

12 August 2010

MUMBWA JV PROJECT – PROGRESS REPORT

KEY POINTS:

- Significant progress is being achieved from the Phase 4 drilling program, which has successfully completed 4 holes totalling 3,965 metres.
- Three drilling rigs are currently operating and progressing with drilling a further 3 holes on the Mushingashi-Mutoya anomalies.
- Assay results have been received from the first drill hole MUM-0001BD, which identified thin horizons of copper mineralisation and intersected encouraging mineral alteration assemblages supporting an IOCG type exploration model.
- From 380m drilled depth, MUM-0001BD intersected a massive hydrothermal replacement breccia dominated by magnetite alteration containing associated magnetite, pyrite and trace chalcopyrite.
- The 67 line km IP geophysical survey is progressing, with initial interpretation of data indentifying additional targets with potential for follow-up drilling.
- An additional target MUS-015, generated from recent interpretation of IP data, is currently being drilled at a site located west of ZMMUM-008 where current interpretation suggests the core of a large IOCG system could be located nearby.
- The revised Phase 4 program now comprises 13 planned targets for 11,800m, with further targets likely to be generated.

Blackthorn Resources Limited (ASX: BTR) (“the Company” or “Blackthorn Resources”) is pleased to announce that significant progress is being achieved at the Mumbwa JV Project in Zambia. Three drilling rigs are operating on-site and have now completed 4 successful holes totalling 3,965 metres. Two other attempted holes were abandoned due to difficult drilling conditions and the targets were re-drilled. A further 3 holes are being drilled, with current observations confirming the exploration model for the presence of an iron oxide copper-gold (IOCG) system.

Joint venture partner BHP Billiton (40%) is managing and funding the Phase 4 exploration program, which is core-drilling selected IOCG-style targets and progressing with an Induced Polarisation (IP) survey to ground proof current targets. The Phase 4 program also includes the completion of a concept study to assess the resource and economic potential of the Mumbwa project area.

Review and interpretation of initial IP data has refined target depths of planned Phase 4 holes and delineated additional targets worthy of follow-up drilling. The Phase 4 program now consists of 13 targets totalling 11,800 metres. However, additional targets are likely to be generated upon completion of the IP survey.

Assay results have been received from the first completed Phase 4 drill hole MUM-0001BD, drilled 1,250m south of previous hole ZMMUM-008 and was interpreted to be located near the core of a large IOCG system. Results from drill hole MUM-001BD identified thin horizons of low grade copper mineralisation and intersected magnetite dominated mineral alteration assemblages including magnetite, pyrite and trace chalcopyrite. These mineral assemblages are considered typical in IOCG systems, which further confirms the current interpretation of an IOCG type exploration model.

An additional target ‘MUS-015’ situated towards the west of ZMMUM-008 was identified from the recent IP survey and this target is currently being drilled. The most recent interpretation suggests that drill hole ZMMUM-008 intersected the contact between a syenite and a massive replacement hematite and magnetite breccia, with the main body of the breccia being situated towards the west of ZMMUM-08.

PHASE 4 EXPLORATION PROGRAM

Blackthorn Resources (60%) and its joint venture partners BHP Billiton are exploring the Mumbwa district in Zambia for IOCG-style of mineralisation similar to Olympic Dam, Ernest Henry and Prominent Hill in Australia.

The Phase 4 exploration program is planning to drill at least 13 targets from the Mushingashi-Mutoya-Kitumba anomaly which is described as a regional scale gravity anomaly that extends for a 20km strike length as shown in Figure 1. The Kitumba anomaly is situated at the southern end of the gravity anomaly and was previously drilled in Phase 3 by Blackthorn Resources to define an Inferred Mineral Resource which was reported in October 2009.

The current Phase 4 program is focusing on the north-south trending Mushingashi and Mutoya gravity anomaly which is situated between 5km and 20km north-northwest from Kitumba, and contains some co-incident magnetic and radiometric anomalies. The planned Mushingashi and Mutoya individual targets are widely spaced at approximately 2,000m apart as shown in FIGURE 1, with the initial focus being a target close to hole ZMMUM-008 drilled during previous Phase 3B, where initial interpretation of observed geology suggested that the core of an IOCG system could be located near-by.

Drill hole ZMMUM-008 was drilled in 2009 and intersected massive replacement hematite and magnetite breccia with associated pyrite, chalcopyrite and bornite with secondary chalcocite. These mineral assemblages are considered typical in exploration models for IOCG type systems and further support the potential prospectively of the Mumbwa region.

The first completed drill hole MUM-0001BD was drilled on the 'SM-01' target situated approximately 1,250m south of hole ZMMUM-008. Drill hole MUM-0001BD was drilled at an angle of 60 degrees towards the east (090 degrees) and was terminated at a drilled depth of 850.7 metres. A total of 327 drill core and quality control samples were submitted to the SGS laboratory for sample preparation and multi-element analysis.

Assay Results

Drilled thickness intervals are quoted for mineralised intersections where the weighted average grades were calculated using a 0.25% Copper (Cu) and 0.25 g/t gold (Au) cut-off grades.

MUM-0001BD

- 2m at 0.31% Cu between 418m and 420m,
- 2m at 0.27% Cu between 432m and 434m,
- 2m at 0.34% Cu between 436m and 438m,
- 4m at 0.26% Cu between 506m and 510m,
- 2m at 0.29% Cu between 518m and 520m,
- 2m at 0.29% Cu between 524m and 526m,
- 4m at 0.28% Cu between 532m and 536m,
- 4m at 0.44% Cu between 542m and 546m,
- 2m at 0.35% Cu between 588m and 590m,
- 2m at 0.39 g/t Au between 626m and 628m, *
- 2m at 0.59% Cu between 678m and 680m,
- 2m at 0.47% Cu between 706m and 708m.
- 2m at 1.72 g/t Au between 820m and 822m. *

* Denotes an interval of gold mineralisation.

Based on assay results and observations in MUM-0001BD the drill hole intersected a massive hydrothermal breccia with magnetite dominated mineral alteration assemblage from 380m drilled depth, which included the minerals magnetite, pyrite and trace chalcopyrite. In addition, pervasive chlorite-carbonate-epidote alteration of syenite clasts is observed. The results are consistent with IOCG style of mineralisation and indicate that there is a weak copper-magnetite association in the area.

Induced Polarisation Survey

In addition to the drilling, a 67 line km Induced Polarisation (IP) survey is being carried out to ground test the airborne targets. Following resolution of some earlier equipment problems, the IP survey method is proving to be effective in penetrating below the overlying sedimentary sequences. Currently 18 line km have been completed and the IP survey is continuing.

Review and interpretation of initial IP data has refined target depths of existing planned holes and delineated additional targets worthy of follow-up by drilling.

Additional Targets

An additional target 'MUS-015' which was generated from the IP survey has been proposed and approved for drilling. Target 'MUS-015' is situated north of the Phase 3 hole MUM-001BD and towards the west of Phase 3B hole ZMMUM-008. A new hole MUM-008BD designed to test the 'MUS-015' target is in progress and is currently at approximately 750m depth with intentions to drill to 1,200m depth. The Phase 4 program consists of 13 targets for approximately 11,800m of drilling as shown in TABLE 1.

TABLE 1 – Phase 4 Drill Targets from the Mumbwa JV Project, Zambia.

#	Target ID	Drill Hole ID	Planned Depth (m)	EOH Depth (m)	Easting (m)	Northing (m)	Dip (°)	Azimuth (°)
1	MU_01	MUM-0004D	800	1,076.80	475,750	8,376,550	-60	112
2	MU_02	MUM-0003D	1,100	1,032.00	476,460	8,377,800	-60	270
3	MUS_06	<i>Planned</i>	800		471,950	8,391,550	-60	090
4	MUS_07	MUM-0007BD	1,200	<i>In progress</i>	471,975	8,390,270	-60	090
5	MUS_08	<i>Planned</i>	800		471,990	8,388,800	-60	135
6	MUS_09	<i>Planned</i>	800		472,080	8,387,240	-60	090
7	MUS_010	<i>Planned</i>	800		472,490	8,385,720	-60	090
8	MUS_011	<i>Planned</i>	800		473,630	8,384,860	-60	270
9	SM_01	MUM-0001BD	800	850.70	474,400	8,379,700	-60	090
10	SM_02	MUM-0006BD	1,100	1,004.70	474,750	8,380,400	-60	270
11	SM_03	<i>Planned</i>	800		473,800	8,382,100	-70	270
12	SM_04	MUM-0009D	800	<i>In progress</i>	472,900	8,383,450	-60	090
13	MUS_015	MUM-0008BD	1,200	<i>In progress</i>	473,696	8,380,688	-70	090

11,800 3,964.20

Concept Study

The Phase 4 exploration program includes a Concept Study, which aims to incorporate all exploration data from the Mumbwa project area, including Phase 4, to evaluate the mineral resource and economic potential of the entire project area.

BHP Billiton is seeking proposals from a number of consultancy groups to conduct the concept study.

Managing Director Mr Scott Lowe said:

"These results are the first in what we expect will be 13 or more holes and we are encouraged by the continuing evidence of IOCG mineralisation. The planned holes are 2,000m or 2km apart, which is quite broad and has the potential for tighter, infill holes to be considered in response to positive results. We look forward to receiving additional results from remaining holes in this Phase."

Note:

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.

ATTRIBUTION

The information in this report which relates to Exploration Results 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 has 20 years experience in mineral exploration, and who is a full-time employee of MSA Geoservices, 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 inclusion of this information in the form and context in which it appears.

Should you require further information please contact:

Scott Lowe
Managing Director
Ph: + 61 2 9357 9000

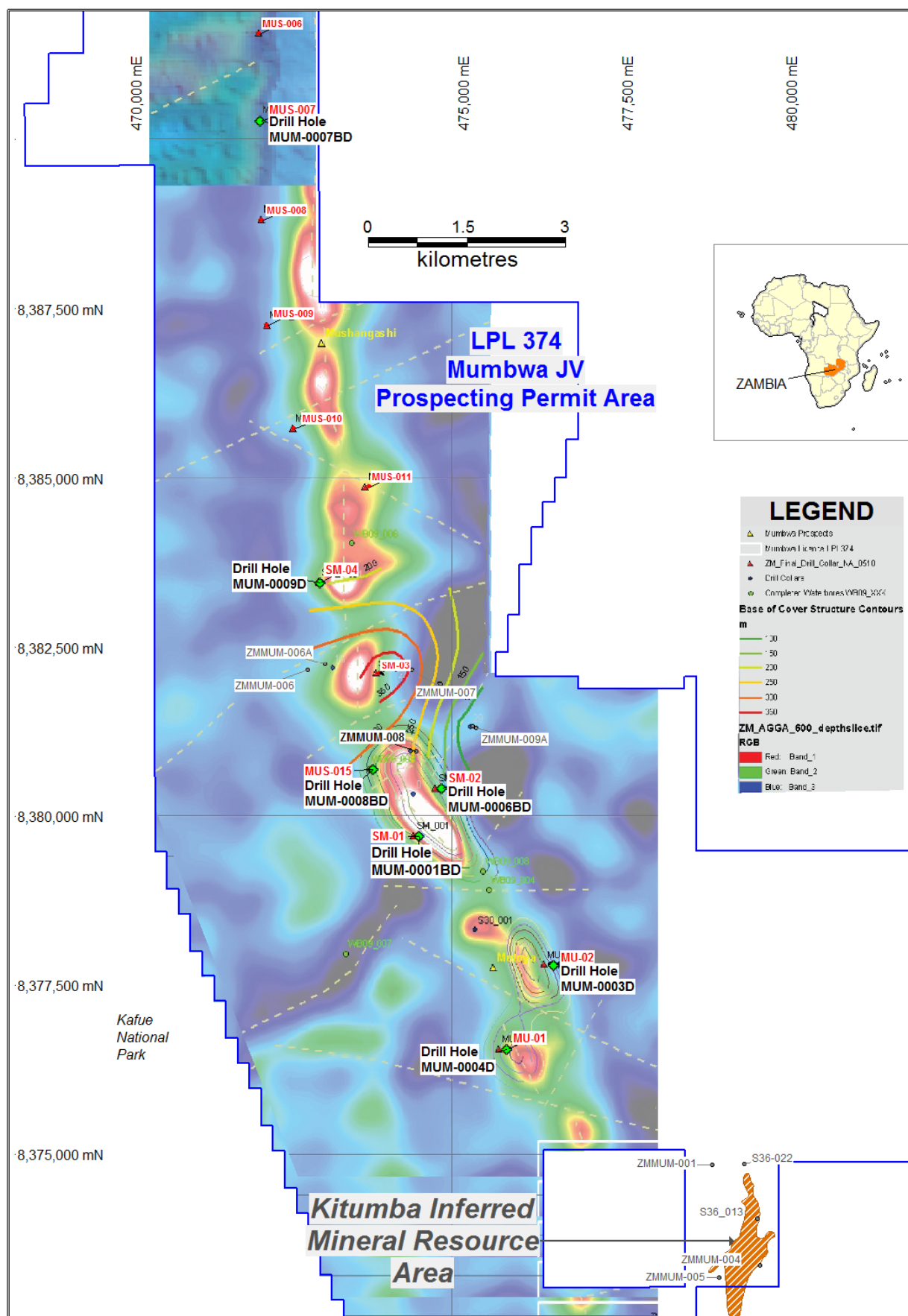


FIGURE 1 – Drill hole location plan showing 13 Phase 4 targets over the Mushingashi and Mutoya anomalies. The Kitumba anomaly is also shown in the south east.

Ends