

For personal use only



## QUARTERLY REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2010

ASX CODE: BDI

## HIGHLIGHTS

- The Company completed the preliminary exploration work on a number of tenements during the quarter – geophysics, soil sampling and heli-electromagnetic surveys.

## Cash at End of Quarter

As at 31 December 2010, the cash on hand was \$2.014 million. Overall, the cash movement for the quarter was a net decrease of \$666k. Cash outflows for the quarter totalled \$732k. This was mainly comprised of payments for exploration and evaluation of \$498k and payments for administration expenses of \$139k.

## TECHNICAL OVERVIEW

The following work has occurred on the Blina tenements:

- The investigation on the application of alternate technology to bring to account some of the alluvial gravels has progressed well. Two possible methods have been ruled out and a third method is now receiving more attention.
- The report detailing the analysis of the outcomes of the geophysical work - ground magnetics and heli-borne electromagnetic surveys - was received in the middle of December. The report reveals some prospectivity on certain tenements in so far as a primary source of lamproite is concerned. The action plan to assess the accuracy of this information has commenced ahead of drilling and soil sampling after the end of the wet season. Some soil sampling data is still outstanding but this data is expected to be to hand by the end of the wet season. The results of this will be used in the planning process for exploration work in the third quarter.

In so far as the initiative into Mongolia goes, Blina is pleased to announce that:

- It is in negotiations with two parties, which have progressed well over the last three months, on two separate properties with prospective coal and copper mineralisation.
- The Company has engaged the services of a Country Manager, Dr Per Michaelsen to develop Blina's interests in Mongolia following the cessation of the previously announced Memorandum of Understanding with BML.

A brief biography of Dr Michaelsen is attached for reference. Dr Michaelsen is a valued addition to the Company's staff.

- The Company has applied to establish a limited liability company in Mongolia, Blina LLC, under which any future projects in that country will fall.

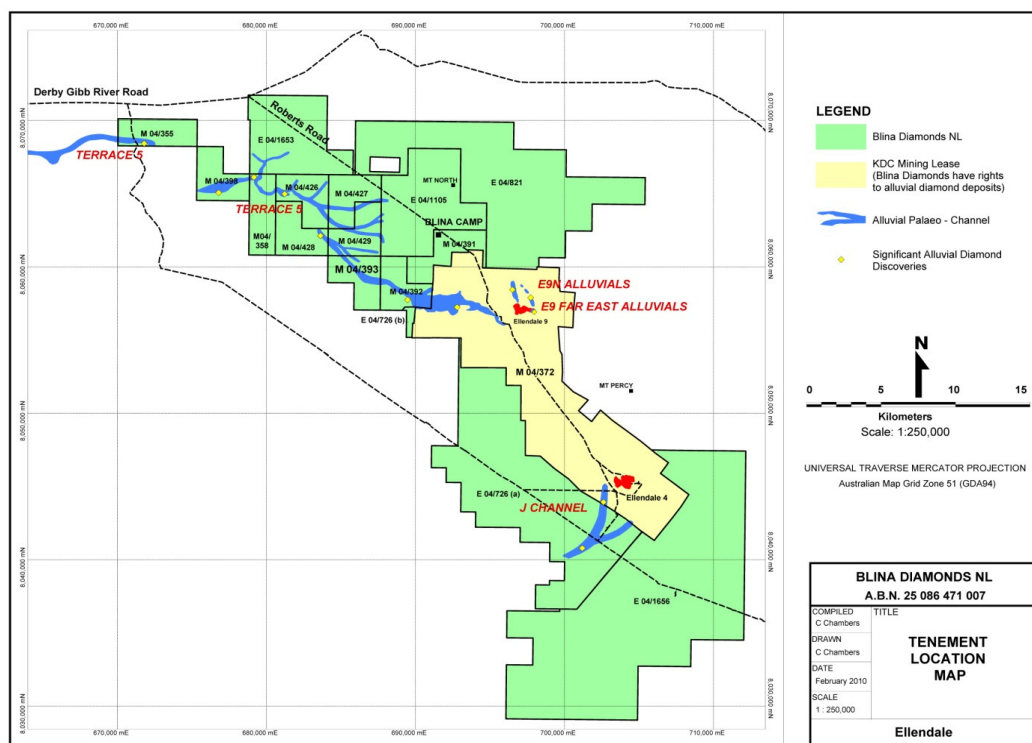
Blina's Board continues to work towards the completion of a deal which will give it a project in Mongolia.

All of Blina's current tenements are in good standing.

Details of the tenements and their location are set out below:

| <b>Table 1</b><br><b>Schedule of Mining Tenements – 31 December 2010</b>                     |              |                              |                      |
|--|--------------|------------------------------|----------------------|
| <b>Tenement</b>  | <b>Notes</b> | <b>Area (km<sup>2</sup>)</b> | <b>Date of Grant</b> |
| E 04/0726  | 1            | 95                           | 21/01/1993           |
| E 04/0821  | 1            | 86                           | 13/09/1993           |
| E 04/1105  | 1            | 36                           | 19/07/1999           |
| E 04/1653  | 1            | 33                           | 30/01/2008           |
| E 04/1656  | 1            | 176                          | 07/08/08             |
| M 04/355   | 1            | 10                           | 11/01/2005           |
| M 04/358   | 1            | 10                           | 11/01/2005           |
| M 04/372   | 2            | 124                          | 23/11/1999           |
| M 04/391   | 1            | 10                           | 10/06/2004           |
| M 04/392   | 1            | 9                            | 10/06/2004           |
| M 04/393   | 1            | 10                           | 10/06/2004           |
| M 04/398   | 1            | 10                           | 11/01/2005           |
| M 04/426   | 1            | 10                           | 19/02/2007           |
| M 04/427   | 1            | 10                           | 19/02/2007           |
| M 04/428   | 1            | 10                           | 19/02/2007           |
| M 04/429   | 1            | 10                           | 19/02/2007           |
| <b>Notes:</b><br>1. Blina registered tenement – 100% Blina<br>2. KDC Registered Mining Lease |              |                              |                      |





**ALISTAIR CROLL**  
**DIRECTOR**  
31 January 2011

## Biography

**Dr Per Michaelsen, PhD, MAusIMM**, is a senior geoscientist with a speciality in coal-bearing deposits. Dr Michaelsen completed his BSc at the University of Copenhagen, and doctoral and post-doctoral studies at James Cook University on the depositional dynamics of the coal-bearing Permian Blackwater Group in the Bowen basin. Scientific results were presented at international conferences in Australia, South Africa, Sweden, Indonesia, USA and China, and published in international journals such as COGEL, JSR, SedGeo, Palaeo3 and AJES.

Per has more than 15 years' experience in the fields of coal and coal bed methane (CBM) with extensive project work in Alaska, Australia, China, Indonesia, Mongolia and Russia. Recently Per was employed by SRK China as a senior consultant for almost 3 years - completing > 30 coal project reports (most as project manager).

Per's essential skills include: due diligence studies and compilation of Independent Technical Reports, data validation, JORC compliant exploration programme management, coal and CBM target generation, integrated image and map interpretation; field mapping and seismic analysis. Per has worked with a large number of international coal and CBM clients including Anglo Coal, BHP Billiton Petroleum, BMA, MIM Coal, Mitsubishi Gas Chemical Australia, New Hope, Shell Coal, Queensland Gas Company, Xstrata Coal, China Resources, Wing Hing, Kiu Hung and Winsway. Dr Michaelsen is permanently based in Ulaanbaatar and joins Blina LLC directly from a position as Ikh Mongol Mining's Project Manager, mainly responsible for the JORC-compliant exploration drive at Navtgar Uul, the largest exploration area within the South Gobi basin.