenements in Queensland to Stirling Resources Limited in May 2009.

In February 2010 the creditors approved a recapitalisation proposal which involved the conversion of the DOCA into a Creditors' Trust, the recapitalisation of the Company and the reinstatement to official quotation. In December 2010 the Company raised \$12 million and relisted on the ASX as Blackwood Corporation Ltd. Following the relisting, Noble Group Limited ("Noble") became the largest shareholder with a direct interest of 25%. Noble and Blackwood entered into a Technical Services Agreement ("TSA") and Product Sales Agreement to add expertise to Blackwood in exchange for the issue of additional shares in the Company.

Blackwood holds 100% direct interests in each of its various tenements in Queensland, Western Australia and the Northern Territory. Blackwood holds a total of 48 granted or offered exploration permits for coal ("EPC") and 22 additional EPC applications. All of the tenements are located in Queensland coal basins, being the Bowen, Surat, Galilee and Clarence-Moreton basins.

Bowen Basin

The Bowen Basin contains one of the largest coal reserves in Australia, covering an area of over 60,000km². Thirty-four coalmines operate in the area, extracting over 100 million tonnes of coking, thermal and PCI products for export. The Bowen Basin accounts for approximately 83% of Queensland's annual coal production. The area is renowned for its premium Hard Coking Coal, and has a number of underground coal gasification projects underway. Blackwood holds several exploration permits in the Bowen Basin, close to existing mines and infrastructure. Priority tenements are located within the Bowen Basin.

Surat Basin

The Surat Basin stretches across over 27,000 km² of land, with two thirds of it located in southern Queensland, and the remainder occupying northwest New South Wales. There are several producing coalmines within the area, and it is expected that the basin will become a boom area for development in the near future. Thermal coal is the primary coal exported from this region.

Infrastructure upgrades are being touted, such as the Southern Missing Link, which would effectively open the area up significantly to development. Blackwood possesses several prospective exploration tenements within this area, some of which fall into its highest priority category.

Clarence-Moreton Basin

Relatively under explored compared to the other basins, the Clarence-Moreton Basin covers approximately 26,000 km² of southern Queensland, and northeast New South Wales. The basin is contiguous with the Surat Basin, and resources contain similar properties. Consequently, thermal coal is the primary target

within this area. Good infrastructure exists, and major centres such as Warwick and Toowoomba are located within the geographical boundaries of the Basin. Blackwood occupies several exploration areas within the Clarence-Moreton Basin.

Galilee Basin

The Galilee Basin has a total area of 247,000km² and remains largely unexplored. All but one of Blackwoods EPCs are in the north-eastern portion of the basin which is well served with a sealed road and rail to the coastal port of Townsville but the central and southern portions of the basin have little existing infrastructure. The Galilee Basin is immediately west of the Bowen Basin in Central Queensland, and contains many of the same extensive, thick and laterally continuous Permian coal measures. Blackwood holds approximately 2,500km² of EPC's in the Galilee Basin.

5.2 Historical Balance Sheet

Statement of Financial Position	Unaudited as at 23-Apr-12 \$	Reviewed as at 31-Dec-11 \$	Audited as at 30-Jun-11 \$
CURRENT ASSETS			
Cash and cash equivalents	3,653,059	7,271,992	9,346,260
Trade and other receivables	336,155	409,322	197,960
Other current assets	73,895	129,469	-
TOTAL CURRENT ASSETS	4,063,109	7,810,783	9,544,220
NON-CURRENT ASSETS			
Property, plant and equipment	96,833	107,574	35,030
Intangible assets	8,662	8,685	6,769
Exploration and evaluation assets	9,861,062	7,140,713	1,424,602
TOTAL NON-CURRENT ASSETS	9,966,557	7,256,972	1,466,401
TOTAL ASSETS	14,029,666	15,067,755	11,010,621
CURRENT LIABILITIES			
Trade and other payables	736,871	1,002,091	151,071
TOTAL CURRENT LIABILITIES	736,871	1,002,091	151,071
TOTAL LIABILITES	736,871	1,002,091	151,071
NET ASSETS	13,292,795	14,065,664	10,859,550
EQUITY			
Contributed equity	46,622,005	46,622,005	41,682,005
Shares to be issued under TSA	-	-	476,089
Reserves	1,420,255	1,420,254	1,420,254
Accumulated losses	(34,749,465)	(33,976,595)	(32,718,798)
TOTAL EQUITY	13,292,795	14,065,664	10,859,550

Source: Unaudited management accounts as at 23 April 2012, reviewed financial statements for the half-year ended 31 December 2011 and audited financial statements for the year ended 30 June 2011.

We have not undertaken a review of the unaudited accounts at 23 April 2012 in accordance with Australian Auditing and Assurance Standard 2405 "Review of Historical Financial Information" and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts have not been prepared on a reasonable basis.

The cash balance has decreased from \$9.35 million as at 30 June 2011 to \$3.65 million as at 23 April 2012 as a result of exploration expenditure incurred during the period. This is consistent with the increase in capitalised exploration and evaluation assets which has occurred over the same period as a result of drilling programs undertaken at the South Pentland project, North Rolleston project and at North Hughenden.

Contributed equity has increased from \$41.68 million as at 30 June 2011 to \$46.62 million as at 23 April 2012. During this period the Company issued 24.7 million shares, at an agreed value of \$0.20 per share, to Janvel Pty Limited (a subsidiary of Noble) for the provision of services to the value of \$4.94 million. The Company received cash proceeds of approximately \$3.94 million with the remainder being consideration for services already provided under the TSA.

As the TSA with Janvel Pty Ltd was replaced with a subscription agreement prior to 31 December 2011, the shares that were to be issued under the TSA were reduced to nil as at 31 December 2011.

5.3 Historical Income Statements

Statement of Comprehensive Income	Reviewed for the half-year ended 31-Dec-11	Audited for the year ended 30-Jun-11	Audited for the year ended 30-Jun-10
	\$	\$	\$
Revenue	190,617	170,084	266,231
Other income	89	1,019,558	32,659
Expenses			
Depreciation and amortisation expenses	(8,419)	(3,370)	(5,272)
Employee benefits expenses	(586,202)	(250,149)	(273,556)
Write off of capitalised exploration costs	-	-	(147,536)
Finance costs	(4,782)	(17,331)	(32,821)
Share based payments expense	-	(840,000)	-
Administration and consulting expense	(676,638)	(1,563,458)	(912,790)
Other expenses	(172,462)	(46,346)	(52,278)
Loss before income tax	(1,257,797)	(1,531,012)	(1,125,363)
Income tax expense	-	-	-
Total comprehensive loss for the year	(1,257,797)	(1,531,012)	(1,125,363)

Source: The reviewed financial statements for the half-year ended 31 December 2011 and audited financial statements for the years ended 30 June 2010 and 30 June 2011.

The other income amount of \$1.02 million the year ended 30 June 2011 relates to gains on the extinguishment of debt following the release of the Company from the DOCA which occurred in October 2010. The majority of revenue for the half-year ended 31 December 2011 relates to interest revenue.

Share based payments totalling \$840,000 for the year ended 30 June 2011, were made to Directors and employees of the Company for services provided under the DOCA. Approximately 4.2 million shares were issued and were valued at \$0.20 per share based on the market price as at the date of issue.

5.4 Capital Structure

The share structure of Blackwood as at 9 May 2012 is outlined below:

	Number
Total ordinary shares on issue	185,050,269
Top 20 shareholders	120,054,477
Top 20 shareholders - % of shares on issue	64.88%

Source: Computershare registry

The range of shares held in Blackwood as at 9 May 2012 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	58	29,357	0.02%
1,001 - 5,000	283	905,692	0.49%
5,001 - 10,000	295	2,630,498	1.42%
10,001 - 100,000	764	29,567,897	15.98%
100,001 - and over	161	151,916,825	82.09%
TOTAL	1,561	185,050,269	100.00%

Source: Computershare registry

The ordinary shares held by the most significant shareholders as at 9 May 2012 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Janvel Pty Limited*	94,689,760	51.17%
Bolitho Mining Company Pty Ltd <BMC Employees Super A/C>	3,985,323	2.15%
Geared Investments Pty Ltd <Investment A/C>	2,800,000	1.51%
Mr Kevin Michael Finn + Mrs Sandra Marrion Finn <K+S Finn S/F A/C>	1,885,915	1.02%
Subtotal	103,360,998	55.86%
Others	81,689,271	44.14%
Total ordinary shares on Issue	185,050,269	100.00%

*Janvel Pty Limited and Territory Mineral Sands Pty Ltd are subsidiaries of Noble. On 2 May 2012 Noble consolidated its holding into Janvel Pty Limited from Territory Mineral Sands Pty Ltd.

Source: Computershare registry

6. Profile of Mulsanne Resources Pty Ltd

Mulsanne Resources Pty Ltd is a company owned by the Tinkler Group. The Tinkler Group is an Australian-based company that has interests across a diverse portfolio of industries including resources, ports and rail, construction, property development, corporate investment advice, sports, horse breeding and philanthropy. Executive Chairman of the Tinkler Group is Nathan Tinkler.

7. Economic analysis

Recent information is consistent with the expectation that the world economy will grow at a below-trend pace this year, but does not suggest that a deep downturn is occurring. Several countries in Europe will record very weak outcomes, but the US economy is continuing a moderate expansion. Growth in China has moderated, as was intended, and is likely to remain at a more measured and sustainable pace in the future. Conditions around other parts of Asia softened in 2011, partly due to natural disasters, but are not showing signs of further deterioration. Some moderation in inflation has allowed policymakers in the region to ease monetary policies somewhat. Commodity prices declined for a few months last year and are noticeably off their peaks, but have been relatively stable for a while now, at quite high levels. Australia's terms of trade have peaked, though they remain high.

Financial market sentiment has generally continued to improve in recent weeks and capital markets are supplying funding to corporations and well-rated banks. At the margin, wholesale funding costs are tending to decline, though they remain higher, relative to benchmark rates, than in mid 2011. But the task of putting European banks and sovereigns onto a sound footing for the longer term remains large and Europe will remain a potential source of adverse shocks for some time yet.

In Australia, growth in domestic demand ran at its fastest for four years in 2011, driven by private spending. Nonetheless the balance of recent information suggests that output growth was somewhat below trend over the year. There are differences in performance between sectors, and considerable structural change is occurring. Labour market conditions softened during 2011, though the rate of unemployment has been little changed for some time.

Interest rates for borrowers remain close to their medium-term average. Credit growth remains modest. Housing prices have shown some signs of stabilising recently, after having declined for most of 2011, but generally the housing market remains soft. The exchange rate has remained high over recent months, even though the terms of trade have declined somewhat.

In underlying terms, inflation was around 2½ per cent in 2011. CPI inflation was higher than that but will fall over the next quarter or two. It is currently expected that inflation will be in the 2-3 per cent range over the coming one to two years. This forecast abstracts from the effects of the carbon price and also embodies an assumption that productivity growth in the economy increases somewhat as a result of the structural change now occurring. At its next meeting, the Board of the Reserves Bank of Australia will have the opportunity to reassess the outlook for inflation, taking into account not only data on demand and output but also forthcoming information on prices.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 3 April 2012

8. Industry analysis

8.1. Coal Industry Background

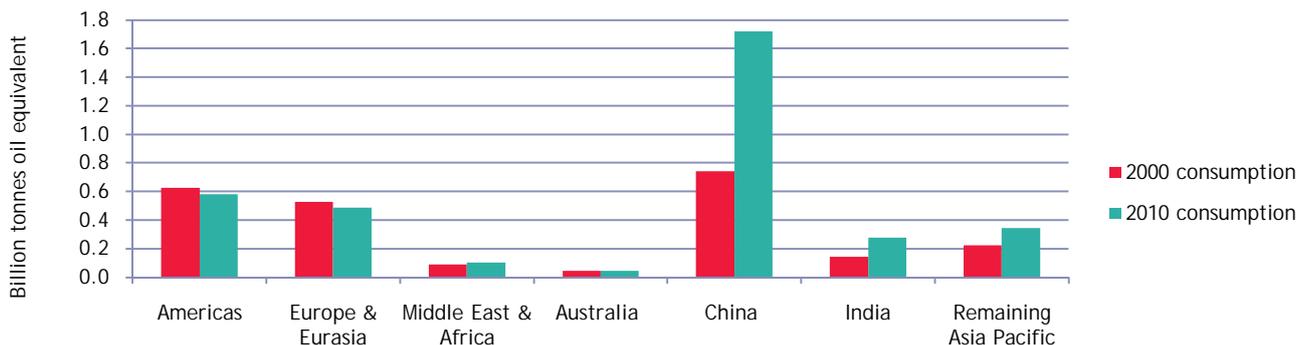
Coal deposits are found below the earth's surface with the quality of a coal deposit determined by the length of time in formation, commonly known as its 'organic maturity', temperature and pressure. The rank of coal refers to the physical and chemical properties that coals of different maturities possess. Lower rank coals such as lignite generally possess a much lower organic maturity, have a soft texture, a dull earthy appearance and are characterized by high moisture levels and low energy (carbon) content. Higher ranked coals such as Anthracite, which is the highest ranking coal, are harder, stronger, contain less moisture, and produce more energy.

To date coal has been mined by two broad methods, opencast mining and underground mining, the choice of extraction method being determined by the geology of the coal deposit.

8.2. Coal Demand & Supply Characteristics

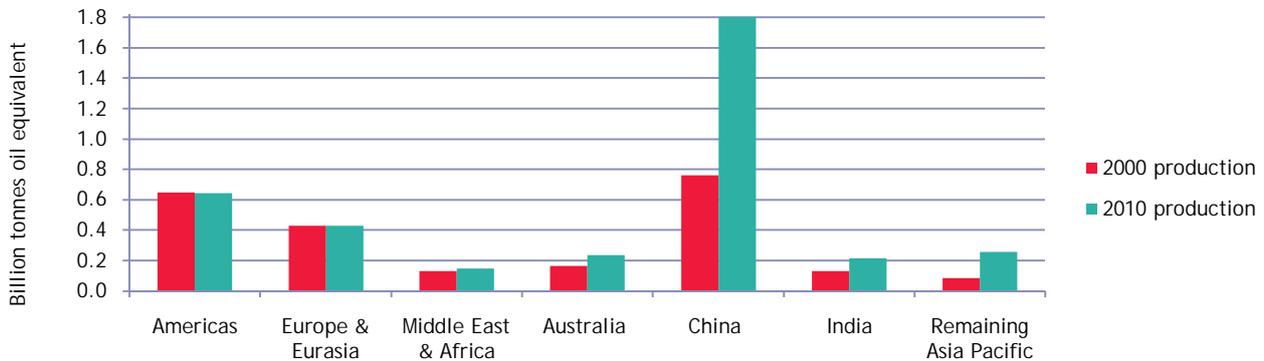
Due to the significant expense involved in the transportation of coal, world trade is effectively divided into two regional markets; the Atlantic market and the Pacific market. The Pacific market is the larger of these, comprising around 57% of world seaborne steam coal trade and boasting the world's two largest exporters. In 2010 Australia was the top exporter of coal with 155Mt coking coal and 143 Mt steam coal exported, while Indonesia led exports of steam coal, exporting 160 Mt. The top coal importers include Japan (187Mt), China (177Mt), and South Korea (119Mt). Despite Australia being a dominant player on the coal export market, their overall share in total coal production and consumption is negligible in comparison with China and to a lesser extent the USA and India.

The table below shows consumption patterns from 2000 to 2010 for hard and sub-bituminous coals. Total global coal consumption increased from 2,400 million tonnes in 2000 to 3,556 million in 2010. China accounted for approximately 48% of all coal consumed in 2010 while the USA accounted for approximately 15%.



Source: BP Statistical Review of World Energy June 2011

The table below illustrates total coal production patterns from 2000 to 2010 for hard and sub-bituminous coals. Total global coal production increased from 2,352 million tonnes in 2000 to 3,731 million in 2010. The trend in production over the past ten years is similar to that of consumption in that production has increased significantly in the Asia Pacific region and remained relatively stable in Europe, the Americas and Africa.



Source: BP Statistical Review of World Energy June 2011

Despite the increase in coal production in the Asia Pacific region, demand has not kept pace with supply. Recent changes in Chinese coal mining policy have improved safety and focused on closing small mines with poor recovery rates. Approximately 1000 small coal mines were closed in China in 2008. In addition, the majority of China's coal resources are located in Northern and Northwest China, while the primary consuming areas are in the country's coastal provinces. The scale of China's demand for coal is placing significant strain on the country's transportation network, particularly the rail system. Together, changes in mining regulation and infrastructure constraints mean that the country is likely to remain a net coal importer.

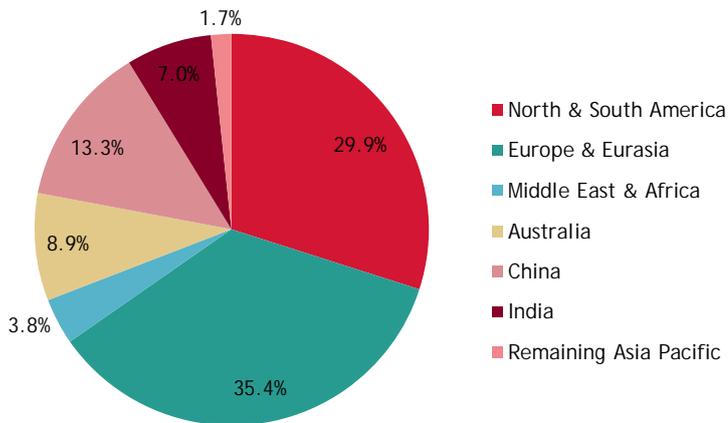
India relies on thermal coal for approximately 75% of its power requirements. India suffers from severe power shortages and blackouts are common in all of the country's capital cities. Because of this the Indian government has set a goal to significantly increase its power capacity. Future growth in India's power demand is expected to be dependent on the speed in which the country can accumulate infrastructure.

For the reasons mentioned above it is expected that the Asia Pacific region will become increasingly competitive with Europe, Japan, Korea and Taiwan for future coal resources. There are significant coal reserves in this region but an inability to bring reserves to production rapidly enough to keep pace with economic development has resulted in this region increasingly becoming a net coal importer. In some instances safety issues and infrastructure constraints have also been production constraints. Key producers in close proximity to these markets such as Indonesia, Australia and South Africa are likely to benefit from this trend.

8.3. Coal Reserves

Globally, it is estimated that there is enough coal to last approximately 118 years. However the discovery of new reserves through ongoing and improved exploration activities and advances in mining techniques may allow previously inaccessible deposits to be reached.

Coal reserves are available in almost every country worldwide, with recoverable reserves in around 70 countries. Coal has a significantly higher level of proven reserves than oil and gas which has around 46 and 59 years at current production levels respectively (World Coal Association Coal Statistics 2011). 35% (or 304,604 million tonnes ("Mt")) of the world's proven reserves are located in Europe and Eurasia, 29% (245,088 Mt) are found in North America and 31% (265,842 Mt) in Asia Pacific. While coal reserves are important for long term energy sustainability, the timely satisfaction of the world's energy requirements is dependent on the rate at which the reserves can be brought into production.



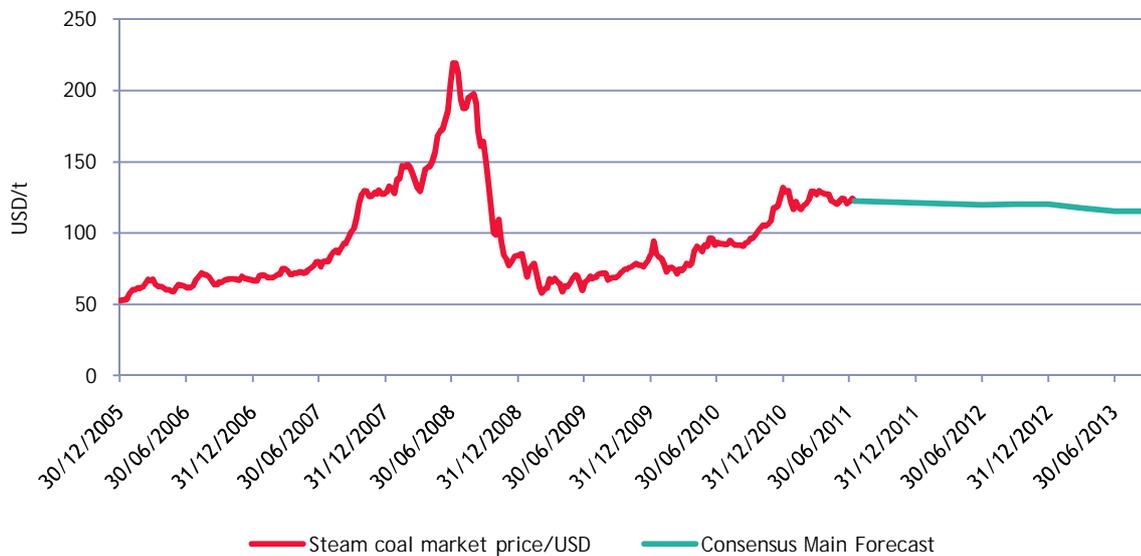
Source: BP Statistical Review of World Energy June 2011

8.4. Price Trends

Coal is a global commodity and, as such, prices are determined by global supply and demand factors. With both the international community and the world's dependency on energy growing, fuel products are the single most important input affecting global economic growth. As a result coal is a highly marketable commodity, and with world consumption estimated to increase 60% by 2030, the long term price outlook is strong.

During 2007-2008, elevated demand for coal as the cheapest source of power caused prices to increase by around 200%. This diverged from historical trends where coal has generally traded at lower, more stable prices than more volatile commodities such as oil and gas. Steam coal currently trades at an average price of around US\$120 per tonne (" /t"), down from a peak of over US\$210/t in mid 2008. Speculation about sustainability of prices in light of the economic slowdown and a slackening steel market caused the correction from the highs experienced, however in comparison to an average between US\$20/t to US\$40/t throughout the 1990's, the current price is still well above historical levels.

Steam Coal Market Price/USD Index



Source: Bloomberg and BDO Analysis

Coal prices have retracted substantially since the commodity boom from 2005 to 2008. This spike was not only fuelled by the surge in demand from developing economies such as China but was also exacerbated by supply side factors. Disruptions to global supply occurred as a result of extremely heavy snowfall in China and long term power shortages in South Africa.

Prices are expected to remain fairly stable at current levels as is shown by the consensus forecast in the chart above. This is primarily due to expectations of a recovery in the world economy over the coming years with the continued expansion of India and China in particular driving demand for both energy and iron and steel production.

8.5. The Australian Market

Australia exports a majority of its coal production which means the future of the export industry in particular in New South Wales and Queensland is dependent on the capacity of and access to rail and port infrastructure. This was evident from the additional demand coming out of China and India which highlights that without infrastructure developments in the coming years the growth of the industry in these states may stagnate. The problem facing the Queensland coal industry is that historically the expansion of rail capacity has lagged the expansions at ports especially on the Goonyella supply chain which carries coal from the Bowen Basin to the Port of Hay Point. Supply chain participants are however implementing arrangements including increasing the number of electric locomotives for Queensland rail and building additional lines such as the Northern Missing link.

Another factor that has impacted the Australian coal industry was the devastating Queensland floods of January 2011 as it affected much of the Queensland coal mining area including the Bowen and Surat Basins. The mines were flooded and transport links damaged resulting in estimated losses of up to 35% of Australia's 259Mt of exportable coal.

The social and political debate regarding global warming has prompted the Australian Government to implement policy to reduce carbon emissions. In particular the Australian coal market is likely to be affected by the proposed carbon tax which is set to come into effect as at 1st July 2012. Australia is one of the worst greenhouse polluters worldwide due to its heavy reliance on coal exports. By implementing the new tax the Government aims to promote the adoption of clean energy alternatives however market analysts predict that this could result in the closure of 18 mines in Queensland and New South Wales and lead to an estimated loss of revenue of AUD\$22 billion.

8.6. Outlook

World coal consumption grew by 7.6% for 2010. This is the highest growth rate recorded since 2003 with total world consumption exceeding an oil equivalent amount of 3550 Mt. Coal now accounts for 29.6% of global energy consumption, up from 25.6% 10 years ago (BP Statistical Review of World Energy June 2011).

Growth is expected to be strongest in the steam and coking coal markets, stemming from electricity demand, car production, and demand for household appliances. Demand and supply are set to remain fairly tight into the future, substantiating a positive outlook for the industry.

9. Valuation approaches adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (“FME”);
- Discounted Cash Flow (“DCF”);
- Quoted Market Price Basis (“QMP”);
- Net Asset Value (“NAV”); and
- Market Based Assessment.

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

Opinion One - Placement

In our assessment of the value of Blackwood shares we have chosen to employ the following methodologies:

- Net Asset Value on a going concern basis (“NAV”) as our primary valuation; and
- Quoted Market Price (“QMP”) as our secondary valuation.

We have chosen these methodologies for the following reasons:

- Being an exploration company, the core value of Blackwood is in the exploration assets it holds. We have instructed AI Maynard & Associates Pty Ltd (“AI Maynard”) to act as independent specialist to value these assets and have considered these in the context of Blackwood’s other assets and liabilities on a NAV basis.
- The QMP basis is a relevant methodology to consider because Blackwood’s shares are listed on the ASX. This means there is a regulated and observable market where Blackwood’s shares can be traded. However, in order for QMP to be considered appropriate, the company’s shares should be liquid and the market should be fully informed as to Blackwood’s activities. We have considered these factors in section 10.2.
- Future Maintainable Earnings are not appropriate for a company with only exploration assets and sufficient information is not available for a DCF valuation approach to be undertaken.

Our assessment of the value of a Blackwood share prior to the Placement has been undertaken in section 10. We have compared this value obtained to the value of the consideration to be received by Blackwood for the Placement in section 11.

Opinion Two - Future Services Proposal

Our assessment of the value of the Future Services Proposal has been undertaken in section 14.

10. Valuation of Blackwood prior to Placement

10.1. Net Asset Valuation of Blackwood

The value of Blackwood assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Notes	Unaudited	Low value	Preferred value	High value
		23-Apr-12	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents		3,653,059	3,653,059	3,653,059	3,653,059
Trade and other receivables		336,155	336,155	336,155	336,155
Other current assets		73,895	73,895	73,895	73,895
TOTAL CURRENT ASSETS		4,063,109	4,063,109	4,063,109	4,063,109
NON-CURRENT ASSETS					
Property, plant and equipment		96,833	96,833	96,833	96,833
Intangible assets		8,662	8,662	8,662	8,662
Exploration and evaluation assets	(a)	9,861,062	43,470,000	50,670,000	57,860,000
TOTAL NON-CURRENT ASSETS		9,966,557	43,575,495	50,775,495	57,965,495
TOTAL ASSETS		14,029,666	47,638,604	54,838,604	62,028,604
CURRENT LIABILITIES					
Trade and other payables		736,871	736,871	736,871	736,871
TOTAL CURRENT LIABILITIES		736,871	736,871	736,871	736,871
TOTAL LIABILITES		736,871	736,871	736,871	736,871
NET ASSETS		13,292,795	46,901,733	54,101,733	61,291,733
Shares on issue (number)		185,050,269	185,050,269	185,050,269	185,050,269
Value per share (\$)		\$0.072	\$0.253	\$0.292	\$0.331

We have been advised that there has not been a significant change in the net assets of Blackwood since 23 April 2012. The table above indicates the net asset value of a Blackwood share is between \$0.253 and \$0.331, with a preferred value of \$0.292.

The following adjustment was made to the net assets of Blackwood as at 23 April 2012 in arriving at our valuation.

Note a: Exploration and evaluation assets

We instructed AI Maynard to provide an independent market valuation of the exploration assets held by Blackwood (see Appendix 3). AI Maynard applied the comparable transaction methodology to value all of Blackwood's assets, based on the Company's exploration tonnage ranges and grade ranges. The comparable transaction method involves calculating a value per common attribute in a comparable transaction and applying that value to the subject asset. A common attribute could be the amount of resource or the size of a tenement. We consider these methods to be appropriate given the pre feasibility

stage of development for Blackwood’s exploration assets. The table below provides a summary of this valuation:

Blackwood Corporation Limited	Low value	Preferred value	High value
Mineral Asset Valuation	\$m	\$m	\$m
Queensland Coal Projects	43.17	50.37	57.56
Mineral leases	0.30	0.30	0.30
Total	43.47	50.67	57.86

The range of values for Blackwood’s exploration assets as calculated by AI Maynard is between \$43.47 million and \$57.86 million, with a preferred value of \$50.67 million.

10.2. Quoted Market Prices for Blackwood Securities

To provide a comparison to our NAV valuation of Blackwood in Section 10.1, we have also assessed the quoted market price for a Blackwood share.

The NAV valuation is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. However, the quoted market value of a company’s shares is reflective of a minority interest which is not considered significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company’s shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

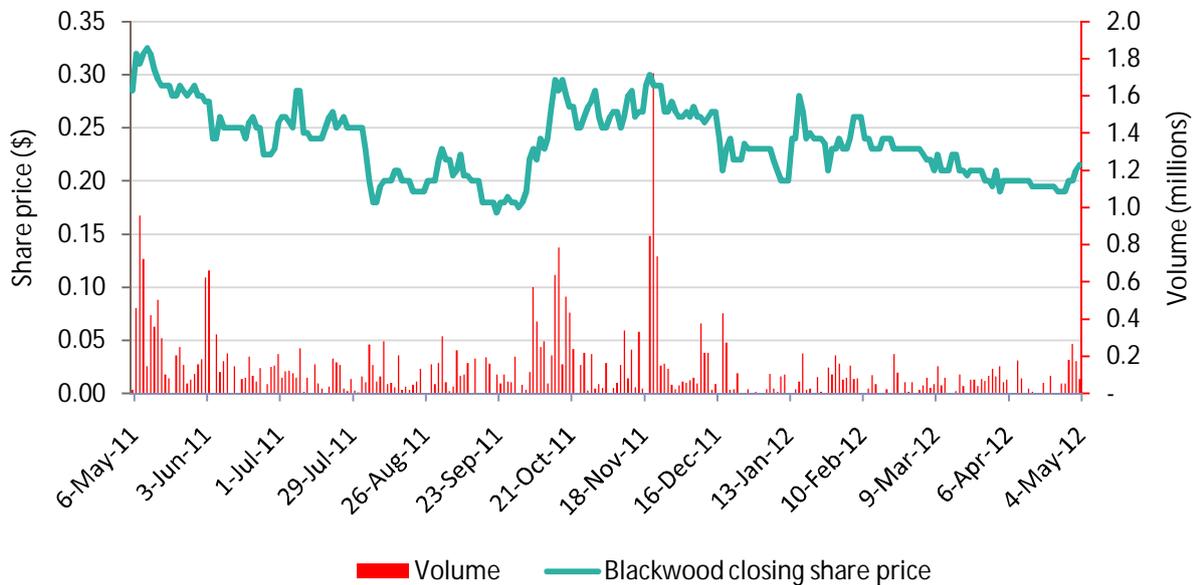
Whilst Mulsanne will not be obtaining 100% of Blackwood, RG 111 states that the expert should calculate the value of a target’s shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer’s practical level of control when considering reasonableness. Reasonableness has been considered in section 13.

As our NAV valuation of Blackwood in section 10.1 is already reflective of a controlling interest, we must include a premium for control in our calculation of the quoted market price of a Blackwood share. Therefore, our calculation of the quoted market price of a Blackwood share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the QMP of a Blackwood share is based on the pricing prior to the announcement of the Placement. This is because the value of a Blackwood share after the announcement may include the effects of any change in value as a result of the Placement. However, we have considered the value of a Blackwood share following the announcement when we have considered reasonableness in section 13.

Information on the Placement was announced to the market on 7 May 2012. Therefore, the following chart provides a summary of the share price movement over the year to 4 May 2012, which was the last trading day prior to the announcement.



Source: Bloomberg and BDO Analysis

The daily price of a Blackwood share from 5 May 2011 to 4 May 2012 has ranged from a low of \$0.17 on 23 September 2011 to a high of \$0.33 on 10 May 2011. On 22 November 2011 a total of 1,721,843 Blackwood shares were traded over the course of the day, this represented a turnover of approximately 1% of Blackwood's current issued capital. This high trading volume followed the announcement of a maiden 2.1 to 3.2 Bt thermal coal JORC exploration target at the South Pentland project.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price	
		Following Announcement \$ (movement)	Three Days After Announcement \$ (movement)
19 March 2012	JORC exploration target at Taroom project	0.225 (-)	0.205 (▼9%)
20 February 2012	JORC exploration target at Chinchilla project	0.240 (▲4%)	0.230 (▼4%)
30 January 2012	Quarterly activities report and cash flow report	0.210 (▼10%)	0.240 (▲14%)
22 November 2011	JORC exploration target clarification statement	0.300 (▲3%)	0.290 (▼3%)
21 November 2011	JORC exploration target at South Pentland project	0.290 (▲9%)	0.290 (-)
15 November 2011	Blackwood significantly advances Galilee Basin projects	0.285 (▲2%)	0.265 (▼7%)
11 November 2011	Termination of TSA and entry into Subscription	0.260 (▲4%)	0.260 (-)

Agreement

31 October 2011	Quarterly activities report and cash flow report	0.275 (▲ 2%)	0.250 (▼ 9%)
11 October 2011	Clarifying statement- Media Report	0.240 (▲ 9%)	0.270 (▲ 12%)
29 September 2011	Exploration and operational update	0.180 (▼ 3%)	0.175 (▼ 3%)
29 July 2011	Quarterly activities report and cash flow report	0.250 (-)	0.250 (-)
11 July 2011	Blackwood commences drilling at South Pentland project	0.285 (-)	0.240 (▼ 18%)
3 June 2011	Blackwood Corporation appoints CEO	0.275 (▼ 2%)	0.240 (▼ 13%)
18 April 2011	Quarterly activities report and cash flow report	0.265 (-)	0.295 (▲ 10%)

To provide further analysis of the market prices for a Blackwood share, we have also considered the volume weighted average market price ("VWAP") for 10, 30, 60 and 90 day periods to 4 May 2012.

	4 May 2012	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.215				
VWAP		\$0.199	\$0.201	\$0.210	\$0.219

The above volume weighted average prices are calculated prior to the Placement being announced, to avoid the influence of any increase in the price of Blackwood shares that has occurred since the Placement was announced.

An analysis of the volume of trading in Blackwood shares for the six months to 4 May 2012 is set out below:

	Share price low	Share price high	Cumulative Volume traded	As a % of Issued capital
1 day	\$0.210	\$0.215	146,150	0.08%
10 days	\$0.190	\$0.220	1,050,962	0.57%
30 days	\$0.190	\$0.220	2,189,679	1.18%
60 days	\$0.190	\$0.245	3,638,601	1.97%
90 days	\$0.190	\$0.280	5,511,472	2.98%
180 days	\$0.170	\$0.310	20,810,591	11.25%

This table indicates that Blackwood's shares display a low level of liquidity, with 11.25% of the Company's current issued capital being traded in the approximate six month period. If we were to exclude the shares held by Noble, totalling approximately 94.69 million shares, then approximately 23.03% of Blackwood's current issued capital has being traded in the approximate six month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

Our assessment is that a range of values for Blackwood shares based on market pricing, after disregarding post announcement pricing, is between \$0.19 and \$0.23.

Control Premium

We have reviewed the control premiums paid by acquirers of coal companies listed on the ASX. We have summarised our findings below:

Target company	Acquirer	Transaction date	Deal Value (US\$m)	Control Premium
Gloucester Coal Ltd	ITOCHU Corp	Aug-05	12.93	0.36%
Austral Coal Ltd	Centennial Coal Co Ltd	Nov-05	378.13	12.19%
Excel Coal Ltd	Peabody Energy Corp	Nov-06	2299.06	13.09%
Resource Pacific Holdings Ltd	Xstrata PLC	Apr-08	985.31	35.25%
Gloucester Coal Ltd	Noble Group Ltd	Jun-09	352.28	102.87%
Bowen Energy Ltd	Bhushan Steel Ltd	Aug-09	5.56	8.23%
Felix Resources Ltd	Yanzhou Coal Mining Co Ltd	Dec-09	3083.75	9.26%
Centennial Coal Co Ltd	Banpu PCL	Jun-10	98.72	23.11%
Gloucester Coal Ltd	Noble Group Ltd	Oct-10	251.46	42.31%
Bowen Energy Ltd	Bhushan Steel Ltd	Nov-10	1.14	88.92%
Centennial Coal Co Ltd	Banpu PCL	Dec-10	2209.19	38.32%
Northern Energy Corp Ltd	New Hope Corp Ltd	Mar-11	158.59	79.12%
Riversdale Mining Ltd	Rio Tinto Ltd	Jul-11	3409.48	27.84%
Caledon Resources PLC	Guangdong Rising Assets Management Co Ltd	Aug-11	419.27	58.98%
Northern Energy Corp Ltd	New Hope Corp Ltd	Oct-11	50.09	33.89%
			Average	38.25%
			Median	33.89%

Source: Bloomberg and BDO Analysis

Due to limitations in data availability we have also reviewed the control premiums paid by acquirers of global coal mining companies, our findings are summarised below:

Transaction Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium %
2005	82	124	9%
2006	87	142	2%
2007	138	129	14%
2008	123	330	17%
2009	103	156	33%
2010	146	247	40%
2011	91	238	33%
			Average 21%

Source: Bloomberg and BDO Analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

The results from the table above indicate an average control premium of 38.25% for Australian coal companies and 21% for global coal companies. Excluding the acquisitions of Bowen Energy Ltd, which is the only company in the list of ASX transactions above which explores for uranium and coal, the average control premium for Australian coal companies indicated is 36.66%.

We also note that Noble holds approximately 94.69 million shares in Blackwood and, if the Placement is approved will hold the same amount of shares as Mulsanne. As such, Mulsanne's level of control will be reduced so we consider that a lower control premium is appropriate.

Based on the results above, we consider the long term control premium paid for global coal mining companies is in the order of 20% to 30%.

Quoted market price including control premium

Applying a control premium to Blackwood's quoted market share price results in the following QMP value including a premium for control:

	Low \$	High \$
QMP value	\$0.19	\$0.23
Control premium	20%	30%
QMP valuation including a premium for control	\$0.228	\$0.299

Therefore, our valuation of a Blackwood share based on the QMP method and including a premium for control is between \$0.228 and \$0.299.

10.3. Assessment of Blackwood Value

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
NAV approach (section 10.1)	\$0.253	\$0.292	\$0.331
QMP approach (section 10.2)	\$0.228	\$0.264	\$0.299

The NAV methodology has been deemed the most reliable for this purpose due to the core value of Blackwood being in the exploration assets that it holds in its balance sheet, for which we have received an independent valuation.

Our QMP valuation is lower in each of our low, preferred and high net asset valuation ranges. From our analysis of the quoted market price of a Blackwood share we note that 23.03% of the Company's issued capital (excluding Noble's holding) had been traded in six months up until the date of announcement, which represents a moderate level of liquidity. We also note that in the same period, Blackwood shares have traded between a low of \$0.17 and a high of \$0.33. We consider that the QMP methodology is not as reliable as the NAV methodology in determining the value of a Blackwood share.

We have therefore based our valuation of a Blackwood share on the NAV methodology and consider the value of a Blackwood share to be between \$0.253 and \$0.331, with a preferred value of \$0.292.

11. Valuation of the Placement consideration

As outlined in section 4, under the terms of the SPA, Blackwood will issue a total of 94,689,760 shares at an issue price of \$0.30 per share to raise a total of \$28,406,928. Therefore, the consideration to be received per Blackwood share for the Placement is \$0.30.

12. Is the Placement fair?

The value of a Blackwood share and the consideration offered per share is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of a Blackwood share	10.3	\$0.253	\$0.292	\$0.331
Value of consideration per share	11	\$0.300	\$0.300	\$0.300

The above valuations are depicted graphically below.



We note from the table and graph above that the value of the consideration offered of \$0.30 per share is within our value range and more than the preferred value of a Blackwood share prior to the Placement. Based on the above pricing, we consider that the Placement is fair for Shareholders.

13. Is the Placement reasonable?

13.1. Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Blackwood a premium over the value ascribed to resulting from the Placement.

13.2. Practical Level of Control

If the Placement is approved then Mulsanne (and any associates) will hold a maximum interest of 33.85% in the issued capital of Blackwood. In addition to this Mulsanne will have two Board members nominated by Mulsanne on the Board of Blackwood.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Placement is approved then Mulsanne (and any associates) will not be able to pass special or general resolutions but will be able to block special resolutions.

Mulsanne (and any associates) control of Blackwood following the Placement will be significant when compared to most other shareholders although its holding will be equal to Noble Group Limited who also holds approximately 94.69 million shares (33.85% post Placement). As such, Mulsanne should not be expected to pay a similar premium for control as if it were acquiring 100% control of Blackwood.

13.3. Consequences of not approving the Placement

Consequences

If the Placement is not approved then the Company would not receive funds from the issue of the 94,689,760 shares totalling \$28,406,928. We have been advised that the funds are to be used to maintain and further progress the Company's domestic projects as well as evaluate potential international projects. If the Placement is not approved, the Company would need to pursue other opportunities to raise funds in order to achieve these outcomes. As the Company currently has \$3.65 million in cash, it is likely that some form of capital raising will have to be undertaken by the Company which may be at a discount to the Placement.

Post announcement movement in share price

We have analysed the movements in Blackwood's share price since the Placement was announced. Although there has been limited time since the date of announcement, we note that on 8 May 2012, the day after the announcement of the Placement, a total of 3,254,799 shares were traded and Blackwood's share price closed at \$0.275. This represented a 27.9% increase in Blackwood's share price prior to the announcement.

Given the above analysis it is possible that if the Placement is not approved Blackwood's share price may decline.

13.4. Advantages of approving the Placement

We have considered the following advantages when assessing whether the Placement is reasonable.

Advantage	Description
The Placement is fair	As set out in section 12 the Placement is fair. RG 111 states that an offer is reasonable if it is fair.
Immediate capital injection	A capital injection of approximately \$28.41 million will be received if the Placement is approved. The intention of the Company is to utilise these funds received under the Placement to maintain and further progress the Company's domestic projects, evaluate potential international projects and to assist the Company with its general working capital requirements.
No changes to current operating arrangements	We are not aware of any operational changes that Mulsanne wishes to introduce if the Placement is approved. Whilst Mulsanne will be entitled to appoint two nominees to the Blackwood Board of Directors it will be the equal largest shareholder of the Company.

13.5. Disadvantages of approving the Placement

If the Placement is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below.

Disadvantage	Description
Dilution of Shareholders' interests	Under the Placement Blackwood will issue a total of 94,689,760 shares to Mulsanne. If Shareholders approve the Placement, the current Blackwood

shareholders' ownership will be diluted to 66.15% of the Company. The capacity of shareholders to influence the operations of the Company will be reduced.

Mulsanne will gain a significant level of control of Blackwood

As outlined in section 4, if the Placement is approved, Mulsanne (and any associates) will obtain 33.85% of the Company which will give them a significant level of control over the Company in comparison to other shareholders. Mulsanne (and any associates) will gain the capacity to block special resolutions. Further to this, Mulsanne will have the ability to appoint two nominees to the Blackwood Board of Directors though we note that Mulsanne will have an equal shareholding in the Company as Noble.

14. Future Services Proposal

14.1. Is the Future Services Proposal fair?

When dealing with transactions with related parties, RG 111.57 states that a transaction is fair if the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

In our assessment as to whether Blackwood providing this undertaking, under the Future Services Proposal, to Tinkler Group is fair for Shareholders it is necessary to determine whether Shareholders are being disadvantaged by entering into such an undertaking with a related party as opposed to entering into a similar undertaking with an unrelated third party. For the Future Services Proposal to be considered fair, Shareholders must be at no disadvantage by approving the Future Services Proposal.

Under the terms of the SPA, the Company will only enter into a contract with Tinkler Group for the provision of either Infrastructure Services or Non Infrastructure Services if Tinkler Group's bid for those services is equal to or more favourable than any third party bid that has been received by the Company.

This indicates that Shareholders will be at no disadvantage by approving the Future Services Proposal and in order for Tinkler Group to provide any services their bid must be equal to or more favourable than any third party bid received. Therefore we consider the Future Services Proposal is fair for Shareholders.

14.2. Is the Future Services Proposal reasonable?

Under RG 111.60, a proposed related party transaction is reasonable if it is fair. RG111.62 provides further guidance to assist an expert in deciding whether a proposed transaction is reasonable. These include:

- a) the financial situation and solvency of the entity;
- b) opportunity costs;
- c) alternative options available to the entity and the likelihood of those options occurring;
- d) the entity's bargaining position;
- e) whether there is selective treatment of any security holders, particularly the related party;
- f) any special value of the transaction to the purchaser, such as particular technology or the potential to write off outstanding loans from the target; and

g) the liquidity of the market in the entity's securities.

From our review of the above, the only points that appear relevant in regard to the Future Services Proposal relate to any benefits that may be foregone or opportunity costs incurred as a result of Blackwood allowing a related party to provide these services as opposed to an unrelated third party.

The Future Services Proposal does not lock Tinkler Group in to providing these services but rather allows Tinkler Group to participate in the bid process and have the opportunity to match any competing bid from an unrelated third party for the provision of these services. Therefore, we do not believe that there is any opportunity cost associated with approving this proposal neither are there any benefits foregone by Shareholders.

As such, based on the above, we believe the Future Services Proposal is reasonable for Shareholders.

15. Conclusion

Opinion One - Placement

We have considered the terms of the Placement as outlined in the body of this report and have concluded that the Placement is fair and reasonable to Shareholders.

Opinion Two - Future Services Proposal

We have considered the terms of the Future Services Proposal as outlined in the body of this report and have concluded that the Future Services Proposal is fair and reasonable to Shareholders.

16. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Executed Share Placement Agreement between Blackwood Corporation Ltd and Mulsanne Resources Pty Ltd;
- Audited financial statements of Blackwood for the years ended 30 June 2011 and 30 June 2010;
- Reviewed financial statements of Blackwood for the half-year ended 31 December 2011;
- Unaudited management accounts of Blackwood for the period ended 23 April 2012;
- Independent valuation report prepared by AI Maynard & Associates Pty Ltd;
- Share registry information for Blackwood as at 16 April 2012;
- Information in the public domain; and
- Discussions with Directors and Management of Blackwood.

17. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$20,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Blackwood in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Blackwood, including the non provision of material information, in relation to the preparation of this report.



Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Blackwood, Mulsanne any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Blackwood and Mulsanne and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Blackwood.

A draft of this report was provided to Blackwood and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

18. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 150 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia. Sherif Andrawes is the Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 14 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

19. Disclaimers and consents

This report has been prepared at the request of Blackwood Corporation Limited for inclusion in the Explanatory Memorandum which will be sent to all Blackwood Shareholders. Blackwood engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed issue of shares to Mulsanne as well as the opportunity to take part in any tender process for infrastructure and non-infrastructure services to be provided to Blackwood.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Blackwood or Mulsanne in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Blackwood and Mulsanne. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Blackwood, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent market valuations of the exploration assets held by Blackwood prepared by Al Maynard.

Al Maynard possesses the appropriate qualifications and experience in valuing exploration tenements to make such assessments. The approaches adopted and assumptions made in arriving at the valuations are appropriate for this report. We have received consents from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes

Director



Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001
AI Maynard	AI Maynard & Associates Pty Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Blackwood	Blackwood Corporation Limited (formerly Matilda Minerals Limited)
Bid Process	Tender conducted by Blackwood for the provision of either Infrastructure Services or non-Infrastructure Services
The Company	Blackwood Corporation Limited (formerly Matilda Minerals Limited)
DCF	Discounted Future Cash Flows
DOCA	Deed of Company Arrangement approved by the Company's creditors on 15 April 2009, executed 4 May 2009 and amended on 28 August 2009 and 25 February 2010
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FSG	Financial Services Guide
Future Services Proposal	Under the SPA, Blackwood will provide Tinkler Group (or a related party of Tinkler Group) the opportunity to participate in any future bid process to provide infrastructure and non-infrastructure services to Blackwood
GST	Goods and Services Tax
Mulsanne	Mulsanne Resources Pty Ltd
NAV	Net Asset Value
Noble	Noble Group Ltd
Opinion One	Whether or not the Placement is fair and reasonable to the non associated shareholders of

Blackwood

Opinion Two	Whether or not the Future Services Proposal is fair and reasonable to the non associated shareholders of Blackwood.
Our Report	This Independent Expert's Report prepared by BDO
Placement	The proposal to issue 94,689,760 shares to Mulsanne Resources Pty Ltd at an issue price of \$0.30 each to raise \$28,406,928
QMP	Quoted Market Price
RG111	Content of expert reports (March 2011)
RG112	Independence of experts (March 2011)
Shareholders	Shareholders of Blackwood not associated with Mulsanne Resources Pty Ltd
SPA	Share Placement Agreement between Blackwood Corporation Ltd and Mulsanne Resources Pty Ltd
Tinkler Group	Tinkler Group Pty Ltd
TSA	Technical Services Agreement between Blackwood Corporation Ltd and Noble Group Ltd dated 10 September 2010

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value (“NAV”)*

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis (“QMP”)*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 Capitalisation of future maintainable earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Independent Specialist's Report prepared by AI Maynard & Associates Pty Ltd

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Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT VALUATION

REPORT

FOR

BDO CORPORATE FINANCE (WA) PTY LTD

REGARDING QUEENSLAND COAL PROJECTS

CONTROLLED BY

BLACKWOOD CORPORATION LTD.

Author: : Allen J Maynard BAppSc(Geol), MAIG, MAusIMM
Company; Al Maynard & Associates Pty Ltd

Date: 17th April, 2012

Revised: 30th May, 2012

1.0 Executive Summary

Blackwood Corporation Ltd (“Blackwood” or the “Company”), formerly Matilda Minerals Limited, has requested that Al Maynard & Associates prepare an independent geologists’ report on the Company’s Queensland coal projects.

Blackwood Corporation is planning to raise \$24 million through a placement of shares to Queen Street Capital Pty Ltd (QSC). Blackwood proposes to issue QSC a total of 80 million shares. Accordingly, QSC’s relevant interest in the issued shares after the transaction will be 30.18%.

The proposed transaction amount exceeds the 15% discretionary placement available to the company, and consequently, the transaction will require the approval of Blackwood’s shareholders. In order to enable Blackwood’s shareholders to be fully informed prior to voting in relation to this matter, Blackwood needs to provide shareholders with an independent expert’s report assessing the fairness and reasonableness of the transaction.

This report provides a valuation of Blackwood’s assets, which will be relied upon by the independent expert (BDO) to make a determination in relation to the fairness and reasonableness of the proposed placement of shares to the Queen Street Capital Pty Ltd in Blackwood.

Blackwood has retained the coal areas under its wholly owned subsidiary Matilda Coal Pty Ltd (“Matilda”) so the descriptions below generally refer to Matilda as it is the registered holder with the Queensland Department of Mines.

In addition to the coal areas, Blackwood has six exploration leases in the Northern Territory and one in Western Australia. The Northern Territory leases are greenfield assets with known mineral occurrences of iron, uranium and tungsten. The Western Australian lease is for mineral sands prospectivity.

The Queensland coal assets are Exploration Permits for Coal (EPCs) and comprise 17 project areas that are distributed throughout five major coal basins (Table1). These are concentrated in the Surat, Bowen, Clarence-Morton, Callide and Galilee Basins. The Surat, Clarence-Morton and Galilee Basins will be explored for high volatile coal for the thermal market or for Underground Coal Gasification (“UCG”). Some of the Bowen EPCs have potential for Pulverised Coal Injection (“PCI”) and coking coal.

Matilda has approximately 6,162km² granted and 1,598 km² under application, in prospective areas of the major coal producing basins of Queensland. Coal seams have been identified in a number of these EPCs which are generally under explored and host no JORC compliant resources. Only Granted or ‘Priority Application’ tenements are used for valuation purposes.

The Exploration Target ranges described in this report are not to be misunderstood nor misconstrued as possible estimates of Mineral Resources.

These exploration target range estimates are conceptual in nature, and there is insufficient drill data to enable a Mineral Resource estimate. Future exploration is not certain of defining part or whole of any of these targets nor a Mineral Resource.

It is the writer's opinion that the preferred value of Blackwood's Queensland Coal Projects and the mineral tenements is \$50.67million from within the ranges of \$43.1 million to A\$57.4 million (rounded). Details provided in Section 5.0.

This report contains a summary geological report on the Qld Coal Projects and the original full geological report (*Amended Matilda Minerals Ltd Qld Coal Projects Summary. (3).doc*) is available at the Company's office.

The following table details the projects held by Blackwood's subsidiary; Matilda in terms of EPC status, area, prospectivity and the specific target geology. Prospectivity of each project has been gauged after considering the following factors:

- Presence of known coal measures which are productive along strike.
- Presence of significant coal seams established by drilling.
- Likelihood of occurrence of coal measures or seams on the EPC indicated by adjacent tenements.
- Likelihood of occurrence of coal measures or seams that are within reach of open cut or underground mining methods.
- Existence of existing or planned infrastructure which will enable mining and transport of the coal to markets.

Some areas have no outcrop of known coal measures but historical drilling has demonstrated the existence of coal measures at depth. This is particularly important in the Bowen Basin where the Triassic sandstones cover large areas of Permian coal measures. These areas are prospective where:

- The Triassic cover is known to be thin from previous exploration
- Favourable structures are likely to bring the underlying coal measures close to the surface.

The coal quality is more likely to support underground mining or overburden removal.

EPC ID	Coal Basin	Sub-Blocks	Area (sq km)	Lease Name
1466	BOWEN	9	28.0	Emerald West
1467	BOWEN	14	53.0	Rolleston
1522	BOWEN	68	212.0	Springsure
1531	BOWEN	11	34.0	Rolleston
1562	BOWEN	4	12.0	Dingo
1599	BOWEN	17	53.0	Capella

1725	BOWEN	10	31.0	Valeria North
2112	BOWEN	3	9.0	Rolleston South
2191	BOWEN	2	6.0	Rolleston North
1495	CALLIDE	59	230.0	Biloela
1430	C-MORTON	9	27.0	Warwick East
1431	C- MORTON	47	142.0	Warwick East
1474	C- MORTON	128	386.0	Inglewood (North)
1475	C- MORTON	32	96.0	Inglewood (South)
1509	C- MORTON	169	513.0	Toowoomba
1530	C- MORTON	33	99.0	Warwick East
1533	C- MORTON	11	42.0	Warwick North (Hendon)
1555	C- MORTON	20	75.0	Mount Emlyn
1597	C- MORTON	6	18.0	Warwick East #2
1702	C- MORTON	5	15.0	Millmerran
1703	C- MORTON	6	18.0	Commodore East
1706	C- MORTON	5	15.0	Warwick East
1711	C- MORTON	3	9.0	Freestone
1760	C- MORTON	12	36.0	Greenmount West
1761	C- MORTON	50	151.0	Millmerran
2045	C- MORTON	1	3.0	Freestone
1483	GALLILEE	37	117.0	Lake Buchanan
1485	GALLILEE	76	244.0	Galilee Basin
1486	GALLILEE	299	959.0	Pentland South (Lake Moocha)
1496	GALLILEE	179	575.0	Hughenden
1762	GALLILEE	240	767.0	Pentland
1436	SURAT	69	265.0	Taroom
1459	SURAT	2	6.0	Dalby
1461	SURAT	13	39.0	Dalby
1462	SURAT	15	45.0	Dalby
1464	SURAT	41	125.0	Barakula
1465	SURAT	66	204.0	Taroom West
1556	SURAT	16	49.0	Taroom
1557	SURAT	18	58.0	Taroom (Kinnoul Creek)
1558	SURAT	20	61.0	Taroom
1563	SURAT	40	123.0	Injune
1565	SURAT	18	55.0	Chinchilla
1600	SURAT	4	12.0	Injune #2
1691	SURAT	4	12.0	Dalby
1724	SURAT	4	12.0	Bymount East
1733	SURAT	14	42.0	Dalby
1734	SURAT	8	24.0	Greenmount West
2064	SURAT	4	12.0	Noola Plains
2199	SURAT	6	18.0	Colamba Creek
2200	SURAT	2	6.0	Wongongera
<i>Granted as at April 2012</i>		1929	6162	

Table 1: Summary of Matilda Coal's EPCs.

Tenement ID	State	Sub-Blocks	Area sq km)	Lease Name
E70/3292	WA	4	13	Jetty Creek
EL26071	NT	45	135	Pine Hill
EL26820	NT	250	767	Barrow Creek
EL26891	NT	178	571	Krakatoa
EL28874	NT	60	92	NA
EL29433	NT	201	602	NA
EL29438	NT	250	782	NA

Table 2: Summary of Matilda Coal's Mineral Tenements.

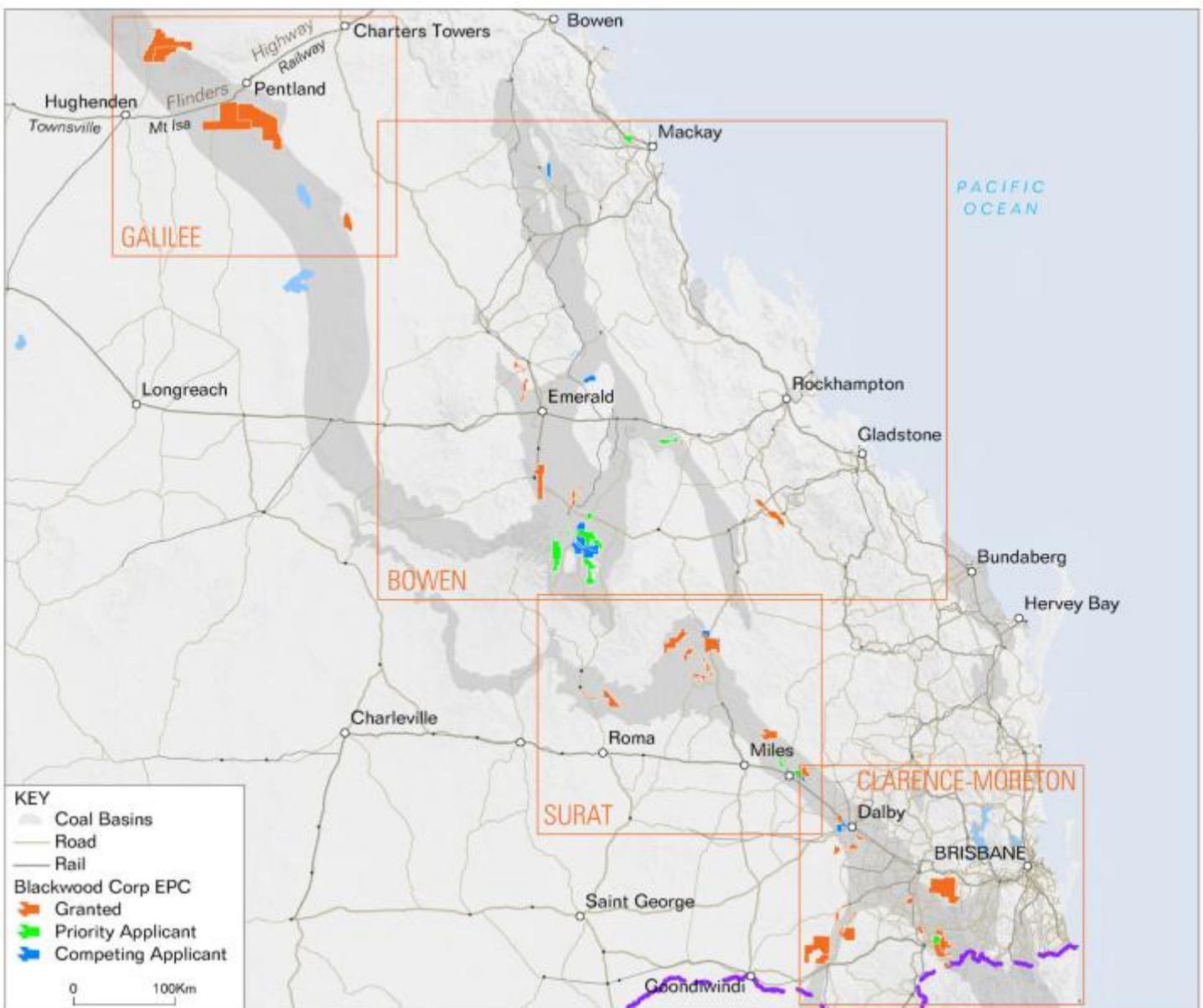


Figure 1: Matilda Coal's EPCs.

Summary of New Data Available for Revaluation up until April, 2012

Introduction

A significant amount of new data is available up until April, 2012 to warrant a revaluation of Blackwood Corporation's (under the name of Matilda Coal) EPCs which was previously completed in November, 2011. Data reviewed (including recent drilling and geological models) suggests a reduction of coal potential across a number of leases.

Contents

- 1.0 New EPC applications and grants
- 2.0 Exploration completed by Blackwood Corporation

1.0 New EPC applications and grants since May 2010

EPC 2130 AND 2104 BURTON PROJECT BOWEN BASIN

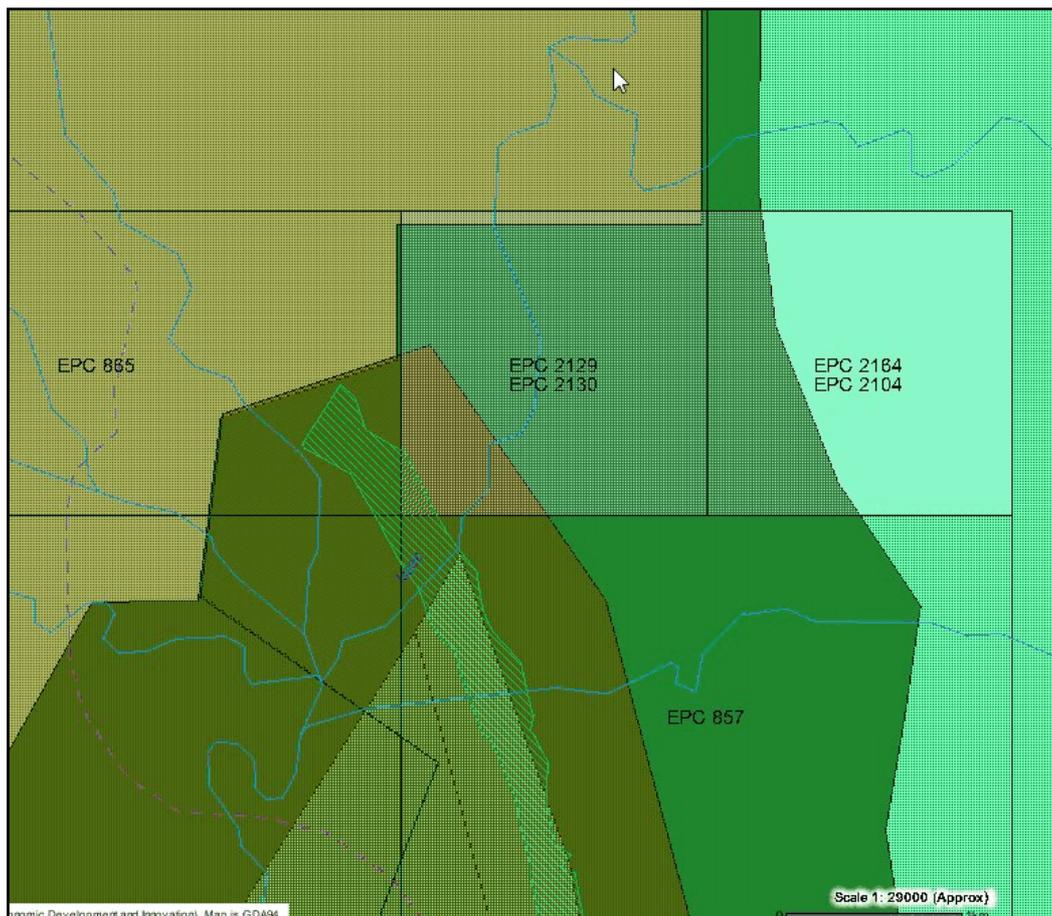


Figure 3: Geology and tenements for EPC 2130 and 2104.

Tenement Status

Blackwood has a priority application for EPC 2130 and an “Exploration Permit Proposal” status for EPC 2104.

Geology

Outcrop is Triassic Rewan Formation which is barren of coal but is underlain by the Permian Fair Hill Formation, Fort Cooper Coal Measures which host the nearby Burton Coal resource and the Lake Elphinstine mineralisation to the east.

Previous explorers resolved that the Fair Hill formation dips to the east and would be expected to occur at depth beneath both EPC under 2130 and 2104

Resource Potential

Both EPC 2130 and 2104 are very prospective for coal measures in the Permian Fair Hill Formation, Fort Cooper Coal Measures which host the nearby Burton Coal resource and the Lake Elphinstine mineralisation to the east.

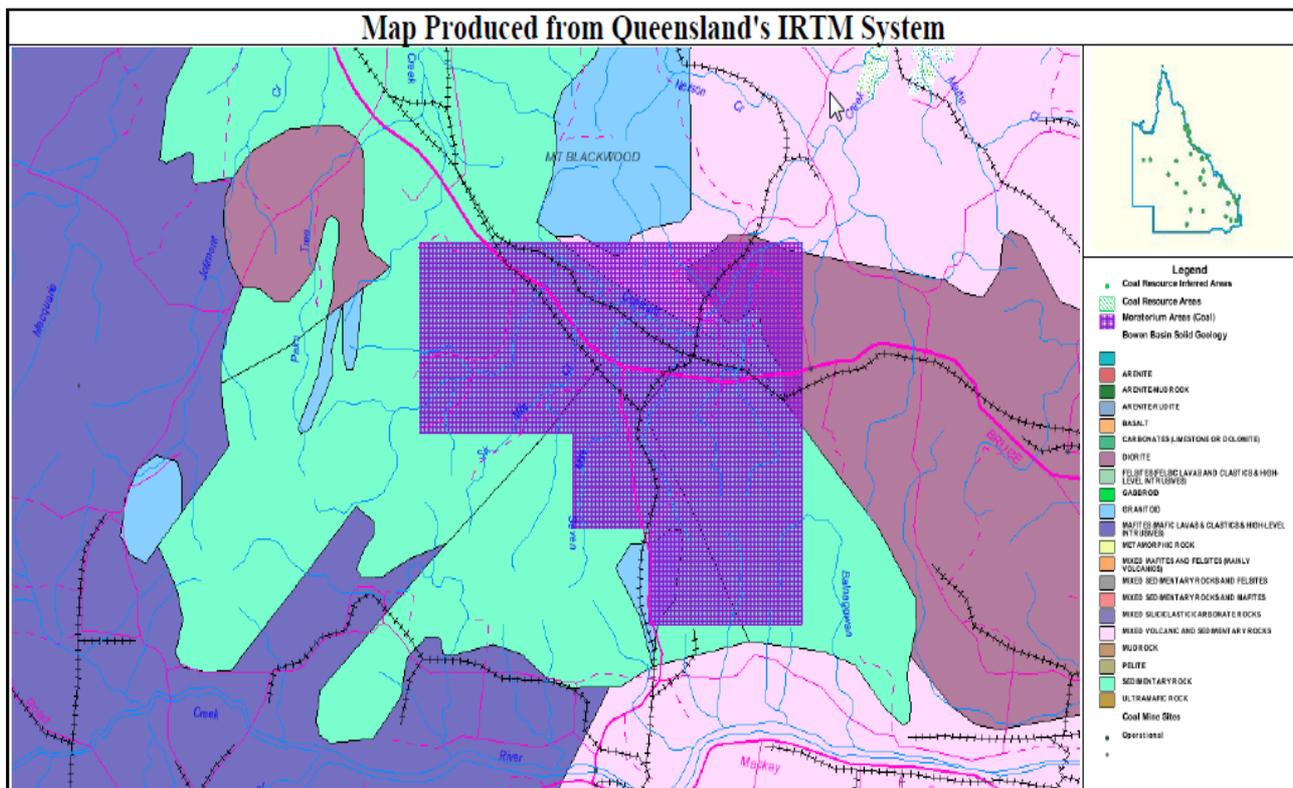


Figure 4: Geology and infrastructure for EPC 2138.

EPC 2138 CALEEN PROJECT

Tenement Status

Blackwood has been given “priority application” on this EPC.

Geology

The target rocks are the Calen Coal Measures hosted in the Permian sandstones, siltstones and carbonaceous mudstones. These sediments are

enclosed within Mesozoic metamorphic rocks and the coals are of a higher rank as a result of regional; metamorphism.

Resource Potential

Historical exploration has reported thin and discontinuous seams of coal with coking qualities. The area is structurally complex and intruded which may hamper exploration but the potential for coking coal in this location near the coast and major infrastructure is attractive.

EPC 2200 WONGONGERA SURAT BASIN

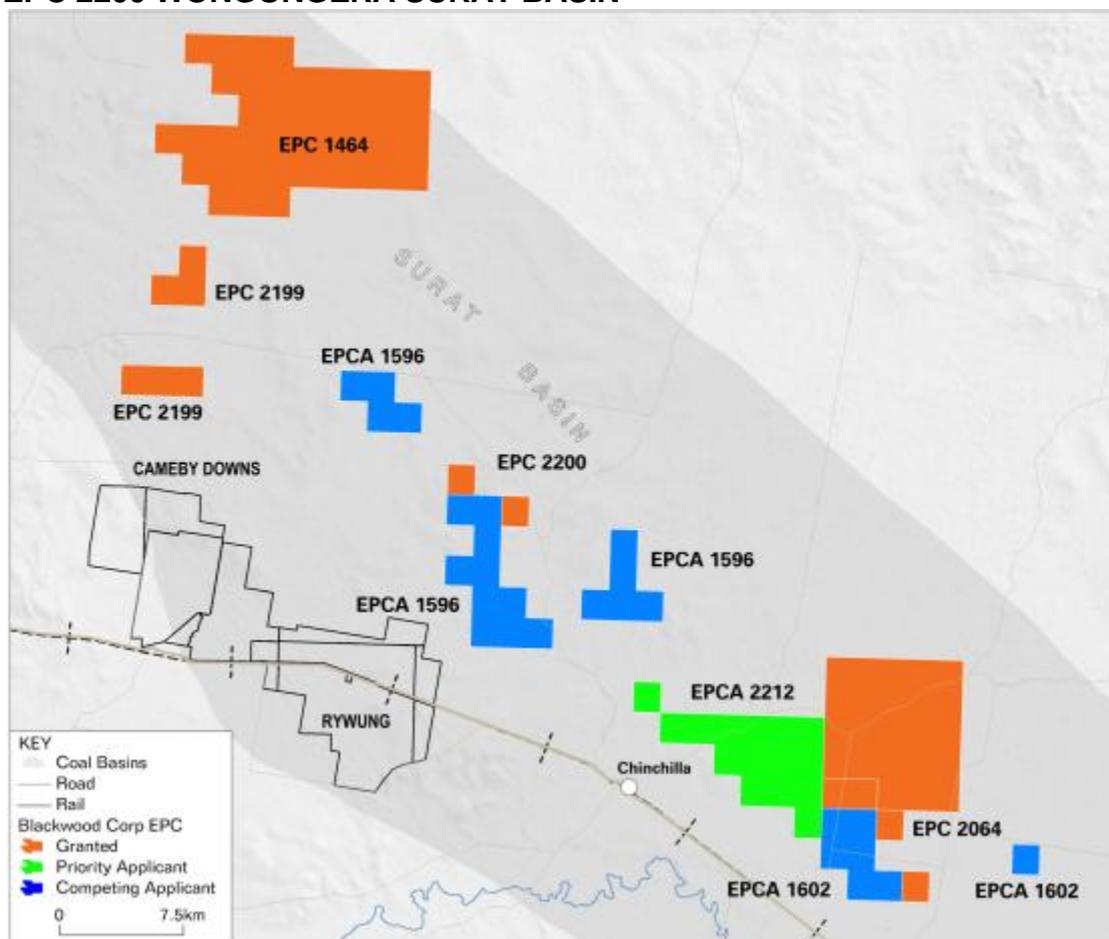


Figure 5: EPC 2200 (orange) 6km SW of the Horse Creek coal deposit.

EPC 1606 /1596 is immediately south and is a competing application between Arrow and Blackwood.

Tenement Status. Granted

Geology

This is some 6 kilometres to the southwest of the very large Horse Creek coal deposit and hosts the same lower Walloon Coal Measures at depth. Published

exploration on adjacent EPCs indicates a shallow dip to the SW of 1 to 4 degrees and a probable depth of 200 to 350 metres to the coal seams.

“Arrow Energy (as ACBM) has been carrying out CSG exploration drilling under petroleum ATP 676, and the area is subject to PLA 253. During this work it was realised that a discontinuous but thick seam of Macalister Coal presented a potential mining target.

The permit was acquired to evaluate the surface and underground mining potential of this resource.” (*Partial Relinquishment Report For EPC1037 June 12, 2008 Arrow Energy Ltd*).

EPC 2112 ROLLESTON SOUTH PROJECT

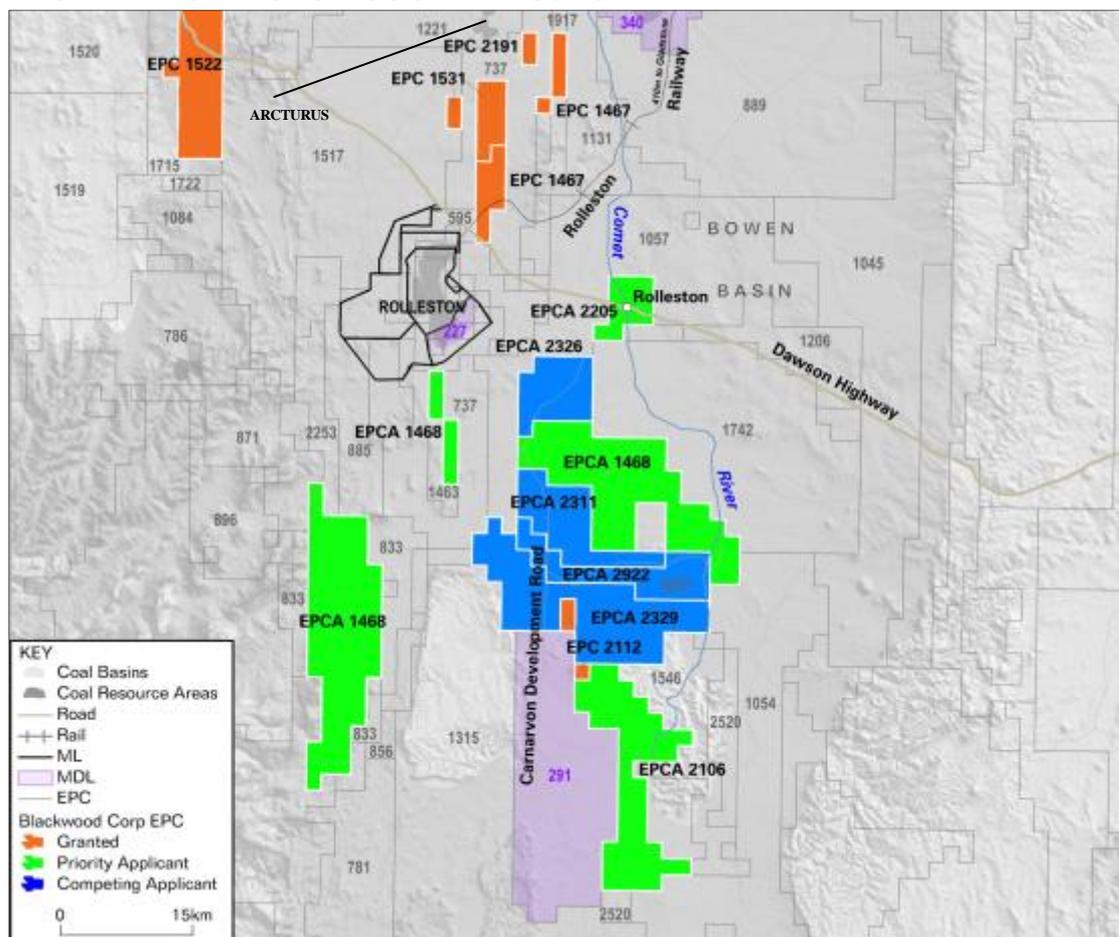


Figure 6: EPC 2112 (orange) in relation to the Rolleston Deposit.

Tenement Status. Granted

Geology

EPC 2112 has the potential for the Rangal Coal Measures which host the coal deposits of Rolleston and nearby Orion Downs. The Rangal Coal Measures are partly concealed by sediments of the Rewan group and tertiary volcanics.

Resource Potential

EPC 2112 is in the Southern Bowen Basin. It is thought to contain the down dip extension from the Rolleston deposit to the north. This is considered to be an excellent target. EPC 2112 has potential for underground coal resources at depth within the Rangal Coal Measures.

EPC 2212 CHINCHILLA

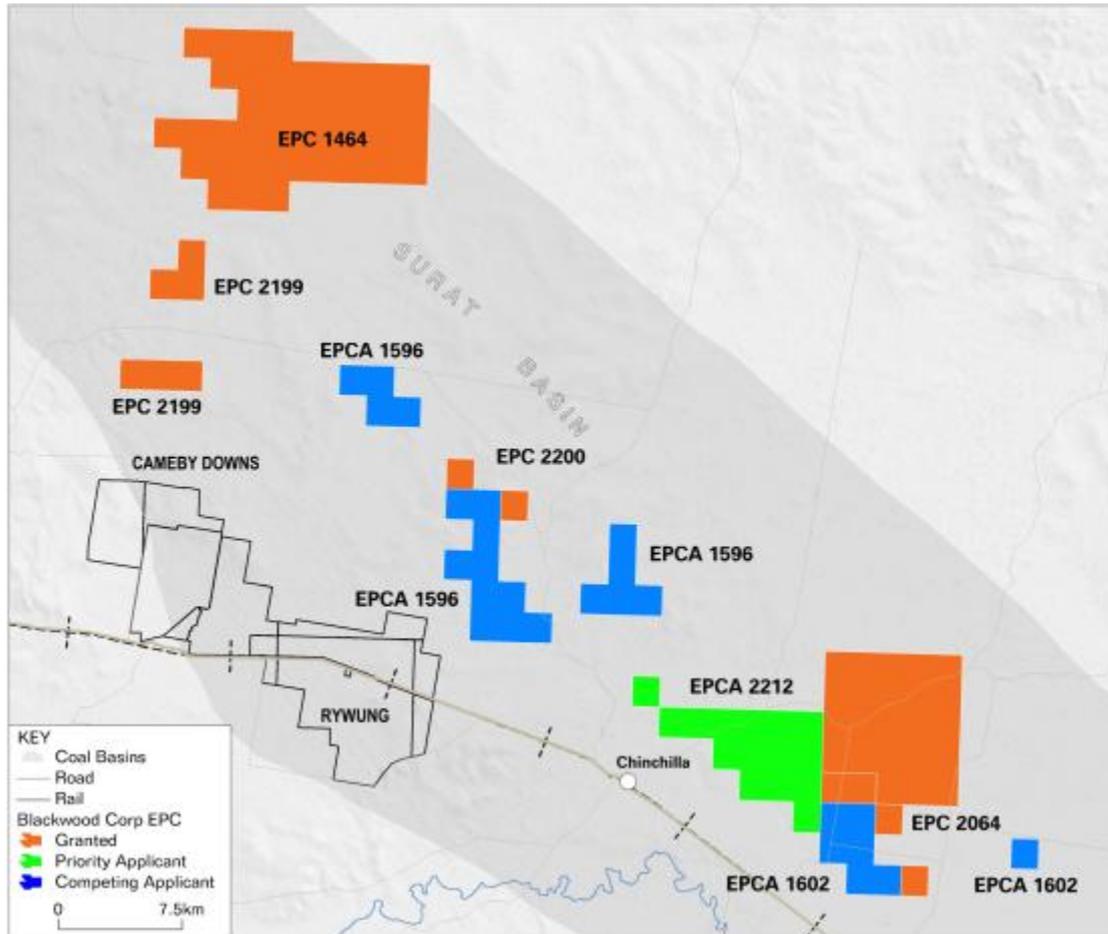


Figure 7: EPC 2212 (green) and nearby rail access.

Tenement Status. Priority Applicant

The Chinchilla area contains the largest concentration of major deposits in the Surat Basin. It hosts operating coal mines and significant identified deposits. It also hosts the Kogan Creek power station and the UCG and Coal to Liquids projects of Linc Energy Ltd and Carbon Energy Ltd. With the existing infrastructure and the planned rail-line north to Gladstone, this area is primed to become a major industrial centre.

Geology

In the 1970s and 1980s, several coal deposits were discovered in the area which were deemed too small to develop. This is an area that has experienced little exploration until the recent “boom” and is believed to have potential for additional deposits with the advent of advanced exploration methods and an increase in the level of understanding of the geology of the region.

Two coal bearing sequences form part of the Walloon Coal Measures of the Injune Creek Group. These dip gently south-west to south towards the centre of the basin. The Walloon Coals are deposited in a marsh/swamp and floodplain environment with little surface relief. The coals are high volatile with excellent combustion and burnout characteristics.

In the mid-1990s the Wilkie Creek mine (47km southeast of Chinchilla) was developed to produce coal as both domestic and export thermal products. This mine is still operating. Large deposits have also been delineated at Kogan Creek (26km southeast of Chinchilla) where development of a large new power station and associated mine have recently been announced. Numerous other smaller deposits have been defined in this part of the Surat Basin.

Resource Potential

The EPC is along strike and partly down dip of the Haystack and Horse Creek deposits which occur in the Lower Walloon Coal Measures.

Arrow Energy has recently discovered potential minable coal deposits while exploring for UCG in EPC 1037 immediately north west of this application. This adds to the prospectivity of the area between the subcropps of the lower and upper Walloon coal measures.

“Arrow Energy (as ACBM) has been carrying out CSG exploration drilling under petroleum ATP 676, and the area is subject to PLA 253. During this work it was realised that a discontinuous but thick seam of Macalister coal presented a potential mining target. The permit was acquired to evaluate the surface and underground mining potential of this resource.”

(Partial Relinquishment Report for EPC1037 June 12, 2008 Arrow Energy Ltd)

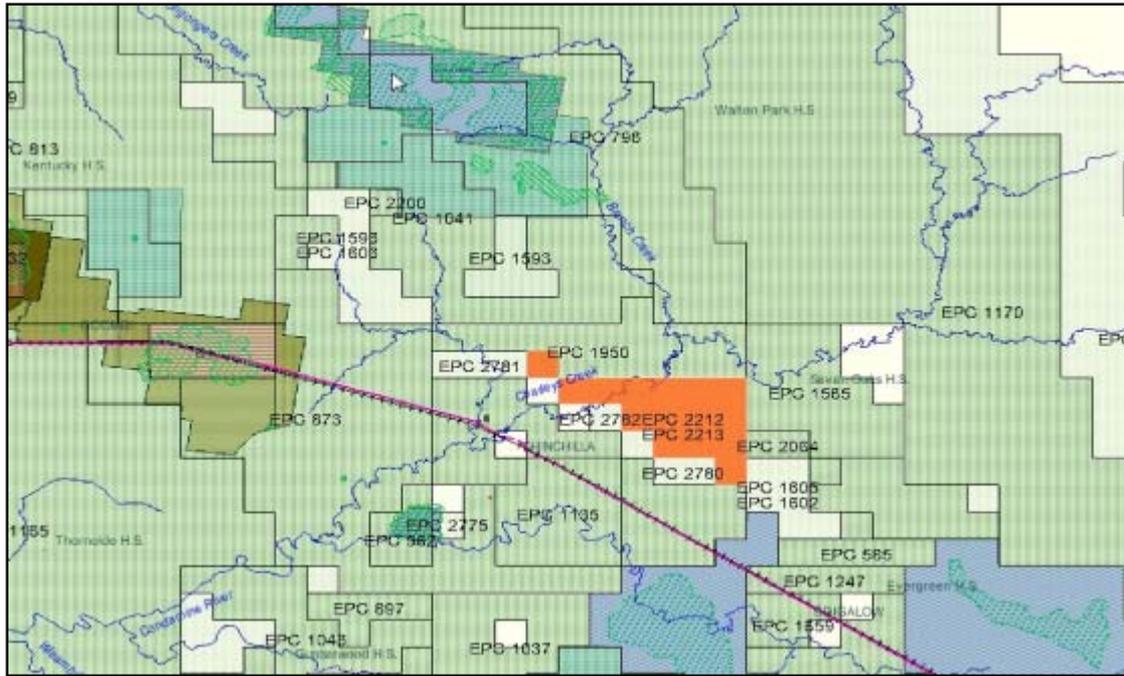


Figure 8: EPC 2212 in relation to the Haystack road deposit to the south east and the Horse creek deposit to the northwest.

EPC2212 has potential for underground coal resources at depth within the lower Walloon Coal Measures.

EPC 2191 ARCTURUS EAST PROJECT

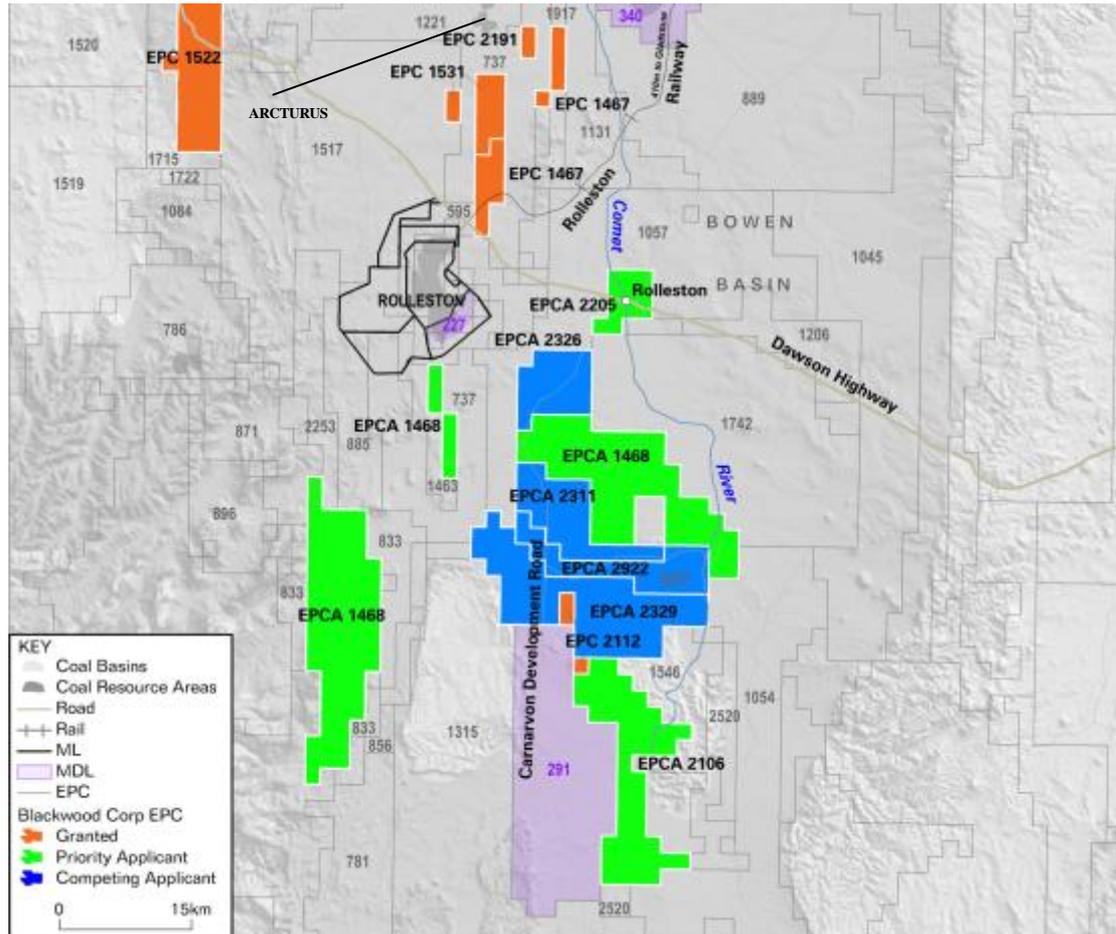


Figure 9: EPC 2191 in orange in relation to the Arcturus deposit (3km NW) on EPC 1221 held by Bandanna Energy.

Tenement Status. Granted

Geology

EPC 2191 has outcropping Rangal Coal Measures which host the coal deposits of Rolleston and nearby Orion Downs. The Rangal Coal Measures are partly concealed by sediments of the Rewan group and tertiary volcanics.

Resource Potential

EPC 2191 in the Southern Bowen Basin. They are covered by sub-cropping Rangal Coal Measures which host the Rolleston deposits to the south and Orion Downs deposit to the north. Recent drilling by Endocoal announced to the ASX that they had "... intersected 12 metres of export quality thermal coal in Rangal coal measures above 150 metres including two 5 metre seams at the Indiri prospect...."(May, 2010). This was on EPC 1517 south of EPC 2191.

An anticline may run through this EPC which may bring the Group (iv) coal beds close to the surface with minimal cover. This EPC is prospective for near surface group (iv) coals. This is a similar geological setting to the recent

discoveries of Springsure and Arcturus (where the overlying sediments have been truncated by folding and erosion) are considered excellent targets.

EPC 2199 COLAMBA CREEK

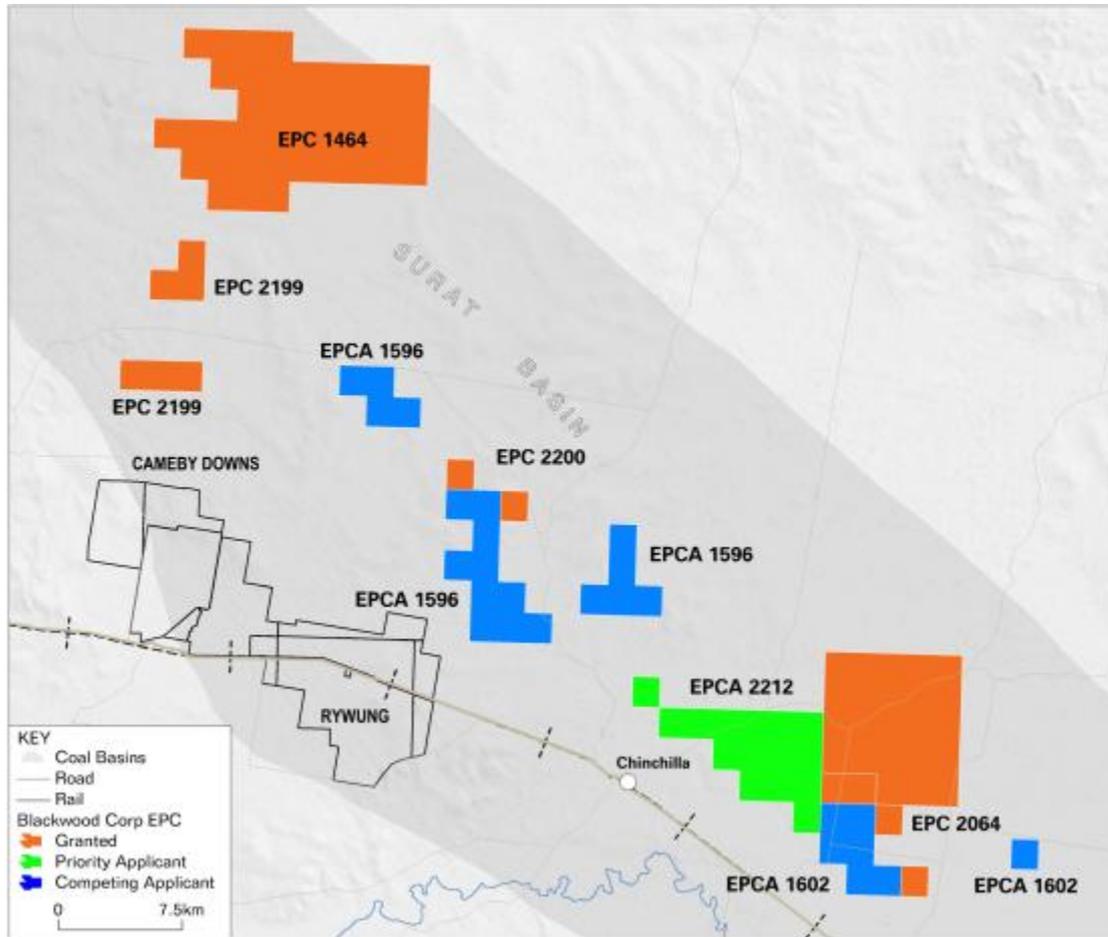


Figure 10: EPC 2199 as two separate blocks in relation to the Horse Creek deposit, 15km to northeast, and the Cameby Downs deposit 7km to the south.

Tenement Status: Granted

Geology

This is some 15 kilometres to the west of the very large Horse Creek coal deposit and hosts the same lower Walloon Coal Measures at depth. Published exploration on adjacent EPCs indicates a shallow dip to the SW of 1 to 4 degrees and a probable depth of 50 to 200 metres to the Lower Walloon coal measures.

“Arrow Energy (as ACBM) has been carrying out CSG exploration drilling under petroleum ATP 676, and the area is subject to PLA 253. During this work it was realised that a discontinuous but thick seam of Macalister coal presented a

potential mining target. The permit was acquired to evaluate the surface and underground mining potential of this resource.”

(Partial Relinquishment Report for EPC1037 June 12, 2008 Arrow Energy Ltd)

EPC2212 has potential for open pit and underground coal mineralisation at depth within the Lower Walloon Coal Measures.

EPC 1761 MILLMERRAN

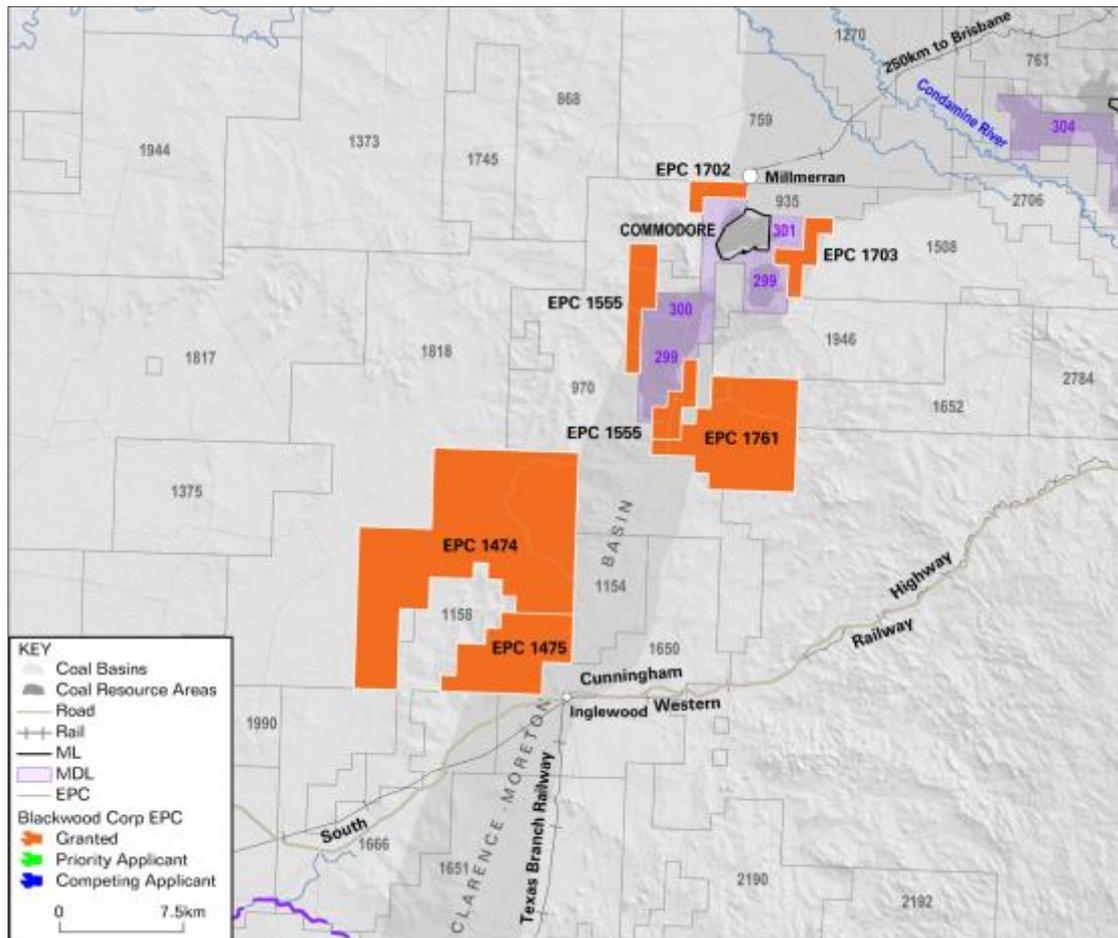


Figure 11: EPC 1761 in orange, south of the Commodore Deposit

Tenement Status: Granted

Geology

This is some seven kilometres to the south of the Commodore coal deposit and hosts the same lower Walloon Coal Measures. Published exploration on adjacent EPC's indicates a shallow dip to the SW of 1 to 4 degrees and a probable depth of 50 to 200 metres to the Lower Walloon coal measures.

Resource Potential

There is potential for thick coal measures to exist in the south- eastern EPC 1761, which surround the coal deposits identified by Millmerran coal. EPC 1761 has potential for open pit resource within the Lower Walloon Coal Measures.

E70/3292



Figure 12: E70/3292 (WA) in Purple, North of the Tiwest – Cooljarloo Mine.

Tenement Status: Granted

Geology

This is some five kilometres to the north of the Tiwest – Cooljarloo Mine, located in the Perth Basin. The Perth basin is a north to northwest trending, onshore and offshore sedimentary basin.

Resource Potential

Cainozoic sand dune systems are locally being mined for mineral sands – ilmenite, rutile and zircon. Image Resources have been doing extensive exploration around their Cooljarloo Extension Project area (north of the Tiwest mine) and have delineated resources at their Calypso, Telesto and Titan sub-projects.

EL26820

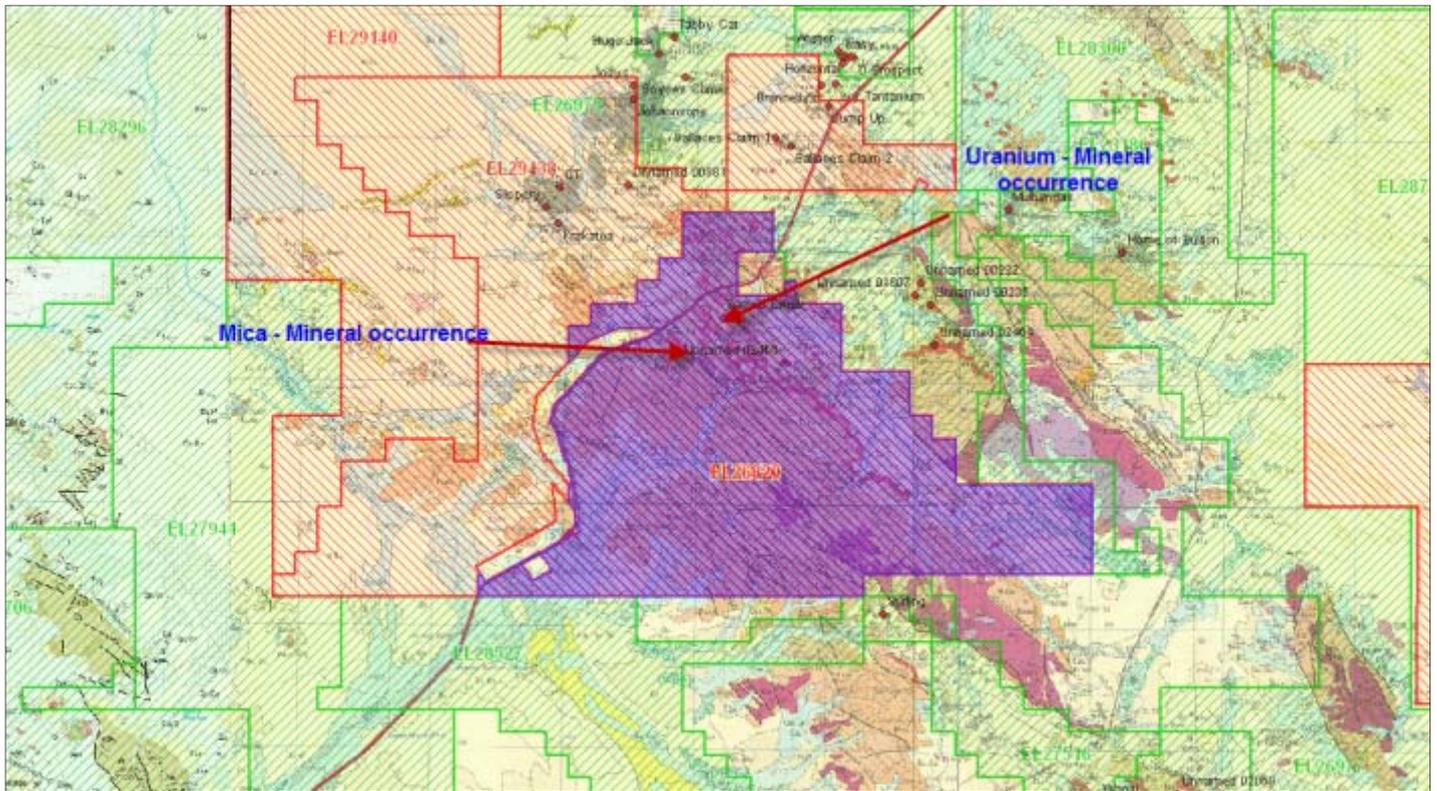


Figure 14: EL26820 (NT) In Purple.

Tenement Status: Granted

Geology

The Arunta geological province area covers the Palaeoproterozoic Aileron Province (including the Strangways Metamorphic Complex) and the Neoproterozoic to Palaeozoic Irindina Province of the Arunta Region, and marginal sections of the Georgina and Ngalia basins.

Resource Potential

The area has the potential to host numerous commodities, including REE, U, W, Ta-Th, Cu, IOCG, base metals and mineral sands.

EL29438

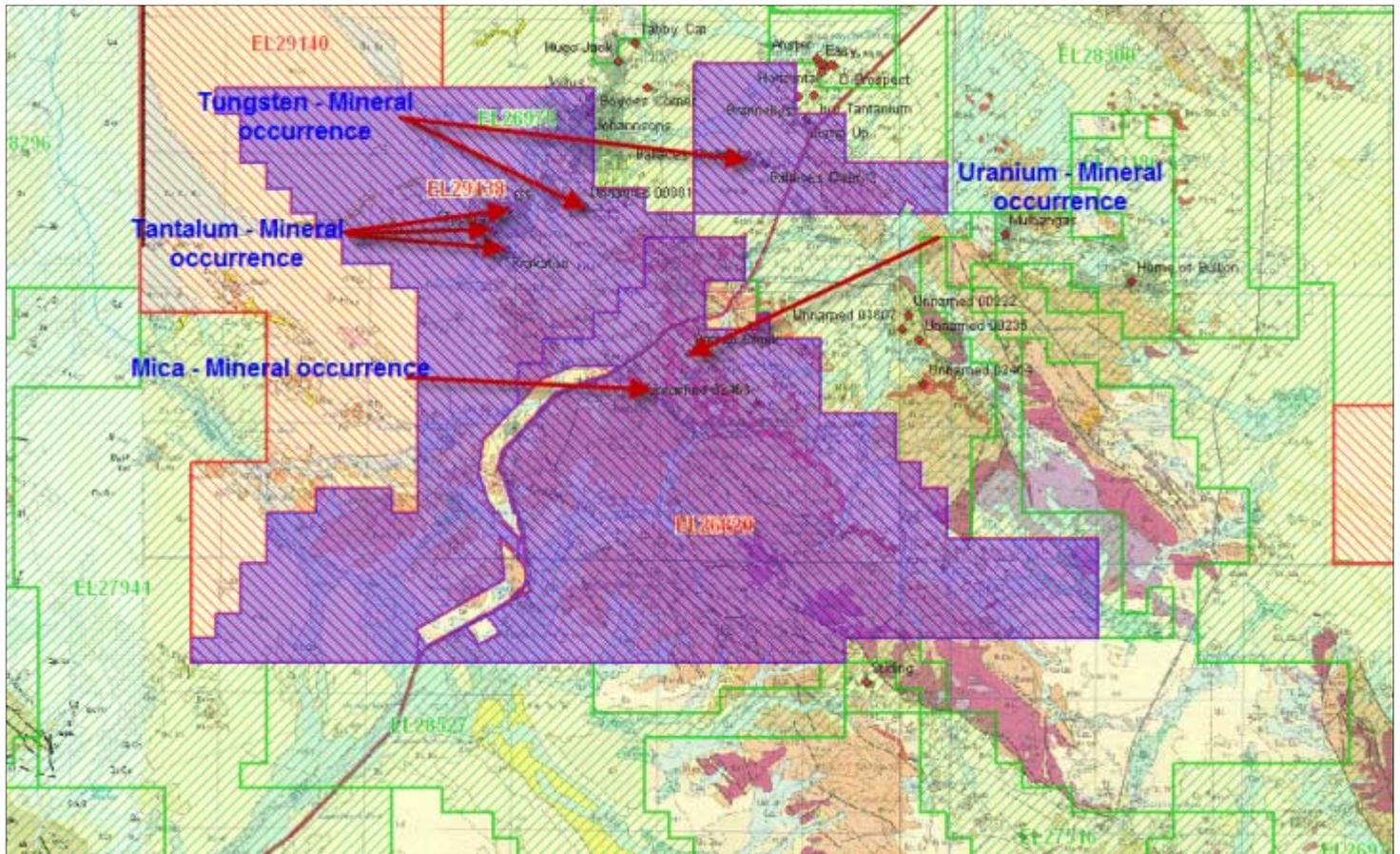


Figure 15: EL29438 &EL26820 (NT) In Purple

Tenement Status: Granted

Geology

The Arunta geological province area covers the Palaeoproterozoic Aileron Province (including the Strangways Metamorphic Complex) and the Neoproterozoic to Palaeozoic Irindina Province of the Arunta Region, and marginal sections of the Georgina and Ngalia basins.

Resource Potential

The area has the potential to host numerous commodities, including REE, U, W, Ta-Th, Cu, IOCG, base metals and mineral sands.

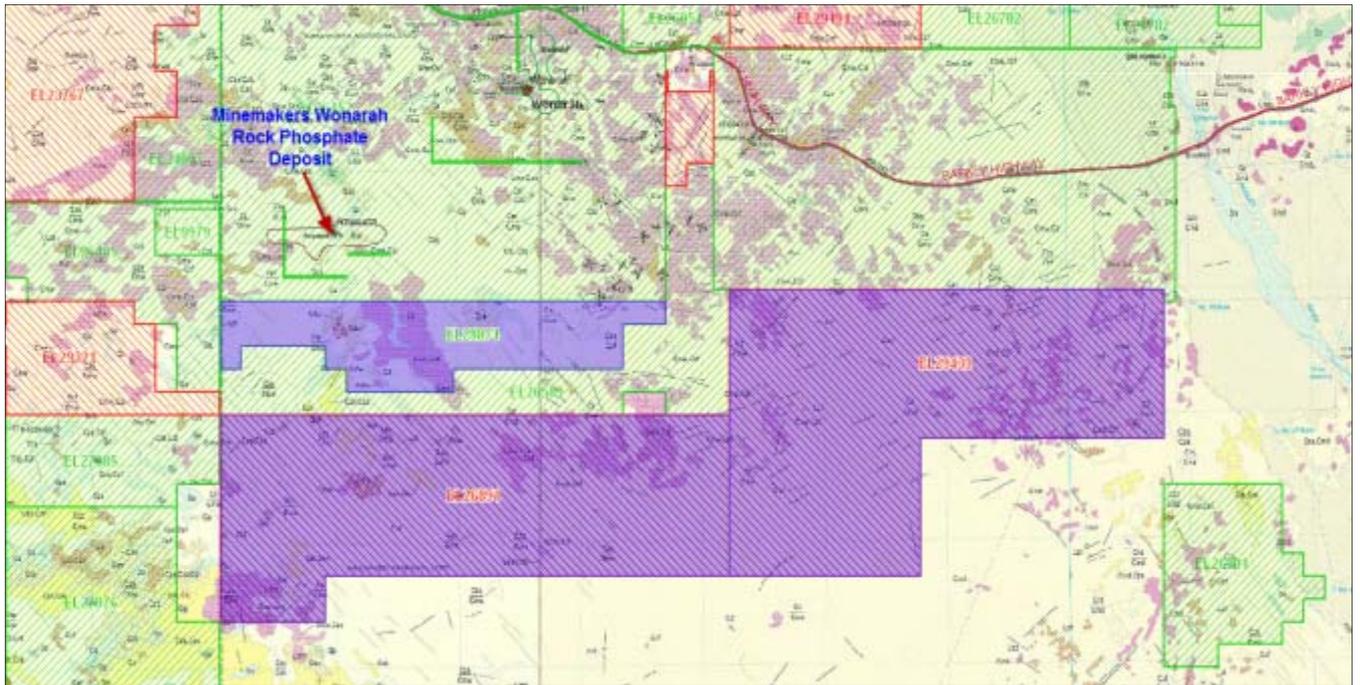


Figure 16: EL28874 (North), EL26891 (South) & EL29433 (NT) In Purple.

Tenement Status: Granted

Geology

The tenements are located in the Georgina Basin Province, The frontier large intracratonic Neoproterozoic to Late Devonian Georgina Basin of western Queensland and east central Northern Territory contains up to 5km of marine and non-marine siliclastics and carbonates.

Resource Potential

The Minemakers Wonarah Rock Phosphate Deposit is directly north of the granted leases. This is Australia's largest undeveloped rock phosphate project. Phosphate Australia Limited has four deposits just further north of the leases and the town of Wonarah (and the Minemakers deposit), the Buchanan Dam, Alroy, Alexandria and Highland Plains prospects. The area has the potential to host phosphate deposits.

2.0 EXPLORATION COMPLETED BY BLACKWOOD

Blackwood conducted desktop studies, access negotiations and drilling operations in the 16 months since re-listing on the ASX. This report includes the results of these activities in the drilling operations

1 Desktop Studies

The following studies were undertaken:

- ▲ Drill targets were developed for Biloela, Capella, Dingo, Chinchilla, Dalby, Millmerran, South Pentland and Injune Projects.
- ▲ Assessments of EPCs 1430, 1431, 1459, 1462, 1495, 1509, 1530, 1531, 1533, 1555, 1565, 1691, 1702, 1703, 1706, 1711 1725, 1760 and 1565 for renewal/relinquishment.
- ▲ Assessments of Millmerran, Dalby, Taroom, Chinchilla, Injune and South Rolleston Projects EPCs for prospectivity.

2 Access

Delays have occurred due to the extension of negotiations with some landholders over Compensation and Conduct Agreements. Recent publicity regarding Coal Seam Gas (CSG) has made landholders reluctant to agree on any CCAs. Where they do agree, they expect to be paid higher compensation than is reasonable for coal exploration activities, to be in line with CSG compensation rates. These negotiations are ongoing and in most cases progress is being made.

Cultural Heritage clearances are being completed for all current and planned exploration programs.

3 Drilling Operations

- **South Pentland Project**

Ten holes have been completed on the project to date.

GC01 and GC02 were the first two to be completed, both to 360m. GC01 showed two seams with economic potential, although at depths greater than 200m. These may have thinned/deteriorated in GC02, without an improvement in depth. GC05 showed 3 seams with economic potential.

Additional chip holes were completed (GC003, GC004, GC006, GC007, GC008), although a number of problems in GC003, GC006, GC008 prevented the geophysical logging of the hole. Problems with poor hole conditions continued in GC004 & GC007, and eventually logging was only possible through HQ rods.

Holes 1000D and 1001D were started in February 2012, 1000D got to the C seam before the hole was abandoned, 1001D was abandoned at 95m due to adverse weather conditions.

All drill holes confirmed a package of coals seams spanning a 100m interval, with a cumulative coal thickness of >10m (further detail in table below). The thickest individual coal seam is ~2.5m.

Hole	Site	TD	Top	Base	Key seams \ comments
GC 001	A	360.5	207.5	300.0	A seam 2.5m working section (3m intersection) D seam 2.5m working section (5m intersection)
GC 002	E	360.0	204.5	297.5	D seam 2.5m working section (5m intersection)
GC 003	D	390.0	350.0	450.0	No geophysics
GC 004	H	432.0	350.0	436.0	Logged through rods - data processing required. D seam 2.5m working section (5m intersection)
GC 005	F	284.0	103.8	204.0	Logged through rods. Working section in the A, C & D Seams
GC 006	L	406.0	300.0	400.0	No geophysics
GC 007	G	406.0	300.0	400.0	Hole deviation too great, to be redrilled
GC 008	I	540.0			No geophysics
1000D		207.8	136.2	171.7	Working section in A, B, C seams. Hole abandoned above the D seam
1001D		95			Hole abandoned due to adverse weather

Table 3: Drilling Results South Pentland.

The first eight holes highlighted that the contract drillers experienced numerous problems with their gear, organisation and processes. It is understood Blackwood have made a number of changes to rectify this situation since collation of this report. Drilling problems notwithstanding, the camp and operations are being conducted in a safe manner. SSE Brian Lyne visited the site on 12 August and 2 September. A second rig was brought on site in late September.

- **North Rolleston Project**

Drilling at North Rolleston was aimed at confirming Blackwood's geological re-interpretation of the area. This included planned holes both on the shallowing limbs of the anticline (coal target to the east) and numerous areas of sterilisation drilling in the west.

NR001 was completed in early August to 317m, showing almost 2m of coal at 82m, and confirmed the geological re-interpretation and also intersected a shallower coal target that the regional \ existing date to the east. NR002 (305m) and NR003 (401m) were also completed with no coal intersected in NR002, and only poor quality coal (2m at 199m) in NR003. Three additional chip holes were also completed NR004, NR005 and NR006, all with limited coal intersections.

Both of these holes further confirmed the new interpretation, and are thought to

have intersected the Burngrove Formation (below the Bandanna Formation).

Analysis of the structural setting of the Bandanna Formation in this area is continuing, attempting to predict the presence or otherwise of the thick seams found to the south and west of the area.

The 2011 Rolleston program was completed in October 2011. Blackwood plan to return to Rolleston in 2012 with a focused drill program on the confirmed re-interpretation and coal target, with an aim of identifying both thicker seams along strike and further shallowing of the target.

- **North Hughenden Project**

Two holes were completed on the project to date. The first hole was drilled outside the coal sub-crop area. The second hole intersected coal at 80m and 100m. Drilling conditions are extremely difficult, similar to that experienced at the South Pentland project. Wet weather abruptly ended the drilling program.

- **North Carmichael**

Two holes were completed on the project to date. Both holes intersected weathered coal seams thought to be the subcrop of the D seam, in the southern portion of the lease, sterilising that section of the EPC. The two holes have helped with the geological interpretation, and further follow up drilling is expected to target the northern part of the lease.

- **Taroom Project**

Phase one exploration program was completed in March 2012, with 21 chip holes being drilled. The drill program was targeting shallow coal, extractable by open cut methods. The table below shows the drill results. Multiple seams and plies were encountered in the majority of the holes.

Hole	EPC	TD	Top	Base	Key seams \ comments
TR_001R	1556	121.2	41.05	114.72	Multiple seams 9.04 metres cumulative coal
TR_002R	1556	100.4	44.38	78.90	Multiple seams 6.29 metres cumulative coal
TR_003R	1556	101.1	50.14	85.38	Multiple seams 0.92 metres cumulative coal
TR_004R	1556	102.0	47.95	94.77	Multiple seams 6.01 metres cumulative coal
TR_005R	1556	95.8	38.12	86.72	Multiple seams 6.35 metres cumulative coal
TR_006R	1556	101.9	22.07	65.20	Multiple seams 6.02 metres cumulative coal
TR_007R	1556	102.0	26.49	84.31	Multiple seams 2.33 metres cumulative coal
TR_008R	1556	107.9	33.75	92.20	Multiple seams 1.29 metres cumulative coal
TR_009R	1556	101.8	33.17	91.27	Multiple seams 1.37 metres cumulative coal

TR_010R	1556	102	26.72	92.04	Multiple seams 8.31 metres cumulative coal
TR_011R	1436	95.9			Barren hole
TR_012R	1436	95.0			Barren hole
TR_013R	1558	101.2	26.34	98.90	Multiple seams 6.04 metres cumulative coal
TR_014R	1558	114.0			Redrilled as TR_015R
TR_015R	1558	114.0	24.0	53.0	Multiple seams 2.50 metres cumulative coal
TR_016R	1558	96.0	31.14	82.88	Multiple seams 0.59 metres cumulative coal
TR_017R	1465	101.6			Barren hole
TR_018R	1465	101.6	29.50	90.74	Multiple seams 5.44 metres cumulative coal
TR_019R	1465	101.7	16.05	96.35	Multiple seams 7.70 metres cumulative coal
TR_020R	1465	101.5	13.70	73.43	Multiple seams 6.10 metres cumulative coal
TR_021R	1436	95.6	24.50	36.00	Multiple seams 1.01 metres cumulative coal

4 Exploration Targets released by Blackwood Corporation

- **South Pentland**

On the 21st of November 2011 on the ASX, Blackwood Corporation released an exploration target for the South Pentland project, with a range of 2.1 – 3.2 Bt^A of thermal coal. The exploration target was constrained, with a minimum working section of 2m out to a maximum cover of 600m.

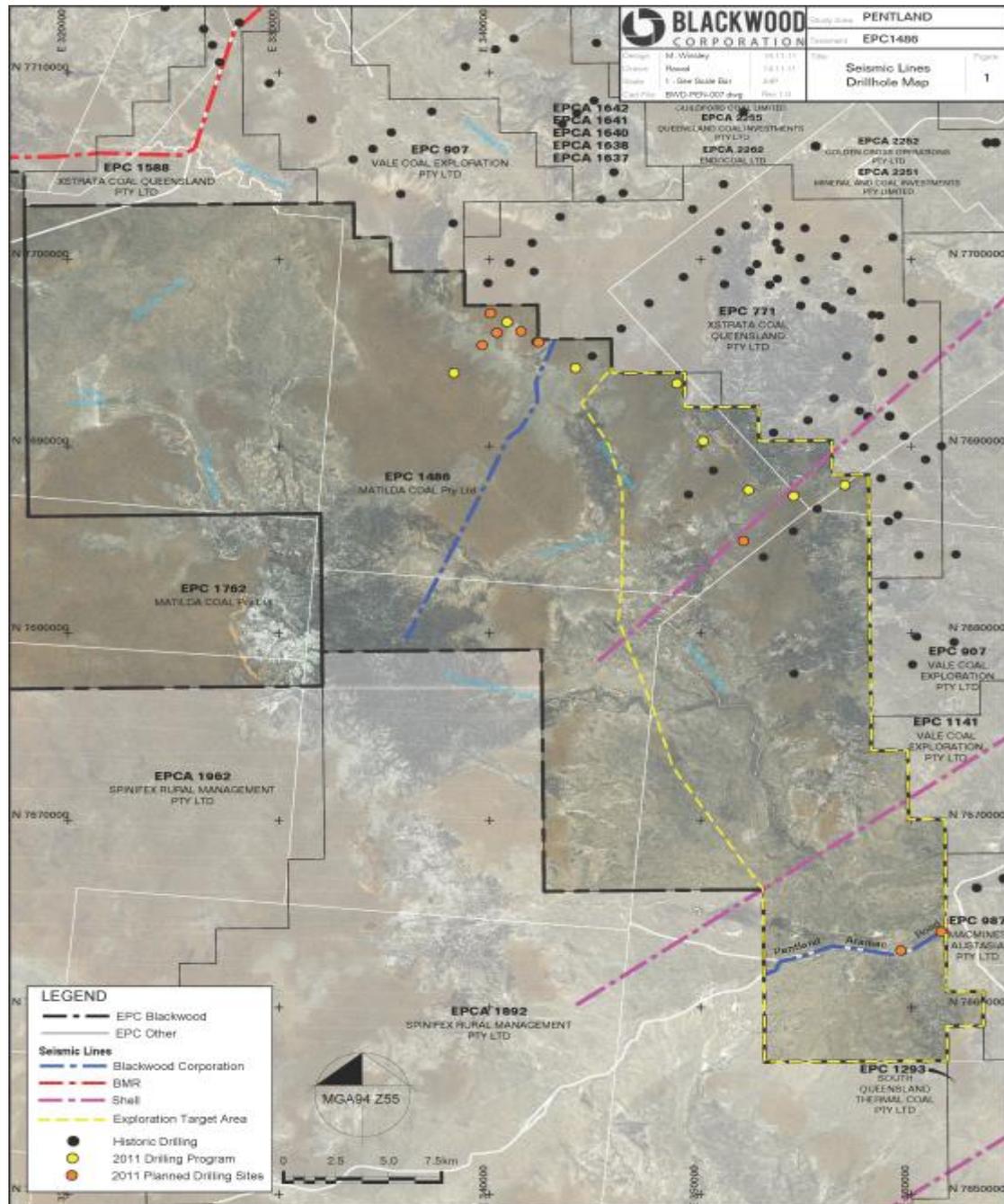


Figure 17: South Pentland Exploration Target.

^A Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC code (2004). As such they are 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 conservative relative density of 1.35 applied to the 3 coal seams (A23, C & D seam) and the coal quality of seams is derived from the adjacent Milray deposit. The table below details the parameters and the ranges reported in this historical data set and used for the ‘quality’ ranges as stated below.

Raw coal analysis - air dried basis (ad)	From	To
Moisture %	7.6	11.6
Ash %	9.5	43.4
Volatile Matter %	18.4	32.6
Fixed Carbon %	20.6	55.3
Sulphur %	0.25	0.31
Specific Energy (Calorific Value) Mj/kg	14.63	25.4
HGI	63	67

New and historic drilling was used in the modelling process as well as two seismic lines captured in the 2011 exploration program. The Exploration Target polygon only covers 20% of the South Pentland granted tenure, giving considerable upside for the future. However modelling trends the coal to depths greater than 600m in EPC 1762, therefore no value can be attributed to this area.

The information in this report that relates to Exploration Results, Exploration Targets 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.

- **Chinchilla**

On February 20th 2012 on the ASX, Blackwood Corporation released an exploration target for the Chinchilla Project area of between 190 – 240Mt^A of open cut depth 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.

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 and are used for the ‘quality ranges’.

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

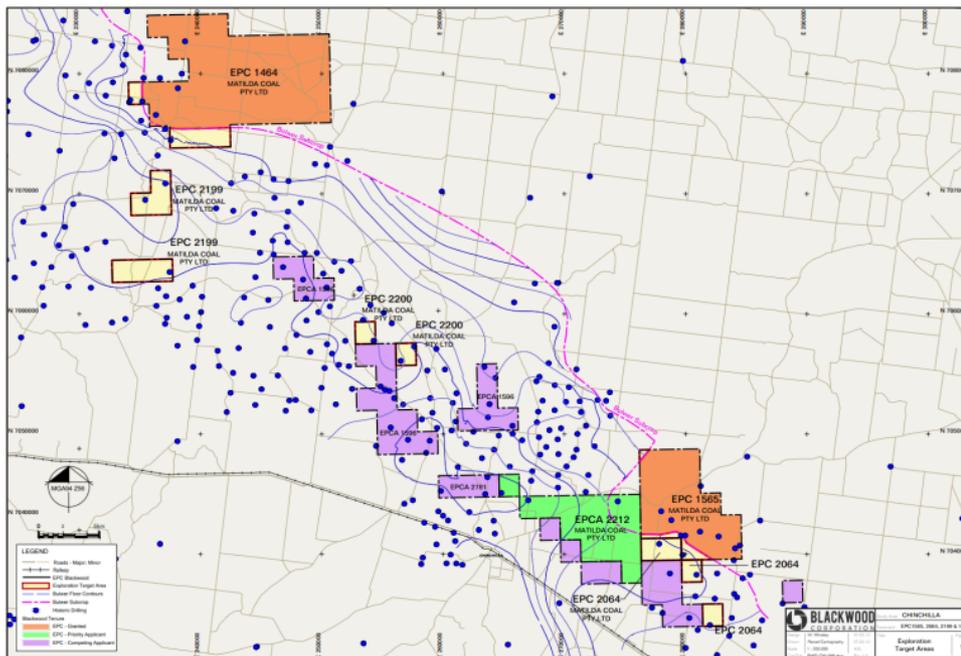


Figure 18: Chinchilla Exploration Target.

^A Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC code (2004). As such they are 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 information in this report that relates to Exploration Results, Exploration Targets 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.

- **Taroom**

On March 19th 2012 on the ASX, Blackwood Corporation released an exploration target for the Taroom Project area of between 1.0 – 1.3 Bt^A of open cut depth 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.

Four open-cut mining targets have been identified. Phase 2 exploration is to focus on four areas or sub-projects to target significant tonnages of shallow coal, with the aim of defining inferred and indicated JORC Code resources.

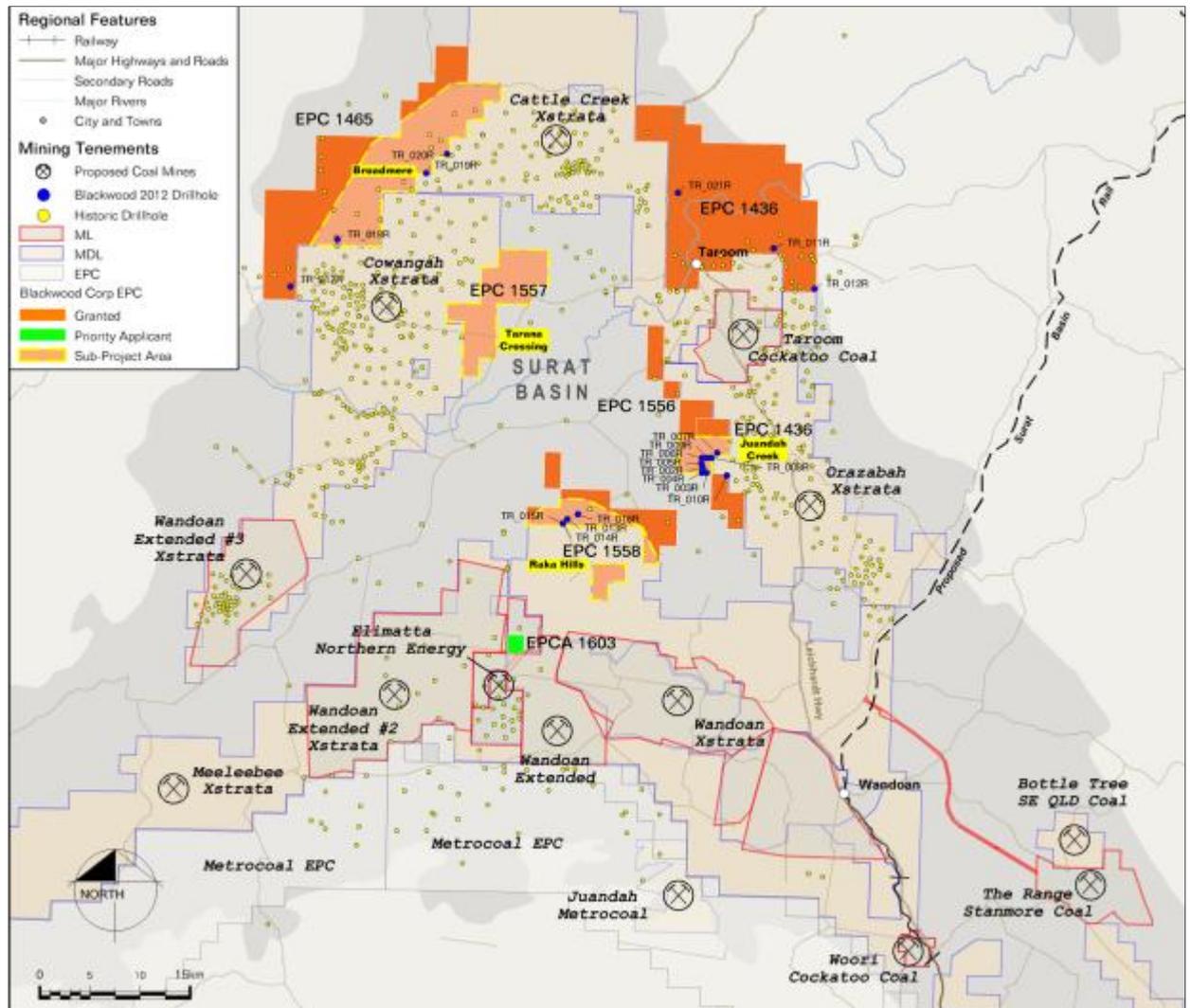


Figure 19: Taroom Exploration Target.

^A Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC code (2004). As such they are 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 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. The Table below details the parameters and the ranges reported in this 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

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.

The information in this report that relates to Exploration Results, Exploration Targets 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.

^A Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC code (2004). As such they are 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.

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2.0 INTRODUCTION

2.1 Competent Person

This Independent Valuation Report is prepared for BDO Corporate Finance (WA) Pty Ltd to assess the Queensland coal assets of Blackwood Corporation Ltd.

It has been prepared by Allen J. Maynard, Member of both AusIMM and the Australian Institute of Geoscientists (“AIG”). This is a revised version of the previous March, 2010 report also prepared by Al Maynard & Associates (“AM&A”)

AM&A is an independent geological consultancy established 25 years ago and which has operated continuously since then. A.J. Maynard has in excess of thirty years relevant experience in the estimation, assessment and evaluation of precious and base metal, coal, diamond, iron, uranium, and industrial mineral properties.

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by A. J. Maynard. A. J. Maynard 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’. A. J. Maynard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Neither AM&A nor any of its directors, employees or associates have any material interest either direct, indirect or contingent in Blackwood nor Matilda nor in any of the mineral properties included in this report nor in any other asset of Blackwood nor has such interest existed in the past. This report has been prepared by AM&A strictly in the role of an independent expert. Professional fees payable for the preparation of this report constitute our only commercial interest in Blackwood. Payment of fees is in no way contingent upon the conclusions of this report.

2.2 Standard

The standard used in preparing this report is the Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert reports (the Valmin Code).

2.3 Sources of Information

In the course of the preparation of this report, access has been provided to all relevant data held by Matilda and various other technical reports and information quoted in section 6: References. We have made all reasonable endeavours to verify the accuracy and relevance of the database. Blackwood has warranted to AM&A that full disclosure has been made of all material in its

possession and that information is complete accurate and true. None of the information provided by Matilda has been specified as being confidential and not to be disclosed in our report.

2.4 Description of Reserves/Resources

Many of the Projects are at the “grass-roots“ exploration stage as little previous exploration has been recorded. Some projects have significant past exploration which recorded coal measures and coal seams in drilling. At this stage, no JORC compliant reserves or resources have been defined on these EPC’s. Accordingly no table as set out in Appendix 3 of the Guidance Note has been included in this report.

3.0 PROJECT OVERVIEW

3.1 General

This report describes the mineral exploration assets (“the Tenements”) of Matilda Coal Pty Ltd, a wholly owned subsidiary of Blackwood. The coal properties are all located in Queensland, are primarily focused on coal resources and range in development from grass roots exploration through projects with identified coal targets. Some of the EPCs have potential for Underground Coal Gasification (UCG) and where they have no overlying petroleum tenements Blackwood has made application to add ‘the mineral ‘f’ to a tenure under the MRA .

3.2 General Project Areas

The areas are distributed across the five main producing sedimentary basins in Queensland and have been subdivided into fifteen main project areas, which include the following:

Bowen Basin

- Springsure
- Springsure south
- Rolleston
- Capella
- Dingo

Callide Basin

- Biloela

Surat Basin

- Taroom
- Chinchilla
- Dalby
- Bymount

Clarence Morton Basin

- Millmerran
- Warwick

Galilee Basin

- North Hughenden
- South Pentland
- North Carmichael

4.0 Queensland Coal Projects

Matilda's EPCs are mainly centred on the major coal fields of the Bowen Basin, Surat Basin and the Clarence-Moreton Basin (Figs 1 & 2).

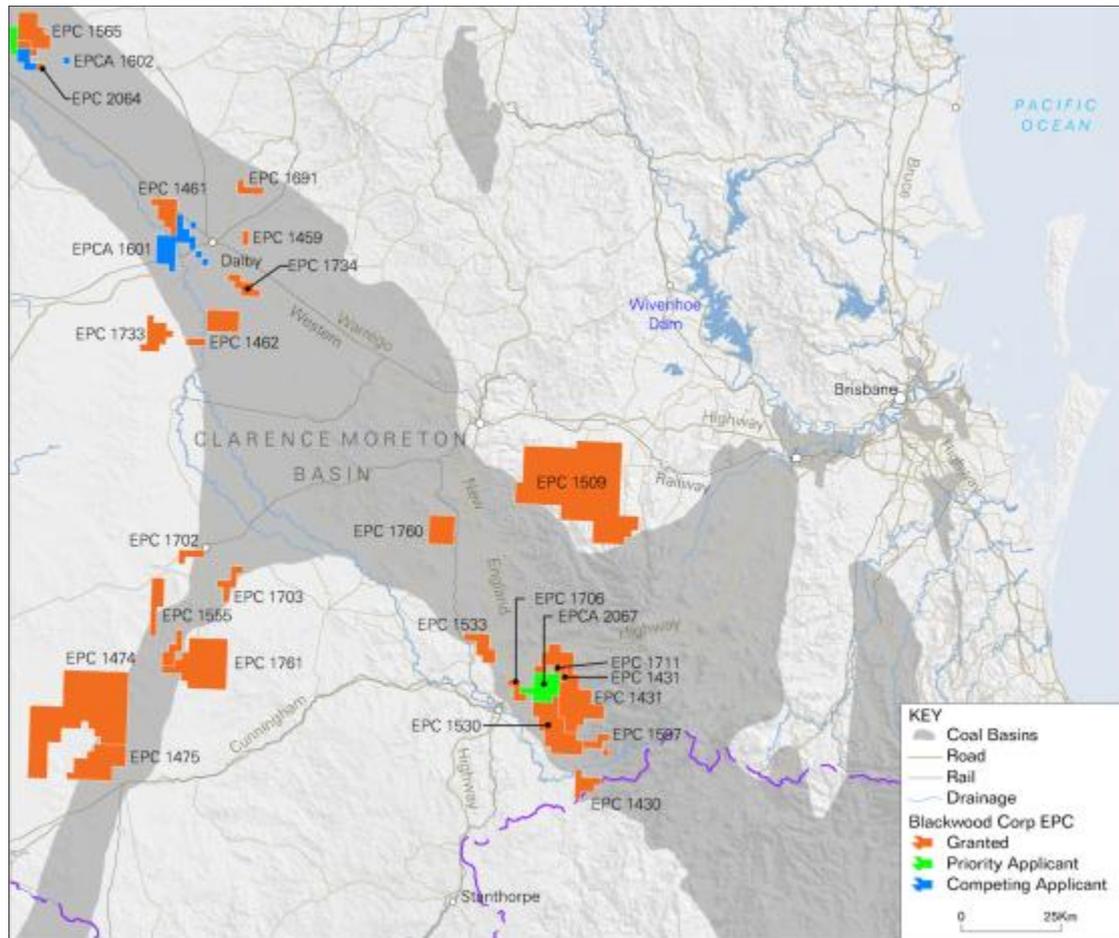


Figure 20: Southeast Queensland (Clarence Moreton Basin).

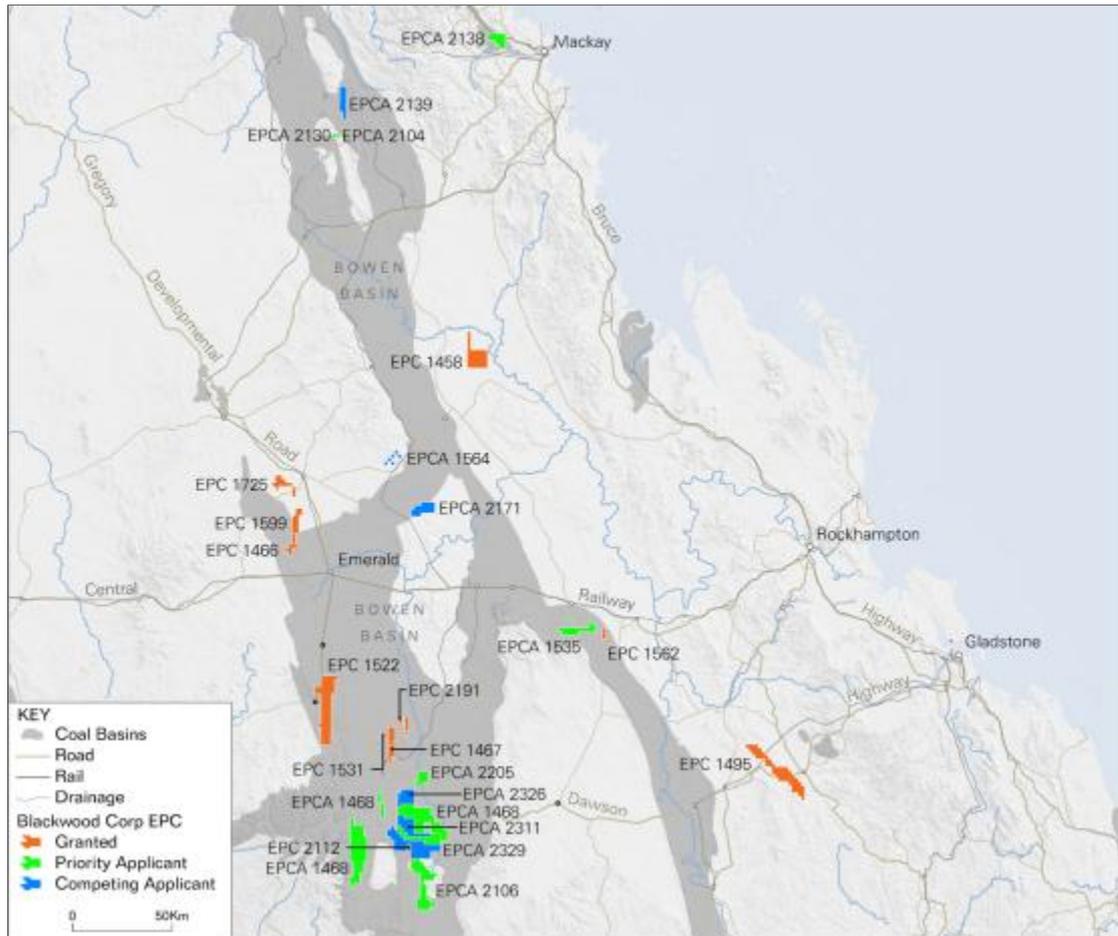


Figure 21: Central Eastern Queensland Basins (After Qld DME).

4.1 Bowen Basin

Matilda has 16 EPCs totalling approximately 1,540km² granted or under application in the Bowen Basin.

The Bowen Basin contains much of the known Permian coal mineralisation in Queensland, including virtually all of the known mineable prime coking coal. Coal accumulation in the Bowen Basin occurred in a wide variety of depositional environments and the coal measures reflect this diversity, with variation in seam thickness, lateral continuity and coal quality. Triassic rocks that overlie the Permian coal measures do not contain significant coal. Coal seams in the Bowen Basin exhibit considerable variation in rank and quality.

A broad pattern of increasing coal rank within individual formations from west to east is apparent, and reflects the effects of depth of burial.

Later, localised igneous intrusions have also influenced coal rank, particularly in the north-east. In the eastern part of the basin, the coal rank ranges from low volatile bituminous to anthracitic and deposits are generally more structurally complex. Coals in the central and north-western part of the basin trend toward

medium to high volatile bituminous rank and include the best coking coals. Structural deformation in these deposits is less pronounced. In the central-west and south-west, coal rank falls below the coking range and the most significant deposits are of high volatile bituminous thermal coals.

Queensland's prime hard coking coals are mainly mined from the Moranbah Coal Measures and the German Creek Formation. A range of metallurgical coals, including PCI coals, are mined from the Rangal Coal Measures and Baralaba Coal Measures.

The Bowen Basin contains coals that span the entire rank range, from sub-bituminous to anthracite. This means that a wide variety of coal types are present in Queensland and current production includes coals sold into all sectors of the international market.

These include the premium low and medium volatile hard coking coals from the Bowen Basin, which are widely acknowledged as among the best coking coals in the world, producing strong cokes with low reactivity.

High volatile, high fluidity coking coals and a range of other coking coals suitable for blending are also produced from the Bowen Basin.

The sulphur content of Queensland export thermal coal is generally less than 0.8% .CSIRO tests indicate significantly lower levels of mercury and selenium and other harmful trace elements compared with many other internationally traded coals.

Capella Area and Dysart Area

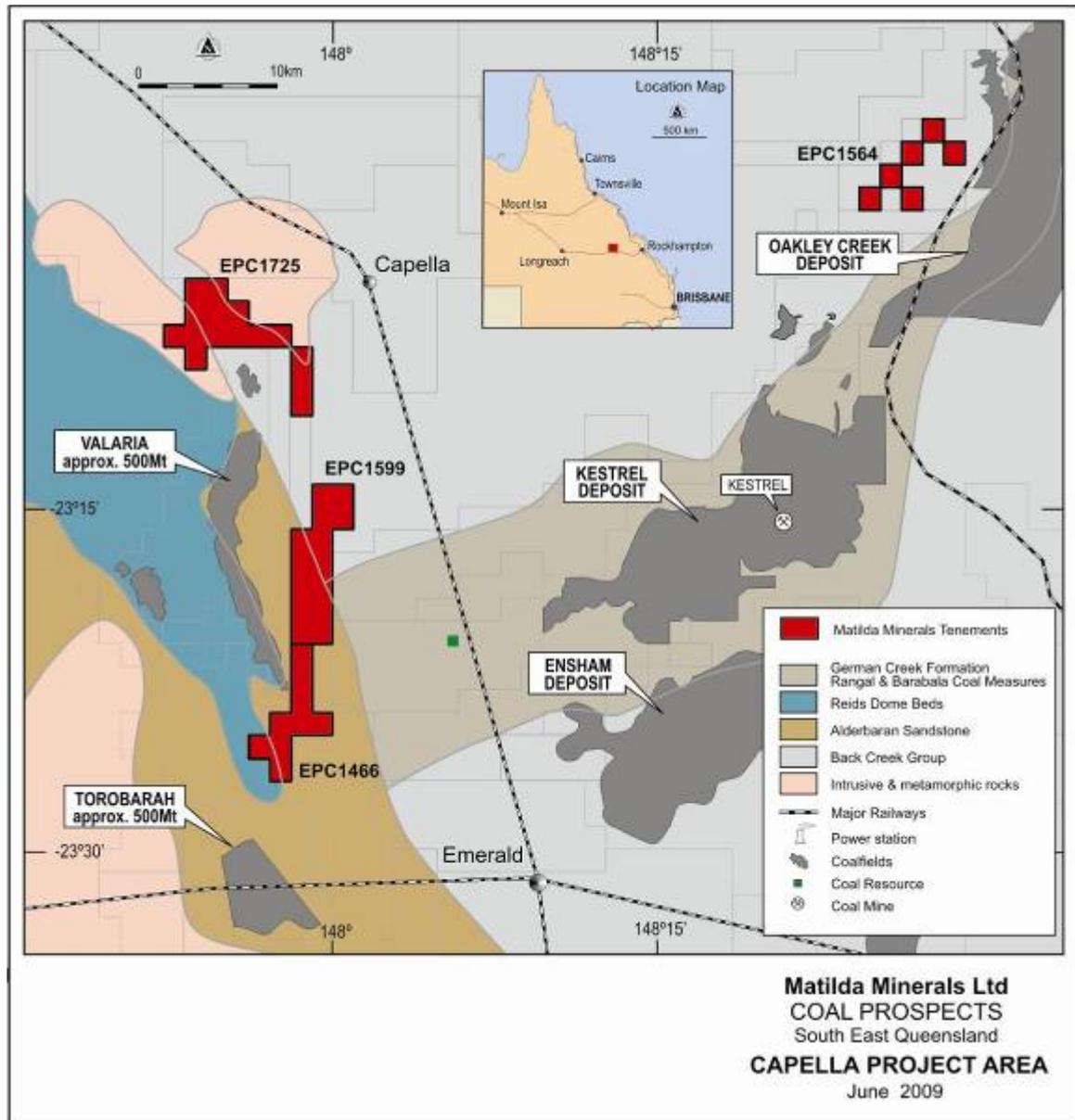


Figure 22: Capella EPCs and Nearby Deposits.

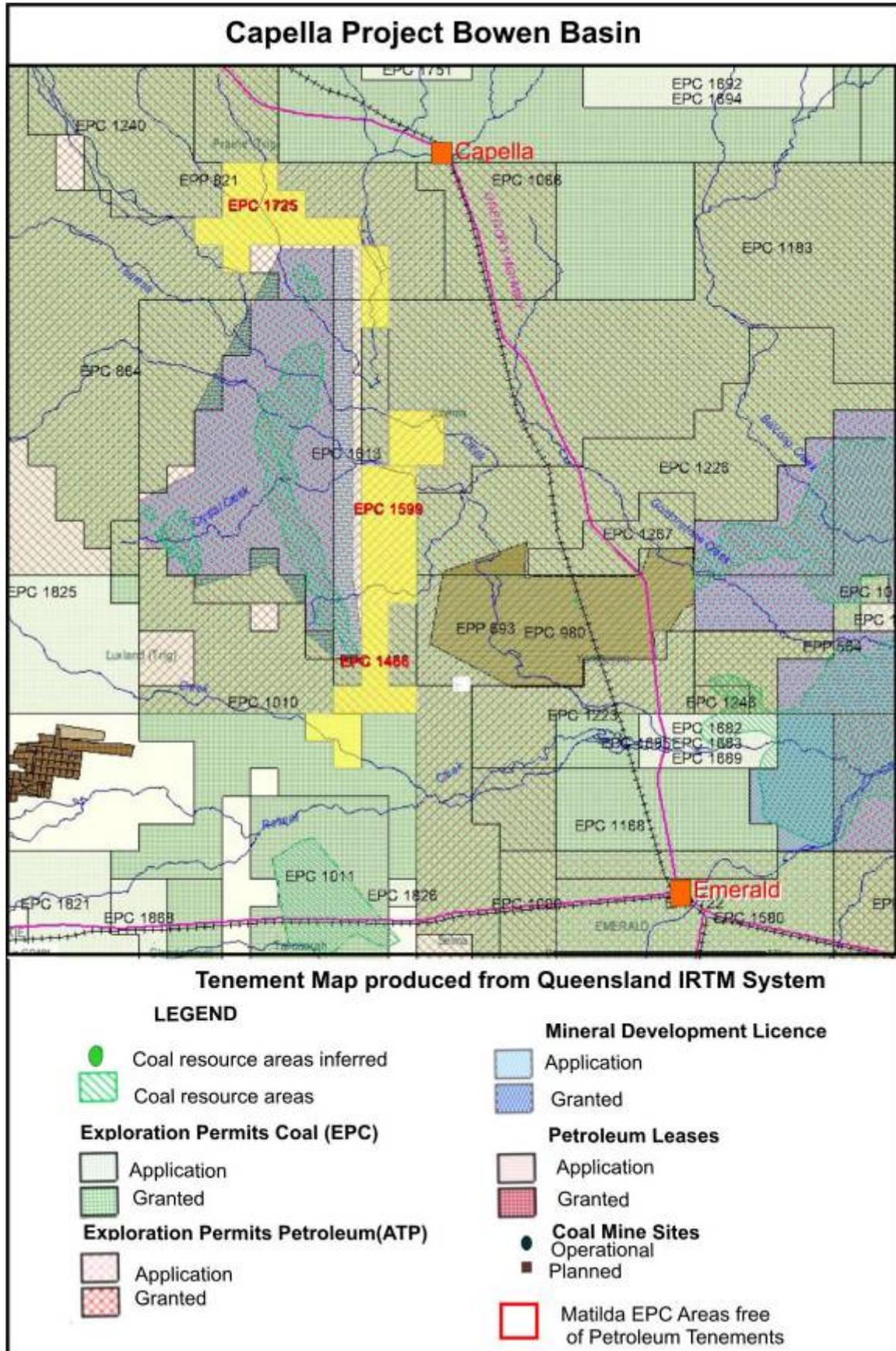


Figure 23: Capella Project EPCs & Other Tenements.

EPC **1564** is located 40km north-east of Emerald. It is immediately west of the German Creek and Oaky Creek deposits which dip to the east. Blackwood is in competition for this EPC with both Area Coal Pty Ltd and St Lucia Resources Pty Limited applying on the same day. St Lucia holds the surrounding EPC application and is most likely to be offered this EPC as a result.

It is entirely covered by the Permian Back Creek Group, which is comprised of sandstone, siltstone, carbonaceous shale, minor coal and sandy coquinite (a well cemented, shell-rich limestone.) The German Creek deposit is partly hosted by the Back Creek Group as are other deposit in the Bowen Basin.

This EPC is prospective for coking coal deposits in the Back Creek group. Matilda holds EPCs **1468**, **1595** and **1725** in between Rio's Valerie Deposit and the German Creek, Fort Cooper coal measures immediately east. Linc Energy recently negotiated on two tenements immediately east of Matilda's EPC **1595** and **1466** for a potential sale at \$1.5 billion to Xinwen.

While Matilda's tenements do not contain the German Creek Coal Measures, they are strategically located between these two large deposits and are composed mainly of the same early Permian sediments which host the Valeria Deposit (Rio Tinto) immediately to the west.

The Valeria deposit is contained within the Reids Dome Beds and the Aldebaran sandstone, both of which continue southeast into Matilda's EPCs. The Valeria deposit strikes directly into Matilda's EPC **1466**. The large Taraborah deposit is only 5km south of Matilda's EPC 1466 and is also in the Aldebaran sandstone.

CAPELLA 52	Investigator Coal Exploration Pty Ltd, Authority to Prospect No C52 "Capella" Geological Report on Area Relinquished 31 May 1977 A Report for Blair Athol Coal Pty Limited.
	Appendix 3 Borehole Location Plan Extracted from Williams and Westblade 1979.
89	The Broken Hill Proprietary Company Limited incorporating Queensland Coal Mining Company Limited, Final Report on Authority to Prospect 89C near Capella 26 April 1963.
275	Blair Athol Coal Pty Limited Authority to Prospect 275c Rubyvale 30 November 1981.
418	Report on 418C 1988.
	Pacific Coal Pty Limited, Exploration Permit Coal 418 Final Relinquishment Report, January 1997.
590	Pacific Coal Pty Limited, Valeria Extended, Final Report incorporating Final Relinquishment Report, January 1997.
605	Blackthunder Pty Limited, EPC605C West Capella, Annual and Final Report for the 12 month period ended 24 June 1977 dated October 1977.
864	Diamond Creek Coal Pty Ltd EPC 864 Capella Partial Relinquishment Report dated September 2004 by Energy Minerals Pty Ltd.
	Diamond Creek Coal Pty Ltd EPC 864 Capella Partial Relinquishment Report dated June 2006 by Energy Minerals Pty Ltd.

	Diamond Creek Coal Pty Ltd EPC 864 Capella Report on Areas Relinquished 21 July 2007 by Energy Minerals Pty Ltd.
	Diamond Creek Coal Pty Ltd EPC 864 Capella Report on Areas Relinquished 21 July 2008 by Energy Minerals Pty Ltd.

Table 4: Capella Previous Exploration.

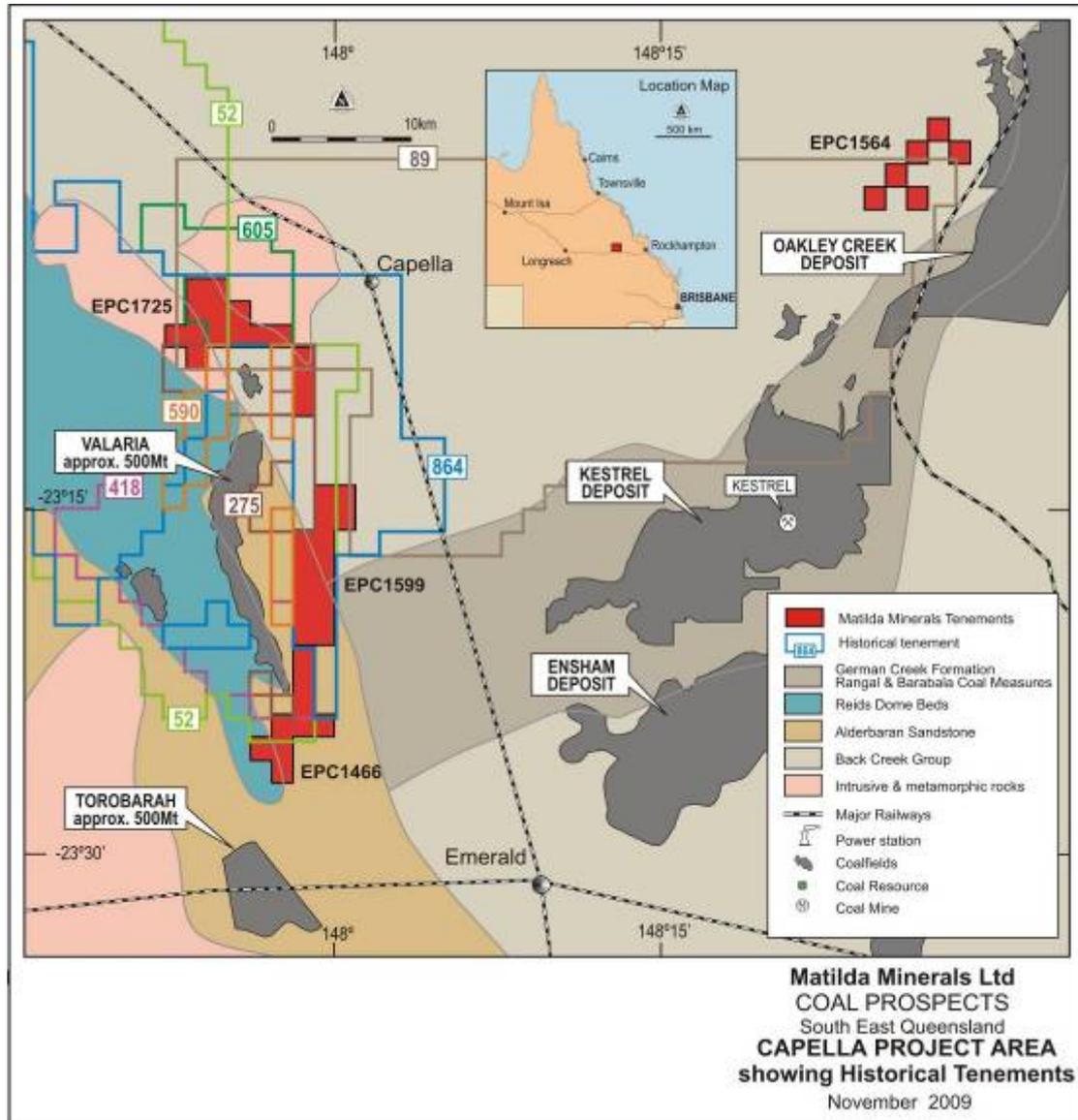


Figure 24: Capella Project EPCs & Historical Tenements.

ROLLESTON PROJECT

Blackwood currently holds EPC's 1531 & 1467, and is priority applicant for EPC 2106 in the south-west of the Bowen Basin. These tenements are all prospective for export quality thermal.

The coal bearing sequences in the south-west Bowen basin are as follows:

Group (i) coals are the oldest in the basin and are represented by the Reids Dome Beds which host the Capella and Minerva deposits.

Group (ii) Coals which are hosted in the south-west by a marginal marine sequence and tend to be high in sulphur. This is represented by the Aldebaran sandstone and the Taborah Deposit near Emerald.

Group (iv) coals which are represented by the terrestrial sedimentary unit hosting the Rangal Coal Measures, Bandanna Formation and Baralaba Coal Measures. This group hosts a major part of the Queensland coking coal production in the north-eastern section of the Bowen Basin and a major portion of the thermal coal production from the south-west of the basin.

Blackwood are targeting export quality thermal coals of group (iv) in the southern Bowen basin, specifically the Rangal Coal Measures

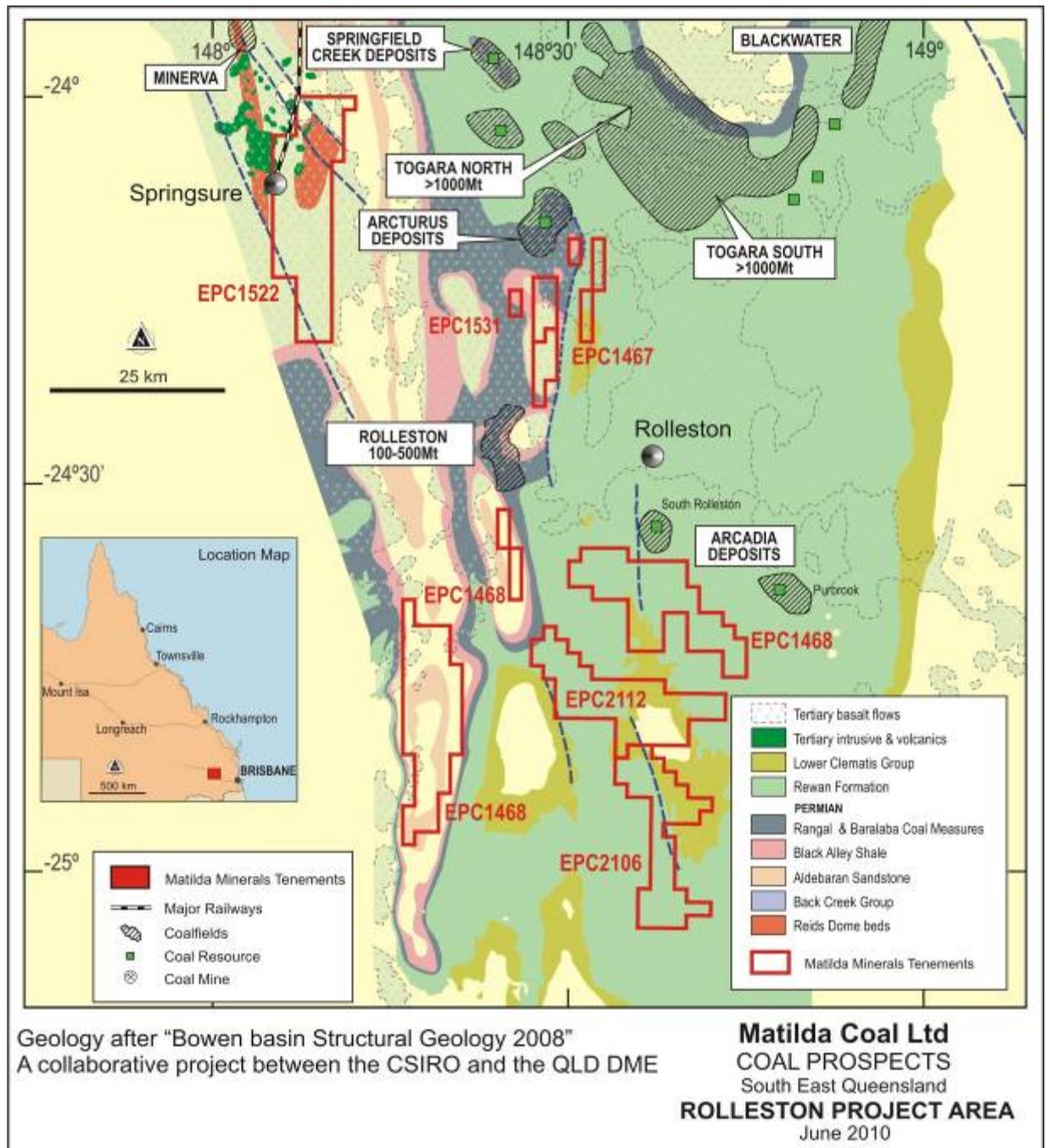


Figure 25: Rolleston & Springsure Project EPCs and Nearby Deposits.

Springsure Project

EPC 1522 near Springsure was granted on 23/07/09.

This is part of the Dennison Trough which occurs in the south western Bowen basin and hosts the Valeria, Cullin la Ringo and Minerva deposits within the Reids Dome Beds. This sequence varies considerably in thickness and typically hosts multi seam deposits. Seams up to 30 metres thick have been reported from oil drilling at depth in the southern part of the Dennison trough in Reids Dome Beds.

The Reids Dome Beds outcrop over the northern and extreme south-east areas of this EPC (Group I coals, as above). An anticline runs north-south through this EPC and plunges to the south. This tends to bring the Reids Dome Beds closer to the surface along the full length of the tenement.

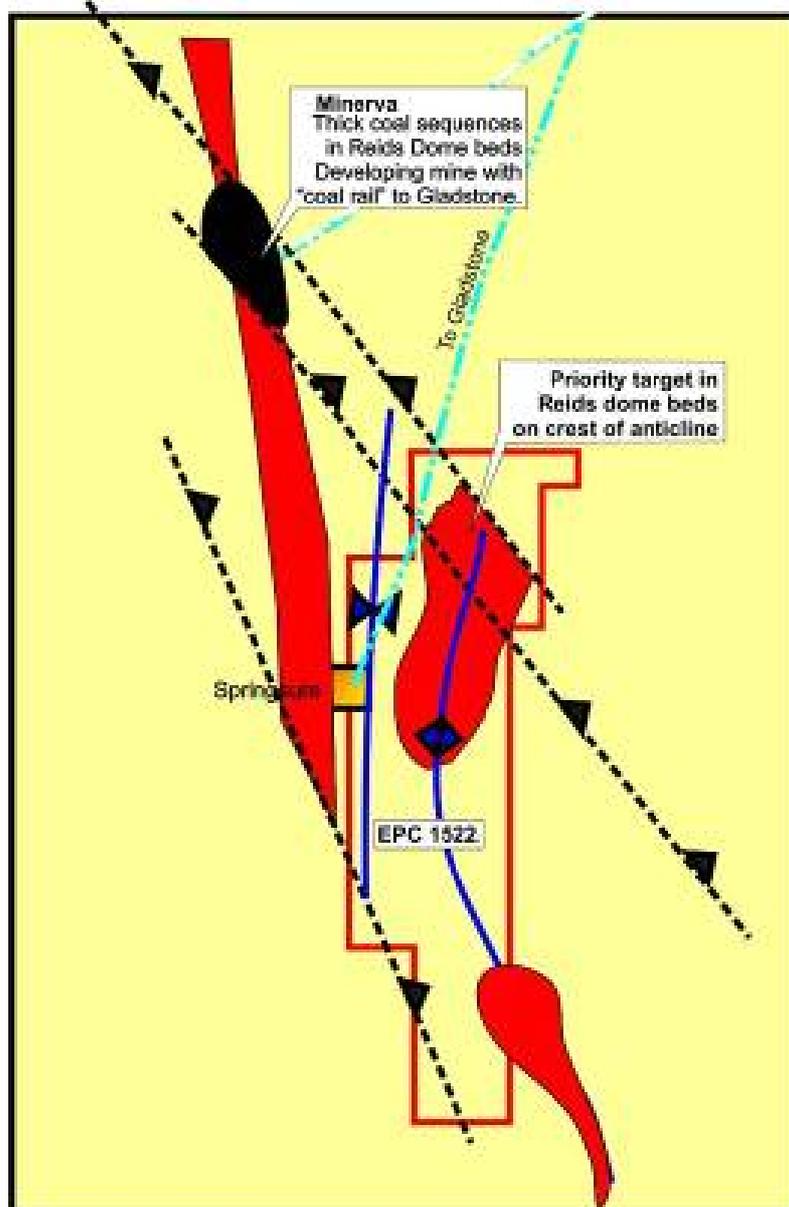


Figure 26: EPC 1522 Showing Target Area.

The priority target is the upper Reids Dome Beds in the northern part of this EPC, which are partly overlain by Tertiary basalt. Drilling by the DME in the 1970s showed the basalt cover to be minimal or absent over the target area shown in figure 9. Numerous coal seams were intersected in the Reids Dome beds on what is now EPC 1522.

This area is in a very similar structural setting to the Minerva and Athena deposits which are currently being mined at Minerva as an open-cut and multi-seam mine established for the 2.5 million tonnes production of premium thermal

coal and medium volatile PCI coal per year. Included in the markets of Minerva are Korea, Japan, India and Taiwan.

Springsure South Project

This is comprised of EPC 1468 (west) and EPC 1468 (central) which has a competing application by Conarco Minerals Pty Ltd. It covers an anticlinal structure striking north with subcrop of the Frietag Formation and the Aldebaran sandstone, both of which host significant coal seams. EPC 1468 (central) is immediately south of the Rolleston deposit and contains prospective Aldebaran sandstone beds.

Rolleston Project

EPC 1468 (east) comprises an area of non-outcropping group 1V coals. There is potential for shallow coal mineralisation in the areas where anticlines and or thrust faulting have brought these group 1V coals nearer to the surface. This eastern portion of EPC 1468 has excellent potential as a strike extension for shallow group 1V coals, which occur on the adjacent EPC in Arcadia’s new discoveries at Rolleston South and Purbrook as illustrated in the adjacent Figure 18.

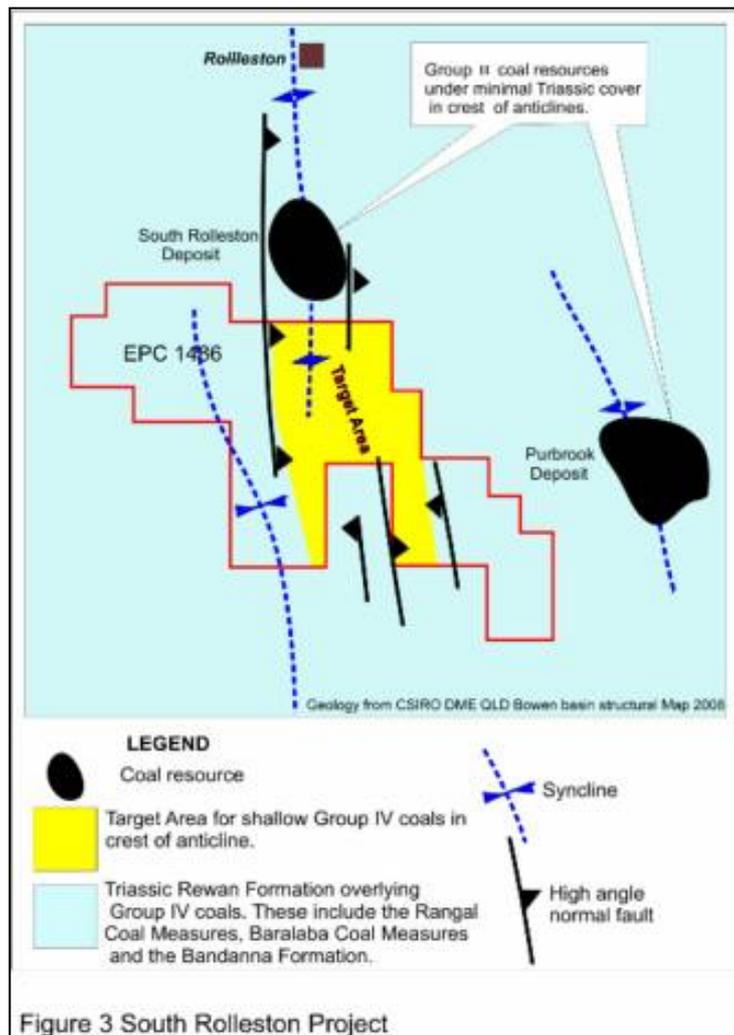


Figure 27: Arcadia’s New Discoveries.

EPC 2106 was applied for on the 4th May 2010 and is in competition with Stanmore Coal. This EPC has potential for export quality thermal coal in the Rangal coal measures which underlie the Rewan formation (see figure 8).

EPC 2112 was applied for on the 4th May 2010 and was subject to a secondary application by Stanmore Coal on the 5th May 2010. This EPC lies immediately north of EPC 2106 and is also prospective for Rangal coal measures beneath the Rewan cover. This EPC 1468 East Target Map actually covers subcrop of Rangal coal measures in its extreme North West corner. (See figure 8)

EPC **1531** was granted on the 15th May, 2009 and contains some of the same prospective Rangal Coal Measures, Bandanna Formation and Baralaba Coal Measures which host the Rolleston deposit approximately 5km south along strike.

EPC **1647** is along strike from the Rolleston deposit and contains some of the same prospective Rangal Coal Measures, Bandanna Formation and Baralaba Coal Measures as EPC 1531. These are partly concealed by sediments of the Rewan group.

An anticline runs through this EPC which may bring the Group (iv) coal beds close to the surface with minimal cover. This EPC is prospective for near surface group (iv) coals. This is a similar geological setting to the recent discoveries of Springsure and Arcturus (where the overlying sediments have been truncated by folding and erosion) are considered excellent targets.

EPC 1467 and 1531 are adjacent Endocoal's EPC 1517 in the Southern Bowen Basin. They are covered by sub-cropping Rangal Coal Measures which host the Rolleston deposits to the south and Orion Downs deposit to the north. Recent announcements of drilling results by Endocoal on nearby EPC 1517 strongly support the prospectivity of Matilda's EPCs.

In May, 2010 Endocoal announced to the ASX that they had "... *intersected 12 metres of export quality thermal coal in Rangal coal measures above 150 metres including two 5 metre seams at the Indiri prospect....*"(See figure 11) close to Matilda's EPC 1467. Matilda's EPCs are well positioned to host similar deposits along strike.

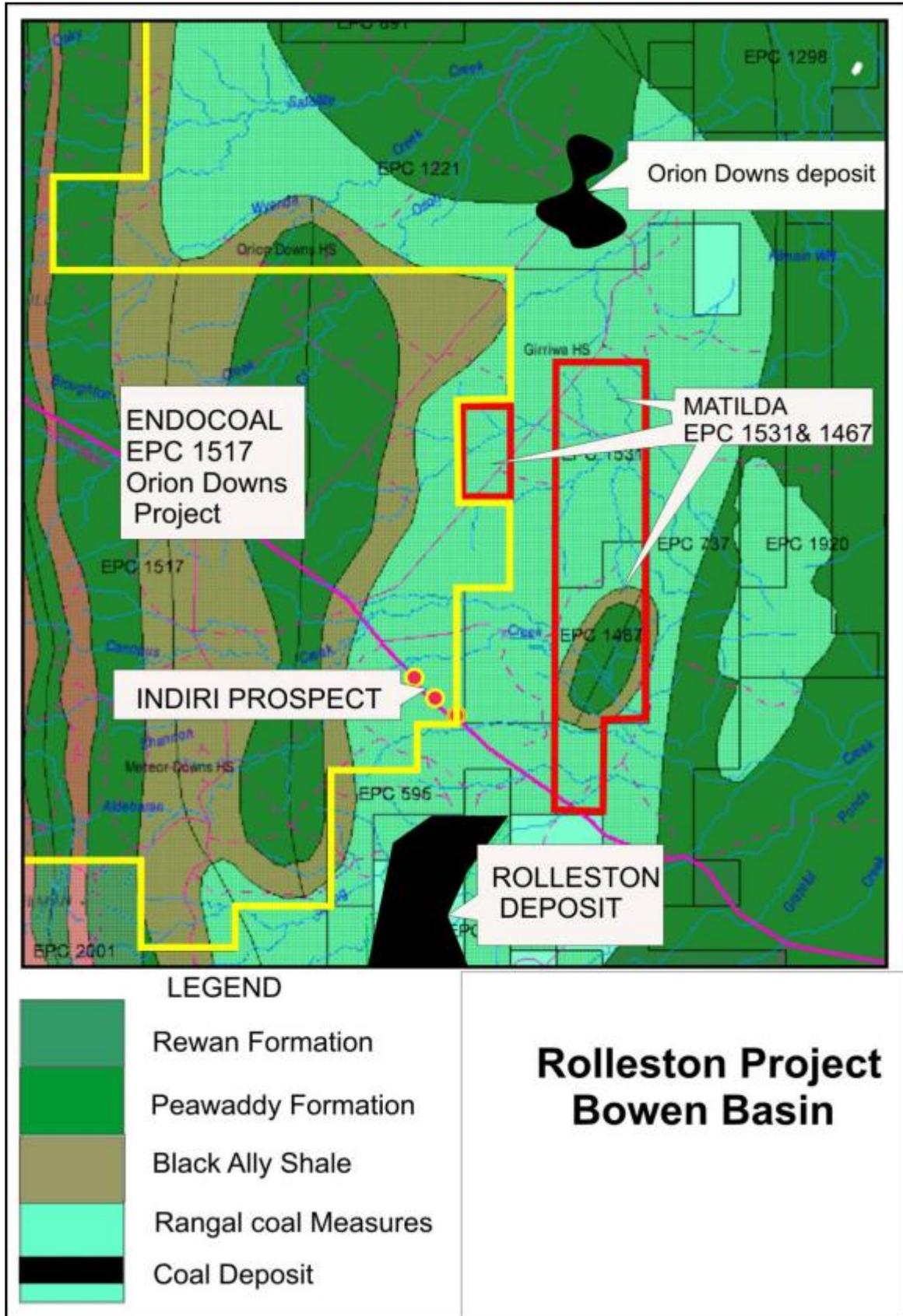


Figure 28: New Discoveries Announced by Endocoal.

ROLLESTON 57c 57	Brigalow Mines Pty Ltd AP57C Rolleston, Evaluation Progress Report for the Six Month Period 31 October 1984, CSR January 1985.
892	Arcadia Coal Pty Ltd, Relinquishment Report, 90 Sub Blocks, EPC 892 September 2007.
833	Macarthur Coal, EPC 833 Serecold, Report for Additional Area Relinquished effective 27 September 2008 prepared for Western Rolleston Coal, May 2009.

Table 5: Rolleston Previous Exploration.

DINGO PROJECT

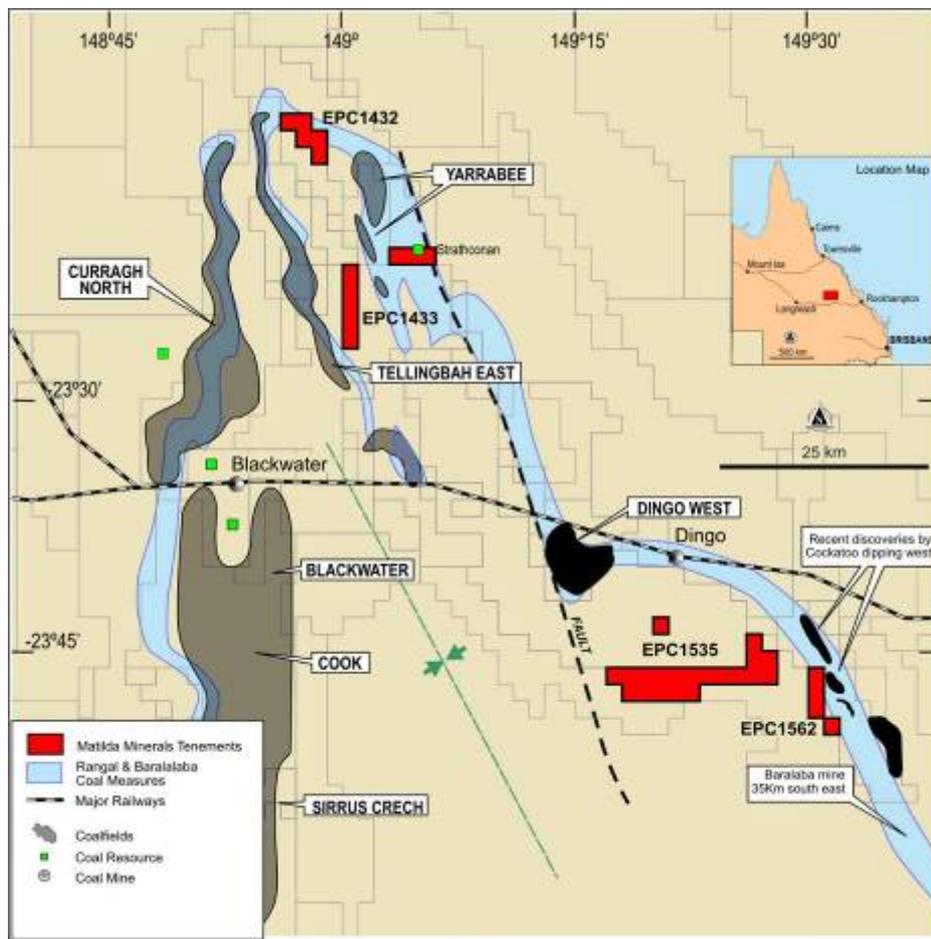


Figure 29: Dingo EPCs & Nearby Deposits.

EPC **1535** has a competing application by MGC Resources Pty Ltd. The area is overlain by the Triassic Rewan formation which covers the Rangal Coal Measures, Bandanna Formation, Baralaba Coal Measures (which host the large Cook deposits to the west) and the Baralaba deposits to the south-east. Both of these deposits are shallow dipping and occupy a large area under the Rewan sandstone. EPC 1535 has potential to host similar coking coal measures in the Rangal Coal Measures, Bandanna Formation and the Baralaba Coal Measures.

EPC **1562** was granted on 4/08/09 is two sub-blocks east of EPC 1535 and straddles the Rangal Coal Measures, Bandanna Formation, Baralaba Coal Measures. This is prospective for coking coal at shallow depth.

Matilda's EPC applications **1432** and **1433** are secondary applications to Yarrabee Coal Company Pty Ltd. Cougar Energy have made a secondary application to Matilda for EPC 1432. Matilda's application is most unlikely to succeed unless Yarrabee withdraw its application

EPC 1432 consist of 5 blocks all overlain by the Triassic Rewan Formation. Immediately beneath in the Rewan formation are the Rangal and Baralaba Coal Measures which outcrop as steeply dipping sub-linear units orientated north-south. These coal measures outcrop to the east and west of the EPCs and contain the Jellingbah, Yarrabee and Currah North coking coal mineralisation.

The eastern blocks of EPC 1433 contain the Rangal and Baralaba coal measures and also have an indicated resource under the project name Strahconan.

Both EPC 1433 and 1432 are prospective for coking coal mineralisation in the Rangal and Baralaba Coal Measures.

DINGO 8	Dingo 8, Mount Morgan Ltd, Completion Report, Authority to Prospect 30 June 1965.
38	Geopeko Limited, Mount Morgan, Final Report, Authority to Prospect 38C, September 1986.
40	Completion Report, Authority to Prospect 40C Queensland, September 1986 Coal Geology Section.
116	Maps Dingo Area 116.
632	Mt Robert Coal Pty Ltd, EPC 632 Coomoooolaroo Final Report by Fred Robbins Geological Consulting, 24 September 2002.
960	Argos (Qld) Ltd , fully owned subsidiary of Aquila Resources NL; Exploration Permit Coal 960 Duaringa Project, Partial Relinquishment Report to 29 April 2009 prepared by C Doon, 8 September 2009..

Table 6: Dingo Previous Exploration.

Callide Basin Biloela Project

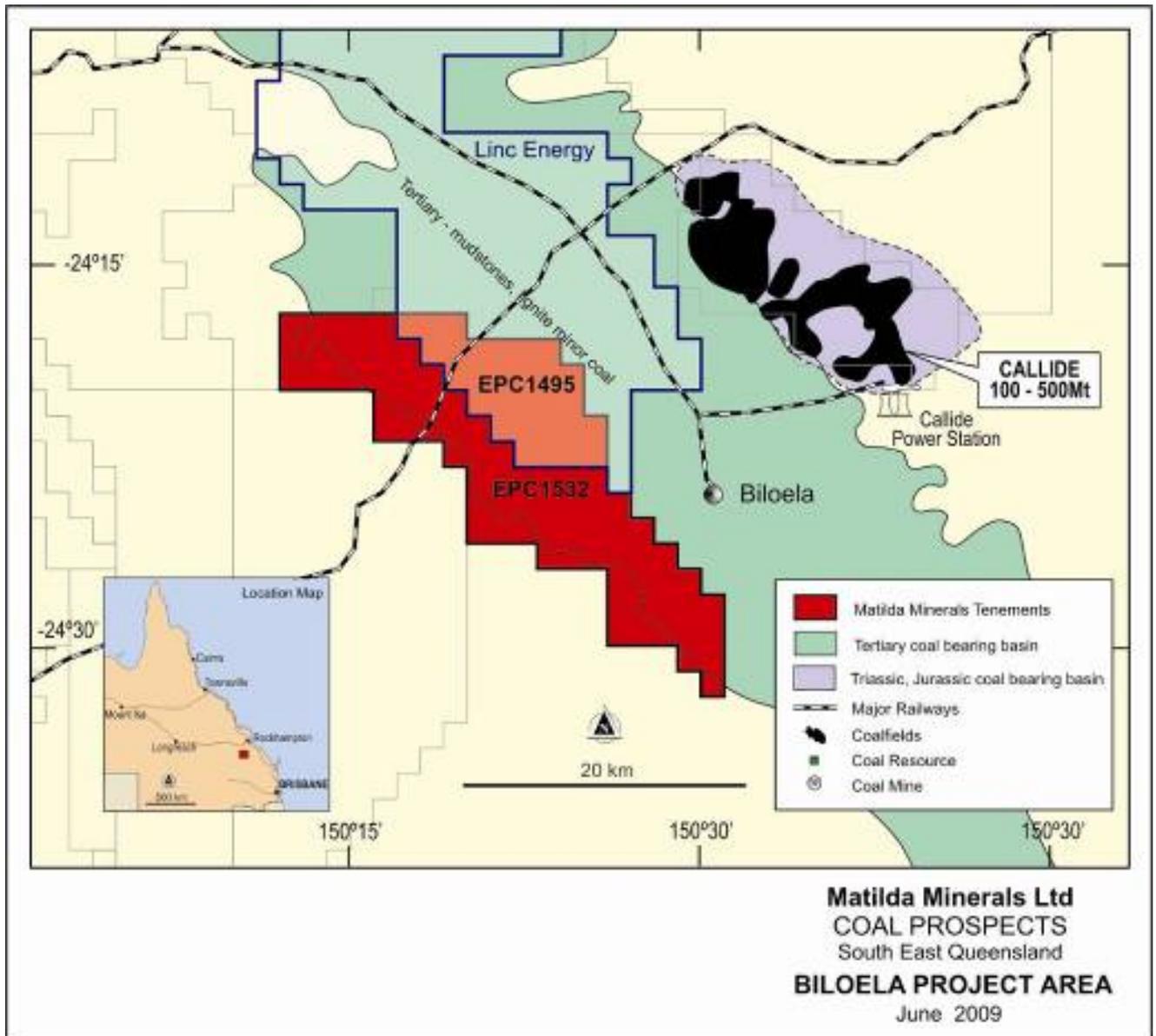


Figure 30: Biloela Area EPCs & Nearby Deposits.

BILOELA PROJECT CALLIDE BASIN

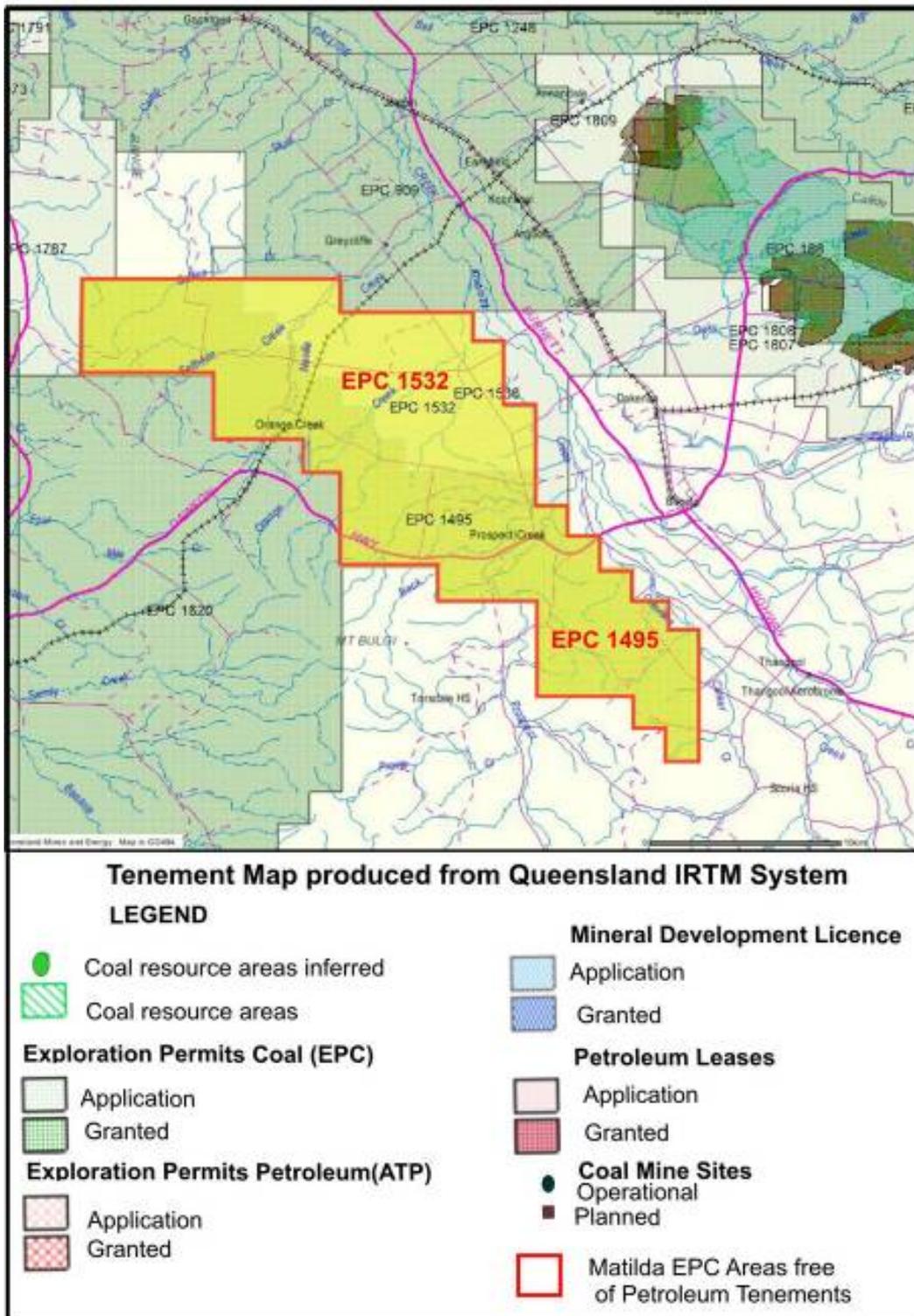


Figure 31: Biloeala Area EPCs.

Matilda has two EPCs, **1495** and **1532** which cover 795km² and overlie Tertiary sediments which are highly prospective for brown coal. These may be suitable for UCG. EPC 1495 was granted on 3/07/09. Linc Energy Ltd holds the leases for the remainder of this Tertiary basin and Clean Carbon Energy Ltd hold

tenements to the east. Infrastructure in the area includes the Callide power station and the railway to Gladstone.

Although no significant coal deposits are known to occur in this basin, coal intersections in drill-holes conducted for oil shale exploration are yet to be fully evaluated.

One drill-hole completed by the Geological Survey of Queensland in 1980, GSQ Monto 5, intersected coal at 168.9m (9.5m thick) and at 213.8m (5.7m thick).

Coal at these depths is optimal for the UCG process which is able to utilize sub-economic coal mineralisation and use them for either a GTL process or as feedstock for a gas power station.

Two samples from the upper seam were analysed. The results indicate that the coal is lignite grade, a low rank of coal with high moisture content.

The area is strategically located near power generation facilities, gas pipeline and close to the Gladstone industrial complex and hence may host a resource.

Project	Title
BILOELA	EPC 909 Jambin Project Linc Energy Partial Relinquishment Report (Nigel Clifford) 2008
909	EPC 909 Jambin Project Linc Energy Partial Relinquishment Report (Nigel Clifford) 27.04.2009

Table 7: Biloela - Previous Exploration.

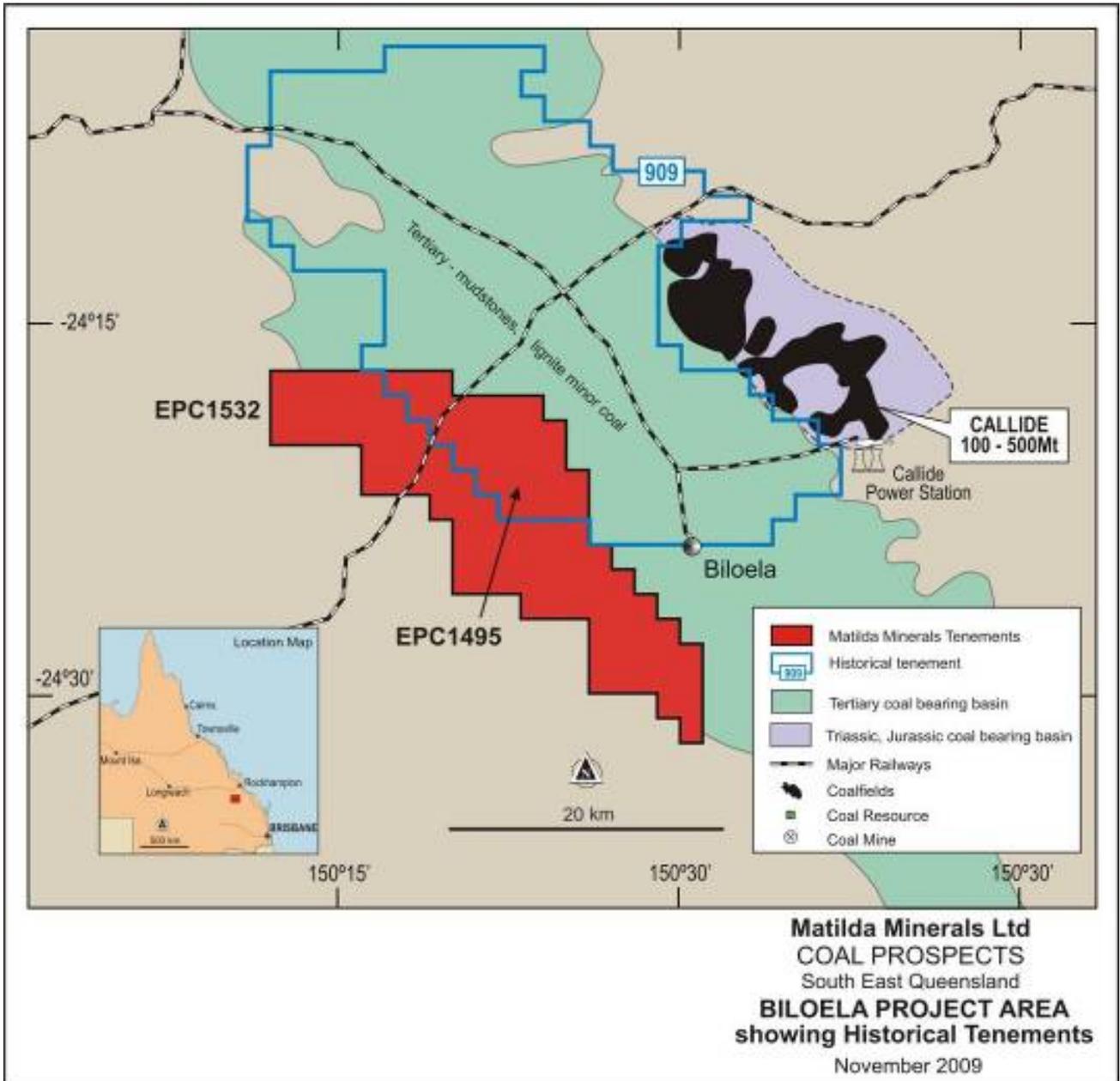


Figure 32: Biloela Area Historical tenements.

4.2 Surat Basin

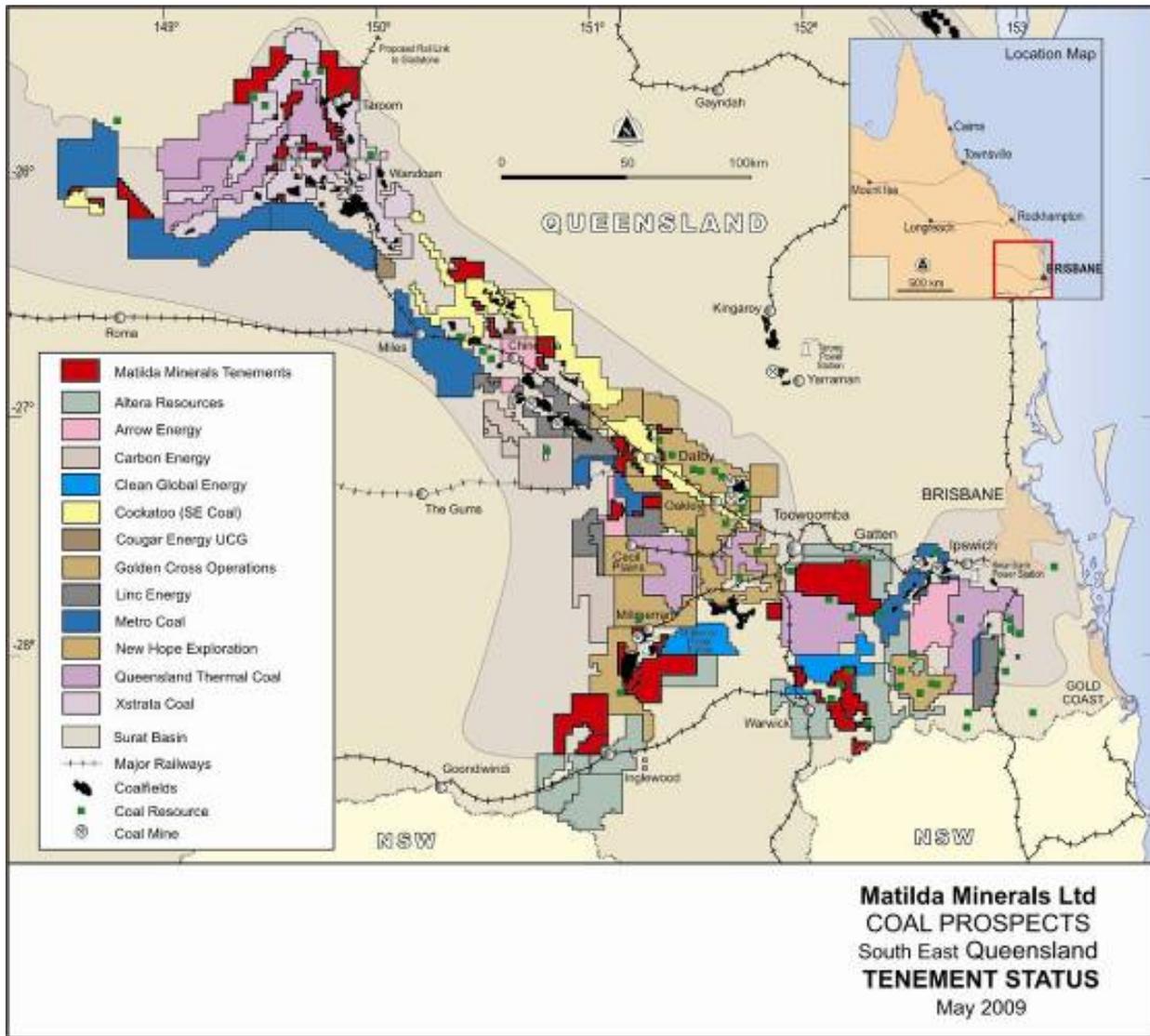


Figure 33: Surat Basin EPCs & Nearby Deposits.

Blackwood has 21 EPCs in The Surat Basin totalling 1,419km² for a total expenditure requirement of \$667,000. Most of Blackwood's EPCs lie towards the eastern end of the Surat Basin in South East Queensland. Many cover subcrop of the Jurassic-age Walloon Sub-group, which includes the Juandah and Taroom Coal Measures. Although they contain no JORC coal resources, they are located along the major trend of Surat Basin open-pittable coal, including the giant Wandoan group of deposits and other nearby bodies.

The projects are generally located near rail and not far from the proposed new Wandoan to Gladstone rail link which, when complete would enhance the economic viability of these coal deposits.

The Surat Basin in southern Queensland is rapidly becoming an important energy province with the promise of new coal mines and development of coal seam gas (CSG), underground coal gasification (UCG) and liquefied natural gas projects.

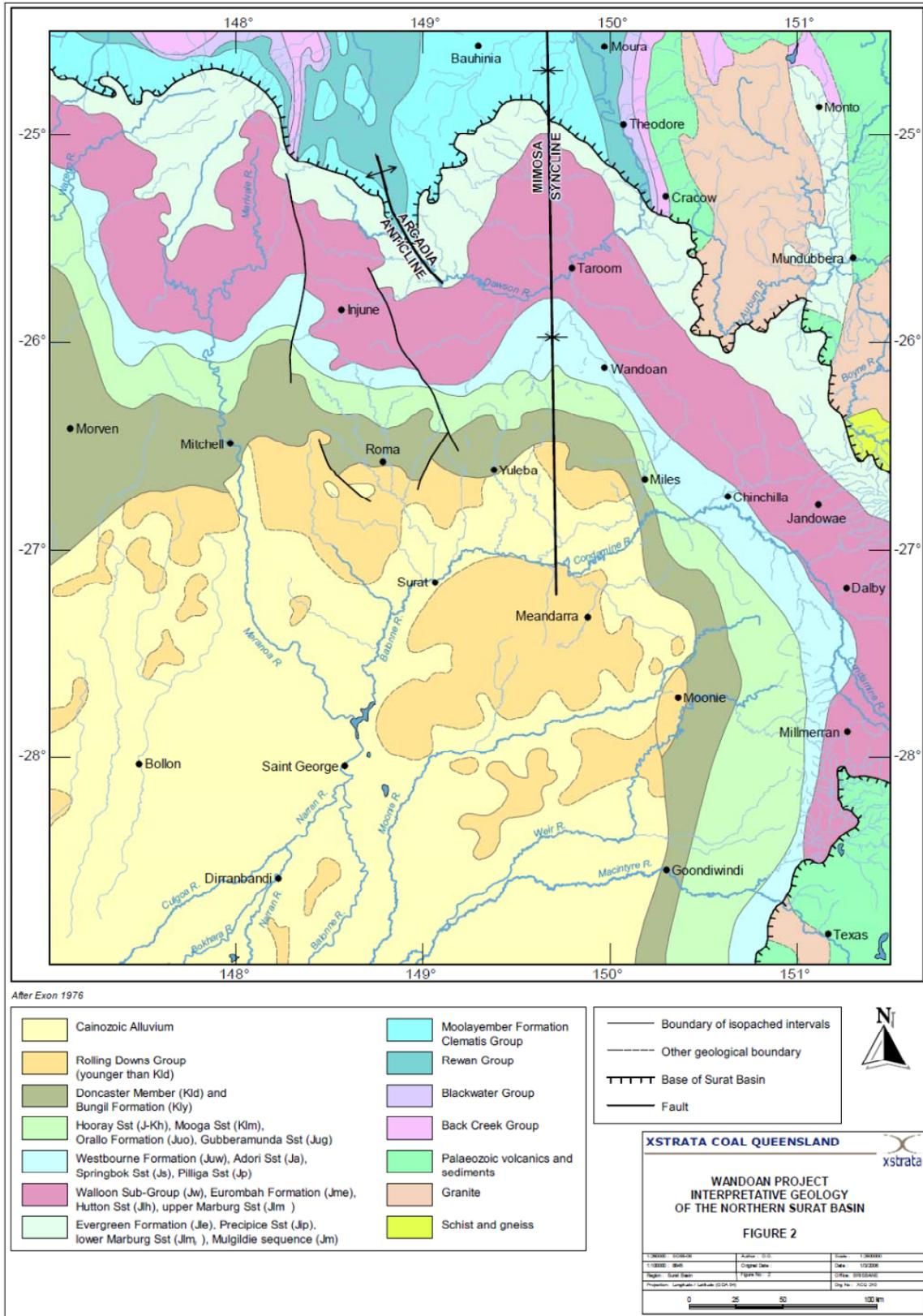


Figure 34: Surat Basin Geology (After Xstrata).

More than four billion tonnes of proven thermal coal resources amenable to open-cut mining have been identified but are largely undeveloped. The planned

rail link to Gladstone will change this, as it will provide an avenue for gross exports of thermal coal from the Surat coal measures. Coals from the Surat Basin are not suitable for metallurgical coke making but are high volatile, oil prone, and clean-burning.

Surat Basin coals are in demand for domestic power stations and export for the thermal coal market. The oil prone nature and high volatile content makes these coals particularly suitable for gasification and also for conversion to liquid fuels by direct hydrogenation– liquefaction processes. This Coal to Liquids route could greatly increase the returns from Surat coals. Underground gasification could open up huge mineralisation below current mining limits.

The Surat has surpassed the Bowen Basin as Australia’s largest CSG producer with the successful Tipton Methane Pilot Plant and associated developments.

The younger coals of the Surat Basin contain less gas than the Permian coals of the Bowen but they are more permeable and can produce better gas flows.

Matilda’s EPC applications are focused on the sub-crop trend of known coal deposits in the Walloon coal measures. Historical exploration has focused on near surface coal deposits suitable for open-pitting. Areas overlain by Tertiary sediments and/or volcanic rocks have previously been under-explored. As a result, these areas have high exploration potential for coal deposits, which may be suitable for UCG.

UCG and Coal to Liquids pilot operations have seen a major resurgence of interest in the past five years. This technology promises to be a very big industry particularly in the Surat Basin because of the high volatile content of the Walloon coals and the existing infrastructure. Linc Energy Ltd and Carbon Energy Ltd have advanced pilot projects to extract UCG and convert Walloon coals to liquids near Chinchilla in the Surat Basin.

Taroom Area

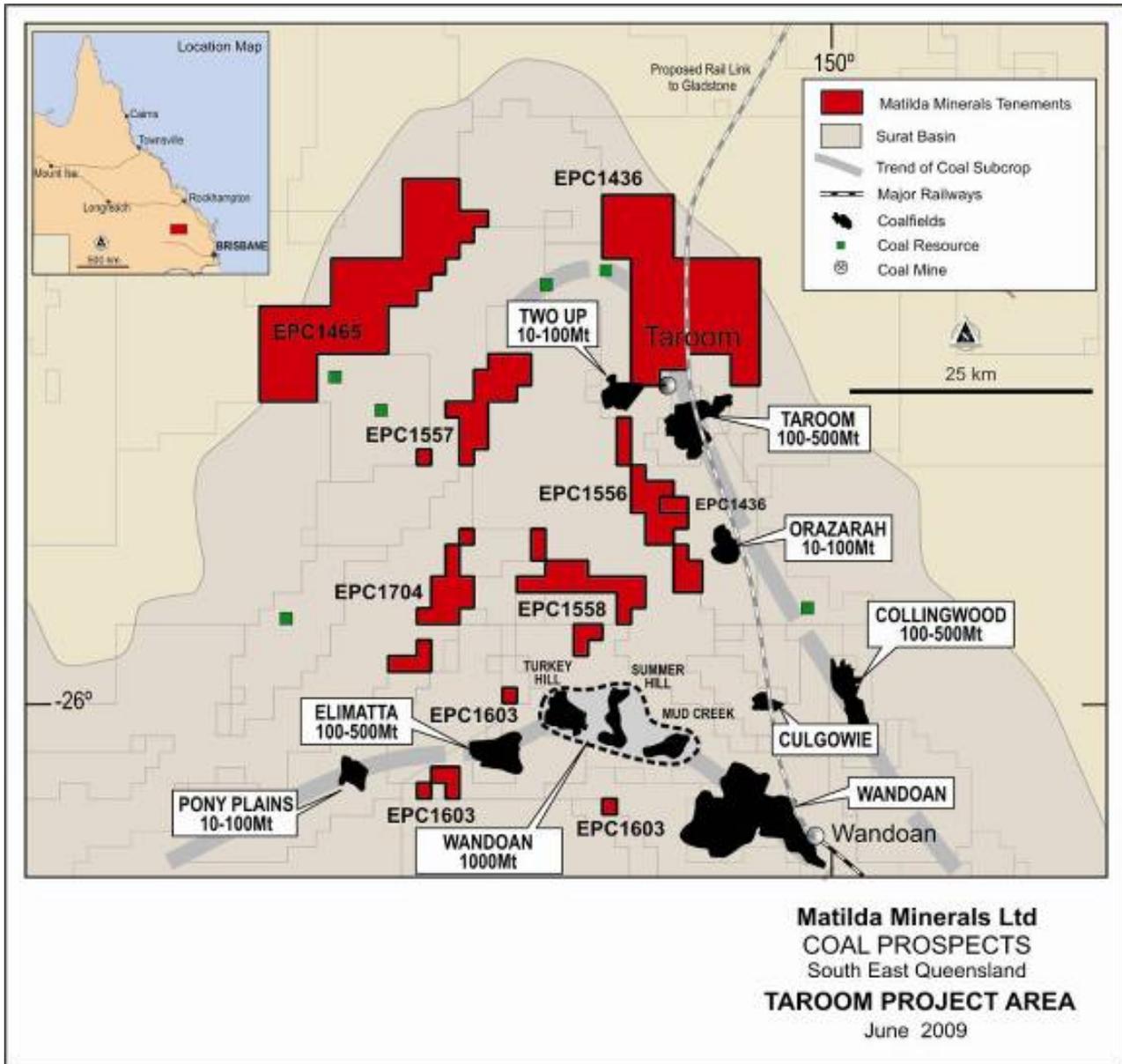


Figure 35: Taroom EPCs & Nearby Deposits.

Taroom Project Surat Basin

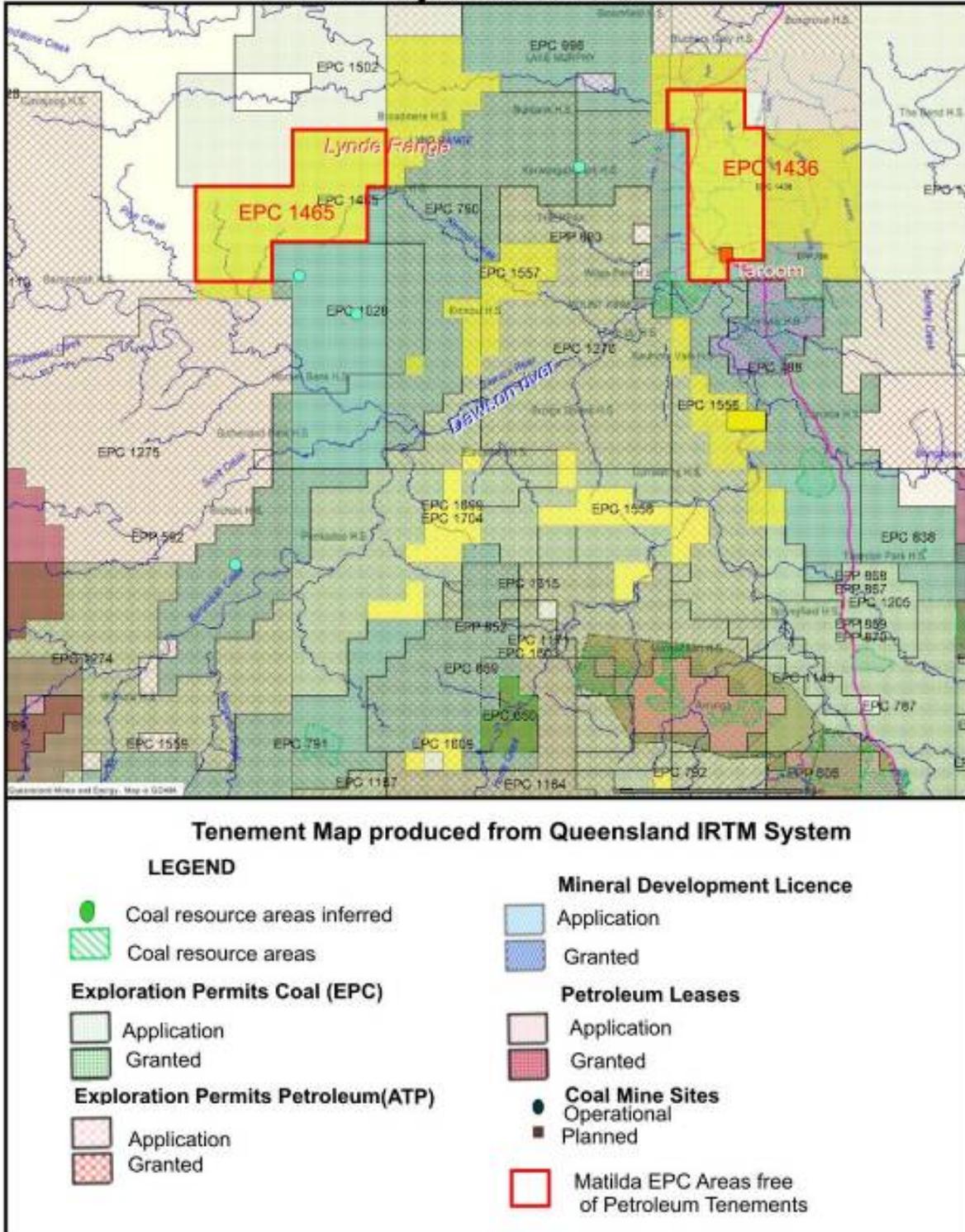


Figure 36: Taroom EPCs & Other Tenements.

This area has one of the largest concentrations of coal deposits in Queensland with the Taroom, Collingwood, Wandoan deposits totalling over two billion tonnes. This has prompted funding for a new rail-line to connect the Surat Basin by direct rail to Gladstone and a dedicated loading terminal. This will be a major

boost to the Surat Basin. Blackwood holds EPC **1465** was granted on 17/08/09 which is partly covered by petroleum tenements. EPC **1436** was granted on 17/08/09 and occurs within the sub-crop trend of the Taroom Deposit in an area where there is no overlying petroleum tenement. The Two-Up Deposit borders the south-east corner of EPC 1436 and it is interpreted to extend into Matilda's EPC. EPC **1566** is immediately down-dip of Orazabah, Taroom and Two-Up deposits and has potential for underground coal resources and is ideally located for UCG. EPC **1577** was granted on 17/08/09 and is also well located for underground coal resources as it is located immediately down-dip of Xstrata's development licences EPC 1699 and 1558. It is also prospective for UCG.

TAROOM 39C	Results Drilling, Authority to Prospect 39C held by Exoil NL and Transoil NL; area totally relinquished 31 July 1968.
56C	Second Half Yearly Progress Report ATP 256C Taroom East for period 13.9.1979 to 12.3.1980 by L M Casey June 1980.
149C	Brigalow Mines Pty Ltd AP 149C West Taroom, Exploration Progress Report for six month period ending 30 June 1985 and Final Report dated September 1985.
152	Brigalow Mines Pty Ltd AP 152C Dawson, Exploration Progress Report for the six month period 30 June 1985 and Final Report dated August 1985.
157	Area Relinquished Summary. Map area relinquished.
223	Summary for Shell Company of Australia Report forms Second Six Monthly dated October 1979.
229	Thiess Bros Mining, A Reconnaissance Resistivity Survey over 229C by Murdoch Geophysics, December 1978. Thiess Bros Mining, AP 229C Kerwongah by Murdoch Geophysics, December 1978.
231	Brigalow Mines AP 231C Juandah Report on Area Relinquished 14 June 1982 by CSR dated December 1982.
241	Marathon Petroleum Australia Ltd, Authority to Prospect 241C (Taroom West) Six Monthly Progress Report for period 2 May to 1 November 1979 dated February 1980.
267	Brigalow Mines Pty Ltd "The Major Structural Elements of the Pre-Permian basement of the Northern Surat basin.
305	Six Monthly Progress Report, Authority to Prospect 305C (Taroom) for the period 17 December 1983 to 16 June 1984 and Final Report.
309	Griffin Coal Mining Company, Authority to Prospect 309C, Final and Relinquishment Report November 1983. Griffin Coal Mining Company, Authority to Prospect Report before final Relinquishment January 10, 1983.
355	Griffin Coal Mining Company, Authority to Prospect Report before final Relinquishment January 10, 1983.
375	Authorities to Prospect 375 and 376C "Bell-Jandowae Final Report.
393	Mobil Energies Australia, Six Month and Final Report on A-P 393C, Two Up 1982, period ended 24 November 1982.
404	Mobil Energies Australia, Authority to Prospect 404C period ended 23 November 1983 and Final Report dated 1984. Mobil Energies Australia Borehole Location and Geology Map 404C 1983.

406	Authority to Prospect 406C Wilga Park Final Report September 1983.
432	CSR Limited, Surat Coal Joint Venture summarises exploration and evaluation dated 15 April 1988.
	CSR Coal Division, Taroom Extended AP432C Summary of Exploration 1/1-30/6/1988.
442	Mobil Energy Minerals Australia, Report on Operations for the period 23 May 1985 – 6 April 1986 AP422C Juandah Creek Final Report.
563	MIM Holdings Limited, Final Report EPC 563 Wandoan.
	Locality Map EPC 563 Wandoan.
580	Maps 580C.
787	Xstrata Coal Geology Maps 797C.
788	Green Exploration Mining Services EPC 788 Taroom East Qld, Relinquishment Report for the period ended 24 February 2007 for Xstrata Coal.
	Maps 788C Geology and Area Relinquished.
	Green Exploration Mining Services EPC 788 Taroom East Qld, Relinquishment Report for the period ended 24 February 2005 for Xstrata Coal dated 24 April 2005.
790	Xstrata Coal EPC 790 Taroom East Qld, Relinquishment Report for period ending 24 February 2008 dated 28 April 2008.
	Xstrata Coal maps for Sub Block Relinquishment Area EPC 790.
838	Xstrata Coal EPC 838 Wandoan East Qld, Relinquishment Report for period ending 15 August 2007 dated 15 September 2007.
859	Xstrata Coal EPC 859 Bimbadine Taroom East Qld, Relinquishment Report for period ending 6 July 2008 dated 2 September 2008.
996	Xstrata Coal EPC 996 North Taroom Qld, Relinquishment Report for period ending 12 October 2007 dated 12 November 2008.
1041	Cockatoo Coal Limited, EPC 1041 Partial Relinquishment Report for period ending 12 June 2008 dated 10 November 2008.

Table 8: Taroom – Previous Exploration.

Dalby Area

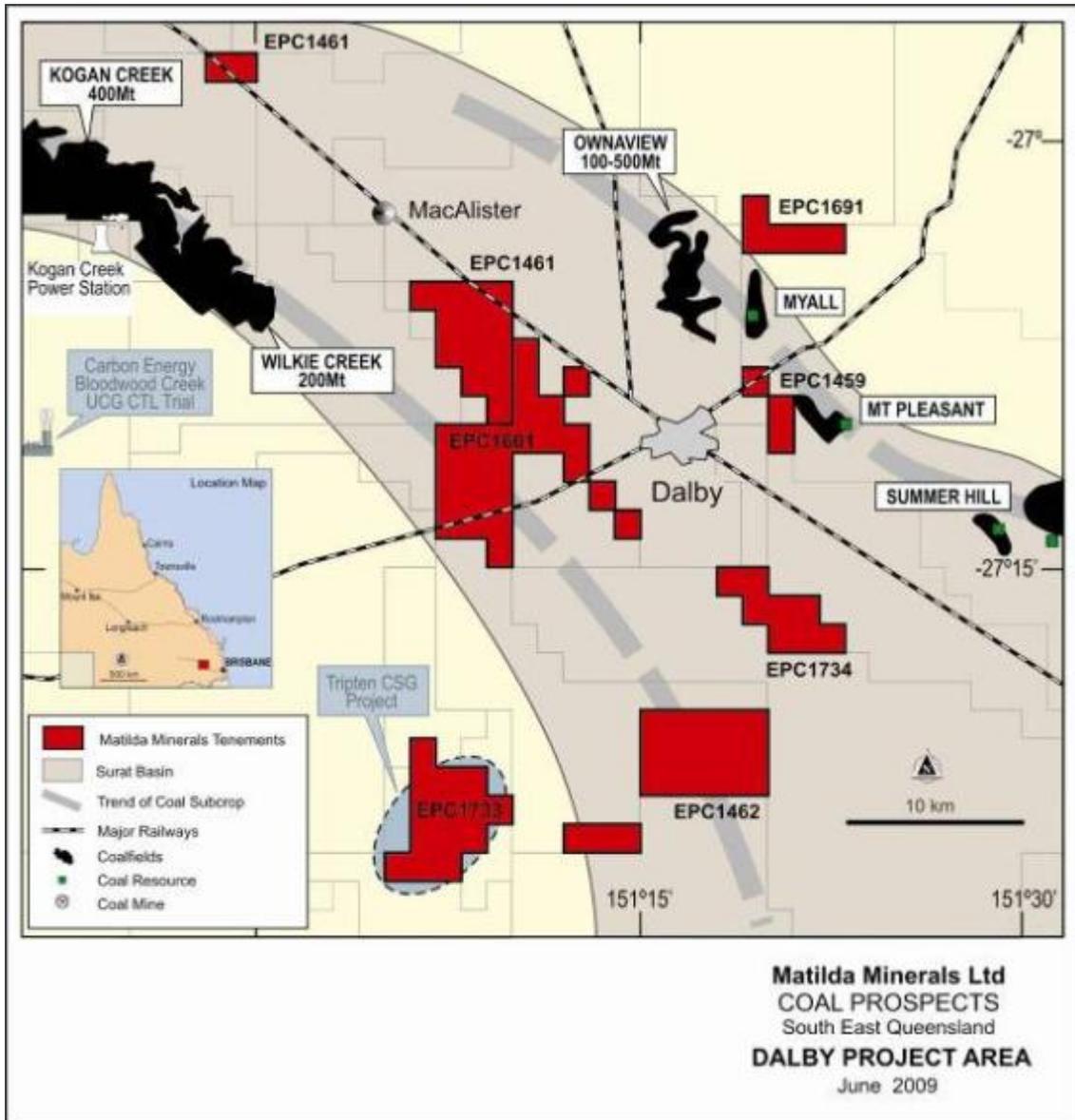


Figure 37: Dalby EPCs & Nearby Deposits.

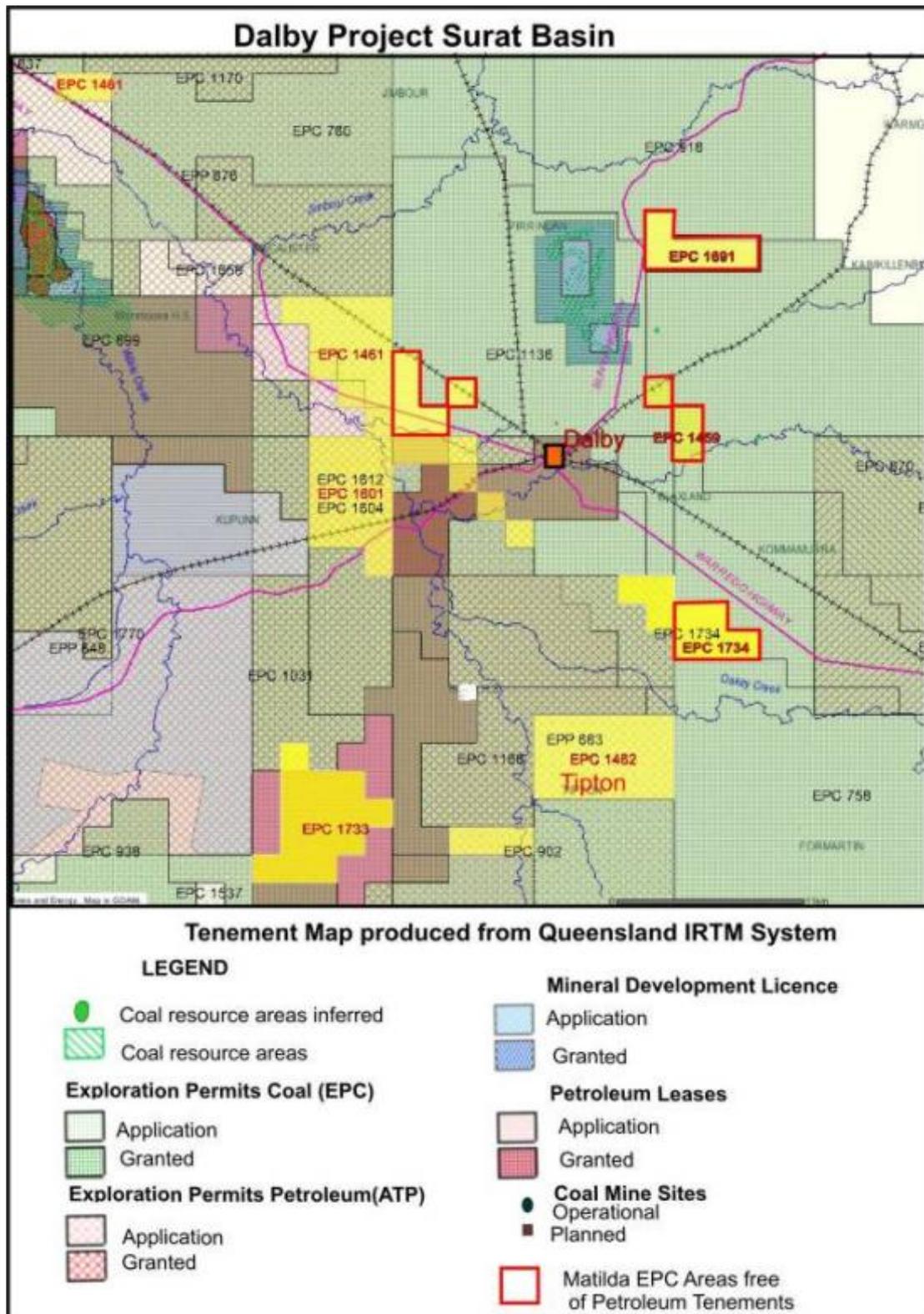


Figure 38: Dalby EPCs & Other Tenements.

Matilda has 7 EPCs in the Dalby Project Area in the Surat Basin. These cover a total area of 255km², for an annual expenditure of \$122,000. Of these, only EPC 1601 has a competing application. Both the western section of EPC 1601 and the central zone of EPC 1462 overlie the south-western strike extension of the coal measures mined at Wilkie Creek. EPC 1733 is centred on the Tipton CSG

Project. EPC 1459 was granted on 17/08/09 and is well located between the Ownaview and the Mt Pleasant deposits along the subcrop projection of the lower Walloon Coal Measures.

Previous Exploration

DALBY 39	Report on Authority to Prospect 39C by T J Madden 3 October 1968.
133	Mines Administration Pty Ltd, Final Report on Authority to Prospect 133C Jimbour by P D Denman September 1974.
181	Shell Development (Australia) Pty Ltd, Authority to Prospect 181C Dalby North, Final Report on Authority to Prospect 181C Dalby North by John McLean Hodgson.
191	Shell Development (Australia) Pty Ltd, Authority to Prospect 191C Jondaryan, Relinquishment Report of 66 Sub Blocks by John McLean Hodgson.
205	Shell Company of Australia, Six Monthly Progress Report period ending 22 February 1982; Authority to Prospect 205C Bowen Qld by R F Reeson.
	Shell Company of Australia ATP 205C Bowenville Qld, Ownaview Geological Review by C L Patterson, April 1984.
	Shell Company of Australia, Authority to Prospect 205C, Six Monthly Report to 23 February 1989 by F. Bos.
	Shell Company of Australia, Authority to Prospect 205C, Ownaview Geological Report October 1989.
	Shell Company of Australia, Investigation of Basalt Margin Using Magnetometry Techniques in Bowenville, Qld by R D Hewson, June 1983.
	Surat Basin Core Picture Book, W J Clark and D M Cooper, February 1982.
	Marathon Petroleum Australia Ltd, Surat Basin Project, 1982 Geological Evaluation.
280	Marathon Petroleum Australia Ltd, Authority to Prospect 280C Tipton Progress Report for period 2 January 1983 to 21 June 1983 by D H Hall, September 1983.
313	Summary Authority to Prospect 313C, Qld.
321	International Oil Proprietary Ltd, Combined Energy Resources Ltd, Authority To Prospect 321 Coal, Relinquishment Report, 17 September 1981 by Golder Associates.
	International Oil Proprietary Ltd, Authority to Prospect 321C, Exploration Report Stage 1, January 1982 by Golder Associates.
340	Robertson Research (Australia) Pty Ltd, Report 775, Aniropa Pty Ltd's Authorities in the Ipswich and Dalby Areas of Qld, May 1981.
	Geological Appraisal of Coal ATP's in the Ipswich and Dalby Areas of SE Qld by Layton & Associates.
375/376	Authorities to Prospect 375C and 376C Bell-Jandowie, Qld Final Report. Maps Prospect 375C and 376C.
413	Marathon Petroleum Australia Ltd, Authority to Prospect 413C (Dalby) Report on Area Relinquished from 20 June 1985 by D Brown-Kenyon.
	Marathon Petroleum Australia Ltd, Authority to Prospect 413C (Dalby) Report on Area Relinquished from 20 June 1986 by D Brown-Kenyon.
434	BHP Second Six Monthly and Final Report Authority to Prospect West Toowoomba, SE Queensland 434 C for period ended 5 September 1986, dated February 1987.

758	Marathon Petroleum Australia Ltd, EPC 758 Toowoomba Dalby Project, 2002 Relinquishment Report, Shiralee Roser, Senior Geologist, November 2002.
	Marathon Petroleum Australia Ltd, EPC 758, 759, 763 Toowoomba Dalby Project, 2003 Relinquishment Report, Shiralee Roser, Senior Geologist, December 2003.
	New Hope Coal Australia, Downs Project EPC 758 Mount Maria Relinquishment Report, 12 June 2007.
	New Hope Coal Australia, Downs Project EPC 758 Mount Maria 2008 Relinquishment Report.
760	New Hope Exploration Ltd, Partial Relinquishment Report EPC 760 (Jimbour Creek) August 2005.
762	New Hope Exploration Ltd, Partial Relinquishment Report EPC 762 dated 17 December 2006.
	Q Coal Pty Ltd, EPC 870 Bowenville, report on Relinquished Sub Blocks, October 2007 Energy Minerals Ltd.
	Q Coal Pty Ltd, EPC 870 Bowenville, report on Relinquished Sub Blocks September 2006 Energy Minerals Ltd.
870	Linc Energy EPC 870 Bowenville, report on Relinquished Sub Blocks October 2007.
	Linc Energy EPC 902 Exploration Permit for Coal, Partial Relinquishment Report 11 December 2006.
902	New Hope Coal Australia, Downs Project EPC 902 Partial Relinquishment Report, 5 December 2007.
919	New Hope Coal Australia, Downs Project EPC 919 Partial Relinquishment Report, 15 June 2007.
930	Rocklands Richfield Ltd, EPC 930 Richfield Report on the 60 Sub Blocks Relinquished 6 April 2007 dated May 2007.
1031	Arrow Energy, Partial Relinquishment Report for the 11 Sub Blocks Relinquished from EPC 1031, 19 April 2009.

Table 9: Dalby – Previous Exploration.

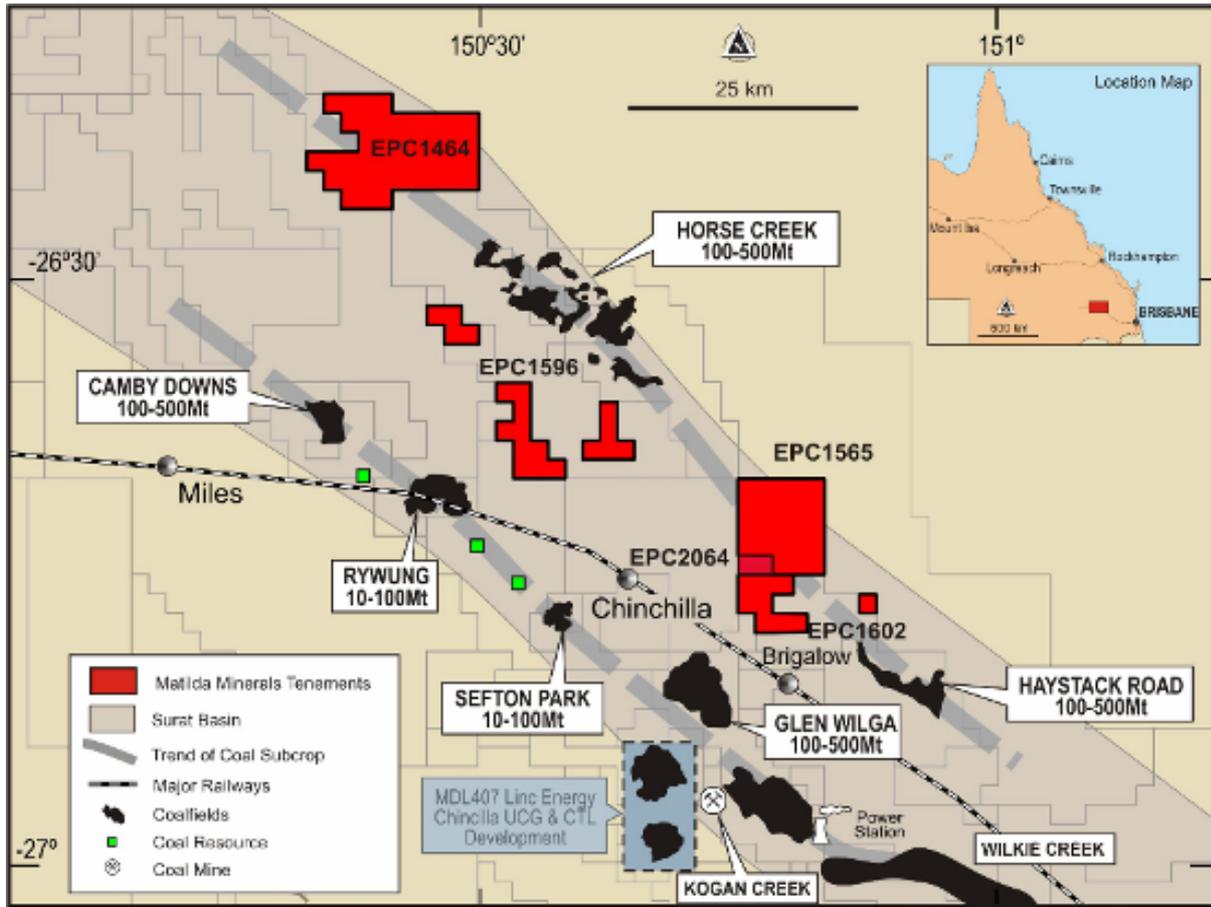


Figure 39: Chinchilla EPCs & Nearby Deposits.

It also hosts the Kogan Creek power station and the UCG and Coal to Liquids projects of Linc Energy Ltd and Carbon Energy Ltd. With the existing infrastructure and the planned rail-line north to Gladstone, this area is primed to become a major industrial centre.

Blackwood has EPCs totalling 396km² covering the Walloon Coal Measures. Most of these areas are located on the trend of either the Upper or Lower Walloon Coal Measures and a number are located between major deposits. EPCs **1464, 1461, 1565, 1459, 2199, 2200, 2064, 1733, 1734, 1462, and 1691** are all located along the trends of known coal measures and identified deposits. These EPCs are prospective for open-cut coal deposits.

EPC **1565** is located on the subcrop trend in between the Horse Creek and Haystack Road deposits. This highly prospective area is free of all petroleum tenements.

Arrow Energy made a secondary application for the same area two weeks after Matilda's application. This was probably a response to Arrow's surprise find of thick sections of the McAlister seam on EPC1037 while drilling for a UCG target.

This adds to the prospectivity of the area between the sub-crops of the lower and upper Walloon coal measures.

(See: Partial *Relinquishment Report for EPC1037* June 12, 2008 Arrow Energy Ltd)

“Arrow Energy (as ACBM) has been carrying out CSG exploration drilling under petroleum ATP 676, and the area is subject to PLA 253. During this work it was realised that a discontinuous but thick seam of Macalister coal presented a potential mining target. The permit was acquired to evaluate the surface and underground mining potential of this resource.”

Arrow Energy has competing applications lodged on the same day as Matilda's applications for EPC **1596, 1601** and **1602**. While this diminishes the chances of Matilda being granted these EPCs it is testament to the value of the areas. All three areas are affected by overlying petroleum tenements.

EPCs **1459, 1734, 1461** and **1733** are located between the two coal measures but well located to host coal down-dip at a depth suitable for underground mining or UCG. *There are a number of factors which increase the prospectivity of the areas between the Juandah and Taroom coal measures in this part of the Surat Basin as follows:*

- The surprise discovery of the Macalister seam on EPC 1037 to the north east of Chinchilla with a thick interval, which may be suitable for conventional mining.
- The realisation that the Surat has suffered more structural disruption than earlier explorers realised. Normal faulting with modest throws combined with the shallow dips can cause considerable shift in the location of open cut targets.

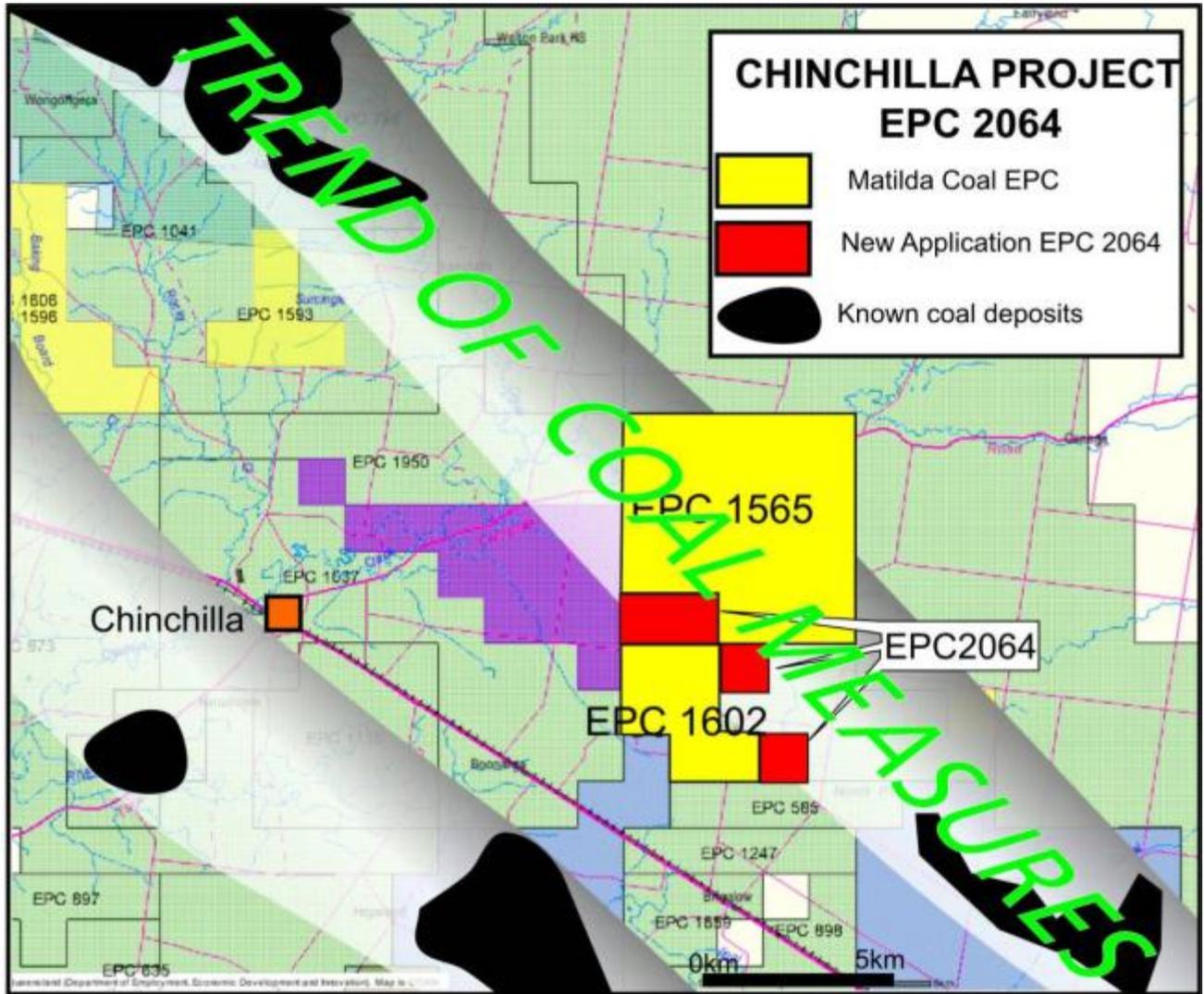


Figure 41: EPC 2064 and Trend of Coal Measures.

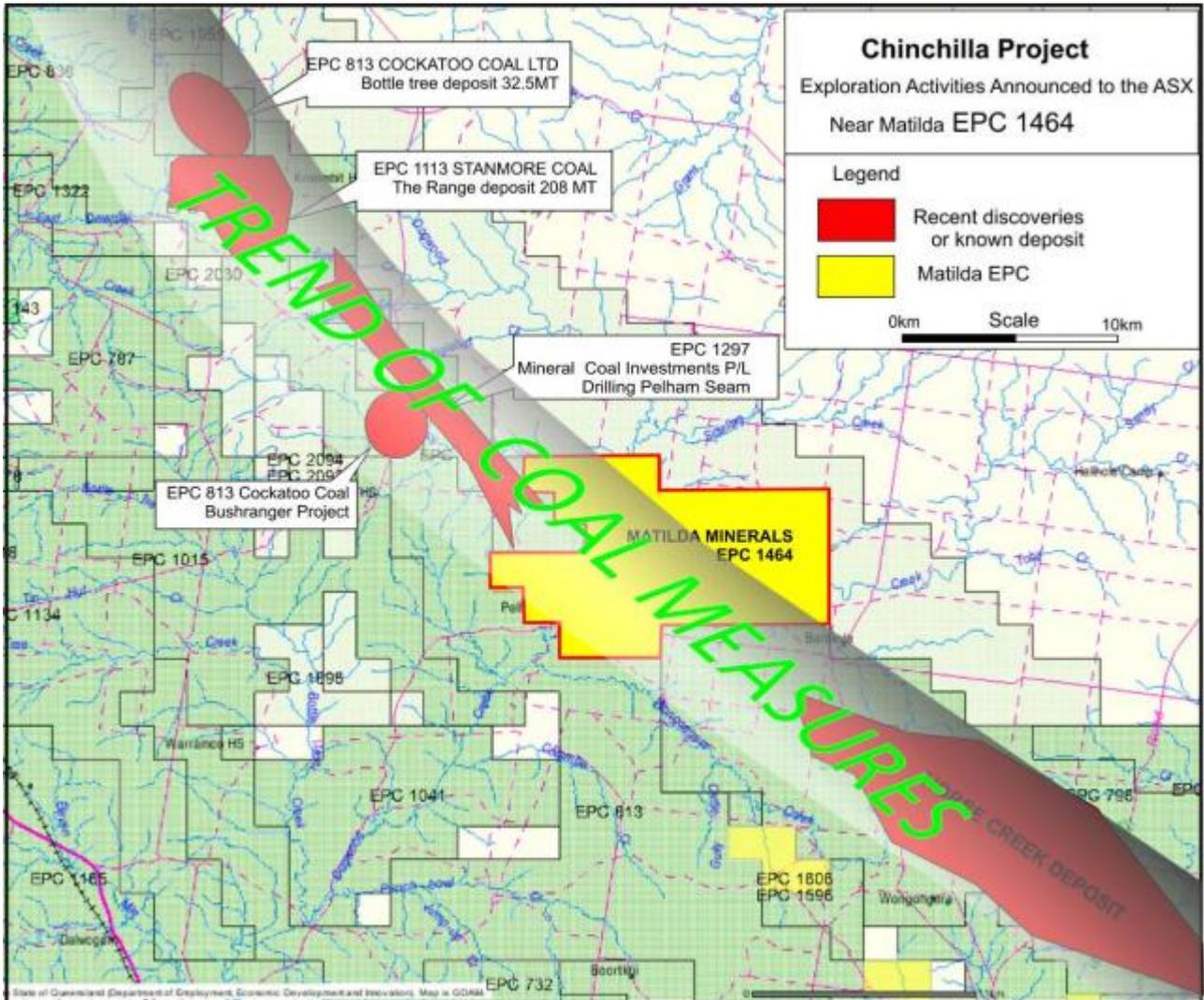


Figure 42: EPC 1464 - New Information from ASX Announcements.

The trend of the Juandah Coal Measures has been established by recent exploration based on the announcements to the ASX by Cockatoo Coal, Stanmore Coal And Mineral & Coal Investments Ltd. Drilling along this trend which has intersected significant thicknesses of potentially export quality thermal coal.

1. EPC 813 Cockatoo Coal Limited ASX Announcement dated 22nd September 2009. Surat Basin resources over 335 Mt.
2. EPC 113 Stanmore Coal Limited ASX Announcement dated 19th may 2010 Upgrade in JORC Inferred resources to 208Mt at The Range Prospect.

Previous Exploration

CHINCHILLA 39	Report on Authority to Prospect on 39C by T J Madden, Consulting Geologist 3 October 1968.
	EXOIL NL Progress Report with Appendices A T P 39C dated 31 January 1968
102	Thiess Bros Pty Ltd Mining Division for Brigalow Mines Pty Ltd and Lone Star Exploration NL AP102C Chinchilla Exploration Progress Report for six month period ended 7 November 1974.
162	Shell Development (Australia) Pty Ltd, Authority to Prospect 162C Burncluith, Six Monthly Progress and Final Report for period ending 31 August 1976, compiled by J S Brunton.
210	Authority to Prospect 210C, Report on May 1978 Drilling Programme, Chinchilla Queensland and Final Report, R J Forrest 11 July 1978.
	The Shell Company of Australia, Six Monthly Progress Report for period ending 23 January 1983, Volume 1 Authority to Prospect Barakula, Qld by R D Hewson, March 1983.
312	The Shell Company of Australia, Oilmin NL, Transoil NL, Petromin NL, ATP 312C Barakula Qld, Collingwood Geological Review, C L Patterson, June 1984.
	Mobil Energy Minerals Australia Inc, Authority to Prospect 312C Barakula, Six Monthly Report for period ended 22 July 1985 by Gary Leblang & Associates.
356	The Griffin Coal Mining Company, Authority to Prospect 356C, First Six Monthly Report for period ended 15 December 1981 and Final report submitted by Jacia Mine Management and Consulting Services March 1982.
375/376	Authorities to Prospect 375C and 376C Bell-Jandowae Qld, Final Report.
431	Surat Coal Joint Venture, Authority to Prospect 431C, Report on Area Relinquished 15 April 1988 by B A Coxhead, CSR Coal Division Qld.
577	Hedlow Pty Ltd EPC 577 Barakula, Report for Six Months Ended 2 July 1995 and Final Report by A S Joyce and S G Joyce 17 August 1995.
796	Bowel Central Joint Venture, Exploration Permits for Coal No 796 Horse Creek Project, Report for the Area Relinquished 3 June 2005 prepared by D Young 20 October 2005.
813	Bowel Central Joint Venture, Exploration Permits for Coal No 813 Dogwood Creek Project, Report for the Area Relinquished 16 April 2005 prepared by D Young 20 October 2005.
899	Exploration Permit for Coal, EPC 899, Partial Relinquishment Report prepared for Linc Energy Ltd 13 November 2007.
902	Exploration Permit for Coal EPC 902 Partial Relinquishment Report Linc Energy Pty 11 December 2006.
1037	Partial Relinquishment Report for the Partial 23 Sub Blocks Relinquished from EPC 1037 June 12, 2008 Arrow Energy Ltd.
1041	2008 Maps Cockatoo

Table 10: Chinchilla - Previous Exploration.

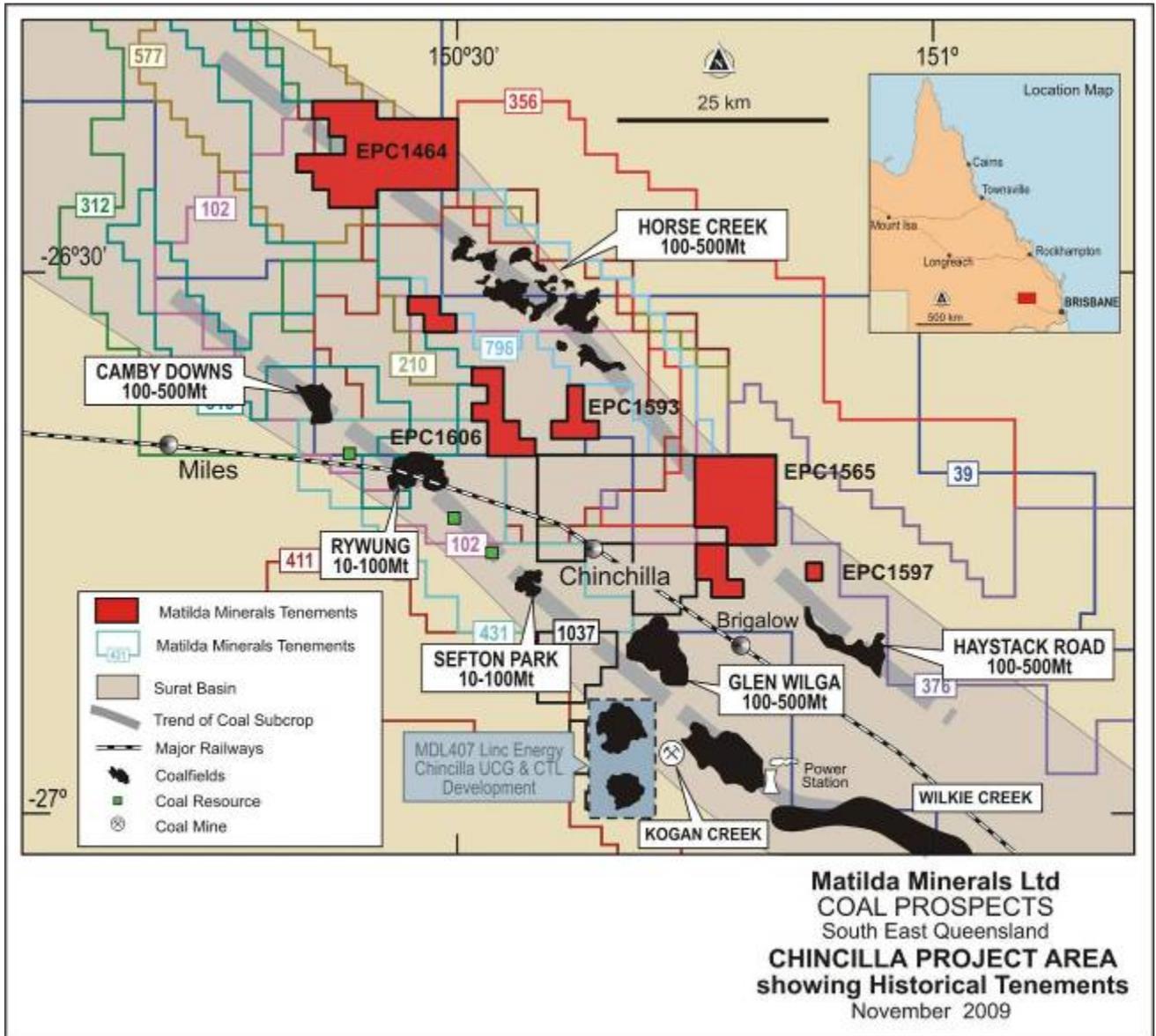


Figure 43: Chinchilla EPCs & Historical Tenements.

BYMONT

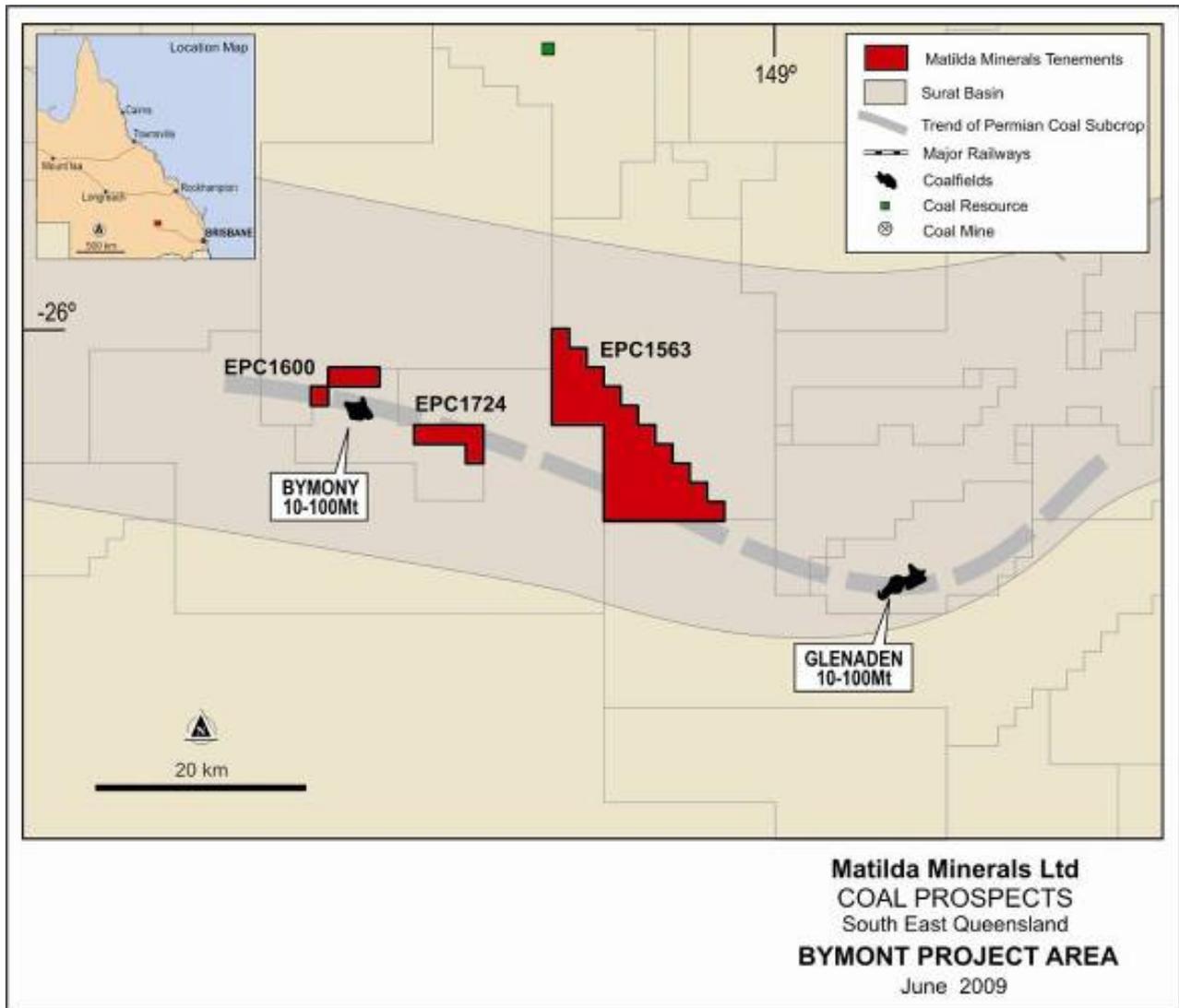


Figure 44: Bymont EPCs Location & Nearby Deposits.

Bymont Project Surat Basin

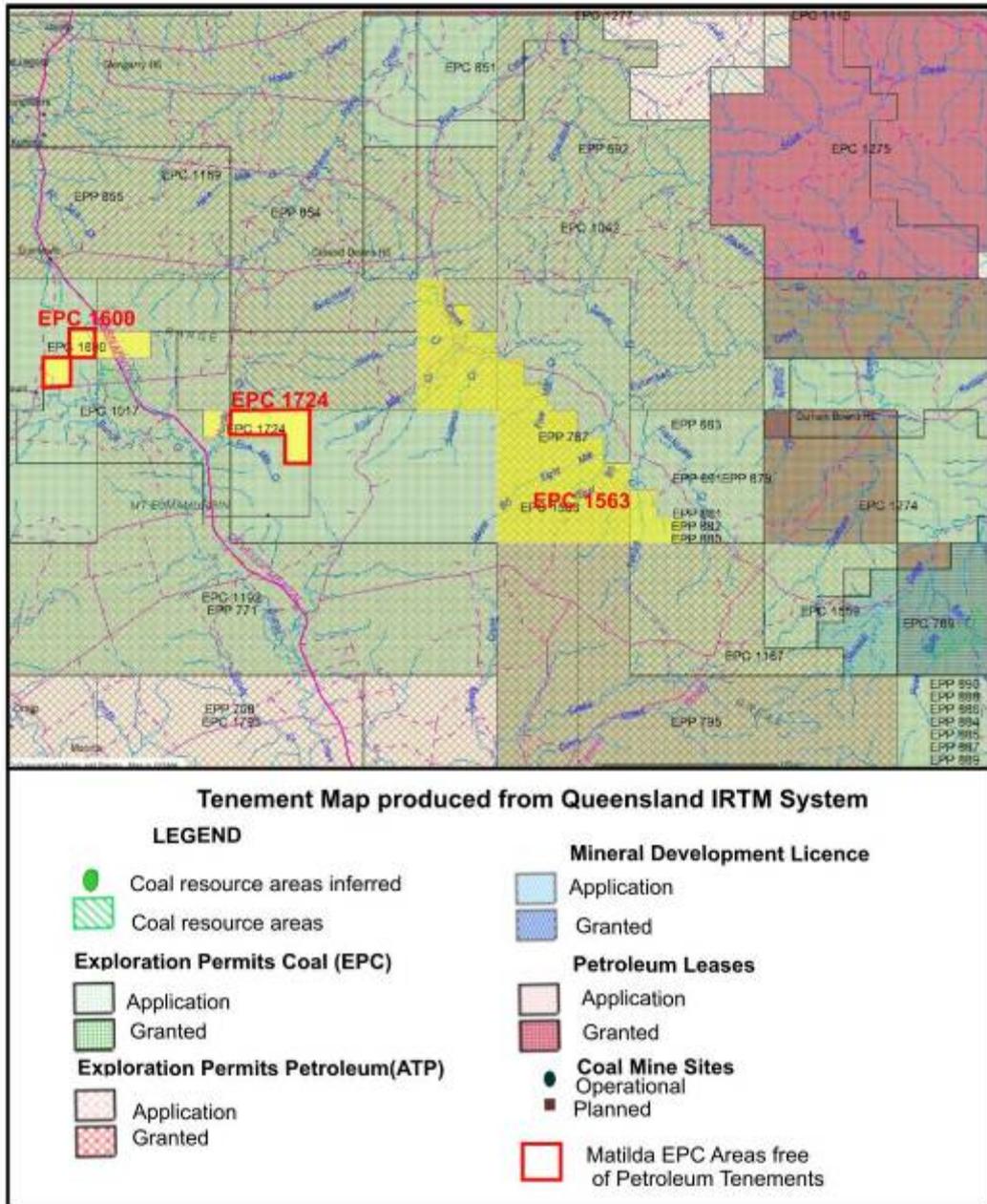


Figure 45: Bymont EPCs & Petroleum Tenements.

Blackwood holds EPCs **1600** and **1724** which are adjacent to the Bymount Deposit and overlie the sub-crop trend of the Upper Walloon Coal Measures.

Matilda also holds EPC **1563** which is situated to the east of the Bymount deposit, the southern end of which also overlies the Upper Walloon Coal Measures.

Previous Exploration:

BYMONT 1017	EPC 1017 "Bymount" Partial Relinquishment Report for the period ended 17 June 2008 submitted by Cockatoo Coal Pty Ltd 9 October 2008.
INJUNE 151	Brigalow Mines Pty Ltd AP151C Injune, Final Report and Exploration Progress Report for the six month period ended 30 June 1982 prepared by Exploration and Evaluation Group CSR Coal Division December 1982.
194	Thiess Bros Mining Division for Brigalow Mines Pty Ltd AP194C Kooringa, Exploration and Progress Report for Six Month Period ended 9 September 1978.
264	Robertson Research (Australia) Pty Limited, Final Report for Mobil Energy Minerals Australia Inc, Authority to Prospect 264C Surat Basin, Queensland.
265	Brigalow Mines Pty Ltd, AP 265C Kooringa, Final Report Incorporating Exploration Progress Report for Six Month Period ended 3 July 1982 dated August 1982.
	Authority to Prospect 412C Bungil Creek, First Six Monthly Progress Report for period 9 June 1983 to 8 December 1983 by D H Hall, March 1984.
412	Marathon Petroleum Aust Ltd, AP 412C, Report for Six Month ending 8 June 1984 and Final report by D C O'Neill.
1017	Cockatoo Coal Limited, EPC 1017 "Bymount", Partial Relinquishment Report for period ended 17 June 2008 by M Vickers, 9 October 2008.

Table 11: Bymount - Previous Exploration.

4.3 CLARENCE-MORETON BASIN

Matilda has 15 EPCs in The Clarence-Moreton Basin totalling approximately 2,400km². These EPCs provide coverage of both the Upper and Lower Walloon Coal Measures which host the large deposits of New Acland, Felton, Jeebropilly and Commodore. There are two project areas in the Clarence - Morton Basin, the Warwick and Millmerran Projects.

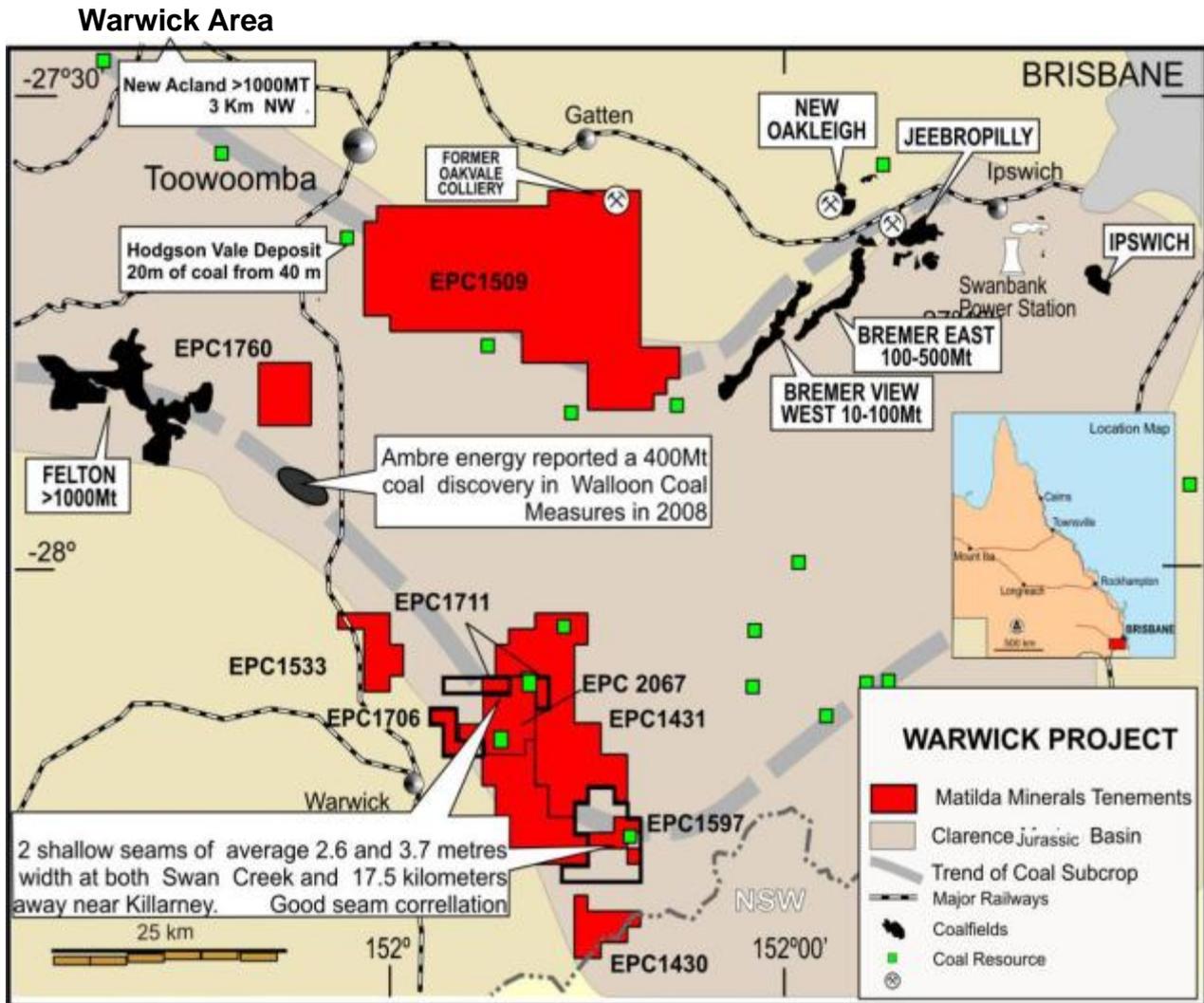


Figure 46: Warwick EPCs Location & Nearby Deposits.

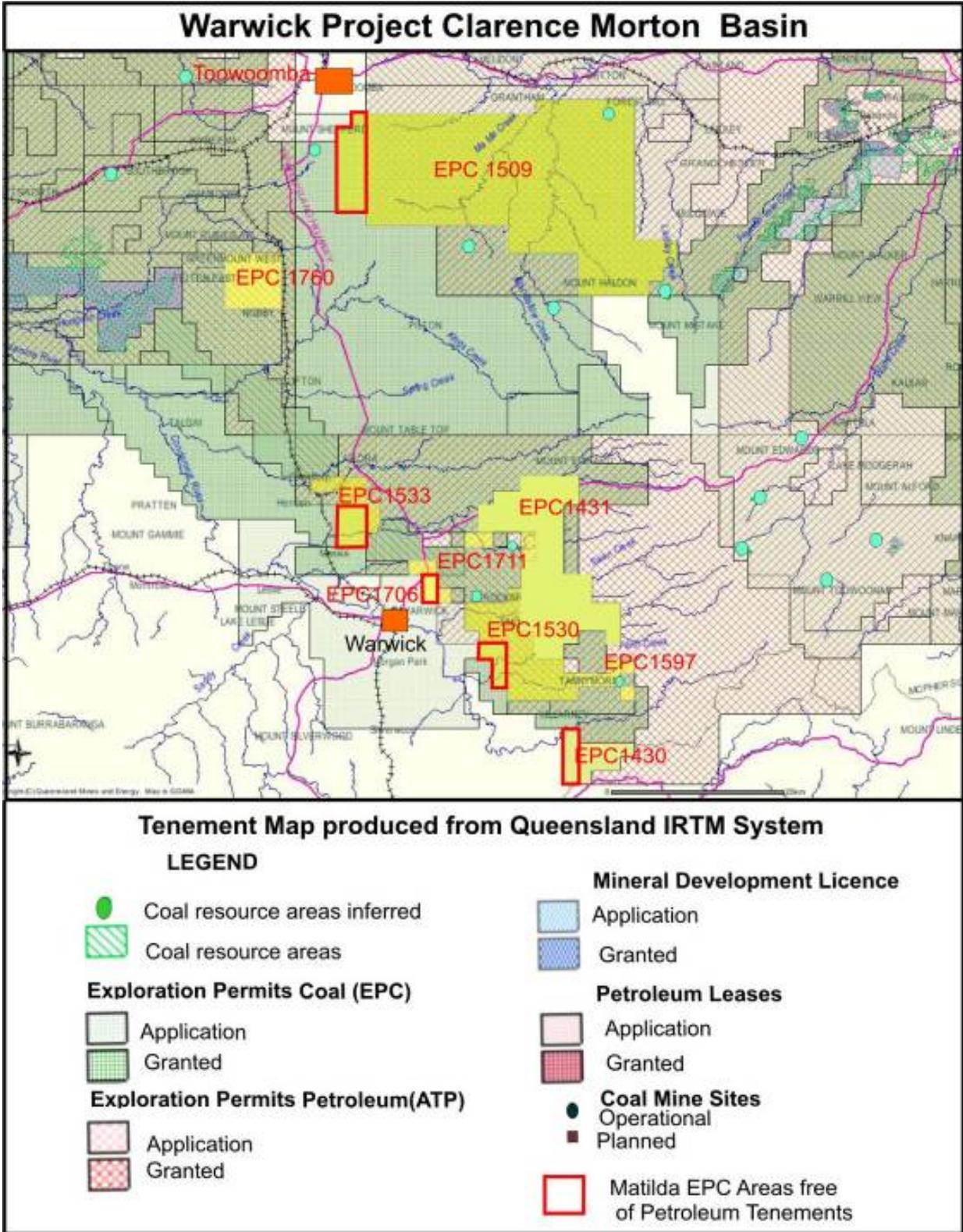


Figure 47: Warwick EPCs & Other Tenements.

This area is situated close to Brisbane and has produced coal and coal gas since the early 1800s. Current mines include Jeedropilli, New Acland and Felton. Exploration in the past has not been comprehensive and there are very good indications that sizable deposits exist under Matilda's EPCs, as evidenced by the inclusion of two former underground collieries, Maryvale and Oakleigh.

Blackwood EPCs contain four recorded coal occurrences and significant outcrop of the Walloon coal measures in EPCs **1533, 1530, 1706** and **1430**. The Walloon coal measures strike southeast and their extension has been evidenced by the recent discovery of a 400 million tonne (Mt) deposit on Amber Energy's EPC 1078. Matilda has some very prospective tenements on this trend. Altera and Metro have applied for ground immediately down-dip of Matilda's tenements. Matilda has a number of blocks in which the Walloon coal measures outcrop or there are records of coal measures from historical drilling or from underground coal production.

Tertiary basalt, may also have acted as a natural trap for methane in the underlying coal measures. This area has some attractive assets for a possible UCG operation with the likelihood of large high volatile coal resources within 200m of the surface. The value of the Warwick Project is further enhanced by its close proximity to good existing infrastructure and a ready market in Brisbane.

EPC 1509 Warwick Toowoomba

Mining Target

Open cut and or underground coal opportunities. Also possible Underground Gasification prospect. Deposits along strike are shallow dipping, only mildly deformed and free of intrusives.

Geological Target

The EPC is extensively covered by Tertiary basalt underlain by the Jurassic Walloon coal measures. The lower Walloon or Taroom coal measures are the main target as they host the disused Fernvale Colliery in the north of this tenement and also host a number of known resources where the basalt cover is absent to the south and west of EPC 1509. The Hodgson Vale resources immediately west and along strike from 1509 reported an intersection of greater than 20 metres of coal at a depth of 40 metres.

Tertiary basalt, may also have acted as a natural trap for methane in the underlying coal measures. This area has some attractive assets for a possible UCG operation with the likelihood of large high volatile coal resources within 200m of the surface.

Depth..... outcrop to 100 metres.

Deposits On Strike..... New Acland

Jeedropilli -Bremer,-New Oakleigh deposits comprise more than one billion tonnes and are immediately along strike from EPC 1509.

Coal Quality..... steaming coal for local power production or export.

Previous Exploration...

Infrastructure..... The tenement has good access to infrastructure. The

nearest railway is located at Warwick (Southern Line Railway) which connects in Toowoomba to the Main Line Railway to Brisbane. However, coal from the Clarence Moreton Basin is currently transported and used in the nearby Swanbank, Millmerran and Tarong power stations.

A new rail link is planned which will allow for coal from the Surat and Clarence Moreton Basins to be exported north out of the Port of Gladstone and the future Wiggins Island Coal Terminal; fundamentally changing the Queensland coal industry

Prospectivity Rating. Excellent prospects for large thermal coals similar to Felton and New Acland.

There may be too much basalt cover to allow open cut mining but the mild deformation and lack of intrusives will benefit to underground mining.

EPCs 1430, 1530, 1597, 1431, 1706, 1711, 1533 and 2067 Warwick East.

Mining Target..... Open cut coal.

Geological Target..... This block of EPCs comprises a nearly contiguous series of EPCs east of Warwick and covers areas containing strata of both the Juandah Coal Measures and Taroom Coal Measures at depths suitable for open cut mining. There is significant outcrop of Walloon Coal Measures and minimal tertiary cover. There are a number of resources areas highlighted by previous drilling including the disused Maryvale, Swan Creek and Tannymorel No4 collieries. Drilling intersected shallow seams up to 4.2 metres thick at Swan Creek.

Depth..... outcrop to 50 metres.

Deposits On Strike..... Felton. 40 km north west.

Coal Quality..... steaming coal for local power production or export.

Previous Exploration

Most of the exploration was carried out in the 1970s and early 1980s and only investigated areas of outcrop around the fringe of the tertiary basalt despite the existence of disused Oakvale Colliery in the north-western part of 1509. A number of significant resource areas were highlighted immediately to the south and west of 1509 including the Heldian, Blackfellow Creek and Hodgson Vale deposits.

WARWICK 104	Global Minerals Pty Ltd Final Report Authority to Prospect for Coal 104C "Killarney" August 1972.
144	Global Minerals Pty Ltd, Relinquishment Report Authority to Prospect 144C "Killarney" 7 October 1974.
	Cockatoo Coal Limited, EPC 144 Partial Relinquishment Report for period ending 21 June 2008 dated 19 October 2008.

238	New Hope Collieries Pty Ltd AP 238C South of Esk Final Report for the period 3 August 1978 until 9 April 1979.
293	Andrew Wright Holdings Pty Ltd, Authority to Prospect 293C "North Warwick" Final Report granted 26 April 1980.
324	Andrew Wright Holdings Pty Ltd, Authority to Prospect 324C "South East Toowoomba" Final Report April 1983.
963	Cockatoo Coal Limited, EPC 963 "Killarney" Partial Relinquishment Report for period ending 21 June 2008 dated 9 October 2008.

Table 12: Warwick - Previous Exploration.

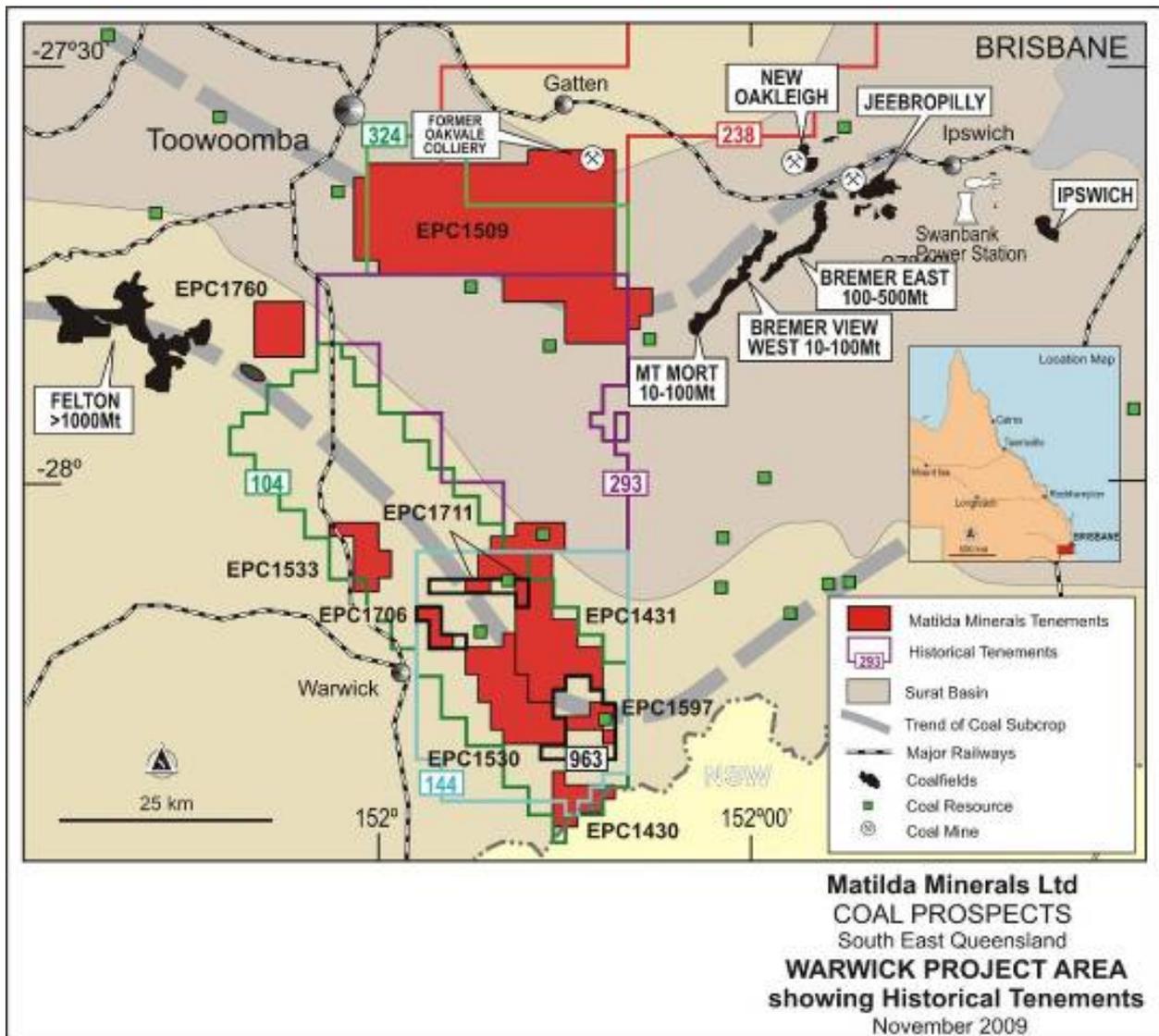


Figure 48: Warwick EPCs Location & Historical Tenements.

Infrastructure... The project area has good access to infrastructure. The nearest railway is located at Warwick (Southern Line Railway) which connects in Toowoomba to the Main Line Railway to Brisbane. However, current coal from the Clarence Moreton Basin is currently transported and used in the nearby Swanbank, Millmerran and Tarong power stations.

A new rail link known as the 'Southern Missing Link' is planned and will connect the missing railway from Wandoan to Banana. This new rail would allow for coal from the Surat and Clarence Moreton Basin to be exported north out of the Port of Gladstone and the future Wiggins Island Coal Terminal; fundamentally changing the Queensland coal industry.

Prospectivity Rating: Considered very high prospectivity for open-cut thermal coal deposits similar to the known nearby deposits. The minor amount of volcanic or sediment cover will facilitate exploration.

MILLMERRAN INGLEWOOD AREA

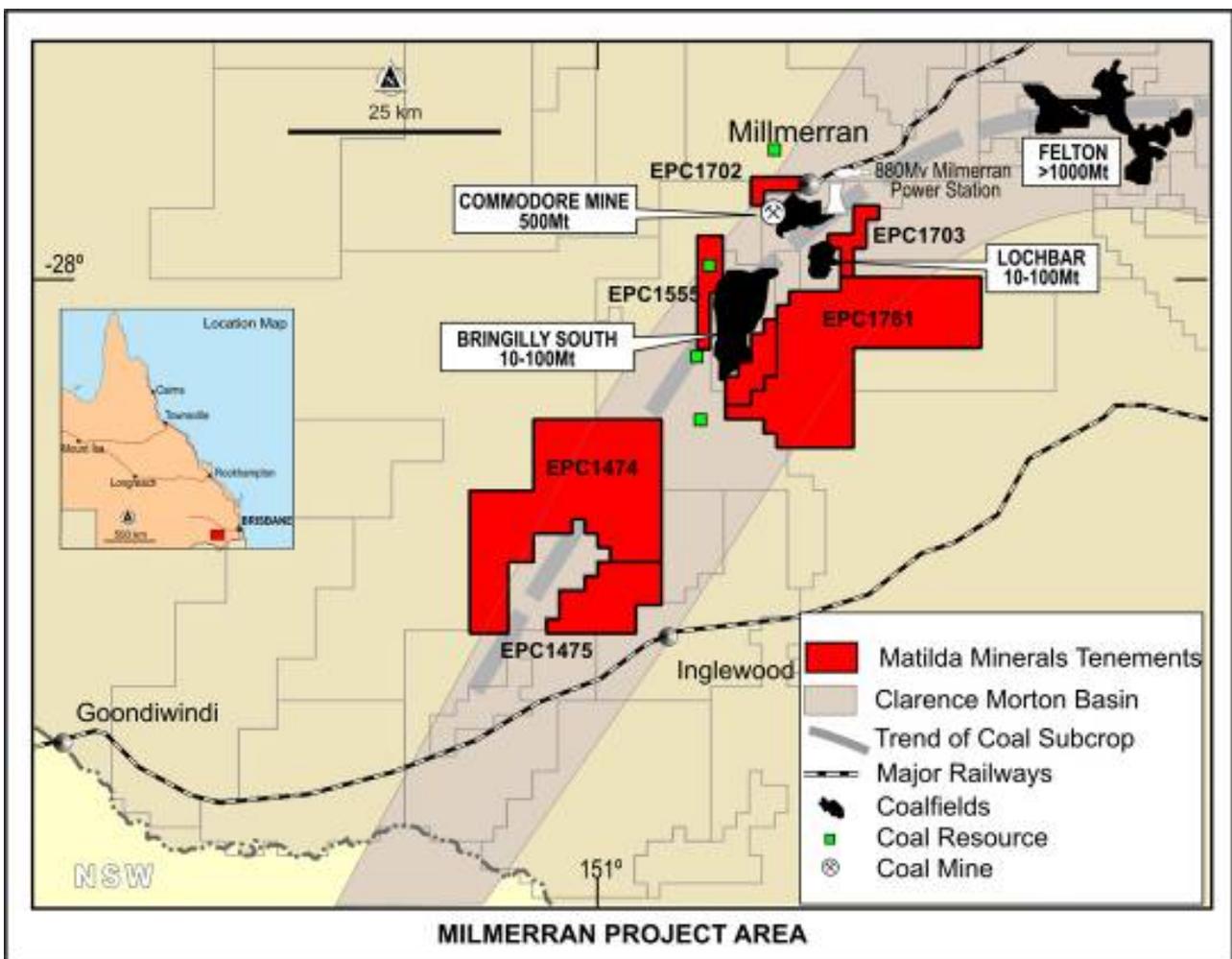


Figure 49: Millmerran EPCs Location & Nearby Deposits.

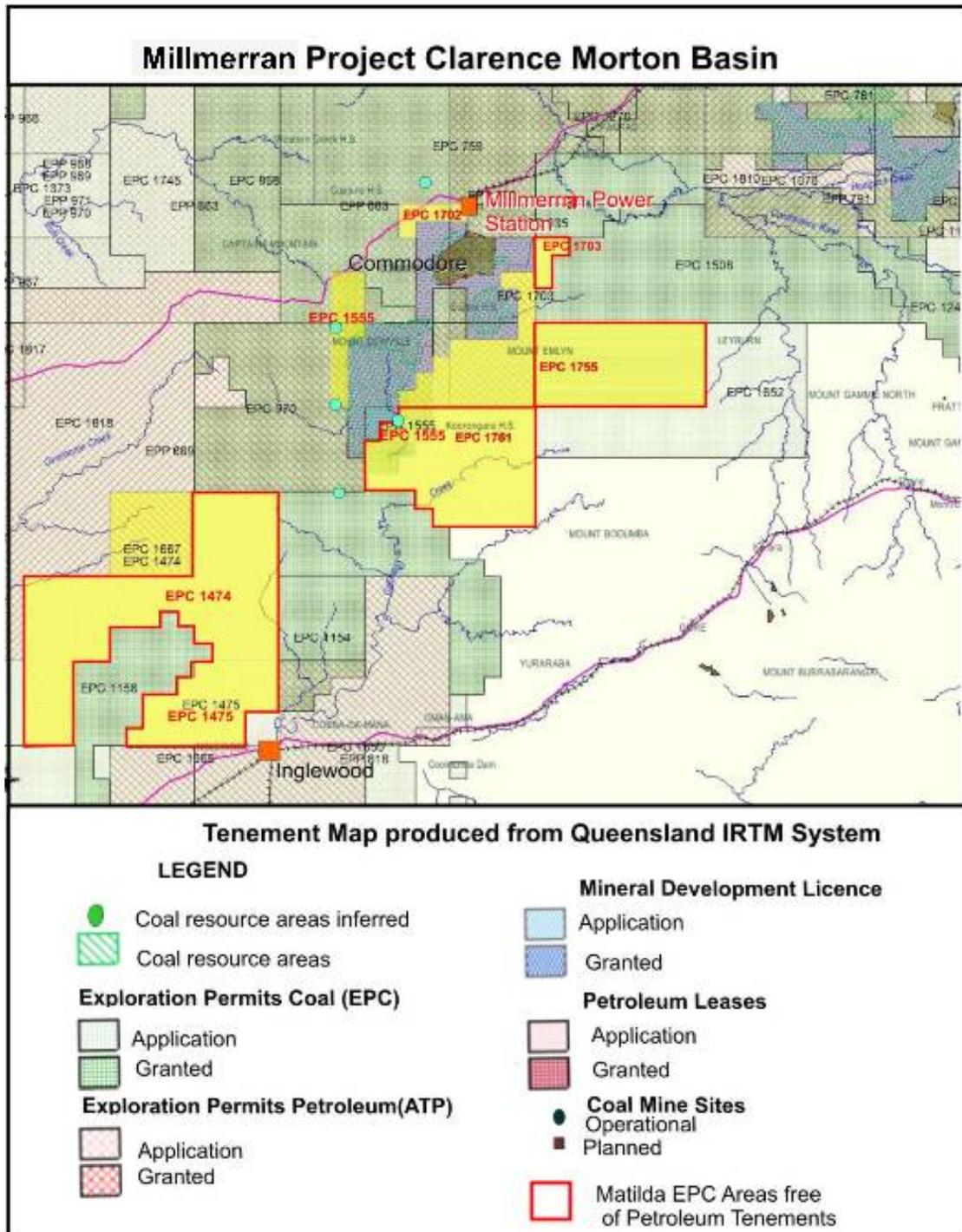


Figure 50: Millmerran EPCs & Other Tenements.

Blackwood has 5 Granted EPCs surrounding the Commodore Mine totalling approximately 579km².

Previous exploration indicates the likelihood of intersecting significant coal seams within EPC 1555. They are expected to be within 50-200m of the surface. Matilda has since applied for EPC1761 which is immediately east of the Bringilli, Logbar and Commodore deposits. EPCs 1474 and 1475 cover the southern strike of the Walloon Coal Measures from the Millmerran deposits.

There is potential for thick coal measures to exist in the south- eastern EPC **1761** and also in the western EPC**1474**, which surround the coal deposits identified by Millmerran coal. Matilda also has EPCs surrounding the Commodore Coal Mine.

The following table includes historical coal tenements which have covered in part or full Matilda’s current EPCs.

Previous Exploration

MILMERRIN 57	Brigalow Mines Pty Ltd, AP 57C Rolleston, Evaluation Progress Report for the Six Month Period 31 October 1984 prepared by CSR Coal Division January 1985.
112	Millmerran, description of Topography Structure and Maps. 1972 Millmerran Maps
203	Millmerran-Amax-Mitsui Joint Venture, Rossvale, Authority to Prospect 203C Report Q-79-7, April 1979.
203	Millmerran-Amax-Mitsui Joint Venture, Rossvale, Authority to Prospect 203C Report Q-79-10, May 1979.
291	Inglewood AP291C Report of Exploration for period 9/11/1981 – 27/2/1982 and Final Report of Exploration.
237	New Hope Collieries Pty Ltd A-P 237C West Inglewood Final Report June 1982.
349	Final Report on Authority to Prospect 349C Goondiwindi Southeast Queensland, Meridian Oil NL & Energy Exploration Pty Ltd, April 1983.
400	Summary Report for Dept of Mines, Millmerran Coal Prospect, Authority to Prospect 400C, 31 March 1983.
523	Pacific Coal Pty Ltd Exploration Permit Coal 523 Arcturus, Final Report incorporating Report of Operations for the period 20 April – 19 October 1993 by J R Wilton, January 1994.
737	Xstrata Coal EPC 737 “Rolleston Extended” Relinquishment Report May 2008.
761	New Hope Coal Australia, Downs Project, EPC 761 Relinquishment Report, 17 December 2006.

Table 13: Millmerran - Previous Exploration.

4.4 GALILEE BASIN

The Galilee Basin has a total area of 247,000km² and remains largely unexplored. It is one of the largest remaining frontier basins in Australia with significant potential for coal bed methane (CBM). Occurring over 400km west of Rockhampton, the Galilee Basin’s distance from the coast and limited transport infrastructure has always posed a considerable handicap to its development as an export thermal coal district .The north-eastern portion of the basin is well served with a sealed road and rail to the coastal port of Townsville but the central and southern portions of the basin have little existing infrastructure. It will require a very large project or combination of projects to attract the necessary infrastructure to start producing from the Galilee Basin. Increasing demand for energy should assist in these projects coming to fruition in the near future.

The Galilee Basin is immediately west of the Bowen Basin in Central Queensland, and contains many of the same extensive, thick Permian coal measures. The seams are generally deeply buried, typically 900-1100m, except at the eastern margin of the basin. The Galilee Basin coal resources are typically high ash, lower rank, low energy and low sulphur-content coal of sub-bituminous 'A' (ASTM) classification. The coal is generally sub-hydrous.

Seismic surveys indicate the central region is relatively flat. This is in contrast to the Bowen Basin which has been deformed and metamorphosed and intruded creating higher ranked coking coals but more complex geology.

The Betts Creek Beds of the Eastern Galilee Basin host sub-bituminous, highly volatile, perhydrous coals suitable for use as thermal coal and potentially for liquefaction, gasification and other petrochemical applications. Infrastructure constraints have retarded exploration and development of these coals but there are a number of projects under consideration or development, which will greatly enhance the commercial potential of the eastern Galilee Basin.

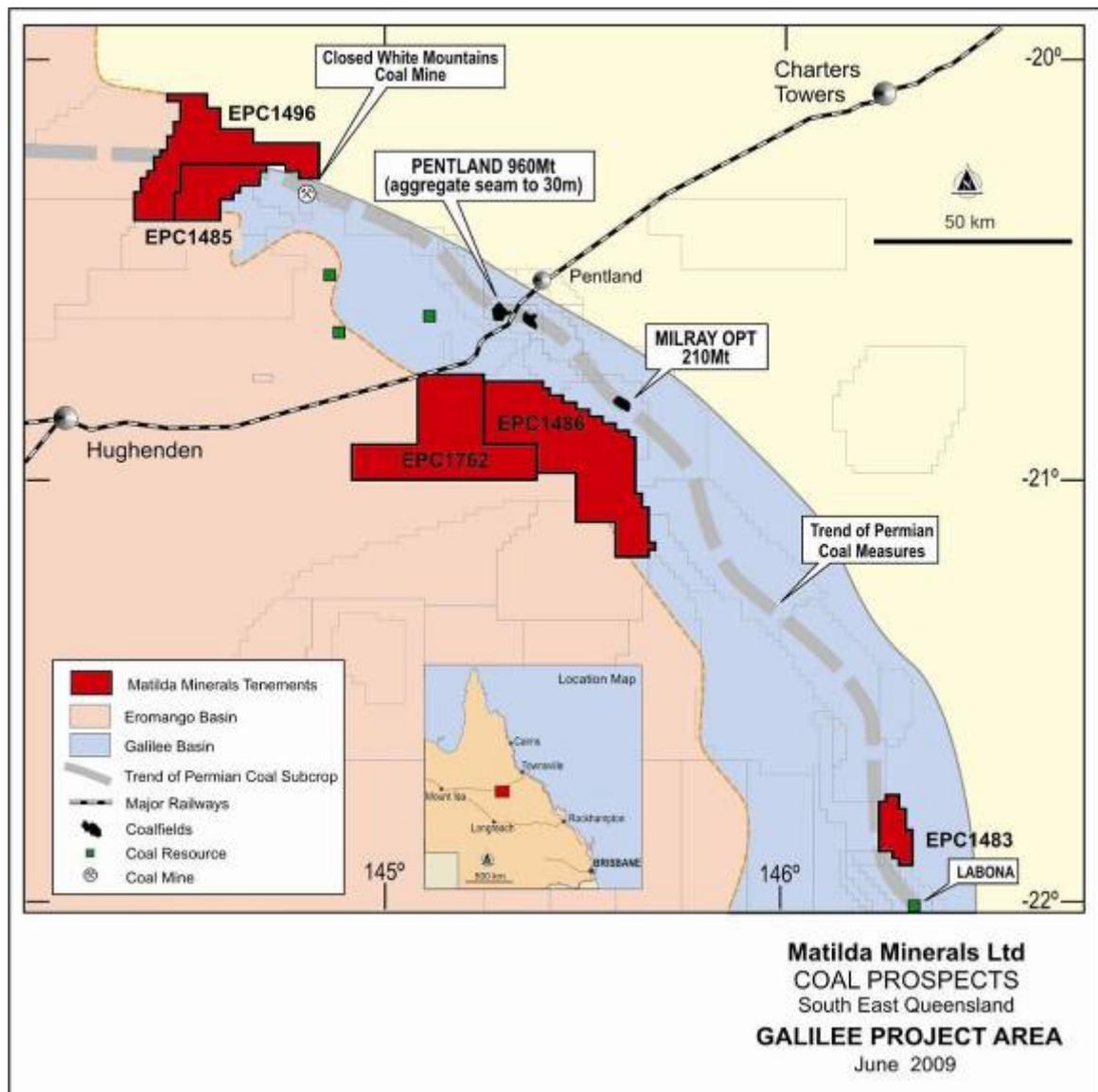


Figure 51: Galilee EPCs.

Matilda has five EPCs totalling approximately 2493km². These EPCs are along the north-eastern margin of the basin, where the prospective Galilee Basin is not covered by the overlying Eromanga Basin. EPC **1496** and **1485** are well positioned immediately west and along strike of the abandoned White Mountain Coal Mine. There is a strong likelihood of the prospective Betts Creek Beds and the Aramac coal measures occurring within these EPCs as they saddle the basin margin and the projected sub-crop of the Permian coal measures.

SOUTH PENTLAND

EPCs **1486** and **1762** are immediately down-dip of the Pentland and Milray deposits and are prospective for UCG. Significantly EPC 1486 is only partly covered by a petroleum tenement while EPC 1762 is entirely free of petroleum tenements. The Pentland deposit contains over 1Bt of thermal coal contained in the Betts Creek Beds as thick multiple seams totalling in excess of 18m. These coals are of lower rank than the Bowen Basin equivalents but are perhydrous with a much higher volatile content and suitable for UCG and or CTL production. This area has good infrastructure being adjacent to the Flinders Highway and Townsville railway.

NORTH CARMICHAEL

EPC**1483** is situated north of Adani's (previously Linc energy's) Camichael deposit and straddles the basin margin and possibly the sub-crop trend of the Permian coal measures. The shallow dip of the Galilee Basin strata and poor outcrop has left the coal measure potential for basin margin poorly defined in this region.

Previous Exploration

GALILEE 228	First Half Yearly Report on Authority to Prospect 228C covering the period 6 June – 6 December 1978.
	Geological Review & Photo Interpretation of the White Mountains Area report for six month period ending 25 April 1982 dated February 1982.
249	Shell Company Australia, Geological Evaluation, Authority to Prospect 249C Pentland by G W Codd July 1982.
	EPC 58, 249 Historical Report.
289	Final report 289C to Carpentaria Exploration Co, Sample Despatch Advice 21 September 1981.
373	Exploration and Relinquishment report 373C for Authority to Prospect – White Mountains Queensland, October 1982.
378	Annual and Final Report, Authority to Prospect 378C Blantyre; Eastern Copper Mines NL and Gulf and Western Exploration Pty Ltd by D Barraclough, April 1982.
526	Elliott Exploration Co Pty Ltd; EPC 526 Pentland Report for the Area Relinquished on 27 April 1995 for Highen Resources Pty Limited by Dr M Elliott of Elliott Exploration Co, May 1995.
528	New Hope Collieries Pty Ltd, Exploration Permit for Coal EPC 528 Hyde Park, Final Report 20 April – 20 May 1993 dated July 1993.
771	EPC 771 Maps
	Green Exploration & Mining Services Pty Ltd, EPC 771 Milray

	Queensland, Relinquishment Report for period ending 5 January 2007 for Xstrata Coal Queensland Pty Ltd, 16 February 2007.
854	Linc Energy Pty Ltd, EPC 854 Galilee, Partial Relinquishment Report for the period ending 22 August 2006 by M Minotti, 27 November 2006.
907	Swanbank Coal Resources Pty Ltd (a subsidiary company of Vale), EPC 907 Pentland South, Report on Partial Relinquishment August 2008 prepared by Ray Slater & Associates October 2008.
512	White Mining EPC 512 drilled holes but did not test 1993. EPC 800 Spring Hill (Barakee) Final Report for Camel Resources Pty Ltd 28 November 2003.

Table 14: Galilee - Previous Exploration.

NORTH HUGHENDEN

This project is located in the north-east margin of the Galilee Basin along strike from the abandoned White Mountain coal mine. The infrastructure in the area is comparatively good for the remote Galilee Basin, with the EPCs located approximately 80km north-west of Pentland which is on the Townville rail-line and Flinders Highway.

EPCs **1496** and **1485** are located on the basin margin immediately west and along strike of the abandoned White Mountain Coal Mine. Most of the area is free of overlying Eromanga sediments leaving only thin Jurassic and Quaternary cover on the prospective Permian sediments. Carpentaria Exploration reported significant coal intersections in the Permian Betts Creek Beds at relatively shallow depths.

White Mountain Project Galilee Basin

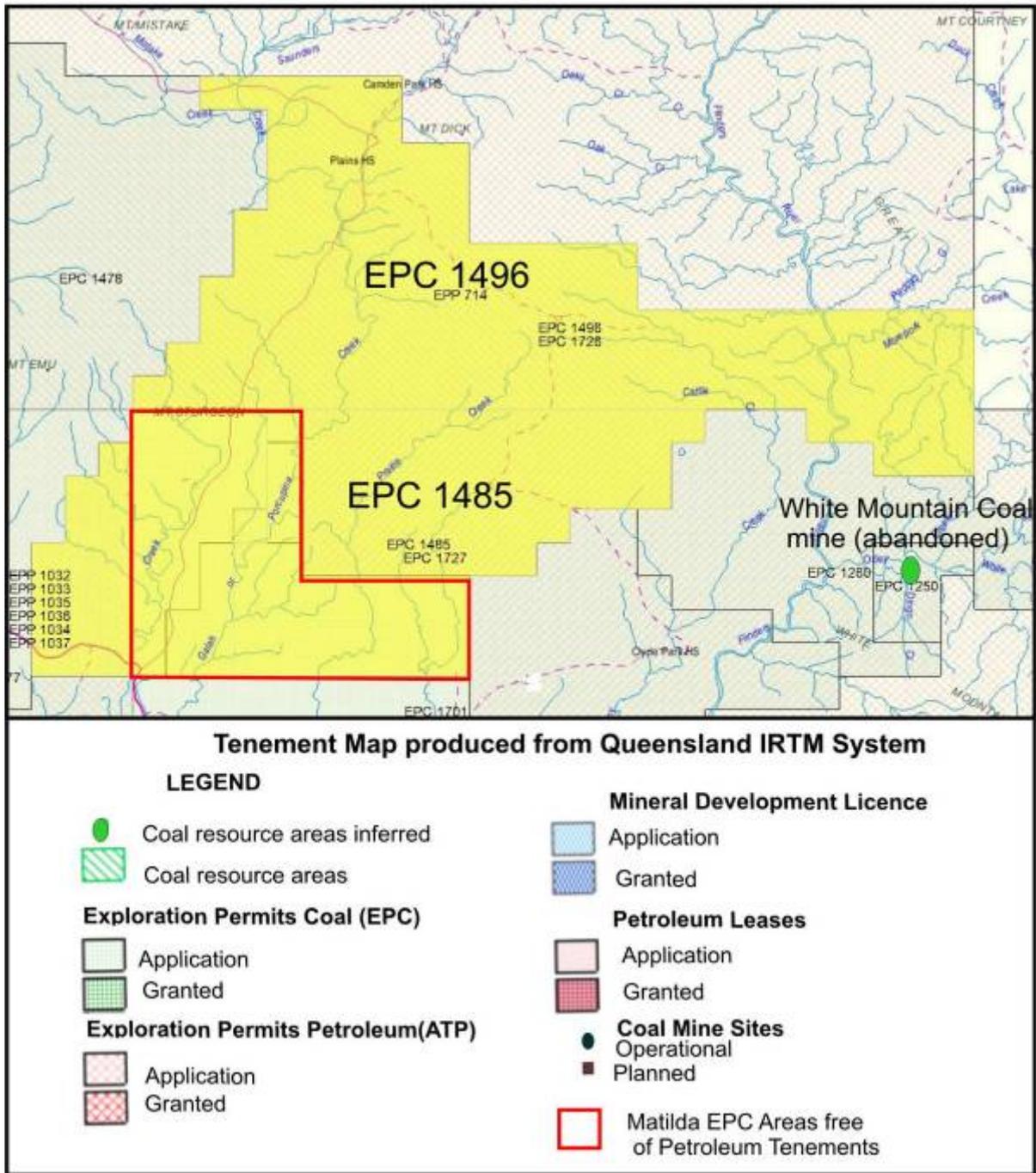


Figure 52: White Mountain EPCs.

There is a strong likelihood of intersecting the Betts Creek Beds and the Aramac coal measures within these EPCs as they straddle the basin margin and the projected sub-crop of the Permian coal measures. Some previous explorers have drilled for coal in the overlying thin Jurassic sequence but Matilda does not consider these units a prospective target.

PENTLAND PROJECT

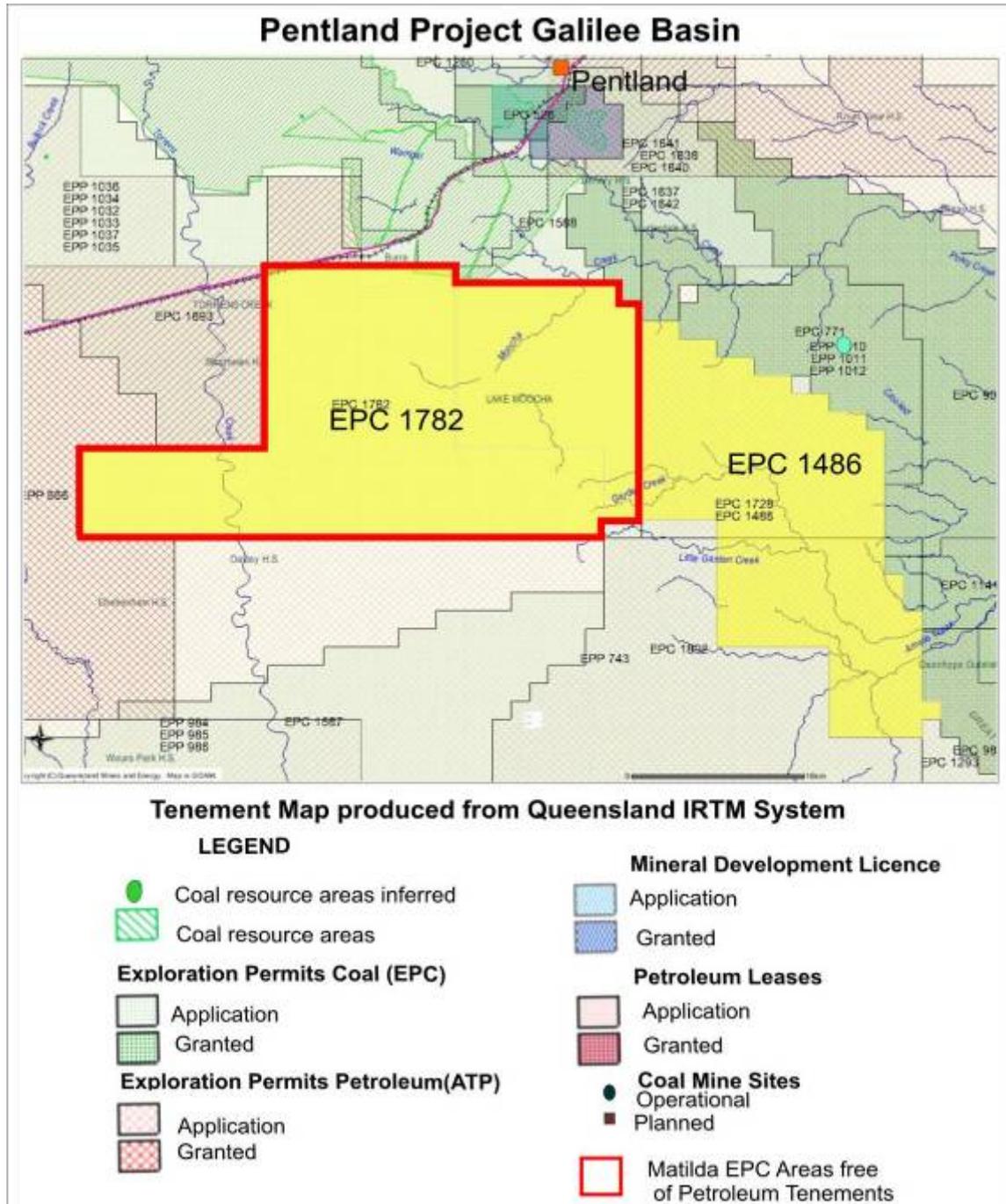


Figure 53: Pentland EPCs & Other Tenements.

This project is located in the northeast margin of the Galilee Basin and covers the down-dip extensions of the Pentland and Milray deposits. It comprises two EPCs totalling 1,617km². EPC 1762 is adjacent to the Townsville railway and Flinders Highway. EPC 1486 is immediately south and down-dip of the Milray deposit. All tenements are significantly largely free of overlying petroleum tenements.

Under a recent ruling by the Queensland government Matilda was able to register an interest in UCG on the large portions of the tenements which are not covered by Petroleum tenements. Such opportunities are rare in the Queensland coal basins.

Both EPCs are largely free of Eromanga Basin overburden and are considered likely to host the same sequence of Permo-Jurassic sediments which host the target coal measures of the Pentland and Milray deposits to the east. Drilling of these existing deposits and of the basin margin immediately east of Matilda's EPCs has identified numerous intersections of more than 20m cumulative thickness of coal. Given the shallow dip to the south-west, these coal measures are likely to occur from 100-400m below surface; which is considered suitable for UCG. The highly volatile coal would be an ideal feedstock for UCG.

4.3 Exploration Potential

4.3.1 Target Tonnage coal Estimates.

The basic geometry (strike length, width & thickness) of the various prospects as determined from surface mapping, trenching, geophysical surveys and drilling is used to estimate the potential for coal to be delineated.

Quality estimates are based on averages from the nearest known deposits.

The target estimates are summarised in the spread-sheet attached as Appendix 1. The aggregate Exploration Target tonnage range is 16.7 billion tonnes (+/- 10% = 15Bt to 18.4Bt) at an anticipated coal quality range of medium to high rank and low to medium ash content as described above.

Note 1: these exploration target tonnage ranges and grade ranges are conceptual in nature, do not represent JORC Code guidelines compliant mineral resources and future exploration may or may not define mineral resources in whole or in part.

Note 2: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC code (2004). As such they are 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 tenements.

5.0 Valuation of the Project

To determine a fair market value, several aspects need to be considered. As no JORC Code mineral resources or ore reserves are available, the DCF method is not applicable. The writer considers that a form of the 'Empirical' method is the most applicable with some weighting given to comparable transactions where Australian examples from the Bowen Basin, Australia's premier coal producer, have ranged from \$0.06 to \$5.37 per tonne of insitu coal.

Transaction values from February, 2007 until September, 2011 (Appendix Two) have been considered. The weighted average of 42 transactions comes out at A\$0.93/tonne of coal in the ground. This is for Resources in all categories (Categories not defined in the Appendix).

The range of values per tonne of insitu coal is from as low as \$0.02 to as high as \$5.61. The lower value is for 'Exploration Potential Tonnage' – NOT a Resource.

5.1 Empirical Method

Using a weighted average figure of the transaction value per tonne of insitu coal of \$0.93 for the recorded previous transactions it is considered appropriate to apply a unit value of \$0.0035/t – from within a range of \$0.003 to \$0.004/t (which represents a discount factor of 99.6%) to that figure to derive a current cash valuation for the estimated potential tonnage (Target tonnage range) of the Blackwood tenements.

NOTE: The Target Tonnage is NOT a Resource and future exploration may or may not delineate a Resource of part or whole of the target. The lower discount of 99.62% compared with the previous discount of 99.97% is considered appropriate in the light of the successful exploration conducted by Blackwood since the previous valuation which has reinforced the Exploration Target estimates.

The aggregate exploration target estimate is for 16.7 billion tonnes (+/- 10%; which equals a range from 15Bt to 18.4Bt by applying the 10% discount and then adding a 10% positive factor) at nominal coal quality (See Appendix One). A discount factor of 14% (slightly weighted to the low side of the median from 10% to 20%) of that 'Coal Target Potential' has been applied for conservatism. This brings the exploration target range back to 14.4 billion tonnes (+/- 10%).

To this discounted exploration target tonnage we have applied a value range from \$0.003/t to \$0.004/t to provide our preferred current cash value of \$50.4 million (rounded) within the range of \$43.2M to \$57.60M to this EPC 'package'.

NOTE: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC code (2004). As such they are 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 tenements.

5.2 Valuation Conclusions

The current cash valuation is derived from within the ranges provided by the empirical methods as shown in Table 15 below.

Queensland Coal Projects	Value as at April, 2012		
Method	Low	High	Preferred
Empirical	A\$000	A\$000	A\$000
Totals (rounded)	43,170	57,560	50,370

Table 15: Range of Values.

In addition to the coal projects the Western Australian and Northern Territory mineral leases are ascribed a nominal value of \$300,000.

Thus, it is the writer's opinion that the preferred value of Blackwood's Queensland Coal Projects and the mineral tenements is \$50.67million from within the ranges of \$43.5 million to A\$57.9 million (rounded).

Yours faithfully,



Allen J. Maynard

BAppSc (Geol), MAIG, MAusIMM.

6.0 References

AusIMM, (2004): "Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), prepared by the Joint Ore Reserves Committee (JORC) of the AusIMM, the Australian Institute of Geoscientists (AIG) and the Minerals Council of Australia (MCA), effective December 2004.

AusIMM. (2005): "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code)" 2005 Edition.

AusIMM, (1998): "Valmin 94 - Mineral Valuation Methodologies". Conference Proceedings.

Blackwood Corporation Ltd, 2011: Various ASX Releases and Annual Report

Kilburn, LC, 1990: "Valuation of Mineral Properties which do not contain Exploitable Reserves" CIM Bulletin, August 1990.

Numerous References as Listed Above in the Exploration Summaries.

Appendix 1: Exploration Target Details.

BASIN	Ten ID	Area	Strike (m)	Width (m)	Thick (m)	SG	Volume	Tonnes	86% tonnes
BOWEN	1522	Springsure	3000	3000	5	1.4	7.50E+08	63,000,000	50,400,000
BOWEN	1531	Rolleston	2000	3000	2	1.4	7.50E+08	16,800,000	13,440,000
BOWEN	1468	Rolleston	25000	3000	4.5	1.4	7.50E+08	472,500,000	378,000,000
		WEST						-	-
BOWEN	1468	Rolleston	25000	3000	4.5	1.4	7.50E+08	472,500,000	378,000,000
		EAST						-	-
BOWEN	1467	Rolleston	2000	3000	2	1.4	7.50E+08	16,800,000	13,440,000
BOWEN	1535	DINGO	5000	500	8	1.4	2.00E+09	28,000,000	22,400,000
BOWEN	1562	DINGO	5000	500	8	1.4	2.00E+09	28,000,000	22,400,000
BOWEN	1725	Capella	2000	5000	6	1.4	6000000	84,000,000	67,200,000
BOWEN	1599	Capella	2000	5000	6	1.4	6000000	84,000,000	67,200,000
BOWEN	1466	Capella	2000	5000	6	1.4	6000000	84,000,000	67,200,000
BOWEN	2106	Rolleston	15000	1000	6	1.4	90000000	126,000,000	100,800,000
BOWEN	2130	Burton	1600	1600	4	1.4	10240000	14,336,000	11,468,800
BOWEN	2138	Rolleston	10000	2000	5	1.4	1.00E+08	140,000,000	112,000,000
BOWEN	2191	Rolleston	3200	1600	2	1.4	25600000	14,336,000	11,468,800
BOWEN	2205	Rolleston	5000	1000	5	1.4	25000000	35,000,000	28,000,000
GALILEE	1496	White Mt	10000	3000	2.5	1.4	4.80E+08	105,000,000	84,000,000
GALILEE	1485	White Mt	12000	3000	2.5	1.4	3.60E+08	126,000,000	100,800,000
GALILEE	1486	Pentland	50000	10000	10	1.4	2.25E+09	7,000,000,000	6,650,000,000
GALILEE	1762	Pentland	25000	3000	2	1.4	1.13E+09	210,000,000	168,000,000
GALILEE	1483	Labona	12000	3000	1	1.4	6.75E+08	50,400,000	40,320,000
CALLIDE	1495	Biloela	10000	2000	3	1.4	1.20E+08	84,000,000	67,200,000
SURAT	1461	Dalby	1000	500	10	1.4	5000000	7,000,000	5,600,000
SURAT	1600	Dalby	5500	1000	10	1.4	55000000	77,000,000	61,600,000
SURAT	1601	Dalby	50000	2000	10	1.4	1.00E+09	1,400,000,000	1,120,000,000

Blackwood Corporation Ltd - Independent Appraisal for BDO– AM&A

SURAT	1462	Dalby	3000	2000	10	1.4	60000000	84,000,000	67,200,000
SURAT	1734	Dalby	4000	1000	10	1.4	40000000	56,000,000	44,800,000
SURAT	1459	Dalby	2000	500	10	1.4	10000000	14,000,000	11,200,000
SURAT	1691	Dalby	2000	500	10	1.4	10000000	14,000,000	11,200,000
SURAT	1464	Chinchilla	12000	2000	6	1.4	1.92E+08	201,600,000	161,280,000
SURAT	1565	Chinchilla	10000	2000	8	1.4	1.60E+08	224,000,000	179,200,000
SURAT	1597	Chinchilla	1000	500	8	1.4	4000000	5,600,000	4,480,000
SURAT	1465	Taroom	15000	4000	10	1.4	1.20E+09	840,000,000	672,000,000
SURAT	1436	Taroom	1000	2000	10	1.4	1.20E+09	28,000,000	22,400,000
SURAT	1557	Taroom	10000	500	10	1.4	75000000	70,000,000	56,000,000
SURAT	1556	Taroom	15000	500	10	1.4	1.13E+08	105,000,000	84,000,000
SURAT	1558	Taroom	10000	500	10	1.4	75000000	70,000,000	56,000,000
SURAT	1603	Taroom	2000	500	10	1.4	15000000	14,000,000	11,200,000
SURAT	1724	Chinchilla	5000	1000	8	1.4	40000000	56,000,000	44,800,000
SURAT	1733	Chinchilla	6500	2000	8	1.4	1.04E+08	145,600,000	116,480,000
SURAT	2064	Chinchilla	4000	1000	8	1.4	32000000	44,800,000	35,840,000
SURAT	2199	Chinchilla	5000	1600	8	1.4	64000000	89,600,000	71,680,000
SURAT	2200	Chinchilla	1600	1600	4	1.4	10240000	14,336,000	11,468,800
SURAT	2212	Chinchilla	11000	1500	8	1.4	1.65E+08	184,800,000	147,840,000
CLAR/MRT	1474	Millmerrin	10000	4000	5	1.4	4.00E+08	280,000,000	224,000,000
CLAR/MRTN	1475	Millmerrin	8000	4000	5	1.4	3.20E+08	224,000,000	179,200,000
CLAR/MRTN	1530	Warwick	12000	1500	10	1.4	1.80E+08	252,000,000	201,600,000
CLAR/MRTN	1555	Millmerrin	5000	500	10	1.4	25000000	35,000,000	28,000,000
CLAR/MRTN	1702	Millmerrin	5000	500	10	1.4	25000000	35,000,000	28,000,000
CLAR/MRTN	1760	Warwick	5000	2000	10	1.4	1.00E+08	140,000,000	112,000,000
CLAR/MRTN	2045	Warwick	5000	2000	10	1.4	1.00E+08	140,000,000	112,000,000
CLAR/MRTN	2067	Warwick	5000	2000	10	1.4	1.00E+08	140,000,000	112,000,000
CLAR/MRTN	1761	Millmerrin	5000	4000	10	1.4	8.00E+08	280,000,000	224,000,000
CLAR/MRTN	1703	Millmerrin	5000	500	10	1.4	25000000	35,000,000	28,000,000
CLAR/MRTN	1509	Warwick	30000	3000	10	1.4	9.00E+08	1,260,000,000	1,008,000,000

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CLAR/MRTN	1533	Warwick	6000	3000	10	1.4	1.80E+08	252,000,000	201,600,000
CLAR/MRTN	1706	Warwick	3000	500	10	1.4	15000000	21,000,000	16,800,000
CLAR/MRTN	1711	Warwick	2000	500	10	1.4	10000000	14,000,000	11,200,000
CLAR/MRTN	1431	Warwick	10000	3000	10	1.4	3.00E+08	420,000,000	336,000,000
CLAR/MRTN	1597	Warwick	5000	500	10	1.4	25000000	35,000,000	28,000,000
CLAR/MRTN	1430	Warwick	4000	2000	10	1.4	80000000	112,000,000	89,600,000
Totals								16,675,008,000	14,390,006,400

				Rounded		
Empirical	High	57,560,026	A\$57.6M		86% t x \$0.004	86% t x \$0.003
Method	Low	43,170,019	\$43.2M	Tonnes	\$0.004	\$0.003
	Preferred	50,365,023	\$50.36M	14,390,006,400	\$ 57,560,026	\$ 43,170,019

NOTE: The value estimates here exclude the nominal \$300,000 for the mineral properties added to the Qld EPCs

Appendix 2: List of Recent Transactions.

Bidder	Target	Date	Deal Status	Mt (100%)	EV US\$/t	Value (\$m)
Vale	AMCI Holdings Australia	Feb-07	Completed	286	2.76	789.36
Xstrata	Gloucester Coal	Apr-07	Rejected	81	3.67	297.27
SK Corp/KORES	Angus Place	Jun-07	Completed	243	0.55	133.65
Sojitz	Moorlaben	Jul-07	Completed	533	1.45	772.85
CITIC	Macarthur Coal	Jul-07	Completed	1130	1.02	1152.6
CRC	Yarabee	Jul-07	Cancelled	25	4.73	118.25
Vale	Belvedere	Jul-07	Completed	2700	0.07	189
Xstrata	Tahmoor	Sep-07	Completed	193	2.82	544.26
Xstrata	Anvill Hill	Sep-07	Completed	500	0.71	355
Tata Steel	Riversdale Mining	Nov-07	Completed	1226	0.21	257.46
Xstrata	Resources Pacific	Dec-07	Completed	225	3.81	857.25
Macarthur	Custom Mining Limited	Dec-07	Completed	70	3.48	243.6
Anglo	Foxleigh	Dec-07	Completed	290	3.05	884.5
ArcelorMittal	Macarthur Coal	May-08	Completed	1200	3.42	4104
Posco	Macarthur Coal	Jun-08	Completed	1200	3.42	4104
CITIC	Macarthur Coal	Jul-08	On Market	1200	3.01	3612
BMA	New Saraji	Jul-08	Completed	690	3.48	2401.2
Teck	Fording Canadian	Jul-08	Completed	4706	2.94	13835.64
Jpower/EDF	Narrabri JV	Aug-08	Completed	436	3.59	1565.24
Mineralogy	Waratah Coal	Oct-08	Completed	4300	0.02	86
Noble	Gloucester Coal	May-09	Completed	209	1.53	319.77
Yanzhou	Felix Resources	Aug-09	Completed	1375	1.96	2695
Macarthur	Gloucester Coal	Dec-09	Cancelled	164	3.56	583.84
Peabody	Macarthur Coal	May-10	Rejected	1226	2.7	3310.2
WISCO	Zambeze Project	Jun-10	Completed	9045	0.22	1989.9
WISCO	Riversdale Mining	Jun-10	Completed	8067	0.19	1532.73
Banpu	Centennial Coal	Jul-10	Completed	2072	1.15	2382.8
Cockatoo	Surat Basin Assets	Jul-10	Completed	605	0.29	175.45
Cockatoo	Sutton Forest	Jul-10	Completed	115	0.54	62.1
Cockatoo	Bylong	Jul-10	Call Option	423	1.07	452.61

Gloucester Coal	Middlemound JV	Aug-10	Completed	123	3.61	444.03
Adani	Carmichael	Aug-10	Completed	7800	0.06	468
Itochu	Maules Creek	Dec-10	Completed	610	3.69	2250.9
New Hope	Northern Energy	Feb-11	Completed	665	0.38	252.7
Rio Tinto	Riversdale Mining	Feb-11	Completed	11705	0.31	3628.55
New Hope	Northern Energy	Aug-11	Pending	565	0.48	271.2
Peabody/ArcelorMittal	Macarthur Coal	Aug-11	Pending	1717	2.8	4807.6
Rio Tinto	Coal and Allied	Aug-11	Pending	1989	5.61	11158.29
Glencore	Optimum Coal	Aug-11	Pending	876	1.33	1165.08
DADI Engineering Group	Metrocoal	Sep-11	Completed	1016	0.06	60.96
GVK	Hancock Coal	Sep-11	Pending	7130	0.18	1283.4
Banpu	Hunnu Coal Ltd	Sep-11	Pending	844	0.71	599.24
				79575	0.96	76197.48
				Weighted average = US\$0.96/t		
				A\$1.00 -US\$1.03		A\$0.93