31 December 2011
Interim Financial Report

ABN 25 086 471 007

Level 3, 52 Kings Park Road
West Perth 6005
Western Australia

Telephone: +61-8 9426 9888
Facsimile: +61-8 9426 9899
Email: general@blinaminerals.com.au
Website: www.blinaminerals.com.au

Contents

Directors' report

The directors of Blina Minerals NL present their report together with the consolidated financial statements of the Group comprising of Blina Minerals NL (the Company or Blina) and its subsidiary for the six months ended 31 December 2011 and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Non-executive	
Mr Brett F Fraser	Appointed 26 September 2008
Mr Peter Webse	Appointed 12 January 2012
Executive	
Mr Alistair M Croll	Appointed 17 March 2008 Resigned 12 January 2012
Mrs Lee-Anne de Bruin	Appointed 18 June 2009

Review of operations

Australia
The resource extension program on the Group's diamond tenements was completed during the period, the results of which are under review.

Mongolia
The due diligence work comprising soils sampling and channel sampling on the surface of the most promising areas were completed during the period in accordance with the binding term sheet terms of which were outlined in the Group's latest annual report. The previous IP work was revisited and some targets identified which, in conjunction with the results of work performed led to the definition of the drilling targets.

The drilling programme commenced in August 2011 and was completed in September 2011 with a total of 1,500m drilled in eight holes.

An independent review of the assay results was conducted, with the independent expert concluding that, based on its review of the exploration results, current geological theory and the best evidence available, further work on the Mongolian project was not recommended.

Accordingly, on 2 December 2011, the Board resolved not to proceed further with the project.

Various projects are currently under consideration by the Board.

Financial Position

The 31 December 2011 interim financial statements have been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half year ended 31 December 2011 the Group recorded a loss of $2,086,157 (2010: $954,924) and had a net working capital deficit of $52,523 (June 2011: surplus of $655,826).

Additional funding of $740,280 was secured subsequent to the balance date via a share placement. In addition, the Group has the option, if necessary to relinquish tenements in order to maintain its cash funds at appropriate levels.

Based on the above and the Group's cash flow forecast the Directors consider the going concern basis of preparation to be appropriate for this financial report.

Subsequent Events

On 10 January 2012, the Company announced the resignation of Alistair Croll as a Director of the Company effective 12 January 2012.

On 12 January 2012 the Company appointed Mr Peter Webse as a Non-Executive Director of the Company. Mr Webse will serve as a Non-Executive Director until a suitable replacement with relevant technical expertise has been appointed following the resignation of Mr Croll. Mr Webse will continue in his role as Company Secretary.

On 25 January 2012, the Company announced a placement of 185,069,958 fully paid ordinary shares at an issue price of 0.4 cents per share to raise $740,280 before costs. The funds raised from the placement will be applied towards the Company's exploration program and for general working capital purposes.

The following Australian tenements were surrendered subsequent to the balance date: E04/1653, M04/355, M04/358 and M04/398

Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the directors' report for the six months ended 31 December 2011.

Dated at West Perth this 14th day of March 2012.

This report is signed in accordance with a resolution of the Board of Directors pursuant to section 306(3) of the Corporations Act 2001:

BRETT FRASER	LEE-ANNE DE BRUIN
NON EXECUTIVE DIRECTOR	EXECUTIVE DIRECTOR

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BUSINESS SOLUTIONS
WORLDWIDE

MGI Perth Audit Services Pty Ltd
ACN 145 447 105
Level 7, The Quadrant,
1 William Street,
GPO Box 2570,
Perth, Western Australia 6001
T: +61 8 9463 2463
F: +61 8 9463 2499
E: audit@mgiperth.com.au

Lead auditor's independent declaration under section 307C of the Corporations Act 2001

To the Directors of Blina Minerals NL

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2011, there have been:

(i) no contraventions of the auditors independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

MGIPAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani B.Eng, CA
Director

Perth
14 March 2012

Condensed consolidated statement of comprehensive income

For the six months ended 31 December 2011

	Note	31 Dec 2011 $	31 Dec 2010 $
Other income		57,225	57,335
Site administration costs (care and maintenance)		(285,298)	(211,517)
Corporate costs		(367,149)	(466,921)
Exploration expenditure written off	8	(1,352,825)	-
Share option expenses		-	(334,288)
Depreciation expense		(8,441)	(11,440)
Impairment of plant and equipment	7	(192,250)	-
Loss from operating activities		(2,148,738)	(966,831)
Financial income		57,710	49,618
Financial expenses		(35,619)	(37,711)
Net finance income		22,091	11,907
Loss before income tax		(2,126,647)	(954,924)
Income tax benefit		40,490	-
Net loss for the period		**(2,086,157)**	**(954,924)**
Other comprehensive income for the period, net of tax		87,116	-
Total comprehensive loss for the period attributable to owners of the company		**(1,999,041)**	**(954,924)**

Earnings per share

Basic and diluted loss per share attributable to ordinary shareholders		($0.004)	($0.002)

The condensed consolidated statement of comprehensive income is to be read in conjunction with the notes to the interim financial statements.

Condensed consolidated statement of financial position

As at 31 December 2011

	Note	31 Dec 2011 $	30 Jun 2011 $
Assets			
Cash and cash equivalents		356,012	996,142
Trade and other receivables		15,445	30,746
Inventories		8,518	8,419
Prepayments		142,684	129,929
Total current assets		**522,659**	**1,165,236**
Other receivables		344,003	344,000
Property, plant and equipment	7	1,068,889	1,260,282
Exploration and evaluation assets	8	321,404	774,916
Total non-current assets		**1,734,296**	**2,379,198**
Total assets		**2,256,955**	**3,544,434**
Liabilities			
Trade and other payables		555,182	489,410
Provisions		20,000	20,000
Total current liabilities		**575,182**	**509,410**
Provisions		1,510,543	1,499,753
Total non-current liabilities		**1,510,543**	**1,499,753**
Total liabilities		**2,085,725**	**2,009,163**
Net assets		**171,230**	**1,535,271**
Equity			
Issued capital	9	30,747,076	30,112,076
Reserves	9	1,150,974	1,063,858
Accumulated losses		(31,726,820)	(29,640,663)
Total equity		**171,230**	**1,535,271**

The condensed consolidated statement of financial position is to be read in conjunction with the notes to the interim financial statements.

Condensed consolidated statement of changes in equity

	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Total $
At 1 July 2010	**28,702,076**	**(28,276,879)**	**728,796**	**-**	**1,153,993**
Total Comprehensive income for the period					
Loss for the period	-	(954,924)	-	-	(954,924)
Total comprehensive loss for the period	-	(954,924)	-	-	(954,924)
Shares issued, net of transaction costs	1,410,000	-	-	-	1,410,000
Cost of share based payments	-	-	334,288	-	334,288
At 31 December 2010	**30,112,076**	**(29,231,803)**	**1,063,084**	**-**	**1,943,357**

	Issued Capital $	Accumulated Losses $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Total $
At 1 July 2011	**30,112,076**	**(29,640,663)**	**1,070,746**	**(6,888)**	**1,535,271**
Total Comprehensive income for the period					
Loss for the period	-	(2,086,157)	-	-	(2,086,157)
Other comprehensive income for the period	-	-	-	87,116	87,116
Total comprehensive loss for the period	-	(2,086,157)	-	87,116	(1,999,041)
Shares issued, net of transaction costs	635,000	-	-	-	635,000
At 31 December 2011	**30,747,076**	**(31,726,820)**	**1,070,746**	**80,228**	**171,230**

The condensed consolidated statement of changes in equity is to be read in conjunction with the notes to the interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 31 December 2011

	31 Dec 2011	31 Dec 2010
	$	$
Cash flows from operating activities		
Cash receipts from customers	64,562	35,974
Cash paid to suppliers and employees	(616,393)	(503,678)
Cash used in operations	(551,831)	(467,704)
Interest received	32,082	50,952
Interest paid	-	(50)
Income tax benefit received	40,488	-
Net cash used in operating activities	**(479,261)**	**(416,802)**
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(784,030)	(355,843)
Payments for property, plant and equipment	(9,298)	-
Net cash used in investing activities	**(793,328)**	**(355,843)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	663,000	1,500,000
Share issue costs	(28,000)	(90,000)
Net cash from financing activities	**635,000**	**1,410,000**
Net (decrease)/increase in cash and cash equivalents	**(637,589)**	**637,355**
Cash and cash equivalents at 1 July	996,142	1,360,963
Effect of exchange rate fluctuations on cash held	(2,541)	-
Cash and cash equivalents at 31 December	**356,012**	**1,998,318**

The condensed consolidated statement of cash flows is to be read in conjunction with the notes to the interim financial statements.

Notes to the interim financial statements

1. Reporting entity

Blina Minerals NL (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Level 3, 52 Kings Park Road, West Perth 6005, Western Australia. The interim financial statements as at and for the half year ended 31 December 2011 comprise the Company and its subsidiary together referred to as the Group.
At 31 December, the Group is primarily involved in the exploration of mineral resources.

2. Statement of compliance

The interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial statements do not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Group as at and for the year ended 30 June 2011.

These interim financial statements were approved by the Board of Directors on 14 March 2012.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these interim financial statements are the same as those applied by the Group in its financial report as at and for the year ended 30 June 2011, except for the impact of the new or revised Standards and Interpretations described below.

(a) New or revised Accounting Standards and Interpretations

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 124 *Related Party Disclosures (amendment)* effective 1 January 2011
- AASB 132 *Financial Instruments: Presentation (amendment)* effective 1 February 2010
- Improvements to AASBs (May 2010)

The adoption of these amendments has not resulted in any changes to the Company's accounting policies and has no affect on the amounts reported for the current or prior periods.

The Group has reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2011. The Group has decided against early adoption of any new Standards and Interpretations. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the Group's accounting policies.

(b) Financial Position

The 31 December 2011 interim financial statements have been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. For the half year ended 31 December 2011 the Group recorded a loss of $2,086,157 (2010: $954,924) and had a net working capital deficit of $52,523 (June 2011: surplus of $655,826).

3. Significant accounting policies (continued)

(b) Financial Position (continued)

Additional funding of $740,280 was secured subsequent to the balance date via a share placement. In addition, the Company has the option, if necessary to relinquish tenements in order to maintain its cash funds at appropriate levels.

Based on the above and the Group's cash flow forecast the Directors consider the going concern basis of preparation to be appropriate for this financial report.

4. Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report as at and for the year ended 30 June 2011.

5. Financial risk management

For the six months ended 31 December 2011, there were no changes to the Group's financial risk management objectives and policies. Please refer to the financial report as at and for the year ended 30 June 2011 for detailed information regarding the Group's financial risk management.

6. Operating segments

Operating segments are identified based on the internal reports that are reviewed and used by the management team in assessing performance and in determining the allocation of resources. Management has identified two reportable segments based on geographical areas and therefore different regulatory environments. These segments are Exploration of Mineral Resources in Australia as well as Exploration of Mineral Resources in Mongolia.

No operational revenues were derived during the current financial year as both segments are in an exploration phase. Information regarding the results of each reportable segment is included below and is based on internal management reports that are reviewed by management monthly. The measurement of segment profit or loss, segment assets and segment liabilities for each reportable segment is based on the same principles as the measurement of the Group's profit or loss, assets and liabilities.

Information about reportable segments	**31 December 2011**		**31 December 2010**		**Total**	
	Australia	**Mongolia**	**Australia**	**Mongolia**	**2011**	**2010**
	$	**$**	**$**	**$**	**$**	**$**
Other income	57,225	-	57,335	-	**57,225**	**57,335**
Interest revenue	32,082	-	49,618	-	**32,082**	**49,618**
Depreciation and amortisation	(7,627)	(814)	(11,440)	-	**(8,441)**	**(11,440)**
Other material non-cash items:						
Impairment of property, plant and equipment	(192,250)	-	-	-	**(192,250)**	**-**
Exploration expenditure written off	(194,410)	(1,158,415)	-	-	**(1,352,825)**	**-**
Share based payments expense	-	-	(334,288)	-	**-**	**(334,288)**
Mine rehabilitation and restoration discount unwind	(35,619)	-	(34,647)	-	**(35,619)**	**(34,647)**

6. Operating segments (continued)

Information about reportable segments (continued)	31 December 2011 Australia $	31 December 2011 Mongolia $	31 December 2010 Australia $	31 December 2010 Mongolia $	Total 2011 $	Total 2010 $
Reportable segment loss	(878,820)	(1,207,337)	(954,924)	-	**(2,086,157)**	**(954,924)**
Reportable segment assets	3,424,701	19,977	4,187,631	-	**3,444,678**	**4,187,631**
Reportable segment liabilities	(2,077,528)	(1,094,783)	(2,244,274)	-	**(3,172,311)**	**(2,244,274)**
Additions to non-current assets other than financial instruments	34,212	865,101	355,843	-	**899,313**	**355,843**

Reconciliation of reportable segment assets and liabilities	2011 $	2010 $
Assets		
Total assets for reportable segments	3,444,678	4,187,631
Elimination of intercompany investments	(101,137)	-
Elimination of intercompany receivables	(1,086,586)	-
Consolidated total assets	2,256,955	4,187,631
Liabilities		
Total liabilities for reportable segments	(3,172,311)	(2,244,274)
Elimination of intercompany payables	1,086,586	-
Consolidated total liabilities	(2,085,725)	(2,244,274)

7. Property, plant and equipment

The majority of property, plant and equipment in nature represents tangible pieces of site assets and $546,146 represents mine properties. As of September 2009 the plant and associated equipment has been placed on care and maintenance. The reported value of plant represents a non-operational recoverable amount as at 31 December 2011 based on an independent valuation obtained in December 2011. The valuation has resulted in recognition of an impairment loss of $192,250 during the current period (2010: nil).

Please refer to the financial report as at and for the year ended 30 June 2011 for more details on property, plant and equipment.

8. Exploration and evaluation asset

The exploration and evaluation asset represents costs capitalised in relation to the exploration and evaluation of the Company's active areas of interest in Australia.

A total of $1,352,825 exploration costs was written off during the period (2010: nil). This mainly represents costs associated with Mongolian exploration activities ($1,158,415) as well as costs relating to Australian tenements which will be surrendered on the upcoming anniversary dates ($194,410).

Management has made the decision to write off the above costs based on the exploration results as announced to the market during the period.

9. Issued capital and reserves

On 13 July 2011, the Company issued 73,666,666 ordinary fully paid shares at $0.009 per share, raising $663,000 before costs. Costs associated with the placement amounted to $28,000.

No equity instruments were granted to directors and/or employees during the period.

10. Related parties

Details of significant transactions during the period are as follows:

The Company has an agreement with Kimberley Diamond Company ("KDC") who is a significant shareholder under which KDC manages the Company's day-to-day financial, statutory, and administrative affairs and allows the Company to use the offices and office facilities in which KDC has secured certain rights as the Company's head office. These services (Management Services) include general corporate, management, administrative, financial, secretarial, and office services to the Company through KDC's team of professionally qualified and administrative staff. The total amount charged for management services by KDC for the six months ended 31 December 2011 was $55,000 (2010: $55,000), out of which $8,000 remains outstanding at 31 December 2011 (2010: nil).

During September 2009 the Blina plant was placed under care and maintenance. An agreement was made between Blina and KDC that KDC would maintain the plant whilst on care and maintenance. This agreement was made at arm's length. During the six months ended 31 December 2011 Blina paid $6,000 (2010: $6,000) for care and maintenance fees, out of which $1,000 remains outstanding at 31 December 2011 (2010: nil).

During the period, vehicle hire fees of $57,225 (2010: $37,659) and no stemming fees (2010: $25,410) were charged to KDC none of which is outstanding at 31 December 2011 (2010: $24,393).

As at 31 December 2011, Blina owes KDC $349,907 comprising $356,601 payable by Blina in accordance with the FSA Termination Agreement as well as $6,694 payable by KDC representing uninvoiced intercompany backcharges (mainly travel costs refunds collected by KDC on behalf of Blina).

11. Subsequent events

On 10 January 2012, the Company announced the resignation of Alistair Croll as a Director of the Company effective 12 January 2012.

On 12 January 2012 the Company appointed Mr Peter Webse as a Non-Executive Director of the Company. Mr Webse will serve as a Non-Executive Director until a suitable replacement with relevant technical expertise has been appointed following the resignation of Mr Croll. Mr Webse will continue in his role as Company Secretary.

On 25 January 2012, the Company announced a placement of 185,069,958 fully paid ordinary shares at an issue price of 0.4 cents per share to raise $740,280 before costs. The funds raised from the placement will be applied towards the Company's exploration program and for general working capital purposes.

The following Australian tenements were surrendered subsequent to the balance date: E04/1653, M04/355, M04/358 and M04/398.

Directors' declaration

In the opinion of the directors of Blina Minerals NL ("the Company"):

1. the financial statements and notes set out on pages 5 to 12, are in accordance with the Corporations Act 2001 including:
   (a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the six month period ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at West Perth this 14th day of March 2012.

Signed in accordance with a resolution of the directors:

Brett Fraser	Lee-Anne de Bruin
Non Executive Director	***Executive Director***

Independent auditor's review report to the members of Blina Minerals NL

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BUSINESS SOLUTIONS WORLDWIDE

MGI Perth Audit Services Pty Ltd
ACN 145 447 105
Level 7, The Quadrant,
1 William Street,
GPO Box 2570,
Perth, Western Australia 6001

T: +61 8 9463 2463
F: +61 8 9463 2499

E: audit@mgiperth.com.au

Independent Auditor's Review Report to the members of Blina Minerals NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Blina Minerals NL ('the Consolidated Entity') which comprises the condensed consolidated statement of financial position as at 31 December 2011, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of the Consolidated Entity comprising the Company and the entity it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the half-year financial report

The directors of the Consolidated Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Blina Minerals NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent auditor's review report to the members of Blina Minerals NL

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Blina Minerals NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

MGI PAS

MGI Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani B.Eng, CA
Director

Perth
14 March 2012