



23rd August 2011

Convergent Minerals Limited (ASX:CVG)

Proposed transaction

Highlights of Transaction

Convergent Minerals Limited ("**Convergent**") to become a substantial coal explorer focussed in Queensland with a pipeline of exploration tenure in major Queensland coal basins from an "advanced drill out exploration tenure" to "green fields blue sky" potential.

Carefully selected project portfolio of exploration tenure targeting coal production in a 5 year timeframe.

Lead project has a deposit totalling 27.3 Mt JORC resources (inferred) plus an exploration target of up to 15-30 Mt*

Drilling at the East Wandoan Project has intersected up to 11.7m cumulative thickness of coal at depths less than 100m

An aggressive drilling campaign underway for 3 sites in 2011 to significantly increase resource base.

Capital raising of up to \$20m.

Priority issue to Convergent and BWC shareholders from prospectus raising.

Transaction to be conditional on Convergent shareholder approval and due diligence of all parties. The transaction requires Convergent to comply with the requirements of Chapters 1 and 2 of the Listing Rules.

Convergent to be renamed Convergent Coal Limited.

New board and management team to be appointed with extensive resource experience.



**note page 12 for quality comment and page 24 for statement regarding conceptual target qualification*

Convergent Minerals Limited

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Introduction

Convergent Minerals Limited, (“**CVG**”) is pleased to advise the proposed acquisition of all the shares in Blackwood Coal Pty Ltd (“**Blackwood**”), which holds a portfolio of coal exploration tenements in Queensland. Whilst an indicative Term Sheet has been signed and exchanged between the parties, the above acquisitions remain subject to execution of final transaction documents, due diligence and CVG shareholder and regulatory approvals.

Projects:

The Blackwood portfolio of projects will result in a pipeline of coal exploration opportunities consisting of:

An advanced thermal coal exploration project called “West Bowen Coal Project” located 20km west of Blair Athol in the Bowen Basin. The project has approximately 27.3Mt (inferred) JORC resource with up to 15-30 Mt more as an exploration target, (note page 12 for quality comment and page 24 for statement regarding conceptual target qualification).

- Drill ready exploration targets in the Bowen, Surat and Clarence–Moreton Basins with previous coal intercepts
- Conceptual opportunities on the poorly defined eastern margin of the Galilee Basin where there are historic water bore coal intersections have been identified
- Lateral opportunities in the Styx, Callide and Maryborough coal basins

Project	EPC/EPCA	Coal Type	Current Resource	Exploration Target	Depth	Priority
West Bowen Coal Project	EPC1738 EPCA1891, 2008	Thermal Export Quality	27.3Mt JORC Inferred	15-30Mt	<300m	1
East Wandoan Project	EPC1955 EPCA1987, 2237	Thermal Export Quality	None	30-50Mt	<120m	1
RDB Coal Project	EPC1821, 1977, 2323 EPCA 1825, 1826, 1868, 2093, 2705	Thermal & PCI	None	Scout Drilling	200-400m	1
Amberley Project	EPC 2127	Thermal Domestic and Export	None	15-40Mt	<100m	2
Galilee Project	EPC 1802 EPCA 1957, 1983, 2079, 2080, 2347,2688,2689	Thermal	None	Scout Drilling	< 200m	2
Montrose Project	EPCA2128	Thermal / Coking	None	Scout Drilling	NA	2
East Acland Project	EPC1979 EPCA2356, 2613	Thermal	None	Scout Drilling	<200m	3
Callide Project	EPCA1809	Thermal	None	Scout Drilling	NA	3
Bauple Project	EPCA2181	Thermal	None	Scout Drilling	NA	3
Eromanga	EPCA2167, 2168	Thermal	None	Scout Drilling	NA	3
Unnamed	EPCA 2476	None	None	None	None	None

Figure 1: Table of project and Tenure.



Figure 2: Map of tenement locations in Queensland.

Please refer to the section: "Tenure and Projects" for further information.



Proposed Transaction

CVG will seek shareholder approval in terms of Listing Rule 11.1.2 to acquire these assets by undertaking the following:

- (a) a capital raising of up to \$20,000,000, through the issue of shares (each an “Offer Share”) at a price subject to market conditions, but not less than \$0.20 per Offer Share on a consolidated basis;
- (b) acquire all the shares in Blackwood;
- (c) replace the board of the Company with the current board members of Blackwood (collectively, the “**Transaction**”).

Subject to a successful completion of the abovementioned capital raising and CVG shareholder approval mentioned below, the Transaction will be completed through a series of cash payments and the issue of CVG Shares and Performance Shares to the applicable vendors the details of which are set out later in Schedule 1, headed “Target CVG Capital Structure” attached to this Announcement.

For the purposes of illustration a consolidation on a 2 for one basis and an issue at 20 cent is proposed to illustrate the final capital structure after completion of the Transaction:

Shares

Current

Issued CVG Shares: 41,641,916

New

New CVG Shares issued to BWC security holders and vendors: 162,575,913

New CVG Shares issued to subscribers at 20c (“Offer Shares”): 100,000,000

Total CVG Shares: 304,217,829.

Options

Current

19,200,090 options expiring 31 December 2011 exercisable at 40c.

600,000 options exercisable at 20 cents

The 22,300,000 options expiring 30 September 2011 and exercisable at 8 cents will have either been exercised or expired by the time the shareholders meeting is held. The capital on issue will be adjusted accordingly.



New

Owen Wellington 750,000 exercisable at 20 cents within 4 years from the date of issue.

Performance securities

99,250,000 Performance Shares

25,000,000 Performance Options exercisable at 20 cents *within 4 years from the date of issue.*

See schedule 2 for terms of conversion to ordinary securities.

Escrow

Shares:

The existing CVG shares and the Offer Shares will not be subject to escrow.

A portion of the new CVG Shares issued to BWC security holders and vendors will be subject to escrow subject to the normal rules of the ASX.

Options:

None of the options currently on issue are subject to escrow.

The 750,000 new options are expected to subject to escrow.

Performance Securities:

All performance securities are expected to be subject to escrow.

New CVG board

As part of the Transaction, the existing CVG board would step down and be replaced by the following directors:

Arthur Sinodinos (AO) – Non-Executive Chairman

Arthur joined the Department of Finance in 1979 as a graduate recruit and he was promoted to the Treasury in 1980 and served in various capacities until 1987. In October 1987 he joined John Howard's staff as Senior Economic Advisor. In May 1989 he returned to Treasury as an Assistant Secretary when Mr Howard lost the position of Opposition Leader.

Arthur served in the Structural Policy, Financial Institutions, Economic and International Economy divisions of Treasury. He has experience in micro-economic reform, budgetary issues, foreign investment policy, labour markets, economic forecasting and international economic issues. He was Assistant Secretary, Labour Markets Branch (1992-1994), Acting First Assistance Secretary, Economic Division (1993-1994 Budget to January 1994), and Assistant Secretary, International Finance and Development Branch (1994-1995).

In 1995 Arthur returned to John Howard's staff and upon the election of the Howard Government, was appointed the Policy Director in the office of the Prime Minister. In



October 1997, Arthur was appointed as Chief of Staff to the Prime Minister, a position he held until December 2006 when he resigned to take a Senior Director position with Goldman Sachs JB Were.

In August 2007, Arthur joined the National Australia Bank as Regional General Manager, Business and Private Bank, where he was responsible for Strategy, Marketing, Business Performance, Professional Development and two specialised businesses (Government & Education).

Arthur has a number of current directorships which include; The Australian and New Zealand School of Government (ANZSOG), Menzies Research Centre Ltd, Aboriginal Employment Strategy (AES) Pty Ltd, CSN Technology Pty Ltd, Australian Institute of Management (AIM). Arthur is also deputy chairman of Australia Water Holdings Pty Ltd.

Matthew Crawford – Managing Director

Matt initially joined Australian Char in 2000 and was seconded to work for the Griffin Coal Mining Company in late 2000 working on a variety of projects including trial shipments of coal to export markets, carbonisation and coking trials and evaluation of coal drying technologies and various business development activities associated in the coal sector.

Since 2005 Matt has worked as an engineering consultant and has consulted to various areas of the mining sector via his own consulting company. Between 2006 and 2010 consulted to White Energy Company and played a key role in the commercialisation of the Binderless Coal Briquetting Technology taking lead site based and head office management and commissioning roles for plants both in Australia and Indonesia.

Matt is a founding director of Blackwood Coal and is currently its Managing Director

Keith McKnight – Operations Director

Keith joined Intel Ireland Ltd in 1999 upon graduating from the University Of Limerick, Ireland with a degree (Hons) in Mechanical Engineering.

In 2001 Keith joined heavy mechanical engineering firm MEC Pty Ltd working for two years on tendering, planning, procurement, installation and commissioning of mechanical systems for the Dublin Waste Water Treatment Works which was the largest in Europe at the time of construction.

In 2003 Keith joined O’Keeffe’s Insulation Service (OKIS) as Contracts Manager providing insulation supply and installation services for Intel Ireland Ltd’s FAB 24 Clean Room development. At its peak the project has a workforce of 150 people and was one of OKIS biggest contracts.



Keith immigrated to Australia in 2004 and worked for various engineering consultants such as Richard Heggies & Montgomery Watson before joining White Energy Company Limited as Project Manager in late 2006 and became Engineering Manager in 2009. He worked on their development of their Binderless Coal Briquetting Demonstration Facility in the Hunter Region of NSW and on their first commercial plant in East Kalimantan, Indonesia.

Keith has substantial Australian and International experience in engineering, procurement, contract management and project development, is a founding director of Blackwood Coal and currently heads up the company's operating activities.

Brice Mutton – Technical Director

Brice is a geologist with over 30 years' experience in the resources industry, from exploration to mining and corporate management. He has held senior positions with MIM Holdings and various MIM group companies over a 20 year period including Chief Geologist at Hilton and Mt Isa Mines, Executive Assistant to the CEO, MIM Holdings, Deputy General Manager, MIM Petroleum Exploration and General Manager Exploration Support MIM Exploration.

Brice has also worked in consulting on major mining and civil engineering projects with Golder Associates in their Mine Planning Division and with Snowy Mountains Engineering Corporation. Brice has primarily been a consultant since 1998 to present, via his own business Brice Mutton & Associates Pty Ltd with an emphasis on base metals, coal and gold.

His coal experience extends from the design and management of coal exploration programs, implementation and lead management of coal exploration programs, assessments and valuations for open pit and underground projects and mines, geotechnical investigations and leading edge work associated with gas outbursts in an operating underground mine.

Brice has held several corporate public positions as Managing Director of Giants Reef Mining Limited and is currently a founding Director of Drummond Gold Limited. He was Chairman and Convenor of the first International Mine Geologists Conference and represented the AusIMM on the Australian Geoscience Council. Brice is a Fellow of the AusIMM and member of the AIG, GSA and SEG.

Ian Richer – Non-Executive Director

Ian is a mining engineer with 40 years' experience in the resources industry. He commenced his career as an engineer with Consolidated Goldfields Limited and then joined International Nickel (INCO) for 8 years working on the development and subsequent operations of both open pit and underground mines in remote Western Australia and Queensland.

Ian then moved into engineering and construction. He spent 10 years with Fluor and Dravo (now AKER Solutions) initially as a project engineer, then as project manager and project



director on various projects covering mine development, surface facility engineering/construction and attendant infrastructure. Projects were both local and international in locations such as Indonesia, Iran, PNG, Ghana, USA and Nigeria.

For the next 11 years Ian was Director – Project Finance, for Societe Generale and then Chase NBA, Chase AMP as Director – Technical and subsequently Director Corporate Advisory. During this time he advised resource companies on gold loans, structured corporate and off-balance sheet financings. During this time he was responsible for over 2bill in commitments across all sectors of the resources industry. Of particular interest were the off balance sheet financing of the Wambo (underground NSW), German Creek (QLD) and 16 operations in Indonesia.

His coal experience centers around feasibility desk top studies to bankable standard, conceptual and detailed engineering and project management of mine, surface plant facilities and attendant infrastructure These projects included Goonyella No 1 and 2 ,Peak Downs and German Creek mines, and plant expansions at Queensland Coal Associates plants. In NSW he was involved in the design construction and commissioning of washeries in the Hunter Valley, New England and South Coast regions.

Ian has a number or other directorships including Hazelwood Resources Limited, Accent Resources NL and 3D Resources Limited.

Patrick Elliott – Non-Executive Director

Pat joined Consolidated Gold Fields Limited in 1971 and worked in various roles from trainee mining investment analyst, investment management to corporate development role. During his there he was seconded to Mineral Marketing department for 3 years involved in marketing copper and tin concentrates to Japan and Malaysia respectively, and marketing rutile/zircon and ilmenite to Japan, Germany and USA.

From there Pat joined Bancorp Holdings Pty Limited as Executive Director Corporate Finance until its acquisition by Morgan Grenfell Limited in 1982. Pat continued with Morgan Grenfell as Director Head of Corporate Finance managing a team of corporate finance professionals until 1986.

Pat then joined Natcorp Investments as Managing Director. Natcorp was an industrial investor which bought and operated a number of manufacturers such as Henderson Industries Limited, Southern Cross Corporation Limited and Brymac Plastics.

In 1991 Pat joined Carrington Equities Limited as Managing Director which eventually became Spectrum Network Systems Limited which is an operator in the Australian telecommunications market and Pat remained a Non-Executive Director.



From 1995 onwards Pat has been active as an equities investor specialising in early stage start-ups more specifically in the resource sector. Major Involvements include Eastern Star Gas Limited and Sapex Limited.

Pat currently holds a number of Non-Executive Chairmanships which include; Argonaut Resources NL, Platsearch NL, Australia Oriental Minerals NL and has a number directorships with include Crossland Uranium Mines Limited and Global Geoscience Limited.

The proposed team includes the senior management and technical team of Blackwood.

Sale of the Bounty Project

The sale of the Bounty Project to AFL Resources Ltd will continue in parallel with the proposed acquisition of the coal projects outlined above.

Windarling

We will retain our interest in the Windarling Iron ore project.

Priority issue to CVG and BWC shareholders

Given the scale of the Transaction compared to the existing issued capital and business of CVG, the board of CVG advises that CVG shareholders will be entitled to participate in a priority entitlement issue through the proposed prospectus at the capital raising issue price which is set, subject to market conditions, as at least \$0.20 cents per Offer Share.



Timeframe

It is hoped to effect completion of the Transaction, and for trading in post-Completion CVG Shares to recommence, during November 2011.

Indicative timetable

Event	Indicative date (2011)
CVG issues notice of general meeting	20 September
CVG lodges prospectus for Public Offer and acquisition from BCP Security holders with ASIC	21 September
Trading halt CVG holds meeting of members	20 October
Consolidation timetable commences	21 October
Closure of prospectus	28 October
Change of name effective	4 November
Completion of transaction	11 November

Notice of Meeting

A notice of meeting of CVG Shareholders at which the relevant resolutions will be considered and voted upon in order to enable, if approved, the Transaction to progress and be completed, will be prepared and circulated as soon as possible.

Disclosure

Gordon Hart, a director of Convergent, is mandated by Blackwood Coal Pty Ltd and will receive a cash success fee of 1% of funds raised on completion of the Transaction.

For further information:

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Tenure and Projects

Blackwood Coal currently has a portfolio of 7 granted EPCs and 25 applications. The exploration permits range from advanced exploration with drill ready targets to greenfield lateral opportunities. More details are given in the following section.

West Bowen Coal Project

The West Bowen Coal project stretches over an area of 1000km² located 20km west of Clermont, Queensland.

It consists of EPCs 1738 & EPCA's 1891 and 2008 which sit adjacent to the Rio Tinto's Blair Athol mine which is currently producing 12Mt of thermal coal per annum.

Blackwood's resource area is in EPC 1738 as shown in the map below, known as the Moorlands deposit. The coal is a high-volatile bituminous thermal coal. The coal washability work, which was completed in the 1980s, has indicated that the washed coal ash values usually lie in the range 9% - 15%, with calorific values in the range 25 to 26 MJ/kg on an air dried basis (refer to table below).

Blackwood Coal is planning an intensive drill campaign to increase the JORC resource base in calendar year 2011.



Figure 3: Tenure map indicating proximity to Blair Athol and locations of coal deposits of Moorlands.



Historically there has been significant exploration conducted on EPC 1738, details of which are provided below.

- The Rio Tinto group drilled holes at two sites in the north of the Moorlands area in 1979, discovering two coal seams and coring and analysing one of them.
- 15 fully-cored holes for an aggregate of 2,208metres of drilling occurred in 1985 and 1986 by the Queensland Geological Survey to further define the coal resource potential.
- 3 open holes by the Rio Tinto Group in the Northern Section of the Moorlands Deposit were drilled in the 1990's.

Compilation of the data and resource estimate has been carried out by Independent Geologist, Fred Robins Geological Consulting. The quantity and spacing of drill holes, geophysical logging and coal analyses has enabled the calculation of the resource estimate as provided in the table following.

Resource and Reserve Statement							
	Coal Resources (Mt)				Coal Reserves (Mt)		
	Measured	Indicated	Inferred	Total	Proved	Probable	Total
West Bowen Coal Project	0	0	27.3	27.3	0	0	0

Figure 4: Table indicating the JORC Resource Statements for the West Bowen Coal Project deposits of Moorlands.

It is anticipated that export quality low rank bituminous coal with qualities similar to that of Blair Athol can be produced from the West Bowen coal project.

Coal quality data from the entire deposit is not available at this point in time with more core hole data being required. It is envisaged that some of the coal will require washing with grade recoveries well above 75% expected from initial in-house modelling. Expected coal quality is indicated in the table below.

Analysis	Range
Moisture	7-12%
Ash	9-15%
Volatile Matter	28-36%
Specific Energy	24-26MJ/kg
Sulfur	0.3 to 0.9 (seam dependent)
HGI	40 - 50
Ash Fusion	> 1500 degree C
Vitrinite Content	50 – 70%

Table indicating approximate product coal quality from the West Bowen Coal Project.



The table below shows average workable coal thicknesses of the coal seams in the West Bowen Coal Project. There is insufficient drilling to confirm, but geological evidence suggests, that the coal seams from the deposit to the north of Moorlands correlate with seams from the Moorlands coal basin.

Seam B8, B9 and B11/Monteagle, which all contribute to the JORC resources in the deposit to the north of Moorlands, and also B7 and B13/Kalbar 2, will contribute to the Moorlands exploration target in the table shown in Figure 5.

Conceptual Coal Seam Workable Thickness and Extent for Exploration Targets		
Seam Identification	Moorlands Deposit	Moorlands Area
B7	Further drilling required	Further drilling required
B8	Further drilling required	Further drilling required
B9	Further drilling required	Further drilling required
B11/Monteagle	4 - 5.0m	1.8Km2
B13/Kalbar 2	3.0m	3.7Km2

Figure 5: Table indicating workable seam thicknesses in the West Bowen Coal Project deposit.

East Wandoan Project

The East Wandoan project consists of EPC's 1955, 2237 and EPCA's 1987, 2481 and covering an area of 1093km², which are situated along the north-eastern fringe of the coal basin. These exploration permits are searching for Walloon Coal Measures. The main group of coal seams in this part of the Darling Downs is known collectively as the Pelham seam.

Blackwood has identified 4 target areas as shown in the Figure 7 below.

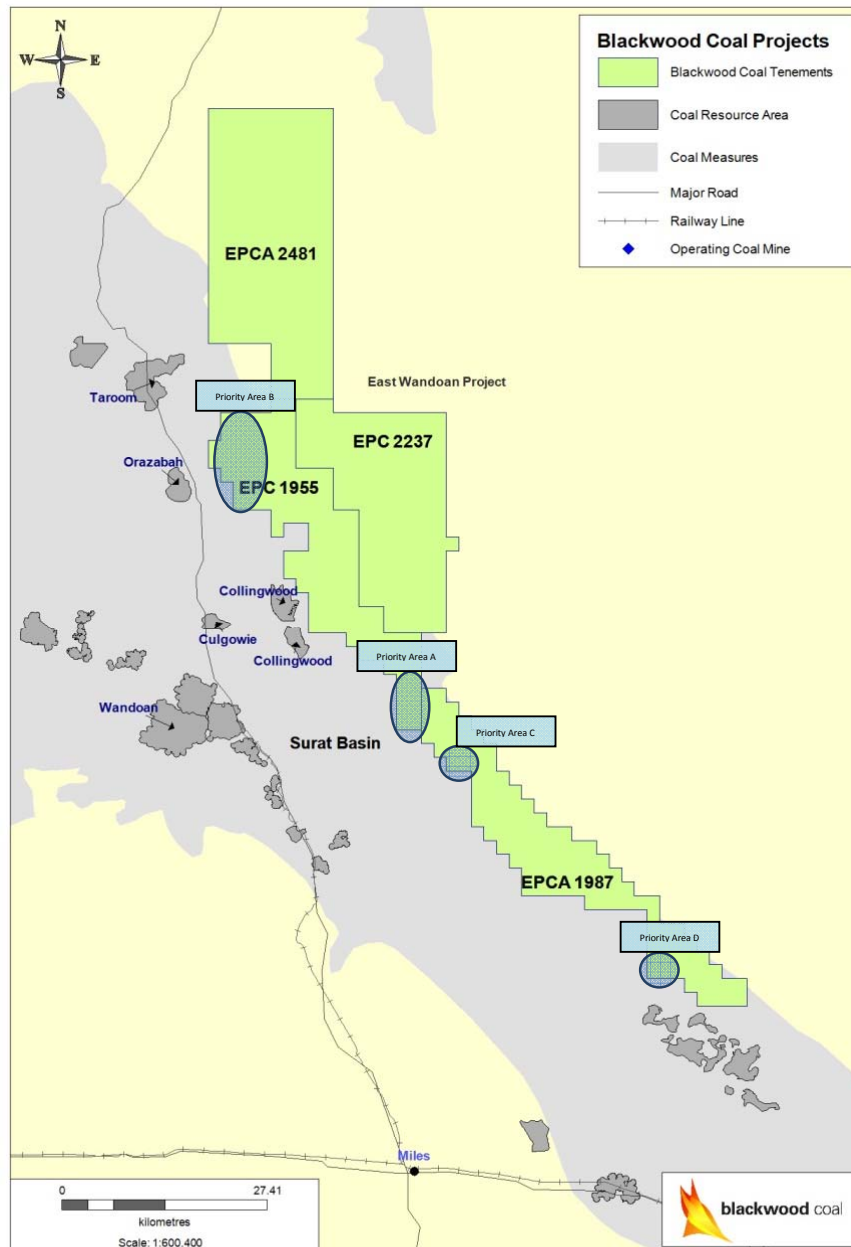
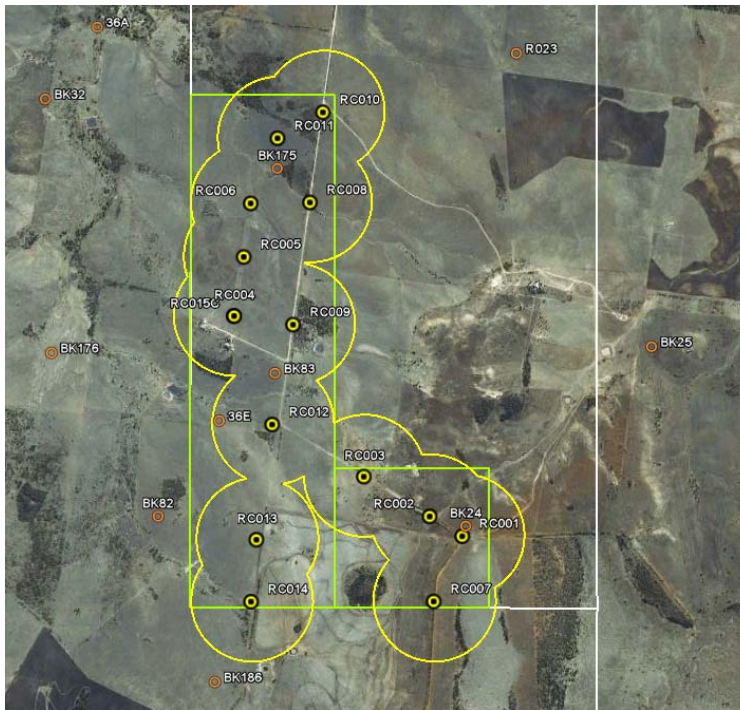


Figure 6: Image showing Blackwood tenure at East Wandoan and target area to be tested.



Priority Area A is the focus of exploration in 2011 having already completed 14 open holes as shown in Figure 8

Exploration Program Carried out at East Wandoan (EPC 1955) in June 2011



RC No.	Cumulative Coal Thickness
RC 1	3.7m
RC 2	5.7m
RC 3	2.53m
RC 4	7.47m
RC 5	6.41m
RC 6	2.41m
RC 7	1.7m
RC 8	3.61m
RC 9	4.11m
RC 10	2.52m
RC 11	3.64m
RC 12	10.78m
RC 13	9.27m
RC 14	11.69

Figure 7: Image and table showing hole location and cumulative coal thicknesses intersected at Blackwood's 90% owned East Wandoan tenement EPC 1955.

Coal quality is expected to be similar to that of coals from other prospects on the Western Darling Downs. One indication of raw quality of coal plies is for expected ash content of about 20% and specific energy of about 23 MJ/kg on a 9% moisture basis.



Eastern Galilee and Eromanga

The company has 8 EPCs in the Galilee Basin covering a total area of > 4500km².

EPCs 1802 and EPCA's 1957, 2079, 2080, 2347 (competing application), 2688 and 2689 are located in the ambiguously defined eastern margin of the Galilee basin, where geological interpretation by the Company has indicated that Galilee extends further than previously indicated.

The combination of the poorly defined Galilee Basin margin, the presence of the Mingobar Monocline, and young Tertiary and Quaternary cover are akin to an exploration rationale similar to that currently being exploited on the western side of the Bowen Basin under cover i.e. blind extensions or even separated sub-basins.

The gravity (and magnetics) in places on the Blackwood Coal exploration tenure support this interpretation.

The Company also holds EPCA's 2167 & 2168 in the western Galilee Basin under Eromanga Project. Evaluations are in progress to ascertain economic coal potential.



Figure 8: Image showing Blackwood tenure on the eastern margin of the Galilee basin and in the Eromanga.



Close to the northern and upper central Galilee Basin margin the “Belyando Structure” or “Mingobar Monocline” has been recognised but poorly defined and described. This feature is long and regionally significant, and is capable of flattening or even reversing the dips to the east of the lower remaining Galilee Basin units. These units include the Betts Creek beds and its equivalents.

The combination of the poorly defined Galilee Basin margin, the presence of the Mingobar Monocline, and young tertiary and quaternary cover are akin to an exploration rationale similar to that currently being exploited on the western side of the Bowen Basin under cover i.e. blind extensions or even separated sub-basins. The gravity (and magnetics) in places on the Blackwood exploration tenure support this interpretation.

Blackwood also holds EPCA 2167 & 2168 in the Western Galilee or referred to as the Eromanga Project. Evaluations are in progress to ascertain economic coal potential for both shallow Jurassic and deeper Permian aged coals.

RDB Coal Project

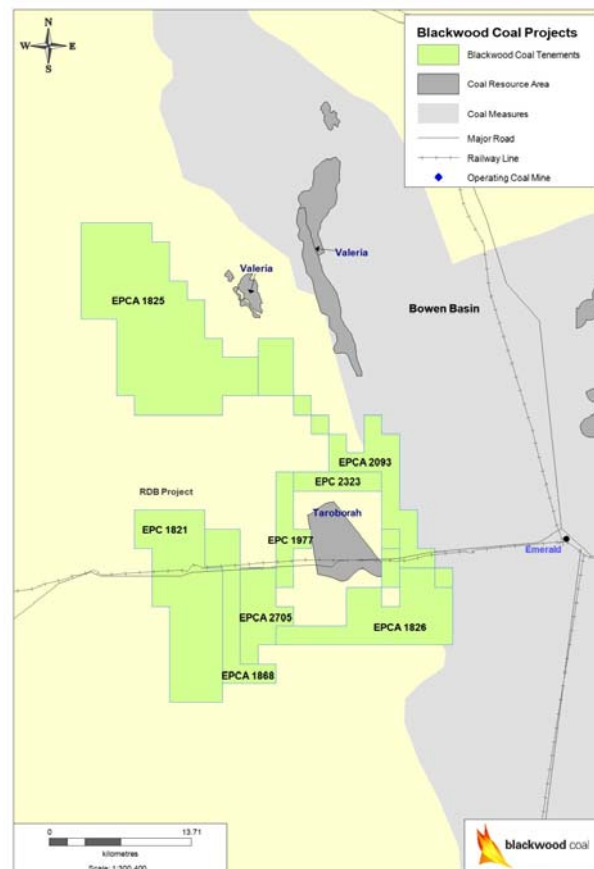


Figure 9: Image showing general area of RDB tenure.



The RDB Coal project consists of EPC's 1821, 1977, 2323 and EPCa's 1825, 1826, 2093 and 2705 and covering an area of approximately 501km².

The Project is located West and North West of the town of Emerald. Exploration in this area will predominately target the down dip and strike extensions of the existing Taraborah and Valeria Coal Deposits, plus untested Reid Dome Beds sequences known to exist in the area.

Historic coal quality data suggest that the majority of the seams produce an export thermal / PCI product. Seams such as the Capella and Anakie at Valeria, develop a good coking product. It is currently interpreted that the RDB Coal projects may contain extensions to these areas.

An independent geologist report highlights:

" This area immediately north of Taraborah should contain a northern extension of the Taraborah coal measures, at depths in excess of 200 metres.

The area between Taraborah and Valeria might also contain southern extensions of the Valeria coal deposits. Reports of historic work done by CRA in and around Valeria indicated coal deposits aligned NW-SE and possibly extending into parts of the RDB tenements. "

Amberley and East Acland Projects

EPC 2127 comprises 12 sub-blocks within the mining district of South Brisbane, and located 5km South of Amberley RAAF Base near Ipswich, Queensland. The project is located some 8km south east of the now closed Jeebropilly coal mine.

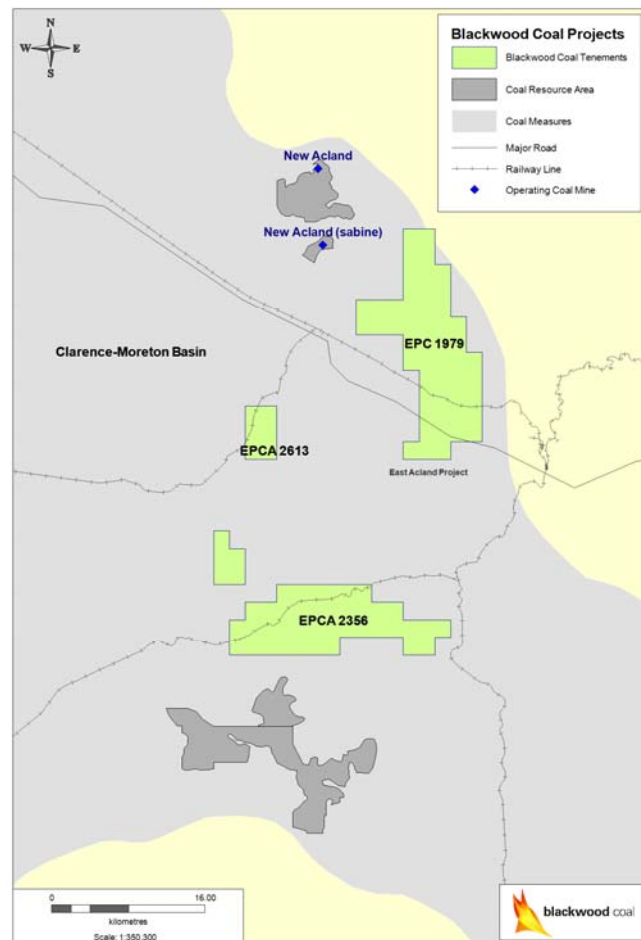


Figure 11: Image showing Blackwood Tenure at the East Acland Project.

It has been interpreted that sections of the EPC are along strike with some of the better coal intersections in old bores towards Acland

Blackwood recently pegged 44 sub-blocks (EPCA2356) and 6 sub-blocks (EPCA 2613) located 25km south west of Toowoomba. Located approximately 20km north of 400Mt Felton coal deposit which is currently held by Amber Energy, Blackwood believes that this area may have considerable potential.

Montrose, Callide & Bauple Projects

These projects are lateral greenfield opportunities that will require extensive desktop studies to assess the opportunities and carry out scout drilling.



Development Activities

The Blackwood technical team commenced desktop geological work on its priority 1 projects in late 2010/early 2011 and commence drilling at its East Wandoan Project in June 2011. It is currently drilling at its Galilee project, will carry out stage 2 drilling at East Wandoan and Moorlands this calendar year.

EAST WANDOAN

Stage 1 (June 2011) – was carried out to define extent of coal coverage and also to further investigate the geology in the area.

- ❖ 14 Open holes with down hole geophysics
- ❖ Total depth of 100 - 120 metres

Refer to Figure 8 for details of exploration activities carried out.

Stage 2 (September 2012) – infill drilling of areas to inferred status.

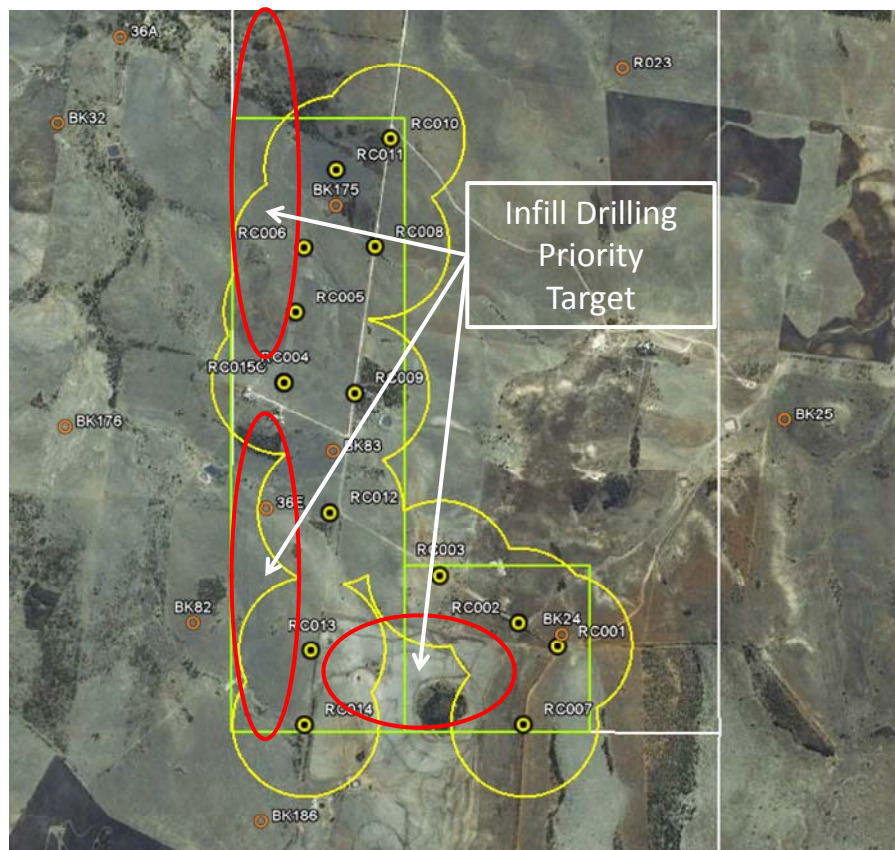


Figure 12: Image showing infill areas to be targeted at EPC 1955 during the next drill campaign.



- ❖ 7-10 open-holes with down hole geophysics
- ❖ Subsequently, 2-3 cored holes to sample and analyse significant coal intersections
- ❖ Total depth of 120 metres

WEST BOWEN COAL PROJECT

Stage 1 (September 2011) – the aim is to further delineate 15-30Mt of resources to JORC inferred category in Calendar Year 2011. (note page 12 for quality comment and page 24 for statement regarding conceptual target qualification).

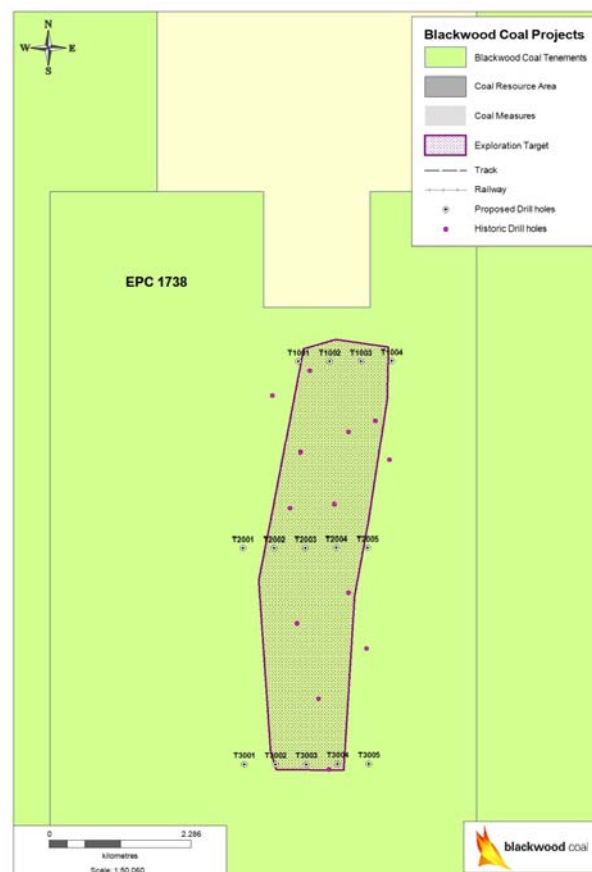


Figure 13: Image showing proposed drill hole locations for the West Bowen Coal Project.

- ❖ Initially, 12 -15 open-holes with down hole geophysics
- ❖ Subsequently, 3 – 4 cored holes to sample and analyse significant coal intersections



- ❖ Depth of 300 metres

Stage 2 (July – August 2012) – to elevate JORC inferred resource category to JORC Indicated Status in Calendar Year 2012

GALILEE

Stage 1 (July 2011) – 4-6 scout hole program to follow up on reported coal intersection

- ❖ Initially, one (1) open-hole with down hole geophysics
- ❖ Five (5) equally spaced (2km) either side of initial hole
- ❖ Depth of 200 metres

Competent Persons Statement

- Coal Resources of Moorlands Prospect.

A report entitled 'Moorlands Prospect: Coal Occurrence and Resources', and dated 13th November 2010, has been made by Fred Robins of Fred Robins Geological Consulting, and it reflects his current view of the Moorlands coal deposit resource. In the future, as additional information may become available, this view could be subject to modification. The full report contains detailed information regarding the Moorlands deposit.

Fred Robins consents to the inclusion in the current document of the matters concerning Coal Resources at Moorlands based on his information in the form and context in which they appear.

Fred Robins has been a Member of the Australasian Institute of Mining and Metallurgy continuously since 1973 and for the majority of this time has worked on the geology and exploration of coal deposits. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' published by the Joint Ore Reserves Committee (JORC).

- Exploration Targets.

The information in this report that relates to Exploration Targets at all prospects, including Moorlands, is based on information compiled by Mr Brice Mutton, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Mutton is engaged as the Technical Director 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 Mutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

All statements as to exploration targets of Blackwood Coal and statements as to potential quality and grade are conceptual in nature. There has been insufficient exploration undertaken to date to define a coal resource and identification of a resource will be totally dependent on the outcome of further exploration. Any statement as to exploration targets has been made consistent with the requirements of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' published by the Joint Ore Reserves Committee (JORC).



Schedule 1 – Proposed CVG Security Structure

Security holder	Current holding of CVG Shares (number) post consolidation	Post-Completion holding of CVG Shares (number) post consolidation	Post-Completion holding of CVG Shares (% of total - <i>undiluted</i>) does not total to 100% because of rounding	Post-Completion holding of BCP Performance Shares (number)	Post-Completion holding of Wellington Performance Shares (number)	Post-Completion holding of Scorpion Performance Shares (number)	Post-Completion holding of CVG options (number)
Existing CVG shareholders	41,641,916	41,641,916	13.6 %	0	0	0	0
Existing CVG 8c option holders	0	0	0	0	0	0	11,150,000 16c options
Existing CVG 10c option holders	0	0	0	0	0	0	600,000 20c options
Existing CVG 20c option holders	0	0	0	0	0	0	19,200,000 40c options
Existing BCP shareholders	0	56,375,910	18.5 %	0	0	0	0
Existing BCP 40c option holders	0	4,317,859	1.4 %	0	0	0	0
Existing BCP 50c option holders	0	2,532,144	0.8 %	0	0	0	0
Existing BCP convertible note holders	0	70,000,000	23 %	0	0	0	0
Owen Wellington	0	750,000	0.2 %	0	25,000,000	0	750,000 offer price options] 25,000,000 performance options
Liberty Resources	0	10,000,000	3.2 %	0	0	0	0



Security holder	Current holding of CVG Shares (number) post consolidation	Post-Completion holding of CVG Shares (number) post consolidation	Post-Completion holding of CVG Shares (% of total - <i>undiluted</i>) does not total to 100% because of rounding	Post-Completion holding of BCP Performance Shares (number)	Post-Completion holding of Wellington Performance Shares (number)	Post-Completion holding of Scorpion Performance Shares (number)	Post-Completion holding of CVG options (number)
BCP management	0	0	0	66,500,000	0	0	
BCP directors	0	5,400,000	1.7 %	0	0	0	0
Scorpion Energy Pty Limited	0	5,100,000	1.6 %	0	0	7,250,000	
ACN Mining Pty Limited	0	8,100,000	2.6 %	0	0	0	0
New CVG shareholders (from Public Offer)	0	100,000,000	32.8 %	0	0	0	0
Totals	41,641,916	304,217,829	100	66,500,000	25,000,000	7,750,000	56,700,000

The agreed term sheet between BWC and CVG provides that the proportion of the combined entity attributed to Convergent shareholders may adjust proportionally if the Bounty project is sold for less than \$4,000,000. At present CVG has an agreement, subject to a number of conditions precedent, to sell the Bounty project for \$4,100,000.



Schedule 2

Summary Terms and Conditions for Performance Shares

BCP Performance Shares

Blackwood Coal shall grant to the BCP Executive Management Team (1) Option for every three (3) Shares of the:

- (a) 5,000,000 issued Shares issued upon receiving a written report from a Competent Person, to the effect that the West Bowen Coal Project, as constituted or relating to the Tenements referred to as EPC 1891 and EPC 1738, has a JORC compliant resource that exceeds 45,000,000 tonnes by no later than 31 December 2012
- (b) 9,000,000 issued Shares issued upon receiving a written report from a Competent Person, to the effect that the East Acland as constituted or relating to the Tenements referred to as EPC 1979 and East Wandoan as constituted or relating to the Tenements referred to as EPC 1955, EPC 1987 and EPC 2232, has a JORC compliance resource that exceeds 40,000,000 tonnes by no later than 31 December 2012 and
 - (i) 7,000,000 issued Shares upon receiving a written report from a Competent Person, to the effect that the Blackwood Coal Project as constituted or relating to all Tenements, has a JORC compliance resource that exceeds 120,000,000 tonnes constituted or relating to the tenements listed in Schedule 3 by no later than 21st December 2013

Wellington Performance Shares

Blackwood Coal shall grant to the Wellington Vendor (1) Option for every one (1) Share of the:

- (a) A\$2,000,000 worth of Shares issued upon receiving a written report from a Competent Person, to the effect that EPC 1802 has a JORC compliant resource in the inferred category that exceeds 100,000,000 tonnes
- (b) A\$3,000,000 worth of Shares issued upon receiving a written report from a Competent Person, to the effect that EPC 1802, has a JORC compliance resource in the indicated category that exceeds 100,000,000 tonnes.

Shares and options to be granted at the Blackwood Coal Listing Price.



Scorpion Performance Shares

Blackwood Coal shall grant to the Scorpion Vendor;

- (a) A\$1,550,000 worth of Shares issued upon receiving a written report from a Competent Person, to the effect that the Amberley Coal Project, as constituted or relating to the Tenements referred to as EPC 2127, has a JORC compliant resource that exceeds 40,000,000 tonnes

Number of Shares will be calculated using a 10 day volume weighted average price

Schedule 3

BCP Performance Shares Tenement List

Region	Tenure
Galilee	EPC 2079
Galilee	EPC 2080
Galilee	EPC 2168
Galilee	EPC 2167
Moorlands	EPC 1891
Moorlands	EPC 1738
Galilee	EPC 1957
East Acland	EPC 1979
Wandoan	EPC 1987
Wandoan	EPC 1955
Galilee	EPC 1802
Surat	EPC 2237