



31 July 2009

## **QUARTERLY ACTIVITIES REVIEW**

### **For the period ended 30 June 2009**

#### **► KEY ISSUES**

##### **PERKOA (Blackthorn Resources 90%)**

- Construction work on plant footings and foundations completed
- Community and social programs continued
- Project economics currently being reviewed

##### **BURKINA FASO EXPLORATION (Blackthorn Resources 100%)**

- Phase 1 & 2 exploration drilling program completed
- Phase 3 exploration drilling currently being planned

##### **MUMBWA (Blackthorn Resources 60%)**

- JV partner, BHP Billiton, pays USD1.1 million back-in payment for a 10% interest
- Final assay results from Phase 3 drilling program received (Blackthorn funded)
- Phase 3B drilling program continued (BHP Billiton funded)

#### **CORPORATE**

- Cash on hand at 30 June 2009 was \$18.3 million
- Blackthorn Resources listed options expired 30 June 2009
- Blackthorn Resources issued 4,900,000 Employee Options pursuant to the Employee Option Plan
- Chairman Mr Bill Cash to continue as a non-executive director from 1 July 2009

► **PERKOA ZINC PROJECT, BURKINA FASO** (Blackthorn Resources 90%)

Perkoa Care & Maintenance Program

The care and maintenance program, implemented at the Perkoa Zinc Mine development in July 2008, continued during the quarter. Contractors completed the footings and foundations for the process plant.



A limited program of plant steel fabrication is forecast to begin in August 2009.

The Company continues to review current economic conditions with a view to recommencing full construction activities at the Perkoa Zinc Mine when the outlook for zinc prices has improved sufficiently and suitable financing to complete construction becomes available.

### Community & Social Program

Whilst the zinc mine development has been slowed to a minimum level, the Company's on-going commitment to support its community and social initiatives has continued.

Construction of housing for local residents displaced by the Perkoa Zinc Mine development commenced during the quarter.



### ► **EXPLORATION – BURKINA FASO** (Blackthorn Resources 100%)

#### Gold Exploration Activities

During the quarter, the Company completed the Phase 1 & 2 drilling programs, which completed 35 Reverse Circulation (RC) holes for a combined total of 5,027m targeting 8 prospects and excavated 4,790m of trenches on 5 prospects.

Twenty two of the 35 holes detected gold mineralisation above the 0.45 g/t reporting cut-off, on 4 of the 8 prospects.

► **MUMBWA JOINT VENTURE PROJECT, ZAMBIA** (Blackthorn Resources 60%)

Phase 3 Drilling Program

During the quarter, the Company received and announced the final drilling results from its Phase 3 drilling program, which was completed in March 2009.

The Phase 3 drilling program drilled 18 holes for a total of 8,000 metres. Assay results were received from 16 complete holes, with 12 holes reporting mineralisation above the 0.25% copper and/or the 0.25 g/t gold cut-off.

Phase 3B Drilling Program

In April 2009, BHP Billiton, the Company's Joint Venture partner on the Mumbwa JV project, paid Blackthorn Resources USD 1.1 million to acquire back a 10% interest in the Mumbwa JV project, in accordance with the amended JV agreement. As a result Blackthorn Resources retains a 60% interest in the Mumbwa JV and BHP Billiton a 40% interest.

During the quarter, BHP Billiton continued work under its Phase 3B drilling program, with 14 cored holes drilled for more than 6,400m completed. This drilling phase, which commenced in late 2008, is targeting a much wider spaced drill pattern, and is exploring for continuation of the mineralisation system outside of the initial targeted area.

► **MOKOPANE PROJECT, SOUTH AFRICA** (Blackthorn Resources 74%)

No work has been carried out on this project during the quarter.

The Company, in conjunction with its Black Economic Empowerment partner, continued to investigate strategic options in relation to the Mokopane asset, including JV farm-in opportunities.

► **CORPORATE**

**Available Cash Funds**

As at 30 June 2009, the Company had cash on hand of \$18.3 million.

The Company received the USD1.1 million (AUD 1.5 million) back-in payment from BHP Billiton.

Expenditure incurred during the quarter to 30 June 2009 on the Perkoa Zinc Mine development, including community and social programs and care & maintenance, totalled \$1.0 million. Exploration expenditure incurred on the Mumbwa JV project and Burkina Faso exploration programs totalled \$1.1 million.

Expenditure to be incurred in the next quarter on exploration and development activities is forecast to be \$2.2 million. This amount includes final retention payments\* due in relation to completed Perkoa Zinc Mine development contracts, of \$1.0 million.

*\* Many of the contracts completed or cancelled when the mine development was temporarily suspended provided for a portion of the contract amounts owing to be withheld for periods of up to 12 months. In the next quarter, the last of these retention payments will be paid to the contractors.*



## Options

On the 30 June 2009, the Company issued 4.9 million options to eligible employees under the Employee Option Plan, approved by shareholders at the Extraordinary General Meeting held on 18 June 2009. The options, with an exercise price of \$0.45, are exercisable between 28 April 2010 and 28 April 2012 upon the achievement of specified share price targets.

In addition, the Company advised that 13,195,945 listed options with an exercise price of \$1.00 each expired on 30 June 2009.

## Board Update

Chairman Mr Bill Cash advised the Board that he intended to retire as an executive director of the Company effective from 30 June 2009. However, Mr Cash remains as the Company's Chairman on a non-executive basis.

### ATTRIBUTION

The information in this report which relates to exploration activities in Burkina Faso has been reviewed and approved for release by Mr Adama Barry, who is a member of The Australasian Institute of Mining and Metallurgy. Mr Adama Barry has 20 years experience in mineral exploration and who is a full-time employee of Nantou Mining Limited BV, a subsidiary of Blackthorn Resources in Burkina Faso, 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). Mr Barry has consented to the inclusion of this information in the form and context in which it appears.

The information in this report which relates to exploration activities 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 Group, 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). Mr Robertson has consented to the inclusion of this information in the form and context in which it appears.

ENDS

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