
BLINA ACQUIRES AN INTEREST IN AN EXPLORATION ASSET IN MONGOLIA

Blina Minerals NL (ASX: BDI) (Blina) wishes to announce that it has concluded a Binding Term Sheet with a Mongolian Company - BSI LLC (BSI) - to explore a prospective Copper Gold property in Mongolia. BSI is the sole holder of the license area located in the territory of Ulziit Soum, Bayankhongor. If Blina acquires an interest in the license area, it will be held through a joint venture company which in turn owns the license and license area.

The terms sheet details the nature of the arrangement and can be summarised as follows:

- Blina will pay BSI an upfront payment of US\$270,000 which will earn Blina access to the license area to conduct a legal and technical due diligence.
- Blina has committed to spend US\$500,000 in 2011 whilst conducting the legal and technical due diligence. The majority of this money will be allocated to drilling holes and conducting further studies on the license area.
- On 23 December 2011, following the outcome of the legal and technical due diligence, Blina has the option to progress the arrangement by paying to BSI US\$400,000 to secure a 51% share in the license area. BSI may elect up to half of this payment to be made by way of Blina shares at 3.5 cents per share (up to a maximum of approximately 5.7 million shares).
- On acquiring the 51% interest, Blina has the right over the next three years, commencing on 24 December 2011, to spend a total of US\$2,500,000 to further explore the property. This spend will allow Blina to increase its stake in the ownership of the license area according to the following arrangement:
 - Year 1 – Spend US\$750,000 to own 61%;
 - Year 2 – Spend US\$750,000 to own 71%; and
 - Year 3 – Spend US\$1,000,000 to take the ownership stake in the license area to 85%.

BSI will be free carried by Blina to the completion of Expenditure and Pre-feasibility Study.

- A Management Committee is to be established consisting of two representatives from Blina and one from BSI and will oversee the progress of the exploration project.
- Once Blina has earned an interest of 85% in the license area, the parties will jointly fund a Bankable Feasibility Study or be diluted according to an agreed formula. In all cases BSI will retain the right to a 2.25% Net Smelter Revenue (NSR) as defined by the AMPLA Model Framework Minerals Royalty Deed - Approved Version 1.
- Blina will pay BSI US\$150,000 per year during this three year period to assist Blina in any administration and legal matters relating to the project and with the identification of other projects for Blina.

- The arrangement is subject to the following conditions precedent:
 - Completion of legal and technical due diligence by Blina on the license area to absolute satisfaction of the Blina Board;
 - BSI providing to Blina written confirmation of the expenditure incurred by BSI in exploration on the license area to the satisfaction of Blina acting reasonably for the purposes of the dilution clause contained within the binding terms sheet;
 - Blina incurring expenditure of not less than \$500,000 on exploration on the license area including costs associated with satisfying the obligations set out in the binding terms sheet, relating to maintaining the license area in good standing;
 - Execution of a formal agreement within the shortest practicable time; and
 - Blina obtaining all necessary third party, regulatory and shareholder approvals or consents to give effect to the matters set out in this terms sheet pursuant to the ASX Listing Rules, Australian Corporations Act 2001 or any other law.

All Conditions Precedent are to be met by 23 December 2011.

The agreement was signed by both parties on Saturday, 14 May 2011.

Blina intends to go to the market to raise additional monies through the issue of shares to assist in the funding of obligations arising out of this agreement and other initiatives which Blina intends to pursue. The details of this raising will be forthcoming. Blina has the approval of its shareholders to issue up to 600 million shares to raise capital to pursue the expansion and diversification of the Company.

Details of the project

Through this Binding Term Sheet, Blina has negotiated an interest in a property formally known as the Kharganat Copper-Gold Prospect (Project). The Project's license area is located in the Bayankhongor region of Mongolia, some 500km to the south west of Ulaanbaatar - the capital of Mongolia. The Bayanburd (12628X) license area covers some 21,091 hectares.

The property is prospective as the surface expression of the copper mineralised linear stock work veining may indicate the existence of a deeper porphyry type system. The property has been prospected by Russian Geologists in the 1940's on areas which contained old Chinese workings. The eastern part of the Tuin Gol River was covered by 1:500 000 scale geologic-hydrogeological mapping by Russian explorers in 1940. During 1:1 000 000 scale geological mapping in the Bayankhongor region, Russian geologists visited this region in 1963 and provided a geological sketch map of the area. In 1966, the region was covered by 1:100 000 scale geological mapping by German geologists who identified the Tsagaan Tsakhir Uul granitoid related gold deposit and several other mineralised zones, ore showings and geochemical anomalies of gold and copper. The Kharganat prospect area was covered by 1:200 000 scale geological mapping and prospecting by Russian and Mongolian geologists in 1984. During this geological investigation, several gold, tungsten geochemical anomalies and few copper, gold, silver ore showings were identified in the Bayanburd license area. The region was recommended for detailed geological investigations, specifically for placer gold. Further geological mapping and prospecting by Mongolian geologists in 1984 identified a few small gold and copper ore showings as well as some geochemical anomalies. In autumn 2007, BSI carried out a reconnaissance survey on the exploration license area, using regional geological mapping and prospecting, associated with rock chip sampling. As a result of these reconnaissance surveys, geologists from BSI identified several intensive copper-gold mineralization zones in the Bayanburd

exploration license area and recommended these for detailed exploration. The main mineralised area was named “Kharganat” copper-gold prospect in the Bayanburd license. In early 2008, the company carried out detailed exploration on the Kharganat prospect, covering 34 sq. kilometre area (8.97km by 3.9km), using detailed geological mapping and prospecting, geophysical and geochemical survey, petrographic and mineralogical techniques.

The project is now at a stage where it requires significant funding and as such BSI sought the partnership of a listed company. Blina looks forward to working with BSI on this venture and will look to engage the services of the BSI technical team as part of the next phase in developing this project.

Change in Country Manager

Dr Per Michaelsen – the appointed country manager to oversee operations in Mongolia on behalf of Blina LLC – has resigned from the employ of the company to pursue his own interests. The Company is currently looking for a replacement. Blina will continue to use the services of existing arrangements with geological, legal and accounting practices resident in that country to oversee the interests of Blina LLC.

General

Blina will continue to explore opportunities in this and other jurisdictions as part of its diversity and expansion strategy.

Ends

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