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17<sup>th</sup> October 2013

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

*By E-Lodgement*

## **Recommended Takeover Offer for Blackwood by Cockatoo Coal**

- The Directors of Blackwood have recommended a conditional off-market takeover offer from Cockatoo Coal of two Cockatoo shares for each Blackwood share
- Combined Cockatoo/Blackwood would be a leading independent Australian metallurgical coal producer with a significant development and expansion portfolio
- Key conditions to the Offer include successful completion of Cockatoo's announced capital raising and a 52.1% minimum acceptance condition<sup>1</sup>
- Blackwood's Directors unanimously recommend shareholders accept the Offer, in the absence of a superior proposal and subject to an independent expert concluding that the Offer is fair and reasonable to Blackwood shareholders and Cockatoo's announced capital raising proceeding (other than due certain actions by Noble Group)
- Blackwood's major shareholder, Noble Group (51.2%) has indicated that its current intention is to dispose of its entire shareholding in Blackwood comprising of 94,689,760 Blackwood Shares by accepting the Offer in the absence of a superior proposal, subject to the independent expert appointed by Blackwood concluding (and continuing to conclude) that the Offer is fair and reasonable to Blackwood shareholders and subject to completion of the purchase of the Placement Shares by Noble pursuant to Cockatoo's announced capital raising
- The Offer represents a 35% premium to the last closing price of Blackwood shares on 16 October on ASX based on a Cockatoo TERP<sup>2</sup>.

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<sup>1</sup> The Cockatoo Offer includes a minimum acceptance condition of 52.1%, which is equivalent to 50.1% on a fully diluted basis following the conversion into ordinary shares of all performance rights currently on issue by Blackwood.

<sup>2</sup> Theoretical ex-entitlement price (TERP) of A\$0.051 per share based on the 1 month VWAP of COK shares traded on ASX up to and including 16 October 2013 of A\$0.060 per Share and including the impact of Cockatoo's announced capital raising.

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**Following extensive discussions, Blackwood Corporation Limited (“Blackwood” ASX: BWD) advises today that it has agreed to a conditional all-share off-market takeover offer from Cockatoo Coal Limited (“Cockatoo” ASX: COK).**

Blackwood and Cockatoo have today entered into a Bid Implementation Agreement (“BIA”) pursuant to which Cockatoo has agreed to make a takeover offer to acquire all of the issued shares in Blackwood (“Offer”).

Blackwood shareholders will be offered two shares for each Blackwood share they hold, which based on the Cockatoo TERP<sup>3</sup> represents a:

- 35% premium to the closing price of Blackwood shares on 16 October 2013 on ASX;
- 22% premium to the 1 month volume weighted average price (“VWAP”) on ASX up to and including 16 October 2013; and
- 41% premium to the 3 month VWAP on ASX up to and including 16 October 2013.

The Offer is subject to a number of key conditions including;

- A minimum acceptance condition of 52.1%, equivalent to 50.1% on a fully diluted basis;
- The successful completion of Cockatoo's capital raising announced to the ASX today;
- No material adverse change occurring in respect of Blackwood; and
- other standard bid conditions which are set out in the BIA.

Blackwood and Cockatoo have agreed to exclusivity arrangements in the BIA standard for a transaction of this nature, with customary fiduciary carve-outs. If Blackwood receives a competing proposal, it must provide notice to Cockatoo who will have 3 business days to match the competing proposal.

A copy of the complete BIA is attached to this announcement.

The Independent Expert, Grant Thornton Australia, has been engaged to assess whether the Offer is fair and reasonable to Blackwood shareholders.

RBS Morgans Corporate Limited have been appointed as financial advisors to the Independent Directors of Blackwood in relation to the Offer.

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<sup>3</sup> Theoretical ex-entitlement price (TERP) of A\$0.051 per share based on the 1 month VWAP of COK shares traded on ASX up to and including 16 October 2013 of A\$0.060 per Share and including the impact of Cockatoo's announced capital raising.

**The Independent Directors of Blackwood unanimously recommend that shareholders ACCEPT the Offer** in the absence of a superior offer and subject to an independent expert concluding that the Offer is fair and reasonable to Blackwood shareholders and subject to Cockatoo's announced capital raising completing.

Blackwood's major shareholder, Noble Group (51.2%) has indicated that its current intention is to accept for its entire shareholding in Blackwood into the Offer in the absence of a superior proposal, subject to the independent expert appointed by Blackwood concluding (and continuing to conclude) that the Offer is fair and reasonable to Blackwood shareholders and subject to Noble Group completing its purchase of shares in Cockatoo pursuant to Cockatoo's announced capital raising.

<b>Blackwood Acquisition Timetable</b>	<b>Date</b>
Bid Implementation Agreement Signed	17 October 2013
Bidder and Target Statements despatched to Blackwood shareholders Offer Opens	Late November 2013
Offer Close Date	Late December 2013

The Board of Blackwood believes the transaction is in the best interests of Blackwood shareholders for the following reasons:

- The Blackwood board has considered a range of potential transactions and the Cockatoo merger is the most value enhancing alternative available at the current time;
- The Offer allows Blackwood shareholders to become part of a leading mid-tier ASX listed metallurgical coal producer with the potential to expand to 3.5 million tonnes per annum;
- The merged company would possess significant development opportunities from a portfolio of more than 100 EPCs, prospective for coking, PCI and thermal coal deposits and including 15 approved mining leases;
- Simultaneous corporate financing initiatives announced by Cockatoo mean that Cockatoo's Baralaba North Expansion will have a funded capital investment program for the foreseeable development;
- The Offer represents an attractive premium to current and recent historical prices of Blackwood shares; and
- The Blackwood board believes the merger will provide substantial capital markets benefits for Blackwood shareholders including increased scale, relevance and liquidity.

If the Offer becomes unconditional but Cockatoo does not acquire greater than 90% of Blackwood shares, Cockatoo will not be able to undertake compulsory acquisition of Blackwood minority shareholders. Should this occur, Cockatoo will hold between 52.1% and 90% of Blackwood and Blackwood would most likely remain an independently listed entity, with Cockatoo as its majority shareholder.

In this scenario Cockatoo would be in a position to appoint a majority of the Blackwood board and have a controlling position. Depending on the ultimate ownership level achieved liquidity in Blackwood shares may be very limited.

Blackwood Chairman, Mr Barry Bolitho, said "the transaction is a very attractive proposition for Blackwood's shareholders to realise value in a producing company of scale".

"The proposed transaction is an opportunity for Blackwood's shareholders to participate in an enlarged production and exploration entity, underpinned by a high-quality PCI producing asset. The enlarged Cockatoo would have access to cashflow, a funded Baralaba Expansion project, and an extensive development portfolio in the combined acreage presently held by Cockatoo and Blackwood".

"There are few opportunities for shareholders to participate in high value metallurgical coal projects, and the enlarged Cockatoo has the potential to become the leading independent Australian metallurgical coal producer", Mr Bolitho said.

For and on behalf of the board



**Patrick McCole**  
Company Secretary

For more information, please contact

**Todd Harrington - Chief Executive Officer**  
**Blackwood Corporation Limited**  
+61 7 3034 0800

**Media Contact**  
**Martin Debelle – Citadel**  
+61 2 9290 3033