

MOUNT BURGESS MINING N.L.

ABN 31 009 067 476

CONSOLIDATED FINANCIAL REPORT

FOR THE

HALF YEAR ENDED

31 DECEMBER 2006

This Financial Report contains information required under ASX Listing Rule 4.2A and should be read in conjunction with the Annual Report 2006.

The Directors of Mount Burgess Mining N.L. herewith submit the financial report for the half year ended 31 December 2006. 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 or since the end of the half year are:

Nigel Raymond Forrester (Chairman and Managing Director)
Martin Lindsay Spence - resigned 20 September 2006
Godfrey Edward Taylor
Ronald William O'Regan
Alfred Patrick Stirling
Giles Rodney Dale - appointed 20 September 2006
Allan Mulligan - appointed 20 September 2006

REVIEW OF OPERATIONS

Overview

- (a) The objectives of the consolidated entity are to explore for and in the event of discovery, develop commercial deposits of mineral resources. To this end, the consolidated entity is currently exploring for gold and base metals, at Telfer in Western Australia, for diamonds at Tsumkwe in Namibia and for base metals at Tsumkwe in Namibia and at Kihabe 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 only in 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, risks prevail relative to fluctuations in commodity prices and political risk.

Operations and Principal Activities

- (a) The main business activity of the consolidated entity during the six months consisted of:
 - Conducting RC infill drilling at the Company's Kihabe base metals project in Botswana for the purpose of delineating a JORC compliant resource.

REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2006

Funds applied to the various exploration activities were as follows:

	31 Dec 2006 Half year	2006 year	2005 year	2004 year	2003 year
	\$	\$	\$	\$	\$
Exploration for gold and base metals in Western Australia	36,672	403,542 ¹	3,180,318 ²	476,862 ³	335,206

¹Expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to \$321,000.

²Expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to \$3,100,000

³Expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to \$300,000.

	31 Dec 2006 Half year	2006 year	2005 year	2004 year	2003 year
	\$	\$	\$	\$	\$
Exploration for diamonds in Namibia	39,564	572,597	1,467,905	1,175,694	1,943,701

	31 Dec 2006 Half year	2006 year	2005 year	2004 year	2003 year
	\$	\$	\$	\$	\$
Exploration for base metals in Namibia and Botswana	1,295,547	760,991	118,565	396,720	140,314

	31 Dec 2006 Half year	2006 year	2005 year	2004 year	2003 year
	\$	\$	\$	\$	\$
Exploration in other overseas projects	-	-	-	-	7,694

(b) As the consolidated entity was involved only in resource exploration during the six months there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2001 and 2006 the Company's shares traded as follows:

31 Dec 2006 Half year		2006 year		2005 year		2004 year		2003 year	
High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents
9.2	6.9	14.5	8.4	17.5	7.5	18	6.9	17	5

Ongoing resource exploration expenditure for the remainder of the year is anticipated to be in the region of \$1 million.

Financial Conditions

- (a) Further resource 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 equity in the projects.

On November 24th 2006 the Company announced that it has raised \$1,048,950 to be applied to working capital, RC and diamond core drilling, metallurgical test work, down hole surveying, assaying and resource modelling and estimation on the Company's base metals projects in Botswana and adjoining ground in Namibia.

As the Company intends to maintain its current pace of exploration particularly in regard to defining a resource at its Kihabe Base Metals project in Botswana, the Company must either raise further capital or introduce joint venture parties.

- (b) At the end of the six month period, the consolidated entity had cash resources of \$477,274. At the date of this report, relying on VAT refunds and committed placement funding, the consolidated entity has cash resources of \$1,086,500 and an unused overdraft facility of \$150,000.
- (c) There were no other resources available to the consolidated entity, that are not reflected in the balance sheet, other than the availability to raise further funds through the issue of shares, securing funding from incoming joint venture partners or the sale of equity in projects.
- (d) As the consolidated entity was involved only in resource exploration during the six months there was not any cash generated from operations.

During the six months to 31 December 2006, the consolidated entity completed the following capital raisings:

- On 28 August 2006, the Company placed 7,520,000 shares at \$0.08 per share to raise \$601,600
- On 27 September 2006, the Company placed 9,287,000 shares at \$0.06 per share to raise \$557,220
- On 24 November 2006, the Company placed 14,985,000 shares at \$0.07 per share to raise \$1,048,950

The cost of the above capital raisings amounted to \$46,319.

- (e) 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 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 made pursuant to s.306(3) 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**

Signed at Perth this 15th day of March 2007

DIRECTORS' DECLARATION FOR THE HALF YEAR TO 31 DECEMBER 2006

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 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

Signed at Perth this 15th day of March 2007

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Consolidated	
	Half Year ended 31 Dec 2006	Half Year ended 31 Dec 2005
	\$	\$
Revenue	20,857	7,740
Administration expenses	(665,648)	(453,433)
Finance costs	(456)	(1,597)
Exploration interests written off	(4,171)	(70,043)
Depreciation and amortisation	(5,798)	(8,093)
Loss before income tax expense	<u>(655,486)</u>	<u>(525,426)</u>
Income tax expense	-	-
Net Loss for the period	<u>(655,486)</u>	<u>(525,426)</u>
Basic Loss per Share (cents per share)	(0.32)	(0.31)
Diluted Loss per Share (cents per share)	(0.32)	(0.31)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Consolidated	
	31 December 2006	30 June 2006
	\$	\$
CURRENT ASSETS		
Cash assets	477,274	340,166
Trade and other receivables	51,404	26,864
Inventories	19,715	12,433
TOTAL CURRENT ASSETS	<u>548,393</u>	<u>379,463</u>
NON CURRENT ASSETS		
Plant and equipment	96,888	74,709
Exploration interests	14,258,791	12,886,192
TOTAL NON CURRENT ASSETS	<u>14,355,679</u>	<u>12,960,901</u>
TOTAL ASSETS	<u>14,904,072</u>	<u>13,340,364</u>
CURRENT LIABILITIES		
Trade and other payables	119,155	97,527
Interest bearing liabilities	6,274	5,922
Provisions	39,394	61,108
TOTAL CURRENT LIABILITIES	<u>164,823</u>	<u>164,557</u>
NON CURRENT LIABILITIES		
Interest bearing liabilities	2,253	5,481
TOTAL NON CURRENT LIABILITIES	<u>2,253</u>	<u>5,481</u>
TOTAL LIABILITIES	167,076	170,038
NET ASSETS	<u>14,736,996</u>	<u>13,170,326</u>
EQUITY		
Issued capital	34,557,767	32,396,316
Reserves	339,367	278,662
	<u>34,897,134</u>	<u>32,674,978</u>
Accumulated losses	(20,160,138)	(19,504,652)
TOTAL EQUITY	<u>14,736,996</u>	<u>13,170,326</u>

*Notes to the financial statements are included on pages 9-10

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Consolidated	
	Half Year ended 31 Dec 2006	Half Year ended 31 Dec 2005
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(676,998)	(386,832)
Interest and bill discounts received	7,793	7,740
Interest and other costs of finance paid	(456)	(1,597)
Net cash used in operating activities	(669,661)	(380,689)
Cash flows from investing activities		
Proceeds from the sale of plant and equipment	25,909	-
Payment for plant and equipment	(51,439)	(4,665)
Exploration, development and evaluation expenditure	(1,332,858)	(914,152)
Net cash used in investing activities	(1,358,388)	(918,817)
Cash flows from financing activities		
Proceeds from issues of equity securities	2,207,770	1,406,500
Payment for share issue costs	(46,319)	(82,120)
Repayment of lease liabilities	(2,876)	(6,764)
Net cash provided by financing activities	2,158,575	1,317,616
Net increase in cash and cash equivalents	130,526	18,110
Cash and cash equivalents at the beginning of the half -year	340,166	538,041
Effects of exchange rate changes on the balance of cash held in foreign currencies	6,582	16,903
Cash and cash equivalents at the end of the half-year	477,274	573,054

**CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

	Share capital \$	Asset realisation reserve \$	Equity settled employee benefits reserve \$	Accumulated losses \$	Total attributable to equity holders of the parent \$
Balance at 1 Jul 2005	30,113,976	109,972	-	(18,382,449)	11,841,499
Profit for the period	-	-	-	(525,426)	(525,426)
Total recognised income and expense	30,113,976	109,972	-	(18,907,875)	11,316,073
Issue of shares-placements	1,324,380	-	-	-	1,324,380
Recognition of share based payments	-	-	68,640	-	68,640
Balance at 31 Dec 2005	31,438,356	109,972	68,640	(18,907,875)	12,709,093
Balance at 1 Jul 2006	32,396,316	109,972	168,690	(19,504,652)	13,170,326
Profit for the period	-	-	-	(655,486)	(655,486)
Total recognised income and expense	32,396,316	109,972	168,690	(20,160,138)	12,514,840
Issue of shares-placements	2,161,451	-	-	-	2,161,451
Recognition of share based payments	-	-	60,705	-	60,705
Balance at 31 Dec 2006	34,557,767	109,972	229,395	(20,160,138)	14,736,996

*Notes to the financial statements are included on pages 9-10

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

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 2006 annual financial report for the financial year ended 30 June 2006.

In the current 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 July 2006.

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 consolidated entity could realise assets at the amounts as shown in the financial statements and extinguish liabilities in the normal course of business.

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 year which significantly affect, or may significantly affect the operations, results or state of affairs of the consolidated entity in subsequent financial periods other than as follows:

On 26 February 2007, the Company completed a placement of 15,000,000 fully paid ordinary shares to raise \$1,050,000. The placement was at an issue price of \$0.07 cents per share. The financial effect of the above transaction has not been brought to account at 31 December 2006.

3. CHANGES IN COMPOSITION OF THE CONSOLIDATED ENTITY

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

4 ISSUANCES OF SECURITIES

During the half year reporting period, the consolidated entity issued 31,792,000 ordinary shares to raise \$2,207,770 (2005: 14,850,000 \$1,324,380). See details of placements on page 4 of the Director's report under the heading Financial Conditions.

The consolidated entity issued 3,000,000 share options (2005: 3,000,000) over ordinary shares under its share option plan during the half year reporting period. These share options had a fair value at grant date of \$0.02 per share option (2005: \$0.023).

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2006**

5 SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2005

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

	2006 Half Year ended 31 Dec 2006 \$	2005 Half Year ended 31 Dec 2005 \$	2006 Half Year ended 31 Dec 2006 \$	2005 Half Year ended 31 Dec 2005 \$	2006 Half Year ended 31 Dec 2006 \$	2005 Half Year ended 31 Dec 2005 \$
	External sales		Inter -segment Sales		Total	
Segment Revenues						
Australia	-	-	-	-	-	-
Namibia	-	-	-	-	-	-
Botswana	-	-	-	-	-	-
Total of all segments	-	-	-	-	-	-
Unallocated corporate revenue					20,587	7,740
Consolidated total revenue					<u>20,587</u>	<u>7,740</u>
 Segment Results						
Australia					(4,171)	(70,043)
Namibia					-	-
Botswana					-	-
Total of all segments					<u>(4,171)</u>	<u>(70,043)</u>
Unallocated corporate revenue					20,587	7,740
Unallocated corporate expenses					<u>(671,902)</u>	<u>(463,123)</u>
Loss before income tax expense					(655,486)	(525,426)
Income tax expense					-	-
Consolidated net loss for the period					<u>(655,486)</u>	<u>(525,426)</u>

The Directors
Mount Burgess Mining NL
Level 4, 109 St Georges Terrace
Perth WA 6000

15 March 2007

Dear Board Members

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 statements of Mount Burgess Mining NL for the half-year ended 31 December 2006, 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



Ross Jerrard
Partner
Chartered Accountants

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mount Burgess Mining NL, which comprises the balance sheet as at 31 December 2006, and the income statement, cash flow statement, 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 6 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 designing, implementing 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 an Interim 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 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 2006 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 NL, 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.

Deloitte.

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 NL 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 2006 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*.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU



Ross Jerrard
Partner
Chartered Accountants
Perth, 15 March 2007