



21 November 2014

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

### **CHAIRMAN'S ADDRESS – EXTRAORDINARY GENERAL MEETING**

Blackthorn Resources Limited (ASX: BTR) is pleased to provide as attached a copy of the Chairman's Address to be made at today's Extraordinary General Meeting.

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

**Chris Brown**  
**Company Secretary**  
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## **EXTRAORDINARY GENERAL MEETING**

**Friday, 21 November 2014**

**At 11:00am**

### **Chairman's Address**

Before I put the formal resolution to the Meeting, I would just like to make a few comments.

Today is another very significant day for Blackthorn Resources.

At our AGM in November 2013, I announced that Blackthorn Resources' immediate priorities were to resolve the Perkoa asset underperformance 'for value', to reposition our executive team to pursue development of our Zambian copper assets and to enhance our financial capability to do this, and more specifically to achieve this without a highly dilutive capital raising.

The first two of these objectives have now been achieved and this Scheme represents a compelling opportunity for the Company to move forward on the last of these priorities.

As previously announced Blackthorn Resources had engaged in discussions with a number of parties, including as part of a formal process to assess a range of asset-level partnership and financing options for our Kitumba Project in Zambia. In the end these discussions did not result in the receipt of a proposal that merited formal consideration by your Board.

However, having subsequently been approached by Intrepid Mines to consider the opportunity to merge the two businesses, it became apparent that the Scheme represented an innovative way for Blackthorn



Resources to access substantial funding in a significantly more attractive way than alternative pathways to access an equivalent level of capital.

Why does your Board believe this transaction is compelling?

In what is an extremely challenging environment for junior mining companies such as ours, this transaction allows the Company to raise funds at a valuation that provides greater recognition of the underlying value of the Company's asset portfolio than is currently being attributed by the market.

Your directors consider it unlikely that Blackthorn Resources could access an equivalent level of funding through the capital markets, and that any funding available would need to be raised at a substantial discount to the prevailing share price.

The Scheme provides Blackthorn Resources shareholders with an opportunity to realise an attractive premium to the market trading price, whilst securing equal Board representation and up to 48% ownership in the Merged Group.

Based on the cash backing of Intrepid Shares, the base exchange ratio of the Scheme implies an aggregate value for Blackthorn Resources shareholders' equity of \$58.5 million (this is compared to a current market capitalisation of approximately \$36 million) – a significant premium.

In addition, the Merged Group will have a substantial cash balance which will position it to complete the definitive feasibility study for the Kitumba Project, as well as allow the Merged Group to undertake a significant exploration program over the Company's previously under-



explored near-Kitumba targets and its wider Mumbwa Project licence areas.

An expanded exploration program represents a real opportunity for substantial upside to the Kitumba Project through possible extension of the project's mine life and the ability to demonstrate a further copper-rich mineral field around the Kitumba deposit. The Merged Group will also have the ability to follow up exploration success without the requirement for additional funding.

Although our immediate priority will be to pursue the indicated strategies for development and further exploration of our Zambian copper assets, the Merged Group will also have the capacity to assess other value creation opportunities in a market environment where relevant mining assets appear to be considerably undervalued.

Earlier in the week we announced that the Kitumba Mining Licence, one of the conditions to the Scheme proceeding, had been granted. This is a significant milestone to the Company and confirms the support of the Zambian Government for the development of the project.

In addition, I am pleased to confirm that Intrepid Mines shareholders met on Tuesday and approved the merger with Blackthorn Resources and the Intrepid share buyback, satisfying another condition for the merger with Blackthorn Resources.

Ernst & Young Transaction Advisory Services was commissioned by the Board to act as an independent expert to assess the merits of the Scheme. They have concluded that the Scheme is in the best interests of Blackthorn Resources shareholders.



Ladies and gentlemen, having regard to the conclusion of the independent expert and the risks associated with the Scheme your directors unanimously recommend a vote in favour of the Scheme.

Thank you.