



Bligh Resources Limited

ACN 130 964 162

ASX: **BGH**

Level 5, 1 Pacific Highway
North Sydney
New South Wales 2060
Tel: +61 2 8904 0485

Board of Directors:
Bill Richie Yang
Executive Director

Jerome G Vitale
Managing Director
& CEO elect

Jinle Song
Non-Executive Director

Tianbao Wang
Non-Executive Director

Company Secretary
Ian White

Capital Structure
Ordinary Shares: 116,421,774
Unlisted Options: 23,650,000
Performance Shares: 2,500,000

Contact

info@blighresources.com.au

ASX Release via e-lodgement

1 August 2016

Report for Quarter ended 30 June 2016

Key Points

Bundarra Gold Project

Agreement reached with Contained Gold to vary terms of joint venture; parties now in discussion in respect of ways to maximize value for their respective interest in project

Experienced mining executive Mr Gino Vitale to join Bligh as Managing Director and CEO

Underwritten Placement and Share Purchase Plan to raise \$1.7 million

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

1. OPERATIONS

(a) Bundarra Joint Venture, Leonora WA

The Company's wholly owned subsidiary SR Mining entered into a joint venture agreement with private company Contained Gold Pty Ltd ("**CG**") 28 October 2015. Under the terms of the JV, CG has an obligation to complete a feasibility study for the project by within 18 months (28 April 2017) and to sole fund the construction of a gold treatment plant with a nominal annual processing capacity of between 300,000 tonnes and 500,000 tonnes suitable for processing of Bundarra Ore. The agreement provides that the plant be made available to the JV partners on commercial leasing terms.

Further details are included in the Company's ASX announcement made on 28 October 2015.

Since signing the agreement, the parties have held several Joint Venture Committee meetings. While some elements of the planned feasibility study have been advanced, the end of Q2 target date for delivery of a feasibility study has not been met. The parties are now in discussion as to the best way to maximize value for their respective interest in project.

CG has complied with its preliminary financial obligations including cash payments to the Company of \$275,000. \$250,000 was also progressively advanced to the Company by CG during the March 2016 quarter pursuant to a subscription agreement as required under the terms of the JV. These funds were earmarked for the subscription to approximately 7.1 million Bligh shares at \$0.035 per share. The JV agreement contains a similar provision giving Bligh the right to be issued with 10% of the issued capital of CG upon Bligh issuing the above shares to CG.

On 27 May 2016, the Company announced that terms of the JV agreement had been varied to allow for the possible sale of 100% the project to an unrelated third party. At the date of this report no decision has been made in relation to the future ownership of the project. The JV remains on foot and there is no change to the operational deadlines imposed on CG to complete a feasibility study and progress the project toward production.

Bligh is committed to enhancing the value the Bundarra project and will focus its efforts in the upcoming quarter to ensure the Bundarra Joint Venture manager is on track to deliver on agreed development milestones, including:

- an updated JORC resource estimate
- reviewing options for toll treatment at regional mills vs a standalone operation
- fast tracking the feasibility study.

The Company will also assess regional consolidation opportunities and other new projects in the gold sector.

(b) Leonora Gold Project

All tenements remain in good standing and no filed activity was carried out during the quarter.

2. CORPORATE

(a) Placement and Share Purchase Plan to raise \$1.7 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**").

The raising will comprise a two-tranche placement of approximately 57.9 million fully paid ordinary shares to sophisticated and professional investors to raise \$1.45 million ("**Placement**") and a Share Purchase Plan (SPP) to be offered to eligible shareholders at the record date to raise a further \$250,000. Both issues will be at 2.5 cents per share, which is in line with Bligh's 30-day volume-weighted average price ("**VWAP**") on the date of announcement.

The first tranche of the Placement comprising 7.9 million shares to raise approximately \$200,000 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 50 million shares to raise approximately \$1.25 million, is subject to the approval of shareholders to be sought at a general meeting expected to be held in mid September 2016. The shares to be offered under the SPP to raise \$250,000 will be offered to registered shareholders as at the close of business on 21 July 2016. Further details will be disclosed in the SPP offer booklet to be issued shortly.

The underwriting of the second tranche and the SPP is on customary terms for an agreement of this nature and is 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 10.0m 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 of the Company (other than Messrs Vitale and Yang).

(b) Board appointment 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.

Mr Vitale has been acting as corporate consultant to the Company for several months prior to his appointment as director. He will act as interim CEO pending completion of the second tranche of the \$1.7 million share placement, at which time he will become Managing Director and Chief Executive Officer.

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

Further details on Mr Vitale industry background and experience are contained in the Company's announcement of 22 July 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.

Mr Bill Richie Yang will step down as Executive Director at the completion of the share placement but will remain on the Board in a non-executive capacity.

(c) 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 build its in-house technical and management team and expects to make further announcements in this regard in the coming weeks.

(d) Debt Funding

A total of \$300,000 of the available \$400,000 in unsecured convertible notes had been drawn down by 30 June 2016 to meet working capital requirements. Subsequent to quarter's end an additional \$50,000 of the available notes were drawn down. Notes to the value of \$345,382 were repaid 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 the Company's existing capacity under ASX Listing Rule 7.1 and 7.1A. Refer Appendix 3B released on 26 July 2016.

The net result is that the remaining balance owing on the notes has been reduced to \$4,618. This will be converted at the same VWAP which will result in the issue of a further 189,000 shares upon replenishment of the Company's capacity under ASX Listing Rule 7.1 and 7.1A at the September 2016 general meeting.

Pursuant to the agreed variation of the terms of the JV Agreement referred to at 1 (a) above, at 30 June 2016 the Company also had a convertible note of \$250,000 owing to Contained Gold Pty Ltd.

(e) Cash at Bank

Cash balance at 30 June 2016 was \$34,000.

(f) Capital Structure

	at 30 June 2016	at date of this report
Ordinary Shares	94,366,760	116,421,774
Options (unlisted)	23,650,000	23,650,000
Share Performance Rights	2,500,000	2,500,000

Yours faithfully,

Bill Richie Yang
Executive Director

For further information, contact:

Bill Richie Yang
Executive Director
Phone: 02 8904 0485
info@blighresources.com.au

or

Gino Vitale
Director and Interim CEO
Phone: +61 (0) 419 969 864
jeromev@vitale.net.au

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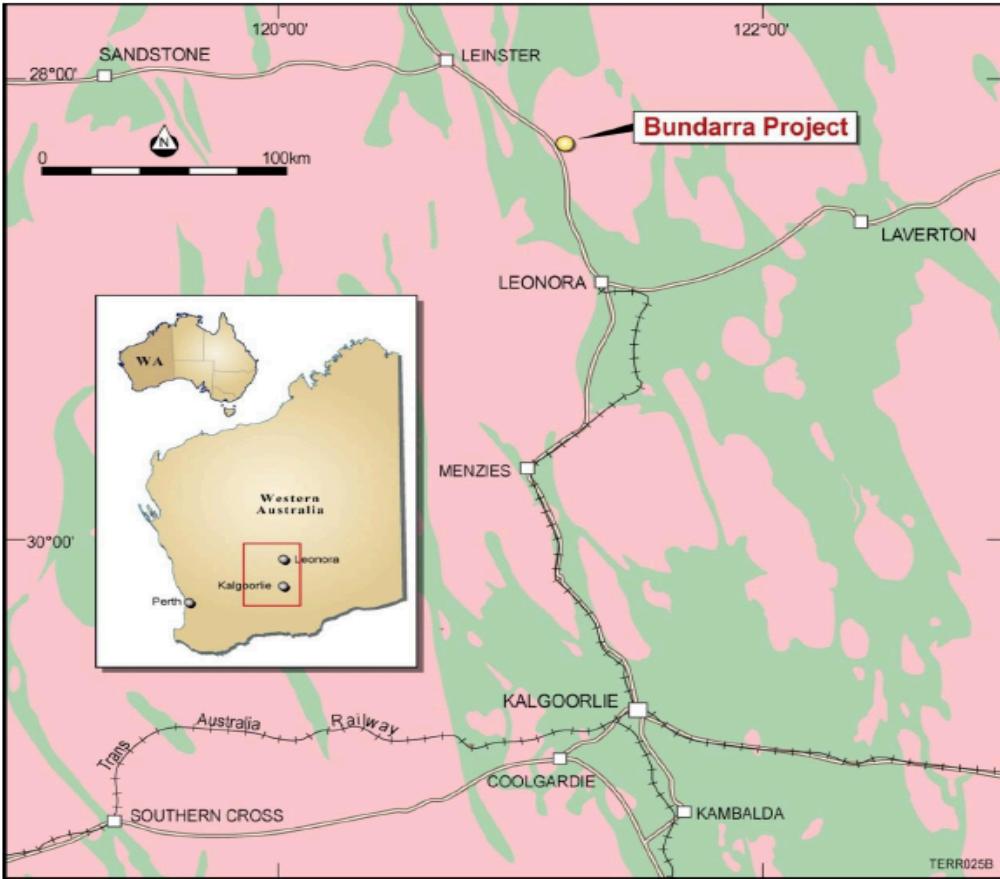
About the Bundarra Gold Project

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 future haulage route covering an area of 60.5km². To date, more than 3,000 holes have been drilled with accumulated drill depth of more than 150,000 metres. 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, however 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

