



27 April 2011

THIRD QUARTER ACTIVITIES REPORT

For the period ended 31 March 2011

► KEY POINTS

PERKOA JV (Blackthorn Resources 39.9%)

- Investigation of potential value enhancing changes to the scope of the Perkoa Zinc Project initiated, including the potential for silver and lead concentrate production.
- On-site construction activity and underground mine development and drilling continued.

MUMBWA JV (Blackthorn Resources 60%)

- Assay verification process completed, confirming that only low levels of gold were detected in the subsequent reanalysis of drill hole MUM-008BD.
- All other base metal and gold assays from the other Phase 4 drill holes previously reported were confirmed to be correct.
- Assay results for 5 remaining Phase 4 drill holes received (post quarter-end)

CORPORATE

- Cash on hand at 31 March 2011 was \$6.2 million
- Mr Louis Mnguni resigned as a director effective 25 January 2011.
Mr Michael Oppenheimer agreed to join the Board effective 1 April 2011.
- Glencore International AG agreed to invest \$10 million by way of a private placement of 16,032,700 ordinary shares at \$0.6245 per share, being a 20% premium to the 45 day VWAP.
- Interim financial report for half-year ended 31 December 2010 released.

► **PERKOA JV, BURKINA FASO** (Blackthorn Resources 39.9%)

Perkoa Joint Venture

Construction activities and underground mine development and drilling continued during the quarter.

The mining contractor responsible for the decline development has mobilised, with ~ 32m of the underground ramp developed during the quarter using pneumatic drill machines, pending the delivery of the jumbos which are expected to arrive in early May 2011. The mine water settling pond system and rain water handling system were completed.

In addition, work on the mining workshop, warehouse, mine changing room, offices and camp, and sewage system resumed, with completion of this work expected by the end of June. Construction of the tailings and process water dams also commenced during the quarter.

A contract has been awarded for construction of the Seboun water pipeline, and work commenced on setting out and clearing the pipeline easement.

A contractor has been appointed and drilling planned for 1,900m of diamond-core drilling at the Perkoa mine site. Drilling is planned to commence in April 2011.



Perkoa Zinc Mine Portal



Mine Optimisation Study

Glencore has initiated a study of potential value enhancing changes to the scope of the Perkoa Zinc Project. The study aims to investigate the economic viability for improvements to the project business case, including:

- Production of silver and lead concentrate to enhance revenues;
- Open-cut mining to supplement the underground operation;
- Reduction in the project schedule;
- Reduction in overall operational costs; and
- An increase in processing plant capacity to 1 Mtpa.

In March 2011, the Company signed a Heads of Agreement (HoA) with Glencore regarding co-operation on the investigations into these value enhancing initiatives. The HoA includes terms of a loan facility from Glencore to the JV as one alternative to fund any expansion. Any lead concentrate produced from an expansion in the project scope would be sold to Glencore under an off-take agreement based on industry benchmark terms.

► **GOLD EXPLORATION, BURKINA FASO** (Blackthorn Resources 100%)

The Company continued its review of exploration data and the 3D geological model to determine further prospective areas for follow-up exploration work. A detailed plan for the next stage of exploration work is currently being developed.

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

Phase 4 Drilling Program

No further drilling activities were carried out under the Phase 4 program during the quarter. Subsequent to quarter-end, BHP Billiton advised the Company that it does not intend to conduct any further drilling on the Mumbwa licence area up to the end of Phase 4 on 30 June 2011.

Assay Verification Process Drilling Results

The assay verification process, previously agreed with BHP Billiton and announced on 21 December 2010, was completed during the quarter.

The assay verification process was implemented to confirm a potential discrepancy in gold assay identified in drill hole MUM-008BD. Reanalysis of the original sample pulps and



coarse rejects as well as quarter core resamples taken from remaining half-core confirmed there was an error made by the laboratory in the original gold assay for drill hole MUM-008BD. Only low levels of gold were detected in the subsequent reanalyses of samples from the drill hole.

All base metal and gold assays from the other Phase 4 drill holes previously reported to the ASX were confirmed to be correct.

Assay results from the five remaining Phase 4 drill holes were completed and reported subsequent to the quarter-end. A sixth Phase 4 hole was drilled but was not sampled as it was abandoned before final depth.

Details of drilling parameters and the assay results for the 14 drill holes reported for Phase 4 are included in **Annexure 1**.

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

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

During the quarter-end, Blackthorn Resources announced that it had not yet been able to secure settlement of the sale of the Company's 74% interest in the Mokopane Project in South Africa from its Black Economic Empowerment (BEE) partner, Matimba Resources, which it announced in July 2010.

The Company fully impaired the carrying value of its investment in the Mokopane project in 2009.

► **CORPORATE**

Available Cash Funds

As at 31 March 2011, the Company had cash on hand of \$6.2 million.

During the quarter, the Company incurred expenditure on the Perkoa Zinc Mine development, including community & social programs of \$0.1 million. Exploration expenditure incurred, principally on the Burkina Faso gold exploration program, totalled \$0.2million.

In addition, during the quarter the Company incurred administration expenses of \$0.5 million, net of interest received.

Expenditure to be incurred in the next quarter on exploration activities is forecast to be \$0.3 million. Expenditure to be incurred on administration expenses, net of interest received, is forecast to be \$0.6 million.



Glencore Placement

In March 2011, the Company announced that Glencore International AG had agreed to invest \$10 million by way of a private placement of 16,032,700 ordinary shares at \$0.6245 per share, being a 20% premium to the 45 day VWAP.

Following the placement, Glencore will become the Company's largest shareholder with a holding of 13%.

Half-year Report

The Company's Interim Financial Report for the half-year ended 31 December 2010 was lodged on 15 March 2011. A copy of this report is available from the Company and on the Company's website at www.blackthornresources.com.au

Issued Capital

Issued capital at 31 March 2011 was:

- 106,885,300 ordinary shares;
- 4,900,000 employee options, with exercise price \$0.45, expiring 28 April 2012;
- 100,000 employee options, with exercise price \$0.80, expiring 15 December 2011.

Managing Director, Scott Lowe, said

"We are delighted that Glencore has agreed to invest in Blackthorn Resources and become its largest shareholder, in addition to being its JV partner in the Perkoa Zinc Project. This transaction further strengthens the very positive relationship that has developed between the two companies. This strategic investment by Glencore is a major milestone for the Company and stands as testament to the quality of our assets and the manner in which the Company is managed.

Whilst we acknowledge BHP Billiton's decision not to conduct any additional drilling under Phase 4 of the Mumbwa Project, we remain enthusiastic about the Mumbwa Project and the potential to enhance value, whether or not BHP Billiton elects to continue participation in the project.

We also welcome on to the Board Mike Oppenheimer. Mike will bring a wealth of commercial and financial market experience and industry expertise to the Company at this crucial time in the Company's strategic development."

ATTRIBUTION

Mumbwa JV Project

The information in this report which relates to Exploration Activities at the Mumbwa JV Project in Zambia has been reviewed and approved for release by Mr Michael J Robertson, MSc, Pr.Sci.Nat., MSAIMM who is a member of The South African Institute of Mining and Metallurgy. Mr Robertson has 22 years' experience in mineral exploration and is a full-time employee of the MSA Group. Mr Robertson 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 Robertson has consented to inclusion in the report of the matters based on his information in the form and context in which it appears.

Should you require further information please contact:

Scott Lowe
Managing Director
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ANNEXURE 1 – Mumbwa JV Project

**SCHEDULE 1 – Summary of drilling parameters for 15 targets from Phase 4
Mumbwa JV Project**

Target ID	Drill Hole ID	Planned Depth (m)	EOH Depth (m)	Easting (m)	Northing (m)	Dip (°)	Azimuth (°)	
MU_01	MUM-0004D	800	1,077.8	475,750	8,376,550	-60	112	
MU_02	MUM-0003BD	1,100	1,032.0	476,460	8,377,800	-60	270	
MUS_06	MUM-0010BD	800	911.6	472,850	8,391,650	-90	000	
MUS_07	MUM-0007BD	1,200	1,026.3	472,300	8,390,250	-60	090	
MUS_08	MUM-0012BD	800	986.2	472,890	8,389,100	-85	320	
MUS_010	<i>Not drilled</i>	800	<i>Not drilled</i>	472,490	8,385,720	-60	090	
MUS_011	MUM-0016BD	800	434.9	473,500	8,386,250	-60	270	
	MUM-0018BD	1,250	1,122.0	473,520	8,386,250	-75	270	
SM_01	MUM-0001BD	800	850.7	474,398	8,379,700	-60	090	
SM_02	MUM-0006BD	1,100	1,004.7	474,740	8,380,395	-60	270	
SM_03	MUM-0011BD	800	928.3	473,250	8,382,100	-70	270	
SM-05	MUM-0009D	1,000	1,000.0	473,900	8,383,700	-60	270	
MUS-05A	MUM-0015BD	1,000	1,038.7	472,870	8,388,100	-80	200	
MUS_015	MUM-0008BD	1,200	1,094.6	473,696	8,380,688	-70	320	
MUS_016	MUM-0014D	1,200	939.5	475,500	8,381,200	-50	270	
MU_03	MUM-0017BD	1,100	1,100.8	476,770	8,375,250	-55	090	
		15,750	14,548.1					

SCHEDULE 2 – Summary of assay results from 14 Phase 4 drilling holes

Gold assays from DDH holes are reviewed initially using a 0.0 g/t Au cut-off to broadly identify mineralised zones. Mineralised zones within drill holes are further assessed using a 0.25% Cu and 0.25 g/t Au cut-off grade to evaluate the mineralised intersections for reporting purposes. Only mineralised intersections with weighted average cut-off grade greater than 0.25% Cu and 0.25 g/t Au are reported below. True-width intersections are not quoted as additional interpretation is required to correlate data from adjacent holes.

Drill hole ID	Depth From (m)	Depth To (m)	Drilled Interval (m)	Copper Assay (%)	Gold Assay (g/t)
MUM-0001BD	418	420	2	0.31	-
	432	434	2	0.27	-
	436	438	2	0.34	-
	506	510	4	0.26	-
	518	520	2	0.29	-
	524	526	2	0.29	-
	532	536	4	0.28	-
	542	546	4	0.44	-
	588	590	2	0.35	-
	626	628	2	-	0.39
	678	680	2	0.59	-
	706	708	2	0.47	-
802	822	2	-	1.72	
MUM-0003BD	562	564	2	-	1.35
	758	760	2	0.28	-
	830	832	4	0.48	-
	1,020	1,024	4	0.57	-
MUM-0004D	398	400	2	0.28	-
	414	416	2	0.51	-
	510	514	4	0.79	-
	916	918	2	0.41	-
	976	978	2	0.27	-
	1050	1052	2	0.31	-
	1070	1072	2	0.36	-
	1074	1077.8	3.8	0.62	-
MUM-0006BD	490	492	2	0.53	-
	888	890	2	0.26	-
	916	918	2	0.27	-
	922	924	2	0.35	-
	942	944	2	0.26	-
	946	948	2	0.29	-



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Drill hole ID	Depth From (m)	Depth To (m)	Drilled Interval (m)	Copper Assay (%)	Gold Assay (g/t)
MUM-0007BD	360	362	2	0.53	-
	454	456	2	0.35	-
	534	538	4	1.13	-
	540	542	2	0.5	-
	552	554	2	0.35	-
	598	604	6	1.16	-
	652	654	2	0.3	-
	664	666	2	1.05	-
	690	692	2	-	0.35
	700	702	2	0.51	-
	758	768	10	1.80	-
	772	782	10	0.93	-
	790	794	4	0.95	-
	800	806	6	0.53	-
	812	814	2	0.35	-
870	872	2	0.49	-	
MUM-0008BD	347	351	4	0.30	-
MUM-0009D	520	522	2	-	0.69
	820	822	2	0.39	-
MUM-0010BD	328	330	2	0.33	-
	532	536	4	0.38	-
	542	544	2	0.29	-
MUM-0011BD	446	448	2	0.62	-
	550	552	2	0.35	-
	632	634	2	0.68	-
	640	646	6	0.52	-
	684	688	4	-	0.29
	828	830	2	-	0.27
MUM-0012BD	486	488	2	0.29	-
	516	518	2	0.35	-
	586	588	2	0.41	-
	592	594	2	0.3	-
	606	608	2	0.43	-
	610	614	4	0.37	-
	820	822	2	0.34	-
MUM-0014D	354	356	2	0.63	-
	364	366	2	0.33	-
	370	384	14	0.93	-
	388	392	4	0.49	-
	394	398	4	0.58	-
	428	432	4	0.45	-

Drill hole ID	Depth From (m)	Depth To (m)	Drilled Interval (m)	Copper Assay (%)	Gold Assay (g/t)
	440	442	2	0.35	-
MUM-0015BD	430	436	6	0.53	-
	440	442	2	0.37	-
	468	472	4	0.29	-
	480	484	4	0.34	-
	514	516	2	0.26	-
	518	522	4	0.46	-
	526	528	2	0.27	-
	548	552	4	0.33	-
	554	558	4	0.28	-
	564	566	2	0.27	-
	570	574	4	-	0.84
	798	800	2	-	0.42
MUM-0017BD	860	862	2	0.25	-
	950	952	2	0.28	-
	1066	1068	2	0.33	-
MUM-0018BD	1006	1008	2	0.30	-

Notes:

1. Gold and copper assays were performed by ISO 9001 and ISO/IEC 17025 accredited SGS South Africa (Pty) Ltd laboratory in Johannesburg, South Africa. Samples were analysed by multi-acid digest followed by inductively coupled plasma atomic emission spectrometry (ICP-AES) and inductively coupled plasma mass spectrometry (ICP-MS) for multi-elements (non-accredited method) and by fire assay with atomic absorption spectrometry finish for gold. A Quality Assurance/Quality Control (QA/QC) program includes chain of custody protocol, a systematic submittal of 10% QA/QC samples including field duplicates, field blanks and certified reference samples into the flow of samples submitted to the laboratory as well as re-assaying of the mineralised zones.
2. Samples were obtained by splitting nominal sized HQ/NQ diamond-core in half to obtain approximately 8kg samples. Half core was submitted to the laboratory for analysis with the remaining half stored in core trays at the onsite core storage facility at Mumbwa in Zambia.
3. For review of mineralisation from drilling in Zambia, a 0.25% Cu and 0.25 g/t Au cut-off was applied to mineralised intervals and weighted averages for continuous zones above the nominated cut-offs were calculated for reporting purposes.

ENDS