

ASX: BWD

Blackwood Corporation Limited

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Barry Bolitho

Rex Littlewood

Will Randall

Andrew Simpson

Company Secretary

Patrick McCole

Senior Management

CEO – Todd Harrington

CFO – David Smith

GM Exploration – Mark Winsley

GM Bus Dev – Brendan Schilling

Principal Intl Geo – Joel Yago

Key Metrics

Projects: 17

EPC's: 63

EPCA's: 8

Portfolio JORC Exploration Target: 5.0

to 6.9 billion tonnes#

Highlights

South Pentland

- Maiden JORC compliant Inferred Resource of **322 million tonnes** at "Lauderdale" area of South Pentland Project
- **C seam average product coal quality of 6,027kcal/kg & 11.3% ash** (air dried) throughout a working section with average thickness >2.5m

Taroom

- Maiden JORC compliant Inferred Resource of **51.8 million tonnes** at "Broadmere" area of Taroom project

Dingo

- Two hole scout drilling program intercepts **shallow PCI coal** at Dingo project after detailed review of historic data
- Over **4.9m of cumulative coal intercepted to 79m depth**, with 3m of cumulative coal at <48m depth

Corporate

- **Recommended Takeover Offer** for Blackwood Corporation by Cockatoo Coal

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2012). As such it is conceptual in nature and there has been insufficient exploration drilling to define a coal resource on the tenement, it is uncertain if further exploration will result in discovery of a coal resource on the tenement

Exploration

South Pentland

Project Overview

Blackwood has completed a five hole drilling program in the north-western area (“Lauderdale” sub-project) of the South Pentland Project resulting in a maiden JORC (2012) compliant Inferred Resource for the project of 322 million tonnes (Table 1). The Inferred Resource footprint represents only 6% of the total South Pentland Project Exploration Target area.

The South Pentland Project is strategically located in the north-east Galilee Basin (Figure 1), making it one of the closest Galilee projects to the coast (<250km). In addition, major roads (Flinders Highway) and railway (Mt Isa to Townsville Rail System) are already established, traversing the northern edge of the tenure. These networks link the project to the Port of Townsville, as well as Abbot Point (via the North Coast Line). Blackwood owns 100% of the South Pentland project.

Drilling returned encouraging coal intersections across a range of seams, with modelled depth of cover to the A seam from approximately 190m.

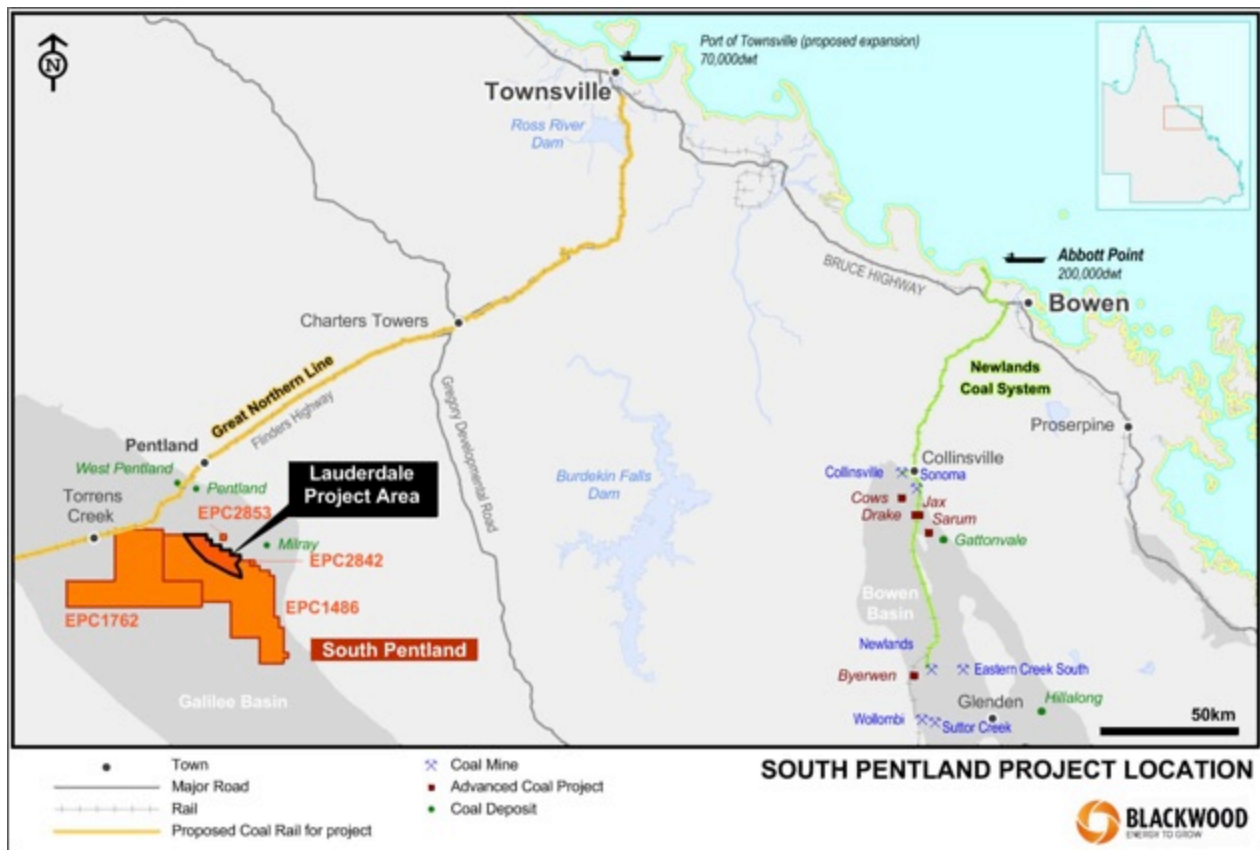


Figure 1 – South Pentland Project Location

Maiden JORC Compliant Resources Statement

Following the completion of the first phase of the recent drilling program, a maiden JORC compliant Inferred Resource was estimated for the Lauderdale project, covering a targeted footprint in the north-west of EPC 1486 part of the larger South Pentland Project. A total Inferred Resource of 322 million tonnes has been defined, from three potential mining horizons, as shown in Table 1.

Working Section	Resource Category	Tonnes	Volume	Area	Av Thickness (m)	Insitu Density (t/m ³)
		(Mt)	(1,000 m3)	(Km2)		
AW	Inferred	107	70,800	31,000	2.28	1.52
BW	Inferred	102	68,246	26,000	2.66	1.50
CW	Inferred	113	76,695	30,000	2.55	1.48
Total	Inferred	322				

Table 1: Resource Classification in Accordance with JORC Code (2012) Guidelines

South Pentland (“Lauderdale”) Drilling Program

Drilling re-commenced at the South Pentland Project in August 2013 at EPC1486. Encouragingly, all holes have demonstrated continuity of coal seams, depths and thicknesses, proving to be relatively congruent with the existing geological model. Results show seams in general thin to the south-east while thicken and improve in quality to the north-west. Additional drilling within the “Lauderdale” Project and the defined resource area is ongoing, with the intention of upgrading the resource.

Three potential working sections with good mining potential have been included in the estimate. Working sections for the A, B and C seams are included however the D seam was not included in the current resource estimate. Where the D seam was intersected, it was found to have split to thin, non-mineable thicknesses. From historic and 2011 drilling, the D seam appears better developed in the “Longton” area to the south-east of the project. The 2012/2013 drilling has increased the confidence in the greater Exploration Target of the South Pentland Project, which remains at 3.6 to 5.0 billion tonnes^A, inclusive of the new JORC compliant Inferred tonnage.

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2012). As such, the potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource on the tenement, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Coal Quality

The coal quality results received display parameters that are consistent with an export quality thermal coal product. Encouragingly, the C seam result of 6,027 kcal (air dried) and 11.3% ash (air dried) at a 1.55 float display yield characteristics greater than 70%. Table 2 presents the float/sink analysis across a range of relative density fractions; this gives the project optionality regarding beneficiation opportunities (that is, more or less beneficiation to achieve greater yields or better quality).

Cumulative RD Fraction	Seam	JORC Compliant Resource Category	Tonnes (Mt)	Ash % (ad)	Calorific Value Kcal/kg (ad)	Inherent Moisture % (ad)	Total Sulphur % (ad)	Yield %
CF 1.55	AW	Inferred	107 Mt	17.4	5514	8.3	0.43	63.2
	BW	Inferred	102 Mt	12.8	5906	7.9	0.29	58.4
	CW	Inferred	113 Mt	11.3	6027	8.1	0.29	73.7
CF 1.60	AW	Inferred	107 Mt	18.6	5419	8.1	0.42	70.5
	BW	Inferred	102 Mt	14.7	5776	7.9	0.28	66.9
	CW	Inferred	113 Mt	12.4	5942	8	0.29	79
CF 1.80	AW	Inferred	107 Mt	21.5	5177	7.7	0.4	82.9
	BW	Inferred	102 Mt	18.3	5437	7.5	0.26	83.2
	CW	Inferred	113 Mt	15.1	5708	7.7	0.28	89.6

Table 2 – Average product coal quality at three relative density fractions

Forward Plans

Exploration is continuing at South Pentland, completing the drilling and coal quality analysis on the six hole program, with the aim of converting part of the deposit to JORC compliant Indicated Resource status. Blackwood is also completing a concept study at the South Pentland Project, looking at alternative mining methods and production rates to optimise the possible mining parameters. Blackwood expects this concept study will transition into a Feasibility Study, pending positive outcomes. Future drilling will focus on the north-west areas as these appear to have optimal thickness and improving coal quality whilst being closer to existing rail infrastructure.

Taroom

Project Overview

The Taroom project is 100% owned by Blackwood, and is located in the north-eastern edge of the Surat Basin (Figure 2). The project is in close proximity to GlencoreXstrata’s Surat Basin projects (primarily Wandoan), as well as Cockatoo Coal’s “Taroom” and “Collingwood” projects. The region is serviced by the Leichhardt Highway which passes through the townships of Wandoan & Taroom, and part of the project is intersected by the proposed Surat Basin Railway to the Port of Gladstone. Blackwood announced a 1.0 to 1.3^B billion tonne Exploration Target at Taroom in March 2012.

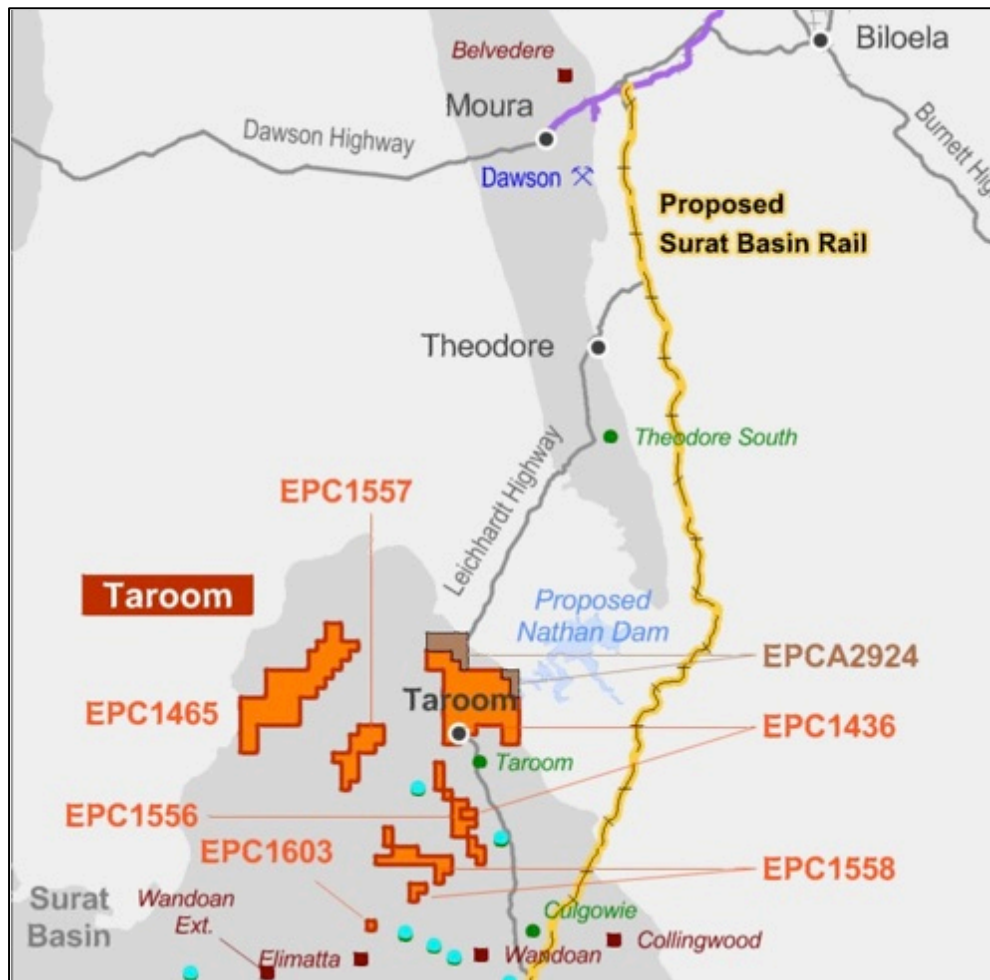


Figure 2 – Taroom Project Location

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2012). As such, the potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource on the tenement, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Maiden JORC Compliant Resources Statement

Blackwood completed its drill program and coal quality testing in early 2013. A maiden JORC compliant Inferred Resource has been estimated for the Taroom project, covering a targeted footprint within the "Broadmere" sub-project in the north-west part of the Surat Basin (EPC1465). A total Inferred resource of 51.8 million tonnes has been defined over 8% of the project, as shown in Table 3.

Taroom Drilling Program & Data Correlation

Blackwood's drilling campaigns across the Taroom project have generally been scout drilling to establish seam presence and thickness in relation to known adjacent deposits. The "Broadmere" sub-project was the main focus of this campaign, with intersections of 7.7m of coal at less than 64m depth recorded. 2012/13 drilling added a total of 4,430m of drilling throughout 51 boreholes within the project. Following further historical drill intersection correlation, as well as coal quality testing, the JORC compliant Inferred resource of 51.8 million tonnes has recently been established. The coal is interpreted to be held within correlatives of Taroom Coal Measures, and has been found in three principal seams of the measures (Auburn, Bulwer & Condamine seams). The resources have been reported for the Bulwer and Condamine seam groups. Coal quality data is indicating a potential bypass thermal coal product of export grade.

Seam	JORC Compliant Resource Category	Tonnes (t)	Ash% (ad)	CV Kcal/kg (ad)	FC% (ad)	IM% (ad)	Moisture%	Relative Density g/cm ³ (ad)	In-situ Density g/cm ³	TS % (ad)	VM%(ad)
A51	Inferred	1,672,144	10.9	6,420	39.6	8.0	12.5	1.33	1.31	0.47	41.5
A52	Inferred	4,414,083	17.6	5,837	37.1	8.3	12.5	1.38	1.36	0.46	36.9
B12	Inferred	3,544,143	18.7	5,834	36.0	7.6	12.5	1.40	1.37	0.46	37.7
B20	Inferred	1,095,019	9.8	6,662	41.2	7.4	12.5	1.32	1.30	0.46	41.7
B21	Inferred	6,823,845	10.6	6,554	40.9	7.6	12.5	1.33	1.31	0.47	40.8
B221	Inferred	266,126	27.7	4,973	32.1	8.2	12.5	1.46	1.43	0.53	31.9
B231	Inferred	4,962,740	18.2	5,924	36.1	7.0	12.5	1.40	1.37	0.44	38.6
B232	Inferred	1,978,479	18.4	5,924	36.1	7.2	12.5	1.39	1.36	0.42	38.3
B3	Inferred	13,696,135	12.9	6,209	39.7	8.5	12.5	1.35	1.33	0.50	38.9
C1	Inferred	1,996,206	12.8	6,409	39.6	7.0	12.5	1.34	1.31	0.57	40.6
C3	Inferred	1,198,570	10.2	6,587	41.7	7.6	12.5	1.31	1.29	0.53	40.5
C7	Inferred	2,562,877	21.9	5,543	35.4	7.2	12.5	1.44	1.40	0.51	35.6
C8	Inferred	7,607,365	13.4	6,252	38.9	7.5	12.5	1.36	1.33	0.53	40.2
Total		51,817,731									

Table 3 - Resource Classification in Accordance with JORC Code (2012) Guidelines – Raw Coal Quality

Forward Plans

Broadmere presents one opportunity within the Taroom project for Blackwood, with the three other sub-project areas of Raka Hills, Juandah Creek and Tarana Crossing remaining predominantly unexplored. The ongoing focus for Blackwood is continued regional data correlation based on historical drill intersections within the project.

The current status of infrastructure relating to coal in the Surat Basin remains uncertain. Due to this, Blackwood will continue to explore its Surat Basin projects as cost-effectively as possible, with the strategy of defining projects to an adequate level where they may access this infrastructure if and when it becomes available. Blackwood continues to monitor the situation, and has aligned its exploration programs with potential timeframes for infrastructure development.

Dingo

Project Overview

Blackwood is pleased to announce that it has completed a scout drilling program at its 100% owned “Dingo” Project, located in the South-East Bowen Basin. The project is divided into two parts, with EPC 1562 in the east consisting of 4 sub-blocks, and EPC 1535 in the west consisting of 20 sub-blocks (Figure 3). The project is less than 15km from the Blackwater rail system that currently transports coal to the Port of Gladstone (circa 250km). The project is approximately 15km south of the township of Dingo, and is also serviced in close range by the Capricorn Highway.

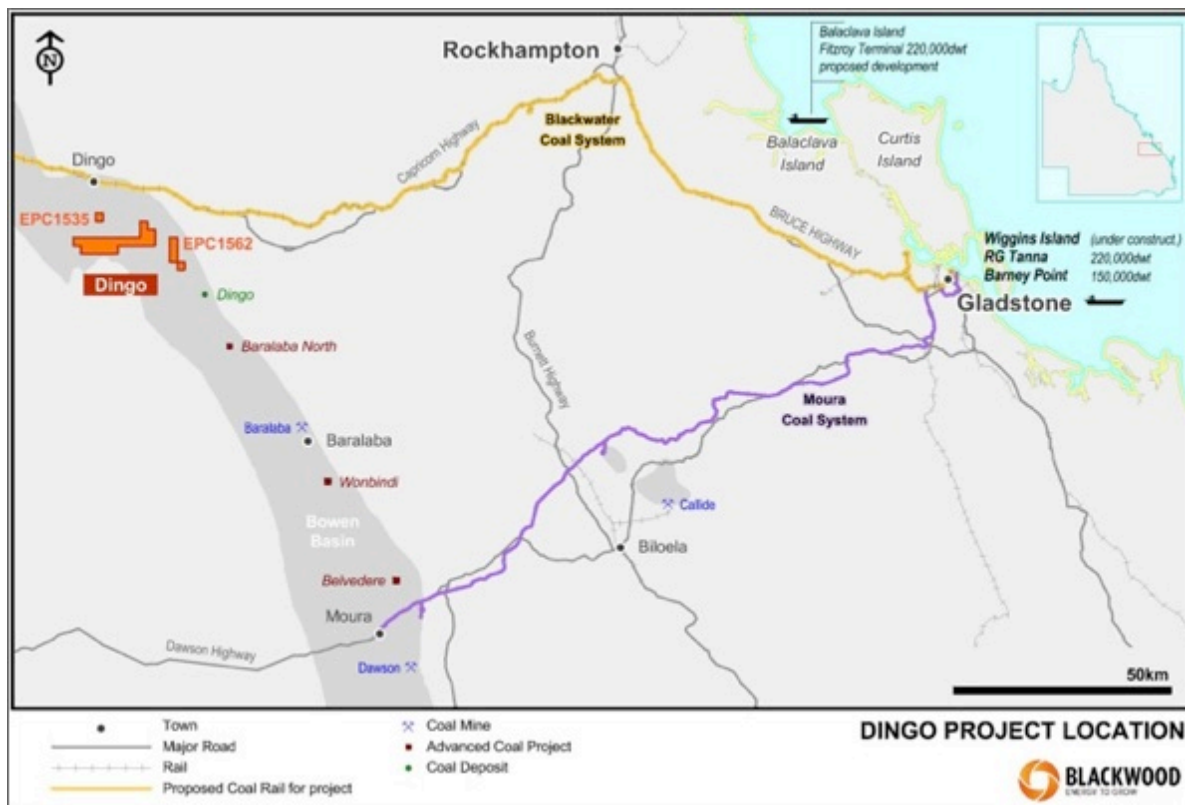


Figure 3 – Dingo Project Location

Program Overview

The scout drilling program at the Dingo Project (EPC 1562) was designed to identify the presence and quality of potential PCI coal mineralisation located within the tenure. A historical interception of coal was noted in the northern portion of EPC 1562, however no coal quality data was available. Regional 2D seismic was processed and correlated, showing encouraging signs of sub-cropping coal measures throughout most of EPC 1562.

The drilling campaign consisted of two holes, encountering thick cumulative coal intersections of up to 4.9 metres to a depth of 76 metres, with further coal identified at a greater depth. Coal quality results from this first site indicates an Ultra-Low Volatile Pulverized Coal Injection (PCI) style of coal, similar to Cockatoo Coal's "Baralaba" mine (Table 4).

In addition to the drilling, historical seismic data shows seams rising close to the surface within EPC 1562. The southern portion of the tenure is of interest as well, as a possible coal corridor exists within the boundaries of EPC 1562. It is likely that the project contains complex geological structures, much like the surrounding projects of the region (such as Cockatoo Coal's "Baralaba" mine & "Lochinvar" project, as well as Whitehaven/Cockatoo's "Dingo" project).

Seam	Depth From	Thickness (m)	Moisture (%ad)	Ash (%ad)	Volatile Matter (%ad)	Total Sulphur (%ad)	Calorific Value		CSN
	(m)						MJ/Kg	Kcal/kg	
Seam 1	30.16	0.26	1.5	27.1	14	0.63	24.97	5964	2
Seam 1	30.42	1.56	1.9	13.2	14.1	0.94	30.63	7316	7
Seam 2	46.16	0.36	1.8	19.8	12.6	0.62	28.28	6754	3
Seam 2	46.53	0.59	2.1	12	13.9	0.64	31.13	7436	7
Seam 2	47.11	0.26	1.9	33.1	12.2	0.5	23.21	5544	3.5
Seam 3	74.39	1.21	1.5	34.8	15.5	0.36	21.19	5062	1.5

Table 4 – Dingo Intersections & Quality

Forward Plans

Blackwood intends to further review the historical seismic and regional drill data in conjunction with the recent drilling results, with the intention of optimising drill target selection and potentially more 2D seismic for forward programs. Blackwood intends to continue drilling at the project later this year with a view to delineating a JORC compliant resource.

Corporate

Cockatoo Coal Takeover Offer for Blackwood Corporation

On the 18th of October, 2013, Blackwood and Cockatoo Coal Ltd (“Cockatoo”) announced they had entered into a Bid Implementation Agreement (“BIA”) pursuant to which Cockatoo has agreed to make a conditional off-market takeover offer to acquire all of the issued shares in Blackwood (“Offer”). The Directors of Blackwood have recommended the Offer of two Cockatoo shares for each Blackwood share 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.

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 a 35% premium to the last closing price of Blackwood shares on 16 October on ASX based on a Cockatoo TERP¹ which is 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.

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

¹ 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.

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 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 on 18 October 2013;
- No material adverse change occurring in respect of Blackwood; and
- Other standard bid conditions which are set out in the BIA.

Completion of the capital raising will occur after, and subject to, the approval of the Cockatoo shareholders at an Extraordinary General Meeting expected to be held in mid December.

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.

On 23 October 2013 Cockatoo announced the successful completion of the bookbuild for the placement to institutional and sophisticated investors as part of the Cockatoo capital raising.

The Independent Directors of Blackwood continue to 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 completion of Cockatoo's announced capital raising. Further details will be provided to shareholders in the Bidder's Statement and Target's Statement that will be despatched to shareholders in late November 2013.

Please refer to the announcements dated 17 and 23 October 2013 for further details.

Tenement Summary

Blackwood had 5 EPC's granted and more have progressed to "Exploration Permit Proposal".

Some Partial Relinquishments submitted in July have now been reflected in IRTM, with the main reduction being in Warwick (EPC 1509). 120 sub blocks have been reduced however the sub blocks Blackwood have gained in Rolleston South are far more valuable.

Tenure Count	Jun-13	Jul-13	Aug-13	Sep-13
APPLICATION	15	15	14	8
COMPETING APPLICATION	10	8	7	1
EXPLORATION PERMIT PROPOSAL	1	1	1	2
PRIORITY APPLICANT	4	6	6	4
IN ASSESSMENT	0	0	0	0
GRANTED	58	58	58	63
RENEWAL LODGED	1	1	1	1
GRANTED	57	57	57	62
Grand Total	73	73	72	71

Table 1 – Count of QLD EPC's by Number

Sub-Block Count	Jun-13	Jul-13	Aug-13	Sep-13
APPLICATION	394	394	378	289
COMPETING APPLICATION	182	175	159	89
EXPLORATION PERMIT PROPOSAL	48	48	48	138
PRIORITY APPLICANT	164	171	171	62
IN ASSESSMENT	0	0	0	0
GRANTED	1778	1737	1606	1502
RENEWAL LODGED	8	8	8	8
GRANTED	1770	1729	1598	1494
Grand Total	2172	2131	1984	1791

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

Mineral Tenure

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

Blackwood continues to retain its mineral tenure portfolio in good standing.

Chairman & CEO Commentary

Blackwood Corporation CEO, Todd Harrington, said that delivering two JORC announcements to the market this quarter had affirmed the value of key assets ahead of the proposed takeover.

“Our continually advancing exploration program created options to develop independently or by merging our interests with another producer. The Cockatoo Coal merger proposal preserves shareholder value and provides a way forward in an extremely difficult capital-starved market”, Mr Harrington said.

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.

About Blackwood Corporation

Blackwood Corporation Limited (**ASX: BWD**) is an emerging Australian energy and resources company, with a primary focus on the exploration and development of its coal tenement portfolio in Queensland, Australia.

Through its wholly owned subsidiary, Matilda Coal Pty Ltd, Blackwood Corporation holds tenure of over 5,800 square kilometres in world class and internationally recognized coal basins, such as the Bowen Basin, Galilee Basin, Surat Basin and Clarence-Moreton Basin. The company has established 7 ‘priority projects’ and 10 ‘pipeline projects’, aimed at providing long term growth opportunities. Many of its assets are adjacent to proven coal reserves of significant size and export quality, as well as excellent infrastructure.

For more information, please contact

Todd Harrington
Chief Executive Officer
+61 7 3034 0800

Competent Persons' Statement

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

For the Inferred Resources stated for the Lauderdale Project at South Pentland:

Mr Winsley is the General Manager – QLD Exploration, a full time employee of Blackwood Corporation Limited and holds shares in Blackwood. He 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 2012 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. Mr Winsley is signing off as competent person for the validity of field data.

Mr Barrett is engaged as Principal Resource Geologist/Director at Measured Resources Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Barrett consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. Mr Barrett is signing off as competent person for the resource estimate.

For the Exploration Targets on the South Pentland Project:

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 Pass is engaged as Principal Resource Geologist/Director at Encompass Mining Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Pass consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

For the Taroom Exploration Target and the Inferred Resources stated for the Broadmere Project at Taroom:

Mr Winsley is the General Manager – QLD Exploration, a full time employee of Blackwood Corporation Limited and holds shares in Blackwood. He 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 2012 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.

Mr Pass is engaged as Principal Resource Geologist/Director at Encompass Mining Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Pass consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

JORC Exploration Targets

Note: All references to Exploration Targets in this document are in accordance with the guidelines of the JORC Code (2012). As such, the potential quantity and grade is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource on the tenement, and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

A: Please refer to the ASX South Pentland Exploration Target announcements 21 November 2011 & 8 October 2012 for full report. Coal Quality Ranges for the South Pentland Project are as follows (all on an air dried basis): Moisture 8.4-11.6, Raw Ash 9.5-34.2, Volatile Matter 21.5-32.6, Fixed Carbon 46.4 - 55.3, Total Sulphur 0.26 - 0.34, Ave SE 5445 kcal/kg, Exploration Target reduced by the amount of inferred resources reported, now 2.7 to 4.3 Billion Tonnes.

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

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Blackwood Corporation Limited

ABN

31 103 651 538

Quarter ended ("current quarter")

30 Sept 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(703)	(703)
(b) development	-	-
(c) production	-	-
(d) administration	(1,695)	(1,695)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	49	49
1.5 Interest and other costs of finance paid	(5)	(25)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(2,354)	(2,354)
Net Operating Cash Flows		
Cash flows related to investing activities	-	-
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	(1)	(1)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(2,355)	(2,355)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,355)	(2,355)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,355)	(2,355)
1.20	Cash at beginning of quarter/year to date	12,390	12,390
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	10,035	10,035

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	56
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Directors fees in accordance with contracts/agreements

Non-cash financing and investing activities

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

N/A

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

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	8,300	7,749
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,700
4.2 Development	-
4.3 Production	-
4.4 Administration	1,700
Total	3,400

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	10,035	12,390
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	10,035	12,390

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	1436	Partial Relinquishment	100%	100%
	1465	Partial Relinquishment	100%	100%
	1467	Partial Relinquishment	100%	100%
	1474	Partial Relinquishment	100%	100%
	1475	Partial Relinquishment	100%	100%
	1495	Partial Relinquishment	100%	100%
	1509	Partial Relinquishment	100%	100%
	1522	Partial Relinquishment	100%	100%
	1531	Partial Relinquishment	100%	100%
	1555	Partial Relinquishment	100%	100%
	1564	Partial Relinquishment	100%	100%
	1565	Partial Relinquishment	100%	100%
	6.2 Interests in mining tenements acquired or increased	2106	Granted EPC	-

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)	Nil			
7.2 Changes during quarter (a) Increases (b) Decreases				
7.3 *Ordinary securities	185,050,269	185,050,269		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities (description)	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

7.7	Options (description and conversion factor)	Nil		<i>Exercise price</i>	<i>Expiry date</i>
	Performance Rights – 1:1	800,000	Nil	Nil	1 July 2018
		2,000,000	Nil	Nil	1 Aug 2018
		1,000,000	Nil	Nil	8 Aug 2018
		250,000	Nil	Nil	22 Aug 2018
		800,000	Nil	Nil	1 Sept 2018
		100,000	Nil	Nil	7 Sept 2018
		250,000	Nil	Nil	3 Oct 2018
		125,000	Nil	Nil	11 Oct 2018
		400,000	Nil	Nil	12 Oct 2018
		250,000	Nil	Nil	17 Oct 2018
		250,000	Nil	Nil	1 Nov 2018
		1,000,000	Nil	Nil	25 Jun 2019
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)	Nil			
7.12	Unsecured notes (totals only)	Nil			

+ See chapter 19 for defined terms.

Compliance statement

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

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

Print name: Patrick McCole
.....

Notes

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

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+ See chapter 19 for defined terms.