



23 December 2008

MUMBWA PROJECT UPDATE

Key Points

- **Independent Geological Consultant report provides encouraging conclusions about project potential**
- **Safety improvements being implemented on site**
- **BHP Billiton progressing internal geological review and changes to drill pattern design**
- **Zambian Government provides updated cadastre map and confirms presence of overlapping licences outside drilling area**

Blackthorn Resources Limited ("the Company", "Blackthorn Resources") is pleased to provide the following progress update for the Mumbwa Joint Venture Project in Zambia ("the Joint Venture").

Independent Geologists Report

In June 2008, BK Consulting, an independent geological consulting firm was commissioned to provide an opinion regarding the geological interpretation of the Mumbwa project based on field visits and information available at the time. Since that report, more assay data has been made available and BK Consulting was requested to update their opinion based on the receipt of additional results and information.

This recently received report concludes that the current data supports the view expressed in a number of other independent reports that the Mumbwa Project has positive potential to host an important Iron Oxide-Copper Gold ("IOCG") system.

The following are extracts from the independent geologist's report:

"[Blackthorn Resource's] drilling on the Mumbwa project has delineated copper mineralization of potentially significant grade and size. The mineralization is spatially related to a massive hematite replacement zone, possibly controlled by a regional structure, shares many characteristics of the IOCG deposit model, and remains open in two directions along strike."

".... mineralized holes of the current [drilling] campaign, together with S36_001 drilled during [an earlier] campaign, appear to define a mineralized system as much as 1 kilometer long in a north-south direction and up to 400 meters wide in an east-west direction.... The mineralized area lies immediately west of, and parallel to, the massive hematite replacement body's western boundary (as mapped at the surface), and is located at a southwesterly bend in strike, possibly the site of a structural intersection.".... "data available to date indicate the Mumbwa copper mineralization is associated with very little gold of significance."

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“.... With continued success in additional step-out and in-fill drilling, this project.... may lead to defining an IOCG type copper deposit of significant economic importance.”

“Further exploration stands a very good chance of greatly expanding or extending this discovery as the mineralized zone as currently known appears to parallel a strong district-sized geophysical anomaly comparable in strength to, but much larger than, the geophysical anomaly found over the super-giant Olympic Dam IOCG deposit in Australia.”

Managing Director Scott Lowe said “Recent results have been encouraging on face value, and this interpretation of available data gives us confidence to continue exploration plans to better define and assess the projects’ economic potential.”

Operations Update

BHP Billiton has assumed management of operations as part of a transitional “hand over” phase of the Joint Venture.

Safety improvements

In November 2008, a serious but non fatal injury occurred on site involving a drilling subcontractor. Following a detailed and thorough investigation of all activities, BHP Billiton, in consultation with Blackthorn Resources is implementing a range of safety improvements at the site.

This has caused some interruption to operations, however delays have been kept to a minimum. Blackthorn Resources fully supports BHP Billiton’s safety improvement programme.

Sampling and Analysis

8,000m was drilled in Phase 3 producing 18 holes, with assay results to date reported for 10 holes (56%).

Assay results for the remaining 8 holes will be announced as they become available, and are expected to be reported in calendar 2009. This is later than was originally planned due to a range of operational issues including safety improvements, however actions are continuing to be taken to minimise delays.

BHP Billiton Internal Review

In November 2008, BHP Billiton conducted a detailed review of the Mumbwa project involving internal expertise. The purpose of this review was to incorporate recent results and interpret available geological information to plan additional exploration, including step-out or infill drilling. This work by BHP Billiton is ongoing.

Tenement Details - Map and Overlapping licences

BHP Billiton holds and administers the exploration license for Mumbwa on behalf of the Joint Venture.



As holder of the licence, BHP Billiton was recently supplied with updated information for exploration licences in the area, from the Zambian Mines Development Department. This information included an updated tenement map produced by the Governments' new geographical information mapping system.

In addition to the lease boundary details, BHP Billiton has received confirmation of the existence of some overlapping licences held by third parties granted by the Zambian Government. These overlapping licences are not over ground currently being drilled, or over proposed drill pattern areas. BHP Billiton will continue to administer the licence and is consulting with Blackthorn Resources on a strategy to address this issue.

Summary

Blackthorn Resources remains very positive about this exciting project based on the receipt of encouraging results so far. As JV partners, the Company intends to continue working closely with BHP Billiton to further explore and study the area with a view to ultimately assessing the economic viability of the Mumbwa project.

ATTRIBUTION

The information in this report which relates to Exploration Results at the Mumbwa JV Project has been reviewed and approved for release by Mr Michael J Robertson, MSc, Pr.Sci.Nat., MSAIMM who has 20 years experience in mineral exploration, and who is a full-time employee of MSA Geoservices, and has sufficient experience in relation to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code 2004 Edition) and as a Qualified Person under the AIM Rules. Mr Robertson has consented to inclusion of this information in the form and context in which it appears.

Should you require further information please contact:

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