

20 July 2011

ASX ANNOUNCEMENT

Blackwood Coal Announces Acquisition of Scorpion Energy Pty Limited

Argonaut Resources NL is pleased to announce that Blackwood Coal Pty Ltd ("Blackwood"), a company in which Argonaut holds a 38% undiluted interest, has announced that it has executed a legally binding sale and purchase agreement to acquire 100% of Queensland-based coal exploration company, Scorpion Energy Pty Limited.

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

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Blackwood Acquires Scorpion Energy Pty Limited

Blackwood Coal Pty Limited (**Blackwood**) is pleased to announce that it has executed a legally binding sale and purchase agreement to acquire 100% of Queensland-based coal exploration company, Scorpion Energy Pty Limited (**Scorpion**).

Scorpion holds 5 exploration permits and applications for coal in Queensland covering a total of 1630 km². The acquisition comes complete with comprehensive geological information of each tenement. The details of the tenements are set out in the below table.

Project	Equity	Tenure	Location Geology	Sub Blocks	Area (approx) km ²
Amberley	100%	EPC 2127	Clarence-Moreton Basin	12	38
Bauple	100%	EPCA 2181	Maryborough Basin	30	96
Blair Athol	100%	EPCA 2008 (Competing)	Bendemeer Basin	75	240
Warrigal	100%	EPCA 1982 (Priority Applicant)	Galilee Basin	93	298
Montrose	100%	EPCA 2131	Bowen / Styx Basin	299	958
Total					1630

Table 1: Table indicating tenure held by Scorpion Energy.

Total consideration for the acquisition is:

- AU\$850,000 cash
- AU\$850,000 worth of Blackwood Shares based at \$0.50 per Blackwood Share
- AU\$1,550,000 worth of Performance Shares based on the independent reporting of a 40 million tonne inferred resource in accordance with JORC Code for the Amberley Project.

Blackwood has begun an immediate desktop review of the projects to compile all of the available data and to prioritise drill targets. As part of the transaction, Blackwood will immediately commence a resource calculation in accordance to JORC on the Amberley Project.

A map indicating the project areas is shown below. It can be seen that there are significant geographical synergies with the acquisition, notably at The West Bowen Coal projects where Blackwood has previously announced an inferred resource calculated in accordance with the JORC code ([see ARE ASX release dated 16 February 2011](#)) and at the Galilee Project where Blackwood holds a significant land holding on the eastern margin of the Galilee Basin.

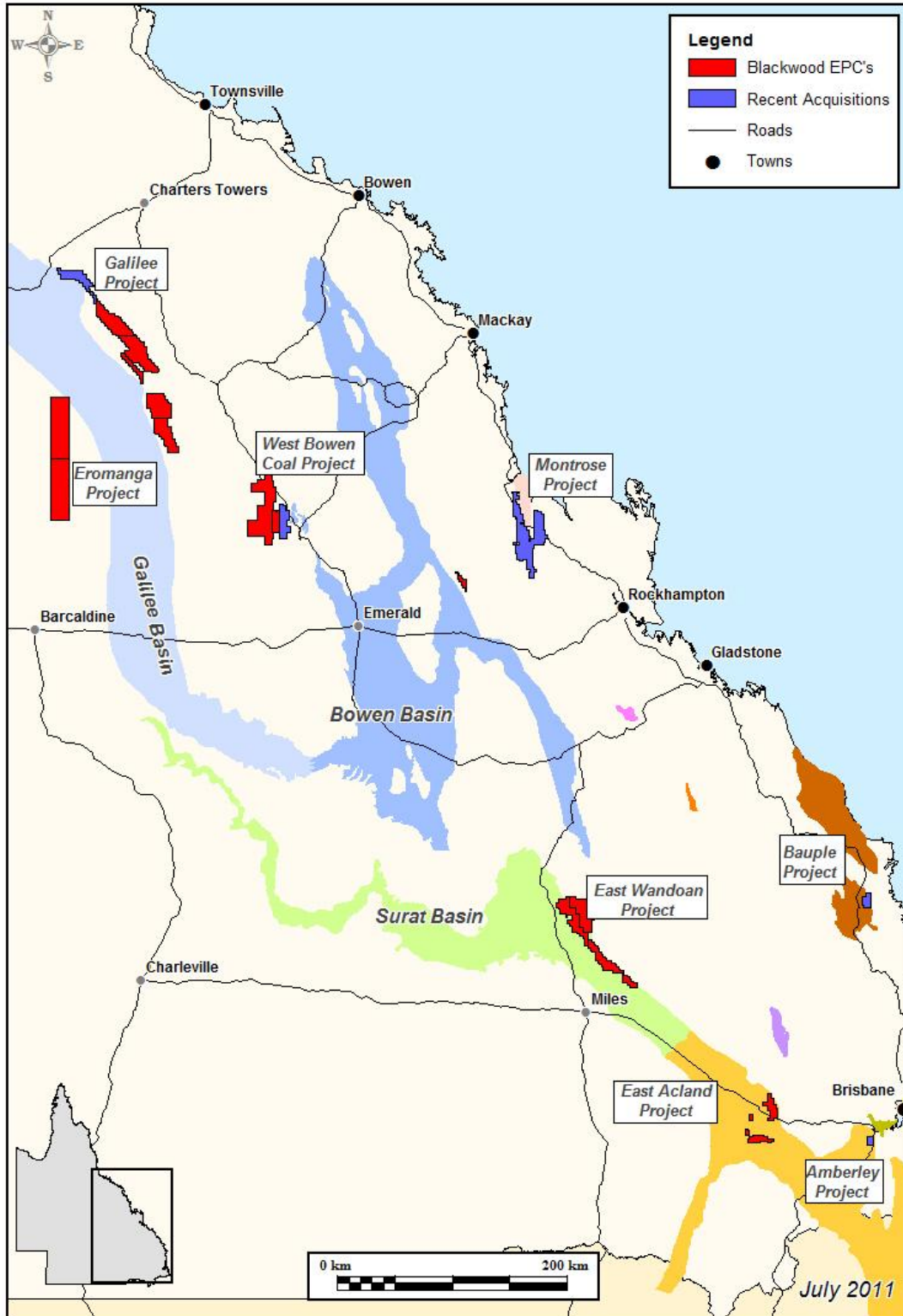


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Matt Crawford, Managing Director of Blackwood Coal said that the acquisition of Scorpion Energy is another significant milestone for Blackwood. Scorpion holds a portfolio of exciting greenfield opportunities combined with known coal intersections in past exploration at the Amberley Project. Combined with an intensive exploration program currently being conducted, this acquisition provides an exciting platform to enable the company to be listed in Q3 2011. Blackwood looks forward to developing the Scorpion assets.

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\$7 million in pre-IPO funding.

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

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