

BLIGH RESOURCES LIMITED

ABN 83 130 964 162

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2011

BLIGH RESOURCES LIMITED
ABN 83 130 964 162

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FOR THE YEAR ENDED 30 JUNE 2011

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BLIGH RESOURCES LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS

Mr Robert John Benussi (Chairman – appointed on 20 May 2011)
Mr Charles William Guy (appointed on 3 June 2011)
Mr Hanjing Xu (appointed on 14 March 2011)
Mr Peiqi Zhang (appointed on 2 May 2011)
Mr Liming Niu Alternate to Mr Hanjing Xu (appointed on 5 May 2011)
Mr Benjamin Jarvis (resigned on 29 May 2011)
Mr Simon Tritton (resigned on 20 May 2011)
Ms Sonia De Berardinis (resigned on 20 May 2011)
Mr Andrew Bell (appointed 20 October 2010 resigned on 2 May 2011)
Mr Bill Richie Yang (resigned 29 October 2010)

COMPANY SECRETARY

Mr Adrian Di Carlo (appointed on 29 May 2011)

REGISTERED OFFICE

Suite 804 Level 8,
84 Pitt Street
SYDNEY NSW 2000

**PRINCIPLE PLACE OF
BUSINESS**

Suite 8 Level 8,
84 Pitt Street
SYDNEY NSW 2000

AUDITORS

PricewaterhouseCoopers
201 Sussex Street,
Sydney NSW 2000

ACCOUNTANTS

Jirsch Reilly Tang Pty Ltd
Suite 405, Level 4
83 York Street,
Sydney NSW 2000

SOLICITOR

Mr Jim Storey
42A Drummoyne Avenue
Drummoyne N.S.W. 2047

INTERNET ADDRESS

www.blighresources.com.au

**COUNTRY OF INCORPORATION
AND DOMICILE**

Australia

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Bligh Resources Limited ("the Company" or "Bligh") is committed to implementing high standards of corporate governance.

Set out below are the fundamental corporate governance practices of Bligh.

Principle 1: The Board Lays Solid Foundations for Management and Oversight

Role of the Board

The Board's role is to govern Bligh rather than to manage it. In governing Bligh, the Directors must act in the best interests of Bligh as a whole. Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of Bligh; any candidate will confirm that they have the necessary time to devote to their Company Board position prior to appointment. In addition, Non-Executive Directors receive formal letters of appointment setting out the key terms, conditions and expectations of their appointment.

Responsibilities of the Board

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 Bligh.

The Board is responsible for governing Bligh and for setting the strategic direction of Bligh and has thereby established the functions reserved to the Board. Board responsibilities are set out in the Bligh Board Charter. The Board has established an Audit Committee to assist it in discharging its functions. The Board Charter and Committee Charters are available on the Bligh website (under "Corporate Governance").

The Board generally holds meetings as required including general management discussions including Circular Resolutions to confirm the board's decisions; however additional meetings may be called as required. Directors' attendance at meetings for the year is set out on in the Director Report section of this Annual Report.

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

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all Bligh information and to Bligh's executives. Further, the Board collectively and each Director, subject to informing the Chairman, has the right to seek independent professional advice from a suitably qualified advisor, at Bligh's expense, to assist them to carry out their responsibilities. Where appropriate, a copy of this advice is to be made available to all other members of the Board.

Education and Induction

New Directors undergo an induction process in which they are given a full briefing on Bligh. Where possible, this will include meetings with key executives, and a due diligence package and presentations from management.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

**DIRECTORS' REPORT
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Principle 2: The Board is Structured to Add Value

Composition of the Board and details of Directors

Bligh currently has four Directors and one Alternate Director at the date of this Annual Report: Mr Robert Benussi holds the positions of Executive Chairman and Managing Director – Corporate/CFO, Mr Charles W Guy has been appointed as Managing Director of Exploration and the remaining two Directors; Mr Hanjing Xu and Mr Peiqi Zhang are Non-Executive Directors.

All incumbent Directors bring a balanced judgment to bear in Board deliberations and the current representation is considered adequate given the stage of the Company's development. The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. It is the approach and attitude of each Non-Executive Director which determines independence and this must be considered in relation to each Director, while taking into account all other relevant factors.

Further details about the current Directors skills, experience and period of office are set out in the Directors' Report section of this Annual Report.

Remuneration & Nomination Committee

The Board is in the process of establishing a Remuneration & Nomination Committee (Committee). The Committee's responsibilities, among other responsibilities, will be to assess the necessary competencies of the Board, review Board succession plans, develop processes for evaluation of the Board and the appointment and re-election of Directors with reference to the guidance set out in the Board Charter.

Principle 3: The Board Promotes Ethical and Responsible Decision Making

Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of Bligh have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

Company Code of Conduct and Ethics

As part of its commitment to recognising, the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, Bligh has an established Code of Conduct and Ethics (Code) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all Bligh commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent Bligh.

The Board, management and all employees of Bligh are committed to implementing this Code and each individual is accountable for such compliance.

Principle 4: The Board safeguards integrity in financial reporting

Audit Committee

The Board had previously established an Audit Committee to assist the Board. The Audit Committee members throughout the year comprised two Non-Executive Directors, Mr Benjamin Jarvis and Ms Sonia De Berardinis. The Board has considered that the composition of the Committee is appropriate for the Company's requirements at that time. The Company will be appointing two new Audit Committee members due to the resignation of the previous Committee members during the previous financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

The Audit Committee Charter sets out the policy for the selection, appointment and rotation of external audit engagement partners.

Details of the members of the Audit Committee and their attendance at Committee Meetings are set out in the Director's Report section of this Annual Report.

Principle 5: The Board Respects the Rights of Shareholders

Shareholder Communication

Bligh respects the rights of its shareholders and to facilitate the effective exercise of those rights, Bligh communicates with its shareholders continually and periodically and encourages shareholder participation at annual general meetings. The independent external auditor attends the Annual General Meeting to respond to questions from shareholders on the conduct of the audit and the preparation and content of the audit report.

Principle 6: The Board Recognises and Manages Risk

The Board has accepted the role of identifying, assessing, monitoring, managing and mitigating wherever possible, any material business risks applicable to Bligh and its operations. It has not established a separate committee to deal with these matters as the Directors consider the size of Bligh and its operations does not warrant a separate committee at this time. The Audit Committee is charged with the responsibility of financial risk management.

The Company is committed to the identification, monitoring and management of material business risks of its activities. The Board has in place a number of policies that aim to manage specific risks that have been identified. The Company's personnel are responsible for adhering to the Occupational Health and Safety Policy as part of the risk management process. Further, the Board is aiming to develop an overall policy for the oversight and management of material business risks to accommodate its present and future stages of development.

Principle 7: The Board Remunerates Fairly and Responsibly

Remuneration Report and Remuneration Policies

In accordance with the Constitution of Bligh, shareholders determine the aggregate annual remuneration of the Non-Executive Directors. It is the Board's policy to issue options packages to Non-Executive Directors after a qualifying period of six months service on the Board, and with the approval of shareholders at a general meeting. The Board believes that this policy assists in attracting Non-Executive Directors who have the requisite skills to add value to the Board. Remuneration of all Directors paid during the year is set out in the Remuneration Report and in Note 5 to the Financial Statements.

Further details on the structure of Executive Directors and Non-executive Directors' remuneration are set out in the Remuneration Report on pages 13 to 21 of this Annual Report.

Non-Executive Directors are eligible to receive options over the Company's shares at the time of their retirement where it is considered an appropriate element of remuneration in situations when the Non-Executive's skills and experiences are recognised as important to the Company's future development. The terms of the options are set out in agreements between the Company and Non-Executive Directors and will vary depending on the age of the relevant Director at the time of retirement.

Hedging Policy

No Bligh employee is permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any Bligh equity-based remuneration scheme currently in operation or which will be offered by Bligh in the future.

As part of Bligh's due diligence undertaken at the time of half and full year results, Bligh's equity plan participants are requested to confirm that they have not entered into any such prohibited transactions.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Your directors present the annual financial report together with the financial statements of Bligh Resources Limited ("the Company or "Bligh") for the financial year ended 30 June 2011. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Principal Activities and Significant Changes in Nature of Activities

The principal activities of Bligh during the year was to identify, accumulate, evaluate and undertake initial exploration of the Company's tenements, as well as negotiating and preparing a joint venture agreement for one of Bligh's mineral exploration interest. At the Corporate level, the company is in the process of raising \$5,000,000 for its Initial Public Offering to list on the Australian Securities Exchange. The Supplementary Prospectus closes on 18th November 2011.

There were no other 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 2011 amounted to \$177,905 (2010: \$47,331).

Review of Operations

- The Company also reported that it had successfully completed its third capital raising at \$0.20 cents a share. \$1,339,776 net of equity raising costs was raised for the issue of 6,939,000 shares.
- The Company lodged its Prospectus with ASIC on 31st May to raise \$5,000,000 through the issue of 20,000,000 shares at \$0.25 cents per share.
- The Company announced that that Mighty River International Limited had underwritten \$3,500,000 of Bligh's \$5,000,000 initial public offering.
- Charles W Guy (Bill) joined Bligh Resources as Managing Director-Exploration in June 2011 to strengthen the Exploration team.
- Rob Benussi joined Bligh Resources as director in May 2011 and was appointed Chairman and Managing Director-Corporate in July 2011 to co-ordinate the ASX listing and focus on the Company's growth opportunities.
- In December 2010 a VTEM survey was completed at the Company's Kumarina W.A Project in conjunction with the signing of the Heritage agreements with the two aboriginal groups. The Company is pleased to announce that a Program of Works application was accepted by Department of Mines and Petroleum for drilling on Kumarina tenement. Pending the Heritage Survey results drilling is tentatively scheduled for December 2011.
- The Company has completed a reconnaissance mapping program of Bootu No2 Project and has purchased Satellite data images from regional data sets (magnetics, gravity and radiometric) for interpretation.

Financial Position

During the year, Bligh issued shares to a value of \$1,339,776 (2010: \$1,414,705) net of transaction costs. At 30 June 2011, Bligh held \$2,110,586 in cash and cash equivalents compared with \$1,253,852 at 30 June 2010 and had carried forward exploration expenditure of \$509,574 compared with \$127,516 at 30th June 2010.

The Directors believe the company is in a strong and stable financial position to expand and grow its current operations.

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Significant Changes in State of Affairs

Bligh Resources has a portfolio of manganese and gold exploration tenements.

A number of new Directors were appointed in May 2011; refer to information on Directors section.

The following significant changes in the state of affairs of the Company occurred during the financial year:

- During the final quarter of 2011 the Company lodged its Prospectus to raise \$5,000,000 through an Initial Public Offering to list on the Australian Securities Exchange.

Dividends Paid or Recommended

No dividends have been paid or declared during or since the financial year.

After Balance Date Events

- The Company issued a Replacement Prospectus on 8th June 2011 with a closing date of 22nd August 2011.
- On 24th August 2011 the Company received an extension for the offer period to remain open until 18th November 2011 due to the current market difficulties in obtaining market spread;
- Except as described above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial year.

Future Developments, Prospects and Business Strategies

The Directors intend Bligh to proceed with the evaluation and exploration of Bligh's existing mineral interests and to consider participation in any complementary exploration and mining opportunities which may arise. In particular, Bligh may pursue further joint venture opportunities where appropriate.

The following developments are intended for implementation in the near future: a new board has been appointed in preparation for the listing on the Australia Securities Exchange in the second half of 2011.

Further information about likely developments in the operations of Bligh and the expected results of those operations on future financial years has been omitted from this Report because the directors believe it would be likely to result in unreasonable prejudice to Bligh.

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Information on Directors

The following persons were Directors of the company during the financial year and up to the date of this report unless otherwise stated:

Robert Benussi	- Non-Executive Director and Chairman - appointed 20 May 2011. Chairman and Managing Director –Corporate/CFO – appointed 1 July 2011
Qualifications	- Diploma from the Institute of Public Accountants- MIPA.
Experience	- Mr Benussi until recently held the positions of Chief Financial Officer, Company Secretary and General Manager, Corporate of Jupiter Mines Ltd (ASX: Code JMS) since 2006. Mr Benussi also assumed the role of Acting Chief Executive Officer within Jupiter during the period of May to December 2007. Mr Benussi has an extensive background in finance, corporate advisory, stockbroking and business development with companies such as Olin Corporation, Lend Lease, Dalgety and Lion Nathan.
Interest in Shares & Options	- 4,500,000 Fully Paid Ordinary shares. 3,900,000 Unlisted Options.
Special Responsibilities	- Audit Committee Chairman.
Directorships held in listed entities during the 3 years prior to the current year	- Non-Executive Director of Resource Star Limited (ASX: RSL) since 2009. Non-Executive Director of Connexion Limited (ASX: CXN) from May 11 to June 29 2011.
Hanjing Xu	- Non-Executive Director - appointed 14 March 2011.
Qualifications	- BA degree from Chengdu University of Electronic Sciences
Experience	- Hanjing has more than 25 years with resource companies. The unique character of his mining career is that he has been a decision making executive in both Chinese state-owned conglomerates, as Director of China Nonferrous Metals Industry Corporation (CNNC), and international listed mining companies, as Executive Director of Sino Gold Ltd and Managing Director, Eldorado Gold China. His knowledge of China was instrumental to the success of Sino Gold. Hanjing worked as a teacher of English and editor of China Greater Encyclopaedia Publishing House before joining CNNC. He led the Chinese corporation in its opening to international resource industry with a number of first breakthroughs in Chinese mining industry, including first trade investment in alumina, first international project finance for mining, and first international company mining in China. He is now actively involved in research on Chinese mining reform and regarded as a leading authority in this area
Interest in Shares & Options	- 270,000 Fully Paid Ordinary shares. 83,334 Promoter shares.
Special Responsibilities	- N/A.
Directorships held in listed entities during the 3 years prior to the current year	- Nil

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Charles William Guy

- Non-Executive Director - appointed 3 June 2011.
Managing Director –Exploration – appointed 1 July 2011

Qualifications

- BSc

Experience

- Charles William (Bill) Guy is a member of the Geological Institute of Australia, has over twenty years' experience in the mining, exploration, and environmental industry inclusive of 10 plus years working within consulting firms, providing technical and consultancy services to the mining industry. His career has encompassed both Australian and overseas projects including Cockatoo Island Iron Ore Mine (Kimberley's WA) Nickel Laterite (Romblon Philippines), Exploration of Mabuhay Epithermal Gold Project Philippines, and numerous mineral exploration projects within WA.

His most recent role has been as Exploration Manager at Jupiter Mines Ltd (ASX code: JMS). Here, he implemented a management style and set of exploration protocols which enabled some projects to progress from a grass roots enterprise through to a viable resource development phase. This approach led to the successful delineation of Mt Mason and Mt Ida

Interest in Shares & Options

- 4,500,000 Fully Paid Ordinary shares.
3,900,000 Unlisted Options.

Special Responsibilities

- N/A.

Directorships held in listed entities during the 3 years prior to the current year

- Nil

Peiqi Zhang

- Non-Executive Director - appointed 2 May 2011.

Qualifications

- N/A

Experience

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

China Shanxi Guxian Jin Yu Coking Co., Ltd mining enterprise has annual sales income of more than one billion yuan, fixed assets of 500 million yuan, employs 650 workers and has an annual production of 800,000 tons of coal. He is also a fellow of world academy of productivity science, and the Vice President of Glory Institution, a well-known charity organisation in China. Mr Zhang is one of the prominent leaders in the mining industry of Shanxi Province.

Interest in Shares & Options

- 4,000,000 Fully Paid Ordinary shares.

Special Responsibilities

- N/A.

Directorships held in listed entities during the 3 years prior to the current year

- Nil

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Benjamin Jarvis	- Non-Executive Director and Chairman - appointed 7 May 2008, resigned 29 May 2011
Qualifications	- University of Adelaide-Bachelor of Arts majoring in Political Economy.
Experience	- Ben is the managing partner of Six Degrees Investor Communication, a leading investor communication firm with offices in Sydney and Melbourne that manages the investor relations and communication activities for more than 25 companies listed on the Australian Securities Exchange. Prior to co-founding the Six Degrees group in 2006, Ben was a director and equity shareholder in a financial services and investor communication firm in Sydney. Ben is also a non-executive director of Columbus Minerals Pty Limited, a private company focused on mineral exploration in South America.
Interest in Shares & Options	- 4,500,000 Fully Paid Ordinary shares. 3,400,000 unlisted options.
Special Responsibilities	- N/A.
Directorships held in listed entities during the 3 years prior to the current year	- Nil
Simon Tritton	- Non Executive Director – appointed 16 November 2009, resigned 20 May 2011
Qualifications	- B Econ UQ.
Experience	- Simon has been in the stockbroking and funds management industry for 17 years. He has a particular interest in small to mid cap resource companies and has raised significant capital for a number of highly successful projects.
Interest in Shares & Options	- 4,500,000 Fully Paid Ordinary shares. 1,500,000 Unlisted Options.
Special Responsibilities	- N/A.
Directorships held in listed entities during the 3 years prior to the current year	- Nil.
Sonia De Berardinis	- Non-Executive Director and Company Secretary – appointed 16 November 2009, resigned 20 May 2011
Qualifications	- N/A.
Experience	- Sonia has gained her experience working with listed mining companies where she recently completed a three year term with Jupiter Mines Limited in various administrative roles.
Interest in Shares & Options	- 300,000 Unlisted Options.
Special Responsibilities	- Audit Committee.
Directorships held in listed entities during the 3 years prior to the current year	- Nil.

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Andrew Bell	Non-Executive Director – appointed 20 October 2010 resigned 2 May 2011
	-
Qualifications	- B.A. (Hons), M.A., LLB (Hons), FGS.
Experience	- Andrew is Chairman of Red Rock Resources plc, a company listed on the AIM market of the London Stock Exchange Ltd, and a substantial shareholder of Jupiter Mines Ltd. He was a natural resources analyst in London in the 1970s, then specialised in investment and investment banking covering the Asian region. He has been involved in the resource and mining sectors in Asia since the 1990s, and has served on the Boards of a number of listed resource companies. He is a Fellow of the Geological Society.
Interest in Shares & Options	- Nil.
Special Responsibilities	- N/A.
Directorships held in listed entities during the 3 years prior to the current year	- Chairman and Non Executive Director of Resource Star Limited (ASX: RSL) since 2007. Red Rock Resources plc, (AIM:RRR) since 2005. Chairman of Regency Mines plc (AIM: RGM) since 2004. Greatland Gold plc (AIM: GGP). Since 2005.
Bill Richie Yang	- Non-Executive Director– appointed 16 November 2009 resigned 29 October 2011
Qualifications	- University of New South Wales – B.Fins / B.Econ
Experience	- Bill is involved in corporate finance and business consulting for junior exploration/mining companies in Australia. Mr Yang currently holds a Business Development Manager's contract with an unlisted mining/exploration company Aard Metals Limited. Bill has raised \$1.4 million dollars of private funding for the company and has facilitated a life-of-mine off-take contract with a private Chinese steel mill for the company's core iron ore/gold rehabilitation project located in Northern Territory .
Interest in Shares & Options	- 1,275,000 Fully Paid Ordinary shares 3,000,000 Unlisted Options
Special Responsibilities	- N/A
Directorships held in listed entities during the 3 years prior to the current year	- Nil
Liming Niu Alternate for Hanjing Xu	- Non-Executive Director– appointed 5 May 2011
Experience	- Mr Nui has 23 years' experience in the field of mining and mineral exploration. He is currently Chairman of Shanghai Chengming Corp Limited, a position he has held since 2003. His earlier experience includes senior management positions with Shanghai Yi Tak Industrial Company Limited and Able Lemon Distribution Pty Ltd (both as Chief Executive Officer) and as General Manager of MITSUI & Co., LTD (Beijing Office).
Interest in Shares & Options	- 4,083,334 Fully Paid Ordinary shares
Special Responsibilities	- N/A
Directorships held in listed entities during the 3 years prior to the current year	- Nil

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Company Secretary

Adrian Di Carlo

- Mr Adrian Di Carlo was appointed to the position of Company Secretary on 29 May 2011.

Adrian has been appointed as the company secretary for numerous ASX listed entities. Adrian is employed by the firm, Company Matters Pty Limited. Previously, Adrian worked for the Barrick Gold Corporation/Antofagasta Minerals joint venture and prior to that, Adrian worked within the Wesfarmers Group for several years in various accounting, systems, project and commercial management positions. Adrian has completed a Bachelor of Business degree (Accounting) and a Master of Business Administration degree at Curtin University. Adrian has also completed a Graduate Diploma in Applied Corporate Governance, and is qualified as a Certified Practising Accountant and a Chartered Secretary.

Benjamin Jarvis

- Mr Benjamin Jarvis resigned from the position of Company Secretary on 29 May 2011.

Meetings of Directors

During the financial year, 1 meeting of Directors were held. Attendances by each Director during the year were as follows:

Director	Number eligible to attend	Number attended
Robert Benussi	-	-
Charles Guy	-	-
Hanjing Xu	-	-
Peiqi Zhang	-	-
Benjamin Jarvis	1	1
Liming Niu	-	-
Simon Tritton	1	1
Bill Richie Yang	1	1
Sonia De Berardinis	1	1
Andrew Bell	1	1

Committee Meetings

The number of committee meetings and the number of meetings attended by each of the Directors of Bligh during the financial year under review are:

Director	Audit Committee meetings attended	Audit Committee meetings held during tenure
Benjamin Jarvis	1	1
Sonia De Berardinis	1	1

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Directors' Interests

Particulars of Directors' interests in securities as at the date of this report are as follows:

Director	Ordinary Shares	Options over Ordinary Shares
Robert Benussi	4,500,000	3,900,000
Charles Guy	4,500,000	3,900,000
Hanjing Xu	353,334	Nil
Peiqi Zhang	4,000,000	Nil
Benjamin Jarvis	4,500,000	3,400,000
Liming Niu	4,083,334	Nil
Simon Tritton	4,500,000	1,500,000
Bill Richie Yang	1,275,000	3,000,000
Sonia De Berardinis	Nil	300,000
Andrew Bell	Nil	Nil

Environmental Issues

Bligh's operations are subject to general environmental regulation under the laws of the States and Territories of Australia in which it operates. In addition, the various exploration interests held by Bligh impose environmental obligations on it in relation to site remediation following sampling and drilling programs.

The Board is aware of these requirements and management is charged to ensure compliance. The Directors are not aware of any breaches of these environmental regulations and licence obligations during the year.

Indemnifying Insurance of Officers

Under the Constitution of Bligh, Bligh indemnifies, to the extent permitted by law, each Director and Secretary of Bligh against any liability incurred by that person as an officer of Bligh. During the financial year, Bligh paid a premium of \$19,711.61 (including GST and stamp duty) for Directors' and Officers' liability insurance policy, which covers all Directors and officers of Bligh.

Options

As at 30 June 2011 there were 16,000,000 (2010: 16,000,000) options over unissued shares in the capital of Bligh.

These options were granted during the financial year 30 June 2010.

Since 30 June 2011 to the date of this Annual Report, no options have been granted or exercised.

Proceedings on Behalf of Company

No person has applied for leave of Court 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 part of Company proceedings.

The Company was not a party to any such proceedings during the year.

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Non-audit Services

The Directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Directors prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 22 of the financial report.

Remuneration Report

This report details the nature and amount of remuneration for each Director of Bligh Resources Limited and for the Key Management Personnel receiving the highest remuneration.

Remuneration Policies and Practices

In relation to remuneration issues, the Board has established policies to ensure that Bligh remunerates fairly and responsibly. The Remuneration Policy of the Board is designed to ensure that the level and composition of remuneration is competitive, reasonable and appropriate for the results delivered and to attract and maintain desirable directors and employees.

The remuneration structures reward the achievement of strategic objectives to achieve the broader outcome of creation of value for shareholders.

The Board of Bligh Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the most suitably qualified and experienced executives and Directors to run and manage the consolidated group, as well as create goal congruence between Directors, executives and shareholders.

Non-Executive Director Remuneration

Fees - Non-Executive Director Fees are determined within an aggregate Directors' fee pool limit, which are periodically approved by shareholders in general meeting. The current limit is \$100,000. During the year ended 30 June 2011, no Non-Executive Director Fees were paid

Equity Participation - Non-Executive Directors' remuneration may be by way of a fixed annual fee supplemented by the issue of incentive options under the Bligh Resources Limited Employee Option Plan and is subject to the approval of shareholders in general meeting.

Retirement Benefits - Non-Executive Directors do not receive retirement benefits, other than statutory superannuation entitlements.

Other Key Management Personnel Remuneration

Other Key Management Personnel (including Executive Directors) are offered a base salary, which is reviewed on a periodic basis, having regard to market practices and the skills and experience of the Executive.

Other Key Management Personnel receive other benefits as part of their type of employment, which may include a mobile phone and laptop.

Selected Other Key Management Personnel are invited to participate in the Bligh Resources Limited Employee Option Plan.

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There are no termination benefits payable to Other Key Management Personnel, other than payment of their statutory outstanding entitlements such as annual and long services leave.

Relationship between Remuneration Policy and Bligh's Performance

Details of the Bligh's Resources Limited Employee Option Plan (Plan) and specific information on the performance conditions are set out below:

Bligh Resources Limited Employee Option Plan

Options are offered to select employees and Key Management Personnel of Bligh. Non-Executive Directors are entitled to participate in the Option Plan as well.

Subject to the achievement of service conditions, options may vest and be converted into ordinary Bligh shares on a one-for-one basis. An exercise price is payable upon 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.

All options expire on the earlier of their expiry date or termination of the individual's employment.

Rationale

The Option Plan is designed to reward and retain directors, Key Management Personnel and select employees of Bligh.

The vesting conditions have been designed to ensure correlation between Bligh's share price performance and value delivered to shareholders.

Only when the share price increases can options vest and be exercised; share price increases are one of the considerations of the consequences of Bligh's performance on shareholder wealth for the purposes of 300A(1AB) of the *Corporations Act*. The Plan therefore not only aligns the interests of shareholders and participants alike, but in turn assists in increasing shareholder value.

Anti-Hedging Policy

No Bligh employee is permitted to enter into transactions with securities (or any derivative thereof) which limit the economic risk of any unvested entitlements awarded under any Bligh equity-based remuneration scheme currently in operation or which will be offered by Bligh in the future.

As part of Bligh's due diligence undertaken at the time of half and full year results, Bligh's equity plan participants are requested to confirm that they have not entered into any such prohibited transactions.

Continuous Improvement

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

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Remuneration Summary

Details of the remuneration of the Directors and key management personnel of Bligh (as defined in AASB 124 *Related Party Disclosures*) are set out in the following table:

Key Management Personnel Remuneration

2011

Key Management Personnel	Short-term Benefits			Post-employment Benefits	
	Cash, salary and commissions	Cash profit share	Non-cash benefit	Other	Super-annuation
Directors		—	—		—
Mr Robert Benussi	—	—	—	—	—
Mr Charles Guy	—	—	—	—	—
Mr Hanjing Xu	—	—	—	—	—
Mr Peiqi Zhang	—	—	—	—	—
Mr Liming Niu	—	—	—	—	—
Mr Andrew Bell	—	—	—	—	—
Mr Benjamin Jarvis	—	—	—	—	—
Mr Simon Tritton	—	—	—	—	—
Mr Bill Yang	—	—	—	—	—
Ms Sonia De Berardinis*	—	—	—	21,880	—
	—	—	—	21,880	—

* Consulting fees paid to Grandview Marketing for tenement administration and secretarial duties only.

2011 (cont'd)

Key Management Personnel	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Other	Equity	Options		
Directors	\$	\$	\$	\$	%
Mr Robert Benussi	—	—	—	—	—
Mr Charles Guy	—	—	—	—	—
Mr Hanjing Xu	—	—	—	—	—
Mr Peiqi Zhang	—	—	—	—	—
Mr Liming Niu	—	—	—	—	—
Mr Andrew Bell	—	—	—	—	—
Mr Benjamin Jarvis	—	—	—	—	—
Mr Simon Tritton	—	—	—	—	—
Mr Bill Yang	—	—	—	—	—
Ms Sonia De Berardinis*	—	—	—	21,880	—
	—	—	—	21,880	—

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Key Management Personnel Remuneration

2010

Key Management Personnel	Short-term Benefits				Post-employment Benefits
	Cash, salary and commissions	Cash profit share	Non-cash benefit	Other	Super-annuation
Directors	\$	\$	\$	\$	\$
Mr Bill Yang	—	—	—	—	—
Mr Benjamin Jarvis	—	—	—	—	—
Mr Simon Tritton	—	—	—	—	—
Ms Sonia De Berardinis*	—	—	—	9,810	—
	—	—	—	9,810	—

2010 (cont'd)

Key Management Personnel	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Other	Equity	Options		
Directors	\$	\$	\$	\$	%
Mr Bill Yang	—	—	300	300	—
Mr Benjamin Jarvis	—	—	340	340	—
Mr Simon Tritton	—	—	150	150	—
Ms Sonia De Berardinis*	—	—	30	9,840	—
	—	—	820	10,630	—

* Consulting fees paid to Grandview Marketing for tenement administration and secretarial duties only.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Options and Rights Over Equity Instruments Granted as Compensation

Details of entitlement to options over ordinary shares in Bligh that were granted as compensation to the key management personnel during the reporting period and details on options that vested during the reporting period are as follows:

Options Granted as Remuneration

2011	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Lapsed	Terms & Conditions for Each Grant		
						Exercise Price \$	First Exercise Date	Last Exercise Date
Key Management Personnel	Nil							

Options Granted as Remuneration

2010 Key Management Personnel	Vested No.	Granted No.	Grant Date	Value per Option at Grant Date \$	Lapsed	Terms & Conditions for Each Grant		
						Exercise Price \$	First Exercise Date	Last Exercise Date
Mr Benjamin Jarvis	Nil	3,400,000	July 2009	\$0.0001	N/A	Same as share price at listing	2 years from listing on the ASX	5 years from listing on the ASX
Mr Simon Tritton	Nil	1,500,000	July 2009	\$0.0001	N/A	Same as share price at listing	2 years from listing on the ASX	5 years from listing on the ASX
Mr Bill Richie Yang	Nil	3,000,000	July 2009	\$0.0001	N/A	Same as share price at listing	2 years from listing on the ASX	5 years from listing on the ASX
Ms Sonia De Berardinis	Nil	300,000	July 2009	\$0.0001	N/A	Same as share price at listing	2 years from listing on the ASX	5 years from listing on the ASX

No options were exercised during the year

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Shares Issued On Exercise Of Compensation Options

2011	No. of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
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Key Management Personnel

Nil

2010	No. of Ordinary Shares Issued	Amount Paid per Share	Amount Unpaid per Share
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Key Management Personnel

Nil

Options Granted as Remuneration 2011

	Options Granted as Part of Remuneration \$	Total Remuneration Represented by Options %	Options Exercised \$	Options Lapsed \$	Total \$
Mr Robert Benussi	—	—	—	—	—
Mr Liming Niu	—	—	—	—	—
Mr Charles Guy	—	—	—	—	—
Mr Hanjing Xu	—	—	—	—	—
Mr Peiqi Zhang	—	—	—	—	—
Mr Andrew Bell	—	—	—	—	—
Mr Benjamin Jarvis	—	—	—	—	—
Mr Simon Tritton	—	—	—	—	—
Ms Sonia De Berardinis	—	—	—	—	—
	—	—	—	—	—

Options Granted as Remuneration 2010

	Options Granted as Part of Remuneration \$	Total Remuneration Represented by Options %	Options Exercised \$	Options Lapsed \$	Total \$
Mr Bill Richie Yang	—	—	—	—	—
Mr Andrew Bell	—	—	—	—	—
Mr Benjamin Jarvis	340	—	—	—	340
Mr Simon Tritton	150	—	—	—	150
Ms Sonia De Berardinis	30	—	—	—	30
	520	—	—	—	520

No amounts have been paid on any options granted as remuneration.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Exercise Of Options Granted As Compensation

During the reporting period, no shares were issued to founders, and Directors or personnel on the exercise of options previously granted as compensation.

Analysis Of Options And Rights Over Equity Instruments Granted As Compensation

Details of the vesting profile of the entitlement to options granted as remuneration to each of the key management personnel are set out on the below:

	Details of Options-2011					Value yet to vest	
	Number	Grant Date	% vested in year	% forfeited in year ¹	Financial year in which grant vests	Min (\$)	Max (\$)
Directors							
Mr Robert Benussi	-	-	-	-	-	-	-
Mr Charles Guy	-	-	-	-	-	-	-
Mr Hanjing Xu	-	-	-	-	-	-	-
Mr Peiqi Zhang	-	-	-	-	-	-	-
Mr Andrew Bell	-	-	-	-	-	-	-
Mr Liming Niu	-	-	-	-	-	-	-
Mr Benjamin Jarvis	-	-	-	-	-	-	-
Mr Simon Tritton	-	-	-	-	-	-	-
Mr Bill Richie Yang	-	-	-	-	-	-	-
Ms Sonia De Berardinis	-	-	-	-	-	-	-

¹ The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to the highest performance criteria not being achieved.

	Details of Options-2010					Value yet to vest	
	Number	Grant Date	% vested in year	% forfeited in year ¹	Financial year in which grant vests	Min (\$)	Max (\$)
Directors							
Mr Bill Richie Yang	3,000,000	23/07/2009	100%	-	2010	-	-
Mr Benjamin Jarvis	3,400,000	23/07/2009	100%	-	2010	-	-
Mr Simon Tritton	1,500,000	23/07/2009	100%	-	2010	-	-
Ms Sonia De Berardinis	300,000	23/07/2009	100%	-	2010	-	-

¹ The percentage forfeited in the year represents the reduction from the maximum number of options available to vest due to the highest performance criteria not being achieved.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Analysis Of Movements On Options

The movement during the reporting period, by total number of entitlement to options over ordinary shares in Bligh held by key management personnel is detailed below:

2011

	Year	Entitlement to Options granted in year \$	Exercised in Year \$	Forfeited in Year \$	Total Option Value in Year \$
Directors					
Mr Robert Benussi	2011	-	-	-	-
Mr Charles Guy	2011	-	-	-	-
Mr Hanjing Xu	2011	-	-	-	-
Mr Peiqi Zhang	2011	-	-	-	-
Mr Andrew Bell	2011	-	-	-	-
Mr Liming Niu	2011	-	-	-	-
Mr Benjamin Jarvis	2011	-	-	-	-
Mr Simon Tritton	2011	-	-	-	-
Mr Bill Richie Yang	2011	-	-	-	-
Ms Sonia De Berardinis	2011	-	-	-	-

2010

	Year	Entitlement to Options granted in year \$	Exercised in Year \$	Forfeited in Year \$	Total Option Value in Year \$
Directors					
Mr Bill Richie Yang	2010	300	-	-	300
Mr Benjamin Jarvis	2010	340	-	-	340
Mr Simon Tritton	2010	150	-	-	150
Ms Sonia De Berardinis	2010	30	-	-	30

Loans to directors

As at the reporting date the Company has not provided any loans to Directors.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

Summary Of Key Contracts Terms

As at reporting date, 30 June 2011 there were no Directors or Other Key Management Personnel employed under contracts.

Corporate Governance

The Directors aspire to maintain the standards of Corporate Governance appropriate to Bligh.

Auditor

PricewaterhouseCoopers was appointed as auditors of the Company by the Board on 17 June 2010 and in accordance with Section 327 of the *Corporations Act 2001*.

This report is signed in accordance with a resolution of the Board of Directors.



Robert J Benussi – Chairman & Executive Director
Dated this 2nd day of November 2011



Auditor's Independence Declaration

As lead auditor for the audit of Bligh Resources Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of 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 period.

A handwritten signature in blue ink, appearing to read 'Brett Entwistle', is written over a faint, larger version of the signature.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
2 November 2011

BLIGH RESOURCES LIMITED
ABN 83 130 964 162

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Other income	2	70,460	17,109
Exploration and evaluation expenditure written off	14	(8,703)	(26,576)
Administration costs		(175,717)	(21,701)
Depreciation expense		(11,219)	-
Employee benefits expense		(6,228)	-
Occupancy expenses		(32,215)	-
Travelling expenses		(7,233)	(7,513)
Other expenses	3	(7,050)	(8,650)
Loss from continuing operations			
before income tax		(177,905)	(47,331)
Income tax expense	4	-	-
Loss from continuing operations			
after income tax		(177,905)	(47,331)
Loss for the year is attributable to:			
Owners of the company		(177,905)	(47,331)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(177,905)	(47,331)
Total comprehensive income for the year			
is attributable to:			
Owners of the company		(177,905)	(47,331)
		Cents	Cents
Basic loss per share	8	(0.47)	(0.18)
Diluted loss per share	8	(0.47)	(0.18)

BLIGH RESOURCES LIMITED
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BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Current Assets			
Cash and cash equivalents	9	2,110,586	1,253,582
Trade and other receivables	11	28,848	2,976
Other assets	12	<u>47,856</u>	<u>-</u>
Total current assets		<u>2,187,290</u>	<u>1,256,558</u>
Non-current Assets			
Property, plant and equipment	13	35,572	-
Exploration and evaluation expenditure	14	<u>509,574</u>	<u>127,516</u>
Total non-current assets		<u>545,146</u>	<u>127,516</u>
Total Assets		<u>2,732,436</u>	<u>1,384,074</u>
Current Liabilities			
Trade and other payables	15	<u>201,491</u>	<u>15,000</u>
Total current liabilities		<u>201,491</u>	<u>15,000</u>
Net Assets		<u>2,530,945</u>	<u>1,369,074</u>
Equity			
Issued capital	16	2,754,581	1,414,805
Option expense reserve	17	1,600	1,600
Accumulated losses	24	<u>(225,236)</u>	<u>(47,331)</u>
Total equity		<u>2,530,945</u>	<u>1,369,074</u>

BLIGH RESOURCES LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Attributable to owners of Bligh Resources Limited			Total attributable to owners	Non Controlling Interest	Total Equity
	Issued Capital	Reserves	Accumulated			
	(Ordinary)		Losses			
	\$		\$			
Balance at 1 July 2009	100	-	-	100	-	100
Loss for the year	-	-	(47,331)	(47,331)	-	(47,331)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income						
for the year	-	-	(47,331)	(47,331)	-	(47,331)
Transactions with owners:						
Contribution of equity, net of						
transaction costs	1,414,705	-	-	1,414,705	-	1,414,705
Employee and non-employee						-
share options		1,600		1,600		1,600
Balance at 30 June 2010	1,414,805	1,600	(47,331)	1,369,074	-	1,369,074
Balance at 1 July 2010						
Loss for the year	-	-	(177,905)	(177,905)	-	(177,905)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income						
for the year	-	-	(177,905)	(177,905)	-	(177,905)
Transactions with owners:						
Contribution of equity, net of						
transaction costs	1,339,776	-	-	1,339,776	-	1,339,776
Employee and non-employee						
share options	-	-	-	-	-	-
Balance at 30 June 2011	2,754,581	1,600	(225,236)	2,530,945	-	2,530,945

BLIGH RESOURCES LIMITED
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 \$	2010 \$
Cash flows from Operating Activities			
Receipts from customers		7,000	-
Payments to suppliers and employees		(115,680)	(24,140)
Interest received		63,460	17,109
Net cash outflow from operating activities	10	<u>(45,220)</u>	<u>(7,031)</u>
Cash flows from Investing Activities			
Purchase of property, plant and equipment		(46,791)	-
Payments for exploration and evaluation		(390,761)	(154,092)
Net cash outflow from investing activities		<u>(437,552)</u>	<u>(154,092)</u>
Cash flows from Financing Activities			
Proceeds from issue of shares		1,339,776	1,414,705
Net cash inflow from financing activities		<u>1,339,776</u>	<u>1,414,705</u>
Net increase in cash held		857,004	1,253,582
Cash at beginning of financial year		<u>1,253,582</u>	<u>-</u>
Cash at end of financial year	10	<u><u>2,110,586</u></u>	<u><u>1,253,582</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 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) for the year ended 30 June 2011 was authorised to issue in accordance with a resolution of the Directors on 2nd of November 2011. (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:

Bligh Resource Limited
Level 8, 84 Pitt Street
SYDNEY NSW 2000

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*.

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 historical cost convention.

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 Company'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 in Note 1(i).

Significant matters relating to on-going viability operations:

These financial statements are prepared on a going concern basis, which assumes that the Company will be able to source additional funding as required to fund forecast corporate operating costs and the planned exploration in 2011/2012. As is the case with all junior exploration companies, the Company is dependent on raising new capital from time to time in order to fund its operations. The Company successfully raised funds as disclosed at Note 16 and proposes to raise additional funds as required. The Company is adequately funded for the time being and accordingly will address funding for future operations at a future date as and when appropriate. Without successful capital raisings in the future uncertainty may arise in respect to the Company's ongoing operations.

As stated in the Directors Report the company is in the process of raising \$5,000,000 for its initial public offering to list on the ASX. The board has reasonable grounds to believe that raising new capital will be achievable as and when required and that the Company will be in a position to realise its assets and settle its liabilities and commitments in the normal course of business and continue as a going concern. In addition the board believes that, if required, it could materially reduce the Company's operating costs, as it has done from time to time in the past, to suit available financial resources and the timing of anticipated new capital raisings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

a. 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 Company'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 Company 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.

b. Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full to the statement of comprehensive income in the year in which the decision to abandon the area is made.

c. Impairment of Assets

At the end of each reporting period, the Company 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 the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

d. 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, 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

e. 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 Company 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 Company's activities as described below. The Company 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).

f. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision 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 account (provision for impairment of trade receivables) is used 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 the statement of comprehensive income.

g. 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

h. 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 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 balance sheet.

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.

i. Critical Accounting Estimates and Assumptions

The Company 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

i. Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. If there is evidence of impairment for any of the company'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.

Key Judgements in applying the Company's Accounting Policies

i. Exploration and Evaluation Expenditure

The Company'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 the statement of comprehensive income.

j. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

k. 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 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.

l. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

m. Plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Furniture, fittings and equipment	3-8 years
- Leasehold improvements	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 and losses on disposals are determined by comparing proceeds with carrying amount. These are included in statement of comprehensive income.

n. New Accounting Standards for Application in Future Periods

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment of these new standards and interpretations is set out below:

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date	Impact of new standard on the financial report	Application date for the group
Accounting Standards					
AASB 1053 Application of Tiers	N/a	This Standard establishes a differential financial reporting	1 July 2013	The standard is not likely to have a significant impact	1 July 2013

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

New / revised pronouncement	Superseded pronouncement	Explanation of amendments	Effective date	Impact of new standard on the financial report	Application date for the group
of Accounting Standards and AASB 2010-2 Amendments to Australian Accounting standards arising from Reduced Disclosure Requirements		<p>framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:</p> <p>(a) Tier 1: Australian Accounting Standards; and</p> <p>(b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.</p> <p>Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.</p>		on the financial report, as the Company would be considered to be a Tier 1 entity as a result of ASX listing.	

NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
Note 2: Other Income		
Bank interest received	63,460	17,109
Rental income	7,000	-
	<u>70,460</u>	<u>17,109</u>

Note 3: Other Expenses

Consulting expenses	4,800	4,800
Legal fees	2,250	2,250
Other expenses		
Option issue costs	-	1,600
	<u>7,050</u>	<u>8,650</u>

Note 4: Income Tax Expense

a. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Loss from ordinary activities	(177,905)	(47,331)
Prima facie tax payable on loss from ordinary activities before income tax at 30%	(53,372)	(14,199)
Taxable losses not recognised	53,372	14,199
Income tax expense	<u>-</u>	<u>-</u>

b. Unused tax losses for which no deferred tax asset has been recognised

Potential tax benefit @ 30%	<u>225,236</u>	<u>47,331</u>
	<u>67,571</u>	<u>14,199</u>

The deferred tax asset is not recognised. The benefit will only be realised if the conditions set out in Note 1(a) occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 5: Key Management Personnel (KMP) Disclosures

(a) Directors

The Directors of Bligh Resources Limited during the year were:

- Mr Robert John Benussi (Chairman – appointed on 20 May 2011)
- Mr Charles William Guy (appointed on 3 June 2011)
- Mr Hanjing Xu (appointed on 14 March 2011)
- Mr Peiqin Zhang (appointed on 2 May 2011)
- Mr Liming Niu Alternate to Mr Hanjing Xu (appointed on 5 May 2011)
- Mr Benjamin Jarvis (resigned on 29 May 2011)
- Mr Simon Tritton (resigned on 20 May 2011)
- Ms Sonia De Berardinis (resigned on 20 May 2011)
- Mr Andrew Bell (appointed 20 Oct 2010 resigned on 2 May 2011)
- Mr Bill Richie Yang (resigned 29 October 2010)

(b) Other Key Management Personnel

All Key Management Personnel of the Company are Directors of Bligh Resources Limited.

All of the above persons were also Key Management Personnel during the year ended 30 June 2010.

(c) Key Management Personnel compensation

	2011	2010
	\$	\$
Short - term employee benefits	21,880	9,810
Post - employment benefits	-	-
Share - based payments	-	820
Termination / sign on benefits	-	-
Other long - term employee benefits	-	-
	21,880	10,630

Note 6: Auditor's Remuneration

Remuneration of the auditor of the company for:

Auditing or reviewing the financial report	28,000	15,000
Other services	35,000	-
	63,000	15,000

Note 7: Dividends

No dividends were declared or paid in the financial year

	-	-
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
Note 8: Earnings per Share		
a. Basic and diluted loss per share	(0.47)	(0.18)
b. Reconciliation of earnings to net loss		
Net loss	(177,905)	(47,331)
Losses used to calculate basic EPS and dilutive EPS	(177,905)	(47,331)
	Number	Number
c. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS and dilutive EPS	37,695,347	26,400,724

There are no dilutive potential ordinary shares as the exercise of options to ordinary shares would have the effect of decreasing the loss per ordinary share and would therefore be non-dilutive.

Note 9: Cash and Cash Equivalent

Cash at bank and in hand	2,110,586	1,253,182
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a. Risk exposure

The Company's exposure to interest rate risk is discussed in Note 25. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 10: Note to Statement of Cash Flows

a. Reconciliation of cash

For the purpose of the statement of cash flows, cash includes cash on hand and in banks and investments in many market instruments, net of outstanding bank over drafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the balance sheet as follows:

Cash	2,110,586	1,253,582
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b. Non cash financing and investing activities

16,000,000 unlisted options issued to the founding Bligh Resources Limited shareholders

	-	1,600
	-	1,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
c. Reconciliation of loss after income tax to net cash outflow from operating activities		
Loss for the year	(177,905)	(47,331)
Non-cash flows in loss for the year	-	-
Option issue costs	-	1,600
Depreciation expense	11,219	-
Exploration and evaluation expenditure written off	8,703	26,576
Changes in operating assets and liabilities	-	-
Increase in receivables	(25,872)	(2,876)
Increase in other assets	(47,856)	-
Increase in payables	186,491	15,000
Net cash outflow from operating activities	(45,220)	(7,031)

Note 11: Trade and Other Receivables

Current

Other debtors	28,848	2,976
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Other debtors are non-interest bearing and are generally on 30 -90 day terms.

a. Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above. Refer to Note 25 for more information on the risk management policy of the company.

Note 12: Other Assets

Current

Prepayments	47,856	-
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Note 13: Plant and Equipment

Plant and equipment:

At cost	24,597	-
Accumulated depreciation	(2,896)	-
	21,701	-
Leasehold Improvements:		
At cost	22,194	-
Accumulated depreciation	(8,323)	-
	13,871	-
Total plant and equipment	35,572	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Leasehold Improve- ments	Total
Balance as at 30 June 2011	-	-	-
Additions	24,597	22,194	46,791
Disposals	-	-	-
Depreciation expense	(2,896)	(8,323)	(11,219)
Balance as at 30 June 2011	<u>21,701</u>	<u>13,871</u>	<u>35,572</u>

Note 14: Exploration and Evaluation Expenditure

	2011	2010
Exploration and evaluation costs carried forward in respect of mining areas of interest	\$	\$
Preproduction areas		
At cost	509,574	127,516
Accumulated impairment	-	-
Net carrying amount	<u>509,574</u>	<u>127,516</u>

Movement in deferred exploration and evaluation expenditure

Balance brought forward	127,516	-
Additions	390,761	154,092
Expenditure written off	(8,703)	(26,576)
At 30 June net of accumulated impairment	<u>509,574</u>	<u>127,516</u>

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective mining areas. Amortisation of the costs carried forward for the development phase is not recognised pending the commencement of production.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
Note 15: Trade and Other Payables		
Current		
Trade creditors	182,875	-
Sundry creditors and accrued expenses	16,563	15,000
Employee benefits	2,053	-
	201,491	15,000

Trade creditors, sundry creditors and accruals are non interest bearing and generally on 30 day terms. Due to the short term nature of these payables, their carrying value approximates their fair value.

Note 16: Issued Capital

2,500,000 (2010: 2,500,000)		
fully paid founder shares	50,100	50,100
39,945,332 (2010: 33,006,332)		
fully paid ordinary shares	2,704,481	1,364,705
1,030,000 (2010: 780,000)		
fully paid promoter shares	-	-
	2,754,581	1,414,805

All the above founder and promoter shares issued are classified as ordinary shares. Fully paid ordinary shares carry one vote per share and carry the right to dividends. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

i) Movement in Ordinary Share Capital

At the beginning of the financial year	1,414,805	100
Shares issued during the year		
Founders shares		
- 2,500,000 issued on 14/07/2009	-	50,000
	-	50,000
Ordinary Shares		
- 19,999,900 issued on 14/07/2009	-	-
- 7,816,332 issued on 21/12/2009	-	586,225
- 1,666,667 issued on 30/04/2010	-	250,000
- 3,000,000 issued on 21/05/2010	-	450,000
- 523,333 issued on 29/05/2010	-	78,480
- 6,939,000 issued on 30/04/2011	\$0.20	-
	1,387,776	-
	1,387,776	1,364,705
Promoter Shares		
- 500,000 issued on 30/04/2010	-	75,000
- 280,000 issued on 01/06/2010	-	42,000
- 250,000 issued on 02/07/2010	\$0.15	-
	37,500	-
	37,500	117,000
Transaction costs relating to share issues	(85,500)	(117,000)
Balance at the end of the financial year	2,754,581	1,414,805

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
ii) Capital risk management		

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to maintain an optimal capital structure to reduce the cost of capital. The Company monitors capital on a regular basis in order to maintain the objectives. The Company's strategy has remained unchanged from the prior year.

Note 17: Reserves

Share based payments reserve		
Balance at the beginning of the financial year	1,600	-
Option expense	-	1,600
Balance at the end of the financial year	1,600	1,600

The share based payment reserve is used to recognise the fair value of options issued.

Note 18: Contingent Liabilities

There are no contingent liabilities at the end of the financial year (2010: \$Nil).

Note 19: Segments Information

(a). Description of Segments

The Company operates solely in the mining industry within Australia.

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers (the Board of directors) in assessing performance and determining the allocation of resources.

The Company segments are structured primarily on the basis of areas of interest as Leonora Gold, Grenfell Manganese, Bootu Creek Manganese, Kumarina Manganese and Manilla Manganese. Expenses and assets are allocated to segments based on the tenement to which they directly relate. Information is not readily available for allocating the remaining items of revenue, expenses, assets and liabilities, or these items are not considered part of the core operations of any segment.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

						2011 \$	2011 \$
(b) Segment information provided to the strategic steering committee							
30 June 2011							
	<u>Leonora</u>	<u>Grenfell</u>	<u>Bootu Creek</u>	<u>Kuma- rina</u>	<u>Manilla</u>	<u>Other & un- allocated</u>	<u>Total</u>
Revenue from continuing operations	-	-	-	-	-	70,460	70,460
Exploration and evaluation expenditure written off	-	-	-	-	-	(8,703)	(8,703)
Administration costs	-	-	-	-	-	(175,717)	(175,717)
Depreciation expense						(11,219)	(11,219)
Employee benefits expense						(6,228)	(6,228)
Occupancy expenses						(32,215)	(32,215)
Travelling expenses	-	-	-	-	-	(7,233)	(7,233)
Other expenses	-	-	-	-	-	(7,050)	(7,050)
Loss from continuing operations	-	-	-	-	-	(177,905)	(177,905)
Cash and cash equivalents	-	-	-	-	-	2,110,586	2,110,586
Trade and other receivables	-	-	-	-	-	28,848	28,848
Exploration and evaluation expenditure	198,374	86,683	47,113	60,114	117,290	-	509,574
Total segment assets	198,374	86,683	47,113	60,114	117,290	2,139,434	2,649,008
Trade and other payables	-	-	-	-	-	201,491	201,491
Total segment liabilities	-	-	-	-	-	201,491	201,491

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

						2011	2011
						\$	\$
<u>30 June 2010</u>						Other & un-allocated	Total
	<u>Leonora</u>	<u>Grenfell</u>	<u>Bootu Creek</u>	<u>Kuma-rina</u>	<u>Manilla</u>		
Revenue from continuing operations	-	-	-	-	-	17,109	17,109
Exploration and evaluation expenditure written off	-	-	-	-	-	(26,576)	(26,576)
Administration costs	-	-	-	-	-	(21,701)	(21,701)
Travelling expenses	-	-	-	-	-	(7,513)	(7,513)
Other expenses	-	-	-	-	-	(8,650)	(8,650)
Loss from continuing operations	-	-	-	-	-	(47,331)	(47,331)
Cash and cash equivalents	-	-	-	-	-	1,253,582	1,253,582
Trade and other receivables	-	-	-	-	-	2,976	2,976
Exploration and evaluation expenditure	58,308	38,041	15,404	4,526	11,237	-	127,516
Total segment assets	58,308	38,041	15,404	4,526	11,237	1,256,558	1,384,074
Trade and other payables	-	-	-	-	-	15,000	15,000
Total segment liabilities	-	-	-	-	-	15,000	15,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 20: Related Party Transactions

(a). Key Management Personnel

Disclosures relating to Key Management Personnel are set out in Note 5.

Note 21: Share Based Payments

(a) Employee Option Plan

Options are granted under the plan for no consideration. Options granted under that plan carry no dividend or voting rights. Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in the capital of the Company. The exercise price is determined by the Directors at the time of issuing an invitation to participate in the plan.

Set out below are summaries of options granted under the plan:

	Listed	Unlisted 23/07/2009	Total Options on Issue
Exercise Price	-	Same as share price at listing	-
Number on Issue 01/07/2010	-	16,000,000	16,000,000
Granted during the financial year	-	-	-
Transferred during the financial year	-	-	-
Expired during the financial year	-	-	-
Number on Issue 30/06/2011	-	16,000,000	16,000,000
First Exercise Date	-	2 years from listing on the ASX	
Expiry Date	-	5 years from listing on the ASX	

(b) Fair value of options granted

During the current financial year ended 30 June 2011 no options were granted. The assessed fair value at grant date of options granted during the year ended 30 June 2010 was determined by the Directors to equate: \$0.0001 per option. All options were granted for nil consideration.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year as part of employee benefit expense were as follows:

	2011 \$	2010 \$
<i>Share-based payments reserve</i>		
Balance at the beginning of the year	1,600	-
Option expenses	-	1,600
Balance at the end of the year	1,600	1,600

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

	2011	2010
	\$	\$
Note 22: Commitments for Expenditures		
Lease Commitments		
Payable:		
Not later than one year	40,000	-
Later than one year but not later than five years	11,667	-
	51,667	-
Tenement Commitments		
Tenement commitments required under tenement licences		
Payable:		
Not later than one year	610,987	579,120
Later than one year but not later than two years	353,987	563,287
Later than two years	482,887	725,573
	1,447,860	1,867,980

Note 23: Events Subsequent to Reporting Date

The Company issued a Replacement Prospectus on 8 June 2011 with a closing date of 22 August 2011.

On 24 August 2011 the Company received an extension for the offer period to remain open until 18 November 2011 due to the current market difficulties in obtaining market spread;

Except as described above, there has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial year.

Note 24: Accumulated Losses

Accumulated losses at beginning of financial year	(47,331)	-
Net loss for the financial year	(177,905)	(47,331)
Accumulated losses at end of financial year	(225,236)	(47,331)

Note 25: Financial Risk Management

The Company's activities expose it to a variety of financial risks; market risk, credit risk, liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Risk management is carried out by the Board and the financial risks faced by the Company are considered minimal at this stage.

Cash is held at one of the big four banks in Australia that is exposed to variable rates. This is managed through holding the cash in a high interest bearing account and is transferred to ordinary account as required.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Note 25: Financial Risk Management (continued)

	Note	2011 \$	2010 \$
Financial Assets			
Cash and cash equivalents	9	2,110,586	1,253,582
Trade and other receivables	11	<u>28,848</u>	<u>2,976</u>
		<u>2,139,434</u>	<u>1,256,558</u>
Financial Liabilities			
Trade and other payables	15	<u>201,491</u>	<u>15,000</u>
		<u>201,491</u>	<u>15,000</u>
Weighted average interest rate p.a.		5.09%	5.57%

(a) Market Risk

i) Interest Rate Risk

The company's interest rate risk arises from cash and cash equivalent and deposits with banks.

ii) Foreign Exchange Risk

The Company operates domestically and are not exposed to significant foreign exchange risk.

(b) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures in respect of outstanding receivables and committed transactions.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- investing only in surplus cash with major financial institutions; and
- preparing forward looking cash flow analysis in relation to its operational, investing, and financing activities;
- the Company does not have any borrowing facilities in place at the reporting date.

The Company's expectation regarding the timing of cash flows from the realisation of financial assets and the settling of financial liabilities are that they will fall within 1 year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

(d) Capital Risk Management

The Company has no long term debt therefore capital is raised as and when it is required to do further exploration activities.

Net Fair Value of Financial Assets and Liabilities

Fair Value Estimation

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arms length transaction.

The fair values disclosed in this report has been determined based on the following methodology:

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

Sensitivity Analysis

The following table illustrates sensitivity to the Company's exposure to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

		Carrying Amount		Profit \$		Equity \$
Year ended 30 June 2011	+/- 1% in interest rates					
Financial Assets						
Cash		2,110,586	+/-	21,106	+/-	21,106
Receivables		28,848	+/-	-	+/-	-
Financial Liabilities						
Other (non interest bearing payables)		(201,491)	+/-	-	+/-	-
Year ended 30 June 2010	+/- 1% in interest rates					
Financial Assets						
Cash		1,253,583	+/-	12,536	+/-	12,536
Receivables		2,976	+/-	-	+/-	-
Financial Liabilities						
Other (non interest bearing payables)		(15,000)	+/-	-	+/-	-

The above interest rate sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

No sensitivity analysis has been performed on foreign exchange risk, as the Company is not exposed to foreign currency fluctuations.

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DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2011

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 23 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 Company's financial position as at 30 June 2011 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.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



Robert J Benussi – Executive Director (Chairman)
Dated this 2nd day of November 2011



Independent auditor's report to the members of Bligh Resources Limited

Report on the financial report

We have audited the accompanying financial report of Bligh Resources Limited (the company), which comprises the balance sheet as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

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 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 financial statements comply with International Financial Reporting Standard.

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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity's 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 procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
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DX 77 Sydney, Australia
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Independent auditor's report to the members of Bligh Resources Limited (continued)

Auditor's 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 company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 21 of the directors' report for the year ended 30 June 2011. 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.

Auditor's opinion

In our opinion, the remuneration report of Bligh Resources Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'Brett Entwistle'.

Brett Entwistle
Partner

Sydney
2 November 2011