

MOUNT BURGESS MINING N.L.

ABN 31 009 067 476

CONSOLIDATED FINANCIAL REPORT

FOR THE

HALF YEAR ENDED

31 DECEMBER 2008

This Financial Report contains information required under ASX Listing Rule 4.2A and should be read in conjunction with the Annual Report 2008.

MOUNT BURGESS MINING N.L.
REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2008

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 2008. 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)
 Godfrey Edward Taylor
 Ronald William O'Regan
 Alfred Patrick Stirling
 Allan Mulligan (resigned 05 February 2009)
 Murray Surtees (resigned 06 November 2008)

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 gold and base metals, at Telfer in Western Australia, for diamonds at Tsumkwe and Hardap 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, many risks prevail including but not limited to those relative to fluctuations in commodity prices, potential to access project finance, potential to secure off take/ end user agreements, 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 Diamond Core drilling at the Company's Kihabe base metals project in Botswana for the purpose of upgrading the Company's JORC compliant resource.

Funds applied to the various exploration activities were as follows:

	31 Dec 2008 Half year	2008 year	2007 year	2006 year	2005 year
	\$	\$	\$	\$	\$
Exploration for gold and base metals in Western Australia	40,721	173,913	137,283	403,542 ¹	3,180,318 ²

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

MOUNT BURGESS MINING N.L.
REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2008

	31 Dec 2008 Half year	2008 year	2007 year	2006 year	2005 year
	\$	\$	\$	\$	\$
Exploration for diamonds in Namibia	20,610	103,421	86,953	572,597	1,467,905

	31 Dec 2008 Half year	2008 year	2007 year	2006 year	2005 year
	\$	\$	\$	\$	\$
Exploration for base metals in Namibia and Botswana	845,683	2,037,137	2,244,913	760,991	118,565

- (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 2005 and 2008 the Company's shares traded as follows:

31 Dec 2008 Half year		2008 year		2007 year		2006 year		2005 year		2005 year	
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
cents	cents	cents	cents	cents	cents	cents	cents	cents	cents	cents	cents
3.3	0.8	12	3	12	5.5	14.5	8.4	17.5	7.5	18	6.9

Ongoing resource exploration expenditure for the remainder of the year is anticipated to be in the region of \$500,000.

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 ground holdings or equity in the projects.

The Company currently has sufficient cash resources to fund its planned exploration for the remainder of the year.

- (b) At the end of the six month period, the consolidated entity had cash resources of \$2,167,658. At the date of this report, relying on VAT refunds and placement funding, the consolidated entity has cash resources of approximately \$1,991,000 and an unused overdraft facility of \$350,000.
- (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 ground holdings or 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 2008, the consolidated entity completed the following capital raisings:

- On 22 July 2008, the Company placed 20,000,000 shares at \$0.022 per share to raise \$440,000

The cost of the above capital raising amounted to \$3,067.

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.

MOUNT BURGESS MINING N.L.
REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2008

Auditor's Independence Declaration

The auditor's independence declaration is included on Page 11 of the half-year financial report.

Signed in accordance with a resolution of the directors made pursuant to s.306 (3) 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 the signature of N R Forrester.

N R Forrester
Chairman and Managing Director

Perth, 16th February 2009

MOUNT BURGESS MINING N.L.
DIRECTORS' DECLARATION FOR THE HALF YEAR TO 31 DECEMBER 2008

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 the name 'N R Forrester'.

N R Forrester
Chairman and Managing Director

Perth, 16th February 2009

MOUNT BURGESS MINING N.L.
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated	
		Half Year ended 31 Dec 2008 \$	Half Year ended 31 Dec 2007 \$
Revenue		14,462	18,316
Other income	6	2,848,114	-
Administration expenses		(552,012)	(615,894)
Finance costs		-	(179)
Exploration interests written off		(2,629,979)	-
Depreciation and amortisation		(2,351)	(5,340)
Loss before tax		<u>(321,767)</u>	<u>(603,097)</u>
Income tax expense		-	-
Loss for the period		<u>(321,767)</u>	<u>(603,097)</u>
Basic loss per Share (cents per share)		(0.01)	(0.23)
Diluted Loss per Share (cents per share)		(0.01)	(0.23)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008

	Consolidated	
	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	2,167,658	336,121
Trade and other receivables	18,672	45,193
Inventories	13,055	15,947
TOTAL CURRENT ASSETS	<u>2,199,385</u>	<u>397,261</u>
NON CURRENT ASSETS		
Investment	5,000	5,000
Plant and equipment	201,756	231,478
Exploration interests	12,784,549	14,509,588
TOTAL NON CURRENT ASSETS	<u>12,991,305</u>	<u>14,746,066</u>
TOTAL ASSETS	<u>15,190,690</u>	<u>15,143,327</u>
CURRENT LIABILITIES		
Trade and other payables	182,204	248,511
Provisions	9,701	11,197
TOTAL CURRENT LIABILITIES	<u>191,905</u>	<u>259,708</u>
TOTAL LIABILITIES	<u>191,905</u>	<u>259,708</u>
NET ASSETS	<u>14,998,785</u>	<u>14,883,619</u>
EQUITY		
Issued capital	39,787,892	39,350,959
Reserves	393,817	393,817
Accumulated losses	(25,182,924)	(24,861,157)
TOTAL EQUITY	<u>14,998,785</u>	<u>14,883,619</u>

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

MOUNT BURGESS MINING N.L.
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	Half Year ended 31 Dec 2008 \$	Half Year ended 31 Dec 2007 \$
Cash flows from operating activities		
Payments to suppliers and employees	(521,367)	(585,549)
Interest and bill discounts received	14,461	31,193
Interest and other costs of finance paid	-	(179)
Net cash used in operating activities	<u>(506,906)</u>	<u>(554,535)</u>
Cash flows from investing activities		
Proceeds from the sale of royalties	500,000	-
Proceeds from withdrawal of exploration license application	2,350,000	-
Dividend received	188	-
Payment for plant and equipment	(4,959)	(124,936)
Exploration, development and evaluation expenditure	(946,195)	(1,210,041)
Net cash provided by / (used in) investing activities	<u>1,899,034</u>	<u>(1,334,977)</u>
Cash flows from financing activities		
Proceeds from issues of equity securities	440,000	1,166,250
Payment for share issue costs	(3,067)	(53,255)
Repayment of lease liabilities	-	(3,228)
Net cash provided by financing activities	<u>436,933</u>	<u>1,109,767</u>
Net increase / (decrease) in cash and cash equivalents	1,829,061	(779,745)
Cash and cash equivalents at the beginning of the half -year	336,121	1,023,591
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,476	2,509
Cash and cash equivalents at the end of the half-year	<u>2,167,658</u>	<u>246,355</u>

CONDENSED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated	
	Half Year ended 31 Dec 2008 \$	Half Year ended 31 Dec 2007 \$
Net income recognised directly in equity		
Loss for the period	-	-
	(321,767)	(603,097)
Total recognised income and expense	<u>(321,767)</u>	<u>(603,097)</u>

*Notes to the 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 2008

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 2008 annual financial report for the financial year ended 30 June 2008.

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 expenditure on specific projects, which is significantly in excess of its required commitment, it will have to raise additional capital or liquidate assets. If the consolidated entity does not raise additional funds in the short term it can continue as a going concern by substantially reducing exploration expenditure until funding is available, without jeopardising its commitment base on those specific projects. The consolidated entity has the opportunity to enter into joint venture arrangements to fulfil ongoing exploration expenditure or apply for expenditure exemptions.

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, realise funds through the sale of assets, reduce its current rate of exploration expenditure or enter 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 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 ISSUANCES OF SECURITIES

During the half year reporting period, the consolidated entity issued 20,000,000 ordinary shares to raise \$440,000 (2007: 15,550,000 \$1,166,250). See details of placement on page 3 of the Director's report under the heading Financial Conditions.

The consolidated entity issued nil share options (2007: 1,400,000) over ordinary shares under its share option plan during the half year reporting period. These share options had an average fair value at grant date of nil per share option (2007: \$0.04).

MOUNT BURGESS MINING N.L.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

5 SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2008

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

	2008	2007	2008	2007	2008	2007
	Half Year	Half Year	Half Year	Half Year	Half Year	Half Year
	ended 31	ended 31	ended 31	ended 31	ended 31	ended 31
	Dec 2008	Dec 2007	Dec 2008	Dec 2007	Dec 2008	Dec 2007
	\$	\$	\$	\$	\$	\$
Segment Revenues	External sales		Inter -segment Sales		Total	
Australia	2,847,926	-	-	-	2,847,926	-
Namibia	-	-	-	-	-	-
Botswana	-	-	-	-	-	-
Total of all segments	2,847,926	-	-	-	2,847,926	-
Unallocated corporate revenue					14,649	18,316
Consolidated total revenue					2,862,575	18,316
Segment Results						
Australia					217,947	-
Namibia					-	-
Botswana					-	-
Total of all segments					217,947	-
Unallocated corporate revenue					14,649	18,316
Unallocated corporate expenses					(554,363)	(621,413)
Loss before income tax expense					(321,767)	(603,097)
Income tax expense					-	-
Consolidated net loss for the period					(321,767)	(603,097)

MOUNT BURGESS MINING N.L.
NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

6 OTHER INCOME

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

	Consolidated	
	Half Year	Half Year
	ended 31	ended 31
	Dec 2008	Dec 2007
	\$	\$
Dividend income	188	-
Sale of royalty (i)	500,000	-
Withdrawal of Exploration License Application 45/1946 (ii)	2,347,926	-
Total other income	<u>2,848,114</u>	-

- (i) During the half 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 half year the Company realised \$2,350,000 from the withdrawal of Exploration Licence Application 45/1946 in the Telfer region of Western Australia.

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

16 February 2009

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 2008, 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

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 balance sheet as at 31 December 2008, and the income statement, cash flow statement, statement of recognised income and expense 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 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 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 2008 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.

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 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 2008 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

Kathleen Bozanic

Kathleen Bozanic
Partner
Chartered Accountants
Perth, 16 February 2009