



Bligh Resources Limited

ACN 130 964 162

ASX: **BGH**

ASX Release

25 October 2012

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Directors:

Noel Halgreen (Chairman)
Robert Benussi
Charles Guy
Hanjing Xu
Peiqi Zhang
Jinle Song
Liming Niu (Alternate Director for Mr Xu)
Zhijie Li (Alternate Director for Mr Zhang)
Dinghao Song (Alternate Director for Mr J Song)

Company Secretary

Adrian Di Carlo

Issued Capital:

Shares: 58,225,720
Unlisted Opts: 16,000,000
(Escrowed)

Currently Exploring for:

- Manganese
- Gold
- Copper

Current Projects:

- Kumarina
- Bootu Creek Two
- Grenfell
- Manilla
- Leonora

Quarterly Report for period ended 30 September 2012

Corporate Highlights

- Bligh enters into Strategic Joint Venture with Yiwang Ferroalloy on Grenfell project
- Mr Jinle Song appointed to the Board
- Bligh exercises its option to purchase an 80% interest in Bootu Creek Two Tenement E27651
- \$500,000 Convertible Loan Note Deed convertible at \$0.25c per Share

Exploration Highlights

- Grenfell Inducted Polarisation Survey Completed
- Leonora Gold Project: Over 1,200 soil samples collected
- Leonora Gold Project: Gold Soil anomalies detected
- Bootu Creek Two VTEM Anomalies surveyed through field visit

Forward work plans

- Bootu Creek Two Project being prepared for Aircore Drilling
- Grenfell Drilling underway
- Kumarina Project being analysed

Manganese and gold exploration company Bligh Resources Limited "Bligh" or "Company" (ASX: BGH) is pleased to report on its progress for the quarter ended 30 September 2012 "Quarter". Exploration has progressed to the drilling phase for the Grenfell and Bootu Creek Two Projects with drilling now underway at the Company's Grenfell manganese project in New South Wales. Drilling at the Grenfell project is funded by the Bligh Resources and Yiwang Ferroalloy Joint Venture. Drilling at the Bootu Creek Two Project is expected to commence shortly once all permits have been secured.

Corporate Activity

Bligh has also completed a number of corporate initiatives during the quarter.

Convertible Loan Note Deed

In July 2012, Bligh entered into a Convertible Loan Note Deed with Aura Capital Advisors Pty Limited, a wholly owned subsidiary of Aura Capital Group Pty Ltd ("Aura"), for a drawdown facility of \$500,000. The funds are in place to fast track the Company's existing exploration programs, introduce capital management initiatives, and give Bligh the added financial flexibility to pursue suitable acquisition opportunities.

Joint Venture Agreement with Jiaocheng Yiwang Ferroalloy Co Ltd

During the Quarter, Bligh also confirmed that it has entered into a Joint Venture Deed of Agreement with Jiaocheng Yiwang Ferroalloy Co Ltd over the Company's 100% owned Grenfell Project. Yiwang is one of China's largest producers and exporters of manganese alloys. The company was established in April 1988 and employs over 1,500 people. Yiwang has a total market capitalisation of RMB 1.2 billion (A\$180 million) with an annual production value of RMB 2 billion (A\$300 million). Yiwang has the potential to earn a 50% interest of Bligh's Grenfell manganese project through a total spend of \$3million.

Exercise of Option over additional exploration licences in Northern Territory

During the Quarter, Bligh's Board of Directors agreed to exercise the option to acquire an 80% interest in a 546 km² exploration project (EL 27651) joining the Company's 136km² Bootu Creek Two manganese exploration project (EL 27654) in the Northern Territory as originally announced on 2 February 2012. 20% of the project will be retained by Universal Splendour International Pty Ltd (USI) which is a 100% owned subsidiary of Hunan Zhenxing Co., Ltd, a fully integrated manganese exploration, mining and processing company headquartered in Hunan Province, China. USI has expressed an interest in partnering with Bligh on the long term development of the combined Bootu Creek Two Project. The terms of the agreement are outlined in the ASX release dated 27 September 2012.

Mr Jinle Song appointed to the Board

Mr Jinle Song's appointments include:

- Shanxi Electric Power Exploration & Design institute (1978- 1992)
- Factory-Director -Shanxi Jiaocheng Yiwang Ferroalloy Co., Ltd (1992-2004)
- Chairman-Shanxi Jiaocheng Yiwang Ferroalloy Co., Ltd (2004- Current)

Mr. Jinle Song is specialized in the production of Manganese alloy with rich production and sales experience since 1992. He has very good relations and cooperation with the major professional manganese producers internationally and he is renowned and has a good reputation in the industry.

Under his leadership, Shanxi Jiaocheng Yiwang Ferroalloy Co. Ltd attaches great importance to introduce and learn the latest industry technology and proceeds technological innovation. In 2007, "New process of refining Manganese Metal and Low Carbon Ferro Manganese by hot charging" was successfully designed and produced. The process has, after appraisal by The Chinese Society for Metals and China Iron & Steel Association, reached the international advanced level and it has been rated the only first prize of "National Metallurgical Science and Technology Award" in the national ferroalloy industry.

Exploration Activity

Bootu Creek Two Project WA (EL 27654 & JV EL27651)

Exploration at the Bootu Creek Two Manganese JV Project (700km²) in the Northern Territory in the last quarter has included a 10-day geological field trip to assess the results of the airborne Variable Time-domain Electromagnetics (VTEM) survey. The Bootu Creek Two Project has similar geology and structural setting to OM Holdings Limited's Bootu Creek Mine, and Bligh's VTEM anomalies (Figure 1 & 2) are situated on or within the Bootu Creek Formation contact zone - the primary source of manganese mineralisation in the region.



Figure 1
400924mE 7887663mN 500m to ENE anomaly Brck_VC-6



Figure 2
400451mE 7886317mN – Subcropping Creek anomaly Brck_VC-7

The VTEM survey identified ten anomalies. The field trip has confirmed that eight of these anomalies require drill testing (Figure 3). In general, the anomalies are covered in shallow colluvium and scree. Sub cropping manganese mineralisation was detected in the field and supports the geological model that manganese mineralisation is present in and around the anomalies.

Bligh is working through the regulatory approvals to progress Bootu Creek Two to drill phase.



Figure 3
XRF reading: up to 14.3Mn% adjacent Anomaly BCrk_VC-5 397881mE 7887917mN

Kumarina Project, WA (E52/2462)

Bligh has been analysing regional and local data sets and believes that the Kumarina region contains two distinct types of manganese. Surface detrital deposits that occur as unconsolidated slabs of platy and botryoidal (Figure 4) manganese that have been subjected to upgrading by surface weathering (MZM ASX release 15th December 2011). Manganese mineralisation associated with shales and basin sediments extending under cover from surface with grades in the range of 10% to 20% Mn.

The short, rain interrupted drilling programme completed by Bligh at the beginning of 2012 (Figure 5), intersected up to 15m of manganese mineralization grading 17.5% MnO (Hole K12A004) from 46 metres (ASX release 27th April, 2012). This is within the range of values intersected by Montezuma Mining Company Limited (ASX: MZM).

The cross-sections suggest the presence of two, gently-dipping manganese horizons, possibly terminated by a recent weathering surface. The sections also suggest that, in most cases, the drilling did not go deep enough (Figure 6). The residual surface deposits that occur to the west were not intersected and were probably removed by erosion.

Bligh is in the process of relogging and collecting further geological data from the first drill program.



Figure 4
Botryoidal manganese slabs of up to 5cm in thickness occur within the Ilgarari Shale. Photo taken just outside the western boundary of Bligh's tenement



Figure 5
Drilling at Kumarina in March 2012

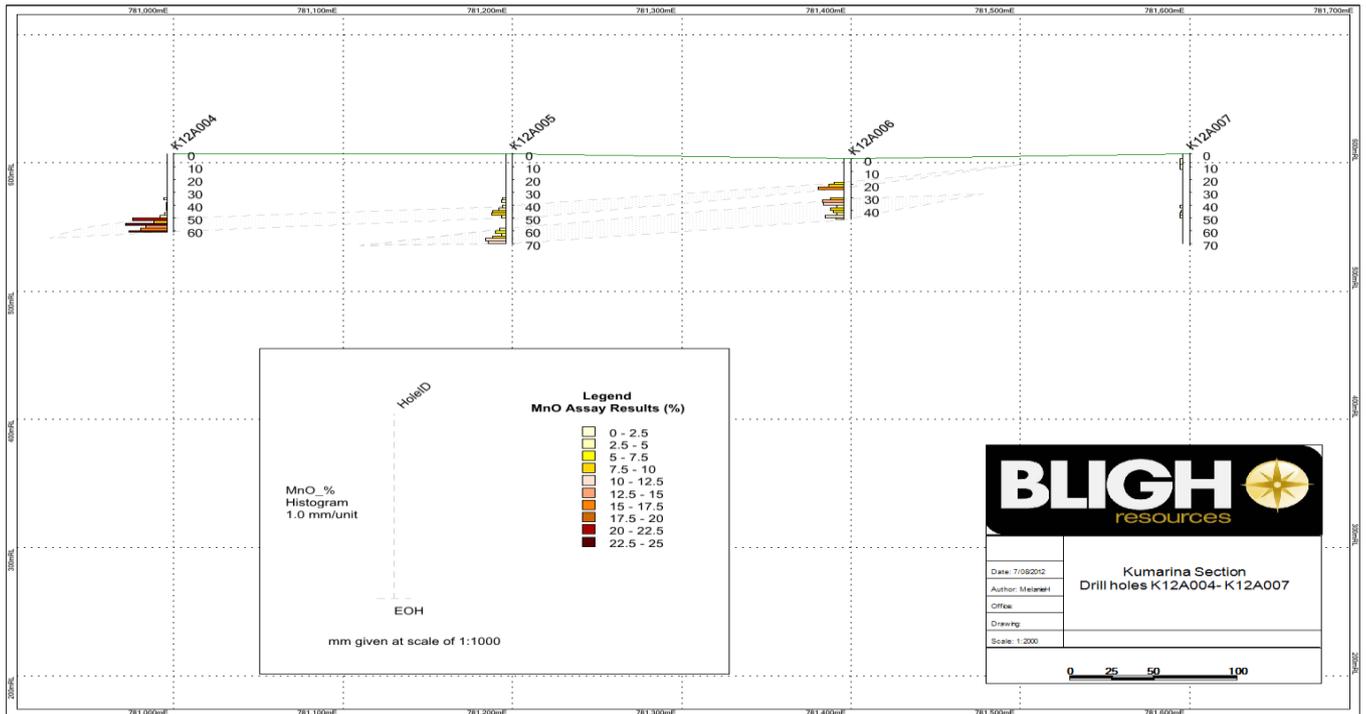


Figure 6
Kumarina Interpreted Cross section

Manilla Project, NSW (EL7584, EL7585 and EL7586)

The Company has completed its maiden VTEM (versatile Time Domain Electromagnetics) program for the Manilla manganese project in north-east NSW in the June quarter. The program generated 15 VTEM conductor anomalies on two grids

Correspondence between Bligh and the landowners is in progress with the aim being to get access agreements for field based exploration activities. The properties at the Black Jack Mt (Southern Grid) and Manganese Mt (North Grid), are situated approximately 19km northeast and 32km north of Tamworth, New South Wales, Australia respectively.

Bligh will continue to progress activities on the Manilla Project, with a field investigation of VTEM anomalies forming the next phase of the exploration program. Manilla has also returned elevated manganese rockchip samples from historical workings and the Company's ongoing exploration program continues to add value to the project.

Bligh Resources has submitted a 50% relinquishment and renewal of its Manilla Project as part of its statutory obligations.

Grenfell Project (EL7492 & EL7556)

Currently two exploration licences cover a total area of 313 km² in the Grenfell district of southeast central New South Wales targeting manganese and gold mineralisation. The historic gold mining town of Grenfell is located on the western edge of the Great Dividing Range about 280 km west of Sydney. It is accessed by sealed roads from Sydney.

This Quarter's work focused the geophysical survey and the approval process for a 2,000 metre to 3,000 metre RC drilling program. In total a 9-line kilometre Induced Polarisation (IP) Survey was completed. Two IP grids were installed over the historical manganese mines at the project. The southern grid was deemed the most prospective from geophysical interpretation. The chargeable anomaly on the southern grid is over 1.2km long with close association to the historical manganese workings.

The manganese mineralisation from the IP survey on both the northern and southern grid shows a spatial relationship with the high level granitic intrusives. The intrusive granites may be an important part of the mineralisation system. In the IP interpretation, the granitic zone is a resistive zone. The IP work adds to the geological data Bligh has compiled on the Grenfell project and gives the Company the necessary information to generate the priority drill targets and commence a 3,000 metre RC drilling program.

The Drilling will be funded by the Bligh Resources/Yiwang Ferroalloy Joint Venture ("Yiwang JV"), which was announced on the ASX on 7 August 2012. Reverse Circulation (RC) Drilling is in progress at Grenfell with results expected in November (Figure 7).



Figure 7
RC drilling at Grenfell in Progress

Leonora Project

Bligh has collect over 1,200 soil samples for gold this Quarter. The last program consisted of 293 soil samples with sample values over 30 *ppb gold that can be considered anomalous. A total of 15 samples returned values over **30 ppb** with a peak value up to 9,000 **ppb (9 g/ton)** *Gold (Au) (Sample L109). To the north of the sample grid is a cluster of nine historical gold workings, including the Diorite King and Diorite Queen Workings (Figure 8), production figures are noted in (Figure 8) and Table1.

A 2.2 km corridor with three anomalous areas runs in a north-south orientation towards the group of historical workings (Figure 9). The corridor remains open to north.

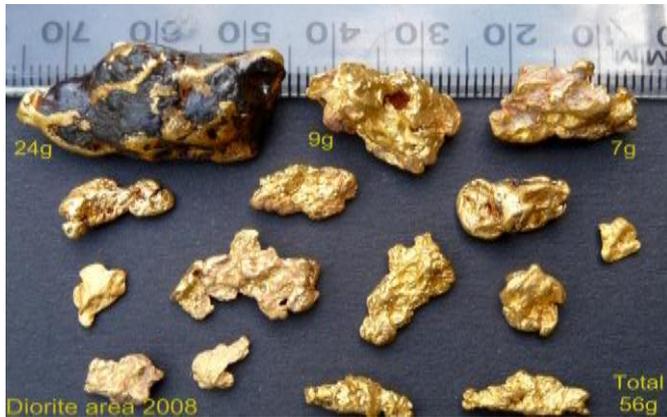


Figure 8
Nuggets collected from Diorite King Area 2008

Table 1 Historical Gold Production Figures

Mine	Production Period		Ore Treated in tonnes	Gold Produced in kg	Average Gold Grade in *g/t
	From	To			
Diorite King	1897	1922	1404.92	73.296	52.2
Diorite Queen	1909	1909	146.4	1.442	9.8
Rose of Diorite	1908	1908	189.0	3.532	18.7
Unexpected	1923	1924	119.39	5.640	47.2
Young Australian	1897	1899	116.34	3.989	34.3
Lady Mae	1902	1905	95.00	2.309	24.3
Wotan	1937	1938	100.08	7.310	73.0
Kiaora	1900	1901	87.38	1.927	22.1
Meteor	1902	1906	88.40	0.979	11.1

Note: Production not necessarily continuous over period

(*ppb = parts per billion)
 (*ppm = parts per million)
 (*g/t = grams per tonne)
 (*Au = Gold)

The soil anomalies confirm gold enrichment associated with historical workings. The Company will continue its exploration programme in conjunction with developing a regional position whilst assessing opportunities which form a strategic fit with Bligh.

The anomalous soil data indicates that potential gold mineralisation extends to the south 600 m from the historical Diorite King workings.

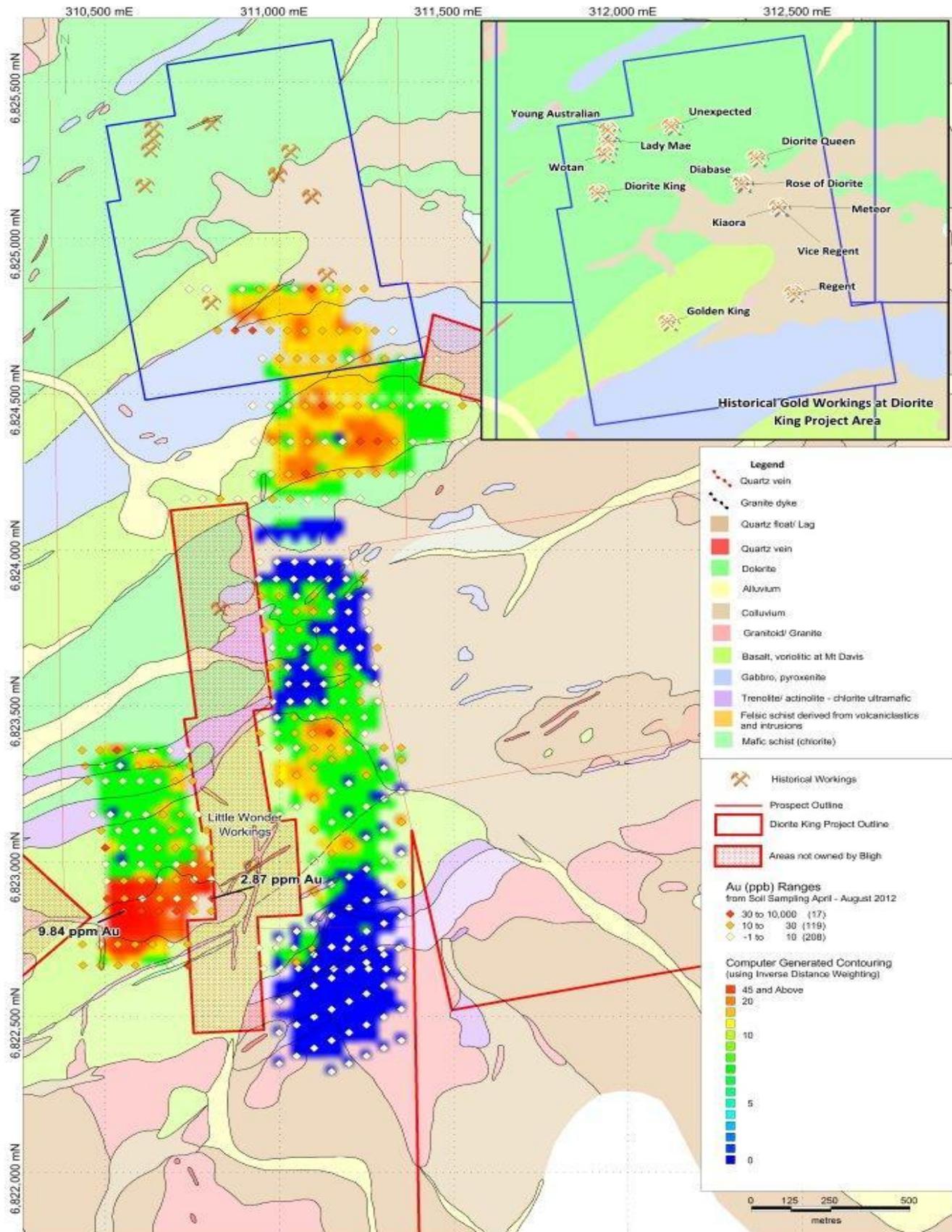


Figure 9
Soil Sampling Program Map



Further information:

Rob Benussi: 0410 415 335 – Managing Director & CEO

Bill Guy: 0408 345 378 –Managing Director- Exploration

Released through Ben Jarvis, Six Degrees Investor Relations: 0413 150 448

Competent Person- Charles W Guy

The information in this announcement that relates to Exploration Results is based on information compiled by Mr Charles William Guy who is a Member of the Australian Institute of Geoscientists. Charles William Guy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Charles William Guy consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears. Charles William Guy is a full time employee of Bligh Resources Limited in the position of Managing Director- Exploration.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

BLIGH RESOURCES LIMITED

ABN

83 130 964 162

Quarter ended ("current quarter")

September 30th 2012

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 Months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	2	2
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(244) - - (174)	(244) - - (174)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	48	48
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(373)	(373)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (4)	- - (4)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(4)	(4)
1.13 Total operating and investing cash flows (carried forward)	(377)	(377)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(377)	(377)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)- IPO related cost & Convertible Note	(23)	(23)
	Net financing cash flows	(23)	(23)
	Net increase (decrease) in cash held	(400)	(400)
1.20	Cash at beginning of quarter/year to date	3,579	3,579
1.21	Exchange rate adjustments to item 1.20	Nil	Nil
1.22	Cash at end of quarter	3,179	3,179

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	129
1.24	Aggregate amount of loans to the parties included in item 1.10	nil

1.25 Explanation necessary for an understanding of the transactions

Non-Executive Directors	\$ 19k
Executive Directors	\$ 110k

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	N/A	N/A
3.2 Credit standby arrangements <i>Convertible Note</i>	500,000	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	474
4.2 Development	n/a
4.3 Production	n/a
4.4 Administration	172
Total	646

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	118	818
5.2 Deposits at call	2891	2,700
5.3 Bank overdraft	n/a	n/a
5.4 Other (provide details) <i>Bank Guarantee</i>	11	11
<i>Security & Environmental Bonds- NSW & NT</i>	159	50
Total: cash at end of quarter (item 1.22)	3,179	3,579

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EL7584	Reduction of area	100%	50%
	EL7585	Reduction of area	100%	50%
	EL7586	Reduction of area	100%	50%

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2	Interests in mining tenements acquired or increased	EL 27651	Acquired	0%	80%
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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	58,225,720	33,256,720	n/a	n/a
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	750,000	-	\$0.10	\$0.10
7.5	+Convertible debt securities <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	16,000,000	Nil	<i>Exercise price</i> \$0.25	<i>Expiry date</i> 23 th November 2016 Escrowed to 22 November 2013
7.8	Issued during quarter				

+ See chapter 19 for defined terms.

