



13 December 2010

**MUMBWA JV PROJECT: INCORRECT GOLD GRADE REPORTED IN MUMBWA
DRILL HOLE MUM0008BD**

Key points

- Assay results were reported for Phase 4 exploration drill hole MUMM0008BD on 20 October 2010 indicating significant gold mineralisation, including 14.09 g/t over 8m intercept between 1,081m and 1,089m depth. These results now appear to be incorrect and that the actual gold grade is very low.
- Blackthorn Resources has been advised by JV partner and project manager BHP Billiton that the SGS laboratory in Johannesburg responsible for assay work in this phase, conducted duplicate assays soon after the initial results in order to confirm the high grade gold assays reported.
- The re-assays conducted by the laboratory as part of its internal quality assurance and control processes did not confirm the high grade. Instead it found very low gold grade in the duplicate assays.
- SGS failed to inform BHP Billiton of the serious discrepancy at the time of the assay report and subsequent ASX announcement by Blackthorn Resources.
- Independent of the SGS internal processes, BHP Billiton recently commissioned re-analysis of this hole pending consideration being given to further drilling in and around this hole.
- BHP Billiton only became aware of the discrepancy and the very low gold grade in hole MUM008BD duplicate samples when the results of the re-analysis that it recently commissioned were supplied by SGS.
- A full investigation is being undertaken by BHP Billiton and SGS.
- Blackthorn Resources has requested a detailed independent audit and review of the assay results of all holes drilled by BHP Billiton in the current Phase 4 exploration. To date 15 holes have been drilled with results from 9 holes being reported.
- While Blackthorn Resources is not aware of any evidence of discrepancies in reporting of results of other holes in Phase 4, as a precaution, Blackthorn Resources is considering all Phase 4 results to be subject to confirmation.

PRESS RELEASE

Blackthorn Resources Limited (ASX: BTR) ("the Company" or "Blackthorn Resources") provides the following project update regarding a significant inaccuracy identified in the reporting of gold assays in a Mumbwa Phase 4 exploration drill hole.

Assay results for drill hole MUMM0008BD were reported to the ASX on 20 October 2010, indicating significant gold mineralisation, including 14.09 g/t Au over an 8m drilled thickness interval between 1,081m and 1,089m depth. It now appears that these results are incorrect and that the actual gold grade is very low.

Blackthorn Resources has been advised by joint venture ("JV") partner and project manager BHP Billiton that the SGS laboratory ("SGS") in Johannesburg responsible for assay work in this phase conducted duplicate analysis of high grade samples soon after the initial results were released in order to confirm the high grade intersection reported. These first re-assays, conducted by the laboratory as part of its internal quality assurance and control processes, failed to repeat and confirm the high grade assays originally reported. Instead these re-assays found very low gold grade in the repeat analysis of sample pulps.

SGS did not inform BHP Billiton or Blackthorn Resources of this serious discrepancy at the time of the re-assay analysis, which followed the ASX announcement by Blackthorn Resources on 20 October 2010.

Independent of the SGS internal processes, BHP Billiton recently commissioned further re-analysis of drill hole MUM0008BD. The reason for BHP Billiton commissioning the re-assay was on the basis that consideration was being given to further drilling in and around this hole. At the time of commissioning the re-assay of this hole, BHP Billiton was not aware of the previous internal re-assay undertaken by SGS or the results of that analysis.

BHP Billiton only became aware of the discrepancy and the very low gold grade in hole MUM0008BD when the results of the re-analysis that it had recently commissioned were supplied by SGS.

A full investigation into the reasons for the analytical discrepancy and the failure to report critical information to BHP Billiton is being undertaken by BHP Billiton and SGS.

Blackthorn Resources has requested an urgent detailed independent audit and review of the assay results from all holes drilled by BHP Billiton during the 2010 Phase 4 exploration program. To date 15 holes have been drilled with results from 9 holes being reported.

While Blackthorn Resources is not aware of any evidence of discrepancies in reporting of results of other holes in Phase 4, as a precaution, Blackthorn Resources is considering all Phase 4 results to be subject to confirmation.

PRESS RELEASE

Managing Director Scott Lowe said:

‘We are extremely disappointed and concerned with this situation as a discrepancy of this magnitude naturally raises serious questions about the accuracy of all results reported from the SGS laboratory during Phase 4. We are maintaining regular contact with BHP Billiton and will collaborate closely on the process to rectify this problem and restore confidence in the sampling, analysis and reporting process for this important project. We will keep the market informed of developments.’

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 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 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:

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Ends

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