



28 October 2009

## **QUARTERLY ACTIVITIES REVIEW**

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

#### **► KEY ISSUES**

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

- Structural and mechanical works on the plant commenced
- Updated audited financial model completed by SRK Consulting
- UBS AG Australian branch engaged to assist in securing a JV partner/investor
- Community and social programs continued

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

- Phase 3 RAB drilling program commenced

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

- Phase 3B drilling results from 6 drill holes received (BHP Billiton funded)
- Phase 3B drilling suspended due to difficulties caused by the wet season and safety issues
- Application to renew the Mumbwa exploration licence submitted by BHP Billiton in accordance with the Zambian Mines Development Act
- Initial JORC Code compliant Inferred Mineral Resource estimate completed on the Kitumba anomaly for the Mumbwa JV project (post quarter-end)

#### **CORPORATE**

- Cash on hand at 30 September 2009 was \$16.2 million
- Share register changed to Computershare Investor Services effective 19 October 2009
- Annual General Meeting to be held on Friday, 27 November 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. In addition the civil works were completed for the plant site and the assembly of structural and mechanical components commenced.



### Updated Financial Model

An updated financial model for the Perkoa Zinc Mine was completed which has been audited by SRK Consulting (UK) Ltd (“SRK”) and which takes into account operational cost savings as well as revised capital costs and zinc price forecasts derived by Blackthorn Resources. SRK is also preparing an independent report on the Perkoa project which comprises a full audit of all technical aspects of the project.

The key outcomes of the updated financial model include:

- Life of Mine (LOM) ore production 6.304 Mt
- Ore production rate 720 kt pa
- Concentrate production (53% Zinc) rate 170k dmt pa
- Cash costs of production ~ USD1,500 per tonne\*
- Capital required to complete USD72M (excluding ongoing capital)

*\* Per payable metal zinc tonne. No silver or lead credits have been assumed*

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. The Company believes that the best way to finance the completion of the Perkoa development is a joint venture at the project level. However, alternative forms of funding may be considered as part of the overall financing solution.

The Company has appointed UBS AG, Australian Branch as financial advisor to assist in securing a joint venture partner. To date interest has been expressed by a number of parties in becoming a joint venture partner at Perkoa, and the Company continues to discuss opportunities with these interested parties.

### Community & Social Program

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

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

#### Gold Exploration Activities

The Company commenced the Phase 3 drilling program in August 2009, which is using the Rotary Air Blast (RAB) method to drill 126 vertical holes totalling approximately 2,500 meters. To date 41 shallow RAB holes totalling 586m have been drilled. The RAB drilling program will complete the remaining 85 holes in the coming weeks following the wet season.

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

Phase 3B Drilling Program

During the quarter, BHP Billiton continued work under its Phase 3B drilling program, with in excess of 8,000m now drilled, comprising 11 holes over the Kitumba anomaly, where Blackthorn Resources had concentrated the previous drilling phases, and 4 holes (plus 2 abandoned holes) over the Mushangashi anomaly, where exploration efforts are now being focussed.

With the on-set of the wet season and as a result of safety issues, including wildlife management, the Phase 3B drilling was suspended. In addition, BHP Billiton terminated the drilling contractor, and a process is currently underway to identify a replacement contractor to continue the Phase 3B drilling program. Drilling will recommence after the wet season and following implementation of a safety improvement program.

Exploration Licence Renewal

BHP Billiton lodged the renewal application for Prospecting Licence LPL 374 in August 2009 in accordance with the Zambian Mines Development Act 2008. This licence is due for renewal in November 2009.

Kitumba Mineral Resource Estimate

Subsequent to the end of the quarter, the Company released an initial Inferred Mineral Resource estimate for the Kitumba anomaly of the Mumbwa JV project which covers an area of approximately 1,800m by 400m, where drilling was focused and modelled to a depth of 900m from surface. Data for the mineral resource estimate was collected from current and previous drilling campaigns and included 4,794m from 25 cored drill holes and 1 reverse circulation drill hole. Using a 0.2% Cu cut off grade, the in situ Inferred Mineral Resource is estimated to be approximately 345 million tonnes at 0.47% copper and 0.06% gold.

Copper Cut Off (%)	Million Tonnes (Mt)	Copper Cu %	Gold Au g/t	Silver Ag g/t	Uranium U ppm
0.00	571	0.34	0.06	1.45	44
0.20	345	0.47	0.06	1.38	45
0.50	87	0.94	0.05	1.27	37

► **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 discussion with a potential JV farm-in partner.

► **CORPORATE**

**Available Cash Funds**

As at 30 September 2009, the Company had cash on hand of \$16.2 million.

Expenditure incurred during the quarter to 30 September 2009 on the Perkoa Zinc Mine development, including community and social programs and care & maintenance, totalled \$0.7 million. Exploration expenditure incurred, principally on the Burkina Faso exploration program totalled \$0.4 million.

Expenditure to be incurred in the next quarter on exploration and development activities is forecast to be \$1.9 million. This amount includes provision for final retention payments\* in relation to completed Perkoa Zinc Mine development contracts, of \$0.9 million, which were deferred from the prior quarter pending finalisation of amounts payable.

*\* 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.*

**Issued Capital**

Issued capital at 30 September 2009 was:

- 106,885,300 ordinary shares;
- 14,519,257 unlisted warrants, with exercise price \$4.50, expiring 28 September 2010;
- 4,900,000 employee options, with exercise price \$0.45, expiring 28 April 2012.

**Share Register**

Effective 19 October 2009, the Company's has changed its share registrar to Computershare Investor Services. Computershare's contact details are available on the Company's website at [www.blackthornresources.com.au](http://www.blackthornresources.com.au).

**Annual General Meeting**

The Company's AGM is to be held on Friday, 27 November 2009, at the Sheraton On The Park Hotel, 161 Elizabeth Street, Sydney NSW 2000, commencing at 10.30am.



**BLACKTHORN**  
RESOURCES

*Perkoa Zinc Project*

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves at the Perkoa Zinc Project is based on information compiled by Mr John Miles and Dr Mike Armitage, both of whom are Members of the Institute of Materials, Minerals and Mining which is a 'Recognised Overseas Professional Organisation' ('ROPO'). Dr Armitage, who is also a fellow of the Geological Society of London, is the Chairman of SRK Consulting (UK) Ltd and has taken responsibility for the mineral resource aspects of SRK's work. Mr Miles is a Principal Associate of SRK Consulting (UK) and takes responsibility for the ore reserve and economic modelling aspects of SRK's work. Mr Miles and Dr Armitage both have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Miles and Dr Armitage consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

*Burkina Faso Gold Exploration*

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.

**ATTRIBUTION**

*Mumbwa Project*

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.

The information in this report which relates to Mineral Resources at the Mumbwa JV Project has been reviewed and approved for release by Mr Michael R Hall, MAusIMM who has 28 years experience in mineral exploration, and who is a consultant to the 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 in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hall 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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**Managing Director**

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**ENDS**

PRESS RELEASE