

**MOUNT BURGESS MINING N.L.**

ABN 31 009 067 476

**CONSOLIDATED FINANCIAL REPORT**

**FOR THE**

**HALF YEAR ENDED**

**31 DECEMBER 2009**

**This Financial Report contains information required under ASX Listing Rule 4.2A and should be read in conjunction with the Annual Report 2009.**

**MOUNT BURGESS MINING N.L.**  
**REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2009**

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 2009. 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 diamonds at Tsumkwe and Hardap 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 a resource of zinc/lead/silver 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 stage, 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 at the Company's diamond exploration projects in Botswana and Namibia.
  - Conducting soil geochemical sampling programmes at 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.
  - Updating 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 2009 Half year</b>	<b>2009 Year</b>	<b>2008 Year</b>	<b>2007 Year</b>	<b>2006 Year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Exploration for diamonds in Namibia and Botswana	465,151	266,409	103,421	86,953	572,597

**MOUNT BURGESS MINING N.L.**  
**REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2009**

	31 Dec 2009 Half year	2009 Year	2008 Year	2007 Year	2006 Year
	\$	\$	\$	\$	\$
Exploration for base metals in Namibia and Botswana	231,924	1,202,304	2,037,137	2,244,913	760,991

- (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 2006 and 2009 the Company's shares traded as follows:

31 Dec 2009 Half year		2009 Year		2008 Year		2007 Year		2006 Year	
High	Low	High	Low	High	Low	High	Low	High	Low
cents	cents	cents	cents	cents	cents	cents	cents	cents	cents
3.0	1.0	3.0	1.0	12	2.0	12	5.5	14.5	8.4

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 \$221,930. At the date of this report, relying on VAT refunds and bank facilities the consolidated entity has available resources of approximately \$383,000 remaining from total bank facilities of \$415,000.
- (c) Other resources available to the consolidated entity, that are not reflected in the balance sheet include an amount, if required, of \$440,000 (£250,000) offered to be advanced by Exchange Services Ltd, a company controlled by A.P. Stirling, a Director of the Company, by way of a secured loan on terms yet to be negotiated. In addition the Directors are confident of 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.

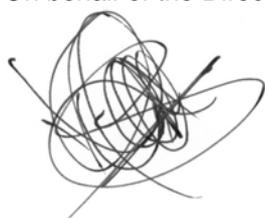
The financial condition of the consolidated entity was not impacted by any legislation or other external requirements during the reporting period. It is not currently foreseen that the financial condition will be materially affected by such issues in future reporting periods.

### Auditor's Independence Declaration

The auditor's independence declaration is included on Page 4 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, 15<sup>th</sup> March 2010

**MOUNT BURGESS MINING N.L.**  
**DIRECTORS' DECLARATION FOR THE HALF YEAR TO 31 DECEMBER 2009**

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, consisting of several overlapping loops and lines, appearing to be 'N R Forrester'.

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

Perth, 15<sup>th</sup> March 2010

The Board of Directors  
Mount Burgess Mining N.L.  
Level 4, 109 St. Georges Terrace  
Perth WA 6000

15 March 2010

Dear Board Members

**Mount Burgess Mining N.L.**

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 N.L.

As lead audit partner for the review of the financial statements of Mount Burgess Mining N.L. for the financial half year ended 31 December 2009, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Kathleen Bozanic*

Kathleen Bozanic  
Partner  
Chartered Accountants

**MOUNT BURGESS MINING N.L.**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	Note	Consolidated	
		Half Year ended 31 Dec 2009 \$	Half Year ended 31 Dec 2008 \$
Revenue		14,602	14,462
Other income	5	259	2,848,114
Administration expenses		(428,618)	(552,012)
Finance costs		(500)	-
Exploration interests written off		-	(2,629,979)
Depreciation and amortisation		(2,142)	(2,351)
<b>Loss before tax</b>		<u>(416,399)</u>	<u>(321,767)</u>
<b>Income tax expense</b>		-	-
<b>Loss for the period</b>		<u>(416,399)</u>	<u>(321,767)</u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<u>(416,399)</u>	<u>(321,767)</u>
<b>Basic loss per share (cents per share)</b>		(0.01)	(0.01)
<b>Diluted loss per share (cents per share)</b>		(0.01)	(0.01)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2009**

	Consolidated	
	31 December 2009 \$	30 June 2009 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	221,930	1,415,810
Trade and other receivables	44,085	13,310
Inventories	7,300	10,993
<b>TOTAL CURRENT ASSETS</b>	<u>273,315</u>	<u>1,440,113</u>
<b>NON CURRENT ASSETS</b>		
Investment	5,000	5,000
Plant and equipment	129,872	164,736
Exploration interests	14,084,044	13,386,969
<b>TOTAL NON CURRENT ASSETS</b>	<u>14,218,916</u>	<u>13,556,705</u>
<b>TOTAL ASSETS</b>	<u>14,492,231</u>	<u>14,996,818</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	77,617	208,253
Borrowings	3,049	-
Provisions	25,545	18,428
<b>TOTAL CURRENT LIABILITIES</b>	<u>106,210</u>	<u>226,681</u>
<b>NON CURRENT LIABILITIES</b>		
Borrowings	8,082	-
<b>TOTAL LIABILITIES</b>	<u>114,293</u>	<u>226,681</u>
<b>NET ASSETS</b>	<u>14,377,938</u>	<u>14,770,137</u>
<b>EQUITY</b>		
Issued capital	39,787,892	39,787,892
Reserves	418,017	393,817
Accumulated losses	(25,827,971)	(25,411,572)
<b>TOTAL EQUITY</b>	<u>14,377,938</u>	<u>14,770,137</u>

\*Notes to the condensed financial statements are included on pages 8-10

**MOUNT BURGESS MINING N.L.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

	<b>Consolidated</b>	
	<b>Half Year ended 31 Dec 2009</b>	<b>Half Year ended 31 Dec 2008</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(401,423)	(521,367)
Interest and bill discounts received	14,602	14,461
Interest and other costs of finance paid	(500)	-
Net cash used in operating activities	(387,321)	(506,906)
<b>Cash flows from investing activities</b>		
Proceeds from the sale of royalties	-	500,000
Proceeds from withdrawal of exploration license application	-	2,350,000
Dividend received	259	188
Payment for plant and equipment	(744)	(4,959)
Exploration, development and evaluation expenditure	(803,871)	(946,195)
Net cash (used in) / provided by investing activities	(804,356)	1,899,034
<b>Cash flows from financing activities</b>		
Proceeds from issues of equity securities	-	440,000
Payment for share issue costs	-	(3,067)
Repayment of lease liabilities	(770)	-
Net cash (used in) / provided by financing activities	(770)	436,933
Net (decrease) / increase in cash and cash equivalents	(1,192,447)	1,829,061
Cash and cash equivalents at the beginning of the half -year	1,415,810	336,121
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,433)	2,476
<b>Cash and cash equivalents at the end of the half-year</b>	221,930	2,167,658

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

<b>Consolidated</b>	<b>Issued Capital</b>	<b>Employee Equity Settled Benefits Reserve</b>	<b>Assets Realisation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at 1 July 2008	39,350,959	283,845	109,972	(24,861,157)	14,883,619
Placement	436,933	-	-	-	436,933
Loss for the period	-	-	-	(321,767)	(321,767)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(321,767)	(321,767)
Balance as at 31 December 2008	39,787,892	283,845	109,972	(25,182,924)	14,998,785
Balance at 1 July 2009	39,787,892	283,845	109,972	(25,411,572)	14,770,137
Employee share option	-	24,200	-	-	24,200
Loss for the period	-	-	-	(416,399)	(416,399)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(416,399)	(416,399)
Balance as at 31 December 2009	39,787,892	308,045	109,972	(25,827,971)	14,377,938

\*Notes to the condensed financial statements are included on pages 8-10

**MOUNT BURGESS MINING N.L.**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**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 2009 annual financial report for the financial year ended 30 June 2009.

In the current half-year, the consolidated entity has 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 annual reporting periods beginning on or after 1 January 2009 or the current reporting period. The adoption of these new and revised Standards and Interpretations have resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements in the following areas:

- presentation of the financial statements. Previously the consolidated entity presented a statement of financial position (formerly termed the balance sheet), income statement, cash flow statement, and a statement of changes in equity. As a consequence of adoption of AASB 101 *Presentation of Financial Statements* (2007) and its associated amending standards, the consolidated entity now also presents a statement of comprehensive income.
- information about the consolidated entity's segments. The adoption of AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* has not resulted in any change to the number of segments reported by the consolidated entity. The consolidated entity operates in Australia, Namibia and Botswana in the area of mineral exploration. In Australia the exploration focus is on gold and base metals. The Company has withdrawn from this project in the last financial year. In Namibia and Botswana the exploration focus is on diamonds and base metals.

**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 a net loss after tax for the half year ended 31 December 2009 of \$416,399 (2008: \$321,767), and a net cash outflow of \$1,192,447 (2008: inflow \$1,829,061).

The consolidated entity's ability 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, \$360,593 being available to draw down as at the date of this report.
- b) Funding of GBP250,000 via a loan from Exchange Services Ltd, a company controlled by A. P. Stirling, a Director of the Company, the terms of this loan are yet to be agreed.
- c) Funding via capital raisings in the next six months. Initial discussions have commenced with potential investors.
- d) Liquidating assets or entering into joint venture arrangements.
- e) Active management of the current level of discretionary expenditure in line with the funds available to the consolidated entity.

**MOUNT BURGESS MINING N.L.**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

The directors have reviewed the business outlook and cash flow forecasts and 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 consolidated entity to achieve the matters set out above. As such, the directors believe that they will continue 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 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.

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 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 consolidated entity be unable to continue as a going concern.

**2. SUBSEQUENT EVENTS**

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 2009**

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

**Geographical Segments**

	2009 Half Year ended 31 Dec 2009 \$	2008 Half Year ended 31 Dec 2008 \$	2009 Half Year ended 31 Dec 2009 \$	2008 Half Year ended 31 Dec 2008 \$	2009 Half Year ended 31 Dec 2009 \$	2008 Half Year ended 31 Dec 2008 \$
<b>Segment Revenues</b>	<b>External sales</b>		<b>Inter -segment Sales</b>		<b>Total</b>	
Australia	-	2,847,926	-	-	-	2,847,926
Namibia	-	-	-	-	-	-
Botswana	-	-	-	-	-	-
Total of all segments	-	2,847,926	-	-	-	2,847,926
Unallocated corporate revenue					14,861	14,649
Consolidated total revenue					14,861	2,862,575
<b>Segment Results</b>						
Australia					-	217,947
Namibia					-	-
Botswana					-	-
Total of all segments					-	217,947
Unallocated corporate revenue					14,861	14,649
Unallocated corporate expenses					(431,260)	(554,363)
Loss before income tax expense					(416,399)	(321,767)
Income tax expense					-	-
Consolidated net loss for the period					(416,399)	(321,767)

**MOUNT BURGESS MINING N.L.**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**5. OTHER INCOME**

An analysis of the Group's other income for the half year is as follows:

	<b>Consolidated</b>	
	<b>Half Year ended 31 Dec 2008</b>	<b>Half Year ended 31 Dec 2008</b>
	<b>\$</b>	<b>\$</b>
Dividend income	259	188
Sale of royalty (i)	-	500,000
Withdrawal of Exploration License Application 45/1946 (ii)	-	2,347,926
<b>Total other income</b>	<b>259</b>	<b>2,848,114</b>

- (i) During the previous year the Company realised \$500,000 from the sale of royalty rights in respect of the Red October gold deposit and various ground holdings in the Butcher Well area, south of Laverton in Western Australia.
- (ii) During the previous year the Company realised \$2,350,000 from the withdrawal of Exploration Licence Application 45/1946 in the Telfer region of Western Australia.

## **Independent Auditor's Review Report to the members of Mount Burgess Mining N.L.**

We have reviewed the accompanying half-year financial report of Mount Burgess Mining N.L., which comprises the condensed consolidated statement of financial position as at 31 December 2009 and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 10.

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

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 Interim and Other Financial Reports 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 2009 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.

## *Auditor's Independence Declaration*

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

## *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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## *Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that the consolidated entity incurred a net loss of \$416,399 (2008: 321,767) during the half year ended 31 December 2009 and incurred net cash outflows for the period of \$1,192,447. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU

*Kathleen Bozanic*

Kathleen Bozanic  
Partner  
Chartered Accountants  
Perth, WA 15 March 2010