

**MOUNT BURGESS MINING N.L.**

ABN 31 009 067 476

**CONSOLIDATED FINANCIAL REPORT**

**FOR THE**

**HALF YEAR ENDED**

**31 DECEMBER 2011**

**This Financial Report contains information required under ASX Listing Rule 4.2A and should be read in conjunction with the Annual Report 2011.**

**MOUNT BURGESS MINING N.L.**  
**REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2011**

The Directors of Mount Burgess Mining N.L. submit herewith the financial report of Mount Burgess Mining N.L. and its subsidiaries (the Group) for the half-year ended 31 December 2011. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the Directors of the Company who have held office during or since the end of the half-year are:

**Name**

Nigel Raymond Forrester (Chairman and Managing Director)  
 Molatlhegi Benjamin Mosigi  
 Ronald William O'Regan  
 Alfred Patrick Stirling  
 Godfrey Edward Taylor

**REVIEW OF OPERATIONS**

**Overview**

- (a) The objectives of the consolidated entity are to explore for and in the event of commercial discovery, develop deposits of mineral resources. To this end, the consolidated entity is currently exploring for rare earths at Tsumkwe in Namibia, for diamonds at Tsumkwe in Namibia and in Western Ngamiland in Botswana and for base metals at Tsumkwe in Namibia and at Kihabe in Botswana. The consolidated entity is currently developing zinc/lead/silver resources in Botswana.
- (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 consolidated entity is involved in resource development and exploration at this point in time, any significant commercial discovery could have a significant impact on the capitalisation of the consolidated entity. However, inherent in all exploration are risk factors relative to rates of success. Even beyond exploration at the point of resource development, many risks prevail including but not limited to those relative to prevailing market conditions, fluctuations in commodity prices, potential to access project finance, potential to secure off-take/end-user agreements and political and national policy risk.

**Operations and Principal Activities**

- (a) The main business activity of the consolidated entity during the six months consisted of:
  - Conducting drilling, assaying and mineralogical test work on the Company's rare earth project at Tsumkwe in Namibia.
  - Conducting soil geochemical sampling, drilling, assaying and mineralogical test work on the Company's base metals project in Namibia.
  - Conducting soil geochemical sampling programmes and assaying on the Company's base metals project in Botswana
  - Conducting mineralogical and metallurgical testwork on both the Kihabe and Nxuu deposits in Botswana, resulting in the enhancement of zinc and lead recoveries.
  - Reviewing resource estimates for selection for a revision of the Scoping Study for the Kihabe Zinc/Lead Project in Botswana. A likely resource selection for the revised Scoping Study will be in the region of 25 million tonnes @ 3% Zinc/Lead/Silver containing some 741,000 tonnes of metal.

Funds applied to the various exploration activities were as follows:

	<b>31 Dec 2011 Half year</b>	<b>2011 Year</b>	<b>2010 Year</b>	<b>2009 Year</b>	<b>2008 Year</b>
	\$	\$	\$	\$	\$
Exploration for rare earths in Namibia	42,873	53,836	-	-	-

**MOUNT BURGESS MINING N.L.**  
**REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2011**

	<b>31 Dec 2011 Half year</b>	<b>2011 Year</b>	<b>2010 Year</b>	<b>2009 Year</b>	<b>2008 Year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Exploration for diamonds in Namibia and Botswana	26,325	66,077	498,140	266,409	103,421
Exploration for base metals in Namibia and Botswana	319,099	370,426	463,016	1,202,304	2,037,137

- (b) As the consolidated entity was involved only in resource development and exploration during the six months there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2008 and 2011 the Company's shares traded as follows:

<b>31 Dec 2011 Half year</b>		<b>2011 Year</b>		<b>2010 Year</b>		<b>2009 Year</b>		<b>2008 Year</b>	
<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>	<b>cents</b>
<b>1.2</b>	<b>0.5</b>	<b>2.7</b>	<b>0.6</b>	<b>3.3</b>	<b>0.7</b>	<b>3.3</b>	<b>0.6</b>	<b>12</b>	<b>2.9</b>

Ongoing resource exploration expenditure for the remainder of the year will be determined by the availability of funds.

#### **Financial Conditions**

- (a) Further resource development and exploration requirements beyond the consolidated entity's current cash resources can only be funded from further capital raisings, securing funding from incoming joint venture partners, or the sale of ground holdings or equity in the projects.
- (b) At the end of the six month period, the consolidated entity had cash resources of \$12,832. At the date of this report, relying on bank facilities the consolidated entity has available resources of approximately \$95,000.
- (c) Other resources available to the consolidated entity, that are not reflected in the consolidated statement of financial position include the Company's ability to raise further funds through the issue of shares, securing funding from incoming joint venture partners or the sale of ground holdings or equity in projects.
- (d) As the consolidated entity was involved only in resource development and exploration during the six months there was not any cash generated from operations.

The financial condition of the consolidated entity 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.

#### **Auditor's Independence Declaration**

The auditor's independence declaration is included on Page 5 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the Directors



**N R Forrester**  
**Chairman and Managing Director**

Perth, 13 March 2012

**MOUNT BURGESS MINING N.L.**  
**DIRECTORS' DECLARATION FOR THE HALF YEAR TO 31 DECEMBER 2011**

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; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporation Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to be 'N R Forrester', written over a circular scribble.

**N R Forrester**  
**Chairman and Managing Director**

Perth, 13 March 2012

13 March 2012

Mount Burgess Mining N.L.  
The Board of Directors  
Level 4  
109 St Georges Tce  
PERTH WA 6000

Dear Sirs,

**DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF  
MOUNT BURGESS MINING N.L.**

As lead auditor for the review of Mount Burgess Mining N.L. for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mount Burgess Mining N.L. and the entities it controlled during the period.



**Brad McVeigh**  
Director

**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

**MOUNT BURGESS MINING N.L.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Note	Consolidated	
		Half Year ended 31 Dec 2011	Half Year ended 31 Dec 2010
		\$	\$
Revenue		-	222
Administration expenses		(515,792)	(465,522)
Finance costs		(32,215)	(25,932)
Depreciation and amortisation		(1,388)	(3,046)
<b>Loss before tax</b>		<b>(549,395)</b>	<b>(494,278)</b>
<b>Income tax benefit / (expense)</b>		<b>90,725</b>	<b>111,914</b>
<b>Loss for the period</b>		<b>(458,670)</b>	<b>(382,364)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(458,670)</b>	<b>(382,364)</b>
<b>Basic loss per share (cents per share)</b>		<b>(0.01)</b>	<b>(0.01)</b>
<b>Diluted loss per share (cents per share)</b>		<b>N/A</b>	<b>N/A</b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2011**

	Consolidated	
	31 December 2011	30 June 2011
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	12,832	9,645
Trade and other receivables	13,923	5,140
Inventories	648	1,150
<b>TOTAL CURRENT ASSETS</b>	<b>27,403</b>	<b>15,935</b>
<b>NON CURRENT ASSETS</b>		
Plant and equipment	31,100	52,121
Exploration interests	15,147,637	14,759,340
<b>TOTAL NON CURRENT ASSETS</b>	<b>15,178,737</b>	<b>14,811,461</b>
<b>TOTAL ASSETS</b>	<b>15,206,140</b>	<b>14,827,396</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	119,312	77,901
Borrowings	727,226	556,692
Other financial liabilities	-	20,000
Provisions	47,147	34,373
<b>TOTAL CURRENT LIABILITIES</b>	<b>893,685</b>	<b>688,966</b>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	4,463	5,725
<b>TOTAL LIABILITIES</b>	<b>898,148</b>	<b>694,691</b>
<b>NET ASSETS</b>	<b>14,307,992</b>	<b>14,132,705</b>
<b>EQUITY</b>		
Issued capital	41,564,240	40,934,883
Reserves	490,017	485,417
Accumulated losses	(27,746,265)	(27,287,595)
<b>TOTAL EQUITY</b>	<b>14,307,992</b>	<b>14,132,705</b>

\*Notes to the condensed financial statements are included on pages 9-11

**MOUNT BURGESS MINING N.L.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	Consolidated	
	Half Year ended 31 Dec 2011	Half Year ended 31 Dec 2010
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(364,785)	(433,564)
Interest and bill discounts received	-	222
Income tax received	90,725	111,914
Interest and other costs of finance paid	(20,796)	(13,660)
Net cash used in operating activities	<u>(294,856)</u>	<u>(335,088)</u>
<b>Cash flows from investing activities</b>		
Payment for plant and equipment	-	(1,182)
Exploration, development and evaluation expenditure	(360,074)	(202,636)
Net cash used in investing activities	<u>(360,074)</u>	<u>(203,818)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	518,000	632,850
Payment for share issue costs	(16,643)	(17,839)
Proceeds from borrowings	130,634	279,240
Repayment of borrowings	(22,500)	(101,000)
Repayment of lease liabilities	(1,136)	(1,023)
Net cash provided by financing activities	<u>608,355</u>	<u>792,228</u>
Net (decrease) / increase in cash and cash equivalents	(46,575)	253,322
Cash and cash equivalents at the beginning of the half -year	(198,243)	(135,945)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(718)	(2,557)
<b>Cash and cash equivalents at the end of the half-year</b>	<u>(245,536)</u>	<u>114,820</u>
Cash and cash equivalents	12,832	114,820
Bank overdraft	(258,368)	-
	<u>(245,536)</u>	<u>114,820</u>

\*Notes to the condensed financial statements are included on pages 9-11

**MOUNT BURGESS MINING N.L.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

	<b>Issued Capital</b>	<b>Employee Equity Settled Benefits Reserve</b>	<b>Assets Realisation Reserve</b>	<b>Accumu- lated Losses</b>	<b>Total</b>
	\$	\$	\$	\$	\$
Balance at 1 July 2010	39,787,892	308,045	109,972	(26,271,137)	13,934,772
Loss for the period	-	-	-	(382,364)	(382,364)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(382,364)	(382,364)
Share placements to professional investor	662,004	-	-	-	662,004
Share based payments	-	67,400	-	-	67,400
Balance as at 31 December 2010	<b>40,449,896</b>	<b>375,445</b>	<b>109,972</b>	<b>(26,653,501)</b>	<b>14,281,812</b>
Balance at 1 July 2011	40,934,883	375,445	109,972	(27,287,595)	14,132,705
Loss for the period	-	-	-	(458,670)	(458,670)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(458,670)	(458,670)
Share placements to professional investor	521,357	-	-	-	521,357
Share issued in lieu of directors fees or salary sacrifice	108,000	-	-	-	108,000
Share based payments	-	4,600	-	-	4,600
Balance as at 31 December 2011	<b>41,564,240</b>	<b>380,045</b>	<b>109,972</b>	<b>(27,746,265)</b>	<b>14,307,992</b>

\*Notes to the condensed financial statements are included on pages 9-11

**MOUNT BURGESS MINING N.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**1 SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

**Basis of preparation**

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2011 annual financial report for the financial year ended 30 June 2011.

*(a) Changes in Accounting Policies and Disclosures*

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period.

*(b) Accounting Standards and Interpretations issued but not yet effective.*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the half year ending 31 December 2011. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the consolidated entity.

**Going Concern**

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 Consolidated Entity has incurred net losses after tax of \$458,670 (2010: \$382,364), and experienced net cash outflows from operations of \$294,856 (2010: \$335,088) and net cash outflows from investing activities of \$360,074 (2010: \$203,818) for the half year ended 31 December 2011. As at 31 December 2011, the Consolidated Entity had a deficiency of current assets to current liabilities of \$866,282 (2010: \$350,697) and cash assets of \$12,832 (2010: 114,820).

The ability of the Consolidated Entity to continue as a going concern and pay its 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 \$147,000 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 prior to 30 September 2012, 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 GBP185,000 loan facility.
- c) Additional funding via capital raisings or entering into joint venture arrangements in the next four months. Initial discussions have commenced with potential parties.
- d) Active management of the current level of discretionary expenditure in line with the funds available to the Consolidated Entity.
- e) Continued financial support from the Directors of the Company. It has been confirmed that the loan of \$157,500 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.

Notwithstanding this, as a junior explorer with startup projects and a dependency on continued support from current financiers and on securing additional funding, should the consolidated entity be unable to secure sufficient funding from the above, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern.

**MOUNT BURGESS MINING N.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

**2. SUBSEQUENT EVENTS**

On 7 February 2012, the Company completed a placement of 41,666,667 fully paid ordinary shares to raise \$250,000. The placement was at an issue price of \$0.006 cent per share. The financial effect of the above transaction has not been brought to account at 31 December 2011.

No other matters or circumstances of which the directors are aware, other than those referred to in the condensed financial statements or notes thereto, have arisen since the end of the half-year which significantly affect, or may significantly affect the operations, results or state of affairs of the consolidated entity in subsequent financial periods.

**3. CHANGES IN COMPOSITION OF THE CONSOLIDATED ENTITY**

There were no changes to the composition of the consolidated entity during the half year.

**4. SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2011**

As disclosed in Note 1, the operating segments are as follows:

**Geographical Segments**

	Half Year ended 31 Dec 2011 \$	Half Year ended 31 Dec 2010 \$	Half Year ended 31 Dec 2011 \$	Half Year ended 31 Dec 2010 \$	Half Year ended 31 Dec 011 \$	Half Year ended 31 Dec 2010 \$
<b>Segment Revenues</b>	<b>External sales</b>		<b>Inter -segment Sales</b>		<b>Total</b>	
Australia	-	-	-	-	-	-
Namibia	-	-	-	-	-	-
Botswana	-	-	-	-	-	-
Total of all segments	-	-	-	-	-	-
Unallocated corporate revenue					-	222
Consolidated total revenue					-	222
<b>Segment Results</b>						
Australia					-	-
Namibia					-	-
Botswana					-	-
Total of all segments					-	-
Unallocated corporate revenue					-	222
Unallocated corporate expenses					(549,395)	(494,500)
Loss before income tax expense					(549,395)	(494,278)
Income tax benefit					90,725	111,914
Consolidated net loss for the period					(458,670)	(382,364)

**MOUNT BURGESS MINING N.L.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2011**

**5. RELATED PARTIES**

During the half year ended 31 December 2011, Mount Burgess Mining NL received a loan amount of AUD30,000 from Ronald O'Regan, a director of the entity. Interest is not payable on this loan.

Also during the period, Nigel and Jan Forrester and Alfred Stirling, directors of the entity, increased their loans to Mount Burgess Mining NL on the same terms as their initial loans.

Ordinary shares, with aggregate value of \$108,000, were paid to directors as approved by shareholders in the Annual General Meeting on 24 November 2011.

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MOUNT BURGESS MINING N.L.

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mount Burgess Mining N.L., which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mount Burgess Mining N.L., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, 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 N.L., would be in the same terms if given to the directors as at the time of this auditor's report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mount Burgess Mining N.L. is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

## Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the entity has incurred net losses after tax of \$458,670 for period ended 31 December 2011 and a working capital deficiency of \$866,282. The company will need additional funding through debt, equity and/or other methods in order to maintain its ability to continue as a going concern and progress its areas of interest. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'BDO' above 'SM by 1'.

Brad McVeigh  
Director

Perth, Western Australia  
Dated this 13<sup>th</sup> day of March 2012