



14 January 2010

BLACKTHORN RESOURCES AUDIO WEBCAST AND TRANSCRIPT

Blackthorn Resources Limited (ASX: BTR – or “the Company”) is pleased to present a Board Room Radio interview with the Company’s Managing Director, Mr Scott Lowe. The presentation is titled "Blackthorn and Glencore Announce Proposed JV for Perkoa Zinc Project - Scott Lowe, Managing Director".

To listen simply [click here to listen](#) or visit the Company’s website at www.blackthornresources.com.au and go to Investor Relations/Webcasts page.

The presentation details are as follows:

- Blackthorn and Glencore Announce Proposed JV for Perkoa Zinc Project
- Presented by Scott Lowe, Managing Director
- Thu, 14 Jan 2010 11:15 AM AEST
- A Transcript of the Broadcast is included below

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**BOARDROOMRADIO INTERVIEW WITH SCOTT LOWE,
MANAGING DIRECTOR, BLACKTHORN RESOURCES LIMITED**

Q1 Good afternoon and welcome to Boardroomradio. I'm speaking with Scott Lowe who is the Managing Director of Blackthorn Resources. Scott, thanks for your time and welcome back to Boardroomradio.

A1 Thanks, James, good to be here.

Q2 You've come out with an announcement that the Company has signed a Heads of Agreement with Glencore for a joint venture to develop the Perkoa Zinc Project. Can you start by telling me who are Glencore and why are they a suitable joint venture partner for Blackthorn Resources? In essence, what do they bring to the table for your shareholders?

A2 Sure. Well, that's a good question. Thanks, James. Firstly, let me say how excited we are about this deal. It's a major milestone in the development of the Perkoa Project, and we think this is a great success, having achieved this point in the deal. Now, the commercial terms in this deal are non-binding and there's still a lot of work to go, but we're very pleased to have reached this point. But, to answer your question about who are Glencore, many of your listeners will be familiar with Glencore. They're well known in the mining industry. They're a very large private company headquartered in Switzerland – one of the largest companies of their kind in the world, actually – and they hold a substantial stake in Xstrata. So they know the mining industry very well. They're a trading company but they're also active at the asset level. They have equity positions in a number of mines and are actually the operator of a number of mines around the world. And we couldn't be happier with the choice of Glencore as a joint venture partner. You know, we're thrilled to have them on board and to have signed this Heads of Agreement with them. What do they bring to the party? Well, there's a number of important things that Glencore bring to the party. Firstly, the funding; they are going to provide or procure all of the funding that's necessary to put the mine into production, and our last estimate is that the capital cost of completing construction will be \$72 million US. But they also bring more than just the money. They have commercial expertise. They understand the base metals market and the zinc market very well, and they have a very good network throughout the market. And also, beyond commercial expertise, they have a lot of technical expertise. And one of the important factors with Perkoa is that we need to do whatever we can to minimise our operating costs and the capital costs. And given Glencore's technical expertise, then we think they're going to be an excellent

partner to help us minimise both the capital and the operating costs. So, in summary, an excellent partner to have who bring a lot more than just the money to the table, and we're very pleased at having reaching this point, and we look forward to continuing negotiations with Glencore to complete a binding joint venture agreement for this project.

Q3 With the understanding that, currently, the terms are non-binding, can you run us through briefly what are the terms of the proposed deal?

A3 Sure. Well, Glencore, having provided or procuring all the funding that's necessary to put the mine into production, they will end up with a 50.1 per cent ownership of the Project. That's at the project level. There's no corporate placement or ownership of Blackthorn Resources' shares in this deal. So they'll own 50.1 per cent of the Project. The Burkina Faso government will retain their 10 per cent free carry. So Blackthorn Resources will retain 39.9 per cent ownership of the Project.

Q4 And why do you believe that it was important to seek JV at the asset level?

A4 Well, the major benefit of this deal for our shareholders is that it doesn't dilute their interest in our other assets, that is, our joint venture with BHP Billiton at the Mumbwa Project in Zambia or our gold exploration in Burkina Faso, for example. There's been no dilution of our shareholders' interests in those Projects, and we see that as a major benefit of this deal.

Q5 And are you able to provide any colour and detail on the timing around the outstanding due diligence?

A5 Sure. Sure. Well, a lot of work has gone in, over many months, to actually reach this point and to put together this Heads of Agreement, but a lot of work remains. So there's the due diligence and a lot more work to do yet, putting together very detailed, binding documents to complete the transaction. Now, that will take weeks. It could take as long as eight to 10 weeks or so. Of course, we'd like to do that as quickly as possible but, being realistic, it could take that length of time. And, once that's done, the key question is how long would it take to put the mine into production. Once we remobilise – so assuming all that goes well and the transaction is completed, then, once we mobilise resources onto the ground, then our estimate is that the mine can be commissioning in nine months or perhaps even less. And we're able to do that because, when we put the mine into care and maintenance back in July

2008, we actually continued to spend some money. Blackthorn Resources continued to invest some money to take the process plant construction forward, and we completed the footings and civil work for the process plant and, more recently – we’re continuing to work today, actually – erecting steel framework for the process plant. So that means that, once the deal is done and we mobilise the resources, a lot of the work that we’ve done now comes off the time required to put the mine into production. So, yeah, nine months or less to be commissioning the mine and beginning to produce an income.

Q6 **Okay. And the mine development was put on hold, care and maintenance, due to a depressed zinc price. Is the Project economic at current levels?**

A6 Yeah. It certainly is, well and truly. There are very attractive returns at the current zinc price. Now, the question that everybody asks is where are zinc prices heading. There’s a range of views on that, of course, but there seems to be a growing number of analysts who are predicting a strengthening of the zinc prices into the future. And if we can put this mine into production in the early part of 2011, then that should coincide with the predicted strengthening of the zinc price. But, even at today’s prices, this is a good investment.

Q7 **Some good news on the zinc front for the Company. I guess we’ll watch this space and look for the finalisation of that deal, and we’ll continue to follow the progress that you’re making with your other Projects.**

A7 Yeah. Look, thanks, James. While everybody had a difficult year last year, and that was certainly true in the case of Blackthorn Resources, we did a lot to restructure and improve this Company, both at the corporate level with corporate restructuring and at the asset level, and I’m feeling very optimistic about the potential of this Company to grow value for our shareholders. So thanks.

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