MOUNT BURGESS MINING N.L.

ABN 31 009 067 476

CONSOLIDATED FINANCIAL REPORT

FOR THE

HALF YEAR ENDED

31 DECEMBER 2004

This Financial Report contains information required under ASX Listing Rule 4.2A and should be read in conjunction with the Annual Report 2004.

REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2004

The Directors of Mount Burgess Mining N.L. herewith submit the financial report for the half year ended 31 December 2004. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the Directors of the Company who have held office during the whole of the half year and up to the date of this report are:

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

Martin Lindsay Spence was appointed as an executive Director on 16 September 2004 and continues in office at the date of this report.

RESULTS AND REVIEW OF OPERATIONS

Exploration

During the six months to 31 December 2004, the consolidated entity conducted exploration for kimberlites at Tsumkwe in Namibia and for base metals at Kihabe in Botswana. At Telfer in Western Australia exploration was conducted by Barrick Gold of Australia Limited, as an incoming joint venture party.

At Tsumkwe, where the consolidated entity has a 90% interest in the project, the consolidated entity conducted loam sampling and drilling programmes in the search for kimberlites. To date three kimberlites have been found at this project.

At Kihabe, where the consolidated entity has a 100% interest, metallurgical test work was conducted on RC drill chips to test for recoveries of zinc, lead and silver. These tests revealed that recoveries for all of the above three elements were in excess of 90%.

At Telfer, Barrick Gold of Australia Limited commenced a deep diamond drilling programme comprising four diamond core holes of 1,000 m+ per hole. By year end all the pre-collars for these holes had been completed and one of the four diamond tails had been completed at 1114 metres.

Corporate

The consolidated loss for the six months to 31 December 2004 amounted to $476,073. (2003:$330,881)

Capital Raising

During the six months to 31 December 2004, the consolidated entity completed the following capital raisings:

- On 9 July 2004, the Company placed 8,000,000 shares at $0.07 per share to raise $560,000

- On 21 September 2004, the Company placed 6,000,000 shares at $0.07 per share to raise $420,000

- On 24 November 2004, the Company placed 4,240,000 shares @ $0.135 per share to raise $572,400.

The cost of the above capital raisings amounted to $32,291.

Subsequent Events

No matters or circumstances of which the Directors are aware, other than those referred to in the 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 financial years after the financial half year, other than as follows:

Since 31 December 2004, the Company has raised a further $550,000 through the placement of 5,000,000 shares at $0.11 per share, as announced to the Stock Exchange on 7 February 2005. Costs associated with the placement amounted to $27,500. The financial effect of the above transaction has not been brought to account as at 31 December 2004.

Auditor Independence

Pursuant to the provision of Section 307C of the Corporations Act 2001, the directors of the consolidated entity have obtained a declaration of independence by the groups' auditors. A copy of the declaration is attached to this report.

Signed in accordance with a resolution of directors.

N R Forrester
Chairman and Managing Director

Signed at Perth this 25th day of February 2005

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The Board of Directors
Mount Burgess Mining NL
178 St Georges Terrace
Perth WA 6000

25 February 2005

Dear Sirs

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 review of the financial report of Mount Burgess Mining NL for the half-year ended 31 December 2004, 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

AT Richards

AT RICHARDS
Partner
Chartered Accountants

DIRECTORS' DECLARATION FOR THE HALF YEAR TO 31 DECEMBER 2004

The Directors declare that:

a) The financial statements and notes thereto comply with accounting standards;

b) The financial statements and notes thereto give a true and fair view of the financial position and performance of the Consolidated entity;

c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and

d) 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.

Signed in accordance with a resolution of the directors.

N R Forrester
Chairman and Managing Director

Signed at Perth this 25th day of February 2005

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Consolidated Half Year 2004 $	Half Year 2003 $
Revenue from ordinary activities	5,786	152,907
Administration expenses	(470,357)	(448,692)
Borrowing costs	(704)	(2,660)
Other expenses from ordinary activities	(10,798)	(32,436)
Loss from ordinary activities	(476,073)	(330,881)
Income tax expense from ordinary activities	-	-
Loss from ordinary activities after related income tax expense	(476,073)	(330,881)
Net Loss	(476,073)	(330,881)
Total changes in equity other than those resulting from transactions with owners as owners	(476,073)	(330,881)
Basic Loss per Share (cents per share)	(0.34)	(0.29)
Diluted Loss per Share (cents per share)	(0.34)	(0.29)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2004

	Consolidated 31 December 2004 $	30 June 2004 $
CURRENT ASSETS		
Cash assets	324,537	92,726
Receivables	52,723	51,464
TOTAL CURRENT ASSETS	377,260	144,190
NON CURRENT ASSETS		
Plant and equipment	41,833	55,183
Exploration interests	10,961,054	10,153,082
TOTAL NON CURRENT ASSETS	11,002,887	10,208,265
TOTAL ASSETS	11,380,147	10,352,455
CURRENT LIABILITIES		
Payables	185,856	198,026
Interest bearing liabilities	8,377	8,043
Provisions	43,010	43,244
TOTAL CURRENT LIABILITIES	237,243	249,313
NON CURRENT LIABILITIES		
Interest bearing liabilities	16,061	20,335
TOTAL NON CURRENT LIABILITIES	16,061	20,335
TOTAL LIABILITIES	253,304	269,648
NET ASSETS	11,126,843	10,082,807
EQUITY		
Contributed equity	28,702,526	27,182,417
Reserves	109,972	109,972
	28,812,498	27,292,389
Accumulated losses	(17,685,655)	(17,209,582)
TOTAL EQUITY	11,126,843	10,082,807

STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2004

	Consolidated	
	Half Year 2004 $	Half Year 2003 $
Cash flows from operating activities		
Payments to suppliers and employees	(475,163)	(483,250)
Interest and bill discounts received	5,786	9,807
Interest and other costs of finance paid	(704)	(2,659)
Net cash used in operating activities	(470,081)	(476,102)
Cash flows from investing activities		
Proceeds from sale of investments	-	155,500
Payment for plant and equipment	-	(1,173)
Exploration, development and evaluation expenditure	(814,277)	(848,075)
Net cash used in investing activities	(814,277)	(693,748)
Cash flows from financing activities		
Proceeds from issues of equity securities	1,552,400	1,240,000
Payment for share issue costs	(32,291)	(15,060)
Repayment of lease liabilities	(3,940)	(8,519)
Net cash provided by financing activities	1,516,169	1,216,421
Net increase in cash held	231,811	46,571
Cash at the beginning of the financial period	92,726	360,993
Cash at the end of the financial period	324,537	407,564

1 BASIS OF PREPARATION

The consolidated entity's half year financial report is a general purpose financial report prepared in accordance with Accounting Standard 1029 'Interim Financial Reporting' and the Corporations Act 2001. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2004 annual financial report.

The accounting policies adopted by the consolidated entity in the preparation of the half year financial report are consistent with those adopted and disclosed in the 2004 annual financial report.

2 GOING CONCERN

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

If the consolidated entity chooses to maintain its current high level of exploration expenditure, it will have to raise additional capital. The consolidated entity has utilised this option in the past. If the consolidated entity does not raise additional capital in the short term it can continue as a going concern by substantially reducing exploration expenditure until funding is available and/or entering joint venture arrangements.

The Directors are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances. However, if an event were to arise where the consolidated entity could not raise additional equity capital or reduce its current rate of exploration expenditure by entering into joint ventures in order to remain as a going concern, there is no certainty as to whether the Company could realise assets at the amounts as shown in the financial statements and extinguish liabilities in the normal course of business.

3. SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2004

The Company operates in Australia, Namibia and Botswana in the area of mineral exploration.
In Australia the exploration focus is on gold and base metals.
In Namibia the exploration focus is on diamonds and base metals.
In Botswana the exploration focus is on base metals.

Geographical Segments.

	2004 Half Year $	2003 Half Year $	2004 Half Year $	2003 Half Year $	2004 Half Year $	2003 Half Year $
Segment Revenues	External sales		Inter -segment Sales		Total	
Australia	-	-	-	-	-	-
Namibia	-	-	-	-	-	-
Botswana	-	-	-	-	-	-
Total of all segments	-	-	-	-	-	-
Unallocated corporate revenue					5,786	152,907
Consolidated total revenue					5,786	152,907
Segment Results						
Australia					-	-
Namibia					-	-
Botswana					-	-
Total of all segments					-	-
Unallocated corporate revenue					5,786	152,907
Unallocated corporate expenses					(481,859)	(483,788)
Loss from ordinary activities before income tax expense					(476,073)	(330,881)
Income tax expense					-	-
Loss from ordinary activities after income tax expense					(476,073)	(330,881)
Extraordinary items					-	-
Consolidated Net loss					(476,073)	(330,881)

4 SUBSEQUENT EVENTS

Since 31 December 2004, the Company has raised a further $550,000 through the placement of 5,000,000 shares at $0.11 per share, as announced to the Stock Exchange on 7 February 2005. The financial effect of the above transaction has not been brought to account as at 31 December 2004.

5 CHANGES IN COMPOSITION OF THE CONSOLIDATED ENTITY

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

6 DIVIDENDS

No dividends have been recognised as a liability in the half year or paid during the half year without previously being recognised as a liability.

7 CONTINGENT ASSETS OR LIABILITIES

There were no contingent assets or contingent liabilities reported in the 30 June 2004 Annual Report.

There have been no changes to contingent assets or contingent liabilities since the 30 June 2004 Annual Report.

8. IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Management of the transition to A-IFRS

In accordance with the Financial Reporting Council's strategic directive the consolidated entity will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, the consolidated entity's first half-year report prepared under A-IFRS will be for the half-year reporting period ending 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ending 30 June 2006.

The consolidated entity plans to manage the transition to A-IFRS in three phases:

1. A high level scoping exercise to determine the impact of individual standards, a conversion plan and timetable and to establish processes and controls in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS.

2. Evaluation and design to manage the changes to processes, controls and systems and to conduct analysis to determine the extent of the effect of changes in accounting policies on the consolidated entity.

3. Implementation and review.

During the reporting period a scoping exercise was conducted as part of an awareness training programme to obtain an idea of the effect and effort involved in adopting A-IFRS on the consolidated entity. Part of the scoping exercise involved identifying key areas of impact that will arise on adoption of A-IFRS including effort required, and options available to the consolidated entity on first-time adoption of A-IFRS. Now that the consolidated entity has this information, it intends to conduct a business impact study to determine the approximate impact and best options for the consolidated entity for future reporting periods, and to begin a process to redesign and build systems and processes in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS. The directors of the consolidated entity have identified the following as being the key accounting policy differences expected to arise on transitioning to A-IFRSs.

Key differences from current accounting policies

First-time adoption of A-IFRS

On first-time adoption of A-IFRS, the consolidated entity will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ending 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As most adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report may differ.

Various voluntary and mandatory exemptions are available to the consolidated entity on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to expense share-based payments granted before 7 November 2002 and the identification of a "deemed cost" for plant and equipment.

The impact on the consolidated entity of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. The consolidated entity is evaluating the effect of the options available on first time adoption in order to determine the best possible outcome for the consolidated entity.

Share-based payment

Share-based compensation forms part of the remuneration of employees of the consolidated entity (including executives) as disclosed in the notes to the financial statements of the 2004 Annual Report. The consolidated entity does not recognise an expense for any share-based compensation granted. Under A-IFRS, the consolidated entity will be required to recognise an expense for such share-based compensation. Share-based compensation is measured at the fair value of the share options determined at grant date and recognised over the expected vesting period of the options. A reversal of the expense will be permitted to the extent non-market based vesting conditions (e.g. service conditions) are not met. The entity will not retrospectively recognise share-based payments vested before 1 January 2005 as permitted under A-IFRS first time adoption.

The recognition of the expense will decrease the consolidated entity's opening retained earnings on initial adoption of A-IFRS and increase share capital by the same amount for share-based payments issued after 7 November 2002 but not vested before 1 January 2005. Similar impacts will also occur in future periods. As at the date of this reporting period, all share based payments (employee share options) issued by the consolidated entity since 7 November 2002, vested before 1 January 2005. Therefore there will be no need to recognise an expense for these options.

Income tax

The consolidated entity currently recognises deferred taxes by accounting for the differences between accounting profits and taxable income, which give rise to 'permanent' and 'timing' differences. Under A-IFRS, deferred taxes are measured by reference to the 'temporary differences' determined as the difference between the carrying amount and the tax base of assets and liabilities recognised in the balance sheet.

Because A-IFRS has a wider scope than the entity's current accounting policies, it is likely that the amount of deferred taxes recognised in the balance sheet will increase.

The consolidated entity also has carried forward tax losses which have not been recognised as deferred tax assets as they do not satisfy the 'virtually certain' criteria under current Australian GAAP (Generally Accepted Accounting Principles). Under A-IFRS, it may be easier to recognise these tax losses as deferred tax assets as they are recognised based on a 'probable' recognition criteria. The impact of this difference may be to increase deferred tax assets and opening retained earnings, and result in a higher level of recognised deferred tax assets on a go-forward basis.

Adjustments to the recognised amounts of deferred taxes will also result as a consequence of adjustments to thecarrying amounts of assets and liabilities resulting from the adoption of other A IFRS. The likely impact of these changes on deferred tax balances has not currently been determined.

Property, plant and equipment

On transition to A-IFRS, the entity has several options in the determination of the cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. At the date of this report, the entity has not decided which options and measurement basis will be adopted and the likely impacts therefore cannot be determined.

Impairment of assets

Non-current assets are written down to recoverable amount when the assets carrying amount exceeds recoverable amount.

Under A-IFRS, both current and non-current assets, including property, plant and equipment previously excluded as they were measured on the fair value basis, are tested for impairment. In addition, A-IFRS has a more prescriptive impairment test, and requires discounted cash flows to be used where value in use is used to assess recoverable amount. Consequently, on adoption of A-IFRS, a further impairment of certain assets may need to be recognised, thereby decreasing opening retained earnings and the carrying amount of assets – the consolidated entity has not yet determined the impact, if any, of any further impairment which may be required. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

Acquisition, Exploration and Development Expenditure

During the reporting period AASB 6 "Exploration for and Evaluation of Mineral Resources" was released. The release of AASB 6 is not expected to cause significant changes to the accounting for capitalised exploration and evaluation expenditure in Australia. Australian specific paragraphs included within the standard have effectively grandfathered current accounting for exploration and evaluation expenditure and the proposed impairment test included in the original exposure draft has been amended such that an area of interest approach to impairment will continue. However changes may arise with respect to how to account for other extractive industry related activities, such as development, construction, production and restoration.

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Independent review report to the members of Mount Burgess Mining N.L.

Scope

We have reviewed the financial report of Mount Burgess Mining N.L. for the half-year ended 31 December 2004 as set out on pages 5 to 11. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2004 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements in Australia.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

AT RICHARDS
Partner
Chartered Accountants
Perth, WA, 25 February 2005