



16 May 2014

BLACKTHORN RESOURCES ENTERS INTO LEGALLY BINDING DEFINITIVE SALE AND PURCHASE AGREEMENT WITH WHOLLY-OWNED SUBSIDIARIES OF GLENCORE XSTRATA PLC TO SELL ITS INTEREST IN PERKOA JOINT VENTURE AND RELATED EXPLORATION LICENCES

Key Points:

- **Following its announcement on 16 April 2014, Blackthorn Resources has now entered into a binding definitive sale and purchase agreement to sell its interest in the Perkoa Project and its Burkina Faso exploration licences to wholly-owned subsidiaries of Glencore Xstrata Plc (Glencore).**
- **Blackthorn Resources will receive US\$12M cash as consideration for the sale; US\$10 million for its interest in the Perkoa Project and US\$2M for the exploration licences. In addition, Blackthorn Resources will not be required to contribute its US\$9M share of the US\$30 million working capital funding requirement for the project announced in August 2013.**
- **Subject to confirmation from an independent expert that the transaction is fair and reasonable, the Company's directors (other than the Glencore nominee on the board of Blackthorn Resources, Mr Peter Kalkandis, who is not voting on the transaction) unanimously consider the transaction to be in the best interests of shareholders of the Company not associated with Glencore and recommend that the shareholders approve the transaction.**
- **Following completion of the independent expert's report, the Company intends to convene a meeting of shareholders to vote on the transaction.**
- **Completion of the transaction will provide cash for and allow the Company's management to focus on the future, including securing the development pathway of its core asset, the Kitumba Copper Project in Zambia.**

Blackthorn Resources Limited (ASX: BTR) is pleased to announce that, following the signing of a non-binding Heads of Agreement (HoA) with Glencore announced on 16 April 2014, it has now entered into a legally binding sale and purchase agreement (Agreement) with entities associated with Glencore to sell its remaining 27.3% equity interest in the Perkoa JV and its exploration licences in Burkina Faso.



Blackthorn Resources will receive a cash payment of US\$10 million for the sale of its equity interest in the Perkoa Project and US\$2 million for the sale of the exploration licences.

In addition, Blackthorn Resources will not be required to contribute its US\$9 million share of the US\$30 million working capital funding requirement for the Perkoa Project (announced 5 August 2013) or to further funding requirements of the project, and it will cease to guarantee its respective proportion of the project's US\$20 million Working Capital Facility Agreement.

The transaction is subject to the approval of Blackthorn Resources' shareholders.

Key aspects of the transaction are outlined below:

Independent expert report and shareholder approval

Completion of the transaction is conditional on an independent expert opining that the transaction is fair and reasonable to Blackthorn Resources' shareholders who are able to vote on the transaction, and shareholder approval of the transaction. Blackthorn Resources has appointed an independent expert to report on whether the transaction is fair and reasonable to shareholders. If the independent expert's report confirms that the transaction is fair and reasonable, the Company will convene a meeting of shareholders as soon as possible to vote on the transaction.

If Blackthorn Resources' shareholders have not approved the transaction by 90 days after the date of the Agreement (or such later date as Blackthorn Resources and Glencore may agree) either Blackthorn Resources or Glencore may terminate the Agreement. Otherwise, completion of the share transaction, including payment of the US\$10 million purchase price, is to occur two business days following satisfaction of the conditions precedent, one of them being Blackthorn Resources' shareholders approving the transaction.

Additional conditions to exploration licence transaction

Completion of the sale of the exploration licences, including payment of the US\$2 million consideration, is also conditional on Glencore being reasonably satisfied that the exploration licences are in good standing and that rights of access and use required for activities under the licences are or will be available, and on the Minister of Mines, Burkina Faso approving the transfer of the exploration licences. If these conditions are not satisfied or waived within 180 days of the date of the Agreement, the exploration licence

transaction may be terminated by either Blackthorn Resources or Glencore. Otherwise, the exploration licence transaction will complete on the second business day after receipt of Ministerial approval, or, if earlier, when Glencore wishes to take control of the exploration licences.

Release and discharge from Perkoa Project documents

With effect from the completion of the share transaction, all rights and claims under all agreements between relevant Blackthorn Resources and Glencore group entities relating to the Perkoa Project are released and waived, and all such agreements other than the Working Capital Facility Agreement (which Blackthorn Resources will nevertheless cease to have obligations under) and the Senior Facility Agreement (under which Blackthorn Resources and its subsidiaries have no obligations) will be terminated.

Warranties

The Agreement includes limited warranties in relation to the shares and exploration licences to be sold. Blackthorn Resources' liability for any breach of the warranties is limited to:

- for a breach of warranty relating to the shares, the price paid for the shares; and
- for a breach of a warranty relating to the exploration licence, the price paid for the exploration licences.

Blackthorn Resources guarantees all of the obligations of its subsidiaries under the Agreement, and Glencore guarantees all of the payment obligations of its subsidiaries under the Agreement (except certain indemnities).

Benefits of the transaction

The Company believes that the Agreement reached with Glencore provides it with the following important benefits:

- a cash injection of US\$10 million for the sale of its equity interests in the Perkoa JV, which represents fair value in the view of the Company's Directors (excluding the director appointed by Glencore), funds which can be applied to exploration of the Mumbwa exploration permits in Zambia and ongoing development of the Company's Kitumba Copper Project in Zambia;
- a further US\$2 million for the sale and transfer of the exploration licences;
- no requirement to contribute US\$9 million share of the US\$30 million working capital funding requirement; and



- a clean exit from the Perkoa Project, including the working capital facility guarantee and future funding requirements or equity dilution in relation to the Perkoa Project.

Chief Executive Officer, Mark Mitchell said:

“We are pleased with the outcome and are satisfied that we have received fair value for our share of the Perkoa Project.”

The cash realised from Perkoa will allow Blackthorn Resources to fund a more aggressive exploration programme in Zambia, to initiate the Kitumba Definitive Feasibility Study and to take the time necessary to come to a balanced arrangement with a partner to develop the Kitumba Copper Project.”

Subject to the independent expert's report opining that the transaction is fair and reasonable to the shareholders of the Company, the Company's directors (other than the nominee of Glencore) unanimously consider the transaction to be in the best interests of shareholders of the Company not associated with Glencore and recommend that the shareholders approve the transaction, and they will vote any share held by them in the Company in favour of the transaction.

Should you require further information please contact:

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Ends