ACN 130 964 162

Annual Report

For the Year Ended 30 June 2016

Corporate Directory

Directors	Bill Richie Yang Jerome Vitale Jinle Song Tianbao Wang
Company Secretary	Ian White
Registered Office	Level 5/G 1 Pacific Highway Sydney NSW 2060
Principal Place of Business	Level 5/G 1 Pacific Highway Sydney NSW 2060
Share Register	Link Market Services Pty Ltd Level 4, 152 St Georges Terrace Perth WA 6000
Auditor	HLB Mann Judd Level 19, 207 Kent Street Sydney NSW 2000
Solicitors	Simpsons Solicitors Lot One, Level 2 Pier 8/9/23, Hickson Road Millers Point Sydney NSW 2000 K & L Gates Level 32, 44 St Georges Terrace Perth WA
Bankers	National Australia Bank 101 – 103 Pitt Street Sydney NSW 2000 ANZ Bank 3/115 Pitt Street Sydney NSW 2000
Financial Reporting and Company Secretarial Services	Professional Edge Pty Ltd GPO Box 1458 Sydney NSW 2000
Securities Exchange Listing	Bligh Resources Ltd shares are listed on the Australian Securities Exchange (ASX code: BGH)
Website Address	www.blighresources.com.au

ACN 130 964 162

Annual Report

For the Year Ended 30 June 2016

Contents	Page

"Significant advances have been made as the Company prepares to develop its Bundarra tenements."

Dear Fellow Shareholders,

The last 12 months have provided a great challenge for your Company's board but I am pleased to report that significant advances have been made as the Company prepares to develop its Bundarra tenements. Sentiment in the Australian equity capital market toward junior gold explores remained indifferent in the first half of the financial year. With this backdrop, on 27 October 2015 the Company entered into a joint venture agreement ("JV Agreement") over the Bundarra Gold project with unlisted company Contained Gold Pty Ltd ("Contained Gold") under terms that would minimise future spend for the Company and provide a pathway to production in a reasonable time frame.

The terms agreed with Contained Gold, as set out more fully in the Directors' Report, provide that it has the right to earn a 50% equity interest in the project by sole funding (i) the completion of a feasibility study and all necessary permitting requirements by 27 April 2017, and (ii) construction of a suitable Carbon in Pulp processing plant with capacity of 300-500,000 tonnes per annum to treat Bundarra ore, with the plant to be made available to the joint venture under a leasing arrangement. The terms included cash payments to Bligh of $475,000 including $250,000 to subscribe to approximately 7.1 million fully paid ordinary shares in Bligh upon payment of which Contained Gold would have the right to have a 50% equity interest in the tenements registered in its name. The agreement also provides for Bligh to be issued with equity in Contained Gold equivalent to 10% of its issued capital.

On 27 May 2016 the parties agreed to vary the terms of the JV Agreement so as to facilitate the possible sale of the project to an unrelated third party based on indicative terms that would provide an acceptable up front return to both sides, albeit unexpected. The variation terms, as set out in more detail in the Directors' Report, provide for the suspension of certain mutual obligations by each party with respect to issue of shares in each other, and the timing for the transfer of a 50% interest the tenements to Contained Gold. In the event that a sale to a third party does not occur within 6 months, i.e. by 27 November 2016, the parties shall carry out their JV Agreement obligations unless otherwise agreed. This includes an obligation by Contained Gold to issue to Bligh shares equal to 10% of its capital at nil cost to Bligh, and unless the Convertible Note is redeemed by Bligh, an obligation by Bligh to issue Contained Gold, 1 million fully paid ordinary shares. At the date of this report, no sale has been consummated and discussions with the third party have been discontinued. Bligh intends to retain its interest in Bundarra with a view to accelerating development of the project and is actively evaluating opportunities to expand its gold interests in the Leonora area.

As an indication of the positive change in market sentiment for emerging gold developers and explorers, the Company announced on 22 July 2016 that it had entered into an underwritten agreement to raise approximately $1.7 million from a placement and underwritten Share Purchase Plan. Subsequently, this was increase to $2.2 million in response to investor interest. The Company also announced on 22 July that it has secured the services of experienced mining execute Mr Gino Vitale to join the Board in the capacity of Managing Director and CEO. The capital raising and the appointment of Mr Vitale also signal the clear intention of the Company to retain its interest in the Bundarra Project and refocus its resources on accelerating exploration opportunities close to the Company's Bundarra Gold Project and develop the Company to producer status.
After year end Mr Peiqi Zhang and Dr Eric Zhang respectively resigned from the Board and on behalf of all directors I thank them for their contribution to the Company.

I would like to thank you for your continuing support and look forward to sharing with you further good news in the very near future.

Bill Richie Yang
Executive Director
30th day of September 2016

Your Directors present their report together with the consolidated financial statements of Bligh Resources Ltd (the "Company" or "Bligh") and its subsidiary (together the "Group") for the financial year ended 30 June 2016.

The names of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Bill Richie Yang	(Executive Director)	(appointed 2 October 2015)
	(Non- Executive Director)	(appointed 18 September 2015)
	(Alternate-Director to Mr Jinle Song)	(resigned 18 September 2015)
Mr Jerome Vitale (Non-executive Director and interim CEO)		(appointed 22 July 2016)
Mr Jinle Song (Non-Executive Director)		
Mr Tianbao Wang (Non-Executive Director)		
Dr Eric Zhang (Non-Executive Director)		(resigned 17 July 2016)
Mr Peiqi Zhang (Non-Executive Director)		(resigned 16 July 2016)
Mr Zhijie Li (Alternate to Mr Peiqi Zhang)		(resigned 16 July 2016)
Mr Eric Chan (Non-Executive Director)		(resigned 3 July 2015)

Principal Activity

The principal activity of the Company during the financial year ended 30 June 2016 was the exploration and evaluation of gold projects in Australia. No change in the principal activity occurred during this period.

There were no significant changes in the nature of the Company's principal activities during the financial year.

Operating Results

The net operating loss after tax for the year ended 30 June 2016 was $747,111 (2015: $1,561,778).

Review of Operations

Activities during the period were focused on advancing the Company's flagship Bundarra Gold Project ("Bundarra") located approximately 65 km north of Leonora in Western Australia.

Mr Eric Chan resigned as Director on 3 July 2015.

On 1 September 2015, Bligh announced it had increased its holding in SR Mining Pty Ltd ("SRM") to 100% as the 2.5% minority shareholder agreed to voluntarily forfeit its shareholding.

On 2 September 2015 Bligh announced it had entered into a Memorandum of Understanding with Angler Mining Pty Ltd ("Angler") with the intention to form a joint venture under which Angler or its nominee could earn the right to acquire a 50% interest in Bundarra. The Company's 100% owned subsidiary SRM subsequently signed an Unincorporated Joint Venture Agreement ("JV Agreement") on 27 October 2015 with Anger's 100% owned subsidiary Contained Gold Pty Ltd ("CGPL").

Pursuant to the JV Agreement, the Company agreed to transfer 50% of Bundarra to CGPL in exchange for:

- a cash payment by CGPL of $225,000 (received in November 2015);
- Angler or its nominee subscribing for 7,142,857 fully paid ordinary shares in the Company at a deemed price of $0.035 per share for a total cost of $250,000;
- CGPL issuing shares equal to 10% of its capital to Bligh at $nil cost;
- CGPL agreeing to sole-fund and complete within 18 months a Bundarra Feasibility Study to bankable standard and achieve necessary mining approvals; and
- CGPL agreeing to sole-fund and build, own and operate a Carbon in Pulp ("CIP") plant with a nominal annual process capacity between 300,000 and 500,000 tonnes to be leased by the JV for a cost $5.00 per tonne of processed ore.

This agreement was subsequently varied as detailed on the following page.

On 18 September 2015 Mr Bill Richie Yang was appointed as a Director of the Company. Mr Yang was subsequently appointed an Executive Director on 2 October 2015.

On 7 October 2015 Bligh issued:

- 1,500,000 unlisted options to a financial advisor;
- 6,000,000 unlisted options to four Directors in lieu of Directors' fees; and
- 2,500,000 Performance Rights to two Directors.

Both issues to Directors were approved by shareholders at the Annual General Meeting held 17 September 2015.

On 30 November 2015 Bligh announced that it had entered into a Convertible Note Agreement ("Facility") with a Hong Kong based investment company, Daily Delight Enterprises Limited. The Facility consists of up to 8 Convertible Notes each with a face value of $50,000.

On 30 November 2015 Bligh issued 4 of the 8 Convertible Notes as part of an initial drawdown under the Facility of $200,000.

On 4 December 2015 Bligh announced it that had reached an agreement with AGEO Holding Pty Ltd ("AGEO") to extend the repayment date of the Deed of Discharge of Debt it entered into on 2 December 2014 from 2 December 2015 to 31 January 2016. Bligh made an immediate payment of $50,000 to AGEO to reduce the outstanding balance from $200,000 to $150,000. In January 2016 AGEO granted Bligh further extension for repayment of the Deed of Discharge of Debt. As at 30 June 2016, $45,000 was still owing on this debt.

On 25 January 2016 Bligh announced that it had entered into a share subscription agreement with CGPL for 7,142,857 fully paid ordinary shares in the Company ("Subscription Agreement Shares") at a deemed price of $0.035 per share for a total cost of $250,000 in accordance with the terms of the JV Agreement. At the date of this report, pursuant to the Variation Agreement for Bundarra Unincorporated Joint Venture Agreement ("Variation Agreement") executed by the parties on 27 May 2016, the Subscription Agreement Shares are yet to be issued.

The Variation Agreement announced on 27 May 2016 contemplates the possible sale of the Bundarra Project as a whole to an unrelated third party. To accommodate this possibility, the parties agreed to vary terms of the JV Agreement, with the material changes comprising the following:

- Funds previously received by Bligh as application moneys for the Subscription Agreement Shares to be applied to a 6 month Convertible Note with a face value of $250,000 maturing on 27 November 2016 ("Note"), with Bligh free to apply such funds for working capital purposes.
- The Note is convertible at CGPL's election to 7,142,857 Bligh Shares at any time until the maturity date at a deemed price of $0.035 per Share; if the sale of Bundarra does not proceed and Bligh has not redeemed the Note by the maturity date, CGPL must convert on these terms at maturity.
- In the event that a sale to a third party proceeds within 6-months, on settlement the proceeds from of any sale, both cash and non-cash, are to be distributed as follows:
  - first $2,975,000, Bligh to receive $2,500,000 and CGPL $475,000;
  - for any proceeds above the initial $2,975,000, Bligh to receive 75% and CGPL 25% thereof; and
  - the Group will no longer be required to transfer 50% of the Bundarra Project tenements to CGPL.
- In the event that a sale to a third party does not occur within 6 months, the parties shall carry out their JV Agreement obligations unless otherwise agreed.
- On 27 May 2016 the Company issued 1,500,000 fully paid ordinary shares at $0.023 per share to an unrelated third party in settlement of fees for services rendered in relation to the establishment of the joint venture with CGPL.

On 27 May 2016 the Company issued 2 Convertible Notes under the Facility to drawdown $100,000, with funds applied to meting working capital requirements.

Events Subsequent to Reporting Date

On 18 July 2016 Bligh issued a further Convertible Note under the Facility to drawdown $50,000, with funds applied to working capital requirements. The Company announced that Dr Eric Zhang and Mr Peiqi Zhang had resigned from the Board.

On 22 July 2016 the Company announced an underwritten equity capital raising of $1.7 million and the appointment of experienced gold industry executive Jerome G (Gino) Vitale as Managing Director and Chief Executive-elect.

The raising will comprise a two-tranche placement of 57.9 million fully paid ordinary shares in Bligh to sophisticated and professional investors to raise $1.45 million and a Share Purchase Plan ("SPP") to be offered to eligible shareholders on the register at the record date of 21 July 2016 to raise a further $250,000. The first tranche of the Placement was completed on 26 July 2016 and comprised 7.9 million Shares issued under the Company's existing capacity under ASX Listing Rule 7.1 and 7.1A to raise $197,500. The second tranche of 50 million Shares is subject to shareholder approval at a general meeting of shareholders to be held on 11 October 2016. Both issues are priced at 2.5 cents per share, in line with Bligh's 30-day volume-weighted average price ("VWAP") on the date of the announcement.

Further details of the second tranche of the Placement are disclosed in the Notice of Meeting issued on 9 September 2016, and details of the SPP are included in the offer booklet issued on 12 September 2016. Mr Vitale will become Managing Director and Chief Executive upon completion of the second tranche of the Placement.

The second tranche and the SPP have been fully underwritten by Somers and Partners Pty Ltd on terms that are customary for an agreement of this nature and are subject to the following conditions precedent:

- Shareholder approval for the second tranche of the Placement, SPP (if there is a shortfall) and the issue of 10.0 million broker options to Somers; and
- Appointment of one nominee acceptable to the underwriter to the Board of Directors of Bligh and the resignation of two of the existing four Directors (other than Messrs Vitale and Yang).

On 26 July 2016 the Company issued 14,155,015 shares at $0.025 per share to Daily Delight Enterprises Limited on conversion of the 7 Convertible Notes previously issued under the Facility, paying the principal of $350,000. Accrued interest of $4,618 remains payable.

On 19 August 2016 the Company announced the terms of employment for Mr Vitale, details of which are summarised in the Remuneration Report.

On 8 September 2016 the Company announced that as a consequence of investor interest, it had increased the second Tranche of the Placement announced on 22 July 2016 to $1,750,000, increasing the overall raising underwritten by Somers and Partners Pty Ltd to $2,197,500 (including that completed on 26 July 2016). Mr Vitale and / or his nominees agreed to subscribe for up to 10,000,000 Tranche 2 shares, subject to shareholder approval.

On 29 September 2016 the Company announced that earlier discussions with an unrelated third party in relation to the possible sale of the Bundarra project as a whole had terminated and that it had received a notice of election to convert from Contained Gold with respect to the $250,000 previously advanced. The issue of the shares pursuant to the conversion rights exercised by Contained Gold is subject to replenishment of the Company's capacity under ASX Listing Rule 7.1 at a forthcoming meeting of shareholders to be held on 11 October 2016. The Company also announced that Contained Gold also requested that the transfer of 50% equity in the Bundarra tenements be formalised. At the date of this report the Company is reviewing the request and will update the market once this process is completed.

Environmental Regulations

The Group is subject to significant environmental regulations under legislation of the Commonwealth of Australia. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known material breaches of the environmental obligations of the Group's contracts or licences.

Directors

The names of the Directors, who held office from 1 July 2015 to date of this report, unless otherwise stated, are:

Bill Richie Yang – Executive Director

B.Fin, B.Econ

Mr Yang specialises in corporate finance and business consulting for junior exploration/mining companies in Australia. With over ten years of experience working with public and private companies, Mr Yang was instrumental in numerous successful corporate restructures, project financing, capital raisings as well as management reforms. In the past 5 years, he has held the roles of CEO and executive director of numerous public mining development companies in Australia.

- Appointed: 18 September 2015
- Committee memberships: Audit
- Other listed Board memberships: Stonewall Resources Limited
- Previous listed Board memberships: Gold Mountain Limited
- Interest in shares: 1,477,000
- Interest in options 4,000,000

Jerome Vitale – Non-Executive Director and Interim CEO

BCom, ACA, FAICD, Sen F Finsa

Mr Vitale is an experienced mining company executive with wide ranging experience in project development and finance. He has extensive experience in conducting resource project evaluation and feasibility studies in numerous commodities as head of multi-disciplinary technical teams and has acted as lead advisor to Chinese SOE's and private sector investment houses in relation to non-ferrous metals project opportunities in Australia and internationally.

- Appointed: 22 July 2016
- Committee memberships: Audit
- Other listed Board memberships: Quest Minerals Limited
- Previous listed Board memberships: Nil
- Interest in shares: Nil
- Interest in options Nil

Directors (cont.)

Jinle Song – Non-Executive Director

Mr Song is a specialist in the production of Manganese alloy with extensive production and sales experience gained since 1992. He is Executive Chairman of a China based ferroalloy manufacturing group with over $200m worth of net assets. He has very good relations and cooperation with the major professional manganese producers internationally and is well renowned and has a good reputation in the industry.

- Appointed: 7 August 2012
- Committee memberships: Nil
- Other listed Board memberships: Shanxi Electric Power Exploration & Design institute
  - Shanxi Jiaocheng Yiwang Ferroalloy Co. Ltd
  - Shanxi Jiaocheng Yiwang Ferroalloy Co. Ltd
- Previous listed Board memberships: Nil for the last three years
- Interest in shares: 4,666,667
- Interest in options: Nil

Mr Tianbao Wang – Non-Executive Director

B Advertising, EMBA
Mr Wang has been in the import and export business since 2001 and from July 2005 to the present served as General Manager and then Chairman of Jiangsu High Hope Electric Company Ltd, a subsidiary of Jiangsu High Hope International Group.

Since April 2008 Mr Wang has been a Director and General Manager of Jiangsu International Company Ltd. More recently, Mr Wang has been Chairman of the Board, Chief Executive Officer and President of NASDAQ-listed Lihua International Inc. (NASDAQ: LIWA) since June 2014.

- Appointed: 28 August 2014
- Committee memberships: Nil
- Other listed Board memberships: Jiangsu International Company Ltd.
  Lihua International Inc.
- Previous listed Board memberships: Nil
- Interest in shares: Nil
- Interest in options: 2,000,000

Dr Eric Zhang – Non-Executive Director (resigned 17 July 2016)

PhD, MSc, MEng

Dr Zhang is Chief Executive Officer and Director of Tasman Funds Management Pty Ltd and a Director of China Construction International Corporation (Australia) Pty Ltd.

- Appointed: 28 August 2014
- Other listed Board memberships: Stonewall Resources Limited
- Previous listed Board memberships: Nil
- Interest in shares: 15,000,000 (on resignation)
- Interest in options: 1,000,000

Directors (cont.)

Mr Peiqi Zhang – Non-Executive Director (resigned 16 July 2016)

Mr Zhang has more than 30 years' experience in the Chinese mining industry. Mr Zhang is the Chairman and founder of China Ahanxi Guxian Jin Yu Coking Co Ltd. He is Chairman of Inner Mongolia Jiyuan Iron and Steel Company, a senior member of the Shanxi Province Federation of Industry and a senior member of the CPPCC Standing Committee of Linfen City.

- Appointed: 2 May 2012
- Other listed Board memberships: Nil
- Previous listed Board memberships: Dampier Gold Limited
- Interest in shares: 4,000,000 (on resignation)
- Interest in options: 2,000,000

Mr Zhijie Li – Alternate Director to Mr Peiqi Zhang (resigned 16 July 2016)

MBA

Mr Li is the Deputy General Manager of Beijing Jin Yu Qi Zhen Investment Co. Ltd. He is experienced in management and project negotiations. He is also the Chairman and founder of the Xinxiang Hua Jie Vocational School.

- Appointed: 29 June 2012
- Other listed Board memberships: Nil
- Previous listed Board memberships: Nil
- Interest in shares: 582,333 (on resignation)
- Interest in options: Nil

Mr Eric Chan – Non-Executive Director (resigned 3 July 2015)

LLB, BSc

Mr Chan is an experienced lawyer He is a co-founder and Director of Aura Capital Group.

- Appointed: 2 September 2013
- Other listed Board memberships: Tomizone Limited
- Previous listed Board memberships: Nil
- Interest in shares: 801,804 (on resignation)
- Interest in options: Nil

Company Secretary

Ian White

BBus, MBA, Grad Dip CSP, CIA, FCPA

Mr White is an experienced professional with experience gained over 39 years including periods as CFO and group Company Secretary for a number of large listed ASX companies. More recently Mr White has focused on the resources sector.

Ian is a Director of Professional Edge Pty Ltd, a company that provides legal, financial and company secretarial services to a number of ASX listed companies.

- Appointed: 18 November 2014

Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors of the Company (including by way of circular resolution) held during the year ended the 30 June 2016 and the numbers of meetings attended by each Director or their Alternate are as follows:

	Board		Audit & Risk Committee		Rem. & Nom. Committee	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Bill Richie Yang [1]	5	5	2	2	-	-
Jerome Vitale [2]	-	-	-	-	-	-
Jinle Song	9	8	-	-	-	-
Tianbao Wang	9	9	-	-	-	-
Eric Zhang [3]	9	9	1	1	-	-
Peiqi Zhang [4]	9	8	-	-	-	-
Eric Chan [5]	1	1	-	-	-	-

1 Alternate Director for Mr Jinle Song to 18 September 2015. Appointed Director on 18 September 2015.
2 Appointed 22 July 2016
3 Resigned 17 July 2016
4 Resigned 16 July 2016
5 Resigned 3 July 2015

As well as formal Directors' meetings, Executive and Non-Executive Directors are in frequent communication by telephone, email and fax.

Directors' Interests

The Directors' beneficial interests in shares as at 30 June 2016 are shown in the following table;

Director	Holding type	Shares			
		1 July 2015	Acquired	Disposed	30 June 2016 [2]
Bill Richie Yang	Direct	250,000	2,000	-	252,000
	Indirect	1,225,000	-	-	1,225,000
	Total	**1,475,000**	**2,000**	**-**	**1,477,000**
Jerome Vitale [1]	Direct	-	-	-	-
	Indirect	-	-	-	-
	Total	**-**	**-**	**-**	**-**
Jinle Song	Direct	-	-	-	-
	Indirect	4,666,667	-	-	4,666,667
	Total	**4,666,667**	**-**	**-**	**4,666,667**
Tianbao Wang	Direct	-	-	-	-
	Indirect	-	-	-	-
	Total	**-**	**-**	**-**	**-**
Eric Zhang	Direct	-	-	-	-
	Indirect	15,000,000	-	-	15,000,000
	Total	**15,000,000**	**-**	**-**	**15,000,000**
Peiqi Zhang	Direct	-	-	-	-
	Indirect	4,000,000	-	-	4,000,000
	Total	**4,000,000**	**-**	**-**	**4,000,000**

Director	Holding type	Shares			
		1 July 2015	Acquired	Disposed	30 June 2016 [2]
Zhijie Li	Direct	582,333	-	-	582,333
	Indirect	-	-	-	-
	Total	**582,333**	**-**	**-**	**582,333**
Eric Chan	Direct	8,000	-	-	8,000
	Indirect	793,804	-	-	793,804
	Total	**801,804**	**-**	**-**	**801,804**

[1] Mr Jerome Vitale and / or his nominees agreed to subscribe for up to 10,000,000 Tranche 2 shares, subject to shareholder approval which is being sought at a General Meeting scheduled for 11 October 2016.
[2] Or date of resignation for retiring directors.

The Directors' beneficial interests in options as at 30 June 2016 are shown in the following table:

Director	Holding type	Options			
		1 July 2015	Acquired	Disposed	30 June 2016 [1]
Bill Richie Yang	Direct	3,000,000	1,000,000	-	4,000,000
	Indirect	-	-	-	-
	Total	**3,000,000**	**1,000,000**	**-**	**4,000,000**
Jerome Vitale	Direct	-	-	-	-
	Indirect	-	-	-	-
	Total	**-**	**-**	**-**	**-**
Jinle Song	Direct	-	-	-	-
	Indirect	-	-	-	-
	Total	**-**	**-**	**-**	**-**
Tianbao Wang	Direct	-	2,000,000	-	2,000,000
	Indirect	-	-	-	-
	Total	**-**	**2,000,000**	**-**	**2,000,000**
Eric Zhang	Direct	-	1,000,000	-	1,000,000
	Indirect	-	-	-	-
	Total	**-**	**1,000,000**	**-**	**1,000,000**
Peiqi Zhang	Direct	-	2,000,000	-	2,000,000
	Indirect	-	-	-	-
	Total	**-**	**2,000,000**	**-**	**2,000,000**
Zhijie Li	Direct	-	-	-	-
	Indirect	-	-	-	-
	Total	**-**	**-**	**-**	**-**
Eric Chan	Direct	-	-	-	-
	Indirect	-	-	-	-
	Total	**-**	**-**	**-**	**-**

[1] Or date of resignation for retiring directors.

In addition to the above, Mr Yang held 1,250,000 Performance Rights which were issued to him pursuant to shareholder approval received at a General Meeting of shareholders held on 17 September 2015. The Performance Rights were issued to Mr Yang on 7 October 2015. On 17 July 2016 a further 1,250,000 Performance Rights previously issued to Dr Eric Zhang were transferred to Mr Yang in accordance with the terms under which they were issued to Dr Zhang. This transfer took place prior to Dr Zhang's resignation on that day.

Options

As at 30 June 2016 there were 23,650,000 options over ordinary unissued shares (2015: 16,300,000). During the year, 6,000,000 options were issued to directors as remuneration, 1,500,000 to Quattro Capital Ltd for services provided, 300,000 to employees and a 150,000 options lapsed on the resignation of an employee.

Remuneration Report (Audited)

This report details the nature and amount of remuneration for each Director of the Company and for the executives receiving the highest remuneration.

Remuneration Policy

The Board's remuneration policy determines the nature and amount of remuneration for Board members and senior executives of the Company. The policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Committee and approved by the Board. All executives receive remuneration based on factors such as length of service and experience. The Remuneration Committee reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the group's strategic objectives. The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities.

At 30 June 2016, the Company had one female employee. No amounts have been paid during or since the end of the financial year to external parties for services in regard to remuneration policy or procedure.

Non-Executive Director Remuneration

The Remuneration Committee determines payments to the Non-Executive Directors and reviews their remuneration, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is $250,000, as set by shareholders. There were no bonuses paid or proposed to be paid for the year ended 30 June 2016 (2015: Nil).

Other Key Management Personnel Remuneration

Other Key Management Personnel, ("KMP") including Executive Directors and Managing Directors may receive a base salary which is reviewed on an annual basis having regard to the skills and experience of the executive and market practice at that time. Other KMP may receive performance based incentives including Performance Rights, options and cash bonuses based on short and medium term performance criteria. Additional minor benefits may be provided including lap top computers and mobile telephones.

Below is a table summarising key performance and shareholder wealth indicators for the Company for the year ended 30 June 2016 and the previous 4 financial years.

Period	Revenue	Profit (loss) after Tax	Share Price
Year ending 30 June 2016	$15,639	($747,111)	$0.02
Year ending 30 June 2015	$142,297	($1,561,778)	$0.02
Year ending 30 June 2014	$1,140,070	$137,709	$0.04
Year ending 30 June 2013	102,783	($1,648,899)	$0.03
Year ending 30 June 2012	$170,449	($614,152)	$0.11

Employee Share Option Plan

Background

Options may be offered to selected employees and KMPs of the Group. Non-executive Directors may also participate in the Plan.

Subject to the achievement of certain short and medium term performance criteria, options may vest and be converted into ordinary shares in Bligh on a one for one basis. An exercise price is payable on the conversion of options. There are no voting or dividend rights attaching to the options until they are exercised by the employee, at which point ordinary shares which rank equally with all other Bligh shares are issued.

Rationale

The Plan is designed to reward and retain directors. KMP and selected employees of the Group.

The vesting conditions have been designed to ensure correlation between the Group's share price performance and value delivered to shareholders. Only when the share price increases can options vest and be exercised. Share price increase is one of the considerations of the consequences of Bligh's performance on shareholder wealth for the purpose of section 300A (1AB) of the Corporations Act 2001. The Plan therefor not only aligns the interests of shareholders and participants alike, but in turn assist in increasing shareholder value.

Anti-Hedging Policy

No Group employee is permitted to enter into transactions with securities (or any derivatives thereof) which limit the economic risk of any unvested entitlements awarded under the Plan or any other equity based remuneration agreement currently in place or which will be offered by the Company in the future. All of the Group's equity plan participants are required to confirm that they have not entered into any such prohibited transactions on an annual basis.

Continuous Improvement

Bligh will continually review all elements of its remuneration philosophy to ensure that it remains appropriate from the perspectives of governance, disclosure, reward and market conditions.

Directors and Key Management Remuneration

Details of the remuneration of the Directors and other Key Management Personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Company) for the financial are set out in the following table:

	Short- term	Post-employment	Performance based	% Performance based	Total
	Base fee / salary	Superannuation	Perf. Rights & Options		
	$	$	$	%	$
2016					
Executive Directors					
Bill Richie Yang	51,667	-	36,618	41%	88,285
Non-Executive Directors					
Jerome Vitale	-	-	-	-	-
Eric Zhang	65,000	-	36,618	36%	101,618
Peiqi Zhang	-	-	23,237	100%	23,237
Jinle Song	6,000	-	-	-	6,000
Tianbao Wang	-	-	23,237	100%	23,237
Zhijie Li	-	-	-	-	-
Eric Chan	-	-	-	-	-
Total Non-Executive	**71,000**	**-**	**83,092**	**54%**	**154,092**
Total Remuneration	**122,667**	**-**	**119,710**	**49%**	**242,377**
2015					
Executive Directors					
Robert Benussi [1]	129,399	-	-	-	129,399
Non-Executive Directors					
Bill Richie Yang	69,000	-	-	-	69,000
Eric Zhang	60,000	-	-	-	60,000
Peiqi Zhang	36,000	-	-	-	36,000
Jinle Song	-	-	-	-	-
Tianbao Wang	27,000	-	-	-	27,000
Zhijie Li	-	-	-	-	-
Eric Chan	-	-	-	-	-
Total Non-Executive	**192,000**	**-**	**-**	**-**	**192,000**
Total Remuneration	**321,399**	**-**	**-**	**-**	**321,399**

[1] Includes termination amount of $50,000.

Options over Equity Instruments Granted as Remuneration

Details of the terms and conditions of options granted to Key Management Personnel as compensation during the reporting period are as follows:

	Option Details					Yet to Vest	
Director	Number	Grant date	Vested in FY	Forfeited in FY	Vesting FY	Min $	Max $
2016							
Bill Richie Yang [1]	1,000,000	7 Oct 2015	1,000,000	-	2016	-	-
Jerome Vitale	-	-	-	-	-	-	-
Jinle Song	-	-	-	-	-	-	-
Tianbao Wang	2,000,000	7 Oct 2015	2,000,000	-	2016	-	-
Eric Zhang [2]	1,000,000	7 Oct 2015	1,000,000	-	2016	-	-
Peiqi Zhang [3]	2,000,000	7 Oct 2015	2,000,000	-	2016	-	-
Zhijie Li [4]	-	-	-	-	-	-	-
Eric Chan [5]	-	-	-	-	-	-	-

1 Alternate Director for Mr Jinle Song to 18 September 2015. Appointed Director on 18 September 2015.
2 Resigned 17 July 2016
3 Resigned 16 July 2016
4 Resigned 16 July 2016
5 Resigned 3 July 2015

The options granted to each of Mr Tianbao Wang and Mr Peiqi Zhang in 2016 were in exchange for each of these Directors agreeing to forego Director's fees of $40,000 each.

No options were granted over equity instruments in the 2015 financial year.

Performance Rights over Equity Instruments Granted as Remuneration

Mr Bill Richie Yang and Dr Eric Zhang were both granted 1,250,000 Performance Rights each pursuant to shareholder approval received at a General Meeting of shareholders held on 17 September 2015. The Rights were granted to each of these Directors in return for them each agreeing to forego Directors' fees of $20,000 each.

The Performance Rights were issued on 7 October 2015, vested immediately and expire on 7 October 2016.

The performance Rights convert to ordinary shares in the Company on the achievement of either of the following:

a) The volume weighted average price for Shares traded on the ASX over a consecutive period in which the Shares were traded on 10 days (a day is only counted if the trading on that day meets or exceeds the Company's 12 month average daily trading volume) when multiplied by the number of Shares on issue exceeds $5,000,000; or

b) A transaction with an unrelated third party becomes unconditional under which:
   a. The Company merges with or is acquired by another entity through any mechanism and the Company is valued at more than $5,000,000 net of liabilities in the transaction; or
   b. The Company disposes of assets, in a single or in multiple transactions, with cumulative total proceeds to the Company (before expenses including tax) of more than $5,000,000 in cash or script.

c) The Company receives a bidder's statement complying with the Corporations Act from a bona fide third party which if completed (regardless of conditions to the bid) would satisfy the performance condition (b) above.

The fair value of the Performance Rights granted to each of Mr Yang and Mr Zhang together is $50,000.

No Performance Rights were granted in the 2015 financial year

Loan to Directors and Executives.

The Group has not provided any Loans to Directors or Executives.

Contracts of Executive Directors

Mr Jerome Vitale, who is a Director of the Company, will become the Managing Director of the Company on completion of the second tranche of the financing referred to above. Mr Vitale has agreed the terms of his service contract with the Company that will be activated at this time. Key features of this contract are:

Contract term:	Rolling 12 months
Remuneration:	$180,000 pa plus 12% superannuation pa for the year ending 30 June 2017
Options:	3-year options subject to shareholder approval • 5.0m exercisable at $0.07 • 2.5m exercisable at $0.10 • 2.5m exercisable at $0.12
Bonus:	May be awarded by the Board based on short and medium term performance criteria
Termination payments:	None. 3-months' notice to be provided by either party to terminate.

This concludes the Remuneration Report, which has been audited.

Dividends

No dividends have been declared in respect of the financial year ended 30 June 2016 (2015: Nil).

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company.

Likely Developments

The Company intends to accelerate exploration opportunities close to its Bundarra Gold Project near Leonora in WA and to identify regional and complementary growth. To fund this strategy and meet joint venture payments at Bundarra the Company is in the process of raising $2,197,500.

The Company also intends to appoint Director Jerome Vitale as Managing Director to drive this growth strategy. Mr Vitale is an experienced mining company executive with wide ranging experience in project development and finance.

Following completion of the capital raising, the Company's focus will be to complete regional review of the Leonora area where Bundarra is located with a view to expanding its gold portfolio either directly or through joint venture. The Company also plans to build its in-house technical and management team to execute its strategy.

Indemnifying Officers and Auditor

During the financial year the Company paid premiums to insure all Directors and officers of the Company against claims brought against the individual while performing services for the Company and against expenses relating thereto, other than conduct involving a wilful breach of duty in relation to the Company. The Company is prohibited under its contract for insurance from disclosing the amount of the premiums paid.

The Company has indemnified Directors, Officers and staff to the extent possible under the Corporations Act 2001 against any liabilities incurred by the person as an officer of the Company. The Company has also provided an indemnity to its contracted financial reporting and company secretarial service provider for any liabilities that may arise in acting in this capacity. The Company has not indemnified the auditor.

Non-Audit Services

During the financial year the Auditor provided minor accounting advice and tax consulting services for which the Company was charged $4,148. Directors have determined and the Auditor has agreed that the minor nature of these services did not affect the independence of the Auditor.

Officers of the Company who are former Audit Partners of HLB Mann Judd (NSW Partnership)

There are no officers of the Company who are former Partners of HLB Mann Judd (NSW Partnership).

Auditor Independence Declaration

The Auditor's independence declaration for the year ended 30 June 2016 has been received and a copy is reproduced on page 15. HLB Mann Judd (NSW Partnership) continues in office in accordance with section 327 of the Corporations Act 2001.

Proceedings on Behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any of those proceedings. The Company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the Board of Directors.

____

Bill Richie Yang
Executive Director
Sydney, 30th September 2016

HLB Mann Judd
Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To the directors of Bligh Resources Limited:

As lead auditor for the audit of the consolidated financial report of Bligh Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Bligh Resources Limited and the entities it controlled during the year.

Sydney, NSW
30 September 2016

D K Swindells
Partner

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

The Board has adopted a corporate framework for the Company which is underpinned by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) (the Recommendations) applicable to ASX-listed entities.

This Corporate Governance Statement refers to Bligh Resources Limited's Board and its controlled entity and has been approved by the Bligh Resources Limited Board for inclusion in this Annual Report. The framework it represents is current as at 30 September 2016.

The Statement addresses each of the Corporate Governance Principles and where the Company has not followed a Recommendation, provides the reasons for not following the Recommendation.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 – Functions reserved to the Board and delegated to senior executives

The Company has defined the role of the Board through its Board Charter, and established functions reserved to the Board and functions delegated to senior executives.

a) Roles of the Board and management:

The role of the Board is to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and ensure the Company is properly managed. In undertaking its role, the Board's seeks to govern the Company rather than to manage it.

b) Functions of the Board and management:

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of Bligh. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

The Board is responsible for governing the Company and for setting the strategic direction of the Company and has established the functions reserved to the Board in its Board Charter. The Board Charter is available on the Company's website.

On appointment, Managing Directors or Executive Directors will manage the day to day activities of the Company in accordance with the direction and delegations of the Board and the Board oversees the activities of the Managing Director or Executive Director in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to oversee the performance of the Company. The Board is committed to the Company's compliance with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

Further details of the roles and functions of the Board and management are included in the Company's Board Charter which is available on the Company's website.

Recommendation 1.2 – Appointment, election and re-election of Directors

a) Director background checks

The Board, in its role as the Nominations Committee (see response to Recommendation 2.1) checks character, experience, education, criminal record and bankruptcy history of potential Directors. This is done informally through reference and background checks with mutually known persons and would be undertaken on a more formal basis if these checks suggested that this was required. Appointments for a group the size of the Bligh generally come from a pool of potential directors well known in the industry.

b) On election, or re-election of any Director, shareholders are provided with;

- Biographical details, including their relevant qualifications and experience and the skills they bring to the Board;
- Details of any other material directorships currently held by the candidate;
- In the case of a candidate standing for election as a Director for the first time:
  - any material adverse information revealed by the checks the entity has performed about the Director;
  - details of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the entity and its security holders generally; and
  - if the Board considers that the candidate will, if elected, qualify as an independent director, a statement to that effect.
- In the case of a candidate standing for re-election as a Director:
  - the term of office currently served by the Director; and
  - if the Board considers the Director to be an independent director, a statement to that effect; and
  - a statement by the Board as to whether it supports the election or re-election of the candidate.

All Directors on appointment provide the Company with Consent to Act form that includes sufficient information to satisfy all of the points above. The form also requires the Director to provide information on the Director's other commitments. Details of the time involved with each of these commitments and an acknowledgement by the Director he or she will have sufficient time to fulfil his or her responsibilities is informally determined by the Board through an interview process.

Recommendation 1.3 – Written agreements with Directors

The Company does not have a written agreement with existing Directors however all future appointments of Directors and senior executives will receive a letter setting out the terms of their appointment including:

- The term of appointment;
- The time commitment envisaged, including any expectations regarding involvement with committee work and any other special duties attaching to the position;
- Remuneration, including superannuation entitlements;
- The requirement to disclose directors' interests and any matters which may affect the Director's independence;
- The requirement to comply with key corporate policies, including the entity's Code of Conduct and its Share Trading Policy;
- The Company's policy on when Directors may seek independent professional advice at the expense of the Company;
- The circumstances in which the Director's office becomes vacant;
- Indemnity and insurance arrangements;
- Ongoing rights of access to corporate information; and
- Ongoing confidentiality obligations.

Recommendation 1.4 – Company Secretary

The Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board. The Company Secretary's role includes:

- Advising the Board and its committees on governance matters;
- Monitoring that Board and committee policy and procedures are followed;
- Coordinating the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of Directors.

Each Director is able to communicate directly with the Company Secretary and vice versa.

The decision to appoint or remove a Company Secretary is a matter reserved for the Board.

Recommendation 1.5 – Diversity policy

a) The Company has a Diversity Policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving these. The Company recognises the need to set diversity measures in each of its operating locations taking into account the differing diversity issues within each geographic location in which it operates.

b) The Company's Diversity Policy is available on its website.

c) The Policy includes requirements for the Board, at the appropriate stage of its development, to establish measurable objectives for achieving gender diversity and for the Board to assess annually thereafter both the objectives and progress in achieving them. The Company intends to implement its Diversity Policy in the event that the Company's employee numbers grow to a level where implementation becomes practicable.

    1) At present the Company has no employees. There are at present no women on the Board. At this stage in the Company's development, the Board does not consider it practicable to set measurable gender diversity objectives.
    2) The Company is not a "relevant employer" under the Workplace Gender Equality Act.

Recommendation 1.6 – Evaluation of the performance of the Board

a) In accordance with its Charter, the Nomination Committee is responsible for the:

    - Establishing evaluation methods of rating the performance of Board members;
    - Implement ways of enhancing the competency levels of Directors;
    - Considering and articulating the time required by Board members in discharging their duties efficiently;
    - Undertaking continual assessment of Directors as to whether they have devoted sufficient time in fulfilling their duties as directors;
    - Providing new Directors with an induction into the Company; and
    - Providing all Directors with access to ongoing education relevant to their position in the Company.

b) An evaluation of the performance of the Board, its committees and individual Directors was not conducted during the financial year mainly due to various Board changes at the time that the review was scheduled which would have impacted the objectivity of any review. An evaluation is planned for the 2017 financial year.

Recommendation 1.7 – Evaluation of the performance of Senior Executives

a) The Company has a process for periodically evaluating the performance of its senior executives and this is normally undertaken through the Remuneration Committee.

b) A performance review of the Company's previous Executive Director was undertaken during the financial year by the Board itself. A performance review will be undertaken of the Company's Chief Executive Officer and any Executive Directors during the 2017 financial year.

Principle 2: Structure the board to add value

Recommendation 2.1 – Nominations Committee

a) The Company has established a Nomination Committee however the Committee does not comply with all of the Recommendation 2.1.

   1) The Nomination Committee consist of all of the members of the Board. One Director is not considered to be independent. Details of Directors' independence are given in the response to Recommendation 2.3 (a).

   2) The Committee, does not have an appointed Chairman, but elects a Chairman at each meeting.

   3) A copy of the Charter of the Nomination Committee is available on the Company's website.

   4) The members of the Nomination Committee are all of the Directors and may include the Alternate Director when he is acting in this capacity.

   5) The number of meetings and attendance by each Committee member is included in the Directors' Report.

Each of the Directors has expressed a desire to be part of the nomination process for any new Director and so a Committee comprising all Directors is the most practicable solution.

Recommendation 2.2 – Director skills

The skills and experience and period in office of each Director are set out in the information on Directors section of the Directors' Report.

The Directors have determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise and that can understand and competently deal with current and emerging business issues. If the activities of the Company were to expand significantly the Company would consider additional Australian Directors with geology and engineering skills.

Recommendation 2.3 – Director independence

a) Using the ASX Corporate Governance Council independence factor guidelines, the Board has determined that Mr Jinle Song, and Mr Tianbao Wang are independent Directors. Mr Bill Richie Yang is not considered to be independent due to his managerial functions with the Company. Mr Jerome Vitale is not considered to be an independent Director as the Board intends to appoint him as Managing Director if his appointment is confirmed by election at the next annual general meeting. Mr Zhijie Li (alternate to Mr Peiqi Zhang) is considered to be independent.

b) The Company has no Directors that are not independent in terms of the ASX Corporate Governance Council's independence factors, but which it considers to be independent.

c) The length of service of each Director is shown in the Directors' Report.

Recommendation 2.4 – A majority of the board should be independent directors.

One half of the Directors of the Company are independent. The company has 2 Australian based Directors and no executive employees. Both Australian based directors are involved with the Company in an executive capacity. The Company considers that the current mix of independent / executive directors is in its best economic interests while still maintaining an independent oversight of Company activities.

Director independence is discussed at the response to recommendation 2.3 (a).

All non-executive directors may also undertake consultancy work for the Company.

Recommendation 2.5 – The chair should be an independent director

The Company does not have a Chairman, and a chairman for each meeting is elected at that meeting. Mr B R Yang is generally elected as meeting chairman. Mr Yang is the only bilingual Director and is therefore the only practicable choice.

Recommendation 2.6 – Programme for inducting directors

All new directors receive an induction into the Company and its activities by Mr B R Yang and the Company Secretary. The Company Secretary provides details of all of the Company's Charters and Policies, and the Company's Board reporting practices. Mr B R Yang provides background and details on the Company's projects and strategy.

There are procedures in place, and included in the Board Charter to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense, subject to the approval of the Board.

Principle 3: Act ethically and responsibly

Recommendation 3.1 – Code of conduct

a) The Company has established a Code of Conduct covering:

   - Practices necessary to maintain confidence in the Company's integrity.
   - Integrity and Honesty
   - Respect for the Law

- Conflicts of Interest
- Protection of Assets
- Confidential Information
- Employment Practices
- Responsibility to the Community
- Responsibility to the Individual
- Obligations Relative to Fair Trading and Dealing

b) The Code of Conduct is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1 – Audit Committee

b) The Company has established an Audit Committee however the Committee does not comply with all of the Recommendation 4.1.

1) The Audit Committee consist of Mr Yang and Mr Vitale, Mr Yang and Mr Vitale are the only Australian based Directors and are therefore the most appropriate appointments.

2) The Audit Committee is chaired by Mr Yang who is not an independent Director. As the Company has only two Australian resident Directors and Mr Vitale is likely to be appointed Managing Director, an independent Chairman of the Audit Committee is impracticable at this point. Both Mr Yang and Mr Vitale are experienced in financial matters.

3) The Company's Audit Committee Charter is available on the Company's website.

4) The qualifications and experience of each Audit Committee member are shown in the Directors' Report.

5) The number of meetings attended by each Audit Committee member is shown in the Directors' Report.

Although none of the members of the Audit Committee are independent and the Chairman of the Committee is not an independent director, the Board has nevertheless determined that the composition of the Audit Committee represents the only practical mix of directors that have an appropriate range of qualifications and expertise and that can understand and competently deal with current and emerging relevant business issues.

Recommendation 4.2 – CEO and CFO declarations

When considering the Audit Committee's review of half-year and full-year financial reports the Board receives a signed statement from each of the Mr Yang and Dr Mr Vitale who are the two Australian resident Directors in accordance with section 295A of the Corporations Act. This statement also confirms that the Company's financial reports are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial risks and that nothing has occurred since the period-end that would materially change the position.

Recommendation 4.3 – Additional information concerning the audit committee

The Company's Auditor always attends the Company's AGM and is available to answer questions.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 – ASX listing rule disclosure requirements

a) The Company has established a Continuous Disclosure Policy which sets out the key obligations of Directors and employees in relation to continuous disclosure as well as the Company's obligations under the Listing Rules and the Corporations Act. The Policy also provides procedures for internal notification and external disclosures, as well as procedures for promoting understanding of compliance with disclosure requirements.

b) A copy of the Company's Continuous Disclosure Policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

Recommendation 6.1 – Corporate governance communication

The Company has a corporate governance landing page on its website. This page includes the Company's Board Charter, Audit Committee Charter and Remuneration and Nominations Committee Charter as well as the Company's corporate governance policies. The website also includes Annual Reports, details on the Company's projects, biographical details for the Board and senior management and other relevant details consistent with Recommendation 6.1.

Recommendation 6.2 – Investor relations program

The Company has adopted a Shareholder Communications Policy for promoting effective communication with shareholders and encouraging shareholder participation at annual and other general meetings. A copy of this Policy is available on the Company's website.

Recommendation 6.3 – Availability of shareholder communications policy

A copy of the Company's Shareholder Communications Policy is available on the Company's website.

Recommendation 6.4 – Electronic communications with shareholders

All shareholders may communicate with the Company and its share registry electronically. Shareholders may elect not to receive a hard-copy Annual Report preferring to access the electronic version published on the Company's website. Shareholders may submit proxy votes electronically for general meetings of the Company.

All ASX announcements including Quarterly Reports, Half-yearly Reports and investor presentations are also published on the Company's website.

Principle 7: Recognise and manage risk

Recommendation 7.1 – Risk management committee

a) The Company does not have a Risk Management Committee.

b) The Audit Committee oversees financial risks pursuant to the Audit Committee Charter. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators.

   Operational risks are considered by the Board as a whole. For development projects the Company undertakes an in-house risk analysis, utilising the skills and experience of its Directors and staff. For large projects, external consultants may be engaged to provide assistance in this process.

   A Risk Management Committee would be considered if the Company's activities were to significantly expand and additional Directors were appointed to the Board.

Recommendation 7.2 – Risk management framework review

a) The Company's financial risk management framework is included in its Audit Committee Charter which is normally reviewed annually by the Board.

b) A review of this Charter was not undertaken during the financial year however a review will be undertaken in the first half of the 2017 financial year.

The Company does not have a formal operational risk management framework but undertakes an in-house risk analysis of any projects it develops, utilising the skills and experience of its Directors and staff.

Recommendation 7.3 – Internal audit function

The Company does not have an internal audit function. The Company's financial risk management framework is included in its Audit Committee Charter which is reviewed annually by the Board.

Recommendation 7.4 – Exposure to risk

At its current stage of development the Company does not have any exposure to material environmental or sustainability risks. As the Company is a mineral exploration company not earning any revenue at this stage there is a risk that the Company may not be able to sustain its operations unless it sources additional finances.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – Remuneration committee

a) The Company has established a Remuneration Committee which has delegated responsibilities in relation to the Company's remuneration policies as set out in the Company's Remuneration Committee Charter. The charter reflects the matters set out in the commentary and guidance for Recommendation 8.1.

   The Company's Remuneration Committee does not comply with all of the requirements of Recommendation 8.1. Details are as follows:

   1) The members of the Remuneration Committee are Mr Yang and Mr Vitale.

   2) The Remuneration Committee consist of Directors who are not independent for the reasons given under the response to Recommendation 2.3 (a).

   3) The Remuneration Committee is chaired by Mr Yang who is not an independent Director. As the Company has only two Australian resident Directors and Mr Yang generally chairs the Board meetings, an independent Chairman of the Audit Committee is impracticable at this point. Mr Vitale has not chaired any Board meetings and is experienced in financial matters.

   4) The Company's Remuneration Committee Charter is available on the Company's website.

   5) The number of meetings attended by each Remuneration Committee member is shown in the Directors' Report.

Although the members of the Remuneration Committee are not independent and the Chairman of the Committee is not an independent director, the Board has nevertheless determined that the composition of the Remuneration Committee represents the only practical mix of directors that have an appropriate range of qualifications and expertise and that can understand and competently deal with current and emerging relevant business issues.

The skills and experience of each member of the Remuneration Committee and the number of Committee meetings attended by each member is set out in the Directors' Report.

Recommendation 8.2 – Remuneration of executive directors, executives and non-executive directors

Details of the Company's policies and practices regarding the remuneration of non-executive directors and senior executives is included in the Remuneration Report in the Directors' Report.

Neither the non-executive Directors nor the executives of the Company receive any retirement benefits, other than superannuation.

Recommendation 8.3 – Equity based remuneration scheme

The Company has agreed to issue share options and Performance Rights as remuneration to its Directors. The Company's Share Trading Policy prohibits the hedging of options.

ACN 130 964 162

Financial Statements

For the Year Ended 30 June 2016

Statement of Profit of Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	Consolidated 2016	Consolidated 2015
		$	$
Revenue from ordinary activities			
Interest income		12,018	18,414
Gain on restructure of debt		-	112,500
Gain on sale of fixed assets		-	9,619
Other income		3,621	1,764
		15,639	**142,297**
Less: Expenses			
Exploration and evaluation interests written off		-	1,147,048
Administration costs		139,038	82,038
Consultancy fees		81,623	34,747
Depreciation and amortisation expense		133	4,537
Directors, employees and consultant expenses		296,126	246,127
Occupancy expenses		20,516	43,017
Travelling costs		3,633	16,278
Legal and professional costs		194,111	130,283
		735,180	**1,704,075**
Loss from operating activities		**(719,541)**	**(1,561,778)**
Finance costs		27,570	-
Loss before income tax		**(747,111)**	**(1,561,778)**
Income tax expense	4	-	-
Loss from continuing operations after income tax		**(747,111)**	**(1,561,778)**
Other Comprehensive loss for the year		-	-
Total comprehensive loss for the year		**(747,111)**	**(1,561,778)**
Total comprehensive profit (loss) for the year attributable to:			
Owners of the company		(746,985)	(1,583,249)
Non-controlling interests		(126)	21,471
		(747,111)	**(1,561,778)**
Earnings per share			
Basic and diluted - cents per share	2	(0.79)	(2.13)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	Consolidated 2016	2015
		$	$
Current assets			
Cash and cash equivalents	5	32,383	230,520
Trade and other receivables	6	53,665	43,540
Other current assets	7	20,000	48,415
Total current assets		**106,048**	**322,475**
Non-current assets			
Exploration and evaluation expenditure	8	4,043,084	3,651,225
Environmental bonds		44,710	44,710
Available for sale financial assets		500	500
Plant and equipment	9	-	133
Total non-current assets		**4,088,294**	**3,696,568**
Total assets		**4,194,342**	**4,019,043**
Current liabilities			
Trade and other payables	10	442,071	141,612
Borrowings	11	645,000	400,000
Deferred consideration	12	225,000	-
Employee benefits	13	4,904	4,255
Total current liabilities		**1,316,975**	**545,867**
Total non-current liabilities		**-**	**-**
Total liabilities		**1,316,975**	**545,867**
Net assets		**2,877,367**	**3,473,176**
Equity			
Contributed equity	14	7,403,682	7,387,182
Accumulated losses		(4,659,467)	(3,927,424)
Reserves		133,152	(1,650)
Capital and reserves attributable to owners of Bligh Resources Limited		2,877,367	3,458,108
Non-controlling interests		-	15,068
Total equity		**2,877,367**	**3,473,176**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2016

	Note	Consolidated 2016	2015
		$	$
Cash flows from operating activities			
Other Receipts		-	66,535
Payments to suppliers and employees		(260,726)	(742,175)
Interest received		12,018	18,414
Interest paid		(27,570)	-
Net cash (outflow) from operating activities	15	**(276,278)**	**(657,226)**
Cash flows from investing activities			
Payment for exploration and evaluation expenditure	8	(391,859)	(398,873)
Proceeds from sale of fixed assets		-	25,168
Proceeds from deferred consideration	12	225,000	-
Proceeds from (Repayment of) borrowings	11	245,000	(400,000)
Net cash inflow (outflow) from investing activities		**78,141**	**(773,705)**
Cash flows from financing activities			
Proceeds from share issue (net of transaction costs)		-	921,000
Repayment of borrowings		-	(18,044)
Net cash provided by financing activities		**-**	**902,956**
Net decrease in cash held		(198,137)	(527,975)
Cash at beginning of financial year		230,520	758,495
Cash at end of financial year		**32,383**	**230,520**

The above statement of cash flows should be read in conjunction with the accompanying notes.

	Note	Consolidated Issued capital	Acc. losses	Reserves	Total attributable to owners	Non-controlling interests	Total
		$	$	$	$	$	$
2016							
Balance at 1 July 2015		7,387,182	(3,927,424)	(1,650)	3,458,108	15,068	3,473,176
Total comprehensive loss for the half year		-	(746,985)	-	(746,985)	(126)	(747,111)
Total		7,387,182	(4,674,409)	(1,650)	2,711,123	14,942	2,726,065
Transactions with non-controlling interests		-	14,942	-	14,942	(14,942)	-
<u>Transactions with owners in their capacity as owners</u>					-		
Ordinary shares issued, net of transaction costs	14	16,500	-	-	16,500	-	16,500
Share based payment expense		-	-	134,802	134,802	-	134,802
Balance at 30 June 2016		**7,403,682**	**(4,659,467)**	**133,152**	**2,877,367**	**-**	**2,877,367**
2015							
Balance at 1 July 2014		6,446,182	(2,499,140)	(1,650)	3,945,392	148,562	4,093,954
Total comprehensive loss for the year			(1,583,249)		(1,583,249)	21,471	(1,561,778)
Total		6,446,182	(4,082,389)	(1,650)	2,362,143	170,033	2,532,176
Transactions with non-controlling interests		-	154,965	-	154,965	(154,965)	-
<u>Transactions with owners in their capacity as owners</u>							
Ordinary shares issued, net of transaction costs	14	941,000	-	-	941,000	-	941,000
Balance at 30 June 2015		**7,387,182**	**(3,927,424)**	**(1,650)**	**3,458,108**	**15,068**	**3,473,176**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

1. Statement of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Corporate Information

The financial report of Bligh Resources Limited (the "Company" or "Bligh") and its controlled entities (the "Group" or "consolidated entity") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 30 September 2016. (The directors have the power to amend and re-issue the financial report).

Bligh Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 5/G, 1 Pacific Highway, North Sydney NSW 2060.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. Bligh is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The financial statements of Bligh Resources Limited also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

These financial statements are presented under the historical cost convention, unless otherwise stated.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on page 30.

New and Amended Accounting Standards Adopted by the Group

There are no Standards, Interpretations or amendments to existing Standards that are mandatorily effective for the first time for the financial year beginning 1 July 2015 that have a material impact on the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods and have not yet been applied in the financial report. The Group's assessment of the impact of these new standards and interpretations is set out below.

- AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)', effective from 1 January 2018, expected to be initially applied in the financial year ending 30 June 2019. AASB 9 Financial Instruments addresses the classification and measurement of financial assets. The current four categories of financial assets, stipulated in AASB 139 Financial Instruments: Recognition and Measurement, will be replaced with two measurement categories: fair value and amortised cost. AASB 9 only permits the recognition of fair value gains/(losses) in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains/(losses) on debt investments, for example, will therefore have to be recognised directly in profit or loss.

The Group does not expect any significant impact on the financial statements arising from adoption of these Standards.

Going Concern Basis of Accounting

The financial report has been prepared using the going concern basis of accounting, which indicates continuity of business activities and realisation of assets and settlement of liabilities in the normal course of business. The Group has incurred an operating loss of $747,111 and net cash outflows of $276,278 during the 12 month period to 30 June 2016. The Group has cash and cash equivalents of $32,383 and net current liabilities of $1,210,927 at 30 June 2016. Consistent with the nature of the Group's activities and its ongoing investment into exploration projects, additional funds will be required to continue to support the exploration efforts of the Group.

1. Statement of Significant Accounting Policies (cont.)

Going Concern Basis of Accounting (cont.)

The financial report has been prepared using the going concern basis of accounting, which indicates continuity of business activities and realisation of assets and settlement of liabilities in the normal course of business. The Group has incurred an operating loss of $747,111 and net cash outflows of $276,278 during the 12 month period to 30 June 2016. The Group has cash and cash equivalents of $32,383 and net current liabilities of $1,200,927 at 30 June 2016. Consistent with the nature of the Group's activities and its ongoing investment into exploration projects, additional funds will be required to continue to support the exploration efforts of the Group.

The financial statements are prepared on a going concern basis as the Company's cash flow forecast indicates it will remain cash positive until the end of September 2017. Included in the forecast is the capital raising of up to $2.2m that the company announced to the ASX on 22 July 2016 and 8 September 2016 which is subject to shareholder approval.

The Company has appointed Somers & Partners Pty Ltd to underwrite this capital raising comprising a 2-tranche Placement for $1.95m and a Share Purchase Plan ("SPP") for $250k.

Tranche 1 of the Placement has been completed and raised $200k through the placement of 7.9m fully paid ordinary shares to sophisticated and professional investors.

Tranche 2 intends to raise $1.75m through the placement of 50m fully paid ordinary shares to sophisticated and professional investors subject to shareholder approval at a general meeting of shareholders scheduled for 11 October 2016.

This will be followed by the SPP (subject to shareholder approval) to raise a further $250,000.

The directors believe the Group will be successful in the funding noted above. The ability of the Group to continue as a going concern for the foreseeable future is dependent on the abovementioned capital raising, the raising of other funds through debt, equity or sale of assets. These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Should the Company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Basis of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising Bligh (the parent company) and all entities that Bligh controlled from time to time during the year and at reporting date.

Subsidiaries are all entities over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

The financial information in respect of controlled entities is prepared for the same reporting period as the parent Group using consistent accounting policies. Adjustments are made to bring into line dissimilar accounting policies that may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in the consolidated accounts. Unrealised losses are eliminated unless costs cannot be recovered.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries which are not 100% owned by the Group. These are presented separately in the statement of comprehensive income and within equity in the statement of financial position. When the Group acquires a non-controlling interest in a subsidiary, the transaction is accounted for as a transaction between owners in their capacity as owners and the difference between purchase price and recorded value of non-controlling interests is accounted for as an equity transaction.

Investments in Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding representing between 20% and 50% of the voting rights in the investee. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (if any) recognised on acquisition.

The Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

1. Statement of Significant Accounting Policies (cont.)

Investments in Associates (cont.)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill. Deferred income tax is also not recognised for if it arises from an initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Research and development grant incentives are recognised as revenue when the claim has been lodged with the Australian Taxation Office.

Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises direct costs and depreciation and does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration expenditure is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned. The carrying value of exploration and evaluation assets is assessed in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources and the Group's impairment policy. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

1. Statement of Significant Accounting Policies (cont.)

Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive payment has been established.

All revenue is stated net of the amount of goods and services tax ("GST").

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts as they are due for settlement. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance for impairment is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

Employee Benefits

Wages and salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Annual leave is reported inclusive of associated on-costs.

1. Statement of Significant Accounting Policies (cont.)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Key Estimates and Judgements

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in profit or loss.

Exploration and Evaluation Expenditure

The Group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised the expenditure under the policy, a judgement is made that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to profit or loss.

Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attribute to equity holders of the company, excluding any costs of servicing equity other than ordinary shares
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1. Statement of Significant Accounting Policies (cont.)

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

- Furniture fittings and equipment - 3 - 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Investments and other financial assets

The Group classifies its financial assets in the following categories: loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables (note 6) in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Available for sale assets are recognised at fair value with changes in fair value recognised directly in equity via other comprehensive income.

Financial assets – reclassification

The Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

1. Statement of Significant Accounting Policies (cont.)

Available-for-sale financial assets (cont.)

Measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

	Consolidated	
	2016	**2015**
2. Earnings Per Share		
Basic and diluted (loss) per share – cents	**(0.79)**	**(2.13)**
<u>Reconciliations of earnings per share to net loss</u>		
Total comprehensive profit (loss) for the year attributable to owners of the Company ($)	(746,985)	(1,583,249)
Divided by:		
Weighted average number of ordinary shares outstanding during the year (No.)	94,223,317	74,297,895
Basic and diluted (loss) per share – cents	**(0.79)**	**(2.13)**

There are no dilutive potential ordinary shares as the exercise of options over ordinary shares would have the effect of decreasing the loss per ordinary share. Options are therefor considered to be anti-dilutive.

3. Dividends

No dividends were paid in the current or prior financial year.

4 Income Tax Expense

	Consolidated 2016	Consolidated 2015
a) The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax expense as follows:		
Loss from ordinary activities:	(747,111)	(1,561,778)
Prima facie tax payable on loss from ordinary activities before income tax @ 30% tax rate:	**(224,133)**	**(468,533)**
<u>Less tax effect of:</u>		
Non-assessable revenue	(393)	(33,750)
Non-deductible expenses	16,103	344,114
Tax losses not recognised	208,423	158,169
	-	-
b) Unused tax losses for which no deferred tax asset has been recognised	6,101,493	5,190,116
Potential tax benefit @ 30%	**1,825,948**	**1,557,035**

The tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Company can utilise the benefits.

Refer to Note 1.

	Consolidated	
	2016	2015
	$	$
5. Cash and Cash Equivalents		
Cash at bank	**32,383**	**230,520**
6. Trade and Other Receivables		
Trade debtors	100	100
GST recoverable	53,515	24,635
Other receivables	50	18,805
Total trade and other receivables	**53,665**	**43,540**

None of the receivables are past due or impaired at the reporting date.

	2016	2015
7. Other Current Assets		
Prepayments	20,000	23,415
Other receivables	-	25,000
Total other current assets	**20,000**	**48,415**
8. Capitalised Exploration and Evaluation Expenditure		
Opening balance	3,651,225	4,564,400
Capitalised during the year	391,859	233,873
Written off during the year	-	(1,147,048)
Closing balance	**4,043,084**	**3,651,225**
9. Plant and Equipment		
<u>At cost</u>		
Opening balance	39,990	88,426
Disposals	-	(48,436)
Closing balance	**39,990**	**39,990**
<u>Accumulated depreciation</u>		
Opening balance	(39,857)	(63,670)
Write back on disposal	-	28,350
Charge for the year	(133)	(4,537)
Closing balance	**(39,990)**	**(39,857)**
Total plant and equipment	**-**	**133**

	Consolidated 2016 $	2015 $

10. Trade and other payables

	2016 $	2015 $
Trade creditors	248,055	66,404
Other creditors and accruals	194,016	43,871
Related party payables	-	31,337
Total trade and other payables	**442,071**	**141,612**

11. Borrowings

	2016 $	2015 $
Convertible notes	300,000	200,000
Subscription funds for convertible note issued in July	50,000	-
Subscription funds for convertible note not yet issued	250,000	-
Other loans	45,000	200,000
Total borrowings	**645,000**	**400,000**

On 30 November 2015 the Company announced that it had entered into a Convertible Note Agreement with Daily Delight Enterprises Limited, a Hong Kong based investment company.

The Facility consists up to 8 Convertible Notes, each with Face Value of $50,000. As at 30 June 2016, 6 of the notes totalling $300,000 had been drawn down.

Subscription funds of $50,000 for a further Convertible Note were received in June. This Convertible Note was issued on 18 July 2016.

The Convertible Notes have a 12 months duration, conversion is solely at noteholder's discretion at Face Value, and accrue interest at 12%pa payable quarterly. Conversion price set at 20-days VWAP before the date of conversion. On early redemption requested by Bligh or default, a 20% premium shall apply, to be repaid on top of any outstanding amount due, The Convertible Note is unsecured in nature.

On 27 May 2016 Bligh announced that it had entered into a Variation Agreement for the JV Agreement whereby $250,000 previously advanced by CGPL pursuant to the JV Agreement and conditionally held as subscription moneys for the issue of 7,142,857 shares in Bligh would be applied to an interest free unsecured convertible note. The Variation Agreement provides that CGPL has the right to covert for a period of 6 months ending 26 November 2016 an that the funds can be applied by the Company for working capital purposes. On 29 September 2016 the Company announced that it had received a notice of election to convert from CGPL. Bligh's ability to perform this obligation is governed by its capacity under Listing rule 7.1, details of which are discussed in the Notice of Meeting announced on 9 September 2016. Bligh will issue the shares subject to the necessary replenishment approvals being sought at that meeting, to be held on 11 October 2016. Absent the conversion, once issued, the note will mature on 26 November 2016.

12. Deferred Consideration

	2016 $	2015 $
Deposit received for formation of Contained Gold joint venture	**225,000**	**-**

On 2 September 2015 Bligh announced the formation of 50/50 joint venture with Angler Mining Pty Ltd ("Angler") to develop the Company's Bundarra Gold Project ("Bundarra") in WA and that it had entered into a Memorandum of Understanding to this effect. The Company's 100% owned subsidiary SRM signed a binding 50/50 Unincorporated Joint Venture Agreement on 27 October 2015 with Anger's 100% owned subsidiary Contained Gold Pty Ltd ("CGPL"). Pursuant to the JV Agreement, the Company agreed to transfer 50% of Bundarra to CGPL in exchange for amongst other things, a cash payment by CGPL of $225,000, which was received in November 2015. The interests in the tenement have not yet been transferred and consequently the deposit received remains classified as deferred consideration. Under the terms of the Variation Agreement the obligation to transfer 50% of the Tenement title was suspended by mutual consent. Further details are contained in the Directors Report and at Note 25.

13. Employee benefits

	2016 $	2015 $
Provision for annual leave	**4,904**	**4,255**

14. Contributed Equity

1,500,000 ordinary shares issued during the year.

	Consolidated 2016	2015
Ordinary Shares Number	**No.**	**No.**
Balance at 1 July	92,866,760	60,125,720
Shares issued during the year		
Shares issued in satisfaction of a liability @ $0.0230- 27 May 2016	1,500,000	-
Shares issued for cash @ $0.0450 per share on 28 August 2014	-	15,000,000
Shares issued for cash @ $0. 0500 per share on 2 December 2014	-	400,000
Shares issued for cash @ $0.0173 per share on 11 May 2015	-	6,820,809
Shares issued for cash @ $0.0173 per share on 15 June 2015	-	10,520,231
Balance at 30 June	**94,366,760**	**92,866,760**

	Consolidated 2016	2015
Ordinary Shares Value	**$**	**$**
Balance at 1 July	7,387,182	6,446,182
Shares issued during the period		
Shares issued in satisfaction of a liability - 1,500,000 on 27 May 2016	34,500	-
Shares issued for cash - 15,000,000 on 28 August 2014	-	675,000
Shares issued for cash - 400,000 on 2 December 2014	-	20,000
Shares issued for cash - 6,820,809 on 11 May 2015	-	118,000
Shares issued for cash - 10,520,231 on 15 June 2015	-	182,000
Share issue costs	(18,000)	(54,000)
Balance at 30 June	**7,403,682**	**7,387,182**

Fully paid ordinary shares carry one vote per share and carry the rights to dividends. The Company's shares have no par value.

Since the end of the financial year the Company has issued a further 14,155,014 ordinary shares at an issue price of $0.0244 on conversion of Convertible Notes and a further 7,900,000 ordinary shares at an issue price of $0.025 as a Placement to a sophisticated investor.

Capital risk management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern so that it can produce returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Company would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the Company's share price at the time of the investment.

15. Cash Flow Information

	Consolidated 2016 $	2015 $
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position		
Cash at bank	**32,383**	**230,520**
Reconciliation of cash flow from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after Income Tax	(747,111)	(1,561,778)
Less: non-cash items not included in working capital movements		
Share based payments	151,302	-
Depreciation expense	133	4,537
Exploration and evaluation expenditure written off	-	1,147,048
Gain on reassignment of loan receivable	-	(112,500)
Gain on sale of fixed assets	-	(9,619)
Reallocation of environmental deposits to non-current assets	18,425	-
Add: movements in working capital		
Increase / (decrease) in trade and other receivables	(28,550)	54,135
(Increase) / decrease in other current assets	28,415	(48,415)
Increase / (decrease) in trade and other payables	300,459	(108,419)
(Increase) / decrease in employee benefits	649	(22,215)
Cash flow from operations	**(276,278)**	**(657,226)**

16. Auditor's Remuneration

	2016	2015
Auditing or reviewing the financial reports	43,500	33,000
Auditing fee brought forward from previous year	10,110	-
Other services	4,148	3,000
Total auditor's remuneration	**57,758**	**36,000**

Other services provided by the Auditor were for accounting advice and tax consulting. Directors have determined and the Auditor has agreed that the minor nature of these services did not affect the independence of the Auditor.

17. Financial Reporting by Segment

The Group has adopted AASB 8 Operating Segments whereby segment information is presented using a "management approach", i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker.

The chief operating decision maker has determined that there is only one operating segment for the Group, exploration and evaluation of gold tenements in Australia. Consequently, no segment information is disclosed in these financial statements.

The chief operating officer receives consolidated financial statements for the Group.

The Group has no sales or customers and therefore no information is provided on a product or customer basis for the current or previous financial years. All of the Group's noncurrent assets are located in Australia.

18. Share Based Payment

Share based payments to settle a liability to a creditor - Shares

On 27 May 2016 the Company issued 1,500,000 fully paid ordinary shares to a creditor in satisfaction of an agreed liability:

Date	Creditor	No. of shares	Valuation	Value per share	Total $	Purpose
2016						
27 May 2016	Confadent Limited	1,500,000	Services provided	$0.023	25,350	Facilitating Angler JV Agreement

Share based payments as long term incentive to directors – Options

On 7 October 2015 the Company issued 6,000,000 options exercisable at $0.05 per option to four Directors as consideration for them agreeing to forego Director's fees and as a Long Term Incentive. The options were valued under the Black-Scholes option pricing model. All of these options vested immediately and expire on 6 April 2018. The expense recognised for services received during the year is shown below:

	2016 $	2015 $
Share based payment recognised in profit or loss	69,710	-

These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Exercise price	$0.05
Option life	2.5 years
Expected share price volatility:	135.6%
Risk-free interest rate:	1.83%

Share based payments as compensation to a creditor – Options

On 7 October 2015 the Company issued 1,500,000 options exercisable at $0.05 per option to Quattro Capital Ltd for capital raising services. The options were valued under the Black-Scholes option pricing model. All of these options vested immediately and expire on 6 October 2017. The expense recognised for services received during the year is shown below:

	2016 $	2015 $
Share based payment recognised in profit or loss	15,091	-

These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Exercise price	$0.026
Option life	2.0 years
Expected share price volatility:	107.5%
Risk-free interest rate:	1.83%

The expected life of all of the Company's share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2016 was .48 years (2015: 1.4 years). The weighted average fair value of options granted during the year was $0.011 (2015: $0.019). The range of exercise prices for options outstanding at the end of the year was $0.025 to $0.026. There were no share based payments in the 2015 financial year.

18. Share Based Payment (cont.)

Share based payments as long term incentive to directors – Performance Rights

On 7 October 2015, Bill Richie Yang and Eric Zhang were both granted 1,250,000 Performance Rights each which were pursuant to shareholder approval received at a general meeting of shareholders held on 17 September 2015. The Rights were granted to each of these Directors in return for them each agreeing to forego Directors' fees of $20,000. The Performance Rights vested immediately and expire on 7 October 2016.

Based on the Company's closing share price on 7 October 2017 of $0.02 the fair value of the Performance Rights granted to Mr Yang and Mr Zhang is $50,000.

No Performance Rights were granted in the 2015 financial year.

The expense recognised for employee services received during the year is shown below:

	2016 $	2015 $
Performance Rights payment expense recognised in profit and loss	50,000	-

19. Controlled Entities Consolidated

Name of Entity	Country of Incorporation	Principal Activity	Equity Holding % 2016	2015
SRM Mining Pty Ltd	Australia	Miming exploration	100%	97.5%

20. Key Management Personnel Disclosures

Directors	Position
Bill Richie Yang	Executive Director
Jinle Song	Non-Executive Director
Tianbao Wang	Non-Executive Director

Key management personnel equity holdings including holdings of their personally related entities as at 30 June 2016

	Opening	Acquired	Disposed	Closing
Bill Richie Yang	1,475,000	2,000	-	1,477,000
Jinle Song	4,666,667	-	-	4,666,667
Tianbao Wang	-	-	-	-

20. Key Management Personnel Disclosures (cont.)

	2016 $	2015 $
Short-term remuneration benefits		
Directors		
Executive		
Bill Richie Yang	51,667	69,000
Robert Benussi	-	129,399
Non-Executive		
Eric Zhang [1]	65,000	60,000
Jinle Song	6,000	-
Tianbao Wang	-	27,000
Peiqi Zhang		36,000
Total remuneration	**122,667**	**321,399**

1 Resigned 17 July 2016.

The Company has no other Key Management Personnel.

Key management personnel performance long term incentives - rights over equity instruments granted as remuneration

Mr Richie Yang was granted 1,250,000 Performance Rights each pursuant to shareholder approval received at a General Meeting of shareholders held on 17 September 2015. The Rights were granted to him for agreeing to forego Directors' fees of $20,000.

The Performance Rights were issued to on 7 October 2015, vested immediately and expire on 7 October 2016.

The performance Rights convert to ordinary shares in the Company on the achievement of either of the following:

1. The volume weighted average price for Shares traded on the ASX over a consecutive period in which the Shares were traded on 10 days (a day is only counted if the trading on that day meets or exceeds the Company's 12 month average daily trading volume) when multiplied by the number of Shares on issue exceeds $5,000,000; or

2. A transaction with an unrelated third party becomes unconditional under which:

   a) The Company merges with or is acquired by another entity through any mechanism and the Company is valued at more than A$5,000,000 net of liabilities in the transaction; or

   b) The Company disposes of assets, in a single or in multiple transactions, with cumulative total proceeds to the Company (before expenses including tax) of more than A$5,000,000 in cash or script.

3. The Company receives a bidder's statement complying with the Corporations Act from a bona fide third party which if completed (regardless of conditions to the bid) would satisfy the performance condition (b) above.

Dr Eric Zhang was also granted 1,250,000 Performance Rights on the same terms and conditions and these were transferred prior to his resignation on 17 July 2016 to Mr Yang, in accordance with the terms of the Rights. Mr Yang now holds 2,500,000 Performance Rights in total.

The fair value of the Performance Rights granted to Mr Yang and transferred to Mr Yang from Mr Zhang together is $50,000. Further details of these Performance Rights is included in note 18, Share Based Payments. No Performance Rights were granted in 2015.

20. Key Management Personnel Disclosures (cont.)

Key Management Personnel Performance Long Term Incentives - Options over Equity Instruments Granted as Remuneration

During the year the Company granted 1,000,000 options each to Mr Bill Richie Yang and Dr Eric Zhang. The options granted to each of Mr Yang and Dr Zhang were in exchange for each of these Directors agreeing to forego Director's fees of $20,000. The value attributed to the 2,000,000 options and charged as an expense for the year was $23,237.

During the year the Company granted 2,000,000 options each to Mr Tianbao Wang and Mr Peiqi Zhang. The options granted to each of Mr Wang and Mr Zhang were in exchange for each of these Directors agreeing to forego Director's fees of $40,000 each. The value attributed to the 4,000,000 options and charged as an expense for the year was $46,474.

All of the above options vested on issue and have no attaching performance hurdles. Further details of these options is included in note 18, Share Based Payments. No options were granted over equity instruments in the 2015 financial year.

21. Commitments

Exploration expenditure commitments

The Company is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position. A summary of aggregate commitments is as follows:

	2016	2015
	$	$
Within 1 year	351,340	392,698
More than 1 year but not later than 2 years	349,340	1,016,914
Later than 2 years	896,237	44,072
Total	**1,596,917**	**1,453,684**

	2016	2015
Other commitment - Leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases payable as follows:		
Within 1 year	-	27,259
Total	**-**	**27,259**

22. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable.

Exposure to currency risk, interest rate risk, commodity price risk, and liquidity risk arises in the normal course of the business. The Company's overall financial risk management strategy is to seek to ensure that the Company is able to fund its business plans. The Company does not have derivative financial instruments as at 30 June 2016.

The Company uses various measures dependent on the types of risk to which it is exposed. These methods include cash flow at risk analysis in the case of interest rate and foreign exchange risk. Financial risk management is carried out by the Executive Director under policies approved by the Directors. The Directors provide written principles for overall risk management.

22. Financial Risk Management (cont.)

	Note	Current interest rate	Fixed interest rate	Floating interest rate	Non-interest bearing	Total
2016			$	$	$	$
Financial assets						
Cash and cash equivalents	5	0.00%	-	32,383	-	**32,383**
Trade and other receivables	6	0.00%	-	-	53,665	**53,665**
Financial liabilities						
Trade and other payables	10	0.00%	-		442,071	**442,071**
Convertible Notes	11	12.00%	300,000	-	-	**300,000**
Subscription funds for Convertible Note issued in July	11	0.00%	50,000	-	-	**50,000**
Subscription funds for convertible note not yet issued	11	0.00%	250,000	-	-	**250,000**
Other loans	11	10.00%	45,000	-	-	**45,000**
2015						
Financial assets						
Cash and cash equivalents	5	0.00%	-	230,520	-	**230,520**
Trade and other receivables	6	0.00%	-	-	25,115	**25,115**
Financial liabilities						
Trade and other payables	10	0.00%	-	-	141,612	**141,612**
Convertible Notes	11	12.00%	200,000	-	-	**200,000**
Other loans	11	10.00%	200,000	-	-	**200,000**

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company’s credit risk exposure is limited to cash and cash equivalents. Management have reduced this risk by depositing cash with financial institutions with a credit rating of AAA or higher.

Interest rate risk

The Company’s main interest rate risk arises from interest earnings on its surplus cash. The Company is exposed to interest rate risk to the extent its interest earnings may fluctuate. The Company’s borrowings are at fixed interest rates. The impact of a 1% movement in the interest rate on the funds invested when all other variables are held constant would be immaterial.

Liquidity risk

Liquidity risk arises from the possibility that the Group may have insufficient liquid assets to settle its debts or cover financial obligations as and when they fall due. The Group manages liquidity risk by:

- Maintaining a reputable credit profile.
- Investing surplus cash in at call deposit accounts.
- Preparing cash flow forecasts from time to time to determine liquidity requirements in advance.

22. Financial Risk Management (cont.)

The Company's undiscounted contractual cash flow obligations are as follows:

	0-3 Months	3-12 Months	More than 12-Months	Total
		$	$	$
At 30 June 2016				
Trade and other payables	442,071	-	-	**442,071**
Borrowings	645,000	-	-	**645,000**
Total financial liabilities	**1,087,071**	**-**	**-**	**1,087,071**
At 30 June 2015				
Trade and other payables	127,030	14,582	-	**141,612**
Convertible Notes	-	400,000	-	**400,000**
Total financial liabilities	**127,030**	**414,582**	**-**	**541,612**

As at 30 June 2016, the Group had undrawn borrowing facilities (Convertible Notes) of $200,000.

Fair values

The Company has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. The fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

23. Related Party Transactions

Administrative and accounting services fees of $38,462 (2015: Nil) were paid to Tasman Funds Management Pty Ltd which is a related party of Dr Zhang.

On 1 September 2015 the Company increased its shareholding in SR Mining Pty Ltd from 97.5% to 100%. SR Mining Pty Ltd is a related party of Mr Eric Chan.

Disclosures relating to Key Management Personnel are set out in note 20.

24. Joint Ventures

The Group is party to a joint venture agreement ("JV Agreement") with Contained Gold Pty Ltd ("CGPL") for the development of its Bundarra tenements. Under the terms of the JV Agreement, the Company agreed to transfer 50% of Bundarra to CGPL in exchange for a cash payment by CGPL of $225,000 (received in November 2015), CGPL's parent; Angler Mining Limited or its nominee subscribing for a $250,000 private share placement in the Company, and CGPL issuing shares equal to 10% of its capital to Bligh at nil cost. The Company and its subsidiary SR Mining entered into a Joint Venture Variation Agreement on 26 May 2016. Under the terms thereof, the obligation to transfer 50% of title in the Bundarra project tenements was suspended as was CGPL's obligation to issue 10% of its capital to Bligh. As at the 30 June 2015 CGPL had not issued shares equal to 10% of its capital and the interest in the Tenements had not been transferred. Other mutual rights and obligations of the parties remained unchanged. Further details in respect of the present status of the Joint venture are contained in the Directors Report and at Note 25.

As part of the JV CGPL agreed to sole-fund and complete within 18 months a Bundarra Feasibility Study to bankable standard and achieve necessary mining approvals. CGPL also agreed to sole-fund and build, own and operate a Carbon in Pulp (CIP) plant with a nominal annual process capacity between 300,000 and 500,000 tonnes to be leased by the Joint Venture for a cost $5.00 per tonne of processed ore.

Under a JV Variation Agreement the parties agreed to explore a possible sale of 100% of the Bundarra Project and agreed that the proceeds would be split on settlement; for up to an initial $2,975,000; Bligh 84.3% and CGPL 15.7%; and for any proceeds above the initial $2,975,000;:Bligh 75% and CGPL 25%. The parties further agreed that on any sale of the Bundarra Project neither party would be required to issue their respective shares to each other as previously agreed under the JV Agreement; and that SR Mining Pty Ltd would no longer require to transfer 50% of the Bundarra Project tenements to CGPL.

The joint venture is not a separate legal entity and there are no assets or liabilities attributable to the Company as at 30 June 2016 other than capitalised exploration and evaluation expenditure described in note 8.

24. Joint Ventures (cont.)

Percentage equity interests in the joint venture tenements as at the end of the financial year was:	2016	2015
Bundarra (13 tenements)	100%	100%

Under the Joint Venture Agreement, the Group is required to transfer 50% of these tenements to CGPL in accordance with the terms and conditions of the Agreement. CGPL has advised the Group that it considers that the transfer should have been made before 30 June 2016. Directors disagree with that view, based on the terms of the amended JV Variation Agreement referred to above. Further information on the transfer is included in Note 25: Subsequent Events.

25. Subsequent Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Company in future financial years except as follows:

<u>On 18 July 2016</u> the Company announced that Dr Eric Zhang and Mr Peiqi Zhang had resigned from the Board.

<u>On 22 July 2016</u> the Company announced the appointment of Mr Jerome Vitale as a non-executive director. The Company also announced a $1.7 million two-tranche share placement of approximately 57.9 million fully paid ordinary shares in Bligh to sophisticated and professional investors to raise $1.45 million and a Share Purchase Plan (SPP) to raise a further $250,000. Both issues will be at 2.5 cents per share. The placement is fully underwritten Somers & Partners Pty Ltd.

The first tranche comprises 7.9 million Shares to raise approximately $200,000, will be issued under the Company's existing capacity under ASX Listing Rule 7.1 and 7.1A.

The second tranche of 50 million Shares is subject to shareholder approval at a general meeting scheduled for 11 October 2016. The Shares under the SPP will be offered to registered shareholders as at the close of business on 21 July 2016

<u>On 26 July 2016</u> the Company issued 14,155,015 shares at $0.025 per share to Daily Delight Enterprises Limited on conversion of the 7 Convertible Notes previously issued under the Facility, paying the principal of $350,000. Accrued interest of $4,618 remains payable.

<u>On 19 August 2016</u> the Company announced the terms of employment for Mr Vitale, details of which are summarised in the Remuneration Report. Mr Vitale is to become Managing Director and Chief Executive upon completion of the second tranche of this placement which is subject to the approval of shareholders at a General Meeting to beheld on 11 October 2016.

<u>On 8 September 2016</u> the Company announced that as a consequence of investor interest, it had increased the second Tranche of the Placement announced on 22 July 2016 to $1,750,000, increasing the overall raising underwritten by Somers and Partners Pty Ltd to $2,197,500 (including the First Tranche that completed on 26 July 2016). Mr Vitale and / or his nominees agreed to subscribe for up to 10,000,000 Tranche 2 shares, subject to shareholder approval.

<u>On 29 September 2016</u> the Company announced that earlier discussions with an unrelated third party in relation to the possible sale of the Bundarra project as a whole had terminated and that it had received a notice of election to convert from Contained Gold with respect to the $250,000 previously advanced. The issue of the shares pursuant to the conversion rights exercised by Contained Gold is subject to replenishment of the Company's capacity under ASX Listing Rule 7.1 at a forthcoming meeting of shareholders to be held on 11 October 2016. The Company also announced that Contained Gold requested that the transfer of 50% equity in the Bundarra tenements be formalised. At the date of this report the Company is reviewing the request and will update the market once this process is completed.

26. Parent Entity Information

	Parent 2016	Parent 2015
	$	$
Balance Sheet		
Current assets	62,050	329,992
Total Assets	**3,705,827**	**3,603,371**
Current liabilities	964,773	334,670
Total Liabilities	**964,773**	**334,670**
Net Assets	**2,741,054**	**3,268,701**
Shareholder's Equity		
Issued capital	7,403,682	7,387,182
Reserves:		
Options	136,402	1,600
Financial Assets	(3,250)	(3,250)
Accumulated losses	(4,795,780)	(4,116,831)
Total Equity	**2,741,054**	**3,268,701**
Total Comprehensive Loss	**(678,948)**	**(1,635,661)**

The Company has not entered into any guarantees in the current or previous financial year. The Company does not have any contingent liabilities as at 30 June 2016. The Company has no contractual commitments for the acquisition of property plant and equipment as at 30 June 2016.

1. In the Directors' opinion:

(a) The financial statements and notes set out on pages 22 to 45 are in accordance with the Corporations Act 2001, including:

(i) Complying with accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) Giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

3. The directors have been given the declarations for the year ending 30 June 2016 required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5) (a) of the Corporations Act 2001.

On behalf of the directors

____

Bill Richie Yang
Executive Director
Sydney, 30th September 2016

HLB Mann Judd
Accountants | Business and Financial Advisers

BLIGH RESOURCES LIMITED
ABN 83 130 964 162

INDEPENDENT AUDITOR'S REPORT

To the members of Bligh Resources Limited

We have audited the accompanying financial report of Bligh Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd

BLIGH RESOURCES LIMITED
ABN 83 130 964 162

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Independence

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

In our opinion,

(a) the financial report of Bligh Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 1 to the financial report, which indicates that the ability of the Group to continue as a going concern for the foreseeable future is dependent on the planned capital raising, the raising of other funds through debt, equity or sale of assets. As stated in Note 1, this condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Bligh Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D K Swindells
Partner

Sydney, NSW
30 September 2016

Tenement	Project	Location	Ownership
P37/7782	Leonora	WA	100%
P37/7783	Leonora	WA	100%
P37/7784	Leonora	WA	100%
P37/7785	Leonora	WA	100%
P37f7786	Leonora	WA	100%
P37/7787	Leonora	WA	100%
P37/7788	Leonora	WA	100%
P37f7789	Leonora	WA	100%
P37f779o	Leonora	WA	100%
P37f7791	Leonora	WA	100%
P37f7792	Leonora	WA	100%
P37f7793	Leonora	WA	100%
P37f78o7	Leonora	WA	100%
P37f78o8	Leonora	WA	100%
P37f78o9	Leonora	WA	100%
P37/7810	Leonora	WA	100%
P37f78n	Leonora	WA	100%
P37/7812	Leonora	WA	100%
P37/7813	Leonora	WA	100%
P37/78I4	Leonora	WA	100%
P37/78I5	Leonora	WA	100%
P37/7816	Leonora	WA	100%
P37/7829	Leonora	WA	100%
P37/710o	Little Wonder	WA	100%
P37/8o48	Little Wonder	WA	100%
M37/513	Bundarra [1]	WA	100%
*M37/5I4	Bundarra [1]	WA	100%
M37/350	Bundarra [1]	WA	100%
M37/488	Bundarra [1]	WA	100%
M37/638	Bundarra [1]	WA	100%
P37/8382	Bundarra [1]	WA	100%
P37/8383	Bundarra [1]	WA	100%
P37/8384	Bundarra [1]	WA	100%
P37/838s	Bundarra [1]	WA	100%
P37/8386	Bundarra [1]	WA	100%
P37/83o6	Bundarra [1]	WA	100%
L37/201	Bundarra [1]	WA	100%
L37/21o	Bundarra [1]	WA	100%

1. Under the Joint Venture Agreement, the Company has with Contained Gold Pty Ltd described in note 23 the Company is required to transfer 50% of these tenements to in accordance with the terms and conditions of the Agreement.

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 7 September 2016.

Distribution of Equity Securities

Range	Number of holders	Number of shares
100,001 and Over	78	110,560,673
10,001 to 100,000	106	4,549,436
5,001 to 10,000	159	1,303,800
1,001 to 5,000	3	7,665
1 to 1,000	1	200
Total	**347**	**116,421,774**

Since listing the Company has issued 116,421,774 fully paid ordinary shares.

The number of shareholders holding less than a marketable parcel is 181.

Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are:

Nº	Shareholder	Shares	%
1	Tasman Funds Management Pty Ltd	15,000,000	12.88
2	Daily Delight Enterprise Limited	14,155,014	12.16
3	Best Wealth Winner Limited	10,520,231	9.04
4	Mr Simon William Tritton	6,100,000	5.24
5	Jinle Song	4,166,667	3.58
6	Keen Source Holdings Limited	4,000,000	3.44
7	Hong Kong-Henan International Holdings Limited	4,000,000	3.44
8	Mr Yuan Cheng	3,468,208	2.98
9	Mr Yun Sun	3,352,601	2.88
10	Intrepid Concepts Pty Ltd	3,000,000	2.58
11	ABN Amro Clearing Sydney Nominees Pty Ltd	2,645,680	2.27
12	Pershing Australia Nominees Pt Y Ltd	2,400,867	2.06
13	Kings Park Superannuation Fund Pty Ltd & Kings Park Superannuation Fund Pty Ltd	2,050,000	1.76
14	Blonde Mile International Limited (BVI)	2,000,000	1.72
15	HSBC Custody Nominees (Australia) Limited	1,919,054	1.65
16	Ajava Holdings Pty Ltd	1,910,190	1.64
17	Woodroffe Investments (Vic) Pty Ltd	1,907,870	1.64
18	Riverview Corporation Pty Ltd	1,689,563	1.45
19	Goldfire Enterprises Pty Ltd	1,530,000	1.31
20	Goldbondsuper Pty Ltd	1,438,800	1.24
	Total	**87,254,745**	**74.06**

Substantial Shareholders

Substantial shareholders and the number of equity securities in which it has an interest, as shown in the Company's Register of Substantial Shareholders is:

Shareholder	Shares	%
Tasman Funds Management Pty Ltd	15,000,000	12.88
Daily Delight Enterprise Limited	14,155,014	12.16
Best Wealth Winner Limited	10,520,231	9.04
Mr Simon William Tritton	6,100,000	5.24

Unlisted Options

There are 7 holders of unlisted options.

Distribution of Unlisted options	Number of option holders	Number of options
100,001 and Over	7	23,650,000
10,001 to 100,000	-	-
5,001 to 10,000	-	-
1,001 to 5,000	-	-
1 to 1,000	-	-
Total	**7**	**23,650,000**

No single option holder holds more than 20% of the unlisted options.

Performance Rights

There is 1 holder of Performance Rights.

Distribution of Performance Rights	Number of holders	Number of Performance Rights
100,001 and Over	-	-
10,001 to 100,000	1	250,000
5,001 to 10,000	-	-
1,001 to 5,000	-	-
1 to 1,000	-	-
	1	**250,000**

Holders of over 20%	Performance Rights	%
Bill Richie Yang	250,000	100%

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote when a poll is called; otherwise each member present at a meeting has one vote on a show of hands.

No voting rights attach to unlisted options.

No voting rights attach to Performance Rights

There are no securities subject to voluntary Escrow.

On Market Buy-Back

There is no current on-market buy back.

BLIGH
resources