

5 September 2011

# ASX ANNOUNCEMENT

## **Blackwood Coal Announces Intersects with its Initial Drilling Campaign at its Galilee Project**

Argonaut Resources NL is pleased to announce that Blackwood Coal Pty Ltd ("Blackwood"), a company in which Argonaut holds a 38% undiluted interest, has reported that it has intersected coal at depths between 40m and 110m from the surface in EPC 1802 (100%) located approximately 160 km south east of Pentland in the Galilee Basin in Queensland.

A copy of the announcement by Blackwood is attached to this release.

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**blackwood coal**

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5<sup>th</sup> September 2011

## **Blackwood Coal receive significant intersects in the eastern Galilee Basin margin with its initial drilling campaign at its Galilee Project**

- **Intersected coal at depths between 40m and 110m from the surface in EPC 1802**
- **Coal intersections lie 8km east of previously known Galilee Basin margin**
- **Recently completed nine hole drilling campaign**
- **Priority Area identified for 2012 drill season**
- **Blackwood Coal has over 3,800 km<sup>2</sup> of tenements in its Galilee Project**
- **On track for “backdoor listing” with Convergent Minerals in November 2011**

Blackwood Coal Pty Ltd (“Blackwood”) is pleased to report that it has intersected coal at depths between 40m and 110 m from the surface in EPC 1802 (100%) located approximately 160 km south east of Pentland in the Galilee Basin in Queensland, refer Fig 1. Significantly, these coal intersections lie approximately 8km east of the previously known Galilee Basin margin in this area.

Blackwood has over 3,800km<sup>2</sup> in application or granted tenements along the eastern margin of the Galilee Basin (refer to Fig 1). Blackwood is targeting lateral extensions or new coal basin development east of the traditional Galilee Basin where the coal bearing Permian Betts Creek Beds potentially host export quality thermal coal in significant quantities.

Blackwood recently completed a nine (9) vertical open hole scout drilling campaign. In the north western corner of EPC1802, at HP7, coal was intersected between 87.30–90.45m (3.15m), 89.40–90.45 (1.25m) and 105.40–107.23m (1.83m). Holes HP8 and HP9 also intersected coal but were abandoned due to difficult drilling conditions. While HP8 & HP9 did not achieve desired depth, both intersected coal seams > 1m including a weathered seam at 42–43m. A summary of all holes drilled is given in Table 1. The locations for the open holes are shown in Figure 2.

All holes have been geo-physically logged and the results in conjunction with other work are being assessed to confirm Betts Creek Beds seam equivalents. The data and assessment will also allow priority target areas to be identified for the 2012 drilling season. Initial indications from the drilling prior to evaluation work being completed is that an area of at least 10km<sup>2</sup> has the potential to host coal.

Blackwood’s Managing Director, Matthew Crawford, commented: “The preliminary assessment from the drill program has confirmed the presence of coal in the area tested, supporting the concept of basin extensions and/or sub basins existing further east than currently known. This is an exciting development for the region and the company, and could play a vital part in the growth of the company and its coal resource base over the next 12 months. The Company believes this region has



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the potential to host substantial tonnages of coal and a rigorous exploration and drill campaign will be planned for 2012 to further substantiate the potential of the region and identify a significant JORC Inferred Resource.

Matt Crawford added: "This is the second drill campaign completed by Blackwood Coal since the beginning of June further demonstrating the Company's ability to deliver efficient and cost effective drilling programs in remote and challenging conditions".

Blackwood announced on 14<sup>th</sup> of August the completion of a 14 open hole drill program at its East Wandoan, EPC 1955 (90%), where it successfully intersected coal in all holes. Blackwood is targeting an infill drilling program at the beginning of October 2011 to enable a JORC compliant resource to be calculated by the end of the year.

Blackwood also announced on 16<sup>th</sup> February its maiden JORC compliant resource on its West Bowen Coal Project (EPC 1738), 12km & 25km North West of Blair Athol and Clermont respectively. Blackwood is currently in the middle of a 12 open hole and 2 core hole drill program aimed at further confirming and increasing the JORC compliant resource. The program is expected to be completed at the end of September 2011.

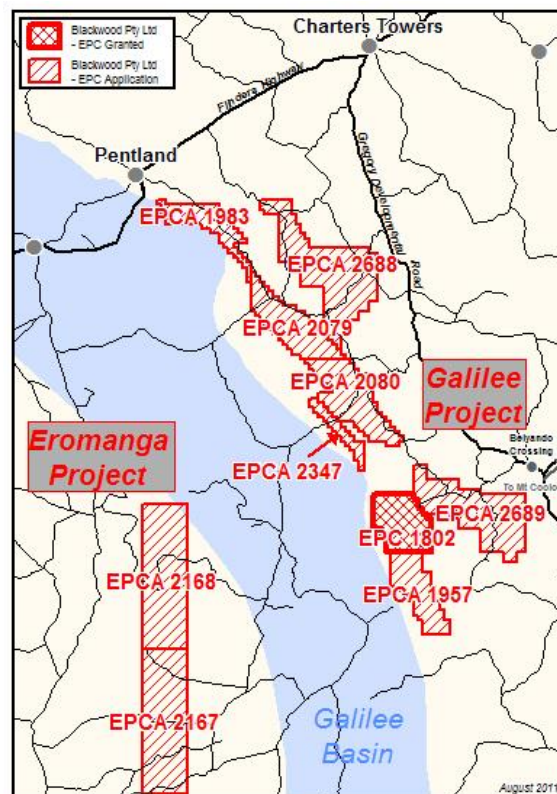


Fig 1 showing Blackwood Coal "Galilee Project" Tenure





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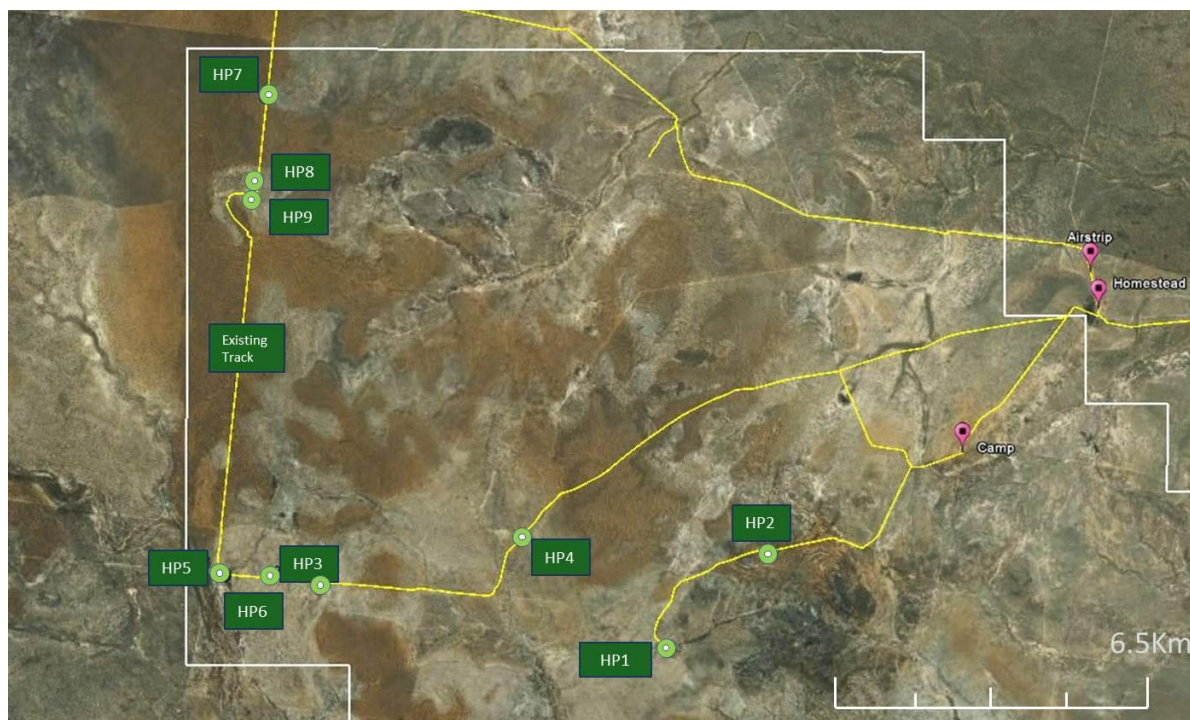


Fig 2. Plan view of northern section of EPC 1802 showing drill hole locations for scout drilling campaign conducted at Blackwood Coal's EPC 1802



Fig 3. Drill Rig in operation at EPC 1802 in July/August 2011



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**Survey of Holes on EPC 1802**

All survey coordinates in GDA 94, AHD

Date of survey 23<sup>rd</sup> August 2011

Coal Intersected

Hole	Easting	Northing	RL	Depth	From	To	Coal	Comment
HP1	434456.9	7595272	289.155	156m			No	Terminated in Aramac Formation
HP2	436582.9	7597283	338.354	150m			No	Terminated in Aramac Formation
HP3	427103.8	7596572	320.792	60m			No	Terminated short of target depth
HP4	431351.7	7597566	278.336	120m			No	Terminated in Aramac Formation
HP5	425075.7	7596753	295.288	132m			No	Terminated in Aramac Formation
HP6	426133.9	7596646	309.946	127m			No	Terminated in Aramac Formation
HP7	425958.9	7606759	334.06	168m	87.50m	90.45m	Yes	Coal
					89.20m	90.45m		Coal
					105.40m	107.23m		Coal
HP8	425752.6	7604599	336.015	85m	75.42m	76.62m	Yes	Coal
					76.13m	77.50m		Terminated short of target depth in coal
HP9	425743.5	7604598	335.995	62m	42.20m	43.20m	Yes	Terminated short of target depth in coal

Table 1. Summary of drill results at EPC 1802



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#### **About Blackwood Coal:**

Blackwood Coal Pty Ltd is a Sydney based private Australian company, established in November 2009, and focused on coal exploration. Since then the Company has acquired a portfolio of EPCs in the Bowen, Surat/Moreton and Galilee coal basins in Queensland. The company is seeking to list on the ASX in Q3 of 2011 and has raised in excess of AU\$8 million in pre-IPO funding.

Blackwood Coal has executed an indicative term sheet with ASX listed Convergent Minerals Limited for the proposed sale of 100% of the shares in Blackwood Coal. The transaction is subject to final transaction documents, due diligence, CVG Shareholder and regulatory approvals. Both companies are working towards finalisation of the transaction and re-listing in November 2011.

Blackwood has a strong board and management team, led by Chairman Mr Arthur Sinodinos AO and its Managing Director Mr Matthew Crawford.

#### **Competent Person Statement**

*The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Tim Spencer, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Spencer is engaged as the Exploration Manager of Blackwood Coal Pty 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 Spencer consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

**-ENDS-**

#### **Matt Crawford**

Managing Director  
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