



mount burgess mining

ACN 009 067 476

Half-Year Financial Report

31 December 2014

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Mount Burgess Mining NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of Mount Burgess Mining N.L. submit herewith the financial report of Mount Burgess Mining N.L. and its subsidiaries (the Group) for the half-year ended 31 December 2014. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

DIRECTORS

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

Nigel Raymond Forrester (Chairman and Managing Director)
 Molatlhegi Benjamin Mosigi (Resigned 23 September 2014)
 Alfred Patrick Stirling
 Chris Campbell-Hicks (Appointed 15 September 2014)

REVIEW OF OPERATIONS

Overview

- (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, the Group was during the half year currently involved with the following:
 Western Ngamiland, Botswana – Base Metals
 On 13 May 2013 the application for extension for a further two years to 30 June 2014 of PL 69/2003, the Company's Kihabe-Nxuu Base Metals Project, was rejected by the Minister for Minerals, Energy and Water Resources, Botswana. The matter is currently before the Appeal Court of Botswana. As a result, an impairment of \$7,358,532 was recognised in the financial year to 30 June 2013 in relation to this project. Further impairment of \$7,449,786 was recognised in relation to the Tsumkwe REE project and Tsumkwe Diamond project in the financial year to 30 June 2013.
- (b) Performance and indicators used by management in carrying out the above objectives include:
- Assessing and reviewing the likeliness of making a discovery through exploration
 - Assessing the risks and rewards relative to the costs of exploration and the values of the minerals being explored for
- (c) As the 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 consolidated entity during the six months consisted of compiling documentation for submission to the Appeal Court of Botswana, such as a Notice of Motion and founding Affidavit previously filed in the High Court of Botswana. This was submitted on 12 September 2014, seeking reversal of the decision by the Minister for the Ministry of Minerals, Energy and Water Resources Botswana, not to renew PL 69/2003, which contains the Kihabe Nxuu resources.

Funds applied to the various exploration activities were as follows:

	31 Dec 2014 Half year	2014	2013	2012	2011
		\$	\$	\$	\$
Exploration for rare earths in Namibia	-	-	677	51,812	53,836
Exploration for diamonds in Namibia and Botswana	-	26,407	42,391	54,350	66,077
Resource development for base metals in Namibia and Botswana	-	-	244,256	498,564	370,426

- (b) As the consolidated entity was involved in litigation during the six months there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2011 and 2014 the Company's shares traded as follows:

31 Dec 2014 Half year		2014		2013		2012		2011	
Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents
0.1	0.7	0.1	0.2	0.1	0.4	0.2	1.2	0.6	2.7

Ongoing resource exploration expenditure for the remainder of the year will be determined by the availability of funds and any outcome in regard to legal proceedings for the renewal of PL69/2003. The Company is awaiting scheduling of an Appeal Court hearing expected in April 2015.

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 projects.
- (b) At the end of the half-financial year, the Group had cash resources of \$14,341.
- (c) A loan agreement is in place with Exchange Services Ltd, a company controlled by A P Stirling, a Director of the Company for funding up to £255,000 (equivalent to \$485,714) if required. Funding of \$1,176,582 has been provided via a loan from Jan and Nigel Forrester and \$32,500 from Ron O'Regan. 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, the sale of assets or the recoupment of expenditure through claims for damages in respect of the non-renewal of PL69/2003.
- (d) As the Group was involved only in efforts to secure title over PL 69/2003 during the half year 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.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the Directors



N R Forrester
Chairman and Managing Director
 Perth, 12 March 2015

For the half-year ended 31 December 2014

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporation Act 2001*, including compliance with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements and giving a true and fair view of the financial position and performance of the consolidated entity.
- c) The attached financial statements and notes thereto comply with the Corporations Act 2001, Australia Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements.

Signed in accordance with a resolution of the Directors made pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, consisting of several overlapping loops and lines, appearing to be 'N R Forrester'.

N R Forrester
Chairman and Managing Director
Perth, 12 March 2015

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

As lead auditor for the review of Mount Burgess Mining N.L. for the half-year ended 31 December 2014, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Brad McVeigh
Director

BDO Audit (WA) Pty Ltd

Perth, 12 March 2015

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

MOUNT BURGESS MINING N.L.

For the half-year ended 31 December 2014

	Consolidated	
	Half year Ended 31 Dec 2014 \$	Half year Ended 31 Dec 2013 \$
Revenue	-	-
Other income	-	20,625
Administration expenses	(323,496)	(486,832)
Finance costs	(45,396)	(52,203)
Other expenses	(2,158)	(2,838)
	<hr/>	<hr/>
Loss before tax	(371,050)	(521,248)
Income tax benefit / (expense)	-	-
	<hr/>	<hr/>
Loss after income tax for the half year	(371,050)	(521,248)
Other comprehensive income	-	-
Total comprehensive loss for the half year attributable to the owners of Mount Burgess Mining NL	(371,050)	(521,248)
	<hr/>	<hr/>
Loss per share for the period attributable to the members of Mount Burgess Mining NL:		
Basic Loss per Share (cents per share)	(0.25)	(0.06)
Diluted Loss per Share (cents per share)	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 31 December 2014

	Note	Consolidated	
		31 Dec 2014	30 June 2014
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		14,341	15,545
Trade and other receivables		3,771	4,336
TOTAL CURRENT ASSETS		18,112	19,881
NON CURRENT ASSETS			
Plant and equipment		906	3,065
Exploration interests	3	-	-
TOTAL NON CURRENT ASSETS		906	3,065
TOTAL ASSETS		19,018	22,946
CURRENT LIABILITIES			
Trade and other payables		576,894	439,907
Borrowings	4	1,860,302	1,672,047
Provisions		139,938	120,028
TOTAL CURRENT LIABILITIES		2,577,134	2,231,982
NON CURRENT LIABILITIES			
Borrowings	4	-	-
TOTAL NON CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		2,577,134	2,231,982
NET LIABILITIES		(2,558,116)	(2,209,036)
EQUITY			
Issued capital	5	42,687,167	42,665,197
Reserves		490,017	490,017
Accumulated losses		(45,735,300)	(45,364,250)
TOTAL DEFICIENCY		(2,558,116)	(2,209,036)

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

For the half-year ended 31 December 2014

	Issued Capital \$	Employee Equity Settled Benefits Reserve \$	Assets Realisation Reserve \$	Accumulated Losses \$	Total \$
Balance at 1 July 2013	42,494,667	380,045	109,972	(44,077,370)	(1,092,686)
Loss for the half year	-	-	-	(521,248)	(521,248)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(521,248)	(521,248)
Transactions with owners in their capacity as owners:					
Share placement to professional investors	56,585	-	-	-	56,585
Shares issued in lieu of directors fees or salary sacrifice	84,000	-	-	-	84,000
Balance at 31 December 2013	42,635,252	380,045	109,972	(44,598,618)	(1,473,349)
Balance at 1 July 2014	42,665,197	380,045	109,972	(45,364,250)	(2,209,036)
Loss for the half year	-	-	-	(371,050)	(371,050)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(371,050)	(371,050)
Transactions with owners in their capacity as owners:					
Share placement to professional investors	21,970	-	-	-	21,970
Shares issued in lieu of directors fees or salary sacrifice	-	-	-	-	-
Balance at 31 December 2014	42,687,167	380,045	109,972	(45,735,300)	(2,558,116)

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

For the half-year ended 31 December 2014

	Half Year Ended 31 Dec 2014 \$	Half Year Ended 31 Dec 2013 \$
Cash flows from operating activities		
Payments to suppliers and employees	(134,132)	(158,848)
R&D Tax Benefit	-	-
Interest and other costs of finance paid	(530)	(31,650)
Net cash outflow from operating activities	<u>(134,662)</u>	<u>(190,498)</u>
Cash flows from investing activities		
Payment for plant and equipment	-	-
Payments for exploration and evaluation expenditure	-	(32,794)
Proceeds from sale of motor vehicles	-	20,625
Net cash outflow from investing activities	<u>-</u>	<u>(12,169)</u>
Cash flows from financing activities		
Proceeds from issues of equity securities	22,000	48,600
Payment for share issue costs	(30)	(15)
Proceeds from borrowings	121,000	126,417
Repayment of lease liabilities	(254)	(1,401)
Repayment of borrowings	(10,000)	(11,000)
Net cash inflow from financing activities	<u>132,716</u>	<u>162,601</u>
Net increase / (decrease) cash and cash equivalents	(1,946)	(40,066)
Cash and cash equivalents at the beginning of the half year	15,545	(372,118)
Effects of exchange rate changes on the balance of cash held in foreign currencies	742	133
Cash and cash equivalents at the end of the half year	<u>14,341</u>	<u>(412,051)</u>
Cash and cash equivalents	14,341	5,127
Bank overdraft	-	(417,178)
	<u>14,341</u>	<u>(412,051)</u>

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

1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014.

(a) New or Revised Standards and Interpretations that are effective in the current reporting period

In the half year ended 31 December 2014, the Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014. The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period. It has been determined by the Company that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and, therefore no change is necessary to the Company's accounting policies.

New and revised Standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Company include:

- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'
- AASB 2 – 'Share-based Payment'
- AASB 8 – 'Operating Segments'
- AASB 124 – 'Related Party Disclosures'

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

Australian Accounting Standards and Interpretations that have recently been issued or amended that are not yet effective have not been adopted by the consolidated entity for the half year ending 31 December 2014. Management is in the process of assessing the impact of the adoption of these standards and interpretations on the entity.

(c) Financial Assets and Financial Liabilities that are not measured at fair value on a recurring basis

At 31 December 2014 and 30 June 2014, the carrying amounts of trade receivables, trade payables and borrowings are assumed to approximate their fair values due to their short-term nature

Going Concern

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

The Consolidated Entity has incurred net losses after tax of \$371,050 (31 Dec 2013: \$521,248), and experienced net cash outflows from operations of \$134,662 (31 Dec 2013: \$190,498) and net cash outflows from investing activities of NIL (31 Dec 2013: \$12,169) for the half year ended 31 December 2014. As at 31 December 2014, the Consolidated Entity had a deficiency of current assets to current liabilities of \$2,559,022 (30 June 2014: \$2,212,101) and cash assets of \$14,341 (30 June 2014: \$15,545).

For the half year ended 31 December 2014

These conditions indicate a material uncertainty that may cause significant doubt about the Consolidated Entity's ability to continue as a going concern.

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

- a) Continued financial support from the Directors and their associated entities, in that they will not call upon the loans to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern, and provide access to future funding.
- b) Additional funding via capital raisings. Initial discussions have commenced with potential brokers.
- c) Active management of the current level of discretionary expenditure is in line with the funds available to the Company and Consolidated Entity

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.

Notwithstanding this, as a junior explorer with start-up projects and a dependency on continued support from current financiers and on securing additional funding, should the consolidated entity be unable to secure sufficient funding from the above, there is significant uncertainty whether the consolidated entity will be able to continue as a going concern.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

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

2. EVENTS OCCURRING AFTER REPORTING PERIOD

Since the end of the half year 31 December 2014 the Company has received a total of \$66,500 as loan funding from N R Forrester and J E Forrester, a Director and Company Secretary respectively of the Company.

No other matters or circumstances of which the directors are aware, other than those referred to in the condensed financial statements or notes thereto, have arisen since the end of the half-year which significantly affect, or may significantly affect the operations, results or state of affairs of the consolidated entity in subsequent financial periods.

3. EXPLORATION INTEREST

	Half year ended 31 Dec 2014 \$	Full year ended 30 June 2014 \$
Exploration expenditure at cost		
Balance as at the start of the financial period	-	491,893
Additions	-	26,407
Write offs	-	(518,300)
Balance as at the end of the financial period	-	-
Total Exploration Interests	-	-

In the 2014 financial year, write offs related to areas which the directors have decided not to renew the right to explore or areas that were required to be reduced in size under the relevant Mining Act. In the 2013 financial year an amount of \$7,358,532 had been written off in respect of the Kihabe-Nxuu Base Metals project on Prospecting License 69/2003. The renewal of PL 69/2003 was rejected in May 2013. The Company has lodged a Notice of Motion in the Appeal Court of Botswana for the rejection to be set aside.

For the half year ended 31 December 2014

4. BORROWINGS

	Half Year Ended 31 Dec 2014 \$	Full year ended 30 June 2014 \$
Unsecured – at amortised cost		
Loan from a director related company (i)	651,220	603,019
Loan from a director (ii)	1,176,582	1,026,274
Loan from a director (iii)	32,500	42,500
	<u>1,860,302</u>	<u>1,671,793</u>
Secured – at amortised cost		
Finance lease liability (iv)	-	254
	-	254
	<u>1,860,302</u>	<u>1,672,047</u>
Current	<u>1,860,302</u>	<u>1,672,047</u>
Non-current	-	-

- (i) The loan from a director related company, namely Exchange Services Limited, amounts to £255,000 (approximately equivalent to AUD485,714). Mr A P Stirling is a Director of Exchange Services Limited and a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 6.20% (30 June 2014: 6.67%), as from 1 July 2010 until the loan has been repaid in full.
- (ii) The loan was provided by Jan and Nigel Forrester and incurs interest at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 6.20% (30 June 2014: 9.0% pa).
- (iii) The loan was provided by Mr Ronald O'Regan, a previous director of the Company. Interest is not payable on this loan.
- (iv) Secured by the asset held. The interest rate on finance lease is 10.57% with repayment period of 5 years (30 June 2014: 10.57%).

5. ISSUED CAPITAL

	Half Year Ended 31 Dec 2014 \$	Half Year Ended 31 Dec 2013 \$
153,227,958 fully paid ordinary shares (31 Dec 2013: 1,007,588,602)	<u>42,687,167</u>	<u>42,635,252</u>

	31 Dec 2014 No.	31 Dec 2014 \$	31 Dec 2013 No.	31 Dec 2013 \$
Fully paid ordinary share capital				
Balance at 1 July	1,045,088,602	42,665,197	862,838,602	42,494,667
Share placements to professional investors	27,500,000	22,000	60,750,000	56,600
Less costs	-	(30)	-	(15)
Share consolidation (i)	(919,360,644)	-	-	-
Issue of ordinary shares in lieu (ii)	-	-	84,000,000	84,000
	<u>153,227,958</u>	<u>42,687,167</u>	<u>1,007,588,602</u>	<u>42,635,252</u>

(i) Share Consolidation

The resolution for the consolidation of share capital, on a 1 for 7 basis, was approved at the Company's Annual Meeting held on 27 November 2014.

As of 10 December 2014 the official completion of a 1 for 7 share and option consolidation, the Company has on issue the following:

Share Capital 153,227,958 listed ordinary shares and 1,978, 579 unlisted options exercisable at 35 cents.

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

For the half year ended 31 December 2014

5. ISSUED CAPITAL (Cont'd)

At the Annual General Meeting of shareholders held on 21 November 2013, approval was given for the issue of fully paid ordinary shares in the Company in lieu of director fees and for a salary sacrifice as follows:

	Number of fully paid shares to be issued	
Mr A P Stirling	\$24,000 worth at 0.1 cents* =	24,000,000
Mr R W O'Regan	\$24,000 worth at 0.1 cents* =	24,000,000
Mr B M Mosigi	\$12,000 worth at 0.1 cents* =	12,000,000
Mr N R Forrester	\$24,000 worth at 0.1 cents* =	24,000,000
		<u>84,000,000</u>

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

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

6. SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2014

The operating segments are as follows:

Geographical Segments

	Half Year ended 31 Dec 2014 \$	Half Year ended 31 Dec 2013 \$	Half Year ended 31 Dec 2014 \$	Half Year ended 31 Dec 2013 \$	Half Year ended 31 Dec 2014 \$	Half Year ended 31 Dec 2013 \$
Segment Revenues	External sales		Inter -segment Sales		Total	
Australia	-	-	-	-	-	-
Namibia	-	13,457	-	-	-	13,457
Botswana	-	7,168	-	-	-	7,168
Total of all segments	-	20,625	-	-	-	20,625
Unallocated corporate revenue					-	-
Consolidated total revenue					-	20,625
Segment Results						
Australia					-	-
Namibia					-	13,457
Botswana					-	7,168
Total of all segments					-	20,625
Unallocated corporate revenue					-	-
Unallocated corporate expenses					(371,050)	(541,873)
Loss before income tax expense					(371,050)	(521,248)
Income tax benefit					-	-
Consolidated net loss for the period					(371,050)	(521,248)

	Half year ended 31 Dec 2014 \$	Full year ended 30 June 2014 \$
Segment Assets		
Namibia	2,095	1,952
Botswana	333	1,567
Total of all segments	2,428	3,519
Unallocated corporate assets	16,590	19,427
Consolidated total assets	19,018	22,946

*For the half year ended 31 December 2014***6. SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2014 (Cont'd)**

	Half year ended 31 Dec 2014 \$	Full year ended 30 June 2014 \$
Segment Liabilities		
Namibia	396	376
Botswana	61,268	57,480
Total of all segments	61,664	57,856
Unallocated corporate assets	2,515,470	2,174,126
Consolidated total assets	<u>2,577,134</u>	<u>2,231,982</u>

7. RELATED PARTIES

During the half-year ended 31 December 2014, the Company received a loan amounting to NIL (30 June 2014: £10,000 equivalent to \$16,290) from Exchange Services Limited. Mr A P Stirling is a Director of Exchange Services Limited and a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia as from 1 July 2010 until the loan has been repaid in full.

During the half-year ended 31 December 2014, the Company received a loan amounting to NIL (30 June 2014: \$5,000) from Mr Ronald O'Regan, a director of the Company. Interest is not payable on this loan.

During the half-year ended 31 December 2014, the Company received a loan amounting to \$121,000 (30 June 2014: \$568,132) 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 6.20% (30 June 2014: 9.0% pa).

During the half-year ended 31 December 2014, salaries payable to Jan and Nigel Forrester amounting to \$396,092 (30 June 2014: \$269,765)

8. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

9. COMMITMENTS FOR EXPENDITURE

As at reporting date there were no changes from 30 June 2014 financial report.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mount Burgess Mining N.L.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Mount Burgess Mining N.L., which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mount Burgess Mining N.L., ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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



Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the continued financial support from the Directors and their associated entities, additional funding via capital raisings and active management of the current level of discretionary expenditure. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature consists of the letters 'BDO' in a stylized, cursive font, followed by a large, sweeping signature that appears to be 'BM' followed by a flourish.

Brad McVeigh

Director

Perth, 12 March 2015