



## QUARTERLY REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2014

ASX CODE: BDI

## **ACTIVITIES**

- The Diakouli Exploration Permit in eastern Burkina Faso in which Blina Minerals is earning an 80% interest was renewed for a further 3 years on 3 October 2014. Blina Minerals have completed a soil geochemistry programme of 3,577 samples on 400m and 800m line spacing with 80m between sample sites over the renewed area of 144.5 square kilometres. The Binding Terms Sheet has been further extended to enable completion of the Conditions Precedent.
- Significant soil anomalies of up to 1,174ppb gold were delineated in the programme. In total, 9 soil anomalies were outlined over both residual and transported soils in the northern part of the Natougou structural corridor in favourable structural and lithologic settings.
- Blina Minerals has put in applications for further exploration licenses in the Natougou region.
- Final rehabilitation at the Ellendale site is now underway with the preparation of a geotechnical report for the Department of Mines and Petroleum.
- Payment of Non-Executive Directors fees continues to be accrued.
- Mining Rehabilitation Fund assessment completed and awaiting return of bond.

## **CASH AT END OF QUARTER**

As at 30 September 2014, the cash on hand was \$961,000. Overall, the cash movement for the quarter was a net decrease of \$440,000. Cash inflows for the quarter totalled \$21,000. This was comprised of bank interest received and the proceeds from the sale of fixed assets. Cash outflows for the quarter totalled \$475,000. This mainly comprised of payments for rehabilitation of \$102,000 and exploration and evaluation totalling \$308,000. The remaining costs were associated with administration costs.

## **BURKINA FASO GOLD EXPLORATION**

### **Diakouli Gold Project**

#### **Introduction**

Blina Minerals entered into an agreement on 16 July 2014 with Mr Hamidou Baba Troare whereby it can earn an 80% interest in the Diakouli Exploration Permit, Arrete No 2008/08-005/MCE/SGMGE of 8 January 2008, by spending US\$600,000 for the renewed section of the permit on exploration over a 4 year period. Recently, on 3 October 2014, the Permit was renewed for the second time for a 3 year period. The renewed area is 16.8km east-west and 8.6km north-south for a total area of 144.5 square kilometres. The Binding Term Sheet has been further extended to enable completion of the Conditions Precedent.

The Exploration Permit is located in north eastern Burkina Faso near the frontier with Niger, some 350km southeast of the capital city of Ouagadougou. It is about 33km from the regional township of Kant Chari on the RN19 route to Diapaga.

The initial work by Blina Minerals has included a soil geochemistry programme and reinterpretation of regional airborne magnetic data. The completed soil sampling programme had sample lines either 400m or 800m apart with samples collected every 80m along the lines. It comprised 3,577 samples with an additional 143 samples collected for QAQC purposes.

Both the soil geochemistry and geophysical programmes delineated priority targets for follow up work.

## Geology

The Diakouli Exploration Permit lies over Birimian rocks in the south eastern part of Burkina Faso. These rock sequences are similar to Achaean terranes and the Birimian rocks of the southern part of West Africa host numerous gold deposits. The gold deposits have been known since antiquity and have been exploited at an industrial scale since the late 19th century.

About seven Birimian belts are present in Burkina Faso. The Diakouli permit is located in the Diapaga belt which trends northeast and has a strike length of about 100 km. The belt is obscured by Neoproterozoic and Cretaceous cover to the northeast. To the southwest the belt appears to form a fold closure. Geometrically, the Diakouli permit appears to be located on the northern limb of a regional antiform (Figure 1).

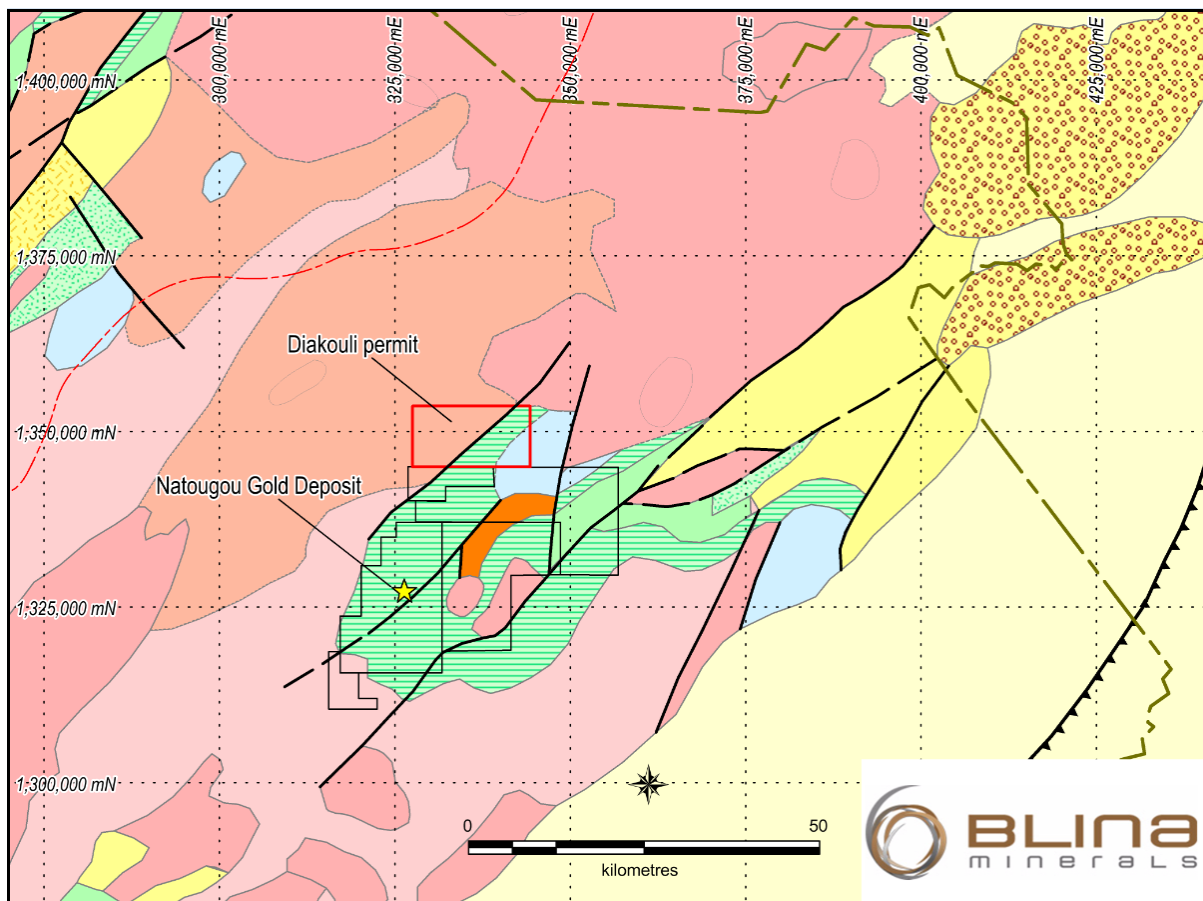


Figure 1 The Diapaga Greenstone Belt showing the location of the Diakouli Exploration Permit.

The regional published geological maps show the western and north eastern areas of the Diakouli permit covered by Proterozoic granitoids and gneisses. The central part of the permit comprises mafic volcanic rocks with minor sedimentary rocks including chert and leptynite.

## Gold Mineralisation

Gold deposits in Birimian rocks are mostly hosted in deformed volcanic and sedimentary rocks and to a lesser extent intrusive rocks. Typically, gold mineralisation comprises quartz-

carbonate veins and associated wall rock replacement associated with compressional or transpressional geological structures such as reverse faults and folds. Over the past decade, prospecting by artisanal miners and exploration companies have resulted in a large number of gold deposit discoveries. These are worked by traditional hand methods and at an industrial scale.

The most noteworthy gold discovery in the Diakouli area is that of Natougou. The gold deposit at Natougou is being actively explored and has a resource of 15 Mt at 3.7 g/t Au (1.8 Moz Au). The Natougou deposit is hosted by an almost flat-lying shear zone that is exposed at surface on its south eastern edge. The structure forms an open dome (fold) shape that gently plunges to the northwest. Mineralisation is hosted in well-developed shear zones containing sheeted and deformed quartz veins and is associated with minor associated sulphide minerals. The Natougou structure and associated alteration is typically developed within amphibolites.

The Natougou deposit is located about 20 km to the southwest of the Diakouli permit (Figure 1). Domal structures with northeast trending shear zones have been identified in the eastern part of the Diakouli Exploration Permit.

### **Exploration**

In view of the flat terrain and limited outcrop on the permit, exploration relied on surface geochemistry and geophysical techniques. There is no artisanal gold mining activity on the permit. Neither is there any evidence of past artisanal mining or prospecting. In view of the deposit discovery only 20 km to the southwest, the Diakouli permit is considered highly prospective.



**Figure 2** *Typical terrain view at Diakouli. The area is relatively flat presenting very few outcrops. Here colluvial deposits shed from the higher western gneissic terrain are dissected by recent active drainages.*

## Soil Geochemistry Programme

The completed soil sampling programme had sample lines spaced either 400m or 800m apart with samples collected every 80m along the lines. The soil sampling programme comprises some 3,577 samples. In addition, 143 samples for QAQC (field duplicates and standards) were placed into the sample stream.

### *(i) Sample collection and assay*

Sample coordinates were determined by handheld GPS (UTM Zone 31P, WGS84). At each sample location a hole to a depth of 20 to 40 cm was dug and about 0.5 kg of soil collected and placed into a poly bag and sealed. Samples were collected over a six week period and work was at times hindered by heavy rains.



*Figure 3 Access was hindered due to heavy rain slowing work progress.*

Soil samples were submitted to the SGS Laboratory in Ouagadougou. In the laboratory, samples were dried, pulverised and sieved to 90% passing 75µm. Samples were analysed by method SGS method "BLE61N". This method is a bulk leach extractable gold (BLEG) assay technique whereby the entire sample is leached in active cyanide over a 24 hour period with solvent extraction and an AAS finish. The detection limit is 1 ppb gold. Every 20th sample was dry screened to test the level of pulverisation.



## (ii) Results and Interpretation

Figure 4 shows the sample locations, colour coded and imaged by assay value on a background of the regolith type. Thirty seven assay values are greater than 16 ppb gold and 221 assay values are between 8 and 16 ppb gold. These values are comparable with anomalous soil samples around the Natougou gold deposit.

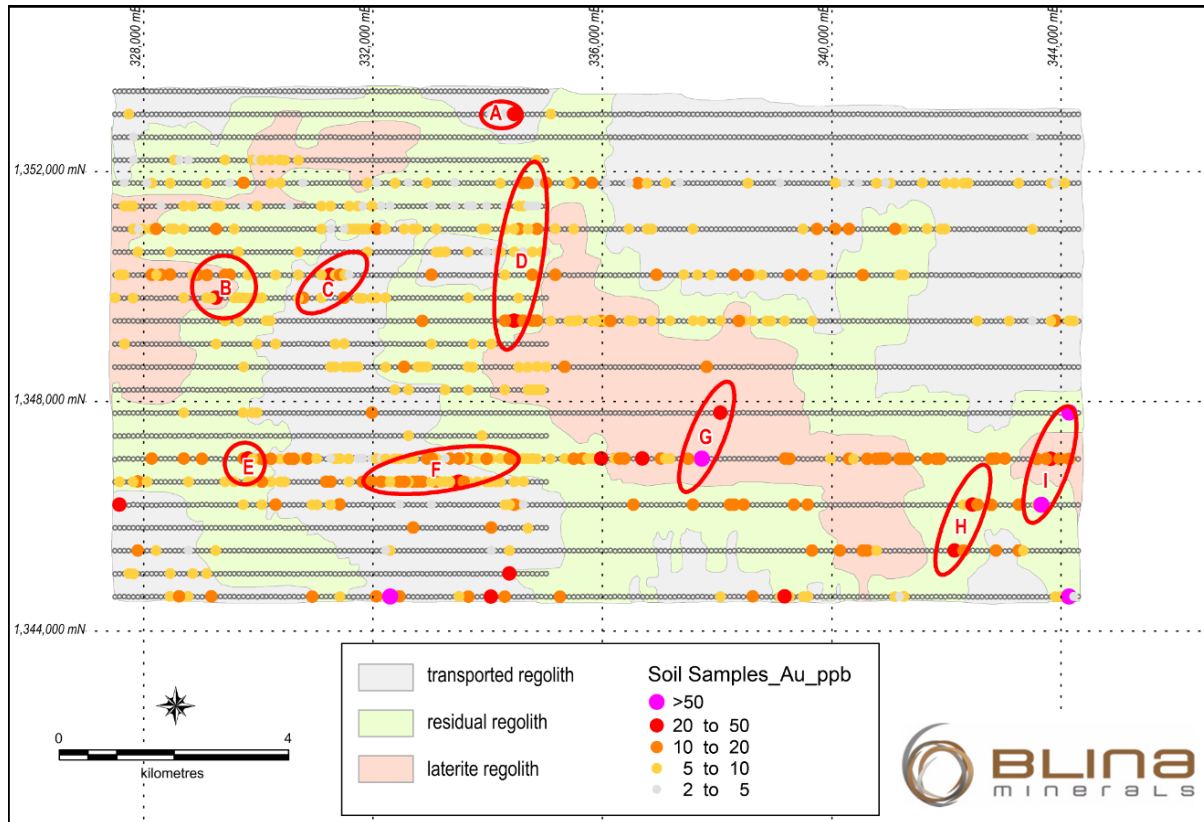


Figure 4 Soil geochemistry results superimposed upon regolith units for the Diakouli Exploration Permit. Gold anomalies are outlined in red and referred to in the text.

The following anomalies were identified (refer to Figure 4 for labels):

- A multiple sample anomaly on a single line in area mapped as transported regolith.
- B multiple sample anomaly across two 400 m-spaced lines on residual regolith.
- C weak multiple sample anomaly across two 400 m-spaced lines on transported regolith.
- D north-northeast trending anomalous values over about six 400 m spaced lines on residual regolith.
- E single high soil sample assay surrounded by lower anomalous values on residual regolith.
- F multiple high and medium anomalous gold values in an east northeast trend mostly over transported overburden.

- G single point high values across two 800 m-spaced lines defining northeast trend on residual and laterite regolith. Line 1 347 000N between anomaly F and G is characterised by about 12 samples with >2 ppb gold. A similar zone of single line high values is located to the east of anomaly G.
- H anomalous values across two 800 m-spaced lines defining a northeast trend. The anomaly is located on residual regolith.
- I Anomalous values across three 800 m-spaced lines defining a northeast trend. The anomaly is located on residual and lateritic regolith.

Anomalies B, D, I, H and G are ranked the highest since the samples were collected in residual or lateritic regolith. The anomalous samples on line 1 347 000 between F and G are equivocal and with the information available have no explanation. Anomalies A, C and F are ranked lower because the samples were collected on transported regolith and the anomalous values may not relate to bedrock.

(iii) ***Regional Setting of the Soil Anomalies***

The regional setting of the Diakouli soil results are shown on Figure 5. The soil geochemical anomalies are of comparable magnitude to the anomalies outlined by Orbis Gold Ltd around the Natougou gold deposit, located 20km to the southwest. They also appear to be confined in the Natougou structural corridor within mafic rocks in the central and eastern part of Diakouli. East of Diakouli lies a large soil covered possibly dioritic dome may have created flat lying structures.

Overall the soil geochemistry programme has proved effective as a first pass approach to outlined potential zones of gold mineralisation in a structurally favourable setting. The programme would not have proved effective in the northeast of the Permit where there are extensive transported soils.

Blina Minerals will progress exploration once the wet season has finished with infill soil geochemistry in areas of residual soils and auger drilling in transported regolith areas. These programmes will lead to well defined drill targets by early 2015.

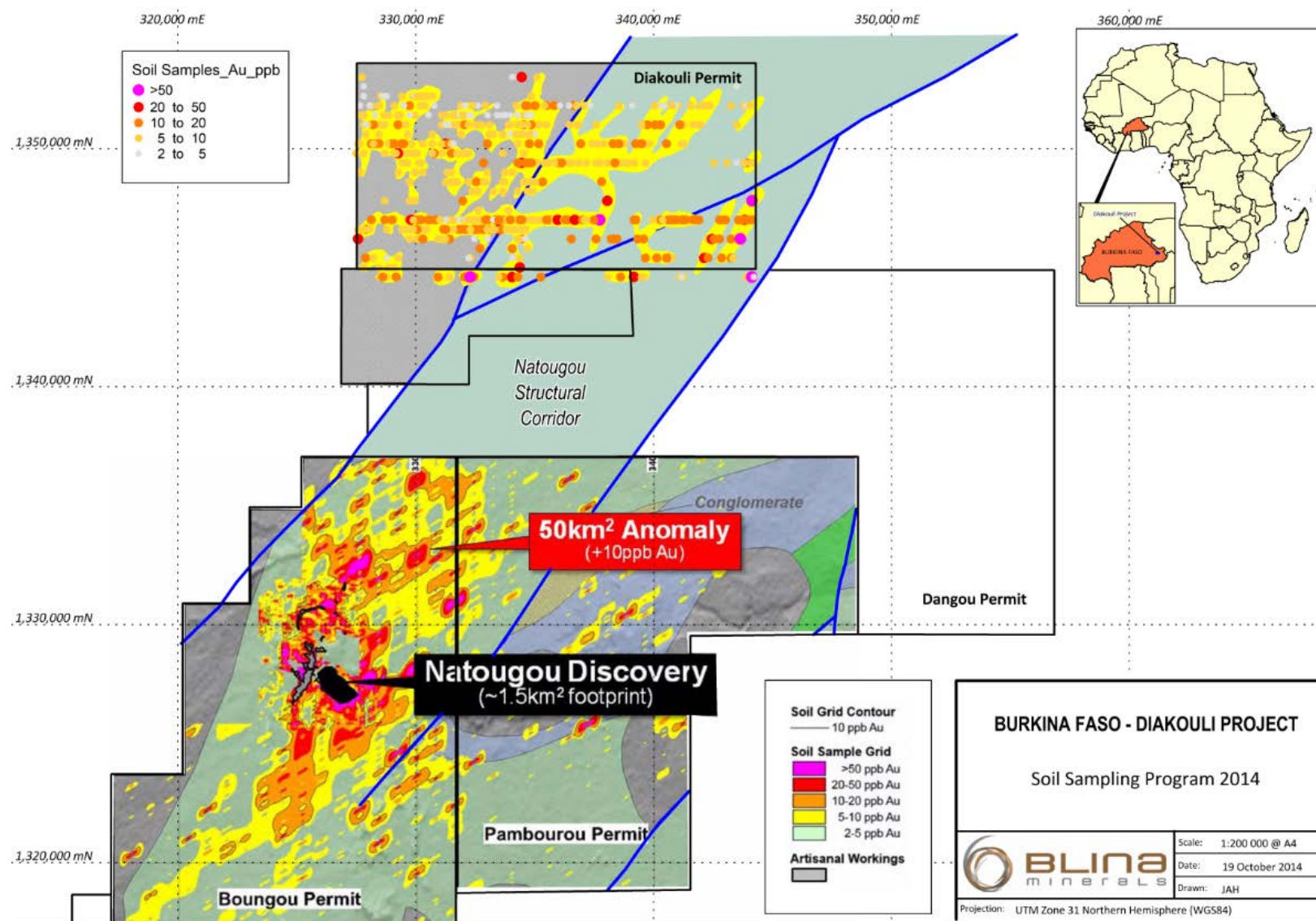


Figure 5 Regional geological setting for the Diakouli Exploration Permit showing soil geochemistry results.



## REHABILITATION OF KIMBERLEY TENEMENTS

Extensive environmental restoration was undertaken in the quarter in the last two quarters. Environmental reporting is presently underway. Blina Minerals expects to get environmental bonds back totalling \$247,000 in the December quarter.

### Schedule of Interests in Mining Tenements as at 30 September 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%                        |

| Farm-In Agreements  | Location     | Held at End of Quarter | Acquired During the Quarter | Disposed During the Quarter |
|---|--------------|------------------------|-----------------------------|-----------------------------|
| Binding Terms Sheet for the Diakouli Project (earning up to an 80% interest) – subject to completion of conditions precedent. | Burkina Faso | -                      | -                           | -                           |

**Brett Fraser**

Director

31 October 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.*