QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2012

ASX CODE: BDI
ACTIVITIES

- An Agreement was reached with Golden Rim Resources for the right to earn up to a 70% interest in the Diapaga exploration tenements in Burkina Faso;
- Continued assessment of various opportunities presented by the consultant, Metallica, for projects in the African continent with the Company. The Company remains vigilant of new opportunities whilst preserving its cash resources.
- Continued to monitor the diamond sector and assess opportunities for the Company's diamond exploration assets near Ellendale in Western Australia.
- Continued environmental monitoring and maintenance.
- A drilling program was undertaken in on E04/0726 targets GEM-004 and GEM-030. Lamproite was identified at the GEM-004 target and now bulk sampling is required to determine whether it is diamondiferous. Details of the drilling programme are set out below in the Technical Overview.

CASH AT END OF QUARTER

As at 31 December 2012, the cash on hand was $1,103,000. Overall, the cash movement for the quarter was a net decrease of $299,000. Cash outflows for the quarter totalled $299,000. This mainly comprised of payments for tenement administration in Australia (annual rent and rates), payment of US$50,000 in relation to the Diapaga Terms Sheet, the costs of reviewing potential exploration projects and administration costs.

TECHNICAL OVERVIEW

Results of drilling program – E04/0726

GEM-004 lies about 400m to the south-east of the known Water Reserve lamproite, which is reported in Jaques, et. al. (1986). The Jaques report does mention an un-named occurrence to the south-east of the Water Reserve lamproite which was drilled and found to be a sill, but does not report size or diamond potential.

GEM-004 is notable in that it shows a significant EM anomaly but no magnetic signature. This was identified as a positive during prioritisation, as it may indicate the presence of tuff without the presence of a magmatic core, which is what gives the magnetic signature in most of the pipes in the area.

The MMI sampling showed results strongly indicative of the presence of lamproite when processed using a Discriminant Analysis algorithm in the JMP software.

Access to the planned drill sites at GEM-004 was impacted by the loose sand present. The target was therefore not drilled at the originally planned sites and drilling was limited to 2 of the planned 5 holes. However two 24m holes were drilled and both intersected approximately 4m of lamproitic material. Due to the small chip size, positive identification of the type of material is difficult, but based on the presence of coarse phlogopite in the drill chips it is likely that the material is magmatic, and is therefore interpreted as a sill. The zone that was drilled was found at subcrop level below the pindan sand. Further drilling would be required to confirm the morphology.

The drilling at GEM-004 has positively shown the area to contain lamproitic material. It is likely that this is in the form of a sill, and is probably a rediscovery of the lamproite referred to in the Jaques et. al. report of 1986. Further drilling would be required to better define the extent of this body, however given that the sill is relatively thin in the area drilled, the economic significance is doubtful. It is
however recommended that the lamproitic material recovered be submitted for microdiamond analysis (MIDA).

If significant diamond potential is identified from the MIDA results, a program of shallow hole drilling can be considered for further delineation of the deposit.

**GEM-030** lies to the west of the known lamproite occurrence Ellendale 32, and just to the south of an unnamed occurrence of lamproite found on the south side of a small hill. The EM anomaly coincides with a slight depression which forms a wetland during the wet season. No magnetic signature is present, and the MMI results showed scattered positives, mostly close to the areas of known lamproite with some positives over the main part of the EM anomaly. The target is reasonably large and parallel to the hill which would be congruent to other hills in the area which form from indurated sandstone parallel to the edges of pipes such as E4, E6, E9 and E16.

Access to the planned drill sites at GEM-030 was impacted by the loose sand present on the access route into the site and at the drill sites themselves. Initially an angled hole at 60° to the north (GEM-030/1) was drilled to attempt to recover material closer to the hill beneath the heritage exclusion zone, targeting the area of more positive MMI samples. This hole was drilled to 48m and no lamprotic material was recovered.

A second vertical hole was drilled to the south over the main part of the EM anomaly. This hole was drilled to 30m with no lamprotic material recovered.

The drilling at GEM-030 has shown that the main EM anomaly is not associated with a lamproite. It is likely that the EM anomaly is due to clay deposited in the soil in the lowland area. The positive MMI samples are likely a transported anomaly from the known lamproites in the area.

No further work is recommended on this target

**Diamond tenements**

Bлина’s current tenements are in good standing. Details of the tenements and their location are set out below:

<table>
<thead>
<tr>
<th>Tenement</th>
<th>Notes</th>
<th>Area (km²)</th>
<th>Date of Grant</th>
</tr>
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<td>95</td>
<td>21/01/1993</td>
</tr>
<tr>
<td>M 04/372</td>
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<td>1</td>
<td>10</td>
<td>19/02/2007</td>
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<tr>
<td>M 04/429</td>
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</tr>
</tbody>
</table>

Notes:
1. Blina registered tenement – 100% Blina
2. KDC Registered Mining Lease
Figure 4 – Tenement location
Diapaga Joint Venture

The Diapaga project comprises four permits in south east Burkina Faso; Bagari, Gounda, Anyaga and Kountiagou.

The Diapaga tenements cover an area of 960 km². They lie on the northeast trending Diapaga Birimian greenstone belt that is bisected by a series of major and complex shear structures running into Niger and connected to the major Markoyo Fault system. This fault system hosts a number of important gold deposits in Burkina Faso, including Taparko (1.7 Moz), Kiala (2.7 Moz), Essakane (5.3 Moz) and Bombore (5.1 Moz).

Several cross cutting structures intersect the northeast shear structures in the project area. These intersection areas are considered priority target areas for locating significant gold mineralisation. The main lithological units at the Diapaga project include typical Birimian volcano sediments intruded by a series of mafic and felsic intrusions. New artisanal gold diggings have commenced in the area.

Due to its remoteness, the Diapaga Birimian greenstone belt is one of the most under explored greenstone sequences in Burkina Faso and has received no significant modern exploration.

Blina believes that the Diapaga project is highly prospective for disseminated infusion-hosted gold deposits, similar to GMR’s Balogo Project, and shear-hosted gold deposits.

The entire Diapaga project area was covered by a high resolution airborne magneto/radiometrics survey flown by Aeroquest. A total of 5,494 line km was flown.

The magnetic data has highlighted a number of very significant structural features at Diapaga including a major east north east trending shear system that bisects the project area. This shear has a strike extent of 37km and is around 11km wide.

Blina plans to commence an auger geochemical programme in the March 2013 quarter.
Competent Persons Statement

The Information in this public report that relates to exploration results of the Company is based on information compiled by Mr David Porter who is a Fellow of the Australasian Institution of Mining and Metallurgy and a consultant to the Company. Mr Porter’s services are provided under contract by Metallica Investments Pty Ltd. Mr Porter has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Porter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.