



ASX Release via e-lodgement 31 October 2016

Bligh Resources Limited

ACN 130 964 162

ASX: **BGH**

G5, 1 Pacific Highway
North Sydney
New South Wales 2060
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Board of Directors and Management:

Jerome G (Gino) Vitale
Managing Director & CEO

General Manager Project Development

Paddy Reidy

Non-Executive Directors

Bill Richie Yang
Jinle Song
Tianbao Wang

Company Secretary

Ian White

Capital Structure

Ordinary Shares: 202,464,631
Unlisted Options: 59,150,000

Contact

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Report for Quarter ended 30 September 2016

Key Points

- Bligh now well funded following \$2.0 million raised from underwritten Placement and Share Purchase Plan
- Balance sheet is debt free balance sheet following retirement of \$600,000 in convertible loans
- Management appointments: Gino Vitale joins Bligh as Managing Director and CEO and Paddy Reidy appointed as General Manager, Project Development
- Drilling program commenced at Bundarra

Bligh Resources Limited (ASX: BGH) ("Company") is pleased to provide this quarterly update on its operations and activities for the quarter ended 30 September 2016.

1. Bundarra Joint Venture, Leonora WA

(a) Joint Venture Status

During the June quarter the Company announced that the joint venture parties had been approached by a third party in respect to the possible sale of 100% interest in the Bundarra Gold Project. Some aspects of the joint venture partners' mutual financial obligations and other aspects of the joint venture agreement were suspended for 6 months to facilitate negotiations. The discussions were subsequently abandoned (see ASX release dated 29 September 2016).

Now well funded, Bligh intends to accelerate development of the project and is actively evaluating opportunities to expand its gold interests in the Leonora area. The Company is in discussion with its joint venture partner Contained Gold Pty Ltd ('CGPL') to consider the best way to maximize value for their respective interest in project.

Bligh is committed to enhancing the value the Bundarra project and will focus its efforts in the upcoming quarter to progressing the project including an updated JORC 2012 resource estimate, commencement of a feasibility study and a review of development options for toll treatment at regional mills vs a standalone operation.

(b) Convertible Debt – Conversion to Shares

In late September the Company received a notice of election to convert from CGPL in respect of \$250,000 advanced to Bligh in the March quarter under the entry terms of the joint venture. The issue of shares and the underlying note were subject to shareholder approval for issuing capacity under Listing Rule 7.1 which was received at a shareholder meeting held on 11 October 2016. Subsequent to the meeting the Company has issued 7,142,857 ordinary fully paid shares at 3.5 cents to extinguish the note. .

The repayment of the above debt together with the convertible note repayment referred to at section 3(c) below leaves the Company with a debt free balance sheet.

(c) Drilling Program

Subsequent to the end of the quarter the Company announced on 27 October that a 2,500 meter RC drilling program has been embarked on. The program is targeting several areas of known gold mineralisation. Areas of particular focus are the in-fill and extension of the existing Mineral Resource at the Bluebush deposit, extensions to the Wonder North deposit, and deeper drilling to test depth extensions of high grade mineralisation at Wonder North. The location of Wonder North and Wonder West open pits, together with drill-hole locations, is shown in Figure 1 below.



Figure 1 – Drill-hole locations at Wonder North and Wonder West

The results of the drilling will assist to progress the ongoing feasibility study on the Bundarra Project. The Company will update the market with results of this drilling as they come to hand.

2. Other Leonora Interests

A number of Prospecting Licences considered to have limited prospects for a commercially viable mining operation will be relinquished as the holding costs do not justify retention of the licences.

3. Corporate

(a) Placement and Share Purchase Plan raises \$2.0 million

On 22 July 2016, the Company announced it had reached agreement with Somers & Partners Pty Ltd to underwrite a capital raising of \$1.7 million (“**Capital Raising**”) at an issue price of 2.5 cents per share. This was subsequently increased to \$2.2 million in response to investor demand.

The raising comprised a two-tranche placement of 67.9 million fully paid ordinary shares to sophisticated and professional investors to raise \$1.7 million (“**Placement**”), a Directors allocation of 10.0m shares to raise \$250,000, and a Share Purchase Plan (SPP) offered to eligible shareholders to raise a further \$250,000.

The first tranche of the Placement comprising 7.9 million shares to raise \$197,500 was completed on 25 July 2016 under the Company’s existing capacity under ASX Listing Rule 7.1 and 7.1A.

The second tranche of 60 million shares and the 10.0 million shares offered under the SPP to raise a combined \$1.75 million, were completed after shareholders approved the issues at a general meeting held on 11 October 2016. Funds

raised from the capital raising will be used to implement the strategy stated below and to meet joint venture payments at Bundarra as the project progresses toward development.

(b) Company Strategy

Following completion of the Capital Raising, the Company's focus will be to complete regional review of the Leonora area and to identify regional and complementary growth opportunities in the gold sector for the Company. The Company also plans to continue to build its in-house technical and management team and to strengthen the depth of the Board with appropriately qualified mining industry appointments.

(c) Board and management appointments and resignations

Also on 22 July 2016 the Company announced the appointment of experienced gold industry executive Mr Gino Vitale as a non-executive director and Managing Director and Chief Executive-elect. Under the Company's Constitution, as Mr Vitale's appointment was made by directors during the year, he is up for election as a director of the Company at the forthcoming annual General meeting to be held on 29 November 2016. Details on Mr Vitale industry background and experience are contained in the Company's announcement of 22 July 2016.

Mr Richie Yang, previously Executive Director, has relinquished executive responsibilities but will continue as a non-executive Director of the Company.

Subsequent to quarter's end the Company announced the appointment of highly experienced mining executive and geologist, Mr Paddy Reidy, as General Manager, Project Development. Mr Reidy will be the senior executive responsible for advancing exploration, evaluation and development activities at the Company's flagship Bundarra Gold Project in WA. He will also focus on accelerating exploration opportunities close to Bundarra in the Leonora region of WA and identifying and assessing regional and complementary growth opportunities for the Company. Details of industry Mr Reidy's background and experience are contained in the Company's announcement of 20 October 2016.

On 18 July 2016 the Company announced the resignation of Dr Eric Zhang and Mr Peiqi Zhang from the Board. Dr Zhang has been a Director of the company for nearly 2 years, having joined the Board on 28 August 2014 and Mr Peiqi Zhang for 7 years having joined the Board on 2 May 2011. The Board thanks both of these Directors for their valuable contribution during their term in office.

(d) Other Debt Repayment

In July the Company drew down \$50,000 of an available \$400,000 convertible loan facility, bringing the total drawn down to \$350,000. Funds were used to meet working capital requirements. Notes to the value of \$345,382 were subsequently repaid on 26 July 2016 by conversion to shares at the 20 day VWAP of \$0.0244 per share, resulting in the issue of 14,155,014 shares and a reduction in the value of outstanding notes to \$4,618. These shares were issued under the Company's existing capacity under ASX Listing Rule 7.1 and 7.1A. Refer Appendix 3B released on 26 July 2016. The remaining balance owing on the notes of \$4,618 which will be repaid in cash.

(e) Cash at Bank

Prior to the completion of the capital raising during October 2016 the Company's cash balance at 30 September 2016 was \$7,000.

(f) Capital Structure

The table below shows the Company's capital structure at 30 September and at the date of this report as reported in Appendix 3B releases of 19 and 20 October 2016.

	at 30 September 2016	at date of this report
Ordinary Shares	116,421,774	202,464,631
Options (unlisted)	23,650,000	59,150,000
Share Performance Rights	2,500,000	-

(g) Change of Company address

On 12 July 2016 the Company announced a change to its registered office and principal place of business to L5/G, 1 Pacific Highway, North Sydney NSW, 2060.

For further information, contact:

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ENDS

About the Bundara Gold Project

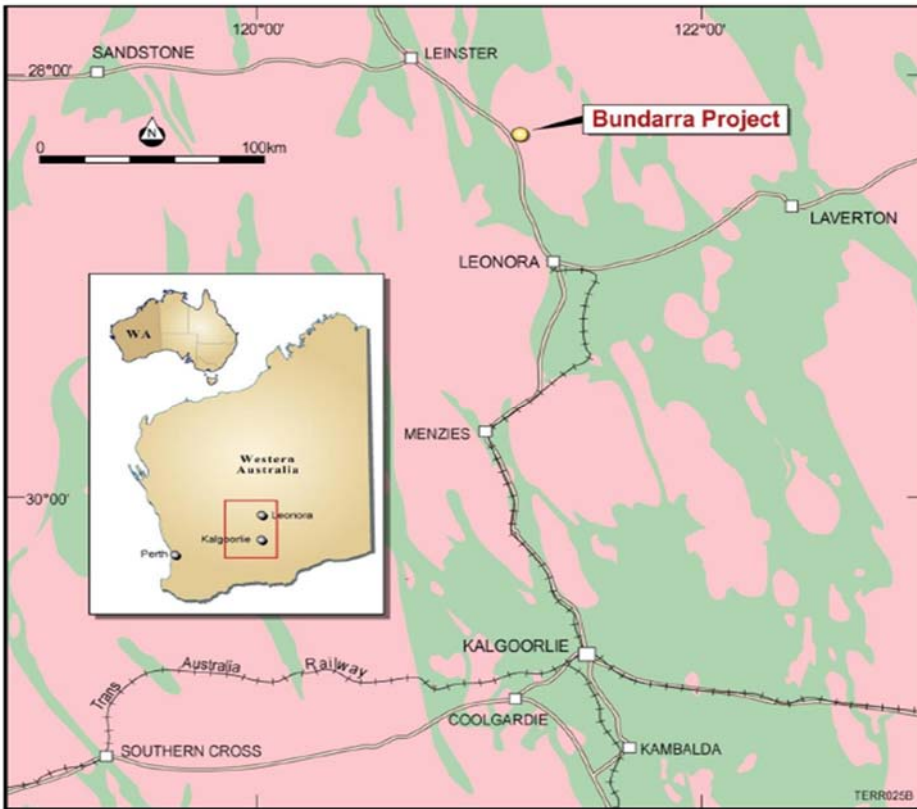
The Bundarra Gold Project (Contained Gold earning 50%) lies within the Norseman-Wiluna greenstone belt of the Archean Yilgarn Craton, approximately 60km north of Leonora in the Eastern Goldfields region of Western Australia. The Company has previously reported Mineral Resources (JORC 2004) across three deposits and a new exploration zone (Celtic, Wonder North, Wonder West and Bluebush). Details of the resource estimate are contained in the Company's announcement dated 23 March 2015.

The project tenement schedule consists of five Mining Leases, six Prospecting Licences and two Miscellaneous Licences for groundwater exploration and a future haulage route covering an area of 60.5km². To date, more than 3,000 holes have been drilled with an accumulated drill depth of more than 150,000m.

In 2013, Bligh engaged CSA Global to carry out a Scoping Study for a toll milling solution based on the premise that nearby processing plants have known spare capacity. The study returned very attractive cashflow forecasts and this remains the Company's preferred treatment solution. Should the results of future exploration or aggregation with nearby deposits justify a stand-alone processing plant, the Company has not discounted possible on-site treatment solutions.

See next page for project location maps

Bundarra Project location Map



Bundarra – regional gold operations and processing centres

