



24 August 2010

PERKOA ZINC PROJECT BLACKTHORN AND GLENCORE EXECUTE BINDING AGREEMENT FOR THE FORMATION OF A JOINT VENTURE

KEY POINTS

- **Glencore International AG and Blackthorn Resources have signed a legally binding agreement towards formation of a Joint Venture (JV) for the Perkoa Zinc Project in the form of an “Umbrella Deed”.**
- **Attached to the Umbrella Deed are the “cornerstone” JV transaction documents in their final agreed form.**
- **The establishment of a JV for the Perkoa Zinc Project will be subject to a limited number of conditions precedent, including approval by the shareholders of Blackthorn Resources.**
- **Glencore is proposing to commit US\$80 million in the project, comprising US\$ 50M in equity and up to US\$30 million in project finance towards the Project’s development in return for indirectly holding a 50.1% interest in the Perkoa Zinc Project.**
- **Blackthorn Resources will issue a shareholder Notice of Meeting for an EGM in the near future. This notice will include relevant information for shareholders regarding the proposed JV with Glencore.**

Blackthorn Resources Limited (ASX: BTR) (the “Company” or “Blackthorn Resources”) is pleased to provide the following status report on negotiations with Glencore International AG (“Glencore”) regarding the establishment of a JV for the completion of construction and operation of the Perkoa Zinc Project in Burkina Faso, West Africa.

Current status of proposed transaction

Glencore and Blackthorn Resources have signed a legally binding agreement towards formation of a JV with Glencore in the form of an Umbrella Deed. Attached to the Umbrella Deed are a number of “cornerstone” JV transaction documents in their final agreed form that will be put in place at Completion to establish the JV and related financing, security and operational arrangements. This critical milestone has been



reached following completion of extensive due diligence investigations by Glencore and detailed commercial and legal negotiations during the period since Glencore and Blackthorn Resources entered into a Heads of Agreement in relation to the Perkoa Zinc Project in January 2010.

Under the proposed JV arrangements, Glencore will agree to invest US\$80M in the project to fund the remaining capital expected to be required to commission the Perkoa Zinc Mine Project. The first US\$50 million of investment by Glencore will be in the form of equity contribution, with up to US\$30 million of investment to be provided in the form of project finance for the JV. Upon formation of the JV, Glencore will effectively control 50.1% of the Perkoa Zinc Project, with Blackthorn and the State of Burkina Faso holding interests of 39.9% and 10.0% respectively.

Following establishment of the JV, Glencore will be responsible for managing construction with the aim of allowing Perkoa to be producing saleable zinc concentrate in early 2012.

The investment by Glencore will also result in Blackthorn Resources having two of the world's largest resource companies as joint venture partners in two quality base metals projects in Africa – Glencore at the Perkoa Zinc Project and BHP Billiton at the Mumbwa Project.

Next steps

The establishment of a JV for the Perkoa Zinc Project will be subject to a limited number of conditions precedent, including shareholder approval via an EGM. A Notice of Meeting for an EGM incorporating relevant shareholder information is currently being drafted. This notice will schedule a meeting to seek shareholder approval of the transaction. The EGM is expected to be held around mid-October.

Managing Director Scott Lowe said: *“This is a very significant milestone for Perkoa and for Blackthorn Resources shareholders. With the signing of the “Umbrella Deed”, the formation of a legally binding JV between Blackthorn Resources and Glencore is now subject only to shareholder approval and a limited number of conditions precedent. The Notice of Meeting, to be issued shortly will provide our shareholders with the information necessary to vote on the proposed transaction, and we look forward to this next important step on Blackthorn Resources’ path to production.”*

Greenwich Legal is acting as Blackthorn Resources’ legal adviser and UBS AG, Australia Branch is acting as Blackthorn Resources’ financial adviser.



Should you require further information please contact:

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Ends

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