



29 October 2014

The Manager, Company Announcements  
ASX Limited  
Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

## **FIRST QUARTER ACTIVITIES REPORT**

Blackthorn Resources Limited (ASX: BTR) is pleased to provide its Quarterly Activities Report - September 2014 as attached.

**Should you require further information please contact:**

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# BLACKTHORN RESOURCES LIMITED



**BLACKTHORN  
RESOURCES**

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## FIRST QUARTER ACTIVITIES REPORT

SEPTEMBER 2014



# FIRST QUARTER ACTIVITIES REPORT - SEPTEMBER 2014

## KEY POINTS

### KITUMBA PROJECT (Blackthorn Resources 100%)

- Mining Licence Application lodged
- DFS drilling program underway
- DFS work program commenced

### MUMBWA EXPLORATION (Blackthorn Resources 100%)

- IP targets identified for further work between Kitumba and Kakozhi
- Drilling of new targets commenced

### PERKOA PROJECT

- Sale of interest in the Perkoa Project (Share Transaction) and Burkina Faso Exploration Licences (EL Transaction) to Glencore approved by shareholders
- Share Transaction completed with US\$10 million received
- EL Transaction completion including receipt of the US\$2 million is contingent, amongst other things, on government approval for the transfer of licences

### BURKINA FASO EXPLORATION

- No additional field work undertaken pending completion of the EL Transaction

### CORPORATE

- Cash on hand at 30 September 2014 was \$19.2 million.
- Merger with Intrepid Mines by way of Scheme of Arrangement announced
- 2014 Annual Report released
- Scheme booklet distributed to shareholders
- Notice of AGM released

# KITUMBA PROJECT, ZAMBIA (Blackthorn Resources 100%)



## **Kitumba Definitive Feasibility Study**

In May 2014, Blackthorn Resources announced that it intended to commence a Definitive Feasibility Study (DFS) on the Kitumba Project with the aim of demonstrating the value of the Kitumba Project through increasing confidence in the technical and implementation plans.

Prior to engaging a study manager for the DFS, Blackthorn Resources is conducting a comprehensive drilling campaign of approximately 12,000m in and around the Kitumba deposit to aid in the DFS level studies for both the proposed mine and process plant design.

In June 2014, Blackthorn Resources announced that it had commenced the DFS drilling program with three drill rigs, targeting infill drilling for further metallurgical, geotechnical and hydrogeological assessment and some additional resource definition. The drilling program has been designed in consultation with Blackthorn Resources' metallurgical, mining engineering, geotechnical and hydrological consultants.

In addition to the drilling program, the DFS will incorporate a comprehensive work program to refine the technical, economic and planning outcomes produced by the Optimised Prefeasibility Study (OPFS). The DFS is expected to cost approximately

\$20 million and is expected to be completed in Q4 CY 2015.

The drilling program is progressing to plan, with a total of approximately 10,000m of the 12,000m of planned drilling having been completed at the end of the quarter.

From this drilling, approximately 3,800 kg of core sample has been collected for the metallurgical testing program.

## **Mining Licence Application**

In July 2014, Blackthorn Resources (Zambia) Limited, a wholly owned subsidiary of Blackthorn Resources, lodged an application with the Zambian Ministry of Mines for a large-scale mining licence for the Kitumba Project under section 25 of the Mines and Minerals Development Act.

The OPFS, together with the Environmental Impact Statement considered by the Zambian Environmental Management Agency, have been provided to the Ministry of Mines in support of the Mining Licence Application.

The Mining Licence Application is currently under review by the Mines Department, following which the Mining Licence Application will progress through to the Mines Advisory Council for formal review and consideration on behalf of the Director of Mines.



## MUMBWA EXPLORATION, ZAMBIA (Blackthorn Resources 100%)

This field season the Company has committed to a large field program in support of the DFS and regional exploration objectives. As part of this program, an Induced Polarisation (IP) survey was recently completed between Kitumba and Kakozhi. This IP survey generated drill targets coincident with anomalies in existing geochemical and airborne geophysical datasets. Drilling on these IP anomalies is currently underway.

### Induced Polarisation

Over 50 line km of pole-dipole ground IP was collected over the prospective area between Kitumba and Kakozhi. Previous targets identified in earlier programs, named Target F and Kakozhi, have been more clearly defined and a new target generated (Figure 1). Drilling has started on Target F. First results from this drilling should be available in the December Quarter.

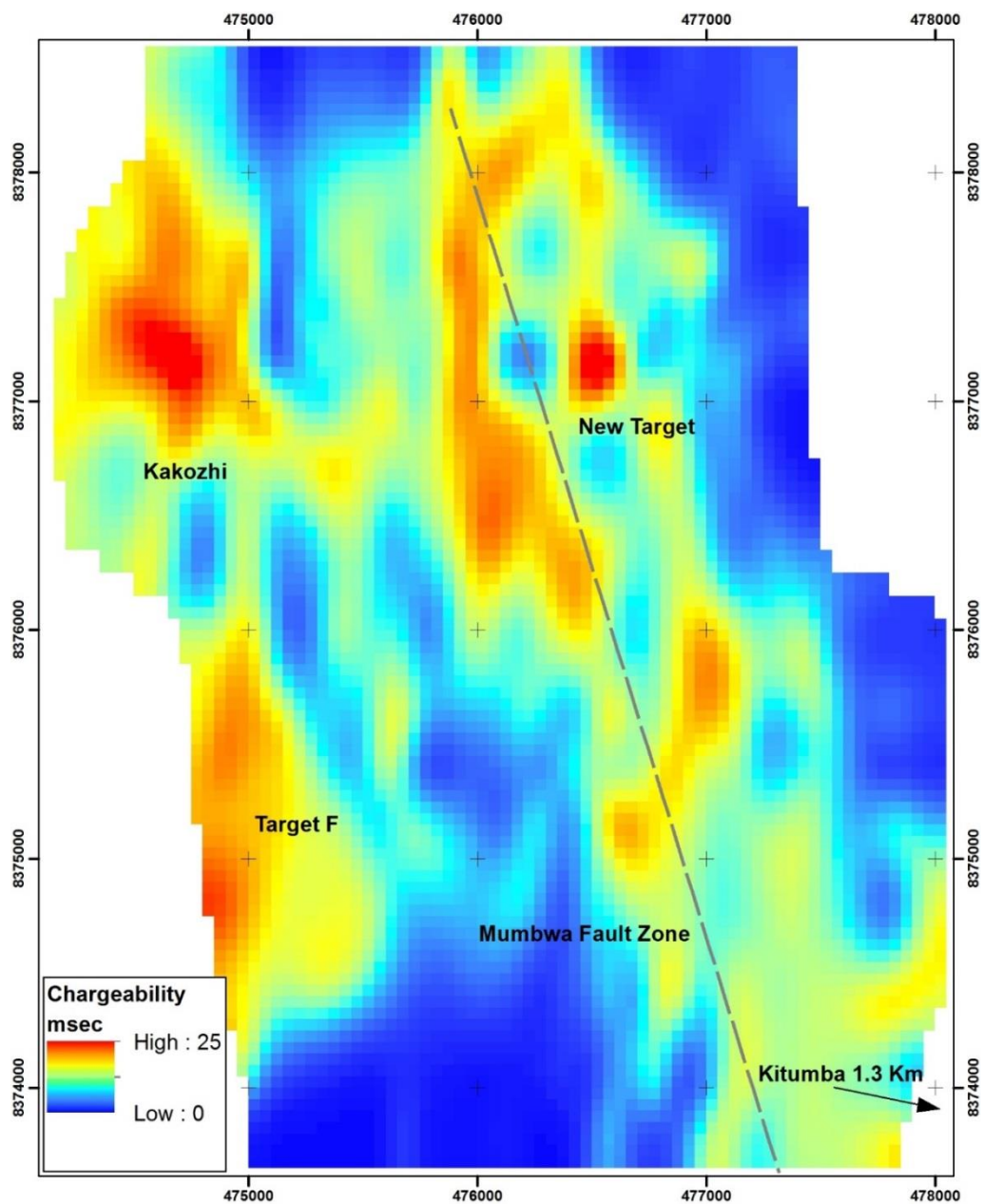


Figure 1. 1078 mRL Chargeability depth slice

## Soil Geochemistry

A soil geochemical program of over 2,500 samples was also completed during the quarter. Soil samples have been collected on a regional grid of 400m x 1,000m on areas not previously sampled, with anomalous areas identified by portable XRF

Existing known targets were infilled to 200m x 200m. Samples are being sent for laboratory analysis to gain a full suite of multi-element data.

This dataset will form a key part of future targeting and ranking exercises with an almost complete multi-element coverage of in-situ soils within the Mumbwa Project.

These targets will be followed up with additional detailed geophysics in the coming quarter with a view to generating drill targets.

Drill testing is planned to continue through the December quarter as long as weather conditions allow.

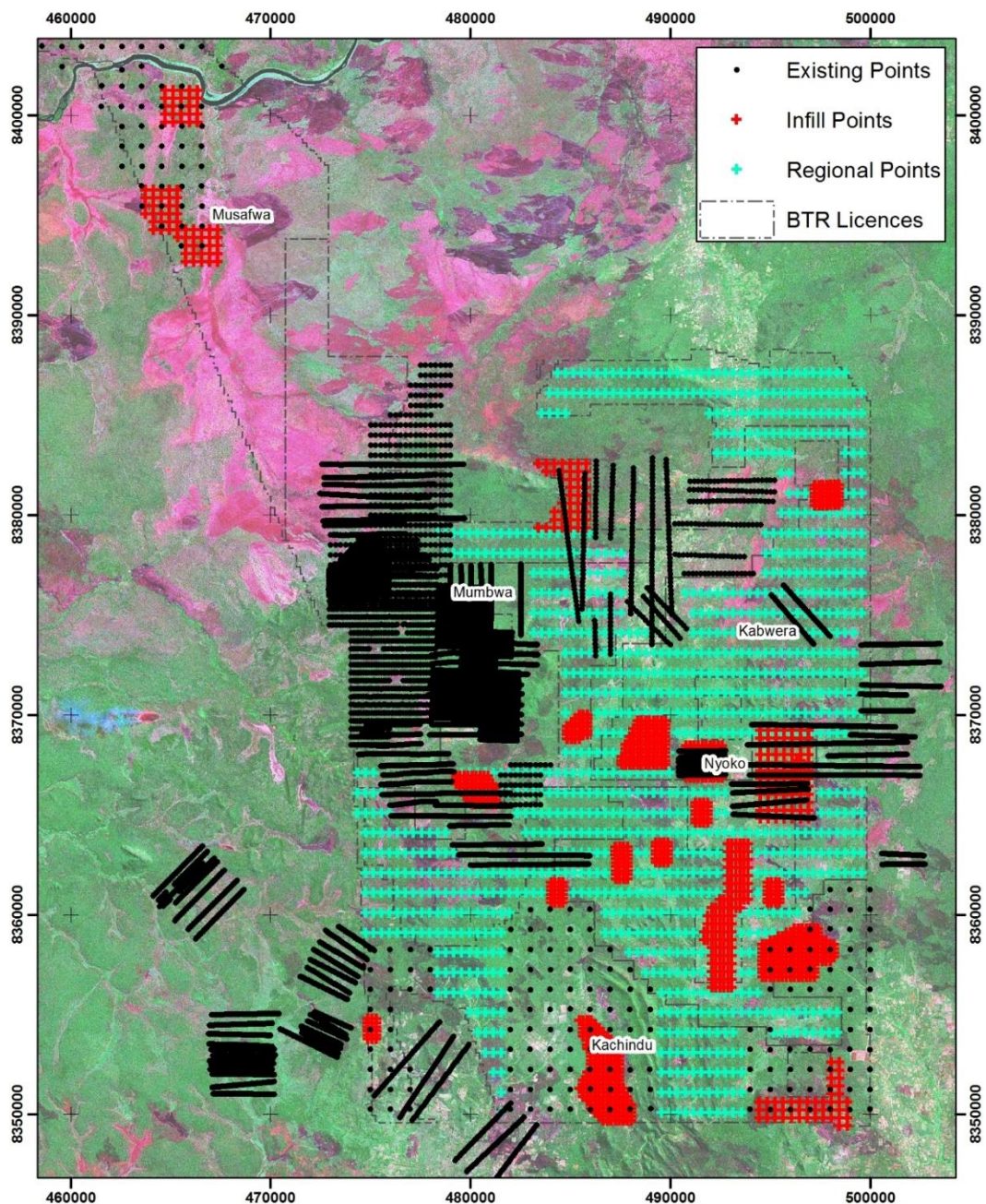


Figure 2. Mumbwa project soil sample points

# PERKOA PROJECT, BURKINA FASO

## Perkoa Project Sale

On 16 May 2014, Blackthorn Resources entered into an agreement with subsidiaries of Glencore Plc (Glencore) to sell its 27.3% equity interest in the Perkoa zinc project in Burkina Faso to Glencore for US\$10 million (Share Transaction). The agreement also included the sale of Blackthorn Resources' 100% interest in four adjacent exploration licences in Burkina Faso (Burkina Faso Exploration Licences) for US\$2 million (EL Transaction).

The Share Transaction and the EL Transaction were approved by Blackthorn Resources shareholders at an Extraordinary General Meeting in August 2014. The Share Transaction completed on 20 August 2014, with the Company receiving the settlement proceeds of US\$10 million.

Completion of the EL Transaction, including payment of the US\$2 million purchase consideration, is contingent on receiving the approval of the Burkina Faso Minister of Mines to the transfer of the Burkina Faso Exploration Licences, and satisfaction of certain other conditions.

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## EXPLORATION, BURKINA FASO

As discussed previously, the Company's four Northern tenements (Poa, Guido, Seboun and Sepaogo) have been conditionally sold to Glencore under the EL Transaction for US\$2 million.

No additional field work was undertaken on these four permits during the quarter following the Company's decision to dispose of the Northern tenements to Glencore.

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## CORPORATE

### Available Cash Funds

As at 30 September 2014, the Company had cash on hand of \$19.2 million.

Exploration and evaluation expenditure incurred during the quarter principally on the Kitumba Project and Mumbwa exploration totalled \$2.9 million. This compared to the forecast expenditure of \$4.6 million. The underspend on exploration and evaluation from the September quarter was timing related and is forecast to be spent in the second quarter. In addition, during the first quarter the Company incurred administration expenses totalling \$1.8 million, net of interest received. Administration expenses for the first quarter were inclusive of \$0.5 million costs incurred in relation to the sale of the Company's interest in the Perkoa Project and

Burkina Faso Exploration Licences.

During the first quarter, the Company received \$10.7 million (US\$10 million) in relation to the sale of its interest in the Perkoa Project.

Expenditure to be incurred in the second quarter on exploration and evaluation activities is forecast to be \$7 million including \$1.7 million expenditure deferred from the first quarter. Expenditure to be incurred on administration expenses, net of interest received, is forecast to be \$3.9 million, including \$2.7 million of transaction costs relating to the Scheme of Arrangement (Scheme) with Intrepid announced on 28 August 2014.

If the merger does not proceed, Blackthorn Resources will incur committed Scheme transaction costs of approximately \$1.2 million mainly related to due diligence work undertaken, legal services, preparation of the independent experts reports and other costs associated with printing and distribution of the Scheme Booklet.

### **Intrepid Merger**

On 28 August 2014, the Company announced that it had entered into an agreement with Intrepid Mines Limited to merge by way of Scheme of Arrangement (Scheme). The merger is amongst other things conditional on Intrepid undertaking a \$110 million share buyback prior to merger date.

The Scheme is subject to several conditions precedent including approval by shareholders of both companies. The directors of Blackthorn Resources have unanimously recommended that shareholders vote in favour of the merger in the absence of a superior proposal.

### **Scheme of Arrangement/Scheme Meeting**

On 13 October 2014, the Federal Court of Australia ordered pursuant to subsection 411(1) of the Corporations Act that Blackthorn Resources convene a meeting of Blackthorn Resources shareholders to consider, and if thought fit, agree to the Scheme, and approved the Scheme Booklet for dispatch to shareholders. Included in the Scheme

Booklet, released to the market on the 21 October 2014, is the independent expert valuation of the Company that considers the Scheme is in the best interests of Blackthorn Resources shareholders. A Scheme Meeting for shareholders to vote on the transaction is scheduled to be held at the offices of Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney at 11:00am (Sydney time) on Friday, 21 November 2014.

### **Annual Report and AGM**

The Company's annual report was released on 26 September 2014. The Company announced that its Annual General Meeting will be held on Thursday, 27 November 2014 at the offices of Computershare Investor Services Pty Limited, Level 4, 60 Carrington Street, Sydney, commencing at 11:00am (Sydney time).

### **Issued Capital**

Issued capital at 30 September 2014 was:

- 164,285,950 ordinary shares (listed);
- 150,000 employee options, with exercise price \$1.63, expiring 27 June 2015 (unlisted);
- 2,660,000 employee options, with exercise price \$0.25, expiring 31 May 2017 (unlisted).

**Should you require further information please contact:**

**Mark Mitchell**  
**Chief Executive Officer**  
**Ph: +61 2 9357 9000**



## TENEMENTS SUMMARY

CONCESSION	LOCATION	TENEMENT NUMBER	CURRENT QUARTER	PREVIOUS QUARTER
Perkoa Exploitation Licence <sup>(1)</sup>	Burkina Faso	07-143	-	27.3%
Guido Exploration Licence <sup>(2)</sup>	Burkina Faso	13-118	100%	100%
Poa Exploration Licence <sup>(2)</sup>	Burkina Faso	13-119	100%	100%
Sepaogo Exploration Licence <sup>(2)</sup>	Burkina Faso	11-335	100%	100%
Seboun Exploration Licence <sup>(2)</sup>	Burkina Faso	11-336	100%	100%
Mumbwa Permit	Zambia	8589-HQ-LPL	100%	100%
Musafwa Permit	Zambia	14265-HQ-LPL	100%	100%
Kachindu Permit	Zambia	14266-HQ-LPL	100%	100%
Kabwera Permit	Zambia	14267-HQ-LPL	100%	100%
Nyoko Permit	Zambia	16385-HQ-LPL	100%	100%

1. On 14 August 2014 the Company, through its wholly-owned subsidiary Blackthorn Investments Pty Ltd, sold its a 27.3% interest in the Perkoa Project to joint venture partner Glencore, who held a 62.7% interest, with the remaining 10% held by the Government of Burkina Faso.
2. Subject to conditional sale to Glencore as approved by shareholders on 14 August 2014.

# CORPORATE INFORMATION

## DIRECTORS

Mike Oppenheimer – Non-executive Chairman  
Mark Mitchell – Managing Director/CEO  
Nicki Bowman - Non-executive Director  
Derek Carter - Non-executive Director  
Roger Higgins - Non-executive Director  
Peter Kalkandis - Non-executive Director

## COMPANY SECRETARY

Chris Brown

## OFFICES

### **Australia**

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Australia  
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Email : [info@blackthornresources.com.au](mailto:info@blackthornresources.com.au)

### **Burkina Faso**

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### **Zambia**

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## STOCK EXCHANGE LISTING

Australian Securities Exchange  
ASX Code: BTR

## SHARE REGISTRAR

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Level 4, 60 Carrington Street  
Sydney NSW 2000

GPO Box 2975 Melbourne VIC 3001  
Telephone: 1300 850 505 (within Australia)  
Telephone: +61 3 9415 4000 (from overseas)  
Facsimile: +61 3 9473 2500  
Website: [www.computershare.com.au](http://www.computershare.com.au)

## U.S. OWNERSHIP RESTRICTIONS

The ordinary shares of the Company (the "Shares") have not been, and will not be, registered under the U.S. Securities Act of 1933 (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction in the United States. In addition, the Company has not been registered under the U.S. Investment Company Act of 1940, as amended (the "U.S. Investment Company Act"), in reliance on the exception provided by section 3(c)(7) thereof. Accordingly, the Shares cannot be held at any time by, or for the account or benefit of, any "U.S. person", as defined in Rule 902(k) under the U.S. Securities Act, who is not both a "qualified institutional buyer" ("QIB"), as defined in Rule 144A under the U.S. Securities Act, and a "qualified purchaser" ("QP"), as defined in Section 2(a)(51) of the U.S. Investment Company Act. Any U.S. Person who is not both a QIB and a QP (or any investor who holds Shares for the account or benefit of any U.S. Person who is not both a QIB and QP) is an "Excluded U.S. person". The Company may require an investor to complete a statutory declaration as to whether they (or any person on whose account or benefit it holds Shares) are an Excluded U.S. Person. The Company may treat any investor who does not hold Shares as an Excluded U.S. person. The Company may treat any investor who does not comply with such a request as an Excluded U.S. person. The Company has the right to: (i) refuse to register a transfer of Shares to any Excluded U.S. person; (ii) require any Excluded U.S. person to dispose of their Shares; or (iii) take such other action as it deems necessary or appropriate to enable it to maintain the exception from registration under Section 3(c)(7) of the U.S. Investment Company Act. To monitor compliance with these foreign ownership restrictions, the ASX's settlement facility operator, ASX Settlement and Transfer Corporation Pty Limited (ASTC) has classified the Shares as Foreign Ownership Restricted financial products and put in place certain additional monitoring procedures.



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