mount burgess mining

ACN 009 067 476

Half-Year Financial Report

31 December 2012

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Mount Burgess Mining NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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 2012. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The following persons were directors of Mount Burgess Mining NL during the whole of the half-year and up to the date of this report:

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

REVIEW OF OPERATIONS

Overview

(a) The objectives of the consolidated entity are to explore for and in the event of commercial discovery, develop deposits of mineral resources. To this end, the consolidated entity is currently exploring for rare earths at Tsumkwe in Namibia, for diamonds at Tsumkwe in Namibia and in Western Ngamiland in Botswana and for base metals at Tsumkwe in Namibia and at Kihabe in Botswana. The consolidated entity is currently developing zinc/lead/silver resources in Botswana.

(b) Performance and indicators used by management in carrying out the above objectives include:

- Assessing and reviewing the likeliness of making a discovery through exploration
- Assessing the risks and rewards relative to the costs of exploration and the values of the minerals being explored for.

(c) As the consolidated entity is involved in resource development and exploration at this point in time, any significant commercial discovery could have a significant impact on the capitalisation of the consolidated entity. However, inherent in all exploration are risk factors relative to rates of success. Even beyond exploration at the point of resource development, many risks prevail including but not limited to those relative to prevailing market conditions, fluctuations in commodity prices, potential to access project finance, potential to secure off-take/end-user agreements and political and national policy risk.

Operations and Principal Activities

(a) The main business activity of the consolidated entity during the six months consisted of:

- Conducting soil geochemical sampling programmes and assaying on the Company's base metals project in Botswana
- Conducting mineralogical and metallurgical testwork on both the Kihabe and Nxuu deposits in Botswana.
- Reviewing resource estimates for selection for a revision of the Scoping Study for the Kihabe Zinc/Lead Project in Botswana. A likely resource selection for the revised Scoping Study will be in the region of 25 million tonnes @ 3% Zinc/Lead/Silver containing some 741,000 tonnes of metal.

Funds applied to the various exploration activities were as follows:

	31 Dec 2012 Half year	2012	2011	2010	2009
		$	$	$	$
Exploration for rare earths in Namibia	324	51,812	53,836	-	-
Exploration for diamonds in Namibia and Botswana	23,801	54,350	66,077	498,140	266,409
Resource development for base metals in Namibia and Botswana	118,041	498,564	370,426	463,016	1,202,304

(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 2009 and 2012 the Company's shares traded as follows:

31 Dec 2012 Half year		2012		2011		2010		2009	
High cents	**Low cents**	**High cents**	**Low cents**	**High cents**	**Low cents**	**High cents**	**Low cents**	**High cents**	**Low cents**
0.4	0.1	1.2	0.2	2.7	0.6	3.0	1.0	1.2	1.0

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

FINANCIAL CONDITIONS

(a) Further resource development and exploration requirements beyond the consolidated entity's current cash resources can only be funded from further capital raisings, securing funding from incoming joint venture partners, or the sale of ground holdings or equity in the projects.

(b) At the end of the six month period, the consolidated entity had cash resources of $12,496. At the date of this report, relying on bank facilities the consolidated entity has available resources of approximately $16,000.

(c) Other resources available to the consolidated entity, that are not reflected in the consolidated statement of financial position include the Company's ability to raise further funds through the issue of shares, securing funding from incoming joint venture partners or the sale of ground holdings or equity in projects.

(d) As the consolidated entity was involved only in resource development and exploration during the six months there was not any cash generated from operations.

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

AUDITORS' INDEPENDENCE DECLARATION

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

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

On behalf of the Directors

N R Forrester
Chairman and Managing Director

Perth, 15 March 2013

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 with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements 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

N R Forrester
Chairman and Managing Director

Perth, 15 March 2013

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

15 March 2013

Mount Burgess Mining N.L
The Board of Directors
Unit 8/800 Albany Highway
East Victoria Park WA 6101

Dear Sirs,

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

As lead auditor for the review of Mount Burgess Mining N.L for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

	Consolidated	
	Half year Ended 31 Dec 2012 $	Half year Ended 31 Dec 2011 $
Revenue	-	-
Other income	882	-
Administration expenses	(492,521)	(515,792)
Finance costs	(44,024)	(32,215)
Other expenses	(2,680)	(1,388)
Loss before tax	(538,343)	(549,395)
Income tax benefit / (expense)	117,638	90,725
Net Loss for the half year	(420,705)	(458,670)
Other comprehensive income	-	-
Total comprehensive loss for the half year attributable to the owners of Mount Burgess Mining NL	(420,705)	(458,670)
Loss per share:		
Basic Loss per Share (cents per share)	(0.07)	(0.01)
Diluted Loss per Share (cents per share)	N/A	N/A

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

As at 31 December 2012

	Note	Consolidated 31 Dec 2012 $	Consolidated 30 June 2012 $
CURRENT ASSETS			
Cash and cash equivalents		12,496	14,560
Trade and other receivables		3,562	5,015
Inventories		147	310
TOTAL CURRENT ASSETS		16,205	19,885
NON CURRENT ASSETS			
Plant and equipment		14,678	20,153
Exploration interests	4	15,155,053	15,012,887
TOTAL NON CURRENT ASSETS		15,169,731	15,033,040
TOTAL ASSETS		15,185,936	15,052,925
CURRENT LIABILITIES			
Trade and other payables		114,692	109,871
Borrowings		1,133,862	982,680
Other financial liabilities		55,000	89,990
Provisions		67,308	58,893
TOTAL CURRENT LIABILITIES		1,370,862	1,241,434
NON CURRENT LIABILITIES			
Borrowings		1,730	3,132
TOTAL NON CURRENT LIABILITIES		1,730	3,132
TOTAL LIABILITIES		1,372,592	1,244,566
NET ASSETS		13,813,344	13,808,359
EQUITY			
Issued capital	5	42,231,430	41,805,740
Reserves		490,017	490,017
Accumulated losses		(28,908,103)	(28,487,398)
TOTAL EQUITY		13,813,344	13,808,359

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

	Issued Capital $	Employee Equity Settled Benefits Reserve $	Assets Realisation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2011	40,934,883	375,445	109,972	(27,287,595)	14,132,705
Loss for the half year	-	-	-	(458,670)	(458,670)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(458,670)	(458,670)
Total comprehensive loss for the half year					
Share based payments	-	4,600	-	-	4,600
Share placement to professional investors	521,357	-	-	-	521,357
Shares issued in lieu of directors fees or salary sacrifice	108,000	-	-	-	108,000
Balance at 31 December 2011	41,564,240	380,045	109,972	(27,746,265)	14,307,992
Balance at 1 July 2012	41,805,740	380,045	109,972	(28,487,398)	13,808,359
Loss for the half year	-	-	-	(420,705)	(420,705)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(420,705)	(420,705)
Transactions with owners in their capacity as owners:					
Share placement to professional investors	329,690	-	-	-	329,690
Shares issued in lieu of directors fees or salary sacrifice	96,000	-	-	-	96,000
Balance at 31 December 2012	42,231,430	380,045	109,972	(28,908,103)	13,813,344

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Half Year Ended 31 Dec 2012 $	Half Year Ended 31 Dec 2011 $
Cash flows from operating activities		
Payments to suppliers and employees	(373,203)	(364,785)
Interest received	-	-
R&D Tax Benefit	117,638	90,725
Interest and other costs of finance paid	(26,388)	(20,796)
Net cash used in operating activities	(281,953)	(294,856)
Cash flows from investing activities		
Payment for plant and equipment	(4,538)	-
Payments for exploration and evaluation expenditure	(140,216)	(360,074)
Proceeds from sale of motor vehicles	882	-
Net cash used in investing activities	(143,872)	(360,074)
Cash flows from financing activities		
Proceeds from issues of equity securities	296,500	518,000
Payment for share issue costs	(1,800)	(16,643)
Proceeds from borrowings	134,268	130,634
Repayment of lease liabilities	(1,263)	(1,136)
Repayment of borrowings	-	(22,500)
Net cash provided by financing activities	427,705	608,355
Net increase / (decrease) cash and cash equivalents	1,880	(46,575)
Cash and cash equivalents at the beginning of the half year	(370,109)	(198,243)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(545)	(718)
Cash and cash equivalents at the end of the half year	(368,774)	(245,536)
Cash and cash equivalents	12,496	12,832
Bank overdraft	(381,270)	(258,368)
	(368,774)	(245,536)

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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 2012 annual financial report for the financial year ended 30 June 2012.

(a) Changes in Accounting Policies and Disclosures

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period. It has been determined by the directors that there is no impact, materials or otherwise, of the new and revised Standards and Interpretation on the Company and, therefore, no chance is necessary to Group accounting policies.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the half year ending 31 December 2012. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the consolidated entity.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated Entity has incurred net losses after tax of $420,705 (2011: $458,670), and experienced net cash outflows from operations of $281,953 (2011: $294,856) and net cash outflows from investing activities of $143,872 (2011: $360,074) for the half year ended 31 December 2012. As at 31 December 2012, the Consolidated Entity had a deficiency of current assets to current liabilities of $1,354,657 (2011: $866,282) and cash assets of $16,205 (2011: 12,832).

The ability of the Consolidated Entity to continue as a going concern and pay its debts as and when they fall due, given the consolidated entity's intended operational plans, assumes the following:

a) Utilisation of bank facilities of $415,000 as required, approximately $75,000 being available to draw down at the date of this report.

b) Continued financial support from Exchange Services Ltd (a company controlled by A.P Stirling, a Director of the Company) in that it will not call upon its loan to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern. At the date of this report the Consolidated Entity has fully drawn down a GBP215,000 loan facility.

c) Additional funding via capital raisings or entering into joint venture arrangements. Initial discussions have commenced with potential parties.

d) Active management of the current level of discretionary expenditure in line with the funds available to the Consolidated Entity.

e) Continued financial support from the Directors of the Company. It has been confirmed that the loan of $749,860 will not called upon to be repaid within the next 12 months unless sufficient funds are available to do so without affecting the Company's going concern.

Notwithstanding this, as a junior explorer with 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 ordinary course of business, and at amounts that differ from those stated in the financial statements.

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

2. SUBSEQUENT EVENTS

On the 22nd November 2012, the Company announced a share placement of 110,000,000 shares at 0.2 of a cent to raise $220,000. As at the 31st December 2012, $55,000 of this placement had been received. Since the 31st December a further $168,000 has been received, increasing the overall placement to 111,500,000 shares.

On the 9th January 2013, the Company announced the appointment of PCF Capital Group to assist in sourcing a Strategic Partner for the Kihabe/Nxuu Project. PCF Capital Group is a Western Australian based investment banking firm that specialises in sourcing strategic partners and investors for mining projects and has a client base of over 4,000 active companies, institutions and investors from over 100 countries, including very strong relationships with Chinese private and state owned enterprises.

On 4th February 2013 the Company announced that the Directors had agreed to issue to consultants, for no consideration, a total of 4,000,000 fully paid MTB ordinary shares for geological and metallurgical services provided during 2012.

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. EXPLORATION INTEREST

	Half year ended 31 Dec 2012 $	Full year ended 30 June 2012 $
Exploration expenditure at cost		
Balance as at the start of the financial year	15,012,887	14,759,340
Additions	142,166	604,726
Write offs		(351,179)
Balance as at the end of the financial year	15,155,053	15,012,887
Total Exploration Interests	15,155,053	15,012,887

During the last financial year, the amount spent on Makuri Vlei project was written off to reflect the potential non-recoverability of the exploration expenditure.

The ultimate recoupment of the value of assets is dependent upon their successful development and commercial exploitation, or alternatively their respective sale for amount in excess of their current carrying value.

4. EXPLORATION INTEREST (CONT'D)

Significant Judgement – Exploration Assets

On 24 January 2013, management received by email a copy of a letter dated 10th of January 2013, which had been faxed through to its office in Gaborone, Botswana on 23rd January 2013, from the Ministry of Minerals, Energy and Water Resources, Botswana, (MMEWR) regarding the renewal of the Kihabe-Nxuu prospecting licence 69/2003, for the two year period from 1st July 2012 to 30th June 2014. The MMEWR gave the Company 30 days from 10 January 2013 to justify the renewal of the licence on the premise that MTB "has only carried out geochemical soil sampling and analysis" over the prior two year licence period to the 30th June 2012. This premise was despite the fact that significant amounts of other work had been conducted, and reported on, in the quarterly reports filed with MMEWR during the two year period. The additional work included:

1. Confirmation of mineralogical and metallurgical test work enhancing Zn/Pb/Ag recoveries into the 90 percentile.

2. The design of process flow sheets for the recovery of Zn and Pb through both SXEW and flotation and concentration processes.

3. Determining the power requirements for the above processes.

4. Further in depth mineralogical and metallurgical test work to investigate alternative recovery processes requiring less power as determined in 3. above. This was as a result of the realisation that the proposed upgrade of power to NW Ngamiland Region would be severely delayed.

5. Investigating the feasibility of operating the project on a joint venture basis in conjunction with other Zn/Pb projects in Southern Africa.

6. Assaying for potential complementary minerals such as gallium and germanium.

The Company has formally responded to the MMEWR query within the prescribed time-frame, substantiating its case with independent reports, correspondence and expenditure statements. At the date of signing the half-year financial statements, it is awaiting a formal response to its Application for Renewal of PL69/2003, submitted to the MMEWR on the 23rd March 2012.

The Company believes that through its recent communications and provision of documentation and explanations, the renewal of PL69/2003 is justified. However, should the MMEWR reject the Company's response, the $7,724,079, representing in-field expenditure, carried forward as capitalised exploration and resource development expenditure, as at 31st December 2012, may be impaired. Significant project related Head Office expenditure incurred since the grant of the licence has already been expensed in previous years.

As no confirmation rejecting the Company's renewal application has been received since its submission on the 23rd March 2012, no adjustment in respect of the $7,724,079 has been provided in these financial statements. The Company has continued to commit expenditure to the project, in the region of $ 970,000 (Botswana Pula 7.5 million) since submitting its renewal application in March 2012.

5. ISSUED CAPITAL

	Half Year Ended 31 Dec 2012 $	Half Year Ended 31 Dec 2011 $
702,338,602 fully paid ordinary shares (30 June 2012:543,838,604)	42,231,430	41,564,240

	31 Dec 2012 No.	31 Dec 2012 $	31 Dec 2011 No.	31 Dec 2011 $
Fully paid ordinary share capital				
Balance at 1 July	543,838,604	41,805,740	406,731,937	40,934,883
Share placements to professional investors	110,499,998	331,500	61,780,000	538,000
Less costs	-	(1,810)	-	(16,643)
Issued of ordinary shares in lieu (i)	48,000,000	96,000	18,000,000	108,000
	702,338,602	42,231,430	486,151,937	41,564,240

5. ISSUED CAPITAL (CONT'D)

(i) Issue of ordinary shares in lieu of Directors' fees.

At the Annual General Meeting of shareholders held on 22 November 2012, approval was given for the issue of fully paid ordinary shares in the Company in lieu of director fees and for a salary sacrifice as follows:

	Number of fully paid shares to be issued	
Mr A P Stirling	$24,000 worth at 0.2 cents* =	12,000,000
Mr R W O'Regan	$24,000 worth at 0.2 cents* =	12,000,000
Mr G E Taylor	$12,000 worth at 0.2 cents* =	6,000,000
Mr B M Mosigi	$12,000 worth at 0.2 cents* =	6,000,000
Mr N R Forrester	$24,000 worth at 0.2 cents* =	12,000,000
		48,000,000

*The fully paid shares were issued at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue and allotment on 19 December 2012. VWAP average of 30 Nov, 5 Dec, 7 Dec, 10 Dec and 18 Dec.

The shares were granted for nil cash consideration, and no funds were raised.

6. SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2012

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

Geographical Segments

	Half Year ended 31 Dec 2012 $	Half Year ended 31 Dec 2011 $	Half Year ended 31 Dec 2012 $	Half Year ended 31 Dec 2011 $	Half Year ended 31 Dec 2012 $	Half Year ended 31 Dec 2011 $
Segment Revenues	**External sales**		**Inter -segment Sales**		**Total**	
Australia	-	-	-	-	-	-
Namibia	-	-	-	-	-	-
Botswana	882	-	-	-	882	-
Total of all segments	882	-	-	-	882	-
Unallocated corporate revenue					-	-
Consolidated total revenue					882	-
Segment Results						
Australia					-	-
Namibia					-	-
Botswana					882	-
Total of all segments					882	-
Unallocated corporate revenue					-	-
Unallocated corporate expenses					(539,225)	(549,395)
Loss before income tax expense					(538,343)	(549,395)
Income tax benefit					117,638	90,725
Consolidated net loss for the period					(420,705)	(458,670)

7. RELATED PARTIES

During the half-year ended 31 December 2012, the Company received a loan amounting to £10,000 equivalent to $14,268 from Exchange Services Limited. Mr A P Stirling is a Director of Exchange Services Limited and a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia as from 1 July 2010 until the loan has been repaid in full.

During the half-year ended 31 December 2012, the Company received a loan amounting to $120,000 from Nigel and Jan Forrester. Mr Nigel Forrester is a Director of the Company. Interest will accrue on the loan at the rate of 9% pa.

During the half-year ended 31 December 2012, ordinary shares, with aggregate value of $96,000, were paid to directors as approved by shareholders in the Annual General Meeting on 22 November 2012 in lieu of the payment in cash of Directors fees.

8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at reporting date there are no known contingent assets and liabilities.

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mount Burgess Mining N.L, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mount Burgess Mining N.L, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of Mount Burgess Mining N.L, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates that during the half-year ended 31 December 2012 the consolidated entity incurred a net loss after tax of $420,705 and that the consolidated entity intends to seek additional funding in order to fund its exploration programs. 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 company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Without modifying our conclusion, attention is drawn to Note 4 in the financial report, regarding security of title relative to the extension of Prospecting Licence 69/2003, the Kihabe – Nxuu project in Botswana. If the extension is not granted then the consolidated entity will not be able to carry forward $7,233,741 of capitalised expenditure, consequently there exists a material uncertainty as to its recoverability.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 15th day of March 2013