



and Controlled Entities

ACN 009 067 476

# Annual Report

for the Year ended 30 June 2017

- Directors:** NIGEL RAYMOND FORRESTER, FCA  
JASON STIRBINSKIS, MBA, B. Sc., Grad Dip Ed., AusIMM – *Appointed 29 August 2016*  
KAREN CLARK  
CHRIS CAMPBELL-HICKS, FAusIMM CP Met MMICA  
HARRY WARRIES, Ms Mine Eng., AusIMM – *Appointed 1 August 2016*
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- Website: [www.advancedshare.com.au](http://www.advancedshare.com.au)
- Auditors:** BDO Audit (WA) Pty Ltd  
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Subiaco, Western Australia, 6008
- Bankers:** Australia and New Zealand Banking Group Ltd  
77 St Georges Terrace  
Perth, Western Australia, 6000

Mount Burgess Mining NL is an ASX listed public company incorporated in Australia (ASX Code: MTB).

It is my pleasure to present to you our Annual Report for the year ended 30<sup>th</sup> June 2017.

Through regaining title last year to its Kihabe Zinc, Lead and Silver project in Western Ngamiland, Botswana, the Company was able for the first time in three years, to raise close to \$840,000 during the financial year to 30<sup>th</sup> June 2017.

This fund raising enabled the Company to conduct further exploratory drilling on anomalies previously generated outside of the two Kihabe and Nxuu resources comprising the 2004 JORC compliant 25 million tonnes @ 3% Zn/Pb, including 3.3 million ozs Ag. Whilst mineralisation was encountered, none of these anomalies produced the widths of mineralisation as previously found in the Kihabe and Nxuu resources.

This being the case, the Company now intends to move forward with the initial development of the Nxuu resource. Whilst subject to further diamond core drilling to achieve a 2102 JORC Code resource category, the Nxuu resource presents as a shallow, low risk, low capex operation, which subject to the availability of a commercial power supply will enable the production of Zn metal on site through solvent extraction and electro-winning. There is the further possibility that lead and silver will also be able to be produced on site from this totally oxidised deposit. Test work is currently being conducted to confirm this.

With regard to the provision of a commercial power supply for the project, the Company is in discussions with parties with the experience of providing commercial power to remote projects unable to access grid power. Whilst it is the intention of the Botswana Power Corporation to provide grid power to projects within Western Ngamiland, the Company believes it essential to seek safeguard in alternative power supplies in the event that the supply of grid power does not fit within the project development time frame proposed by the Company.

During the course of the year to 30 June 2017, we have seen zinc prices climb from around the US\$2,100/t level to close to the US\$2,800/t level, gaining around 33%. Whilst it is becoming increasingly difficult to determine future metal price movements as a result of futures and derivatives trading, unrelated to supply and demand factors, the general consensus is that zinc is well placed in the demand curve for some time to come.

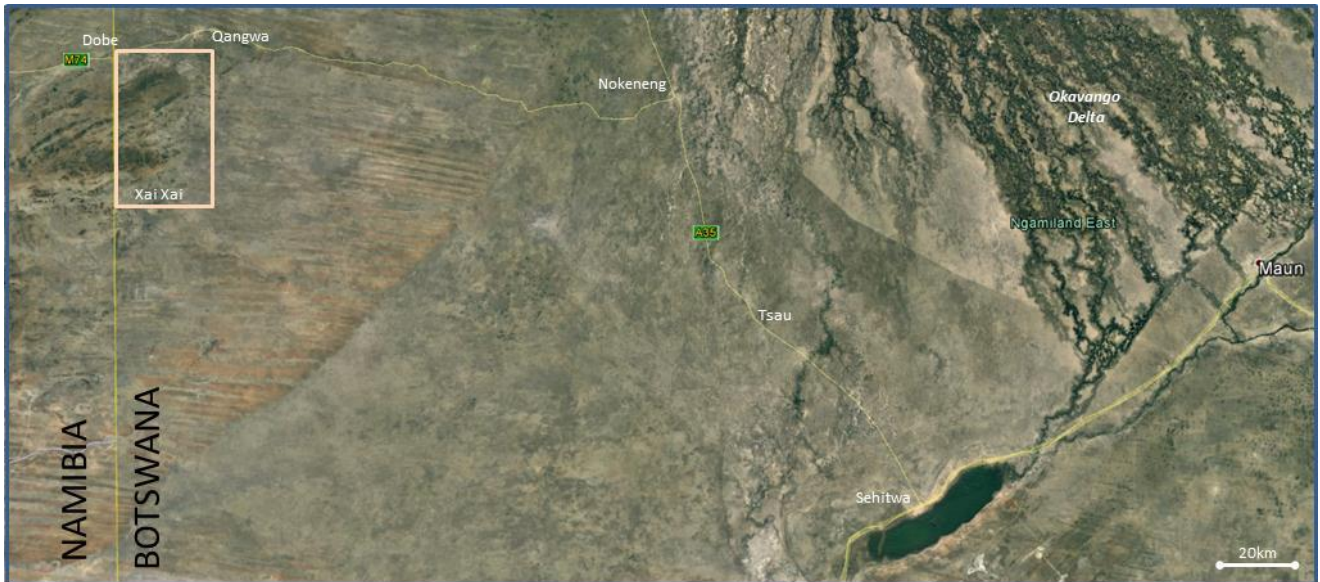
I extend my sincere thanks to those parties who have helped with the Company's financing during the year, many of whom have been supportive even during the time the Company was endeavouring to regain title to its project. Many Board members and loyal executive staff members have applied significant time on behalf of the Company without being paid accordingly. For this I am extremely grateful.



Nigel Forrester  
*Chairman & Managing Director*  
7 August 2017

**PL 043/2016****THE KIHABE-NXUU PROJECT BOTSWANA****TITLE**

In January 2016 Mount Burgess (Botswana) (Proprietary) Ltd, a wholly owned subsidiary of the Company was granted Prospecting Licence PL 43/2016 over the Kihabe- Nxuu Zn/Pb/Ag project, previously held under PL 69/2003 (*Figure 1*). The term of PL 43/2016 runs for three years to 26 January 2019 with the right of two further two year extensions to 26 January 2021 and 26 January 2023.



*Figure 1: The Kihabe licence in in North West Botswana with its western border also defining the Botswana / Namibia border.*

**RESOURCES**

To date the Company has developed 2004 JORC compliant indicated and inferred resources amounting to 25 million tonnes @ 3% Zn equivalent grade, including 3.3 million ozs of Ag. These combined resources are made up from the Kihabe and Nxuu deposits, seven km apart. Both the Kihabe and Nxuu resources have the potential to be open cut mining operations.

**STYLE OF MINERALISATION**

The Kihabe-Nxuu project is a SEDEX mineralised system within a Neo-proterozoic belt. Zn/Pb/Ag mineralisation occurs in a quartz wacke, right at the contact with the regional dolostone.

In the Neo-proterozoic era, this SEDEX zone of mineralisation was formed by hydrothermal fluids depositing mineralisation over quartz wacke overlying the regional seabed/lakebed dolostone. This would have formed a single unit covering a large area. Over time that unit has been broken up by folding, faulting and erosion into several individual units, all within close proximity of one another that now show up as individual geochemical anomalies (*Figure 2*).



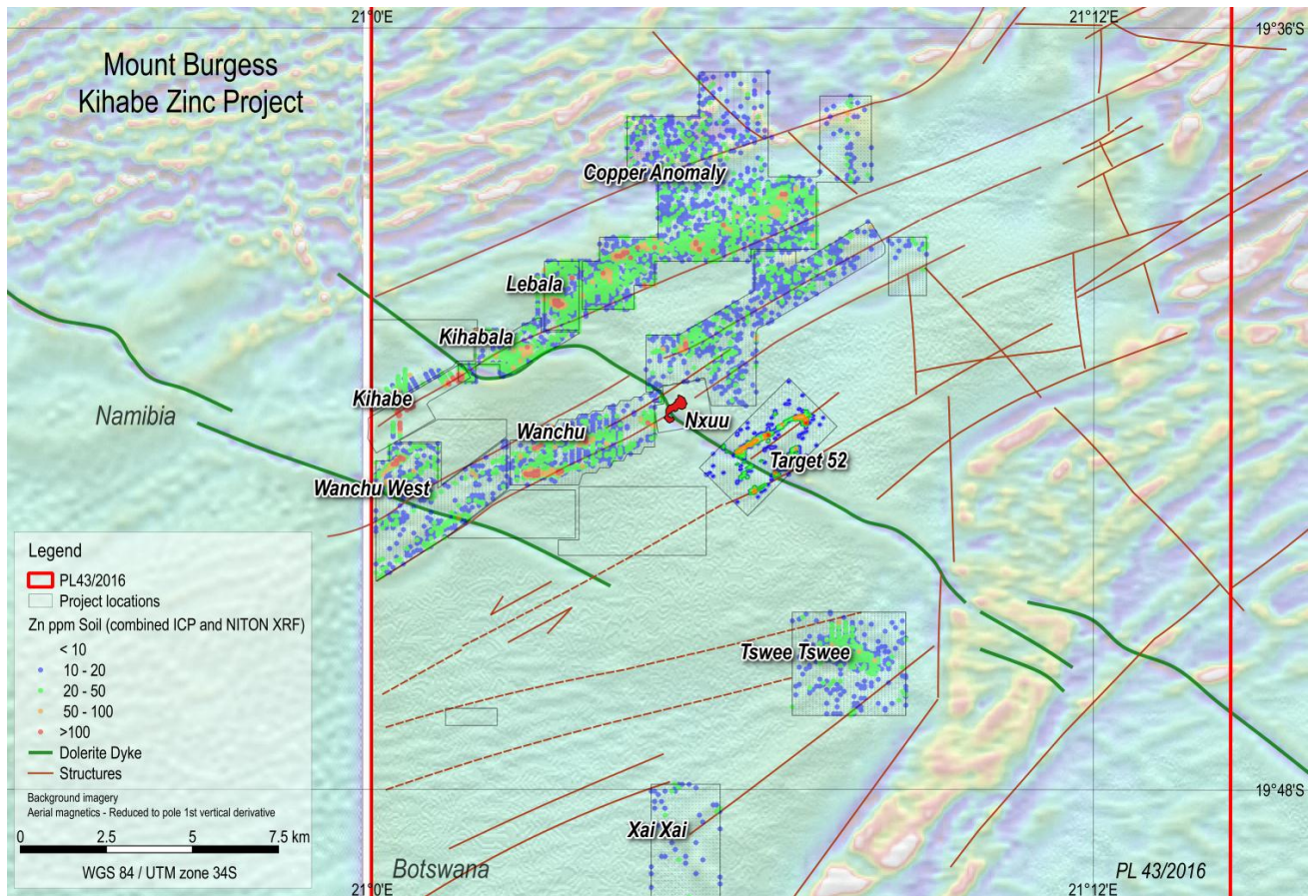


Figure 2: A portion of the Company's Prospecting licence showing zinc anomalism. The area of interest also contains the established resources at Kihabe and Nxuu.

### STRATEGIC DIRECTION

In the March 2017 quarter Mount Burgess announced its three pronged strategy to progress the Kihabe/Nxuu project.

1. **Exploration** - Investigate the potential of known high priority targets to supplement the established resources delineated at Kihabe and Nxuu deposits.
2. **Resource** - Upgrade the established resource with diamond core drilling to comply with JORC 2012 standards and in so doing raise the Resource category to Indicated/Measured and address grade under-call issues generated from Reverse Circulation (RC) drilling.
3. **Feasibility** - Continue preliminary investigations into aspects of operations such as potential power options, processing options and other aspects of engineering.

Consistent with the above, the Company completed a drilling program at five anomalies not previously drill tested. The program identified mineralisation at Wanchu, Wanchu West and Target 52 at or near the QW/dolostone contact which, when combined with the resources defined at Kihabe and Nxuu, defines an extensive area and raises the possibility of additional targets under the Kalahari sand and calcrete cover that occurs throughout the region.

Whilst only narrow zones of mineralisation were confirmed over a large area in this drilling programme, the possibility of finding ore grade mineralisation in these areas still remains. The individual drill results did not materially change the immediate opportunity presented by the established Kihabe and Nxuu resources and so the Company's focus is now on the current resources and feasibility. Within that broader strategic direction the Company is concentrating on the Nxuu portion of the established resources as this presents as a potentially low risk, low capital project with a relatively quick path to production. The Company has come to this conclusion because of the following:-

1. **Relatively inexpensive drilling program.** With a maximum depth of 60m (Figure 3b) and an anticipated average depth of 48m, only requiring drilling vertical drill holes, the investment in drilling is low cost, given the amount of contained zinc that could be defined.
2. **Near surface, shallow mineralisation.** Mineralisation follows a gentle sloping bowl shape from 5m to 60m below surface. The shallow nature of the mineralisation should result in low waste to ore strip ratios with low mine operating costs, as well as low risk relative to geotechnical issues.
3. **Uniform, simple mineral suite.** The Nxuu resource is entirely oxidized (no transitional zones or sulphides) and occurs predominantly as the zinc oxide mineral smithsonite and the lead oxide mineral cerussite. This simple mineralisation suite removes the complexity of treating considerably different metallurgical domains, which, in turn, should translate to a relatively lower capital requirement for the processing facility.
4. **Potentially simple process flow.** At 75 micron grind size 93% Zn and 93% Pb are recovered in 12 hours through tank acid leaching at 25°C. In addition, as the mineralisation occurs in a quartz wacke, as opposed to more commonly carbonate host rocks, acid consumption is relatively low (~30kg/t acid - bench scale test work - Ammtec).
5. **Possibility of metal production on site.** Production of zinc metal from oxides via acid leaching followed by SX/EW is an established process. In addition, recent investigations suggest both lead and silver could be recovered via a similar path. Assuming access to an economic source of power, alternatives for which are currently being investigated, production of metal on site from the Nxuu resource removes the cost of shipping concentrate and by-passes negotiations with smelters and smelting costs. Further investigation of these processing options is a priority for the Company.
6. **The top of the Kihabe Resource is also oxide.** The Kihabe resource is 7km west of Nxuu and the upper portion of the established resource at Kihabe is also oxide material thus presenting potentially more oxide feed before plant modifications would be required to accommodate the deeper Kihabe transitional and sulphide mineralisation.

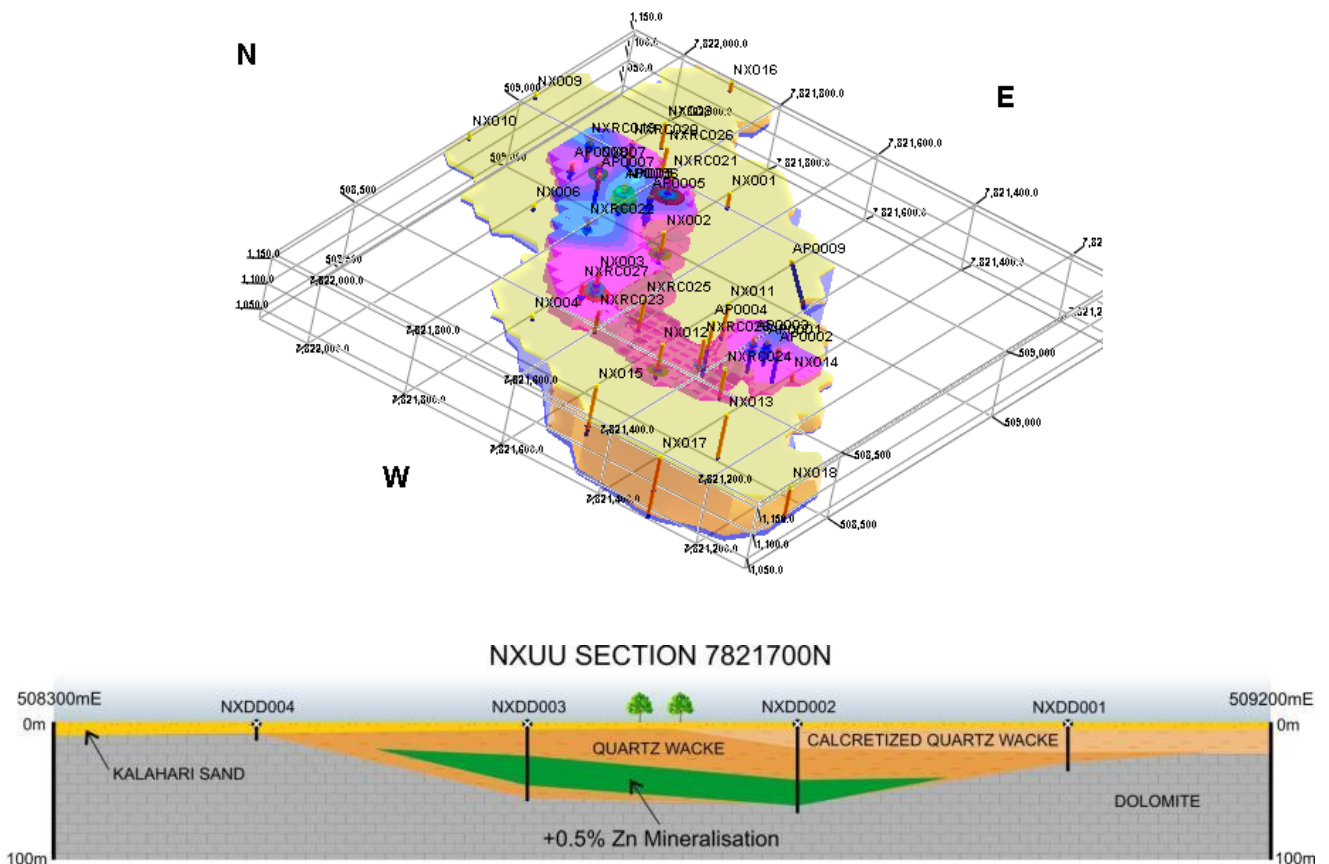


Figure 3a and 3b: The Nxuu mineralisation forms a shallow basin defined by a fold closure.

A proposed diamond drilling program for the Nxuu deposit has been costed. The objectives of the program are to:

1. Convert the current 2004 JORC compliant resource to 2012 JORC standards and upgrade the resource to Indicated/Measured status.

- Address the potential resource grade under-call from previous Reverse Circulation (RC) drilling. The Nxuu resource was delineated on 78% RC drilling and 22% diamond core drilling. The Company has previously provided evidence that suggests historical RC drilling materially under-called the grade of the Kihabe and Nxuu Resources (see announcement 5 March 2017). It is anticipated the intended diamond drilling program will enable the Nxuu resource to be delineated entirely on diamond core drilling results and address the grade under-call issue conclusively for the Nxuu portion of the project resources.
- Include potential silver and germanium credits in the planned revision of the Nxuu resource estimate. The existing Nxuu resource zinc equivalent calculation does not include silver credits although silver is recorded in most holes within the resource envelope. Similarly, the Company wishes to investigate the distribution of germanium in the deposit as this metal also has the potential to enhance the project economics.

## RESOURCE STATEMENT

The Company's Reserves and Resources are unchanged from the previous year and are presented below.

**Table 1:** Resource Statement for the Kihabe and Nxuu deposits.

	External Zn-eq Cut %	Indicated M Tonnes %	Inferred M Tonnes %	Total M Tonnes %	Contained Zinc metal (kt)	Contained Lead metal (kt)
<b>Kihabe</b>	1.5%	11.4 @ 2.90%*	3.0 @ 2.60%*	14.4 @ 2.84%*	259kt	115kt
<b>Nxuu</b>	0.3%	-	10.9 @ 3.20%*	10.9 @ 3.20%*	196kt	153kt
		<b>11.4 @ 2.90%*</b>	<b>13.9 @ 3.07%*</b>	<b>25.3 @ 3.00%*</b>	455kt	268kt

\*Zinc Equivalent

	Zn	Pb	Ag
<b>Kihabe resource calculated on metal prices as at 17/7/2008:</b>	US\$1,818/t	US\$1,955/t	US\$18.75/oz
Kihabe Grades	Zn 1.8%	Pb 0.8%	Ag 7.7 g/t
<b>Nxuu resources calculated on zinc and lead par value metal prices</b>			
Nxuu Grades	Zn 1.8%	Pb 1.4%	

*This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

## KIHABE-NXUU METAL RECOVERIES

Independent metallurgical testwork has confirmed the metal recoveries shown in the table below. Accordingly, the Company believes these recoveries are achievable. Zinc recovered from acid leaching oxide zones will enable Zn metal to be recovered on site from electro-winning.

	Zone	Time	Zinc	Lead	Silver
<b>KIHABE DEPOSIT</b>					
<b>Oxide Zone</b>					
Acid leaching @40°C, 30 kg/t acid	Oxide *	24 hrs	96.9%	91.9%	n/a
<b>Sulphide Zone</b>					
Rougher float	Sulphide	90 seconds	91.9%	84.8%	94%
	Sulphide	15.5 mins	93.8%	88.1%	96.4%
<b>NXUU DEPOSIT</b>					
<b>All Oxide</b>					
Acid leaching @25°C, 30 kg/t acid	Oxide	12 hrs	93%	93%	n/a

\* Note: Zn mineralisation in the oxidised zones is hosted within Smithsonite (Nxuu) and Baileychlore (Kihabe) and independent test work has confirmed both of these are amenable to acid leaching.

**Forward Looking Statement:**

This report contains forward looking statements in respect of the project being reported on by the Company. Forward looking statements are based on beliefs, opinions, assessments and estimates based on facts and information available to management and/or professional consultants at the time they are formed or made and are, in the opinion of management and/or consultants, applied as reasonably and responsibly as possible as at the time that they are applied.

Any statements in respect of Ore Reserves, Mineral Resources and zones of mineralisation may also be deemed to be forward looking statements in that they contain estimates that the Company believes have been based on reasonable assumptions with respect to the mineralisation that has been found thus far. Exploration targets are conceptual in nature and are formed from projection of the known resource dimensions along strike. The quantity and grade of an exploration target is insufficient to define a Mineral Resource. Forward looking statements are not statements of historical fact, they are based on reasonable projections and calculations, the ultimate results or outcomes of which may differ materially from those described or incorporated in the forward looking statements. Such differences or changes in circumstances to those described or incorporated in the forward looking statements may arise as a consequence of the variety of risks, uncertainties and other factors relative to the exploration and mining industry and the particular properties in which the Company has an interest.

Such risks, uncertainties and other factors could include but would not necessarily be limited to fluctuations in metals and minerals prices, fluctuations in rates of exchange, changes in government policy and political instability in the countries in which the Company operates.

**Other important Information**

**Purpose of document:** This report has been prepared by Mount Burgess Mining NL (MTB). It is intended only for the purpose of providing information on MTB, its project and its proposed operations. This report is neither of an investment advice, a prospectus nor a product disclosure statement. It does not represent an investment disclosure document. It does not purport to contain all the information that a prospective investor may require to make an evaluated investment decision. MTB does not purport to give financial or investment advice.

**Professional advice:** Recipients of this report should consider seeking appropriate professional advice in reviewing this report and should review any other information relative to MTB in the event of considering any investment decision.

**Forward looking statements:** This report contains forward looking statements which should be reviewed and considered as part of the overall disclosure relative to this presentation.

**Disclaimer:** Neither MTB nor any of its officers, employees or advisors make any warranty (express or implied) as to the accuracy, reliability and completeness of the information contained in this report. Nothing in this document can be relied upon as a promise, representation or warranty.

**Proprietary information:** This document and the information contained therein is proprietary to MTB.

**Competent Persons Statements:**

The information in this report that relates to exploration soil results, together with any related assessments and interpretations, is based on information approved for release by Mr. Giles Rodney Dale of GR Dale and Associates. Mr. Dale is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Dale has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr. Dale consents to the inclusion in this release of matters based on this information in the form and context to which it appears. The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report related to 2016 Exploration Results is extracted from an ASX Announcement titled "Kihabe Zinc, Lead, Silver Project Drilling Update" created on 5 February 2017 and is available to view at [www.mountburgess.com](http://www.mountburgess.com). The information in this report is based on information compiled by Jason Stirbinskis, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Stirbinskis is a Director of Mount Burgess Mining. Mr Stirbinskis has sufficient experience that is relevant to the style of mineralisation and the type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code of Reporting of Exploration Results, Minerals Resources and Ore Reserves'. Mr Stirbinskis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in the resource statement that relates to the Kihabe Resource is compiled by Byron Dumbleton, B.Sc., a member of the Australasian Institute of Geoscientists. The information that relates to the Nxuu Resource is compiled by Mr Ben Mosigi, M.Sc., (Leicester University – UK), B.Sc., (University of New Brunswick – Canada), Diploma Mining Tech (Haileybury School of Mines – Canada), a member of the Geological Society of South Africa.

Mr Dumbleton is an independent qualified person and Mr Mosigi was a Technical Director of the Company for the period in which the resource was developed. Both Mr Dumbleton and Mr Mosigi have sufficient experience relevant to the style of mineralisation under consideration and to the activity to which they have undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code of Reporting of Mineral Resources and Ore Reserves". Both Mr Dumbleton and Mr Mosigi consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

The information regarding Kihabe and Nxuu Resources was first released 8 October 2008 and 20 January 2010 respectively and updated with recovery information 12 April 2012. The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



The Directors of Mount Burgess Mining N.L. ("Mount Burgess" or the "Company") submit herewith the annual report of Mount Burgess Mining N.L. and its subsidiaries (the Group) for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

### Information about the Directors and Senior Management

The names, skills and experience of the Directors of the Company during or since the end of the financial year are:

#### Mr N R Forrester

FCA (ICAEW)  
Chairman & Managing Director  
Chartered Accountant  
*Non-independent*

Mr Forrester is a Fellow of the Institute of Chartered Accountants in England and Wales. He has been involved in the exploration and mining industry over the past thirty seven years. Mr Forrester is one of the original shareholders of the Company which he floated in 1985.

Aged 72. Board member since 1985.

#### Mr J Stirbinskis

MBA, B.Sc., Grad Dip Ed., AusIMM  
Executive Director  
Geologist  
*Independent*  
(Appointed 29 August 2016)

Mr Stirbinskis was the CEO of Drake Resources while it was active across gold and base metals projects in Africa and Europe. He has also held MD/CEO roles at Phillips River Mining and Central Asia Resources. Mr Stirbinskis has broad and substantial experience across geology, metallurgy/engineering and financial markets both within Australia and internationally. He is a Geologist and holds an MBA.

Aged 49.

#### Ms K Clark

Non-executive Director  
*Independent*

Following employment with the British Institute of Management, Ms Clark joined Gresham House plc in 1974. Gresham House was involved in asset management and investment trusts. Ms Clark was Company Secretary to fifty companies as well as Director of some forty companies, alongside previous Director of Mount Burgess Mining Mr Stirling until 2008. Since 2008, Ms Clark has been Company Secretary of six Companies and a Director of a number of companies alongside Mr Stirling.

Aged 67. Board member since 2015.

#### Mr C Campbell-Hicks

FAusIMM CP Met MMICA  
Non-executive Director  
Metallurgist  
*Independent*

Mr Campbell-Hicks has more than forty years' experience in the mineral processing industry in base metals, precious metals, alumina and iron ore. He has spent extensive time developing projects in including some in Africa, South America, PNG, Fiji, Indonesia, Turkey and Kazakhstan as well as five years with Barrick Gold as Manager Metallurgy, based in Moscow, Siberia and Canada.

Aged 70. Board member since 2014.

#### Mr H Warries

MS Mine Eng. , FAusIMM  
Non-executive Director  
Mining Engineer  
*Independent*  
(Appointed 1 August 2016)

Mr Warries is mining engineer with more than 25 years of experience in the mining industry and is a Fellow of the AusIMM. Prior to setting up his own mining consultancy business he worked on a wide range of projects, both in Australia and overseas, including a number of major feasibility studies. He has provided mining engineering services relative to copper, nickel, cobalt, gold, lead, zinc and graphite projects, as well as conducting numerous due diligence studies and technical audits.

Aged 53.

The above named Directors held office during the whole of the financial year and since the end of the financial year, except as noted for Mr H Warries and Mr J Stirbinskis.

### Directorships of other Listed Companies

At no time during the year did any officer of the Company hold any directorship of other listed companies in the three years immediately before the end of the financial year.

### Former Partners of the Audit Firm

At no time during the year was any officer of the Company a partner in an audit firm, or a director of an audit company that was an auditor of the Company for the year.

### Directors' Shareholdings

The following table sets out each director's relevant interest in shares and options in shares of the Company or a related body corporate as at the date of this report.

	Mount Burgess Mining NL	
	Fully Paid Ordinary Shares	Share Options
N R Forrester and /or associates	9,963,219	-
J Stirbinskis and /or associates	2,181,818	-
K Clark	2,731,818	-
C Campbell-Hicks and /or associates	3,314,676	-
H Warriess and /or associates	2,181,818	-

### Remuneration of Directors and Senior Management

Information about the remuneration of directors is set out in the remuneration report of this directors' report, on pages 12 to 15.

### Company Secretaries

The names and particulars of the Company Secretaries of the Company as at the end of the financial year are:

Name	Particulars
Mrs J E Forrester	Aged 68, joined the Company upon listing in 1985 and was appointed as Joint Company Secretary in 1993.
Ms S Chau, CPA	Certified Practising Accountant, aged 38, joined the Company in 2007 as Company Secretary/Accountant and previously held a position in the audit division of Deloitte, Perth.

### Review of Operations

- (a) The objectives of the Group are to explore for and in the event of discovery, develop commercial deposits of mineral resources. To this end, during the financial year the Group was involved with the following:

#### Western Ngamiland, Botswana – Base Metals

The Group has 100% of Prospecting Licence PL 43/2016, awarded on 26 January 2016 for a period of seven years. PL 43/2016 covers an area of 997 sq km within which is situated in a Neoproterozoic belt prospective for base metals.

To date the Group has developed 2004 JORC compliant indicated and inferred SEDEX resources amounting to 25 million tonnes @ 3% Zinc equivalent grade, including 3.3 million ozs of silver. These resources are made up of the Kihabe and Nxuu deposits seven km apart, both of which have the potential to be open cut mining operations.

Delineated as a SEDEX system of mineralisation, potential exists for the discovery of further resources within PL 43/2016.

- (b) Performance and indicators used by management in carrying out the above objectives include:
- Assessing and reviewing the likelihood 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 Group is involved only in exploration and resource development at this stage, any significant commercial discovery or resource upgrade could have a significant impact on the capitalisation of the Group. 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, rates of exchange and political risk.

## Operations and Principal Activities

- (a) The main business activity of the Group during the financial year consisted of assessing the way forward for the project. This included exploratory drilling of Zinc geochemical soil anomalies previously generated by the Group, reviewing existing resources, investigating the potential to exploit additional known metal credits such as Germanium and investigating various metallurgical processes that could be applied to enhance the potential for on-site beneficiation of metal production.

Funds applied to the various exploration activities were as follows:

	2017	2016	2015	2014	2013
	\$	\$	\$	\$	\$
Exploration for rare earths in Namibia	-	-	-	-	677
Exploration for diamonds in Namibia and Botswana	-	-	-	26,407	42,391
Resource development for base metals in Namibia and Botswana	521,135	158,428	-	-	244,256

- (b) As the Group was involved in exploration and resource development over the Kihabe-Nxuu Project during the financial year, there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2013 and 2017 the Company's shares traded as follows:

2017		2016		2015		2014		2013	
Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents
0.4	2.1	0.2	2.0	0.2	0.7	0.1	0.2	0.1	0.4

Since the Group regained title to its Kihabe-Nxuu base metals project through the grant of PL43/2016, the Company has been in a far more favourable position to raise funds for ongoing resource development and exploration expenditure for the project during the remainder of the year.

## Financial Conditions

- (a) Further resource exploration requirements beyond the Group's current cash resources can only be funded from further share and loan capital raisings or the sale or joint venture of equity in the project.
- (b) At the end of the financial year, the Group had cash resources of \$126,494.
- (c) A loan agreement is in place with Exchange Services Ltd, a company controlled by A P Stirling, a former Director of the Company for funding up to £275,618 equivalent to \$467,716; funding of \$1,305,982 provided via a loan from Jan and Nigel Forrester; and \$22,500 from Ron O'Regan, a former director of the Company. There were no other resources available to the Group that are not reflected in the Statement of Financial Position, other than the availability to raise further funds through the issue of shares, loan funds, the sale or joint venture of equity in projects and the sale of assets.

The Consolidated Entity has continued financial support from the Directors, former Directors and their associated entities, in that the Directors have confirmed in writing that they will not recall upon their loans to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern. As at 30 June 2017, the Directors loans outstanding were \$2,238,235 (Note 4.4) and accruals for unpaid salaries for director and his related party amounting to \$955,647 (Note 4.3).

- (d) As the Group was mainly involved in exploration and resource development over the Kihabe-Nxuu project during the year then later assessing the way forward of the project there was not any cash generated from operations.
- (e) The financial condition of the Group 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.
- (f) The Audit Report issued by the Group's auditor, contains an "Emphasis of Matter" paragraph in relation to the Group's ability to continue as a going concern. The directors are of the opinion that the use of the going concern basis of

accounting is appropriate as they are confident in the ability of the Group to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

A full review of operations is outlined on page 3 to 7.

### Change in State of Affairs

During the year there were no significant changes in the state of affairs of the Group.

### Subsequent Events

Since the end of the financial year the Company has secured commitments for the placement of 38,454,454 ordinary shares by way of a placement to sophisticated investors, in accordance with Listing Rule 7.1. The issue price of the shares is 0.55 of one cent per share and will raise the Company \$211,500 before costs. The purpose of the issue is to provide funds for ongoing exploration including diamond drilling at the Nxuu Deposit and administration costs.

Other than above, there have not been any matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

### Likely Developments and Expected Results of Operations

With secure legal title over the Kihabe-Nxuu project, the Group is continuing with exploration and enhancement of resource development.

### Environmental Regulations

The Board is committed to environmental best practice in its operations and ensures full compliance with all statutory environmental regulations and guidelines in the countries in which it operates. No known environmental breaches have occurred in relation to the Group's operations.

### Dividends

The Directors do not recommend the payment of a dividend and no dividend has been paid or declared since the end of the previous financial year.

### Shares under Option or Issued on Exercise of Options

On 30 July 2010, the Company introduced Employee Share Option Plan (2010). This plan expired on 31 December 2016.

### Indemnification of Officers and Auditors

During or since the end of the year, the Company, except to the extent permitted by law, has not given any indemnity to a current or former officer or auditor against a liability or made any agreement under which an officer or auditor may be given any indemnity.

During the year, the Group paid \$6,901 for premiums in respect of directors' and officers' indemnity insurance for the financial year under review.

### Remuneration Report – Audited

This report details the nature and amount of remuneration for each director and the key personnel management of Mount Burgess Mining NL. The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

#### Directors Details

The following persons acted as directors of the Company during or since the end of the financial year:

Mr N R Forrester (Chairman and Managing Director)

Mr J Stirbinskis – appointed 29 August 2016

Ms K Clark

Mr C Campbell-Hicks

Mr H Warriess – appointed 1 August 2016

For the purpose of this report key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executives or otherwise) of the parent company and all key management personnel.

#### Remuneration Committee

Due to the limited size of the Group and its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. The Board has adopted the following policies for Directors' and executives' remuneration.

#### **Remuneration policy**

The Board of Directors maintains remuneration policies aimed at attracting and retaining a motivated workforce and management team which are within the economic capabilities of the Company. The intention is to match the outcomes from the remuneration system with the performance of the Company and ultimately the value received by our shareholders on a long-term basis.

As an overall policy, the Group will remunerate in such a way that it motivates Directors and management to pursue the long-term growth and success of the Group.

#### **Remuneration structure**

In accordance with ASX Corporate Governance Principles and Recommendations, the structure of Non-executive Director and executive compensation is separate and distinct.

#### Non-executive Directors' Remuneration

Under normal financial circumstances the non-executive directors receive fees either in cash or in shares in lieu of cash – subject to shareholder approval (including statutory superannuation where applicable) for their services. Non-executive directors' fees paid for the year to 30 June 2017 amounted to the equivalent of \$12,000 per Director paid by way of shares issued in lieu of fees to the Directors or their nominees as follows:

##### Mount Burgess Mining NL

J Stirbinskis	\$12,000 worth at 0.55 of a cent* =	2,181,818
K Clark	\$12,000 worth at 0.55 of a cent* =	2,181,818
C Campbell-Hicks	\$12,000 worth at 0.55 of a cent* =	2,181,818
H Warriess	\$12,000 worth at 0.55 of a cent* =	2,181,818

##### Mount Burgess (Botswana) (Proprietary) Ltd

J Forrester	\$12,000 worth at 0.55 of a cent* =	2,181,818
S Chau	\$12,000 worth at 0.55 of a cent* =	2,181,818

\* The fully paid shares issued were at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue.

ASX Corporate Governance Principles 8.2 recommends that Non-executive directors should not receive options or bonus payments. The Company does not comply with this recommendation as it is prepared to grant options to all non-executive Directors in recognition of the significant time they contribute to the Company. The non-executive directors are often called upon to perform duties for the Company overseas or spend considerable time away from their earning base to represent the Company. Their fees for these duties in no way cover what they could otherwise earn. Any options granted are often exercisable at a significant premium to the current share price. As at 30 June 2017 the Company did not have any options on issued.

#### Executive Remuneration

Directors and staff can be granted options in recognition of their efforts and as long term incentives for their retention and for creating value for the Company. No such options will be issued for the satisfaction of any performance conditions. Any options issued to directors are subject to shareholder approval.

The Board reviews the remuneration packages and policies applicable to executive directors, executives and non-executive directors on an annual basis. Remuneration levels relative to current market conditions will be competitively set to attract the most qualified and experienced directors and senior executives. Where necessary the Board will obtain independent advice on the appropriateness of remuneration packages. The Company did not utilise the services of remuneration consultant for the year.

Remuneration packages contain the following key elements:

- (a) Short term employee benefits – salary/fees (including any annual leave accrued), shares issued in lieu of directors fees or salary sacrifice and unlisted share options granted under any Employee Share Option Plan and non-monetary benefits



- (b) Post employment benefits – including superannuation
- (c) Other long term employment benefits – long service leave
- (d) Share based payment – unlisted share options which could be granted under an Employee Share Option Plan

There is no link between the remuneration policy and the Company's performance.

#### Key terms of employment contracts

Mr J Stirbinskis was engaged under an employment contract under the following key terms:

Component	Description
Fixed remuneration	\$240,000 per annum in normal circumstances. During any month in which the Company is subject to cash constraints, any such monthly payments will be \$10,000 or any other amount mutually agreed upon prior to that month.
Contract duration	Ongoing contract
Notice period	3 months
Termination payment	None specified

Beside Mr J Stirbinskis, there were no other employment contracts in place during the financial year.

#### Details of remuneration

The compensation of each member of the key management personnel of the Company and Group is set out below:

	Short term employee benefits			Post employment benefits Superannuation	Long Service Leave	Share based payments	Total	Proportion related to performance
	Salary & Fees	Annual Leave	Shares issued in lieu of directors' fees or salary sacrifice*					
	\$	\$	\$	\$	\$	\$	\$	%
<b>2017</b>								
<b>Non-executive Directors</b>								
C Campbell- Hicks	-	-	12,000	-	-	-	12,000	-
K Clark	-	-	12,000	-	-	-	12,000	-
H Warriess <sup>1</sup>	-	-	12,000	-	-	-	12,000	-
<b>Executive Directors</b>								
N R Forrester <sup>2</sup>	172,936	14,566	-	16,429	6,672	-	210,603	-
J Stirbinskis <sup>3</sup>	89,133	769	12,000	8,467	-	-	110,369	-
	<b>262,069</b>	<b>15,335</b>	<b>48,000</b>	<b>24,896</b>	<b>6,672</b>	<b>-</b>	<b>356,972</b>	
<b>2016</b>								
<b>Non-executive Directors</b>								
A P Stirling <sup>4</sup>	-	-	-	-	-	-	-	-
C Campbell- Hicks	-	-	-	-	-	-	-	-
K Clark <sup>5</sup>	-	-	-	-	-	-	-	-
<b>Executive Directors</b>								
N R Forrester <sup>6</sup>	172,936	14,567	-	16,429	6,687	-	210,619	-
	<b>172,936</b>	<b>14,567</b>	<b>-</b>	<b>16,429</b>	<b>6,687</b>	<b>-</b>	<b>210,619</b>	

\*Shares issued in lieu of Director's fees for the period of 1 July 2016 to 31 December 2016, approved by shareholders on 28 June 2017.

<sup>1</sup> Appointed 1 August 2016

<sup>2</sup> The salary, annual leave, superannuation and long service leave as shown for N R Forrester was not paid during the year. It has been shown as an accrual.

<sup>3</sup> Appointed 29 August 2016

<sup>4</sup> Deceased 17 August 2015

<sup>5</sup> Appointed 25 August 2015

<sup>6</sup> The salary, annual leave, superannuation and long service leave as shown for N R Forrester was not paid during the year. It has been shown as an accrual.

No director appointed during the year received a payment as part of his or her consideration for agreeing to hold the position. There is no short or long term incentive.

**Equity instrument held by key management personnel****(i) Shareholdings**

	<b>Balance at 1 July 2016 No.</b>	<b>Granted as compensation No.</b>	<b>Net Other Changes No.</b>	<b>Balance at 30 June 2017 No.</b>	<b>Balance held nominally No.</b>
<b>2017</b>					
N R Forrester and /or associates	7,781,401	-	2,181,818	9,963,219	-
J Stirbinskis <sup>1</sup> and /or associates	-	2,181,818	-	2,181,818	-
K Clark	550,000	2,181,818	-	2,731,818	-
C Campbell-Hicks and /or associates	1,132,858	2,181,818	-	3,314,676	-
H Warriess <sup>2</sup> and /or associates	-	2,181,818	-	2,181,818	-
	<b>9,464,259</b>	<b>8,727,272</b>	<b>2,181,818</b>	<b>20,373,349</b>	<b>-</b>

<sup>1</sup> Appointed 29 August 2016

<sup>2</sup> Appointed 1 August 2016

None of the shares above are held nominally by the directors or any of the other key management personnel.

**Issued of ordinary shares in lieu**

At the General Meeting of shareholders held on 28 June 2017, approval was given for the issue of fully paid ordinary shares in the Company in lieu of director fees to Directors or their nominees as follows:

<b>Name</b>		<b>No. of shares</b>
J Stirbinskis	\$12,000 worth at 0.55 of a cent* =	2,181,818
K Clark	\$12,000 worth at 0.55 of a cent* =	2,181,818
C Campbell-Hicks	\$12,000 worth at 0.55 of a cent* =	2,181,818
H Warriess	\$12,000 worth at 0.55 of a cent* =	2,181,818

\* The fully paid shares issued were at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue.

**(ii) Employee Share Options****Employee share option plan**

Mount Burgess Mining NL previously operated an ownership-based scheme for executives and employees of the Group. In accordance with the provisions of the plan, executives and employees may be granted options which can be converted to ordinary shares.

During the financial year, no options were granted to directors or senior management. None of the previous options granted were exercised and all those options granted have now expired.

Share based payments in existence during the year are disclosed in Note 8.1.

**Shares issued on exercise of options**

During or since the end of the financial year, the Company did not issue any ordinary shares as a result of the exercise of options. All options expired on 31 December 2016.

**Loans from key management personnel**

Details of loans made from directors of Mount Burgess Mining N.L. and other key management personnel of the Group, including their close family members and entities related to them, are set out below:

Aggregates for key management personnel

	Principal \$	Interest \$	Total \$
Balance as at 1 July 2015	1,270,882	93,199	1,364,081
Additions	141,800	81,065	222,865
Repayment	(7,000)	-	(7,000)
Other changes <sup>1</sup>	(32,500)	-	(32,500)
<b>Balance as at 30 June 2016</b>	<b>1,373,182</b>	<b>174,264</b>	<b>1,547,446</b>
Additions	9,700	76,777	86,477
Repayment	(76,900)	(663)	(77,563)
<b>Balance as at 30 June 2017</b>	<b>1,305,982</b>	<b>250,378</b>	<b>1,556,360</b>

<sup>1</sup> Director deceased 2 September 2013

For the details of the loans please refer to Note 4.4.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

#### Other transaction with key management personnel

During the year the Company received a loan amounting to \$9,700 (2016: \$132,800) from Nigel and Jan Forrester. Mr Nigel Forrester is a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 5.70% (2016: 5.95% pa). The interest accrued for the financial year is amounting to \$76,600 (2016: \$80,579). There was a repayment of \$67,900 (2016: \$7,000) during the financial year.

During the year the Company received a loan amounting to NIL (2016: \$9,000) from Mr Chris Campbell-Hicks. Mr Chris Campbell-Hicks is a Director of the Company. Interest accrued on the loan at the rate of 4% above the Bank Bill Rate in Australia, which was at 5.70% (2016: 5.95% pa). This loan was repaid during the financial year.

#### Adoption of Remuneration Report

At the 2016 Annual General Meeting, the resolution adopting the 2016 remuneration report was carried unanimously.

The Company received more than 91% of "yes" votes on its Remuneration Report for the 2016 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

This concludes the remuneration report, which has been audited.

#### Directors Meetings

The number of Directors' meetings attended by each of the Directors of the Company during the financial year are as follows:

Director	Attended	Eligible
N Forrester	24	24
J Stirbinskis	17	17
K Clark	13	24
C Campbell-Hicks	23	24
H Warries	18	20

#### Non-Audit Service

There were no amounts paid or payable to the auditors of the Group for non-audit services provided during the year. Details of amounts paid or payable to the auditors during the year are outlined in Note 9(i) to the financial statements.

### Auditor's Independence Declaration

The auditor's independence declaration follows on immediately from the Directors' Report as required under s.307C of the Corporations Act 2001.

This Directors' Report is signed in accordance with a resolution of directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above the printed name and title.

N R Forrester  
CHAIRMAN AND MANAGING DIRECTOR  
Perth, 7 AUGUST 2017

DECLARATION OF INDEPENDENCE BY WAYNE BASFORD TO THE DIRECTORS OF MOUNT BURGESS MINING N.L

As lead auditor of Mount Burgess Mining N.L for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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



Wayne Basford  
Director

BDO Audit (WA) Pty Ltd  
Perth, 7 August 2017



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

**MOUNT BURGESS MINING N.L.**

*For the year ended 30 June 2017*

	Notes	Consolidated	
		2017	2016
		\$	\$
Revenue	2.1	146	191
Administration expenses	2.2 (a)	(384,971)	(265,087)
Finance costs	2.2 (b)	(115,499)	(113,266)
Other expenses	2.2 (c)	(61)	(347)
Loss before income tax		(500,385)	(378,509)
Income tax benefit / (expense)	3	-	-
<b>Loss after income tax for the year</b>		<b>(500,385)</b>	<b>(378,509)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year attributable to the owners of Mount Burgess Mining NL</b>		<b>(500,385)</b>	<b>(378,509)</b>
<b>Loss per share for the year attributable to the owners of Mount Burgess Mining NL:</b>			
Basic Loss per Share (cents per share)	8.5	(0.22)	(0.22)
Diluted Loss per Share (cents per share)	8.5	N/A	N/A

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

As at 30 June 2017

	Notes	Consolidated	
		2017	2016
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.1	126,494	15,514
Trade and other receivables	4.2	18,692	4,054
<b>TOTAL CURRENT ASSETS</b>		<b>145,186</b>	<b>19,568</b>
<b>NON CURRENT ASSETS</b>			
Plant and equipment		-	61
Exploration interests	5.1	679,563	158,428
<b>TOTAL NON CURRENT ASSETS</b>		<b>679,563</b>	<b>158,489</b>
<b>TOTAL ASSETS</b>		<b>824,749</b>	<b>178,057</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4.3	1,107,339	902,832
Borrowings	4.4	2,238,235	2,237,694
Provisions	5.2	213,392	182,302
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,558,966</b>	<b>3,322,828</b>
<b>TOTAL LIABILITIES</b>		<b>3,558,966</b>	<b>3,322,828</b>
<b>NET LIABILITIES</b>		<b>(2,734,217)</b>	<b>(3,144,771)</b>
<b>EQUITY</b>			
Issued capital	7.1	43,744,096	42,833,157
Reserves	7.3(a)	490,017	490,017
Accumulated losses	7.3(b)	(46,968,330)	(46,467,945)
<b>TOTAL DEFICIENCY</b>		<b>(2,734,217)</b>	<b>(3,144,771)</b>

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

For the year ended 30 June 2017

	Issued Capital \$	Employee Equity Settled Benefits Reserve \$	Assets Realisation Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 1 July 2015</b>	42,687,167	380,045	109,972	(46,089,436)	(2,912,252)
Loss for the year	-	-	-	(378,509)	(378,509)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	(378,509)	(378,509)
<b>Transactions with owners in their capacity as owners:</b>					
Share placement to professional investors	145,990	-	-	-	145,990
<b>Balance at 30 June 2016</b>	42,833,157	380,045	109,972	(46,467,945)	(3,144,771)
Loss for the year	-	-	-	(500,385)	(500,385)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	-	-	-	(500,385)	(500,385)
<b>Transactions with owners in their capacity as owners:</b>					
Share placement to professional investors	838,939	-	-	-	838,939
Shares issued in lieu of directors fee	72,000	-	-	-	72,000
<b>Balance at 30 June 2017</b>	43,744,096	380,045	109,972	(46,968,330)	(2,734,217)

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

For the year ended 30 June 2017

	Notes	2017 \$	2016 \$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(297,004)	(207,672)
Interest received		146	191
Interest and other costs of finance paid		(1,642)	(753)
Net cash (outflows) from operating activities	6(b)	<u>(298,500)</u>	<u>(208,234)</u>
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation expenditure		(352,370)	(71,950)
Net cash (outflows) from investing activities		<u>(352,370)</u>	<u>(71,950)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issues of equity securities		838,939	146,000
Payment for share issue costs		-	(10)
Proceeds from borrowings to fund operations		9,700	141,800
Repayment of borrowings		(86,900)	(7,000)
Net cash inflows from financing activities		<u>761,739</u>	<u>280,790</u>
Net increase / (decrease) in cash and cash equivalents		110,869	606
<b>Cash and cash equivalents at the beginning of the financial year</b>		15,514	15,132
Effects of exchange rate changes on the balance of cash held in foreign currencies		111	(224)
<b>Cash and cash equivalents at the end of the financial year</b>	6(a)	<u>126,494</u>	<u>15,514</u>

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

For the year ended 30 June 2017

**NOTE 1: SEGMENT INFORMATION**

Mount Burgess Mining N.L. whilst previously operating in Namibia and Botswana, now operates predominantly in one industry and one geographical segment being the mineral exploration industry in Botswana. The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operation decision makers) in assessing the performance and determining the allocation of resources. The Company's focus is on base metals exploration and resource development.

As the Company is focused on mineral exploration and resource development, the Board monitors the Company based on actual versus budgeted exploration and resource development expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Company and its ongoing exploration and resource development activities, while also taking into consideration the results of exploration and resource development work that has been performed to date.

Segment information relating to the reportable segment being mineral exploration and resource development in Botswana is outlined as below:

	External sales		Total	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Reconciliation of segment revenue to total other income before tax</b>				
Namibia	-	-	-	-
Botswana	-	-	-	-
Total of all segments	-	-	-	-
Unallocated corporate revenue			146	191
Consolidated total other income			146	191
<b>Reconciliation of segment result to net loss before tax</b>				
Namibia			-	-
Botswana			-	-
Total of all segments			-	-
Unallocated corporate revenue			146	191
Unallocated corporate expenses			(500,531)	(378,700)
Loss before income tax expense			(500,385)	(378,509)
Income tax benefit / (expense)			-	-
Loss for the year			(500,385)	(378,509)
<b>Reconciliation of segment assets to the statement of financial position</b>				
Namibia			1,696	1,702
Botswana			702,891	159,965
Total of all segments			704,587	161,667
Unallocated corporate assets			120,162	16,390
Consolidated total assets			824,749	178,057
<b>Reconciliation of segment liabilities to the statement of financial position</b>				
Namibia			374	341
Botswana			63,162	61,132
Total of all segments			63,536	61,473
Unallocated corporate liabilities			3,495,430	3,261,355
Consolidated total liabilities			3,558,966	3,322,828
<b>Acquisition of plant and equipment and exploration expenditure</b>				
Namibia			-	-
Botswana			521,135	158,428
Total of all segments			521,135	158,428
Unallocated corporate			-	-
Consolidated total			521,135	158,428



For the year ended 30 June 2017

**NOTE 1: SEGMENT INFORMATION (Cont'd)**

	2017	2016
	\$	\$
<b>Depreciation/amortisation included in segment result</b>		
Namibia	-	-
Botswana	-	-
Total of all segments	-	-
Unallocated corporate	61	347
Consolidated total	61	347

**Accounting Policy**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, the Board, is responsible for allocation of resources and assessing performance of the operating segments and has been identified as the strategic steering committee.

**NOTE 2: REVENUE AND EXPENSES****NOTE 2.1: Revenue**

	2017	2016
	\$	\$
Interest income	146	191

**Accounting Policy**

Revenue is measured at the fair value of the consideration received or receivable.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

**NOTE 2.2: Expenses**

	2017	2016
	\$	\$
<b>(a) Administration expenses include:</b>		
Salaries and wages	202,937	177,256
Defined contribution plans	11,365	15,482
Net foreign exchange loss / (gain)	(15,843)	(91,081)
<b>(b) Finance Costs</b>		
Interest on directors' loan	114,520	112,513
Late payment fees / Interest	979	753
	115,499	113,266
<b>(c) Other Expenses</b>		
Depreciation of non-current assets	61	347

**NOTE 3: INCOME TAXES**

	2017	2016
	\$	\$
<b>(a) Income Tax Expense</b>		
<b>Income tax recognised in profit or loss</b>		
Tax expense / (income) comprises:		
Income tax refund	-	-
Benefits arising from previously unrecognised tax losses recognised	-	-
Total tax expense/(income)	-	-
Income tax expense/(income) attributable to loss from continuing operations	-	-

For the year ended 30 June 2017

**NOTE 3: INCOME TAXES (Cont'd)**

	2017	2016
	\$	\$
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense as follows:		
Loss from operations	(500,385)	(378,509)
Income tax benefit calculated at 27.5% (2016: 30%)	(137,606)	(113,553)
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Non-deductible expenses	990	951
Share based payments	76,000	-
Tax benefits not recognised	60,616	112,602
Income tax benefit	-	-
<b>(b) Unrecognised Australian Deferred Tax Assets</b>		
The following deferred tax assets have not been brought to account as assets:		
Tax losses at 27.5% (2016:30%)	6,051,772	5,918,192
Temporary differences at 27.5% (2016:30%)	66,249	75,735
	<u>6,118,021</u>	<u>5,993,927</u>

**Accounting Policy**Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that they are probable and that sufficient taxable income will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in associates and are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and that they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects that tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting for the business combination.

For the year ended 30 June 2017

**NOTE 4: FINANCIAL ASSETS AND LIABILITIES****NOTE 4.1: Cash and cash equivalents**

	2017 \$	2016 \$
Cash	126,494	15,514

**Accounting Policy**

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

**NOTE 4.2: Trade and other receivables**

	2017 \$	2016 \$
VAT/GST receivables	18,692	4,054

Due to the short term nature of current receivables, the carrying amount is assumed to be the same as their fair value.

**NOTE 4.3: Trade and other payables**

	2017 \$	2016 \$
Trade payables	100,795	133,035
Accruals	1,006,544	769,797
	1,107,339	902,832

Trade payables are non-interest bearing and are normally settled on terms of 30 days from month end. Included in the balance, \$54,235 was agreed to be deferred; \$8,000 was covered by security; \$31,117 was for current creditors, leaving balance of \$7,443 for creditors over 30 days. Included in accruals are unpaid salaries for director and his related party amounting to \$955,647.

**Accounting Policy**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**NOTE 4.4: Borrowings**

	2017 \$	2016 \$
<b>Unsecured – at amortised cost</b>		
Loan from a former Director related company (i)	646,242	657,748
Loan from a Director (ii)	1,556,360	1,537,960
Loan from a former Director (iii)	35,633	32,500
Loan from a Director (iv)	-	9,486
	2,238,235	2,237,694
Current	2,238,235	2,237,694

(i) The loan comprises two parts:

- a) Loan from a former Director's related company amounts to £20,618, equivalent to \$36,262 (2016: \$35,096) to a wholly owned subsidiary Mount Burgess (Botswana) Proprietary Ltd. Interest is not payable on this loan.
- b) Loan from a former Director's related company amounts to £255,000 equivalent to \$431,454 (2016: \$458,992). 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. The above balance is inclusive of interest payable amounting to £105,513, equivalent to \$178,526.

For the year ended 30 June 2017

**NOTE 4.4: Borrowings (Cont'd)**

The Company's exposure to foreign currency exchange risk has been disclosed in Note 7.2.

- (ii) The loan was provided by NR and JE Forrester. Mr NR Forrester is a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 5.70% (2016: 5.95%). The above balance is inclusive of interest.
- (iii) The loan was provided by Ron O'Regan. Mr Ron O'Regan was a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 5.70% (2016: NIL). The above balance is inclusive of interest. During the year the Company made a repayment of \$10,000 (2016: NIL) to this loan.
- (iv) This loan was repaid during the financial year. In the previous financial year the loan was provided by Mr Chris Campbell-Hicks. Mr Campbell-Hicks is a Director of the Company. Interest accrued on the loan until the time of repayment in November 2016 at the rate of 5.70%, being 4% above the Bank Bill Rate in Australia. (2016: 5.95%). The above balance was inclusive of interest.

**Accounting Policy**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

**NOTE 5: NON-FINANCIAL ASSETS AND LIABILITIES****NOTE 5.1: Exploration interests**

	2017 \$	2016 \$
<b>Tenement acquisition at cost</b>		
Balance as at the start of the financial year	-	-
Addition / (Write offs)	-	-
Balance as at the end of the financial year	-	-
<b>Exploration expenditure at cost</b>		
Balance as at the start of the financial year	158,428	-
Additions	521,135	158,428
Balance as at the end of the financial year	679,563	158,428
<b>Total Exploration Interests</b>	<b>679,563</b>	<b>158,428</b>

Recovery of the carrying amount of exploration expenditure is dependent on the continuance of the Group's right to tenure of the areas of interest, successful development of commercial exploration or sale of the respective tenement areas.

**Accounting Policy**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as exploration and evaluation assets in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
- the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - the exploration and evaluation in the area of interest has not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administration costs are included in measurement of exploration and evaluation costs only when they are related directly to operational activities in a particular area of interest.

For the year ended 30 June 2017

**NOTE 5.1: Exploration interests (Cont'd)**

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

**NOTE 5.2: Provisions**

	2017 \$	2016 \$
Employee entitlements	213,392	182,302

The current provision for employee entitlements includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

**Accounting Policy**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

**NOTE 6: NOTES TO THE STATEMENT OF CASH FLOWS****(a) Reconciliation of Cash and Cash Equivalents**

For the purpose of the cash flow statement, cash includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement are reconciled to the related items in the statement of financial position as follows:

	2017 \$	2016 \$
Cash and cash equivalents	126,494	15,514

The Company's exposure to interest rate risk is discussed in Note 7.2.

**(b) Reconciliation of Loss for the Period to the Net Cash Flows from Operating Activities**

	2017 \$	2016 \$
Loss for the year	(500,385)	(378,509)
Depreciation	61	347
Unrealised foreign exchange (gain)/ loss on loan	(36,116)	(89,676)
Equity settled expenses	72,000	-
Net exchange differences	(111)	224
Changes in operating assets and liabilities:		
Increase / (decrease) in trade receivables	747	(881)
(Decrease) / Increase in trade payables	20,357	123,382
Increase in borrowings costs	113,857	112,513
Increase in provision for employee entitlements	31,090	24,366
Net cash (outflows) from operations	(298,500)	(208,234)



For the year ended 30 June 2017

**NOTE 6: NOTES TO THE STATEMENT OF CASH FLOWS (Cont'd)****(c) Non-cash Financing and Investing Activities**

There have been no non-cash financing and investing activities for the year ended 30 June 2017 (2016: Nil).

**(d) Financing Facilities**

As at reporting date the Company had a Visa Card credit facility to the value of \$10,000 (2016: \$5,000) and an indemnity / guarantee facility of \$8,000 (2016: \$8,000). At reporting date the total amount unused for all facilities was \$18,000 (2016: \$13,000).

**NOTE 7: EQUITY****NOTE 7.1: Issued capital**

	2017		2016	
	\$		\$	
276,125,919 fully paid ordinary shares (2016: 183,477,958)	43,744,096		42,833,157	
	2017 No.	2017 \$	2016 No.	2016 \$
<b>Fully paid ordinary share capital</b>				
Balance at beginning of financial year	183,477,958	42,833,157	153,227,958	42,687,167
Share placements to professional investors	79,557,053	838,939	30,250,000	146,000
Less costs	-	-	-	(10)
Issued of ordinary shares in lieu (i)	13,090,908	72,000	-	-
	276,125,919	43,744,096	183,477,958	42,833,157

**(i) Issued of ordinary shares in lieu of directors' fees**

At the General Meeting of shareholders held on 28 June 2017, 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:

Ms K Clark	\$12,000 worth at 0.55 of a cent =	2,181,818
Ms S Chau	\$12,000 worth at 0.55 of a cent =	2,181,818
Ms J Forrester	\$12,000 worth at 0.55 of a cent =	2,181,818
M C Campbell-Hicks	\$12,000 worth at 0.55 of a cent =	2,181,818
Mr H Warriess	\$12,000 worth at 0.55 of a cent =	2,181,818
Mr J Stirbinskis	\$12,000 worth at 0.55 of a cent =	2,181,818
		<u>13,090,908</u>

**NOTE 7.2: Financial Risk management****(a) Significant Accounting Policies**

Details of significant accounting policies and methods adopted including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 9 to the financial statements. No financial derivative instruments were in place at year end.

**(b) Financial Risk Management Objectives**

Note 7.2 (c), (d), (e) (f) (g) and (h) present information about the Group's exposure to credit, liquidity and market risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Group does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continual basis. The Group does not enter into or trade financial instruments, including derivatives financial instruments, for speculative purposes.

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risk relating to the operations of the Group through regular reviews of the risks.

For the year ended 30 June 2017

**NOTE 7.2: Financial Risk management (Cont'd)****(c) Interest Rate Risk Management – Cash Flow**

The Group is exposed to interest rate risk (primarily on its cash and cash equivalents and variable rate borrowings), which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not use derivatives to mitigate these exposures.

At the reporting date the interest rate profile of the Group's and the Company's interest-bearing financial instruments was:

	Weighted average effective interest rate %	2017 \$	2016 \$
<b>Non-interest bearing</b>			
Financial assets	-	135,186	9,413
Financial liabilities	-	1,143,601	935,332
		1,278,787	944,745
<b>Fixed rate instruments</b>			
Financial assets	1.40	10,140	10,280
Financial liabilities		-	-
		10,140	10,280
<b>Variable rate instruments</b>			
Financial assets		-	-
Financial liabilities	5.70	1,860,252	2,336,403
		1,860,252	2,336,403

**Sensitivity Analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate instruments at the end of the reporting period. The analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis point higher/lower and all other variables constant, the Group's loss for the year ended 30 June 2017 would decrease/increase by \$11,010 (2016: decrease/increase by \$11,026). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

**(d) Foreign Currency Risk Management**

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Company monitors relevant rates of exchange on a daily basis to determine as best as possible the more advantageous rates at which to transfer funds to overseas accounts.

The Group has not entered into any derivative financial instruments to hedge such transactions.

The Group is exposed to currency risk. At reporting date the Group holds significant amounts of financial assets or liabilities which are exposed to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2017	2016	2017	2016
GBP	275,618	275,618	-	-

For the year ended 30 June 2017

**NOTE 7.2: Financial Risk management (Cont'd)****(e) Sensitivity Analysis**

A 10 percent strengthening of the Australian dollar against the following currency as at 30 June would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	GBP impact	
	2017	2016
Profit or loss	43,145	45,899

A 10 percent weakening of the Australian dollar against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

**(f) Credit Risk Management**

Credit risk refers to the risk that a counter party will default on in relation to its contractual obligations, resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis.

The Group does not have any significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Non-trade receivables from wholly owned controlled entities are assessed for impairment by reference to any future prospects in relation to development of the tenements / resources.

**(g) Net Fair Value**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 9 to the financial statements.

**(h) Liquidity Risk Management**

Ultimate responsibility of liquidity risk management rests with the Board of Directors, which continually monitors the Company's future funding plans. Future funding plans are subject to change, according to prevailing and anticipated market conditions determining the ease at which further funding capital can be raised. Capital raisings are planned at times that the Company still holds adequate cash resources or has in place banking and resource borrowing facilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated	Weighted average effective interest rate %	Less than 1 year	1-5 years	Total
		\$	\$	\$
<b>30 June 2017</b>				
Non-interest bearing		1,143,601	-	1,143,601
Variable interest rate instruments	5.70	2,327,485	-	2,327,485
		<u>3,471,086</u>	<u>-</u>	<u>3,471,086</u>
<b>30 June 2016</b>				
Non-interest bearing		935,332	-	935,332
Variable interest rate instruments	5.95	2,336,403	-	2,336,403
		<u>3,271,735</u>	<u>-</u>	<u>3,271,735</u>

For the year ended 30 June 2017

**NOTE 7.2: Financial Risk management (Cont'd)**

The following table details the Company's expected maturity of its non-derivative financial assets. The table has been drawn up based on the undiscounted maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Consolidated	Weighted average effective	Less than 1 year \$	1-5 years \$	Total \$
	interest rate %			
<b>30 June 2017</b>				
Non-interest bearing		135,186	-	135,186
Fixed rate instruments	1.40	10,140	-	10,140
		<u>145,326</u>	<u>-</u>	<u>145,326</u>
<b>30 June 2016</b>				
Non-interest bearing		9,413	-	9,413
Fixed rate instruments	1.90	10,280	-	10,280
		<u>19,693</u>	<u>-</u>	<u>19,693</u>

**(i) Capital Risk Management**

The Group manages its capital to ensure that companies in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt to equity balance. The Group's focus has been to raise sufficient funds through equity to fund exploration and resource development activities.

The Group's overall strategy remains unchanged from 2016. Risk management policies and procedures are established with regular monitoring and reporting.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 7.1, 7.3(a) and 7.3(b) respectively. The Group operates in Australia and Botswana. None of the Group's companies are subject to externally imposed capital requirements.

**NOTE 7.3: Reserves and accumulated losses****(a) Reserves**

	2017 \$	2016 \$
Equity-settled employee benefits	380,045	380,045
Asset realisation reserve	109,972	109,972
	<u>490,017</u>	<u>490,017</u>

The equity-settled employee benefits arise on the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is made in Note 8.1 to the financial statements.

Asset realisation reserve represents realised benefits transferred from a previous asset revaluation reserve.

**(b) Accumulated losses**

	2017 \$	2016 \$
Movements in accumulated losses were as follows:		
Balance 1 July	(46,467,945)	(46,089,436)
Net loss for the year	(500,385)	(378,509)
Balance 30 June	<u>(46,968,330)</u>	<u>(46,467,945)</u>

For the year ended 30 June 2017

**NOTE 8: OTHER INFORMATION****NOTE 8.1 Share-based payments**

Equity-settled share-based payments granted to employees are measured at fair value at the date of the grant. In the event of the issue of employee options fair value is measured by use of a binomial model where Black-Scholes option pricing model is used to validate the valuation. The expected life used in the model would be adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

*Employee Share Option Plan (Expired 31 December 2016)*

On 30 July 2010, the Company introduced Employee Share Option Plan 2010 to reward past services and contributions of Eligible Employees and also to assist in the recruitment, retention, incentive and motivation of Eligible Employees of the Company. Employee share options carry no rights to dividends and no voting rights. In accordance with the terms of the Employee Share Option Plan all options, including any issued during the year ended 30 June 2017, vest in the option holder at the date of their issue and may be exercised at any time from the date of their issue to the date of their expiry. No amounts are paid by the recipient on receipt of the option. Each share option converts to one ordinary share of Mount Burgess Mining N.L. on exercise. The exercise price of the options issued was 35 cents. However, this employee share option plan expired on 31 December 2016.

	2017 No.	Weighted Average exercise price \$	2016 No.	Weighted Average exercise price \$
<u>Employee share option plan</u>				
Balance at the start of the year (i)	71,430	0.35	1,978,579	0.35
Terminated during the year (ii)	(71,430)	0.35	(1,907,149)	0.35
Balance at the end of the year (iii)	-	-	71,430	0.35

**(i) Balance at the beginning of the Year**

	No.	Grant Date	Expiry Date	Exercise Price \$	Fair Value at grant date \$
Issued 1 September 2011	71,430	01/09/2011	31/12/2016	0.35	0.009

**(ii) Terminated during the year**

	2017 No.	2016 No.
Issued 17 September 2010	-	1,428,575
Issued 04 October 2010	-	442,860
Issued 16 November 2010	-	35,714
Issued 1 September 2011	71,430	-
	71,430	1,907,149

**(iii) Balance at the end of the year**

NIL	71,430
-----	--------

On 30 July 2010, the Company introduced an Employee Share Option Plan (2010) governed by the following terms and conditions:

- 1) each option will be issued free of consideration;
- 2) the Options shall not be transferred or assigned by the holder provided that the holder shall be at liberty at any time to transfer all or any of his or her Options to his or her wife or husband respectively or to a proprietary limited company all the issued shares of which are beneficially owned by the holder and his or her wife or husband or any other nominee of the Eligible Employee, provided that any such transferee first undertakes to the Company, in a deed, not to transfer or assign such Options until such time as they are exercised;
- 3) each Option will entitled the holder to subscribe for one share at an exercise price;
- 4) the Options expire at 5.00pm on 31 December of the year five (5) years from the year of grant;
- 5) the Options are exercisable wholly or in part by forwarding to the Company an "Option Exercise Form", accompanied by payment of the exercise price;
- 6) the Options are exercisable at any time on or prior to the Expiry Date;

For the year ended 30 June 2017

**NOTE 8.1 Share-based payments (Cont'd)**

- 7) there are no participating rights or entitlements inherent in the Options and holders will not participate in any new issue of capital offered to shareholders during the currency of the Options;
- 8) an Option's terms must not prevent the Option being reorganised as required by the Listing Rules on a reorganisation of capital;
- 9) the Company shall grant the Options and deliver the certificates relating to the Options to the Eligible employee within ten (10) business days of the Application Date.

**Status of the Options**

Any options issued under this plan will not be listed on the Australian Securities Exchange Limited for official quotation.

Only upon exercise of the Options issued under the plan will the Company make application to the Australian Securities Exchange Limited for the quotation of the shares issued pursuant to the exercise of the Options.

All share options expired on 31 December 2016. In the previous financial year the share options outstanding had an exercise price of \$0.35 and a weighted average remaining contractual life of 0.5 years.

Consideration received in the event of the exercise of employee share options would have been recognised in contributed equity.

**NOTE 8.2: Commitments for Expenditure****(a) Exploration Commitments**

The Group has certain obligations to perform minimum exploration work on its Exploration Licence PL 43/2016, in Western Ngamiland, Botswana, in order to maintain tenure. These obligations will vary over time, depending on the Group's priorities relative to exploration and resource development programmes. As at the reporting date future expenditure commitments on PL 43/2016 have not been provided for in the financial statements. Between the time the Group's previous exploration licence over the Kihabe project expired on 30 June 2012 and the award of PL 43/2016 on 26 January 2016, covering the Kihabe project, the Group spent \$1,150,000 on exploration on the project. This expenditure whilst not having been capitalised as exploration expenditure, represents a significant contribution to and foundation for the currently planned commitment being applied in moving the project forward. The annual expenditure commitment for PL 43/2016 covers the calendar year from 1 January to 31 December. The expenditure commitment outlined by the Group from the period when PL43/2016 was awarded on 26 January 2016 to 31 December 2016, amounted to the equivalent of \$550,000. Expenditure incurred during this same period amounted to \$557,962.

The Group is required to outline minimum annual expenditure estimates as proposed by it when applying for or renewing its Prospecting Licence in Botswana. The Group may from time to time notify the Minister of any amendments it wishes to make to its proposed prospecting operations and relative expenditure. The Minister has the discretion to suspend or agree to vary the obligation to expend the minimum annual expenditure estimates as initially outlined when applying for or renewing its Prospecting Licence.

The minimum annual expenditure for Year 2 and Year 3 is P5,000,000 (equivalent to A\$623,177) and P15,500,000 (equivalent to A\$1,931,849) respectively.

**(b) Operating Lease Commitments**

	2017	2016
	\$	\$
No later than 1 year	10,370	10,370
Later than 1 year and not later than 5 years	-	-
	10,370	10,370

The above operating lease commitment is for the lease of the Company premises. The annual lease commitments are fixed and there are no contingent rental payments. The lease agreement contains an option to renew the lease.

**Accounting Policy**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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**NOTE 8.2: Commitments for Expenditure (Cont'd)**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**NOTE 8.3: Contingent Assets and Contingent Liabilities**

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

**NOTE 8.4: Events occurring after the reporting period**

Since the end of the financial year the Company has secured commitments for the placement of 38,454,454 ordinary shares by way of a placement to sophisticated investors, in accordance with Listing Rule 7.1. The issue price of the shares is 0.55 of one cent per share and will raise the Company \$211,500 before costs. The purpose of the issue is to provide funds for ongoing exploration including diamond drilling at the Nxuu Deposit and administration costs.

Other than above, there have not been any matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in future financial years.

**NOTE 8.5: Loss per share**

	2017 Cents per share	2016 Cents per share
Basic loss per share	(0.22)	(0.22)
Diluted basic loss per share	N/A	N/A

The loss and weighted average number of ordinary shares used in the calculation of basic and dilutive earnings per share are as follows:

	2017 \$	2016 \$
Net loss	(500,385)	(378,509)
Loss used in calculation of basic and dilutive EPS	(500,385)	(378,509)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	232,239,298	170,404,952

The following potential ordinary shares are not dilutive as they would decrease the loss per share and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share:

	2017 No.	2016 No.
Employee share options	-	71,430

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report other than disclosed in subsequent events.

**Accounting Policy****Basic earnings per share**

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares; and



For the year ended 30 June 2017

**NOTE 8.5: Loss per share (Cont'd)**

- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**NOTE 8.6: Related-party transactions****(a) Equity Interest in Related Parties**

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 8.8 to the financial statements.

**(b) Key Management Personnel****Remuneration of Directors**

The aggregate compensation made to the directors of the Company and Group is set out below:

	2017	2016
	\$	\$
Short term employee benefits (including annual leave accrued)	325,404	187,503
Post-employment benefits	24,896	16,429
Other long term benefits – long service leave accrued	6,672	6,687
	356,972	210,619

**Accounting Policy**Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after reporting period, regardless of when the actual settlement is expected to occur.

**(c) Other Transactions with Key Management Personnel (and their Related Parties) of Mount Burgess Mining N.L.**

During the year the Company received a loan amounting to \$9,700 (2016: \$132,800) from Jan and Nigel Forrester. Mr Nigel Forrester is a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 5.70% (2016: 5.95% pa). The interest accrued for the financial year is amounting to \$76,600 (2016: \$80,579). The loan balance, which inclusive of interest, and unpaid salaries at the end of the financial year end amounting to \$1,556,360 (2016: \$1,537,960) and \$955,647 (2016: \$722,332) respectively.

During the year the Company repaid the loan of \$9,000 given in the previous financial year by Mr Chris Campbell-Hicks. Mr Campbell-Hicks is a Director of the Company. Interest accrued on the loan until the time of repayment in November 2016 at the rate of 5.70%, being 4% above the Bank Bill Rate in Australia. (2016: 5.95%). The amount repaid was inclusive of interest. The loan balance, which inclusive of interest, at the end of the financial year end amounting to NIL (2016: \$9,486).

For the year ended 30 June 2017

**NOTE 8.6: Related-party transactions (Cont'd)**

During the financial year the Company repaid \$10,000 (2016: NIL) to a loan given from Mr Ronald O'Regan, a former Director of the Company. Interest accrued on the loan at the rate of 4% above the Bank Bill Rate in Australia, which was at 5.70% (2016: NIL). The loan balance, which inclusive of interest, at the end of the financial year end amounting to \$35,633 (2016: \$32,500).

At the General Meeting of shareholders held on 28 June 2017, approval was given for the issue of fully paid ordinary shares in the Company in lieu of director fees to Directors or their nominees and their related party as follows:

<u>Name</u>		<u>No. of shares</u>
J Stirbinskis	\$12,000 worth at 0.55 of a cent* =	2,181,818
K Clark	\$12,000 worth at 0.55 of a cent* =	2,181,818
C Campbell-Hicks	\$12,000 worth at 0.55 of a cent* =	2,181,818
H Warriess	\$12,000 worth at 0.55 of a cent* =	2,181,818
J Forrester	\$12,000 worth at 0.55 of a cent* =	2,181,818

\* The fully paid shares issued were at the volume weighted average price ("VWAP") of the shares in the five ASX trading days prior to issue.

**(d) Transactions with Subsidiary**

All loans advanced to and payable by MTB (Namibia) (Pty) Ltd and Mount Burgess (Botswana) (Proprietary) Limited are interest free, unsecured and subordinate to other liabilities.

**(e) Parent Entity**

The parent entity in the Group is Mount Burgess Mining N.L. Equity interests in controlled entities are disclosed in Note 8.7.

**NOTE 8.7: Parent entity financial information****(a) Financial Position**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Assets</b>		
Current assets	120,162	16,329
Non-current assets	25	86
Total assets	<u>120,187</u>	<u>16,415</u>
<b>Liabilities</b>		
Current liabilities	3,495,430	3,261,355
Non-current liabilities	25	25
Total liabilities	<u>3,495,455</u>	<u>3,261,380</u>
<b>Net Liabilities</b>	<u>(3,375,268)</u>	<u>(3,244,965)</u>
<b>Equity</b>		
Issued capital	43,744,096	42,833,157
Reserves	490,017	490,017
Accumulated losses	<u>(47,609,381)</u>	<u>(46,568,139)</u>
Total Deficit	<u>(3,375,268)</u>	<u>(3,244,965)</u>

**(b) Financial Performance**

	<b>2017</b>	<b>2016</b>
	\$	\$
Loss for the year	(1,041,242)	(541,702)
Other comprehensive income	-	-
Total comprehensive loss	(1,041,242)	(541,702)

For the year ended 30 June 2017

**NOTE 8.7: Parent entity financial information (Cont'd)****(c) Guarantees entered into by the Parent Entity in relation to the Debts of its Subsidiaries**

As at reporting date there are no known guarantees entered into by the parent entity in relation to the debts of its subsidiaries.

**(d) Contingent Liabilities of the Parent Entity**

As at reporting date there are no known contingent liabilities of the parent entity.

**(e) Commitments of the Parent Entity**

The commitments of the parent entity have been disclosed in Note 8.2.

**NOTE 8.8: Controlled entities**

	Country of Incorporation	Ownership Interest (%)	
		2017	2016
<b>Parent Entity</b>			
Mount Burgess Mining N.L.	Australia		
<b>Controlled Entity</b>			
MTB (Namibia) (Proprietary) Ltd	Namibia	100%	100%
Mount Burgess (Botswana) (Pty) Ltd	Botswana	100%	100%

**NOTE 9: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Statement of Compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 7 August 2017.

Mount Burgess Mining N.L. is a for profit entity for the purpose of preparing the financial statements.

**Basis of Preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**Accounting Policies****(a) Going concern basis**

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 before tax of \$500,385 (2016: \$378,509) and net cash outflows from operating and investing activities of \$650,870 (2016: \$280,184) for the year ended 30 June 2017. As at 30 June 2017, the Consolidated Entity had a working capital deficiency of current assets to current liabilities of \$3,413,780 (2016: \$3,303,260) and cash and cash equivalents of \$126,494 (2016: \$15,154).

The ability of the Consolidated Entity to continue as a going concern is dependent upon continued financial support from its Directors related parties and creditors, and on securing additional funding through capital raising to continue to meet its working capital requirements in the next 12 months. These conditions indicate a material uncertainty that may cast significant doubt that the Consolidated entity will continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe the Consolidated entity will continue as a going concern and be able to pay its debts as and when they fall due, for the following reasons:

**NOTE 9: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

- (a) The Consolidated Entity has continued financial support from the Directors, former Directors and their associated entities, in that they have confirmed in writing that they will not call upon their loans to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern. As at 30 June 2017, the Directors loans outstanding were \$2,238,235 (Note 4.4) and accruals for unpaid director and his related party salaries \$955,647 (Note 4.3);
- (b) The Company has the ability to raise funds through equity issues. In relation to additional funding via capital raisings, initial discussions have commenced with potential brokers;
- (c) In addition, the Directors have also embarked on a strategy to reduce costs in line with the funds available to the Consolidated Entity; and
- (d) The Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Consolidated Entity to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Consolidated Entity be unable to continue as a going concern.

**(b) Basis of Consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**(c) Financial Instruments issued by the Company**Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recorded as the proceeds received, net of direct issue costs.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

**(d) Financial assets**

All financial assets are recognised and de-recognised on the date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

**NOTE 9: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**Available-for-sale financial assets

Listed shares held by Group that are traded in an active market are classified as being available-for-sale and are stated at fair value. Fair value is determined by reference to quoted market prices less costs to sell. Gains and losses arising from changes in fair value are recognised in profit or loss and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is classified to profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Investment in subsidiaries

Investments in subsidiaries are recognised in the parent entity's financial statements at cost less any impairment losses.

**(e) Foreign Currency**

The individual financial statements of each Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('\$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

**NOTE 9: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

In preparing the financial statements of the individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of partial disposal of the net investment.

**(f) Goods and services tax and VAT**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

**(g) New accounting standards and Australian accounting interpretations**Adoption of new and revised Accounting Standards

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2016:

- AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations)
- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosures Initiative: Amendments to AASB 101
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities Applying the Consolidation Exception

The adoption of this standard did not have any impact on the current period or any prior and is not likely to affect future periods.

Standards and Interpretation issued not yet adopted

*For the year ended 30 June 2017***NOTE 9: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective:

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 Financial Instruments, and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 Revenue from Contracts with Customers and AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	30 June 2019
AASB 16 Leases	1 January 2019	30 June 2020
AASB 2016-1 Amendments to Australian Accounting Standards – Recognition Deferred Tax Assets for Unrealised Losses	1 January 2017	30 June 2018
AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107	1 January 2017	30 June 2018

The Directors have not yet determined what impact, if any, the implementation of the above standards would have on the financial statements of the Group.

**(h) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in Note 9, management is required to make judgements, estimates, and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the entity's accounting policies**

The following are the critical judgements that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

**I. Going Concern**

The Company does not have a sustainable income base from which it can fund its continual exploration effort and resource development. Consequently, with regard to going concern, the Company is reliant upon raising funds through equity issues, debt, or from the sale of assets to fund its ongoing exploration and resource development. Alternatively, the Company can seek joint venture partners to fund exploration and resource development on its behalf.

**II. Commitments for exploration and evaluation expenditure not provided for**

The Company has expenditure commitments in relation to its exploration licence. If any of these commitments fall into arrears through any funding inability, the Company has the choice to seek joint venture partners to meet these commitments or apply for expenditure exemptions.



For the year ended 30 June 2017

**NOTE 9: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****(i) Auditors' remuneration**

	2017	2016
	\$	\$
<b>Auditor of the parent entity</b>		
Auditing of the financial report	30,000	30,000

The auditor of Mount Burgess Mining N.L. is BDO (2016: BDO).

**NOTE 10: COMPANY INFORMATION**

Mount Burgess Mining NL (the Company) is a public company listed on Australian Securities Exchange (trading under the symbol 'MTB') incorporated in Australia. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company and its subsidiaries (the Group) are described in Note 1.

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 18 to 42 are in accordance with the Corporations Act 2001, including:
  - (i) complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable, and

Note 9 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295 (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, 7 August 2017

## INDEPENDENT AUDITOR'S REPORT

To the members of Mount Burgess Mining N.L.

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mount Burgess Mining N.L (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to Note 9 (a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

### Exploration and evaluation expenditure

Key audit Matter	How the matter was addressed in our report
<p>During the year, the Group incurred significant amount of Exploration and evaluation expenditure which has been capitalised. The carrying value of Exploration and Evaluation Assets as at 30 June 2017 is A\$679,563 (30 June 2016: A\$158,428), as disclosed in Note 5.1. The Group's accounting policy in respect of exploration and evaluation assets is outlined in Note 5.1.</p> <p>As the carrying value of these Exploration and Evaluation Assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. In addition, we also considered it necessary to assess whether the capitalised exploration and evaluation assets meet the recognition criteria under AASB 6 Exploration for and Evaluation of Mineral resources.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"><li>• Obtained a schedule of the areas of interest held by the Group and assessed whether the rights to tenure of those areas of interest remained current at balance date by obtaining supporting documentation such as licence agreements and also considered whether the Group maintains the tenements in good standing;</li><li>• Obtained a schedule of the capitalised exploration and evaluation expenditure and tested a sample of expenditure to confirm the nature of the costs incurred and the appropriateness of the classification as exploration and evaluation asset.</li><li>• Held discussions with management with respect to the status of ongoing exploration programmes in the respective areas of interest and assessed Group's cashflow budget for the level of budgeted spend on exploration projects; and</li><li>• Considered whether any facts or circumstances existed to suggest impairment testing was required.</li></ul> <p>We also assessed the adequacy of the related disclosures in Note 5.1 to the Financial Statements.</p>



## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

[http://www.auasb.gov.au/auditors\\_files/ar2.pdf](http://www.auasb.gov.au/auditors_files/ar2.pdf)

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 15 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Mount Burgess Mining N.L, for the year ended 30 June 2017, complies with section 300A of the Corporations Act 2001.



## Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Wayne Basford'. Above the signature, the letters 'BDO' are written in a simple, hand-drawn style.

Wayne Basford

Director

Perth, 7 August 2017

The information set out below was applicable as at 31 July 2017.

## 1. Distribution of Equity Securities and Voting Rights:

- (a) Distribution of Shareholders of Ordinary shares:-

	No. of Holders
1 - 1,000	798
1,001 - 5,000	625
5,001 - 10,000	222
10,001 - 100,000	343
100,001 and over	187
Total No. of Shareholders	<u>2,175</u>

- (b) Each shareholder entitled to vote may vote in person or by proxy, attorney or representative. On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote. On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share.
- (c) There existed 2,175 shareholders who held less than a marketable parcel of shares.
- (d) Substantial Shareholders

W.B. Nominees 19,455,405 shares representing 7.04 % of the Company

## 2. Top Twenty Shareholders

	Shareholder Name	Units Held	Percentage of Issued Capital (%)
1	W. B. Nominees	19,455,405	7.04
2	Graham Forward Pty Ltd	17,125,000	6.20
3	Peloton Pty Ltd	16,125,000	5.84
4	Strata Drilling WA Pty Ltd	14,925,000	5.40
5	Cen Pty Ltd	12,292,161	4.45
6	N R Forrester & Associates	9,963,219	3.61
7	Mr Michael Damien Murphy	9,878,938	3.58
8	Mr Geoffrey Allen Bailey	9,641,550	3.49
9	Citicorp Nominees Pty Ltd	9,494,989	3.44
10	Jerd Pty Ltd	8,425,000	3.05
11	ESM Ltd	7,000,000	2.54
12	Alfred Patrick Stirling	6,617,648	2.40
13	Mrs Jennifer O'Regan & Associates	6,412,392	2.32
14	Running Water Limited	4,500,000	1.63
15	HSBC Custody Nominees	4,069,666	1.47
16	Armuk Pty Ltd	4,000,000	1.45
17	Heldon Pty Ltd	3,500,000	1.27
18	Mr Uday Raniga	3,487,269	1.26
19	Benjamin Mosigi	3,000,000	1.09
20	Brizzi Family Superannuation A/C	2,784,744	1.01
		<b>172,697,981</b>	<b>62.54</b>



AS AT 31 JULY 2017

Tenement No.	Percentage of Equity
<p><b><u>BOTSWANA</u></b>                      Kihabe-Nxuu                      PL 043/2016</p>	100%