



QUARTERLY REPORT

FOR THE PERIOD ENDED 30 JUNE 2014

ASX CODE: BDI

## **ACTIVITIES**

- Blina Minerals has now effectively withdrawn from exploration and mining of alluvial diamonds at Ellendale in the Kimberley region of Western Australia. Extensive environmental restoration was undertaken in the quarter which saw the removal of the camp and plant. Completion is expected during the first half of this financial year. The tailings waste dump from the mining activities was also rehabilitated and a monitoring programme put in place. Blina Minerals expects to get environmental bonds back in the September quarter.
- Blina Minerals informed Golden Rim Resources Ltd (**GMR**) that it has withdrawn from the Diapaga Joint Venture in eastern Burkina Faso. Results of an auger programme undertaken by Blina in the quarter gave low priority geochemical anomalies of up to 30ppb gold.
- During the quarter negotiations were held with Mr Hamidou Baba Traore which culminated on 16 July 2014 with the signing of a Binding Term Sheet to explore for gold on the Diakouli Concession in eastern Burkina Faso. The Concession lies 15km north of the Natougou gold deposit of Orbis Gold in a favourable structural setting. A soil sampling programme has commenced and results will become available in the September quarter.
- Further gold reconnaissance was carried out in Burkina Faso.

## **CASH AT END OF QUARTER**

As at 30 June 2014, the cash on hand was \$1,373,000. Overall, the cash movement for the quarter was a net decrease of \$236,000. Cash inflows for the quarter totalled \$13,000. This was comprised of bank interest received. Cash outflows for the quarter totalled \$249,000. This mainly comprised of payments for exploration and evaluation totalling \$182,000. The remaining costs are associated with administration costs.

## **BURKINA FASO GOLD EXPLORATION**

During the quarter Blina Minerals readjusted its gold exploration priorities in Burkina Faso after an assessment of the results of its auger geochemical programme on the Diapaga Gold Project, which was a joint venture with Golden Rim Resources Ltd (“GMR”). The results showed low order anomalies and Blina came to the conclusion that there were more advanced gold projects that could be acquired and tested in Burkina Faso.

As a consequence of the change of exploration priorities Blina Minerals signed a Binding Term Sheet (“BTS”) to explore for gold on the Diakouli Concession which is located 15km north of the Natougou gold deposit and about 30km west of the Diapaga Exploration Licenses. The details of this BTS were reported to the ASX on 16 July 2014 and are reported again in brief in the section, below. Blina Minerals has commenced a soil sampling programme of approximately 3,500 samples and these results will become available in the September Quarter.

Blina Minerals is also looking at other advanced opportunities in Burkina Faso.

## Diakouli Gold Project

Blina Minerals announced on 16 July 2014 that its wholly owned subsidiary, Blina Minerals Burkina SARL (**Blina SARL**) had signed a Binding Terms Sheet (**BTS**), to explore Exploration Licence DIAKOULI with Decree No 11-422/MCE/SG/DGMGC of 20 December 2011 in the Republic of Burkina Faso.

Under the terms of the BTS, Blina SARL may earn an 80% legal and beneficial interest in the tenement from Mr Hamidou Baba Traore by spending US\$1.0 million on exploration over a 4 year period and by making vendor payments of US\$12,500 per annum over the same period. Currently the Exploration Licence is due for its third renewal of 3 years and Blina SARL is assisting Mr Traore with this process.

The BTS is subject to satisfaction or waiver of the following conditions precedent by 31 July 2014 (unless extended by written agreement between the parties):

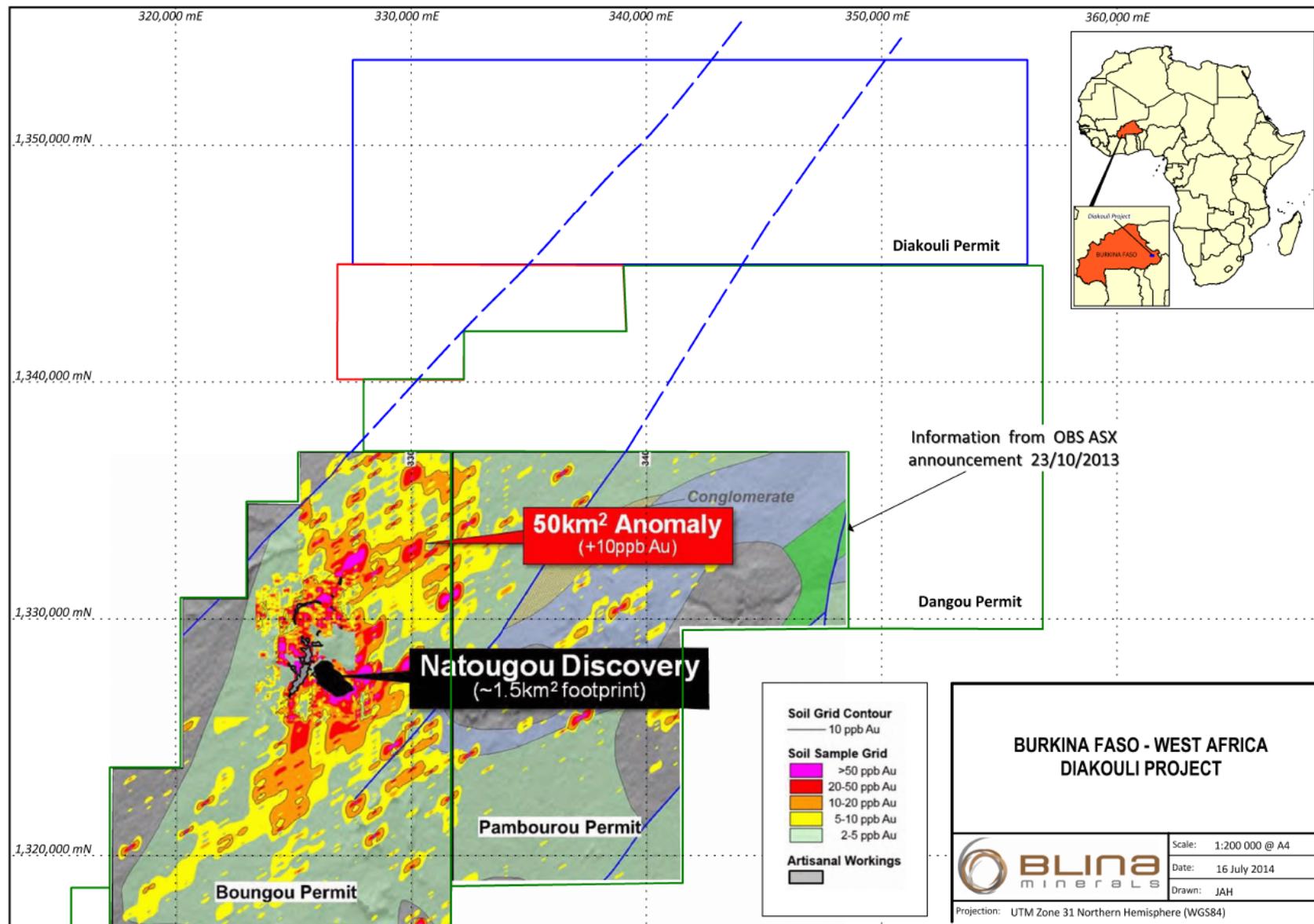
- Completion of due diligence by Blina SARL on the tenement;
- The parties to the BTS obtaining all necessary shareholder, regulatory and third party approvals to allow the parties to lawfully complete the matters set out in the BTS;
- BDI having, or being able to raise, sufficient funds to meet the commitment imposed by the BTS; and
- The parties entering into a formal joint venture agreement on the terms set out in BTS.

Blina SARL may withdraw from the BTS at any time by giving not less than 30 days notice subject to having satisfied all obligations imposed by the Mining Act for the whole of the tenement year in which the withdrawal is effective and also having contributed a minimum expenditure of US\$100,000 on work programs on the tenement.

DIAKOULI is located 350 km southeast of Ouagagougou in the Tapoa region of eastern Burkina Faso. It covers an area of approximately 250 square kilometres and extends 28.7 km east-west and 8.6 km north-south. It lies about 15 km north-northeast of Orbis Gold Ltd's gold discovery of 1.8Moz at Natougou. The Exploration Permit covers a poorly exposed area of Birimian Belt rocks and magnetic interpretation suggests underlying leptynite, basalt, gabbro and diorite rock- types. At the surface the area is covered by residual laterite and transported soils which form a low plateau from about 254m to 311m above sea level.

Blina was attracted to the area by exploration results from a previous explorer. The concession was previously soil sampled at a broad regional scale of 1,000 x 1,000m with some infill to 1,000m x 500m in the western part. In all, a total of 332 soil samples and 40 rock samples were collected during the programmes. The soil sampling showed high gold values in excess of 50ppb but Blina was unable to access the original analytical reports and has therefore adopted a cautious approach to the results. However, the regional setting of the Exploration Licence just 15km from the Natougou gold deposit on an interpreted north-northwest trending structure and along trend from the regional soil geochemistry anomaly of Orbis Gold makes the tenement an attractive exploration prospect.

Blina intends as a first step to verify the existing data base and infill the anomalous areas on a 400 x 80m soil sampling grid from the current 1,000 x 500-1,000m grid. Initial geological reconnaissance has indicated residual soils in the western part of the Exploration Licence and transported colluvium in the more prospective central part of the tenement. Therefore the planned programme may be only partly effective but will give a quick and cheap first pass appraisal over some parts of the tenement. The first phase work will be completed by August 2014.



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## **Diapaga Joint Venture Withdrawal**

Blina Minerals reported to the ASX on 23 June 2014 that it had given GMR 30 days notice that it was withdrawing from the Diapaga Joint Venture in the west African country of Burkina Faso.

The Diapaga Project is located in southeastern Burkina Faso approximately 420km from the capital city of Ouagadougou and is a Joint Venture between Blina Minerals and GMR, whereby Blina Minerals had the right to earn an initial 51% interest by spending US\$2 million on exploration over a 30 month period. Blina could withdraw from the Joint Venture after exploration expenditure of US\$500,000 and this condition has been met by the Company.

Blina Minerals in its first auger programme in 2012 identified 6 spot geochemical anomalies of up to 23 ppb Au. Generally background values were very low of less than 1 ppb Au. The second campaign of 1,633 holes for 10,726 metres was completed in April 2014 and also again gave spot geochemical anomalies of up to 30 ppb Au with no continuity of anomalous results between drill traverses. Generally the priority areas were drilled on a 800 x 100 metres grid spacing. Four samples exceed 20 ppb Au with a maximum value of 30 ppb Au and 24 samples exceeded 10 ppb Au. The areas drilled were again characterised by low background values of less than 1ppb Au.

The high impact exploration programmes completed by Blina Minerals in 2012 and 2014 have resulted in a comprehensive test of priority targets with disappointing results and did not outline any significant regional geochemical foot prints similar to the Natougou gold deposit. Non priority areas of lateritic terrain in the south and southwest were tested by BLEG stream sediment sampling with negative results.

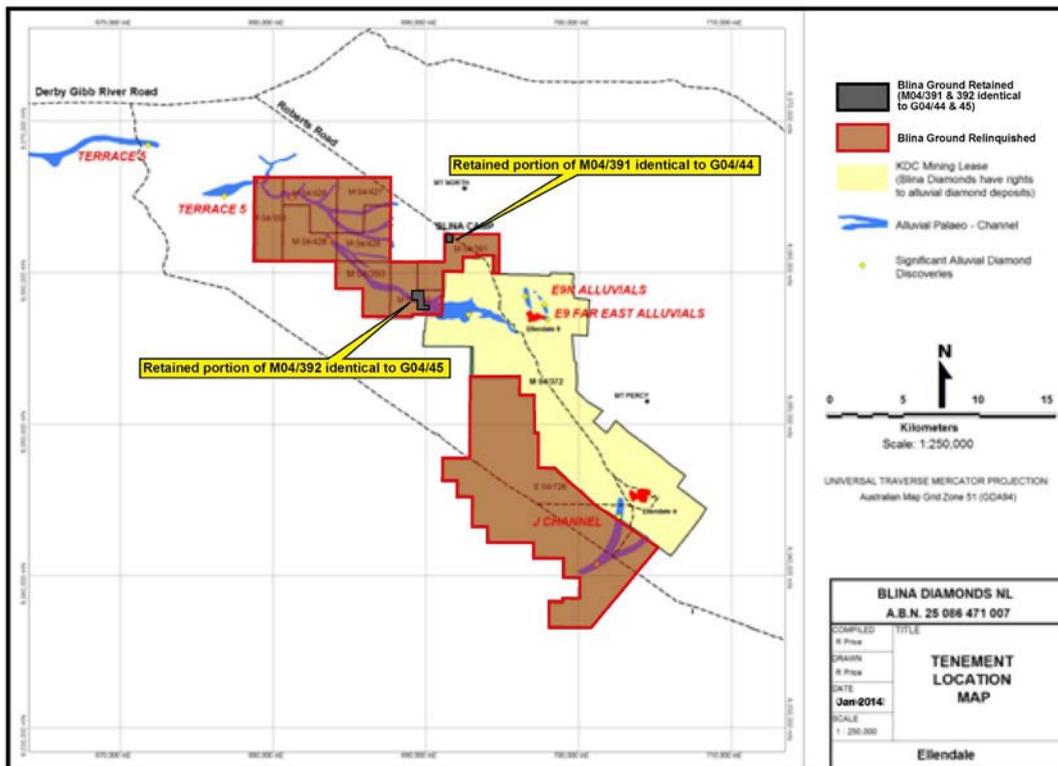
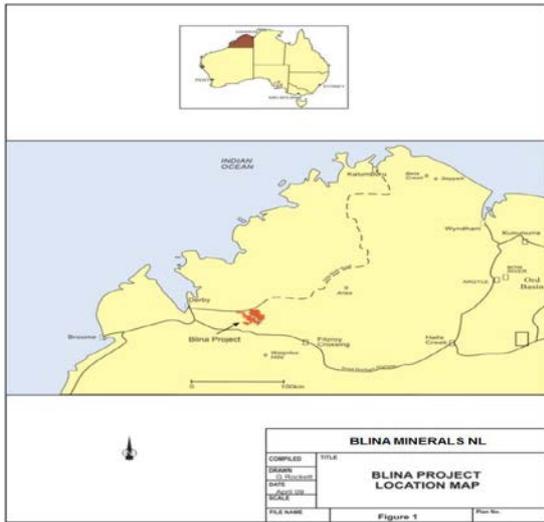
However, the Diapaga Project does comprises a large land holding of four Exploration Licenses of Antyaga, Bagari, Gounda and Kountiagou over a combined area of 960 square kilometres and many areas remain untested to date. Blina Minerals considers that it would have detected any obvious large mineralised structures within the tenement block but given its current cash position and the low priority of the anomalies outlined to date could not justify further work.

## **SURRENDER OF KIMBERLEY TENEMENTS**

As previously advised, Conditional Surrenders were lodged on 15 January 2014 for what remained of M04/391 (surrender being conditional upon the grant of G04/44) and M04/392 (surrender being conditional upon the grant of G04/45).

Extensive environmental restoration was undertaken in the quarter which saw the removal of the camp and plant. The tailings waste dump from the mining activities was also rehabilitated and a monitoring programme put in place. Blina Minerals expects to get environmental bonds back totalling \$247,000 in the September quarter.

Location of the Kimberley Tenements



## Schedule of Interests in Mining Tenements as at 30 June 2014

Disclosure in accordance with ASX Listing Rule 5.3.3

Tenements	Location	Held at End of Quarter	Acquired During the Quarter	Disposed During the Quarter
M04/391	Kimberley, WA	100%	-	-
M04/392	Kimberley, WA	100%	-	-
G04/44	Kimberley, WA	100%	-	-
G04/45	Kimberley, WA	100%	-	-

### Notes:

Partial surrenders were lodged for M04/391 and M04/392 on 29 November 2013. M04/391 was reduced in size from 997.3 ha to 21.5467 ha and M04/392 was reduced in size from 926 ha to 80.0091 ha.

What remained of M04/391, which covers the Blina Camp and associated infrastructure was covered by a General Purpose Lease G04/44 and what remained of M04/392, which covers the wet processing plants, tailings storage facility and associated infrastructure was covered by a General Purpose Lease G04/45.

On 15 January 2014, Conditional Surrenders were lodged for what remained of M04/391 (surrender being conditional upon the grant of G04/44) and M04/392 (surrender being conditional upon the grant of G04/45)

Farm-In Agreements	Location	Held at End of Quarter	Acquired During the Quarter	Disposed During the Quarter
Diapaga Project (earning up to 70%) 2011/11 202/MCE/SG/DGMCG 2011/11 204/MCE/SG/DGMCG 2011/11 205/MCE/SG/DGMCG 2011/11 206/MCE/SG/DGMCG	Burkina Faso	-	-	30 days notice of withdrawal from joint venture given on 23 June 2014

### Notes:

On 23 June 2014 the Company gave 30 days notice to Golden Rim Resources Ltd that it would be withdrawing from the Diapaga Joint Venture.

### Brett Fraser

Director

29 July 2014

### Competent Persons Statement

The Information in this public report that relates to exploration results of the Company is based on, and fairly represents, information and supporting documentation compiled by Mr David Porter. Mr Porter is a Fellow of the Australasian Institution of Mining and Metallurgy, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code)". Mr Porter is an executive Director of the Company whose services are provided under contract by Metallica Investments Pty Ltd. Mr Porter consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.