Annual Report 2011
MOUNT BURGESS MINING

MOUNT BURGESS MINING N.L.

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Corporate Directory

Mount Burgess Mining NL

ACN: 009 067 476

Directors

Nigel Raymond Forrester, FCA

Molatlhegi Benjamin Mosigi, BSc, MSc

Ronald William O'Regan

Alfred Patrick Stirling, FCA

Godfrey Edward Taylor, LL B

Joint Company Secretaries

Jan Forrester

Serene Chau, CPA

Registered Office

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Auditors

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Level 14, 240 St Georges Terrace
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77 St Georges Terrace
Perth, Western Australia, 6000

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Australian Securities Exchange

Mount Burgess Mining NL is an ASX listed public company incorporated in Australia.

ASX Code

MTB

Address by the Chairman

Dear Shareholders,

It is my pleasure to present to you our annual report for the year to 30 June 2011.

During the year, the Company remained focused on efforts to expand its resource base beyond the 25 million tonnes @ 3% zinc/lead that it has currently delineated at its Kihabe and Nxuu deposits in Botswana.

To this end over 8000 soil geochemical samples were taken during the course of the year, all of which have been processed through the Company's on site Niton XRF analyzer, acquired in February 2011.

The analysis results have generated four new zinc/lead anomalies and one copper/cobalt anomaly in Botswana as well as one copper/cobalt anomaly in Namibia.

Initial drill testing has been conducted on the Copper/Cobalt anomaly in Namibia and it is intended that the soil geochemical anomalies generated in Botswana will be drill tested with an initial round of drilling once soil geochemical sampling has been completed over further selected prospective areas. The anomalies generated to date show there is good potential for significant additions to the Company's resource base.

During the year, world zinc and lead production remained in surplus. LME zinc stock levels rose from around 616,000 tonnes to over 890,000 tonnes, close to a 45% increase. However, since the beginning of August 2011 there have been significant falls in LME zinc stock levels not seen since 2006/2007. These amount to some 60,000 tonnes, reducing levels at the time of writing to 830,000 tonnes. Zinc prices have been volatile ranging from US$1,800 to US$2400/t and are currently around US$1900/t.

LME lead stocks have risen from around 189,000 tonnes to 375,000 tonnes, an increase of some 98%. Accordingly, lead prices have also been volatile rising from US$1800/t to US$2700/t with current levels of US$1950/t.

With the expected depletion of worldwide mineable reserves over the next three years, the prospects of a significant reduction in world zinc stocks needs to be monitored.

In Namibia, the Company has recently drill tested a prospective rare earth target which has returned elevated total rare earth values of up to 2,500 ppm. Of interest is the fact that the mineral hosting the rare earths is the rare mineral synchysite. The predominance of synchysite in this instance is seen as prospective as it is one of the most favourable rare earth host minerals, containing only low counts of thorium and uranium.

Also in Nambia there is potential for the discovery of an iron ore deposit. Recent drill testing of magnetic targets in the Tsumkwe project area has returned encouraging iron results in magnetite mineralisaiton. Further drilling will be required to determine any potential size of such deposit.

Again, this has been a difficult year from a funding point of view and I should like to thank our funding shareholders and Directors for the support they have given us during the year.

I should also like to thank all staff members for their commitment to focus on expanding the Company's resource base despite the restrictions of limited funding.

Nigel Forrester
Chairman and Managing Director
29 September 2011

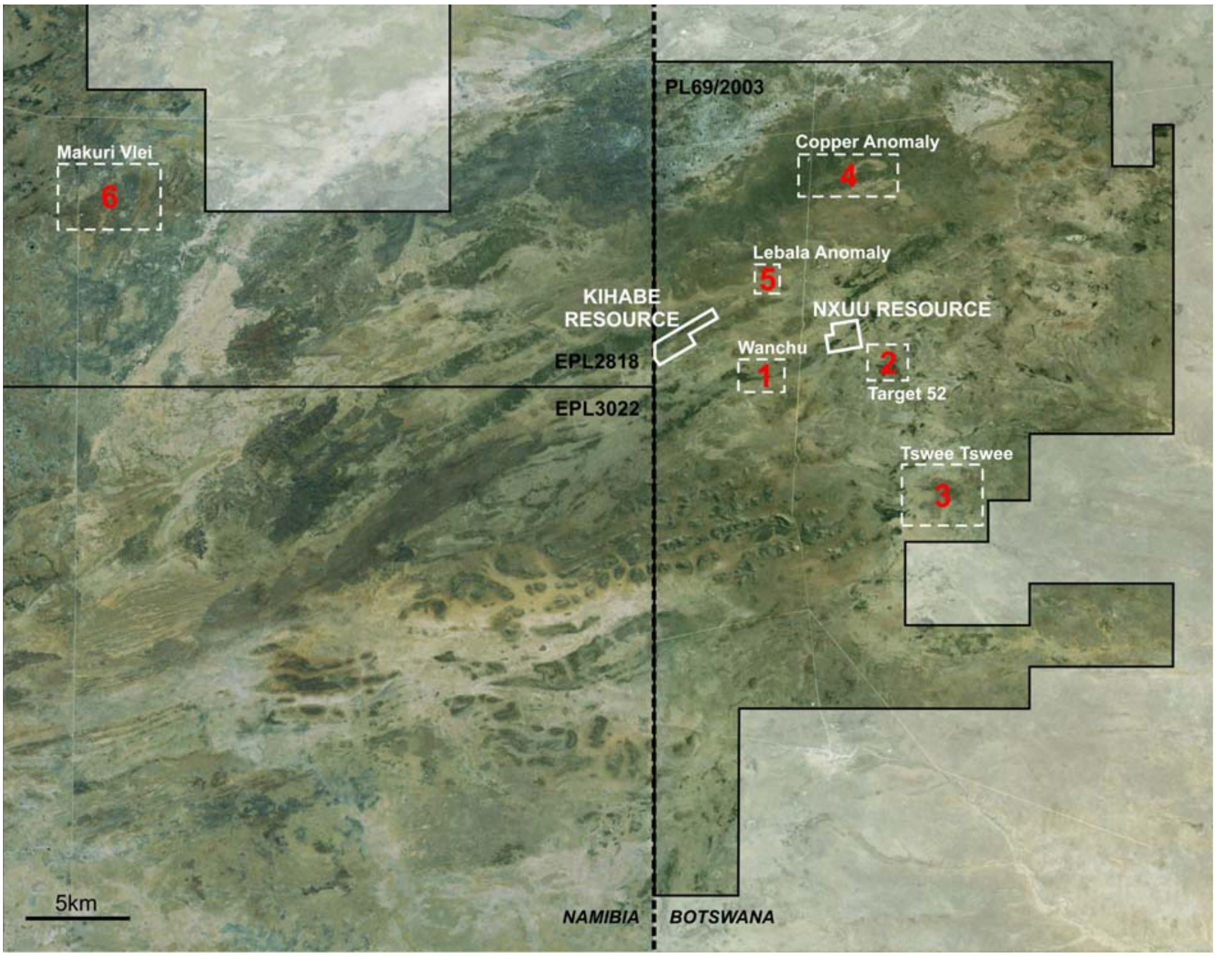
Projects - Botswana and Namibia

Base Metals

In north west Botswana and north east Namibia in southern Africa, the Company has landholdings covering 3,000km² of a Damaran Proterozoic Belt. Depositional environments similar to this area host copper, lead and zinc deposits such as the Copperbelt in Zambia, Mount Isa, HYC, Lady Loretta, Century and Hilton in Australia, Meggen and Rammelsberg in Germany, Red Dog in the USA and Cirque, Howards Pass, Tom and Jason in Canada. The Company landholdings contain the Kihabe and Nxuu zinc/lead deposits, numerous other anomalies of these metals and still others of copper. Also included in the lease area are known zinc/lead/silver vein deposits of which the primary area of focus is the Gossan Anomaly.

On the Botswana side of the border, the Company has to date defined at the Kihabe and Nxuu deposits combined resources of 33.6 million tonnes @2.46% zinc equivalent grade, applying a 0.3% zinc equivalent low grade cut. From the above combined resources, 25.3 million tonnes @3% zinc equivalent grade were selected for a scoping study, designed for a 10 year mine life, at 2.5 million tonnes per annum throughput.

The completion of the intended scoping study has now been put on hold with the intention of focussing on further expanding the Company's resource base. To this end the Company has conducted significant soil geochemical sampling programmes, resulting in the generation of four new Zn/Pb anomalies and one Cu/Co anomaly in Botswana and a further Cu/Co anomaly in Namibia.



2011 Soil Geochemical Anomalies

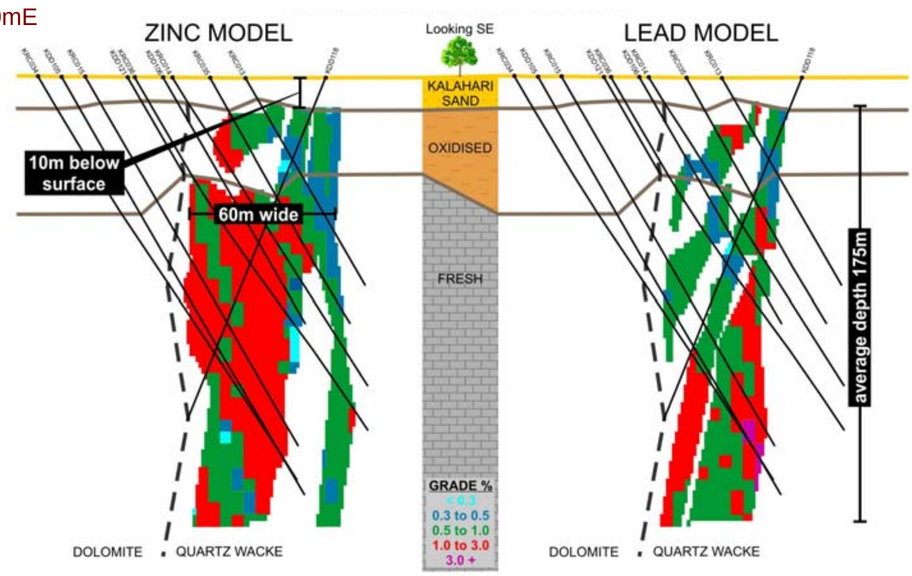
The Kihabe Deposit

The Kihabe zinc/lead/silver deposit is a classic SEDEX type, 2.4 km long. The zinc/lead/silver mineralisation occurs in a quartz wacke right at the almost vertical contact with the regional dolomite. Within this 2.4 km strike length, two proposed pits have been designed for the scoping study, covering a strike length of 1.8 km. With the combined 1.8 km length, the average width of the deposit is 26m, down to a depth of 175m, the depth extent of the resource calculation to date. Many sections range from 35m to 69m true width, commencing between 5-15m below Kalahari sand cover.

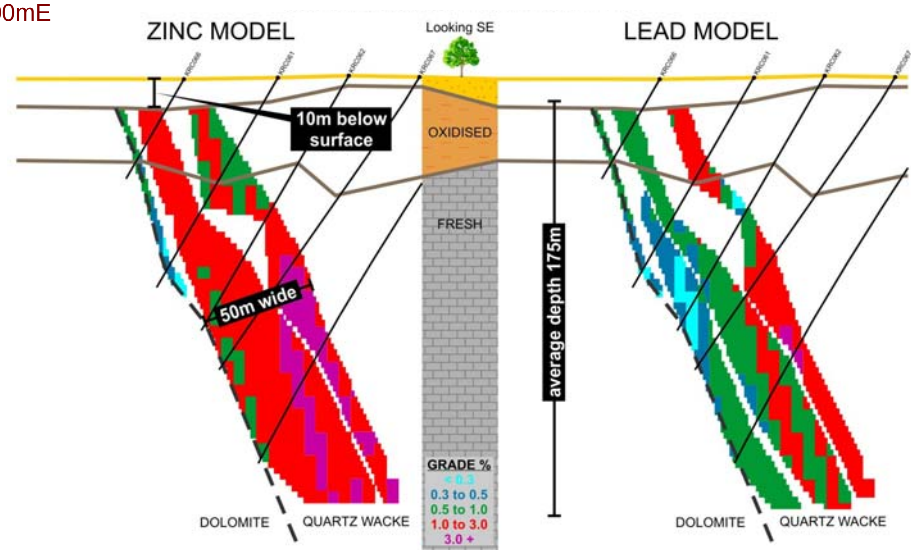
The top 25% of the Kihabe deposit is oxidized and the remaining lower 75% is sulphidic.

Aerial View of the Kihabe Deposit

Section 9900mE



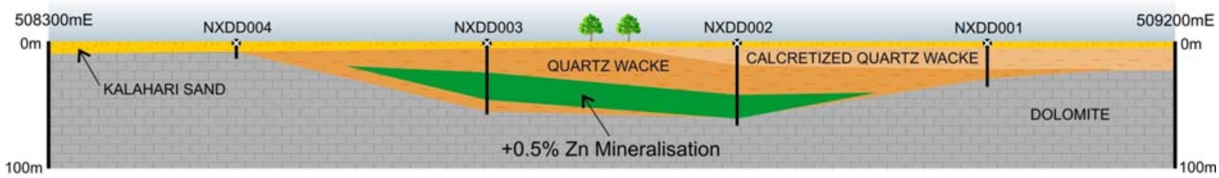
Section 11700mE



The Nxuu Deposit

The Nxuu zinc/lead deposit is SEDEX type, covering an area 550m long and 250m wide with a maximum depth of only 60m. The zinc/lead mineralisation occurs within a flat lying quartz wacke, bounded by a regional dolomitic basin, 60m deep. The whole of the Nxuu deposit is oxidised.

Nxuu Section 7821700N



Metal Recoveries

Test work to date has determined the following metal recoveries. Zinc recovered from acid leaching oxide zones will enable Zinc metal to be recovered on site from electro-winning.

	Zone	Time	Zinc	Lead	Silver
Kihabe Deposit					
Acid leaching – 40^{o} 30 kg/t acid	Oxide *	24 hrs	96.9%	91.9%	n/a
Rougher flot	Sulphide	90 secs	91.9%	84.8%	94%
	Sulphide	15.5 min	93.8%	88.1%	96.4%
Nxuu Deposit					
Acid leaching – 25^{O}, 30 kg/t acid	Oxide *	12 hrs	93%	93%	n/a

** Note: Zn mineralisation in the oxidised zones is hosted within Smithosonite and Baileychlore, both of which are amenable to acid leaching.*

Kihabe-Nxuu Resource Statement

	External Cut %	Indicated M Tonnes %	Inferred M Tonnes %	Total M Tonnes %
Kihabe Deposit	1.5%	11.4 @ 2.90%	3.0 @ 2.60%	14.4 @ 2.84%
Nxuu Deposit	0.3%	-	10.9 @ 3.20%	10.9 @ 3.20%
		11.4 @ 2.90%	13.9 @ 3.07%	25.3 @ 3.00%

Zinc Equivalent Grade

Kihabe calculated on metal prices as at 17 July 2008:	Zn US$1,810/t	Pb US$1,955/t	Ag US$18.75/oz
Grades applied:	Zn 1.75%	Pb 0.76%	Ag 6.93 g/t
Nxuu calculated on zinc and lead at US$ par			
Grades applied:	Zn 1.8%	Pb 1.4%	

The information in the resource statement that relates to the Kihabe Resource is compiled by Byron Dumpleton, B.Sc., a member of the Australasian Institute of Geoscientists. The information that relates to the Nxuu Resource is compiled by Mr Ben Mosigi, M.Sc., (Leicester University – UK), B.Sc., (University of New Brunswick – Canada), Diploma Mining Tech (Haileybury School of Mines – Canada), a member of the Geological Society of South Africa. Mr Dumpleton is an independent qualified person and Mr Mosigi is a Technical Director of the Company. Both Mr Dumpleton and Mr Mosigi have sufficient experience relevant to the style of mineralisation under consideration and to the activity to which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Mineral Resources and Ore Reserves". Both Mr Dumpleton and Mr Mosigi consent to the inclusion in this report of the matters based on the information in the form and context in which it appears

Kihabe-Nxuu Project Attributes

Wide shallow open cut resources

- Both Kihabe and Nxuu are wide shallow potential open-cut deposits that commence 5m to 15m below surface (Kalahari sand). They are not underground operations.

- The current Kihabe strip ratio of 5.5:1 has been calculated on conservative 40 deg pit slopes. With geotechnical drilling, pit slopes will steepen significantly and reduce strip ratio. Drilling done to date confirms the hanging wall quartz wacke and foot wall dolomite are very competent. A strip ratio around 4:1 is probably achievable. There is good potential to increase the Kihabe resource below the current 175m depth.

- Whilst a pit still has to be designed for the Nxuu deposit, it will have a low strip ratio of probably around 3:1.

Few carbonates in mineralised quartz wacke

- Mineralisation at both Kihabe and Nxuu is in quartz wacke, not dolomite, as are most of these SEDEX deposits. The quartz wackes do not contain the same proportion of carbonates as found in the dolomites. When acid leaching the oxidised zones, acid consumption in the quartz wacke is low (30kg/t). Dolomites consume much more acid as they are composed of carbonate minerals, thereby rendering many such deposits in dolomites uncommercial.

Average Botswana temperatures reduce power required

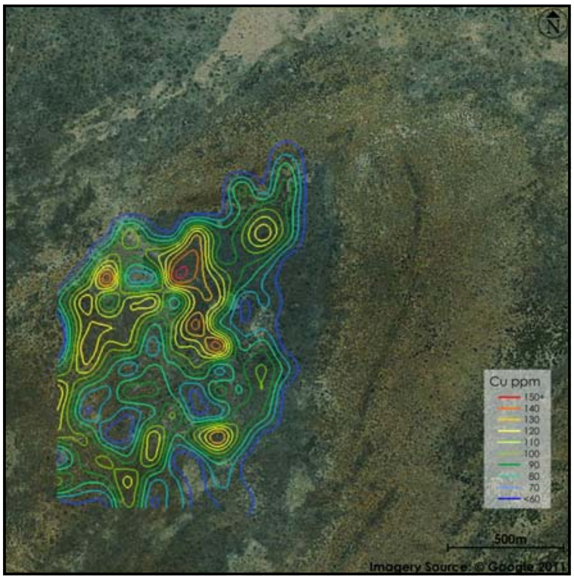
- Botswana temperatures (average daily 22 deg) contribute significantly to the acid leaching process without requiring induced power/heat in the process. With Botswana temperatures, recoveries from oxidised deposits in the region of 93% Zn can be achieved in 12 to 24 hours.

Zinc metal produced on site

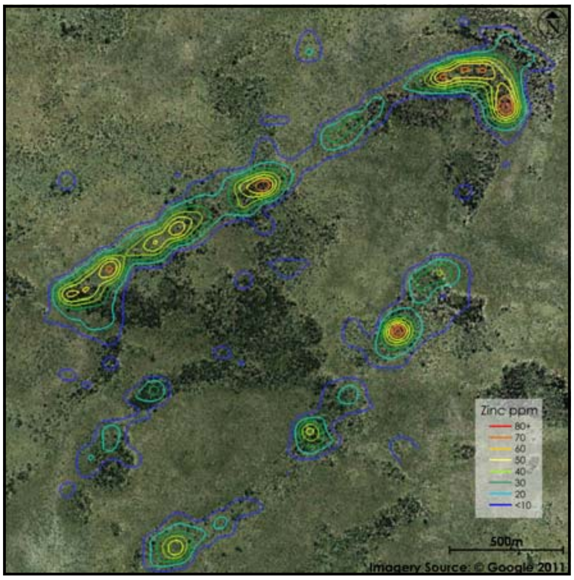
- As a consequence of the above, Zn metal can be produced on site, with significant savings in concentrate transport costs and smelting costs.

Potential for further discoveries

- MTB controls the whole proterozoic belt (100%), therefore significant potential exists for generation of additional resources of Zn, Pb and Cu. The mineralisation in this region is hosted within quartz wackes, right at the contact with the regional dolomite. The key to further discoveries is to find further quartz wackes. Five new potential quartz wackes have recently been discovered through geochemical sampling in Botswana – the Copper Anomaly, the Tswee Tswee Anomaly, the Wanchu Anomaly, the Target 52 Anomaly and the Lebala Anomaly. The Makuri Vlei Cu/Co Anomaly has been discovered in Namibia.



Makuri Vlei Copper Cobalt Anomaly, Namibia



Target 52 Soil Geochemical Anomaly, Botswana

Makuri Vlei Iron Ore

Recent assaying on holes drilled into Makuri Vlei Iron Ore Target 1 has concluded the following:

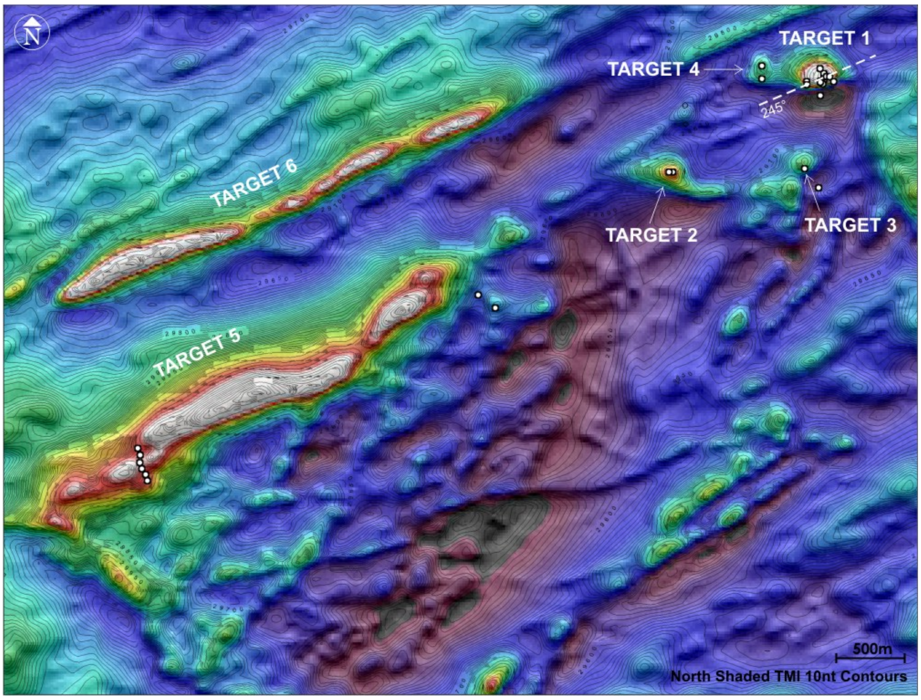
- The iron mineral species are predominately magnetite
- Davis Tube Recovery tests show magnetite recovered has a very marketable composition
- Iron content of magnetite of up to 68.4% Fe, which is the upper end of general range of Fe for commercial products
- SiO_2 content 2.5% and Al_2O_3 content 0.12%
- Loss on Ignition averages minus 2.6%
- Average phosphorous content 0.003%
- TiO_2 content averages 0.02%
- Na_2O_2 averages 0.02%, KO_2 not detected
- Cu/Pb/Zn are low – around 0.01% to 0.02%
- Sulphur content low at 0.04%
- Particle size of magnetite grains 50-100 microns

Resource drilling will need to be conducted to determine the size of any potential resource.

Target 5 was drilled in 2001 but not assayed for Fe. The holes were logged as intercepting hematite/ magnetite breccia. Laboratory assay results for targets 2, 3 and 4 are pending. Targets 5 and 6 consisting of some 7.5km of strike length have yet to be drill tested and assayed for Fe.

Makuri Vlei Target 1 - “The Black Smoker”

Target 1 - heavy mineralised Amphibolite



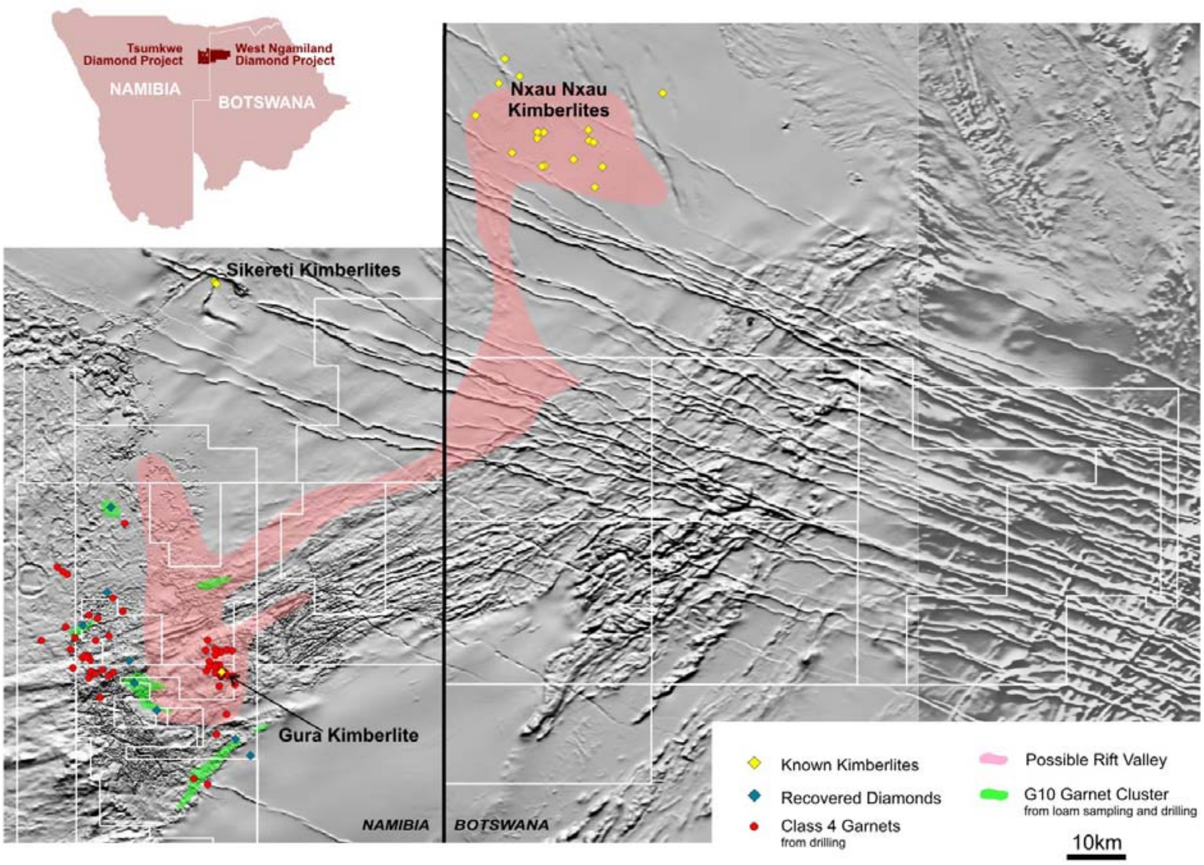
Diamonds

West Ngamiland Diamond Project

The Company has eight Prospecting Licences for diamond exploration, covering an area of some 7,000km^2 in Western Ngamiland, Botswana. The Company believes that high potential exists in this area for the discovery of kimberlites for the following reasons:

- The area is part of or proximal to the south eastern margins of the Angolan Craton, prospective for the discovery of kimberlites.
- Part of the area is some 30km south of the recently discovered Nxau Nxau kimberlite field.
- The area falls within the Limpopo dolerite dyke swarm, conducive to the occurrence of kimberlite intrusives.

The area adjoins the Company's Tsumkwe diamond project in Namibia, immediately to the east, where to date a number of G10 pyrope garnet anomalies and macro diamonds have been found in both drilling and loam sampling. It is possible that some of these anomalies have been sourced from kimberlites within the area the Company now has under licence on the Botswana side of the border.



The information contained in this report relative to the West Ngamiland, Tsumkwe and Hardap diamond projects is based on information approved for release by Mr Manfred Marx of Manfred Marx and Associates Pty Ltd, Bsc., Dip Env. Sc., Aus.I.M M., GSSA. Mr Manfred Marx is a consulting geologist to the Company. He has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which 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. Mr Marx consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Tsumkwe Diamond Project

The Tsumkwe Diamond Project located in Bushmanland, Namibia has now reached a mature stage where the future of this project can be assessed, based on an extensive and very detailed data base. The conclusions and future work as set out below are based on a comprehensive review by Mr Manfred Marx, Consulting Diamond Geologist, of the information held by the Company.

The main conclusions reached are as follows:

- Evidence suggests that the Tsumkwe Panneveld region is most likely to harbour more kimberlite or lamproite pipes, in addition to the three known Gura kimberlite pipes.
- The kimberlite indicator mineral (KIM) grain distribution patterns are both locally transported (abraded surfaces) and residual (fresh surfaces).
- Trace quantities of macro-diamonds, as well as G10 pyrope garnets (which are well represented within the Tsumkwe garnet population), support the occurrence of yet to be discovered diamond bearing kimberlites.
- The target area with the highest potential identified for future exploration lies in a band along the Damara Fault Zone over a strike length of some 30km.
- The modest kimberlite exploration success to date within the Tsumkwe area can be largely attributed to the complex sub-surface geology beneath the Kalahari sand cover.

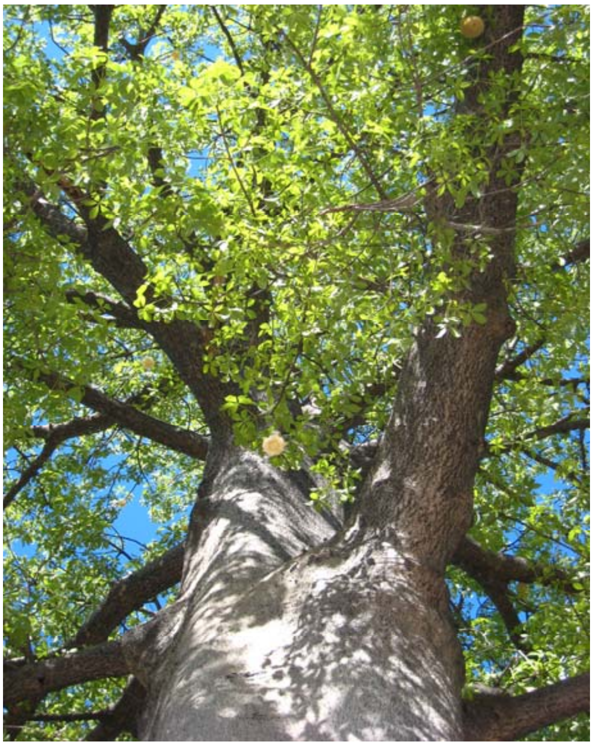
The future work recommendations arising from these conclusions are as follows:

- The loam sample density over the existing regional KIM anomalies associated with the Damara Fault Zone should be increased to define the primary source areas more clearly.
- Detailed ground geophysical surveys should then be initiated to cover the resulting KIM clusters prior to drilling.

Ivory Dolerite Dyke rock sample

Hardap Diamond Project

The Company did not extend its diamond licences over the Hardap Diamond Project in Namibia during the year.



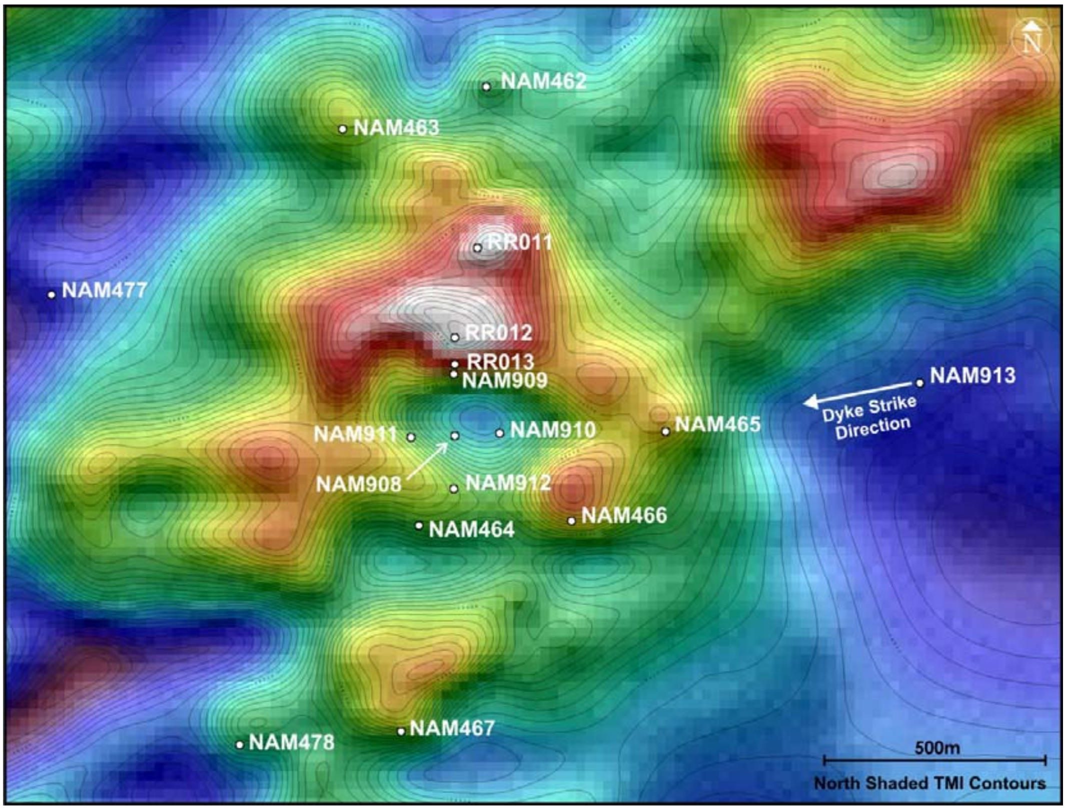
Baobab in Fruit

Rare Earth Elements (REE)

Tsumkwe REE Project

Recent drilling into a rare earth (REE) target in the Tsumkwe project has confirmed the presence of elevated total REE values. Randomly selected samples from open hole percussion drill hole NAM909 have returned the following assays in the table below.

Mineralogical test work has confirmed that the REE mineralogy is predominantly comprised of the rare carbonate mineral synchysite. The predominance of synchysite is seen as prospective as it normally contains the lowest counts of thorium and uranium when compared with other REE host minerals. The low counts of thorium and uranium reduce any complications of radioactivity in the process of concentration and extraction.



REE Anomaly drilling program, Tsumkwe

Depth (m)	NAM909 Rare Earth Oxides g/t (ppm)														TREO (g/t)
	$Ce0_2$	Nd_2O_3	La_2O_3	Dy_2O_3	Pr_6O_{11}	Sm_2O_3	Gd_2O_3	Er_2O_3	Tb_4O_7	Eu_2O_3	Ho_2O_3	Lu_2O_3	Tm_2O_3	Yb_2O_3	
31-32	1231.96	392.49	661.34	16.76	123.20	43.60	27.78	8.00	3.52	2.43	2.98	1.50	1.11	9.27	2525.94
35-36	981.12	317.26	510.52	15.72	97.88	38.61	24.20	7.32	3.18	2.32	2.86	1.40	1.19	8.64	2012.22
41-42	1099.91	366.25	586.99	17.56	111.77	44.18	26.63	7.66	3.31	2.32	3.09	1.33	1.15	9.14	2281.28
45-46	975.84	336.86	512.87	16.87	102.32	43.25	28.24	8.12	3.41	2.08	3.21	1.48	1.23	10.03	2045.81
51-62	870.96	290.45	454.34	17.10	88.50	36.55	23.88	8.77	3.27	2.41	3.23	1.57	1.33	10.24	1812.62
65-66	843.67	284.95	441.68	17.10	86.52	35.25	24.20	8.69	3.18	2.20	3.32	1.44	1.23	9.91	1763.34
71-72	888.75	292.53	458.10	15.03	90.64	35.72	23.74	7.09	3.26	3.13	2.75	1.21	1.05	7.75	1830.74
75-76	847.96	276.09	442.85	14.58	84.91	34.09	21.44	7.43	2.86	2.43	2.75	1.40	1.18	8.89	1748.86
81-82	559.66	187.91	264.58	18.25	56.07	26.21	19.36	10.75	2.93	2.43	3.78	1.66	1.67	11.94	1167.20
85-86	423.68	155.48	210.05	13.20	47.07	22.61	16.94	6.98	2.25	2.89	2.41	1.14	1.07	8.38	914.14
91-92	340.51	122.71	162.90	11.36	36.33	17.63	13.14	6.86	1.94	2.08	2.29	1.26	1.08	8.76	728.86
95-96	536.20	188.37	251.33	13.31	55.83	26.21	19.02	6.63	2.53	3.13	2.52	1.13	1.03	8.13	1115.36

The Local Community

MTB Team Members:

Ben Mosigi, BSc, MSc - Technical Director/Geologist
Rodney Moagi BSc - Project Geologist
Banabotlhe Dikgang, BSc - Junior Geologist
Moss Taunyane (Field Operations)
16 Field Assistants

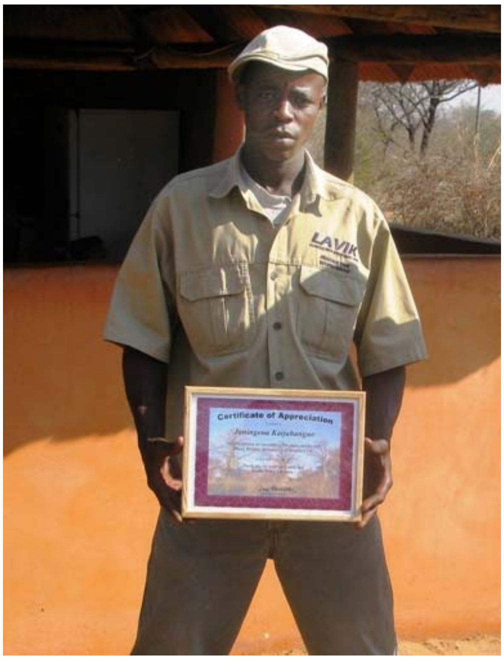
Manfred Marx with the Namibian Field Assistants

Consulting Geologist Manfred Marx with geologists Rodney and Banabotlhe

Ben Mosigi

The Kihabe Team

Johannes and his Sister



Janingena with his Certificate

During the financial year, three members of the Kihabe team celebrated five years service with the Company.

- Kamuti Korujezu
- Johannes Tjeya
- Janingena Katjahangue

"My gratefulness to Mount Burgess Mining,

I would like to express my gratitude to all whom I have worked with for the past five years in Mount Burgess Mining. I joined Mount Burgess at every young age, just a year after completing my Junior Secondary education, by then I was young, inexperienced and immature, but during the course of my journey with Mount Burgess, I grew up and learnt a lot in life, for these I would like to thank the Company Managing Director, Mr. Nigel Forrester, his family (Jan and Kerri who visited Kihabe when we started), Local Director, Ben Mosigi who cleared all the childish and dust off my mind , Ben you a great man, the Kihabe team, not forgetting Rodney and Johannes the easy working guys. I would not stop my thanks before mentioning my family which supported me during the voyage.

My family was very happy when they heard that the company has given me a present, Goat. I know that there were times when things I did were not accepted/ painful but I did them not to hurt. I wish I could express my appreciations myself to Nigel but I will be in Namibia on company duties.

By: Kamuti Cam Korujezu"

An email from Kamuti

Directors' Report

The Directors of Mount Burgess Mining N.L. ("Mount Burgess" or the "Company") submit herewith the annual report of Mount Burgess Mining N.L. and its subsidiaries (the Group) 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:

Information about the Directors and Senior Management

The names, skills & experience of the Directors of the Company during or since the end of the financial year are:

Mr N R Forrester, FCA
Chairman & Managing Director
Chartered Accountant

Mr Forrester is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Fellow of the Institute of Chartered Accountants in Australia. He has been involved in the exploration and mining industry over the past thirty one years. Mr Forrester is one of the original shareholders of the Company which he floated in 1985.

Aged 66. Board member since 1985.

Mr M B Mosigi, BSc MSc
Executive Director
Geologist

Mr Mosigi has significant experience in base metal and diamond exploration/mining. His previous diamond exploration and mining experience, which included a significant period of time with Debswana and Botswana Diamondfields covered work on the Orapa, Lethlakane, Jwaneng and Damtshaa Diamond Mines in Botswana and the Bobbejaan, Water Fissure and Bellsbank kimberlites in the Republic of South Africa.

Aged 52. Board member since 2009.

Mr R W O'Regan
Non-executive Director
Retired Stockbroker

Mr O'Regan became a member of the London Stock Exchange in the 1970s and a member of the board of Astaire and Partners, a firm of London stockbrokers, from 1987-2009.

Aged 70. Board member since 2000.

Mr G E Taylor, LLB
Non-executive Director
Practising Solicitor

Mr Taylor, graduated in law from the University of Western Australia in 1968 and was admitted to practice in 1970. He has been practising law for more than thirty years and specialises in commercial and corporate law. Mr Taylor and his family were original shareholders in the Company and have been shareholders throughout its existence.

Aged 64. Board member since 1999.

Mr A P Stirling, FCA
Non-executive Director
Chartered Accountant

Mr Stirling, a Fellow of the Institute of Chartered Accountants in England and Wales, has had significant experience in investment and fund management.

Aged 75. Board member since 2003

The above named Directors held office during the whole of the financial year and since the end of the financial year, except as noted.

Directorships of other Listed Companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	Company	Position	Period of Directorship
Mr G E Taylor	Iron Ore Holdings Limited	Non-executive	April 2005 - February 2009
Mr A P Stirling	Gresham House Plc	Executive	October 1969 – October 2008
	Welsh Industrial Investment Trust Plc	Executive	July 1993 – April 2010
	SpaceandPeople Plc	Non-executive	Since 21 June 2007

Former Partners of the Audit Firm

At no time during the year was any officer of the Company a partner in an audit firm, or a director of an audit Company that was an auditor of the company for the year.

Directors' Shareholdings

The following table sets out each director's relevant interest in shares and options in shares of the Company or a related body corporate as at the date of this report.

	Mount Burgess Mining NL	
	Fully Paid Ordinary Shares	**Share Options**
N R Forrester and /or associates	13,338,522	2,000,000
M B Mosigi and / or associates	1,000,000	2,000,000
R W O'Regan and / or associates	7,773,530	2,000,000
G E Taylor and /or associates	4,835,574	2,000,000
A P Stirling and / or associates	22,443,530	2,000,000

Remuneration of Directors and Senior Management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 20 to 24.

Share Options granted to Directors and Senior Management

The following table discloses the details of the option holdings of the directors and senior management of the Company. The issuing entity of all options is Mount Burgess Mining N.L.

		Option held 1/7/2010	Terminated as at 23/07/2010	Granted during the year	Balance as at 30/06/2011	Number of ordinary shares under option
Directors						
N R Forrester	*Chairman*	1,000,000	(1,000,000)	2,000,000	2,000,000	2,000,000
M B Mosigi	*Executive director*	500,000	(500,000)	2,000,000	2,000,000	2,000,000
R W O'Regan	*Non-executive director*	1,000,000	(1,000,000)	2,000,000	2,000,000	2,000,000
G E Taylor	*Non-executive director*	1,000,000	(1,000,000)	2,000,000	2,000,000	2,000,000
A P Stirling	*Non-executive director*	500,000	(500,000)	2,000,000	2,000,000	2,000,000
Senior Management						
J E Forrester	*Company Secretary*	750,000	(750,000)	2,000,000	2,000,000	2,000,000
S Chau	*Company Secretary*	750,000	(750,000)	2,000,000	2,000,000	2,000,000
		5,500,000	(5,500,000)	14,000,000	14,000,000	14,000,000

Company Secretaries

The names and particulars of the Company Secretaries of the Company as at the end of the financial year are:

Name	Particulars
Mrs J E Forrester	Aged 62, joined the Company upon listing in 1985 and was appointed as Joint Company Secretary in 1993.
Ms S Chau, CPA	Certified Practising Accountant, aged 32, joined the Company in 2007 as Company Secretary/ Accountant and previously held a position in the audit division of Deloitte, Perth.

Review of Operations

(a) The objectives of the Group are to explore for and in the event of discovery, develop commercial deposits of mineral resources. To this end, the Group is currently conducting the following exploration:

Western Ngamiland, Botswana – Base metals and diamond exploration

Tsumkwe, Namibia – Base metals (including iron ore) and precious metals, rare earths and diamond exploration

(b) Performance and indicators used by management in carrying out the above objectives include:

- Assessing and reviewing the likeliness of making a discovery through exploration
- Assessing the risks and rewards relative to the costs of exploration and the values of the minerals being explored for

(c) As the Group is involved only in exploration and resource development at this stage, any significant commercial discovery or resource upgrade could have a significant impact on the capitalisation of the Group. However, inherent in all exploration are risk factors relative to rates of success. Even beyond exploration at the point of resource development, risks prevail relative to fluctuations in commodity prices, rates of exchange and political risk.

Operations and Principal Activities

(a) The main business activity of the Group during the year was resource exploration and resource development. Funds applied to the various exploration and resource development activities were as follows:

	2011 $	2010 $	2009 $	2008 $	2007 $
Exploration for rare earths in Namibia	53,836	-	-	-	-
Exploration for diamonds in Namibia and Botswana	66,077	498,140	266,409	103,241	86,953
Resource development for base metals in Namibia and Botswana	370,426	463,016	1,202,304	2,037,137	2,244,913

(b) As the Group was involved only in exploration and resource development during the year there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2007 and 2011 the Company's shares traded as follows:

2011		2010		2009		2008		2007	
Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents
0.6	2.7	1.0	3.0	1.0	12	2.0	3.0	1.0	12

Financial Conditions

(a) Further resource exploration requirements beyond the Group's current cash resources can only be funded from further share and loan capital raisings or the sale or joint venture of equity in the projects.

(b) At the end of the financial year, the Group had cash resources of $9,645.

(c) Other than bank facilities of $415,000, a loan agreement with Exchange Services Ltd, a company controlled by A.P Stirling, a Director of the Company for funding up to £150,000 if required and funding of $100,000 provided via a loan from Nigel Forrester, there were no other resources available to the Group that are not reflected in the Statement of Financial Position, other than the availability to raise further funds through the issue of shares or the sale or joint venture of equity in projects.

(d) As the Group was involved only in exploration and resource development during the year there was not any cash generated from operations.

(e) The financial condition of the Group was not impacted by any legislation or other external requirements during the reporting period. It is not currently foreseen that the financial condition will be materially affected by such issues in future reporting periods.

A full review of operations is outlined on pages 4 to 13.

Change in State of Affairs

During the year there were no significant changes in the state of affairs of the Group.

Subsequent Events

On 17 June 2011 the Company completed a placement of 25,000,000 fully paid ordinary shares to raise $250,000. The placement was at an issue price of $0.01 cent per share. As at 30 June 2011, $92,000 of this amount had been received; $72,000 worth of shares were allotted as at 30 June 2011; $20,000 worth of shares was recognised as a financial liability in the Statement of Financial Position. The remaining $158,000 was received subsequent to the year end. All the remaining $178,000 worth of shares were subsequently issued on 14 July 2011.

On 19 September 2011 the Company announced agreements had been reached to place 26,375,000 fully paid ordinary shares to raise $211,000. The placement was at an issue price of $0.008 cent per share. As at 30 September 2011 $56,000 has been received. The shares will be issued in due course.

Other than the above, there have not been any matters or circumstances subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future Developments

The Group will be continuing exploration and enhancement of resource development on the various projects that it has committed to as outlined in the Projects Section of this report.

Environmental Regulations

The Board is committed to environmental best practice in its operations and ensures full compliance with all statutory environmental regulations and guidelines in the countries in which it operates. No known environmental breaches have occurred in relation to the Group's operations.

Dividends

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared since the end of the previous financial year.

Shares Under Option or Issued on Excise of Options

On 23 July 2010, the Company terminated the Employee Share Options Plan introduced in 2000. The Company recognised that because of the Employee Share Scheme legislation enacted in late 2009 and today's difficult market conditions, its 2000 Plan did not, in the Board's opinion, provide the performance incentives or reward for past services that were intended for the Company's valued employees.

The following Employee Share Options issued under the 2000 Plan have been cancelled for no consideration:

Number	ASX Code	Security Description
2,500,000	MTBAS	Expiry Date 31/12/10
2,050,000	MTBAK	Expiry Date 31/12/11
1,050,000	MTBAU	Expiry Date 31/12/12
2,200,000	MTBA	Expiry Date 31/12/14

On 30 July 2010, the Company introduced a new Employee Share Option Plan (2010) governed by the following terms and conditions:

(1) each option will be issued free of consideration;

(2) the Options shall not be transferred or assigned by the holder provided that the holder shall be at liberty at any time to transfer all or any of his or her Options to his or her wife or husband respectively or to a proprietary limited company all the issued shares of which are beneficially owned by the holder and his or her wife or husband or any other nominee of the Eligible Employee, provided that any such transferee first undertakes to the Company, in a deed, not to transfer or assign such Options until such time as they are exercised;

(3) each Option will entitle the holder to subscribe for one share at an exercise price;

(4) the Options expire at 5.00pm on 31 December of the year five (5) years from the year of grant;

(5) the Options are exercisable wholly or in part by forwarding to the Company an "Option Exercise Form", accompanied by payment of the exercise price;

(6) the Options are exercisable at any time on or prior to the Expiry Date;

(7) there are no participating rights or entitlements inherent in the Options and holders will not participate in any new issue of capital offered to shareholders during the currency of the Options;

(8) shares issued on the exercise of Options will rank pari passu with the then existing ordinary share capital;

(9) an Option's terms must not prevent the Option being reorganised as required by the Listing Rules on a reorganisation of capital;

(10) the Company shall grant the Options and deliver the certificates relating to the Options to the Eligible employee within ten (10) business days of the Application Date.

Status of the Options

Any options issued under this plan will not be listed on the Australian Securities Exchange Limited for official quotation.

Only upon exercise of the Options issued under the plan will the Company make application to the Australian Securities Exchange Limited for the quotation of the shares issued pursuant to the exercise of the Options.

As at 30 June 2011 the following options over ordinary shares of Mount Burgess Mining N.L. remain on issue:

	Number of Shares Under Option	Expiry Date	Exercise price $
Issued 17 September 2010	12,000,000	31/12/2015	0.05
Issued 04 October 2010	4,100,000	31/12/2015	0.05
Issued 16 November 2010	250,000	31/12/2015	0.05
	16,350,000		

All of the above options were issued as an incentive and in recognition of past performance and none are dependent on the satisfaction of a performance condition. Further details of the options on issue are disclosed in Note 25 to the financial statements.

No shares have been issued during or since the end of the year as a result of the exercise of an option over unissued shares.

Indemnification of Officers and Auditors

During or since the end of the year, the Company, except to the extent permitted by law, has not given any indemnity to a current or former officer or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity .

During the year, the Group paid premiums in respect of directors' and officers' indemnity insurance for the financial year under review. The insurance contract offers continued indemnity to officers of the Company where the person is no longer a director or officer at the time the claim is made. Such insurance does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company.

Directors Meetings

Twenty two Board Meetings were held during the year. Messrs Forrester, O'Regan, Stirling and Mosigi attended all twenty two Board Meetings held during the year. Mr Taylor attended twenty one of the twenty two Board Meetings held during the year.

Non-Audit Services

There were no amounts paid or payable to the auditors of the Group for non audit services provided during the year.

Auditor's Independence Declaration

The auditor's independence declaration follows on immediately from the Directors Report.

Remuneration Report

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of Mount Burgess Mining NL's directors and its senior management for the financial year ended 30 June 2011. The prescribed details for each person covered by this report are detailed below under the following headings:

- director and senior management details
- remuneration policy
- relationship between the remuneration policy and company performance
- remuneration of directors and senior management
- key terms of employment contracts

Director and Senior Management Details

The following persons acted as directors of the Company during or since the end of the financial year:

Mr N R Forrester (Chairman and Managing Director)
Mr M B Mosigi
Mr R W O'Regan
Mr G E Taylor
Mr A P Stirling

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted the named person held their position for the whole of the financial year and since the end of the financial year:

Mrs J E Forrester – Company Secretary
Ms S Chau – Company Secretary

Senior management for the Company and the Group are the same.

Remuneration Policy

The non-executive directors receive fees either in cash or in shares in lieu of cash – subject to shareholder approval (including statutory superannuation where applicable) for their services and the reimbursement of reasonable expenses. No non executive directors fees have been paid for the year to 30 June 2011.

Directors and staff are granted options in recognition of their efforts and to act as long term incentives for their retention and for creating value for the Company. None of these options are issued for the satisfaction of any performance conditions. All options issued to directors are subject to shareholder approval.

The Board reviews the remuneration packages and policies applicable to executive directors, executives and non-executive directors on an annual basis. Remuneration levels will be competitively set to attract the most qualified and experienced directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages.

Remuneration packages contain the following key elements:

(a) Short term employee benefits - salary/fees (including any annual leave accrued), non-monetary benefits

(b) Post employment benefits – including superannuation

(c) Other long term employment benefits – long service leave

(d) Share based payment – including shares issued in lieu of directors fees or salary sacrifice and unlisted share options granted under the Employee Share Option Plan

Relationship between the Remuneration Policy and Company Performance

The tables below set out summary information about the Group's earnings and movements in shareholder wealth for the five years to 30 June 2011:

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Revenue	222	15,734	49,011	28,316	23,471
Net loss before tax	1,128,372	859,565	550,415	1,143,845	4,212,660
Net loss after tax	1,016,458	859,565	550,415	1,143,845	4,212,660

	30 June 2011	30 June 2010	30 June 2009	30 June 2008	30 June 2007
Share price at start of year	0.007	0.01	0.03	0.07	0.09
Share price at end of year	0.01	0.01	0.01	0.03	0.07
Basic loss per share (cents per share)	0.28	0.27	0.17	0.42	1.93
Diluted loss per share (cents per share)	0.28	0.27	0.17	0.42	1.93

The Company's policy is not specifically linked to the Company's financial performance given the nature of the entity as a resource exploration Company.

Remuneration of Directors and Senior Management

The compensation of each member of the key management personnel of the Company and Group is set out below:

	Short term employee benefits						
2011	Salary & fees $	Non-monetary $	Shares issued in lieu of directors fees or salary sacrifice $	Post employment benefits Superannuation $	Other long-term employee benefits $	Share based payments. Options and rights $	Total $
Non-executive Directors							
R W O'Regan	-	-	48,000[1]	-	-	8,000	56,000
G E Taylor	-	-	44,000[2]	-	-	8,000	52,000
A P Stirling	-	-	48,000[1]	-	-	8,000	56,000
Executive Officers							
N R Forrester	187,380	7,540	33,000[3]	15,564	6,641	8,000	258,125
M B Mosigi	22,900	-	17,000[4]	-	-	8,000	47,900
J E Forrester	92,529	8,300	-	7,686	3,279	8,000	119,794
S Chau	111,416	8,115	-	9,255	-	8,000	136,786
	414,225	23,955	190,000	32,505	9,920	56,000	726,605

1. Covers two year period – 1 July 2008 – 30 June 2010

2. Covers period 1 September 2008 – 30 June 2010

3. Covers period 1 July 2009 – 30 June 2010

4. Covers period 3 March 2009 – 30 June 2010

2010	Short term employee benefits		Post employment benefits	Other long-term employee benefits	Share based payments		
	Salary & fees	Non-monetary	Super-annuation		Shares and units	Options and rights	Total
	$	$	$	$	$	$	$
Non-executive Directors							
R W O'Regan	-	-	-	-	-	-	-
G E Taylor	-	-	-	-	-	-	-
A P Stirling	-	-	-	-	-	-	-
Executive Officers							
N R Forrester	187,380	7,928	15,564	6,616	-	-	217,488
M B Mosigi	53,926	-	-	-	-	-	53,926
J E Forrester	91,454	8,647	7,596	3,231	-	-	110,928
S Chau	96,874	8,675	8,019	-	-	5,500	119,068
	429,634	25,250	31,179	9,847	-	5,500	501,410

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Issue of ordinary shares in lieu and share-based payments granted as compensation for the current financial year

Issue of ordinary shares in lieu

At the General Meeting of shareholders held on 4 March 2011, approval was given for the issue of fully paid ordinary shares in the Company in lieu of director fees and for a salary sacrifice for the years ended 30 June 2009 and 30 June 2010 as follows:

	Number of fully paid shares to be issued	
Mr A P Stirling	$48,000 worth at 1.7 cents* =	2,823,530
Mr R W O'Regan	$48,000 worth at 1.7 cents* =	2,823,530
Mr G E Taylor	$44,000 worth at 1.7 cents* =	2,588,235
Mr B M Mosigi	$17,000 worth at 1.7 cents* =	1,000,000
Mr N R Forrester	$33,000 worth at 1.7 cents* =	1,941,176
		11,176,471

**The fully paid shares were issued at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue, i.e. the VWAP average on 1,2,3,4 and 7 March 2011.*

The Shares were granted for nil cash consideration and no funds were raised.

The Shares were issued on 8 March 2011 and listed on ASX on 11 March 2011.

Employee Share Option Plan

Mount Burgess Mining NL operates an ownership-based scheme for executives and employees of the Group. In accordance with the provisions of the plan, executives and employees may be granted options which can be converted to ordinary shares.

Each employee share option converts into one ordinary share of Mount Burgess Mining NL on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. All options granted during the financial year vest immediately.

The number of options granted is based on the discretion of the Board of Directors. The Board does not impose any restrictions in relation to a person limiting his or her exposure to the risk in respect of options issued by the Company. Given the nature of the company, options are not performance driven.

The Company's Share Option plan in force at the beginning of the year was terminated and all options issued under that plan were cancelled on 20 July 2010. A new plan, the Mount Burgess 2010 Employee Share Option Plan was adopted on 26 July 2010. The plan detail is disclosed under Note 25.

The following grants of share-based payment compensation to directors and senior management relate to the current financial year:

					During the financial year				% of the total remuneration for the year that consists of options
	Option series & grant date	Expiry Date	Exercise Price $	Grant date fair value $	No. granted	No. vested	% of grant vested	% of grant forfeited	
R W O'Regan	Issued 17 Sep 2010	31 Dec 2015	0.05	0.004	2,000,000	2,000,000	100%	n/a	14.29%
G E Taylor	Issued 17 Sep 2010	31 Dec 2015	0.05	0.004	2,000,000	2,000,000	100%	n/a	15.38%
A P Stirling	Issued 17 Sep 2010	31 Dec 2015	0.05	0.004	2,000,000	2,000,000	100%	n/a	14.29%
N R Forrester	Issued 17 Sep 2010	31 Dec 2015	0.05	0.004	2,000,000	2,000,000	100%	n/a	3.10%
M B Mosigi	Issued 17 Sep 2010	31 Dec 2015	0.05	0.004	2,000,000	2,000,000	100%	n/a	16.70%
J E Forrester	Issued 17 Sep 2010	31 Dec 2015	0.05	0.004	2,000,000	2,000,000	100%	n/a	6.68%
S Chau	Issued 17 Sep 2010	31 Dec 2015	0.05	0.004	2,000,000	2,000,000	100%	n/a	5.85%

Share based payments in existence during the year are disclosed in Note 25.

There are no further series or performance criteria that need to be met in relation to the options granted during the financial year before the beneficial interest vests in the recipient at date of grant.

The following table summarises the value of options granted, exercised or lapsed during the year to directors and senior management:

	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse $
R W O'Regan	8,000	-	-
G E Taylor	8,000	-	-
A P Stirling	8,000	-	-
N R Forrester	8,000	-	-
M B Mosigi	8,000	-	-
J E Forrester	8,000	-	-
S Chau	8,000	-	-

(i) The value of options granted during the period is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards. The amount payable on exercise is $0.05.

The Company's Share Option plan in force during the year was terminated and all options issued under that plan were cancelled on 20 July 2010. A new plan, the Mount Burgess 2010 Employee Share Option Plan was adopted on 26 July 2010. The plan detail is disclosed under Note 25.

Key Terms of Employment Contracts

Ms S Chau is a party to a service contract with Mount Burgess Mining NL, which sets out a fixed compensation package. The service contract specifies a one month notice period in the event that the contract is terminated. There are no termination benefits specified in this contract. Additional performance incentives were agreed between Ms S Chau and the Company from time to time. Ms S Chau was appointed as Company Secretary on 2 October 2007.

Other than the parties mentioned above, no other directors or senior management have service contracts with Mount Burgess Mining.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

N R Forrester
CHAIRMAN AND MANAGING DIRECTOR
Perth, 29 September 2011

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Mount Burgess Mining N.L.
Level 4, 109 St. George's Terrace
Perth WA 6000

29 September 2011

Dear Board Members

Auditors Independence Declaration to Mount Burgess Mining NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mount Burgess Mining NL.

As lead audit partner for the audit of the financial statements of Mount Burgess Mining NL for the financial year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith

Neil Smith
Partner
Chartered Accountants

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2011

		Consolidated	
		2011	2010
	Notes	$	$
Revenue	5(a)	222	15,734
Other income	5(b)	-	478
Administration expenses	5(c)	(1,002,126)	(864,729)
Finance costs	5(d)	(42,862)	(6,923)
Exploration interests written off	5(e)	(79,123)	-
Other expenses	5(f)	(4,483)	(4,125)
Loss before tax		(1,128,372)	(859,565)
Income tax benefit / (expense)	6	111,914	-
Loss for the year	19	(1,016,458)	(859,565)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(1,016,458)	(859,565)

Earnings per share:			
From continuing and discontinued operations:			
Basic Loss per Share (cents per share)	19	(0.28)	(0.27)
Diluted Loss per Share (cents per share)	19	(0.28)	(0.27)
From continuing operations:			
Basic (cents per share)	19	(0.28)	(0.27)
Diluted (cents per share)	19	(0.28)	(0.27)

The notes to the financial statements are included on pages 31 to 63.

Consolidated Statement of Financial Position

As at 30 June 2011

		Consolidated	
		2011	2010
	Notes	$	$
CURRENT ASSETS			
Cash and cash equivalents	23(a)	9,645	66,466
Trade and other receivables	7	5,140	4,810
Inventories	8	1,150	1,120
Total Current Assets		15,935	72,396
NON CURRENT ASSETS			
Plant and equipment	9	52,121	88,964
Exploration interests	10	14,759,340	14,348,125
Total Non Current Assets		14,811,461	14,437,089
TOTAL ASSETS		14,827,396	14,509,485
CURRENT LIABILITIES			
Trade and other payables	11	77,901	102,250
Borrowings	12	556,692	380,383
Other financial liabilities	13	20,000	46,993
Provisions	14	34,373	37,028
Total Current Liabilities		688,966	566,654
NON CURRENT LIABILITIES			
Borrowings	12	5,725	8,059
Other financial liabilities	13	-	-
Total Non Current Liabilities		5,725	8,059
TOTAL LIABILITIES		694,691	574,713
NET ASSETS		14,132,705	13,934,772
EQUITY			
Issued capital	16	40,934,883	39,787,892
Reserves	17	485,417	418,017
Accumulated losses	18	(27,287,595)	(26,271,137)
Total Equity		14,132,705	13,934,772

The notes to the financial statements are included on pages 31 to 63.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2011

	Issued Capital $	Employee Equity Settled Benefits Reserve $	Assets Realisation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2009	39,787,892	283,845	109,972	(25,411,572)	14,770,137
Loss for the year	-	-	-	(859,565)	(859,565)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(859,565)	(859,565)
Share based payments	-	24,200	-	-	24,200
Balance at 30 June 2010	39,787,892	308,045	109,972	(26,271,137)	13,934,772
Loss for the year	-	-	-	(1,016,458)	(1,016,458)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,016,458)	(1,016,458)
Share based payments	-	67,400	-	-	67,400
Share placement to professional investor	956,991	-	-	-	956,991
Shares issued in lieu of directors fees or salary sacrifice	190,000	-	-	-	190,000
Balance at 30 June 2011	40,934,883	375,445	109,972	(27,287,595)	14,132,705

The notes to the financial statements are included on pages 31 to 63.

Consolidated Cash Flow Statement

For the year ended 30 June 2011

	Notes	2011 $	2010 $
Cash flows from operating activities			
Payments to suppliers and employees		(792,230)	(791,843)
Interest received		222	15,734
Income tax received		111,914	-
Interest and other costs of finance paid		(23,094)	(6,923)
Net cash used in operating activities	23(b)	(703,188)	(783,032)
Cash flows from investing activities			
Payment for plant and equipment		(25,167)	(744)
Payments for exploration and evaluation expenditure		(436,311)	(980,542)
Proceeds from sale of investment		-	5,000
Dividend received		-	478
Net cash used in by investing activities		(461,478)	(975,808)
Cash flows from financing activities			
Proceeds from issues of equity securities		952,857	47,000
Payment for share issue costs		(22,859)	(7)
Proceeds from borrowings		279,240	162,847
Repayment of lease liabilities		(2,101)	(1,741)
Repayment of borrowings		(101,000)	-
Net cash provided by financing activities		1,106,137	208,099
Net decrease in cash and cash equivalents		(58,529)	(1,550,741)
Cash and cash equivalents at the beginning of the financial year		(135,945)	1,415,810
Effects of exchange rate changes on the balance of cash held in foreign currencies		(3,769)	(1,014)
Cash and cash equivalents at the end of the financial year	23(a)	(198,243)	(135,945)

The notes to the financial statements are included on pages 31 to 63.

Notes to the Financial Statements

For the year ended 30 June 2011

Note Contents

1. General Information

Mount Burgess Mining NL (the Company) is a public company listed on Australian Securities Exchange (trading under the symbol 'MTB') incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in Note 4.

2. Significant Accounting Policies

2.1 Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 29 September 2011.

2.2 Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

2.2.1 Adoption of New and Revised Accounting Standards

In the current year, the Company and the Group have adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are included in the individual accounting policy notes set out below.

2.2.2 Standards Affecting Presentation and Disclosure

Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding negotiated loans.
Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to non-current assets classified as held for sale and discontinued operations.
Amendments to AASB 101 Presentation of Financial Statements (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

2. Significant Accounting Policies (cont'd)

Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Account Standards arising from the Annual Improvements Projects') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respects of development costs that do not meet the criteria in AASB 138 'Intangible Assets' for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

2.2.3 Standards and Interpretation Issued Not Yet Adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. Management is currently evaluating the impact that the initial application of the following Standards and Interpretations will have on the financial report of the consolidated entity:

	Effective for annual reporting periods beginning on or after	**Expected to be initially applied in the financial year ending**
AASB 124 *Related Party Disclosures (revised December 2009),* AASB 2009-12 *Amendments to Australian Accounting Standards*	1 January 2011	30 June 2012
AASB 9 *'Financial Instruments',* AASB 2009-11 *'Amendments to Australian Accounting Standards arising from AASB 9'* and AASB 2010-7 *'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'*	1 January 2013	30 June 2014
AASB 2009-14 '*Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'*	1 January 2011	30 June 2012
AASB 2010-5 *'Amendments to Australian Accounting Standards'*	1 January 2011	30 June 2012
AASB 2010-6 *'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'*	1 July 2011	30 June 2012
AASB 2010-4 further amendments *to Amendments to Australian Accounting Standards from the Annual Improvements Project*	1 January 2011	30 June 2012
AASB 2010-8 *'Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets'*	1 January 2012	30 June 2013
AASB 10 '*Consolidated Financial Statements'* , AASB 11 *'Joint Arrangements'* , AASB 12 *'Disclosure of Interests in Other Entities'*, AASB 127 *'Separate Financial Statements'(2011)* , AASB 128 *'Investments in Associates and Joint Ventures' (2011)* , and AASB 2011-7 *'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards'.* AASB 13 *'Fair Value Measurements',* AASB 119 *'Employee Benefits' (2011)* and AASB 2011-9 *'Amendments to Presentation of Items of Other Comprehensive Income'*.	1 January 2013	30 June 2014

2. Significant Accounting Policies (cont'd)

2.3 Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Company and Consolidated Entity have incurred net losses after tax of $889,009 (2010: $8,717,309) and $1,016,458 (2010: $859,565) respectively and the Consolidated Entity experienced net cash outflows from operating and investing activities of $1,164,466 (2010: $1,758,840) for the year ended 30 June 2011. As at 30 June 2011, the Consolidated Entity had a deficiency of current assets to current liabilities of $673,031 (2010: $494,258).

As at 27 September 2011, the Consolidated Entity had total funds available of $149,440. As at that date the amount owed to creditors (excluding amounts owed to Exchange Services Ltd and the Directors) was $87,207.

These conditions indicate a material uncertainty that may cause significant doubt about the Company's and the Consolidated Entity's ability to continue as going concerns.

The ability of the Company and Consolidated Entity to continue as going concerns and pay their debts as and when they fall due, given the Consolidated Entity's intended operational plans, assumes the following:

(a) Utilisation of bank facilities of $415,000 as required, approximately $139,000 being available to draw down at the date of this report.

(b) Continued financial support from Exchange Services Ltd (a company controlled by A.P Stirling, a Director of the Company) in that it will not call upon its loan to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern. At the date of this report the Consolidated Entity has fully drawn down a £150,000 loan facility.

(c) Securing equity funding in October 2011 from indicative investors, which to date amounts to $225,000.

(d) Additional funding via capital raisings by 31 December 2011. Initial discussions have commenced with potential brokers.

(e) Active management of the current level of discretionary expenditure in line with the funds available to the Company and Consolidated Entity.

(f) Continued financial support from the Directors of the Company. It has been confirmed that the loan of $100,000 will not called upon to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern

The Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Company and Consolidated Entity to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Notwithstanding this, as a junior explorer with start up projects and a dependency on continued support from current financiers and on securing additional funding, should the Company and Consolidated Entity be unable to secure sufficient funding from the above, there is significant uncertainty whether the Company and Consolidated Entity will be able to continue as going concerns.

Should the Company and Consolidated Entity be unable to continue as going concerns, they may be required to realise their assets and extinguish their liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company and Consolidated Entity be unable to continue as going concerns.

2. Significant Accounting Policies (cont'd)

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

2.4 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expense of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit and loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

2.5 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

2.7 Development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the mine on a units-of-production basis.

2. Significant Accounting Policies (cont'd)

Changes in factors such as estimates of proved and probable reserves that affect unit-of-production calculations are dealt with on a prospective basis.

2.8 Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and that are capable of being measured reliably.

Liabilities recognised in respect of short term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Payment to define contribution retirement benefits plans are recognised as an expense when employees have rendered service entitling them to the contributions.

2.9 Exploration and Expenditures

Exploration and evaluation expenditures in relation to each separate areas of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

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

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administration costs are only included in measurement of exploration and evaluation costs when they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

2.10 Financial Assets

All financial assets are recognised and de-recognised on date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit and loss, which are initially measured at fair value.

2. Significant Accounting Policies (cont'd)

2.10.1 Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

2.10.2 Available-for-Sale Financial Assets

Listed shares held by Group that are traded in an active market are classified as being available-for-sale and are stated at fair value. Fair value is determined by reference to quoted market prices less costs to sell. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is classified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive the dividends is established.

2.10.3 Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.10.4 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit and loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impartment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.10.5 De-recognition of Financial Assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to

2. Significant Accounting Policies (cont'd)

pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.10.6 Investment in Subsidiaries

Investments in subsidiaries are recognised in the parent entity's financial statements at cost less any impairment losses.

2.11 Financial Instruments Issued by the Company

2.11.1 Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

2.11.2 Transaction Costs on the Issue of Equity Instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

2.11.3 Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

2.12 Foreign Currencies

The individual financial statements of each Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

2. Significant Accounting Policies (cont'd)

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributable to non-controlling interests as appropriate).

2.13 Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

2.14 Impairment of Long-Lived Assets

At the end of each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Significant Accounting Policies (cont'd)

2.15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.15.1 Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.15.2 Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the each reporting period and reduced to the extent that it is not longer probable that sufficient taxable profits will be available to allow all of part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they are relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.15.3 Current and Deferred Tax for the Period

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination. The tax effect is included in the accounting for the business combination.

2. Significant Accounting Policies (cont'd)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.17 Jointly Controlled Assets

Interests in jointly controlled assets in which the Group is a venturer and has joint control are included in the financial statements by recognising the Group's share of jointly controlled assets (classified according to their nature), the share of liabilities incurred (including those incurred jointly with over ventures) and the Group's share of expenses incurred by or in respect of each joint venture.

2.18 Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2.18.1 Group as Lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.19 Plant and Equipment

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of each item of plant and equipment is written off over its estimated useful life to its estimated residual value. Depreciation is calculated on a diminishing value or straight line basis. Each item's economic life has due regard to both its own physical limitations and to any present assessments of economically recoverable resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives and residual values are made annually, with the effect of any changes recognised on a prospective basis. The following estimated useful lives are used in the calculation of depreciation:

Plant, equipment and vehicles	2 - 15 years
Leased equipment and vehicles	3 - 5 years

Depreciation relating directly to plant and equipment utilised in exploration activities is allocated to particular areas of interest and capitalised into the exploration and evaluation asset for that area.

2. Significant Accounting Policies (cont'd)

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

2.21 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

2.21.1 Dividend and Interest Revenue

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probably that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measure reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

2.22 Share-based Payments

Equity-settled share-based payments to employees granted are measured at fair value at the date of the grant. Fair value is measured by use of a binomial model where Black-Scholes option pricing model has been used to validate the valuation. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in applying the Entity's Accounting Policies

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

(a) Going Concern

The Company does not have a sustainable income base from which it can fund its continual exploration effort and resource development. Consequently, with regard to going concern, the Company is reliant upon raising funds through equity issues or from the sale of assets to fund its ongoing exploration and resource development. Alternatively, the Company can seek joint venture partners to fund exploration and resource development on its behalf.

(b) Commitments for Exploration and Evaluation Expenditure not provided for

The Company has expenditure commitments in relation to its various exploration licences and mining leases. If any of these commitments fall into arrears through any funding inability, the Company has the choice to seek joint venture partners to meet these commitments or apply for expenditure exemptions.

(c) Recovery of Capitalised Exploration Expenditure

The Company capitalises exploration expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

4. Segment Information

The Company has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal report about components of the Group that re regularly overviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (AASB 115 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and return approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the staring point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Group's reportable segments has changed.

Information reported to the Company's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the countries that the Company operates, ie Namibia and Botswana.

The Company operates in Namibia and Botswana in the area of mineral exploration.

In Namibia the exploration focus is on diamonds and base metals, including iron ore and rare earths.

In Botswana the focus is on base metals and diamond exploration.

	External sales		Total	
	2011 $	2010 $	2011 $	2010 $
Segment Revenues				
Namibia	-	-	-	-
Botswana	-	-	-	-
Total of all segments	-	-	-	-
Unallocated corporate revenue			222	16,212
Consolidated total revenue			222	16,212
Segment Results				
Namibia			(79,123)	-
Botswana			-	-
Total of all segments			(79,123)	-
Unallocated corporate revenue			222	16,212
Unallocated corporate expenses			(1,049, 471)	(875,777)
Loss before income tax expense			(1,128,372)	(859,565)
Income tax benefit / (expense)			111,914	-
Loss for the year			1,016,458	(859,565)
Segment Assets				
Namibia			7,460,552	7,425,473
Botswana			7,354,995	7,036,193
Total of all segments			14,815,547	14,461,666
Unallocated corporate assets			11,849	47,819
Consolidated total assets			14,827,396	14,509,485
Segment Liabilities				
Namibia			-	1,320
Botswana			19,568	27,381
Total of all segments			19,568	28,701
Unallocated corporate liabilities			675,123	546,012
Consolidated total liabilities			694,691	574,713

4. Segment Information (cont'd)

	Total	
	2011	**2010**
	$	**$**
Acquisition of plant and equipment and exploration expenditure		
Namibia	128,651	233,009
Botswana	386,855	728,891
Total of all segments	515,506	961,900
Unallocated corporate	-	10,501
Consolidated total	515,506	972,401
Depreciation/amortisation included in segment result		
Namibia	-	-
Botswana	-	-
Total of all segments	-	-
Unallocated corporate	4,483	4,125
Consolidated total	4,483	4,125
Non cash expense other than depreciation / amortisation		
Namibia	101,705	13,643
Botswana	-	2,219
Total of all segments	101,705	15,862
Unallocated corporate	-	13,557
Consolidated total	101,705	29,419

5. Loss from Operations

Loss from operations before income tax expense includes the following items of revenue and expense:

		2011	2010
		$	**$**
(a)	**Revenue**		
	Interest – other entities	222	15,734
(b)	**Other**		
	Dividend income	-	478
(c)	**Administration expenses include:**		
	Salaries and wages	617,272	413,649
	Defined contribution plans	29,258	43,753
	Equity settled share based payments	67,400	24,200
		713,930	481,602
	Net foreign exchange loss / (gain)	(27,883)	29,419
(d)	**Finance costs**		
	Interest on bank overdrafts	15,541	5,870
	Interest on obligations under finance lease	948	1,053
	Interest on directors' loan	26,373	-
		42,862	6,923
(e)	**Exploration interests written off**	79,123	-

Write offs relate to areas which the directors have decided not to renew the right to explore or areas that were required to be reduced in size under the relevant Mining Act.

5. Loss from Operations (cont'd)

		2011 $	2010 $
(f)	**Other expenses**		
	Depreciation of non current assets	2,383	2,200
	Amortisation of leased assets	2,100	1,925
		4,483	4,125

6. Income Taxes

		2011 $	2010 $
(a)	**Income tax expense**		
	Income tax recognised in profit and loss		
	Tax expense / (income) comprises:		
	Current tax expense/(income) in respect of the current year	(111,914)	-
	Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
	Benefits arising from previously unrecognised tax losses recognised	-	-
	Total tax expense/(income)	(111,914)	-
	Income tax expense/(income) attributable to loss from continuing operations	(111,914)	-

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense as follows:

	2011 $	2010 $
Loss of operations	(1,128,372)	(859,565)
Income tax expense calculated at 30% (2010: 30%)	(338,512)	(257,870)
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Non deductible expenses	6,126	630
Share based payments	20,220	7,260
Tax benefits not recognised	(312,166)	249,980
Income tax expense/(benefit)	-	-

The income tax R&D benefit received amounting to $111,914 is a cash rebate from Australian Tax Office in respect of research and development expenditure incurred during the year ended 30 June 2010.

		Opening Balance $	Charged to income $	Charged to equity $	Closing balance $
(b)	**Deferred tax balances**				
	Deferred tax assets /(liabilities) arise from the following:				
	2011				
	Gross deferred tax assets:				
	Accruals	8,050	(2,050)	-	6,000
	Provisions	9,276	1,036	-	10,312
	Plant & equipment	-	(277)	-	(277)
	Share issue expenses	-	-	6,857	6,857
	Tax losses	-	23,737	-	23,737
	Unrecognised temporary differences	(17,326)	1,291	(6,857)	(22,892)
		-	23,737	-	23,737

6. Income Taxes (cont'd)

	Opening Balance $	Charged to income $	Charged to equity $	Closing balance $
Gross deferred tax liabilities:				
Intangible assets – mineral exploration	-	23,737	-	23,737
	-	23,737	-	23,737
Net deferred tax assets (not recognised)	-	-	-	-
2010				
Gross deferred tax assets:				
Accruals	7,500	550	-	8,050
Provisions	9,581	(305)	-	9,276
Plant & equipment	448	(448)	-	-
Share issue expenses	10,549	-	(10,549)	-
Finance lease liabilities	(13)	13	-	-
Tax losses	-	(10,549)	10,549	-
Unrecognised temporary differences	(27,946)	10,620	-	(17,326)
	119	(119)	-	-
Gross deferred tax liabilities:				
Interest receivable on 11am account	119	(119)	-	-
	119	(119)	-	-
Net deferred tax assets (not recognised)	-	-	-	-

	2011 $	2010 $
Unrecognised Australian deferred tax assets		
The following deferred tax assets have not been brought to account as assets:		
Tax losses	5,465,460	5,152,003
Temporary differences	22,892	17,326
	5,488,352	5,169,329

7. Trade and Other Receivables

	2011 $	2010 $
Trade receivables	-	220
VAT/GST recoverable	5,140	4,590
	5,140	4,810

8. Inventories

	2011 $	2010 $
Diesel at cost	1,150	1,120

9. Plant and Equipment at Cost

	Plant, Equipment & Vehicles $	Leased Equipment & Vehicle $	Total $
Gross carrying amount			
Balance as at 1 July 2009	876,614	17,430	894,044
Additions	744	10,501	11,245
Balance as at 1 July 2010	877,358	27,931	905,289
Additions	25,167	-	25,167
Balance as at 30 June 2011	902,525	27,931	930,456
Accumulated depreciation/amortisation			
Balance as at 1 July 2009	711,878	17,430	729,308
Depreciation/amortisation expense	85,092	1,925	87,017
Balance as at 1 July 20010	796,970	19,355	816,325
Depreciation/amortisation expense	59,910	2,100	62,010
Balance as at 30 June 2011	856,880	21,455	878,335
Net Book Value			
As at 30 June 2010	80,388	8,576	88,964
As at 30 June 2011	45,645	6,476	52,121

Aggregate depreciation and amortisation allocated during the year

	2011 $	2010 $
Plant, equipment and vehicles		
Recognised as an expense	2,383	2,200
Capitalised as part of the carrying amount of exploration interests	57,527	82,892
Leased equipment and vehicles		
Recognised as an expense	2,100	1,925
	62,010	87,017

10. Exploration Interests

	2011 $	2010 $
Exploration expenditure at cost		
Balance as at the start of the financial year	14,348,125	13,386,969
Additions	490,339	961,156
Write offs	(79,124)	-
Balance as at the end of the financial year	14,759,340	14,348,125
Total Exploration Interests	14,759,340	14,348,125

The ultimate recoupment of the value of assets is dependent upon their successful development and commercial exploitation, or alternatively their respective sale.

11. Trade and Other Payables

	2011 $	2010 $
Trade payables	77,901	102,250

Trade payables are non interest bearing and are normally settled on terms of 30 days from month end.

12. Borrowings

	2011 $	2010 $
Unsecured – at amortised cost		
Loan from a director related company (i)	246,470	175,871
Loan from a director (ii)	100,000	-
	346,470	175,871
Secured – at amortised cost		
Bank overdrafts (iii)	207,888	202,411
Finance lease liability (iv) (Note 15)	8,059	10,160
	215,947	212,571
	562,417	388,442
Current	556,692	380,383
Non–current (Note 15)	5,725	8,059

(i) The loan from a director related company amounts to £150,000. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia as from 1 July 2010 until the loan has been repaid in full but shall only become payable if the loan is not fully repaid on or before the 30 June 2011 or if earlier the Company is in default of its obligations hereunder. Subsequent to year end the loan term has been extended to 30 September 2012.

(ii) Secured by a mortgage over a property which belongs to one of the directors of the Company Mr N R Forrester. Subsequent to year end the loan term has been extended to 17 October 2012 and incurs interest at 9.0% pa. No fees have been paid to Mr N R Forrester for providing his property as a mortgage.

(iii) As at 30 June 2011 the Company had a Visa Credit card facility to the value of $65,000 (2010: $65,000) and an overdraft facility to the value of $350,000 (2010: $350,000). These facilities are secured by a mortgage over a property which is belongs to one of the directors of the Company Mr N R Forrester. The interest rate on bank overdraft facility is based on BMI rate plus a margin in 0.33% pa. No fees have been paid to Mr N R Forrester for providing his property as a mortgage.

(iv) Secured by the asset held. The interest rate on finance lease is 10.57% with repayment period of 5 years.

13. Other Financial Liabilities

	2011 $	2010 $
Other (i)	20,000	46,993
Current	20,000	46,993
Non-current	-	-

(i) Other financial liabilities representing the funds received from the share placement announced on 17 June 2011 where shares were allotted subsequent to the year end. (2010: Other financial liabilities representing the funds received from the share placement announced on 25 June 2010 where shares were allotted subsequent to the year end).

14. Current Provisions

	2011 $	2010 $
Employee entitlements	34,373	37,028

15. Obligations under Finance Lease

	2011 $	2010 $
Not later than one year	3,049	3,049
Later than one year and note later than five years	6,350	9,399
	9,399	12,448
Less future finance charges	(1,340)	(2,288)
Present value of minimum lease payments	8,059	10,160
Included in the financial statements are:		
- current borrowings	2,334	2,101
- non-current borrowings (Note 12)	5,725	8,059

Finance lease relates to a photocopying machine with a lease term of 5 years. The Group's obligations under the finance lease are secured by the lessor's title to the lease asset.

16. Issued Capital

	2011 $	2010 $
406,371,937 fully paid ordinary shares (2010: 320,257,000)	40,934,883	39,787,892

	2011 No.	2011 $	2010 No.	2010 $
Fully paid ordinary share capital				
Balance at beginning of financial year	320,257,000	39,787,892	320,257,000	39,787,892
Share placements to professional investors	74,938,466	979,850	-	-
Less costs	-	22,859	-	-
Issued of ordinary shares in lieu (i)	11,176,471	190,000	-	-
	406,371,937	40,934,883	320,257,000	39,787,892

(i) Issue of ordinary shares in lieu of directors' fees.

At the General Meeting of shareholders held on 4 March 2011, approval was given for the issue of fully paid ordinary shares in the Company in lieu of director fees and for a salary sacrifice as follows:

Name	**Number of fully paid shares to be issued**	
Mr A P Stirling	$48,000 worth at 1.7 cents* =	2,823,530
Mr R W O'Regan	$48,000 worth at 1.7 cents* =	2,823,530
Mr G E Taylor	$44,000 worth at 1.7 cents* =	2,588,235
Mr B M Mosigi	$17,000 worth at 1.7 cents* =	1,000,000
Mr N R Forrester	$33,000 worth at 1.7 cents* =	1,941,176
		11,176,471

The fully paid shares were issued at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue, i.e. the VWAP average on 1,2,3,4 and 7 March 2011.

16. Issued Capital (cont'd)

The Shares were granted for nil cash consideration and no funds were raised.

The Shares were issued on 8 March 2011 and listed on ASX on 11 March 2011.

17. Reserves

	2011 $	2010 $
Equity-settled employee benefits	375,445	308,045
Asset realisation reserve	109,972	109,972
	485,417	418,017

	2011 $	2010 $
Equity-settled employee benefits		
Balance at beginning of financial year	308,045	283,845
Share based payments	67,400	24,200
Balance at end of financial year	375,445	308,045

The equity-settled employee benefits arise on the grant of share options to employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in Note 25 to the financial statements.

Asset realisation reserve represents realised benefits transferred from a previous asset revaluation reserve.

18. Accumulated Losses

	2011 $	2010 $
Balance at beginning of financial year	(26,271,137)	(25,411,572)
Net loss	(1,016,458)	(859,565)
Balance at end of financial year	(27,287,595)	(26,271,137)

19. Earnings per Share

	2011 Cents per share	2010 Cents per share
Basic loss per share	(0.28)	(0.27)
Diluted basic loss per share	(0.28)	(0.27)

19. Earnings Per Share (cont'd)

The loss and weighted average number of ordinary shares used in the calculation of basic and dilutive earnings per share are as follows:

	2011 $	2010 $
Net loss	(1,016,458)	(859,565)
Loss used in calculation of basic and dilutive EPS	(1,016,458)	(859,565)

	2011 No.	2010 No.
Weighted average number of ordinary shares used in the calculation of basic earnings per share	364,634,085	320,257,000

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	2011 No.	2010 No.
Employee share options	16,350,000	7,800,000

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report other than disclosed in subsequent events.

20. Commitments for Expenditure

(a) Exploration Commitments

The Group has certain obligations to perform minimum exploration work on mineral licences held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at balance sheet date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements. The commitments, which cover the twelve month period amount to $2,190,000 (2010: $2,863,000). These obligations are also subject to variations by farm-out arrangements or sale of the relevant licences.

		2011 $	2010 $
Namibia	(i)	459,000	981,000
Botswana	(ii)	1,731,000	1,882,000
		2,190,000	2,863,000

(i) Namibia In terms of the Minerals (Prospecting and Mining) Act of Namibia the Company has prescribed annual expenditure estimates as proposed by it at the time of application or renewal of the various prospecting licences which are held in Namibia. As at 30 June 2011 the Company had, since project commencement, exceeded its cumulative annual expenditure commitments by $838,000.

(ii) Botswana The Company has a minimum annual expenditure estimates as proposed by it when applying for or renewing licences in Botswana. The Company may from time to time notify the Minister of any amendments it wishes to make to the proposed prospecting operations. The Minister has the discretion to suspend the obligation to expend the estimated amount of moneys on the exploration licences.

20. Commitments for Expenditure (cont'd)

(b) Operating Lease Commitments

	2011 $	2010 $
(i) no later than 1 year	53,126	50,597
(ii) later than 1 year and not later than 5 years	-	53,126
	53,126	103,723

The above operating lease commitment is for the lease of the Company premises. The annual lease commitments are fixed and there are no contingent rental payments. The lease agreement contains an option to renew the lease for 3 years. Refer to Note 15 for finance lease obligations.

21. Jointly Controlled Assets

The Company has an interest in the following jointly controlled assets as at the 30 June 2011:

(a) a joint venture, known as the Tsumkwe Joint Venture, with Kimberlite Resources Pty Ltd, for the exploration and development of mines on Exclusive Prospecting Licences 2012, 2014, 2817, 2818, 2819, 3019 and 3020 in Namibia, where the Company holds 90% and Kimberlite Resources Pty Ltd holds 10%.

The capital commitments arising from the Company's interests in joint venture operations are disclosed in Note 20(a).

The following amounts represent the Group's interest in assets employed in the above joint venture. The amounts are included in the financial statements under their respective asset categories.

	2011 $	2010 $
Current Assets		
Cash assets	2,864	5,736
Receivables	1,463	734
Total Current Assets	4,327	6,470
Non Current Assets		
Exploration interests	6,364,904	6,986,958
Plant and equipment	4,667	16,849
Total Non Current Assets	6,369,571	7,003,807
Total Assets	6,373,898	7,010,277

22. Controlled Entities

		Ownership Interest (%)	
	Country of Incorporation	2011	2010
Parent Entity			
Mount Burgess Mining N.L.	Australia		
Controlled Entity			
MTB (Namibia) (Proprietary) Ltd	Namibia	100%	100%
Mount Burgess (Botswana) (Pty) Ltd	Botswana	100%	100%

23. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement are reconciled to the related items in the balance sheet as follows:

	2011 $	2010 $
Cash and cash equivalents	9,645	66,466
Bank overdraft	(207,888)	(202,411)
	(198,243)	(135,945)

(b) Reconciliation of Loss for the Period to the Net Cash Flows from Operating Activities:

	2011 $	2010 $
Loss for the year	(1,016,458)	(859,565)
Depreciation	2,383	2,200
Amortisation	2,100	1,925
Write off of exploration and development expenditure	79,123	-
Unrealised foreign exchange (gain)/ loss on loan	(27,408)	13,024
Dividend received	-	(478)
Net exchange differences	3,769	1,014
Equity settled share options payments	257,400	24,200
Changes in operating assets and liabilities:		
Decrease in trade receivables	1,260	2,970
Increase / (decrease) in trade payables	(22,469)	13,078
Increase / (decrease) in borrowings	19,767	-
Increase in provision for employee entitlements	(2,655)	18,600
Net cash flows from operations	(703,188)	(783,032)

(c) Financing Facilities

As at 30 June 2011 the Company had a Visa Card credit facility to the value of $65,000 (2010: $65,000), an overdraft facility to the value of $350,000 (2010: $350,000) and indemnity / guarantee facility of $18,300 (2010: $18,300). At balance date the total amount unused was $207,000 (2010: $213,000).

24. Financial Instruments

(a) Significant Accounting Policies

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements. No financial derivative instruments were in place at year end.

(b) Financial Risk Management Objectives

Note 24 (c), (d), (e) and (g) present information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

24. Financial Instruments (cont'd)

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivatives financial instruments, for speculative purposes.

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risk relating to the operations of the Group through regular reviews of the risks.

(c) Interest Rate Risk Management

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	2011 $	2010 $
Fixed rate instruments		
Financial assets	11,921	35,541
Financial liabilities	77,901	102,250
	89,822	137,791
Variable rate instruments		
Financial assets	2,907	35,735
Financial liabilities	606,953	388,442
	609,860	424,177

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables constant, the Group's:

- Profit for the year ended 30 June 2011 would decrease/increase by $2,269 (2010: decrease/increase by $1,723). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(d) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Company monitors relevant rates of exchange on a daily basis to determine as best as possible the more advantageous rates at which to transfer funds to overseas accounts.

The Group has not entered into any derivative financial instruments to hedge such transactions.

The Group is exposed to currency risk, however at balance sheet date the Group holds insignificant amounts of financial assets or liabilities which are exposed to foreign currency risk.

24. Financial Instruments (cont'd)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2011	2010	2011	2010
GBP	150,000	100,000	-	-

(e) Sensitivity Analysis

A 10 percent strengthening of the Australian dollar against the following currency as at 30 June would have increased (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

	GBP impact	
	2011	2010
Profit or loss	22,679	17,587

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

(f) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Non-trade receivables from wholly owned controlled entities are assessed for impairment by reference to any future prospects in relation to development of the tenements.

(g) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

(h) Liquidity Risk Management

Ultimate responsibility of liquidity risk management rests with the Board of Directors, which continually monitors the Company's future funding plans. Future funding plans are subject to change, according to prevailing and anticipated market conditions determining the ease at which further funding capital can be raised. Capital raisings are planned at times that the Company still holds adequate cash resources or has in place banking and resource borrowing facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

24. Financial Instruments (cont'd)

	Weighted average effective interest rate %	Less than 1 year $	1-5 years $	Total $
30 June 2011				
Non-interest bearing		77,901	-	77,901
Finance lease liability	10.57	2,581	6,330	8,911
Variable interest rate instruments	9.02	604,372	-	604,372
		684,854	6,330	691,184
30 June 2010				
Non-interest bearing	-	102,250	-	102,250
Finance lease liability	10.57	2,323	8,911	11,234
Variable interest rate instruments	9.07	412,588	-	412,588
		517,161	8,911	526,072

The following table details the Company's expected maturity of its non-derivative financial assets. The table has been drawn up based on the undiscounted maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Consolidated	Weighted average effective interest rate %	Less than 1 year $	1-5 years $	Total $
30 June 2011				
Non interest bearing	-	11,921	-	11,921
Variable rate instruments	1.50	2,907	-	2,907
		14,828	-	14,828
30 June 2010				
Non interest bearing	-	35,541	-	35,541
Variable rate instruments	2.41	36,596	-	36,596
		72,137	-	72,137

(i) Capital Risk Management

The Group manages its capital to ensure that companies in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt to equity balance. The Group's focus has been to raise sufficient funds through equity to fund exploration activities.

The Group's overall strategy remains unchanged from 2010. Risk management policies and procedures are established with regular monitoring and reporting.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 16, 17 and 18 respectively. The Group operates in Australia, Namibia and Botswana. None of the Group's companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Group's operations.

25. Share-Based Payments

Employee Share Option Plan

On 30 July 2010, the Company introduced a new Employee Share Option Plan 2010 as approved by shareholders to reward past services and contributions of Eligible Employees and also to assist in the recruitment, retention, incentive and motivation of Eligible Employees of the Company. Employee share options carry no rights to dividends and no voting rights. In accordance with the terms of the Employee Share Option Plan all options, including any issued during the year ended 30 June 2011, vest in the option holder at the date of their issue and may be exercised at any time from the date of their issue to the date of their expiry. No amounts are paid by the recipient on receipt of the option. Each share option converts to one ordinary share of Mount Burgess Mining N.L. on exercise. The exercise price of the options issued to date is 5 cents.

	2011	Weighted Average exercise price	2010	Weighted Average exercise price
	No.	$	No.	$
Employee share option plan				
Balance at the start of the year (i)	7,800,000	0.21	6,550,000	0.25
Granted during the year (ii)	16,350,000	0.05	2,200,000	0.10
Terminated during the year (iii)	(7,800,000)	0.21	(950,000)	0.25
Balance at the end of the year (iv)	16,350,000	0.05	7,800,000	0.21

(i) Balance at the beginning of the Year

	No.	Grant Date	Expiry Date	Exercise Price $	Fair Value at grant date $
Issued 26 August 2005	2,500,000	26/08/05	31/12/10	0.25	0.032
Issued 12 January 2006	250,000	12/01/06	31/12/11	0.25	0.051
Issued 24 February 2006	1,750,000	24/02/06	31/12/11	0.25	0.051
Issued 22 March 2006	50,000	22/03/06	31/12/11	0.25	0.051
Issued 9 August 2007	300,000	09/08/07	31/12/12	0.25	0.027
Issued 20 November 2007	500,000	20/11/07	31/12/12	0.25	0.050
Issued 13 May 2008	250,000	13/05/08	31/12/13	0.25	0.013
Issued 19 December 2009	2,200,000	19/12/09	31/12/14	0.10	0.011
	7,800,000				

(ii) Granted During The Year

	No.	Grant Date	Expiry Date	Exercise Price $	Fair Value at grant date $
Issued 17 September 2010	12,000,000	17/09/2010	31/12/15	0.05	0.004
Issued 04 October 2010	4,100,000	04/10/10	31/12/15	0.05	0.004
Issued 16 November 2010	250,000	16/11/10	31/12/15	0.05	0.012
	16,350,000				

25. Share-Based Payments (cont'd)

(iii) Terminated during the Year

	2011 No.	2010 No.
Issued 31 March 2004	-	200,000
Issued 11 June 2004	-	750,000
Issued 26 August 2005	2,500,000	-
Issued 12 January 2006	250,000	-
Issued 24 February 2006	1,750,000	-
Issued 22 March 2006	50,000	-
Issued 9 August 2007	300,000	-
Issued 20 November 2007	500,000	-
Issued 13 May 2008	250,000	-
Issued 19 December 2009	2,200,000	-
	7,800,000	950,000

On 23 July 2010, the Company terminated the Employee Share Options Plan introduced in 2000. The Company recognised that because of the Employee Share Scheme legislation enacted in late 2009 and today's difficult market conditions its 2000 Plan did not, in the Board's opinion, provide the performance incentives or reward for past services that were intended for the Company's valued employees.

The following Employee Share Options issued under the 2000 Plan were cancelled for no consideration:

Number	ASX Code	Security Description
2,500,000	MTBAS	Expiry Date 31/12/10
2,050,000	MTBAK	Expiry Date 31/12/11
1,050,000	MTBAU	Expiry Date 31/12/12
2,200,000	MTBAI	Expiry Date 31/12/14

On 30 July 2010, the Company introduced a new Employee Share Option Plan governed by the following terms and conditions:

(a) each option will be issued free of consideration;

(b) the Options shall not be transferred or assigned by the holder provided that the holder shall be at liberty at any time to transfer all or any of his or her Options to his or her wife or husband respectively or to a proprietary limited company all the issued shares of which are beneficially owned by the holder and his or her wife or husband or any other nominee of the Eligible Employee, provided that any such transferee first undertakes to the Company, in a deed, not to transfer or assign such Options until such time as they are exercised;

(c) each Option will entitled the holder to subscribe for one share at an exercise price;

(d) the Options expire at 5.00pm on 31 December of the year five (5) years from the year of grant;

(e) the Options are exercisable wholly or in part by forwarding to the Company an "Option Exercise Form", accompanied by payment of the exercise price;

(f) the Options are exercisable at any time on or prior to the Expiry Date;

(g) there are no participating rights or entitlements inherent in the Options and holders will not participate in any new issue of capital offered to shareholders during the currency of the Options;

25. Share-Based Payments (cont'd)

(a) shares issued on the exercise of Options will rank pari passu with the then existing ordinary share capital;

(b) an Option's terms must not prevent the Option being reorganised as required by the Listing Rules on a reorganisation of capital;

(c) the Company shall grant the Options and deliver the certificates relating to the Options to the Eligible employee within ten (10) business days of the Application Date.

Status of the Options

Any options issued under this plan will not be listed on the Australian Securities Exchange Limited for official quotation.

Only upon exercise of the Options issued under the plan will the Company make application to the Australian Securities Exchange Limited for the quotation of the shares issued pursuant to the exercise of the Options.

As of the date of this report 16,350,000 options with an expiry date 31 December 2015 were issued. None of these have yet been exercised.

(iv) Balance at the end of the Year

	No.	Grant Date	Expiry Date	Exercise Price $	Fair Value at grant date $
Issued 17 September 2010	12,000,000	17/09/2010	31/12/15	0.05	0.004
Issued 04 October 2010	4,100,000	04/10/10	31/12/15	0.05	0.004
Issued 16 November 2010	250,000	16/11/10	31/12/15	0.05	0.012
	16,350,000				

Share options outstanding at the end of the financial year had an exercise price of $0.05 (2010: majority share options had an exercise price of $0.25 with some options issued in December 2009 having an exercise price of $0.10) and a weighted average remaining contractual life of 4.51 years (2010: 2.16 years).

Consideration received on the exercise of employee share options is recognised in contributed equity.

The weighted average fair value of the share options granted during the financial year is $0.004 (2010: 0.01). Options were priced using a binomial option pricing model and Black Scholes option pricing model has been used to validate the valuation. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years.

Inputs into the Model for Issues made

	2011			2010
Issue date	17 Sep 10	4 Oct 10	16 Nov 10	19 Dec 09
Grant share data price	$0.008	$0.008	$0.019	$0.011
Exercise price	0.05	0.05	0.05	$0.10
Expected volatility	100%	100%	100%	100%
Option life	5 years	5 years	5 years	5 years
Dividend yield	Nil	Nil	Nil	Nil
Risk-free interest rate	4.92%	4.83%	5.13%	5.03%

26. Related Party Disclosures

(a) Equity Interest in Related Parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 22 to the financial statements.

(b) Key Management Personnel Compensation

Remuneration of Directors and Senior Management

The aggregate compensation made to the directors and other key management personnel of the Company and Group is set out below:

	Consolidated	
	2011	2010
	$	$
Short term employee benefits (including annual leave accrued)	438,180	454,884
Post employment benefits	32,505	31,179
Other long term benefits – long service leave accrued	9,920	9,847
Share based payment	246,000	5,500
	726,605	501,410

(c) Key Management Personnel Equity Holdings of Mount Burgess Mining NL

Fully Paid Ordinary Shares

2011	Balance at 1 July No.	Granted as compensation No.	Off market purchased during the year No.	Balance at 30 June No.	Balance held nominally No.
N R Forrester	10,764,191	1,941,176	-	12,705,367	-
B Mosigi	-	1,000,000	-	1,000,000	-
G E Taylor	2,247,339	2,588,235	-	4,835,574	-
R W O'Regan	4,950,000	2,823,530	-	7,773,530	-
A P Stirling	19,620,000	2,823,530	-	22,443,530	-
J E Forrester	633,155	-	-	633,155	-
Total	38,214,685	11,176,471	-	49,391,156	-
2010					
N R Forrester	10,764,191	-	-	10,764,191	-
B Mosigi	-	-	-	-	-
G E Taylor	2,247,339	-	-	2,247,339	-
R W O'Regan	4,450,000	-	500,000	4,950,000	-
A P Stirling	11,283,203	-	8,336,797	19,620,000	-
J E Forrester	633,155	-	-	633,155	-
Total	29,377,888	-	5,836,797	38,214,685	-

26. Related Party Disclosures (cont'd)

Employee Share Options of Mount Burgess Mining NL

	Balance at 1 July	Granted as Remunera-tion	Net other Change	Balance at 30 June	Balance vested & exercisable at 30 June	Options vested during Year
2011						
N R Forrester	1,000,000	2,000,000	(1,000,000)	2,000,000	2,000,000	-
M B Mosigi	500,000	2,000,000	(500,000)	2,000,000	2,000,000	-
G E Taylor	1,000,000	2,000,000	(1,000,000)	2,000,000	2,000,000	-
R W O'Regan	1,000,000	2,000,000	(1,000,000)	2,000,000	2,000,000	-
A P Stirling	500,000	2,000,000	(500,000)	2,000,000	2,000,000	-
J E Forrester	750,000	2,000,000	(750,000)	2,000,000	2,000,000	-
S Chau	750,000	2,000,000	(750,000)	2,000,000	2,000,000	-
	5,500,000	14,000,000	(5,500,000)	14,000,000	14,000,000	-
2010						
N R Forrester	1,000,000	-	-	1,000,000	1,000,000	-
M B Mosigi	500,000	-	-	500,000	500,000	-
G E Taylor	1,000,000	-	-	1,000,000	1,000,000	-
R W O'Regan	1,000,000	-	-	1,000,000	1,000,000	-
A P Stirling	1,000,000	-	(500,000)	500,000	500,000	-
J E Forrester	1,000,000	-	(250,000)	750,000	750,000	-
S Chau	250,000	500,000	-	750,000	750,000	-
	5,750,000	500,000	(750,000)	5,500,000	5,500,000	-

On 23 July 2010, the Company terminated the Employee Share Options Plan introduced in 2000. Please refer to Note 25.

All options once granted vest in the option holder at the date of their issue and may be exercised at any time from the date of their issue to the date of their expiry. Any share options issued to a director during the financial year were made in accordance with the provisions of the Company's Share Option Plan. No amounts are payable by the recipient of the option. Each option is exercisable at 5 cents. No options were exercised during the year.

(d) Other Transactions with Key Management Personnel (and their Related Parties) of Mount Burgess Mining N.L.

The Company has a joint venture with Kimberlite Resources Pty Ltd in respect of its diamond exploration project at Tsumkwe in Namibia. Mr Godfrey Taylor is a shareholder and director of both the Company and Kimberlite Resources Pty Ltd. No related party transactions were incurred.

During the year the Company received a loan amounting to £50,000 (2010: £100,000) from Exchange Services Limited. Mr A P Stirling is a Director of Exchange Services Limited and a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia as from 1 July 2010 until the loan has been repaid in full but shall only become payable if the loan is not fully repaid on or before 30 June 2012 or earlier if the Company is in default of its obligations hereunder.

(e) Transactions with Subsidiary

All loans advanced to and payable to MTB (Namibia) (Pty) Ltd and Mount Burgess (Botswana) (Proprietary) Limited are interest free, unsecured and subordinate to other liabilities.

26. Related Party Disclosures (cont'd)

(f) Parent Entity

The parent entity in the Group is Mount Burgess Mining N.L. Equity interests in controlled entities are disclosed in Note 22. The Company's bank overdraft facility is secured by a property belonging to Nigel Forrester who is a Director of the Company.

27. Remuneration of Auditors

	2011 $	2010 $
Auditor of the parent entity		
Auditing of the financial report	27,318	35,432

The auditor of Mount Burgess Mining N.L. is Deloitte Touche Tohmatsu.

28. Economy Dependency

The Company is not economically dependent on any other company.

29. Superannuation Commitment

The Company has ensured that the minimum superannuation levy was contributed to a complying defined contribution fund on behalf of all its employees.

30. Subsequent Events

On 17 June 2011, the Company completed a placement of 25,000,000 fully paid ordinary shares to raise $250,000. The placement was at an issue price of $0.01 cent per share. As at the 30th June 2011, $92,000 of this amount had been received; $72,000 worth of shares were allotted as at 30th June 2011; $20,000 worth of shares was recognised as a financial liability in the Statement of Financial Position. The remaining $158,000 was received subsequent to the year end. All the remaining $178,000 worth of shares were subsequently issued on 14 July 2011.

On 19 September 2011, the Company announced agreements had been reached to place 26,375,000 fully paid ordinary shares to raise $211,000. The placement was at an issue price of $0.008 cent per share. As at 30 September 2011 $56,000 has been received. The shares will be issued in due course.

Other than the above, there have not been any matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

31. Contingent Assets and Contingent Liabilities

As at balance sheet date there are no known contingent assets and liabilities.

32. Parent Entity Disclosures

(a) Financial Position

	2011 $	2010 $
Assets		
Current assets	3,084	34,538
Non-current assets	7,176,914	6,690,967
Total assets	7,179,998	6,725,505
Liabilities		
Current liabilities	669,398	537,953
Non-current liabilities	5,750	8,084
Total liabilities	675,148	546,037
Net Assets	6,504,850	6,179,468
Equity		
Issued capital	40,934,883	39,787,892
Reserves	485,417	418,017
Accumulated losses	(34,915,450)	(34,026,441)
	6,504,850	6,179,468

(b) Financial Performance

	2011 $	2010 $
Loss for the year	(889,009)	(8,717,309)
Other comprehensive income	-	-
Total comprehensive income	(889,009)	(8,717,309)

(c) Guarantees entered into by the Parent Entity in relation to the Debts of its Subsidiaries

As at balance sheet date there are no known guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

(d) Contingent Liabilities of the Parent Entity

As at balance sheet date there are no known contingent liabilities of the parent entity.

(e) Commitments of the Parent Entity

The commitments of the parent entity have been disclosed in Note 20 (b).

Directors' Declaration

The Directors declare that:

(a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group; and

(c) In the Director's opinion the Financial Statements and notes thereto are in accordance with International Financial Reporting Standards as stated in Note 2.

(d) The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

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

On behalf of the Directors

N R Forrester

CHAIRMAN and MANAGING DIRECTOR

Perth, 29 September 2011

Independent Auditor's Report

To the Members of Mount Burgess Mining N.L.

Deloitte.

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Independent Auditor's Report to the members of Mount Burgess Mining NL

Report on the Financial Report

We have audited the accompanying financial report of Mount Burgess Mining NL, which comprises the statement of financial position as at 30 June 2011, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity, comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 26 to 64.

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Mount Burgess Mining NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Mount Burgess Mining NL is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

(b) the consolidated financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion we draw attention to Note 2 in the financial report which indicates that the consolidated entity has incurred net losses after tax of $1,016,458 (2010: $859,565) and experienced net cash outflows from operating and investing activities of $1,164,666 (2010: $1,758,840) for the year ended 30 June 2011 . These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Company's and the Consolidated Entity's ability to continue as going concerns and therefore, the Company and the Consolidated Entity may be unable to realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 24 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.

Opinion

In our opinion the Remuneration Report of Mount Burgess Mining NL for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Neil Smith

Neil Smith
Partner
Chartered Accountants
Perth, 29 September 2011

Corporate Governance

Corporate Governance Policy

Role of the Board and Directors

ASX Best Practice Recommendations 1.1, 1.2 and 1.3

The Board of Directors of the Company is responsible for the corporate governance of the Company which it endeavours to conduct at all times, where possible, in accordance with “best practice”. The Board determines and monitors on behalf of shareholders the day to day business and affairs of the Company and its subsidiaries. In accordance with the determination of the Board, Senior Management/Executives has/have the actual responsibility of conducting the day to day business of the Company. The responsibility for the day to day business and affairs of the Company are as delegated and outlined below.

Day to Day Business Responsibilities	Board	Senior Management/ Executives
Overseeing the Group, including its control and accountability systems	✓	✓
Monitoring and guiding the Group in accordance with its planned and approved strategic direction and required performance.	✓	✓
Approving and monitoring the Group’s budgets.	✓	✓
Reporting to shareholders and authorities, as required, on the performance and state of the Company.	✓	✓
Approving and monitoring the progress of capital management, capital expenditure, acquisitions and divestments;	✓	✓
Continually monitoring and implementing the Group’s systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems;	✓	✓
Approving and monitoring financial and other reporting, including reporting to shareholders, the Australian Securities Exchange and other authorities as required.	✓	✓
Appointing and removing the Chief Executive Officer, Company Secretary and Chief Financial Officer;	✓	
Selecting and ratifying the appointment of senior management	✓	
Monitoring senior management’s performance	✓	
Ensuring that the remuneration and conditions of service are appropriate to attract and retain required senior management; and	✓	
Establishing and monitoring succession planning for the Board and senior management.	✓	

The process of evaluating the performance of Board members and senior executives, in respect of the duties which they are required to perform, within the capacity for which they are engaged, is conducted on an ongoing basis. The Company is of the size where this process can be conducted satisfactorily without having to engage in evaluation regimes to determine states of performance. Any unsatisfactory states of performance are dealt with accordingly.

Director Independence

ASX Best Practice Recommendation 2.1

The ASX Best Practice Recommendations maintain that directors are considered to be independent if they are not major shareholders, are independent of management and are free from any business or other relationship that could materially interfere with their exercise of free and independent judgement. ASX Best Practice Recommendation 2.1 recommends that the Board should comprise a majority of independent directors.

During the year the Board was made up of three independent and two non-independent directors. Because of the size of the Company, a majority of executive directors may occur where the direction of the Company requires additional executive expertise. For commercial reasons, the Company will not necessarily appoint additional non-executive directors simply for the purpose of maintaining a majority of independent non-executive directors on the Board. Refer to ASX Best Practice Recommendations 2.6 for Directors' status of independence.

Role of Chairman

ASX Best Practice Recommendation 2.2 and 2.3

The ASX Best Practice Recommendations 2.2 and 2.3 maintain that the Chairman should be an Independent Director and that the roles of Chairman and Chief Executive Officer should not be exercised by the same individual.

Mr Forrester, engaged in the role of Managing Director is not, therefore, considered to be independent in his role as Chairman. For the sake of preserving administrative costs Mr Forrester is currently filling the role of both Chairman and Managing Director.

Nomination Committee

ASX Best Practice Recommendation 2.4

The ASX Best Practice Recommendation 2.4 maintains that the Board should establish a nomination committee to assess the competencies of Directors, review Board succession plans, evaluate the performance of the Board and the appointment and re-election of Directors.

Because of its size the Company does not have an independent Nomination Committee. Any relevant matters to be dealt with are dealt with by the Board as a whole.

Process of Evaluating the Performance of the Board

ASX Best Practice Recommendation 2.5

The ASX Best Practice Recommendation 2.5 maintains that the performance of the Board should be reviewed regularly in respect of:

- Participation of all Board members in Board decision making
- Having access to relevant information for the purpose of decision making
- Communications with the Company Secretary

The Company is of the size where all members of the Board are updated on a regular basis, both telephonically and by way of update reports, in respect of the ongoing operations of the Company. In order to eliminate high travel costs involved for the overseas directors to be present in Australia for meetings, the majority of the Company's Board Meetings are held telephonically. Any abnormal situations are reported and discussed in a timely manner. Specific requests for information are responded to as soon as possible. Monthly financial statements are circularised to all members of the Board and all members of the Board are free to communicate with the Joint Company Secretaries.

Twenty two Board meetings were held during the year.

Composition of the Board

ASX Best Practice Recommendation 2.6

The Company's Constitution requires a minimum of three Directors. This number can be increased in accordance with the requirements of the Company.

The names of the Directors of the Company at the date of this report are as follows:

Director Name	Director Role	Appointed	Retiring at 2011 AGM	Seeking Re-election at 2011 AGM
Nigel Raymond Forrester	*Chairman and Managing Director*	1985	No	-
Molatlhegi Benjamin Mosigi	*Technical Director Exploration*	2009	No	No
Ronald William O'Regan	*Non Executive Director*	2000	No	No
Alfred Patrick Stirling	*Non Executive Director*	2003	No	No
Godfrey Edward Taylor	*Non Executive Director*	1999	No	Yes

The skills, experience and expertise of the current Directors of the Company are outlined in the Directors' Report on Page 14.

The non-independent Directors of the Company are Mr Forrester, Chairman and Managing Director and Mr Mosigi, Technical Director, Exploration. Non-executive Directors of the Company, Mr O'Regan and Mr Taylor, are both shareholders of the Company and are considered independent to the extent that:

- They are not individually substantial shareholders of the Company or otherwise associated with a substantial shareholder of the Company
- They are not employed nor have they in the last three years been employed in an executive capacity by the Company
- They have not in the previous three years been a professional advisor to the Company
- They have not been a material supplier to or customer of the Company
- They do not have a contractual relationship with the Company other than as a Director.

Non-executive Director of the Company, Mr A.P. Stirling may be considered under ASX Best Practise Recommendation 2.1 to be non-independent as:

- He is a substantial shareholder of the Company
- He has a contractual relationship with the Company other than as a Director.

Regarding the Board's policy for the nomination and appointment of Directors, it reviews its composition on a continual basis to ensure that an appropriate mix of skills, experience, expertise and diversity is brought to the Board.

Except for the Managing Director, all Directors appointed to the Board are subject to election by shareholders, initially at the Annual General Meeting following their appointment and thereafter every three years.

Independent Professional Advice for Board Members

Any member of the Board of Directors is entitled to take independent professional advice at the expense of the Company. However, in so doing the Board must reasonably consider any request for any such expenses to be borne by the Company and meet any such expenses where relevant to the business of the Company.

Promoting Ethical and Responsible Behaviour

ASX Best Practice Recommendations 3.1

Regarding the Company's Code of Conduct, the Board of the Company endeavours to engage fellow Board Members, Senior Management and Employees of high ethical standard. As the Company is engaged in operations in countries outside Australia it engages a high proportion of local senior management and employees to achieve familiar compliance with local laws and customs. At the same time the Company requires compliance with legal and operational procedures relative to Australia. Any divergence from the standard of ethics required is dealt with in accordance with the laws and procedures as laid down in the countries in which the Company operates.

The Code of Conduct includes but is not necessarily limited to such issues as accountability, dealing with concern, violation of Company policies and standards, treatment of Company personnel and co-workers, confidentiality, personal information and intellectual property, misuse of Company assets and resources, fraud and theft, bribery and corruption, alcohol and drug abuse, use of Company information systems, respect for host country's laws etc.

Integrity in Financial Reporting

ASX Best Practice Recommendation 4.1, 4.2, 4.3 and 4.4

The ASX Best Practices Recommendation 4 is in relation to the establishment of an audit committee. Because of its size, the Company does not have a separate Audit Committee. Any controls required to be introduced, monitored or reviewed are done so by the five Directors who currently comprise the Board.

Timely and Balanced Disclosure

ASX Best Practices Recommendations 5.1 and 5.2

As a public exploration company, listed on the Australian Securities Exchange, the Company adopts the policy of strict adherence to the ASX Listing Rules and requirements under the Corporations Act in respect of responsible, timely, balanced and factual continuous disclosure requirements, for the purpose of keeping the market fully informed in respect of price sensitive information.

The Managing Director is responsible for determining what amounts to price sensitive information and in so doing may seek legal advice or advice from the Board.

Draft announcements are prepared for review by either administrative or geological staff or geological consultants, dependant upon the type of announcement to be made.

- Price sensitive information for this Company would normally include:
- Significant exploration results, resource/reserve results or mining results. All such results are reported in compliance with the JORC Code and only released with the approval of relevant qualified personnel.
- Changes to the Company's Board of Directors or Auditors
- Changes to the Company's issued share capital through capital raisings
- Changes to the Company's Directors' shareholdings
- The acquisition or disposal of exploration areas and resources/reserves
- The formation of joint ventures

All price sensitive announcements are posted to the Company's website as soon as possible after the announcements have been released to the market by the ASX.

Shareholder Communication

ASX Best Practices Recommendations 6.1 and 6.2

The Company's auditors will be available at the Company's Annual General Meeting to answer any shareholder queries relating to the audit of the Company's Annual Report.

It is the Company's policy to ensure that a full review of the Company's operations will be presented following the Company's Annual General Meeting and that its website, www.mountburgess.com is regularly updated with all Securities Exchange announcements including its Annual and Quarterly Reports. Beneficial owners who request the Company to automatically provide them with any announcements can receive such information by electronic means.

Recognition and Management of Risk

ASX Best Practices Recommendations 7.1, 7.2, 7.3 and 7.4

The Company recognises that there are inherent risks in being involved in the resource exploration industry and operating in non-domicile countries. The policy of the Board is to monitor and if considered necessary, seek advice on areas of operational and financial risk and implement strategies for appropriate risk management arrangements.

Specific areas of risk, which are regularly considered at Board Meetings, include expenditure levels relative to exploration success, going concern, foreign currency and commodities price fluctuations, performance of activities, human resources, the environment, land access, political instability and internal control. With regard to internal control the Managing Director and Chief Financial Officer are required to certify to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards; and
- That the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all respects.

The financial reports of the Company are produced in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accountings Standards Board and the Corporations Act and in many cases exceed the disclosure requirements of the Corporations Act and the Australian Accounting Standards Board Policy 1434. The financial statements and reports are subject to review of every half year and the auditor issues an audit opinion accompanying the full year results for each financial year.

Executive Remuneration

ASX Best Practices Recommendations 8.1, 8.2 and 8.3

ASX Best Practices Recommendation 8.1 advises that the Board should establish a remuneration committee. Because of its size the Company does not have a separate remuneration committee.

The Board, as a whole, reviews the remuneration packages and policies applicable to executive Directors, senior executives and non-executive Directors on an annual basis. Remuneration levels will be realistically and competitively set to attract the most qualified and experienced Directors and senior executives. Where necessary the board will obtain independent advice on the appropriateness of remuneration packages.

Executive Directors receive a salary and share options. Non-Executive Directors normally receive a set fee per annum and share options and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.

Because of the difficulty of raising funds as an exploration company, under the current global economic conditions, the non-executive directors of the Company have volunteered to waive their fees for the time being and the Managing Director of the Company has not taken the salary increase as recommended by the Board at the last salary review.

ASX Best Practices Recommendation 8.2 recommends that Non-executive directors should not receive options or bonus payments. The Company does not comply with this recommendation as it grants options to all non-executive Directors in recognition of the significant time they contribute to the Company. The non-executive directors are often called upon to perform duties for the Company overseas or spend considerable time away from their earning base to represent the Company. Their fees for these duties (currently waived) in no way cover what they could otherwise earn. The options granted are exercisable at a significant premium to the current share price.

Amendments to ASX Corporate Governance Policy and Recommendations

The Board acknowledges the 2010 Amendments that have been made to the ASX Corporate Governance Principles and Recommendations. The amendments will be applied for the year ended 30th June 2012.

Securities Information

The information set out below was applicable as at 22 September 2011.

1. Distribution of Equity Securities and Voting Rights:

(a) Distribution of Shareholders of Ordinary shares:-

	No. of Holders
1 - 1,000	201
1,001 - 5,000	481
5,001 - 10,000	349
10,001 - 100,000	905
100,001 and over	389
Total No. of Shareholders	2325

(b) Each shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote. On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share.

(c) There existed 1,603 shareholders who held less than a marketable parcel of shares.

(d) Substantial Shareholders:

Mr A P Stirling and Associates	22,443,530 shares representing 5.72% of the Company
Strata Drilling WA Pty Ltd	30,000,000 shares representing 7.07% of the Company

2. Top Twenty Shareholders

		Units Held	Percentage of Issued Capital
1	Citicorp Nominees	41,847,481	9.87
2	Strata Drilling WA Pty Ltd	30,000,000	7.07
3	Alfred Patrick Stirling & Associates	22,443,530	5.29
4	National Nominees	17,789,583	4.19
5	N R Forrester & Associates	13,338,522	3.14
6	W B Nominees	12,346,155	2.91
7	HSBC Custody Nominees	11,016,907	2.60
8	J P Morgan Nominees	10,371,344	2.45
9	Cen Pty Ltd	9,228,460	2.18
10	Ronald William O'Regan & Associates	7,773,530	1.83
11	Mr/s P Davies	5,100,000	1.20
12	G E Taylor & Associates	4,835,574	1.14
13	Michael Damien and Luke Gerard Murphy	4,819,231	1.14
14	Jeremy Bewick Dowler	4,120,000	0.97
15	Running Water Limited	4,000,000	0.94
16	Guy Francois Le Clezio	3,846,155	0.91
17	Bevis Michael Leigh Coulson	3,180,000	0.75
18	Romadak Pty Ltd	3,000,000	0.71
19	Davmin Pty Ltd	3,000,000	0.71
20	Carter Capital Ltd	2,938,463	0.69
		214,994,935	50.69

Details of the Company's Mineral Tenements

As at 22 September 2011

NAMIBIA	
Tenement No.	**Percentage of Equity**
Tsumkwe	
EPL 2012	90
EPL 2014	90
EPL 2817	90
EPL 2818	90
EPL 2819	90
EPL 3019	90
EPL 3020	90
EPL 3021	100
EPL 3022	100
EPL 4070	85
EPL 4071	85
EPL 4078	85
EPL 4320	85

BOTSWANA	
Tenement No.	**Percentage of Equity**
Kihabe	
PL 69/2003	100
West Ngamiland	
PL 418/2009	100
PL 419/2009	100
PL 420/2009	100
PL 421/2009	100
PL 422/2009	100
PL 423/2009	100
PL 424/2009	100
PL 512/2009	100


Baobabs in Winter

www.mountburgess.com