



14 February 2014

STATUS OF COMPREHENSIVE REVIEW OF THE PERKOA BUSINESS PLAN

Key Points

- **Blackthorn Resources has received results of Glencore’s comprehensive review of the Perkoa business plan during meetings in Glencore’s Head Office earlier this week.**
- **Blackthorn Resources is now undertaking intensive due diligence to verify and constructively challenge the information provided with the objective of committing to a final plan for Perkoa by the end of March 2013.**
- **Whilst underground mining, processing and shipping activities continue to operate, open pit operations have been suspended as a response to ongoing resource underperformance, lower than expected metal prices, and the resulting unacceptable open pit financial results.**
- **The business plan review considers a range of scenarios, including care and maintenance, in response to the difficult current operating conditions.**
- **Blackthorn Resources notes the release of Glencore Xstrata’s Resources and Reserves statement earlier this week that includes a downgrade of the Perkoa Ore Reserve. Blackthorn Resources considers that the updated Mining Reserve remains part of the overall business plan review and is subject to appropriate due diligence.**

Following on from the Perkoa Project Update contained in the December Quarterly Activities Report released on 30 January 2014, Blackthorn Resources Limited (ASX: BTR) (“the Company” or “Blackthorn Resources”) wishes to provide the following further update regarding the Perkoa Project in Burkina Faso, West Africa.

Business Plan Review

Blackthorn Resources has now received results of Glencore Xstrata's comprehensive review of operations for the Perkoa Project. Blackthorn Resources acknowledges the level of analysis provided by Glencore Xstrata and is now undertaking a process of due diligence on the information provided. This will include a detailed review of the underlying assumptions and data supporting each of the options put forward, with a view to verify and challenge the outcomes as appropriate. Blackthorn Resources has moved to engage relevant independent expertise to assist it in its due diligence.

As part of the review of the Perkoa business plan the following areas are highlighted:

1. Suspension of open pit operations.

Whilst ore tonnage from the open pit has been in line with the business plan, metal grades being mined are lower than expected and the strip ratio significantly higher. These issues have combined with lower metal prices than assumed in the open pit business case to deliver unacceptable financial performance. As a result operations at the open pit have been suspended.

2. Review of Ore Reserve

Blackthorn Resources notes the release of Glencore Xstrata's Resources and Reserves statement as of the 31st December 2013 that includes a downgrade of the Reserve. The Perkoa ore reserve, as reported by Glencore Xstrata, is now reported as 4.9 Million Tonnes at 9.9% Zinc, 0.2% Lead and 41g/t Silver.

A draft Perkoa Reserve statement had been received from the Perkoa Project Operator in September 2013. Blackthorn Resources has been engaged in dialogue with the Project Operator in the subsequent months and requested further work by the Project Operator and the Competent Person to verify and explain the proposed changes.

Blackthorn Resources considers that the updated Mining Reserve remains part of the overall business plan review and finalisation of the Reserve is subject to appropriate due diligence.

3. Underground Mine Optimisation

A number of options are being assessed for the underground mine to determine the most appropriate mining schedule and scale of operation.

4. Costs

The current cost structures are being challenged and opportunities for cost reduction (operating and capital) are being identified in all areas of the operation, including mining, processing, administration and logistics.

5. Operating scenarios

A number of schedule, cost and capital scenarios are being considered as the basis for the future of the project. This includes consideration of placing the project into care and maintenance for a period until zinc prices improve. No scenario has been finalised or committed to at this time.

Project Funding Resolution

In parallel with the work to finalise the business plan, Blackthorn Resources is in discussions with Glencore Xstrata regarding the resolution of funding requirements, including the US\$30 million working capital advanced by Glencore Xstrata to 31 December 2013.

In addition, Blackthorn Resources is assessing the financial impacts on the carrying value of its investment in the Perkoa Project.

The JV partners aim to reach a conclusion regarding the future business plan by the end of March 2014. The Company will update the market as soon as decisions have been made.

Mark Mitchell, Blackthorn Resources CEO said:

“It has been important for Blackthorn management to address these issues directly with Glencore Xstrata. We will look to constructively challenge the Glencore Xstrata work with a view to delivering the best possible result. Our intention remains to resolve the outstanding issues around Perkoa by the end of March to allow the Blackthorn Resources team to fully focus on the Kitumba Copper Project Prefeasibility Optimisation Study and the planning required to take the Kitumba project forward.”

Perkoa Project Background

The Perkoa Project is a joint venture with Glencore Xstrata (62.7%), Blackthorn Resources (27.3%) and the Burkina Faso Government (10% free carried) which is operating the Perkoa Zinc mine in Burkina Faso. The project is located 120km west from the capital Ouagadougou. Glencore Xstrata is the Project Manager.

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