mount burgess mining

and Controlled Entities

ACN 009 067 476

Annual Report

for the Year ended 30 June 2014

Directors: NIGEL RAYMOND FORRESTER, FCA

MOLATLHEGI BENJAMIN MOSIGI, BSc, MSc – *resigned 23 September 2014*

RONALD WILLIAM O'REGAN – *deceased 2 September 2013*

ALFRED PATRICK STIRLING, FCA

CHRIS CAMPBELL-HICKS, FAusIMM CP Met MMICA – *appointed 15 September 2014*

Joint Secretaries: JAN FORRESTER

SERENE CHAU, CPA

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Bankers: Australia and New Zealand Banking Group Ltd
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Mount Burgess Mining NL is an ASX listed public company incorporated in Australia.

It is my pleasure to present to you our annual report for the year to 30th June 2014.

Unfortunately, the year has been one of continual involvement in legal process in an effort to secure the extension of Prospecting Licence PL69/2003, in Western Ngamiland, Botswana. PL69/2003 contained the Kihabe – Nxuu resources, amounting to some 25 million tonnes of 3% Zn/Pb, including 3,3 million ozs, Ag, developed by the Company and its wholly owned subsidiary Mount Burgess (Botswana) (Proprietary) Limited (MBB), at a cost of some $14.5 million.

On the 13th May 2013, Minister Mokaila, Ministry of Minerals Energy and Water Resources (MMEWR) rejected MBB's Application for Extension of PL69/2003. The Application for Extension was submitted some fourteen months earlier on 29th March 2012, at which time Dr Ponatshego Kedikilwe was Minister MMEWR. He was subsequently appointed as Vice President, Botswana.

On 6th June 2013 in accordance with its right, MBB appealed to Vice President Kedikilwe, seeking reversal of Minister Mokaila's decision not to extend PL69/2003.

On 11th July 2013, the appeal to Vice President Kedikilwe was rejected by Minister Mokaila.

On 8th October 2013 a Notice of Motion and Founding Affidavit lodged by MBB, was registered in the High Court of Botswana and served on the Attorney General as Respondent, seeking to set aside the decision of Minister Mokaila not to extend PL69/2003. The Attorney General was cited as Respondent in accordance with sections 3(1), 3(2) and 4 of the State Procedures Act and subsection 3 of section 127 of the Constitution. These sections require that actions by or against the Government must be instituted by or against the Attorney General. As a Minister is part of the Government, any actions involving a Minister must be instituted by or against the Attorney General.

On 6th December 2013, at a High Court hearing, the Attorney General as Respondent was afforded the opportunity to prepare and file by 16th January 2014, heads of argument in respect of MBB's Notice of Motion and Founding Affidavit. A further hearing was scheduled for 13th February 2014.

On 13th February 2014, at the High Court hearing, the Attorney General as Respondent, having failed to prepare and file heads of argument by 16th January 2014, instead raised Points of Law in Limine. One of these points was that MBB did not cite as Respondent the Minister MMEWR whose decision it was not to extend PL69/2003. The High Court Judge reserved his ruling on the Points of Law in Limine, for a hearing on the 28th April 2014.

On 28th April 2014 the High Court Judge ruled to strike out with costs MBB's Notice of Motion and Founding Affidavit, seeking to set aside Minister Mokaila's decision not to extend PL69/2003. The ruling was based on the fact that the decision maker, the Minister MMEWR, was not joined in the proceedings, only the Attorney General was cited as the Respondent. Such was the Judge's ruling, despite the fact that in section 30 of his ruling he stated that in accordance with Order 16, rule 9 "No cause shall be defeated by reason of the misjoinder or non-joinder of parties and the Judge may in every cause deal with the matter in controversy so far as regards the rights and interests before him".

On 26th May 2014, the Company advised the ASX that its wholly owned subsidiary MBB had lodged a Notice of Appeal in the Appeal Court of Botswana, seeking a reversal of the ruling handed down by the High Court of Botswana on the 28th April 2014. Case files have now been transferred from the High Court in Lobatse to the Appeal Court in Gaborone and the Company and MBB are awaiting the allocation of a hearing date in the Appeal Court. It is expected that such a hearing will occur in January 2015. The Appeal Court of Botswana is presided over by three independent Commonwealth Judges.

The Company intends to avail every effort to achieve rectification of this matter. Some $14.5 million has now been spent on discovering and developing the resources of this project. These funds have been raised from professional investors from international domains such as Australia, England, Switzerland and South Africa. These professional investors, despite the risks associated therewith, have committed to advancing the project for the benefit of both the Company and Botswana. At no time during its tenure did the Company or its subsidiary MBB fail to apply continual effort to move the project forward. Even during the fourteen month period, whilst awaiting a decision on the extension of PL69/2003, some $1.2 million was spent on the project.

The main reason why Minister Mokaila did not extend PL69/2003 was because MBB did not complete a project feasibility study as it said it would during the two years to 30th June 2012. MBB committed to such a feasibility study based on assurances that grid power would be available in the project area by the end of 2012. The provision of such power did not eventuate. Accordingly, under the conditions of the JORC code and the conditions of the Checklist for Proposed Prospecting

Operations, issued under the Mines and Minerals Act of Botswana, the Company was not able to produce or get a competent person to sign off on a feasibility study without the availability of commercial power.

For a more detailed summary of the issues involved in the Kihabe- Nxuu project, please refer to the Projects section of the report that follows.

During the year a number of investors continued to help fund the Company, despite the Company being in its situation relative to P69/2003. For this I express my sincere gratitude. I also extend my thanks to those Directors and their Associates who have continued to support the Company with funding as required. Whilst the Company has had to restrain expenditure as a consequence of its title issues in respect of PL69/2003, as well as the difficulty of raising funds under current market conditions, remaining staff members have been accommodating in appropriately scheduling their work arrangements for the benefit of the Company. For this I am extremely grateful.

Nigel Forrester
Chairman & Managing Director
26 September 2014

BOTSWANA AND NAMIBIA

PL69/2003
THE KIHABE-NXUU PROJECT, BOTSWANA

29 March 2012 - The Company's wholly owned subsidiary Mount Burgess (Botswana) (Proprietary) Limited (MBB) submitted its Application for Extension of PL69/2003, for a further two years to 30 June 2014. PL69/2003 contains the Kihabe – Nxuu Zn/Pb/Ag JORC compliant resources of 25 million tonnes @ 3% Zn/Pb with 3.3 million ozs Ag, developed by the Company and MBB at a cost of $14.5 million.

In accordance with procedure administered by the Ministry of Minerals Energy and Water Resources (MMEWR), any notice rejecting the Application for Extension should have been served on MBB by MMEWR within three months of the submission of the Application for Extension. Not having received a notice of rejection from MMEWR by 30 June 2012, MBB continued in good faith conducting day to day exploration and resource development operations on PL69/2003, under the assumption that its Application for Extension would be granted at the next session of licence approvals.

13 May 2013 - Minister Mokaila, MMEWR, rejected MBB's Application for Extension of PL69/2003, submitted 14 months earlier on 29 March 2012, when Dr Ponatshego Kedikilwe (now Vice President) was Minister MMEWR. During this 14 month period the Company and MBB spent $1.2 million on project exploration and resource development, which the Geological Survey of Botswana, a division of MMEWR, was aware of through regular filing by MBB of required reports.

6 June 2013 - MBB appeals to the Vice President of Botswana, Dr Ponatshego Kedikilwe, seeking a reversal of the decision not to extend PL69/2003.

11 July 2013 - Minister Mokaila MMEWR rejected MBB's appeal to the Vice President for the extension of PL69/2003. His two reasons as outlined for rejecting the appeal did not accord with the facts and were therefore incorrect. He maintained that MBB should have:

(a) Obtained the Minister's approval to amend the prospecting programme as a result of the lack of power, **which it did** and
(b) Irrespective of its requirement to comply with the JORC code, MBB should have complied with the Mines and Minerals Act of Botswana (MMA), **which it did.**

In respect of (a)

Minister Mokaila MMEWR stated *"The issue of unavailability of grid power was raised as the main reason why you did not proceed with a feasibility study as it is a requirement under the Australian JORC Code for a competent person to sign off the feasibility. As indicated in my letter of 13 May 2013, Ref: GSC 6/43/ 7 III (12), Mount Burgess cannot unilaterally amend the approved prospecting programme without the Minister's approval, this is as per section 22 MMA".*

Section 22(1) MMA actually states: "*The holder of a prospecting licence may, from time to time, notify the Minister of amendments he wishes to make to his programme of prospecting operations and such amendments shall, unless the Minister rejects the same within two months after being notified, have effect after such period".*

MBB gave a power point presentation on 23 March 2012, notifying the then Minister MMEWR, Dr Ponatshego Kedikilwe of proposed amendments to the programme of prospecting because of the unavailability of power which was previously assured would be available. Page 7 of this presentation, headed **Power Consumption**, specifically highlighted the power problem under "Grinding and SXEW for oxide zinc ore will require around 40MW power". In order to keep the feasibility on track, it outlined alternative metallurgical recovery processes to be trialled under "Testwork required reducing power consumption". It outlined "Other Helpful Solutions" which included "Explore processes for recovering silver", "Explore potential for recovery of credits Vanadium, Copper, Gallium and Germanium" and "Increase the resource base".

As required, MBB submitted its Application for Extension of PL69/2003, on 29 March 2012, three months prior to 30 June 2012, the expiry of its current term. The Application for Extension was for a further two years to 30 June 2014.

Minister Kedikilwe MMEWR did not reject MBB's proposed amendments to its prospecting programme within two months of being notified on 23 March 2012, as required by Section 22(1) MMA. **Accordingly, such amendments had effect after such period. Neither did Minister Kedikilwe MMEWR reject MBB's Application for Extension of PL69/2003,**

as required within the three months to 30 June 2012. Accordingly MBB was entitled to assume that its Application for Extension would be approved at the next session of licence approvals.

In respect of (b)

Minister Mokaila MMEWR stated "*In addition any holder of a Mineral Concession issued under the Mines and Minerals Act of the Republic of Botswana is required to comply with the relevant sections of MMA irrespective of the company's international reporting requirement. JORC code or any other international requirements and standards does not substitute one's obligation under the MMA".*

Whilst MBB did, as required, comply with the internationally accepted JORC code, such compliance was no substitute to its obligation to comply with the relevant sections of the MMA, as intimated by Minister Mokaila MMEWR. Compliance with the JORC code was in accord with MBB's obligation under the MMA, as defined in the **Checklist for Appropriate Company Programme of Prospecting Operations** issued under the MMA. This checklist was required by the MMA to be completed by MBB when applying for an extension of PL69/2003 in March 2010. The checklist specifically stated under Section D, when dealing with a Pre-feasibility Study and Section E, when dealing with a Mining Feasibility Study that **"Delineated Reserves"** must be **"compliant to one of the international codes for estimating reserves".**

The MMEWR checklist issued under the Mines and Minerals Act of Botswana, required MBB to comply with the JORC Code.

In compliance with **the internationally accepted JORC code**, as required by MMA's checklist when estimating **RESERVES**, MBB could not produce a feasibility study based on **DELINEATED RESERVES**, because:

(a) Without power MBB could not delineate its resources as **PROVEN and PROBABLE ORE RESERVES** *(See Note)* and
(b) Without being able to quote **DELINEATED RESERVES**, MBB could not produce or get a competent person to sign off on a feasibility study.

*Note : In accordance with the 2004 JORC code, applicable in this instance, Mineral Resources cannot be upgraded to Proven and Probable Ore Reserves unless all Modifying Factors required for the commercial extraction of those Reserves can be relied upon. One of those modifying factors needing to be relied upon for commercial extraction was the availability of a commercial power supply, required as part of the necessary infrastructure, as outlined in that section of Table 1 of the code, headed "**Estimation and Reporting of Ore Reserves".***

26 July 2013 - MBB's Legal Counsel opined that the decision handed down by Minister Mokaila MMEWR rejecting MBB's appeal to the Vice President was ***"ultra vires"***

8 October 2013 - MBB's Notice of Motion and Founding Affidavit to set aside Minister Mokaila's decision was registered in the High Court of Botswana. Copies were served on the Minister MMEWR. In accordance with sections 3(1), 3(2) and 4 of the State Procedures Act and subsection 3 of section 127 of the Constitution, copies were also served on the Attorney General as Respondent.

21 October 2013. The Attorney General as Respondent served on MBB a Notice of Intention to Oppose MBB's Notice of Motion and Founding Affidavit. Despite such notice **the Attorney General never filed an opposing affidavit** as required in accordance with precedent established in the Court of Appeal, Botswana. Only points of law *in limine were* raised.

13 February 2014. At the hearing in the High Court of Botswana, the Attorney General raised points of law *in limine*, arguing that MBB's Notice of Motion and Founding Affidavit should have been filed against the Minister MMEWR as Respondent and not the Attorney General. MBB argued that whilst copies were served on the Minister MMEWR, its Notice of Motion and Founding Affidavit correctly nominated the Attorney General as Respondent in accordance with sections 3(1), 3(2) and 4 of the State Procedures Act and subsection 3 of section 127 of the Constitution. **All these sections confirm that a Minister is part of the Government and any actions against the Government shall be instituted against the Attorney General.**

28 April 2014. The High Court Judge ruled that MBB's Application for Renewal of PL69/2003 be struck out with costs, as the Minister was not joined in the proceedings, only the Attorney General was cited as the Respondent. Such ruling was handed down despite the Judge even stating *"No cause shall be defeated by reason of the misjoinder or non-joinder of parties and the Judge may in every cause deal with the matter in controversy so far as regards the rights and interests before him".* The judge handed down such decision contrary to :

(a) Section 3(1) of the State Proceedings Act which states ***"Except as may otherwise expressly be provided by any law, actions by or against the Government shall be instituted against the Attorney General"***
(b) Section 3(2) of the State Proceedings Act clarifies that **the Attorney General is deemed to be the recognised agent and to make appearances on behalf of Government.**
(c) Subsection 3 of Section 127 of the Constitution clarifies that **a Minister is not a public officer. Being a Minister of the State, a Minister is included in the word "Government" and therefore represented by the Attorney General in any litigation.**
(d) Precedent established in the High Court in Tim's Lock and Key V the Attorney General where the Chief Justice held that **the Minister was included in the word "Government" and therefore represented by the Attorney General in any litigation.**
(e) A recent case namely Strata (Pty) Ltd V the Attorney General, where **the Attorney General was cited as the Respondent when relief was sought against the Minister MMEWR.**

The High Court Judge also ruled in paragraph 14 of his judgement that ***"the appeal process to the Vice President is non-existent"***, implying that MBB did not have the right to appeal to the Vice President of Botswana, as it did on 6 June 2013. Reference to the **"Specific functions of His Honour the Vice President's Private Office" as** shown on his website, highlights under the fourth item **"Appeals and Complaints Handling".** In conversations that Nigel Forrester, Director of MBB had with Vice President Ponatshego Kedikilwe, the Vice President acknowledged that any appeal should be directed through his office.

26 May 2014. Mount Burgess Mining advised the ASX that its wholly owned subsidiary Company MBB had lodged a Notice of Appeal in the Appeal Court of Botswana, seeking a reversal of the ruling handed down by the High Court on 28 April 2014. It is expected that an Appeal Court hearing will be scheduled for January 2015.

Whilst the High Court of Botswana is presided over by a single Motswana Judge, appointed by the President, the Appeal Court is presided over by three independent Commonwealth Judges.

DIAMONDS

WESTERN NGAMILAND DIAMOND PROJECT, BOTSWANA

The Company has eight prospecting licences for diamond exploration, covering an area of some 7,000 km^2, in Western Ngamiland, Botswana.

These licences expire on 30th September 2014. The Company has not applied for an extension of these licences.

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 2014. 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:

Name	**Particulars**
Mr N R Forrester, FCA (ICAEW) Chairman & Managing Director Chartered Accountant	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 three years. Mr Forrester is one of the original shareholders of the Company which he floated in 1985. Aged 69. Board member since 1985.
Mr M B Mosigi Executive Director Geologist B.Sc. M.Sc (*Resigned 23 September 2014)*	Mr Mosigi has experience in base metal and diamond exploration/mining. His previous diamond exploration and mining experience, which included a significant period of time with Debswana and Botswana Diamondfields covered work on the Orapa, Lethlakane, Jwaneng and Damtshaa Diamond Mines in Botswana and the Bobbejaan, Water Fissure and Bellsbank kimberlites in the Republic of South Africa. Aged 55. Board member since 2009.
Mr R W O'Regan Non-executive Director Retired Stockbroker *(Deceased as of 2 September 2013)*	Mr O'Regan became a member of the London Stock Exchange in the 1970s and a member of the board of Astaire and Partners, a firm of London stockbrokers, from 1987-2009.
Mr A P Stirling Non-executive Director Chartered Accountant	Mr Stirling, a Fellow of the Institute of Chartered Accountants in England and Wales, has had significant experience in investment and fund management. Aged 78. Board member since 2003.
Mr C Campbell-Hicks Non-executive Director Metallurgist FAusIMM CP Met MMICA *(Appointed 15 September 2014)*	Mr Campbell-Hicks has more than forty year's 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 66.

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 R W O'Regan, Mr Campbell-Hicks

Directorships of other Listed Companies

Directorships of other listed companies held by directors in the three years immediately before the end of the financial year are as follows:

Name	Company	Position	Period of Directorship
Mr A P Stirling	SpaceandPeople Plc	Non-executive	Since 21 June 2007

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	54,469,767	4,000,000
A P Stirling and / or associates	62,443,530	2,000,000
C Campbell-Hicks	6,250,000	-

Remuneration of Directors and Senior Management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report, on pages 11 to 15.

The following table discloses the details of the option holdings of the Directors and senior management of the Company. The issuing entity of all options is Mount Burgess Mining N.L.

	Mount Burgess Mining NL	
	Fully Paid Ordinary Shares	Share Options
DIRECTORS		
N R Forrester - *Chairman*	53,875,367	4,000,000
A P Stirling - *Non executive director*	62,443,530	2,000,000
C Campbell-Hicks – *Non executive director*	6,250,000	-
SENIOR MANAGEMENT		
J E Forrester – *Company Secretary*	433,155	2,000,000

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 65, joined the Company upon listing in 1985 and was appointed as Joint Company Secretary in 1993.
Ms S Chau, CPA	Certified Practising Accountant, aged 35, 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, the Group was during the year currently involved with the following:

Western Ngamiland, Botswana – Base Metals

On the 13 May 2013 the renewal of PL 69/2003, the Company's Kihabe-Nxuu Base Metals Project, was rejected. 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 Group during the year was resource exploration and resource development. Funds applied to the various exploration and resource development activities were as follows:

	2014 $	2013 $	2012 $	2011 $	2010 $
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	498,140
Resource development for base metals in Namibia and Botswana	-	244,256	498,564	370,426	463,016

(b) As the Group was involved only in exploration and resource development during the year there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2010 and 2014 the Company's shares traded as follows:

2014		2013		2012		2011		2010	
Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents
0.1	0.2	0.1	0.4	0.2	1.2	0.6	2.7	1.0	1.0

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 financial year, the Group had cash resources of $15,545.

(c) A loan agreement with Exchange Services Ltd, a company controlled by A P Stirling, a Director of the Company for funding up to £255,000 if required, funding of $1,026,274 provided via a loan from Nigel Forrester and $42,500 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, 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 effects to secure title over PL 69/2003 during the 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.

A full review of operations is outlined on pages 4 to 6.

Change in State of Affairs

During the last financial year there was a significant change in the state of affairs of the Group, as a result of the Minister for Minerals, Energy and Water Resources (MMEWR) informing the Company's wholly owned subsidiary Mount Burgess (Botswana) (Proprietary) Limited (MMB) on 13 May 2013 of his rejection to renew Prospecting Licence PL69/2003.

PL 69/2003 contains the Group's main Kihabe-Nxuu Zn/Pb/Ag project, on which the Group was incurring expenditure on a day to day basis on resource development.

A Notice of Motion has been filed in the Appeal Court of Botswana to set aside the decision of rejecting the renewal of PL69/2003.

Subsequent Events

Since the end of the financial year the Company has received a total of $52,000 as loan funding from N R Forrester and J E Forrester, a Director and Company Secretary respectively of the Company.

On 15 September 2014 Mr Chris Campbell-Hicks was appointed to the Board of the Company.

On 23 September 2014 Mr Ben Mosigi resigned from the Board of the Company.

Other than the 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.

Future Developments

Provided the Group can secure the legal right to renew PL69/2003 in Botswana, it will be continuing exploration and enhancement of resource development. If the Group loses the legal right to renew PL69/2003 it will have to embark upon sourcing new projects.

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) 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 entitle 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;

(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) shares issued on the exercise of Options will rank pari passu with the then existing ordinary share capital;

(9) an Option's terms must not prevent the Option being reorganised as required by the Listing Rules on a reorganisation of capital; and

(10) 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.

As at 30 June 2014 the following options over ordinary shares of Mount Burgess Mining N.L. remained on issue:

	Number of Shares under option	Expiry Date	Exercise price $
Issued 17 September 2010	10,000,000	31/12/2015	0.05
Issued 04 October 2010	3,100,000	31/12/2015	0.05
Issued 16 November 2010	250,000	31/12/2015	0.05
Issued 1 September 2011	500,000	31/12/2016	0.05
	13,850,000		

All of the above options were issued as an incentive and in recognition of past performance and none are dependent on the satisfaction of a performance condition. Further details of the options on issue are disclosed in Note 23 to the financial statements.

No shares have been issued during or since the end of the year as a result of the exercise of an option over unissued shares.

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 did not pay 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 M B Mosigi (Executive Director) – resigned as at 23 September 2014
Mr R W O'Regan (Non-executive Director) – deceased as of 2 September 2013
Mr A P Stirling (Non-executive Director)
Mr C Campbell-Hicks – appointed 15 September 2014

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.

A. 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.

B. 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

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. No non-executive directors' fees have yet been paid for the year to 30 June 2014.

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 grants 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 (currently waived) in no way cover what they could otherwise earn. The options granted are exercisable at a significant premium to the current share price.

Executive Remuneration

Directors and staff are granted options in recognition of their efforts and to act as long term incentives for their retention and for creating value for the Company. None of these options are issued for the satisfaction of any performance conditions. All 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), share issued in lieu of directors fees or salary sacrifice and unlisted share options granted under 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 granted under the Employee Share Option Plan

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

C. Key terms of employment contracts

Mr B Mosigi is a party to a service contract with Mount Burgess Mining NL, which sets out a fixed compensation package of $24,000 per annum. There are no termination benefits specified in this contract. Mr B Mosigi was appointed as Technical Director on 1 March 2009.

D. Details of remuneration

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

Remuneration for year ended 30 June 2014:

	Short term employee benefits			Post employ-ment benefits Super-annuation	Other long-term employee benefits	Share based payments. Options and rights	Total	Propor-tion related to perfor-mance	Remu-neration consisting of options
	Salary & fees	Non-monetary*	Shares issued in lieu of directors' fees or salary sacrifice						
	$	$	$	$	$	$	$	%	%
Non-executive Directors									
R W O'Regan	-	-	24,000[1]	-	-	-	24,000	-	-
A P Stirling	-	-	24,000[1]	-	-	-	24,000	-	-
Executive Directors									
N R Forrester	187,469	-	24,000[1]	15,997	6,651	-	234,117	-	-
M B Mosigi	1,730	-	12,000[1]	-	-	-	13,730	-	-
	189,199	-	84,000	15,997	6,651	-	295,847		

Remuneration for year ended 30 June 2013:

	Short term employee benefits								
	Salary & fees	Non-monetary*	Shares issued in lieu of directors' fees or salary sacrifice	Post employment benefits Superannuation	Other long-term employee benefits	Share based payments. Options and rights	Total	Proportion related to performance	Remuneration consisting of options
	$	$	$	$	$	$	$	%	%
Non-executive Directors									
R W O'Regan	-	-	24,000[2]	-	-	-	24,000	-	-
A P Stirling	-	-	24,000[2]	-	-	-	24,000	-	-
Executive Directors									
N R Forrester	187,436	1,270	24,000[2]	15,564	6,641	-	234,911	-	-
M B Mosigi	8,279	-	12,000[2]	-	-	-	20,279	-	-
	195,715	1,270	84,000	15,564	6,641	-	303,190		

*Non-monetary short term employee benefits include parking and FBT

1. Shares issued in lieu of Director's fees covers period 1 July 2012 – 30 June 2013, approved by shareholders 28 November 2013.
2. Shares issued in lieu of Director's fees covers period 1 July 2011 – 30 June 2012, approved by shareholders 22 November on 2012.

No director or senior management person appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

E. Equity instrument held by key management personnel

(i) Shareholdings

2014	Balance at 1 July No.	Granted as compensation No.	Net other change No.	Balance at 30 June No.	Balance held nominally No.
N R Forrester	29,688,752	24,000,000	-	53,688,752	-
B Mosigi	9,000,000	12,000,000	-	21,000,000	-
R W O'Regan[1]	23,773,530	24,000,000	(47,773,530)	-	-
A P Stirling	38,443,530	24,000,000	-	62,443,530	-
	100,905,812	84,000,000	(47,773,530)	137,132,282	-

1. Deceased 2 September 2013

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

Issue of ordinary shares in lieu

At the General Meeting of shareholders held on 28 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
		84,000,000

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

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

The shares were allotted on 23 December 2013.

(ii) Employee Share Options

Employee share option plan

Mount Burgess Mining NL operates 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.

Each employee share option converts into one ordinary share of Mount Burgess Mining NL on exercise (payment of the set exercise price). No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. All options granted during the financial year vest immediately.

The number of options granted is based on the discretion of the Board of Directors. The Board does not impose any restrictions in relation to a person limiting his or her exposure to the risk in respect of options issued by the Company. Given the nature of the company, options are not performance driven.

During the financial year, no option has been granted to directors and senior management, and no options granted previously affect the current or future period.

Share based payments in existence during the year are disclosed in Note 23.

There are no performance criteria that need to be met in relation to the options granted during the financial year before the beneficial interest vests in the recipient at date of grant.

Share 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.

	Balance at 1 July	Granted as Remuneration	Net other Change	Balance at 30 June	Balance vested & exercisable at 30 June	Options vested during Year
2014						
N R Forrester	2,000,000	-	-	2,000,000	2,000,000	-
M B Mosigi	2,000,000	-	-	2,000,000	2,000,000	-
R W O'Regan[1]	2,000,000	-	(2,000,000)	-	-	-
A P Stirling	2,000,000	-	-	2,000,000	2,000,000	-
	8,000,000	-	(2,000,000)	6,000,000	6,000,000	-

1.Deceased 2 September 2013

On 23 July 2010, the Company terminated the Employee Share Options Plan introduced in 2000. Please refer to Note 23.

All options once granted 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. Any share options issued to a director during the financial year were made in accordance with the provisions of the Company's Share Option Plan. No amounts are payable by the recipient of the option. Each option is exercisable at 5 cents. No options were exercised during the year.

F. Loans to 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

	Balance at 1 July	Interest paid and payable for the year	Balance at 30 June
2014	489,564	23,079	1,068,774
2013	239,596	2,468	489,564

For the details of the loans please refer to Note 12.

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

G. Other transactions with key management personnel

During the year the Company received a loan amounting to £10,000 equivalent to $16,290 (2013: £40,000 equivalent to $57,390) 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 year the Company received a loan amounting to $5,000 (2013: $7,500) from Mr Ronald O'Regan, a director of the Company. Interest is not payable on this loan.

During the year the Company received a loan amounting to $568,132 (2013: $240,000) from Nigel and Jan Forrester. Mr Nigel Forrester is a Director of the Company. Interest will accrue on the loan at the rate of 9% pa.

H. Voting and comments made at the Company's 2013 Annual General Meeting

Mount Burgess Mining NL received more than 71% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Audited Remuneration Report

Directors Meetings

Twenty-five Directors' Meetings/Board Updates were held during the year during which Messrs Forrester, Stirling and Mosigi were present. Mr O'Regan was present at five of these,

Non-Audit Service

There were no amounts paid or payable to the auditors of the Group for non audit services provided during the year.

Auditor's Independence Declaration

The auditor's independence declaration follows on immediately from the Directors Report.

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

N R Forrester
CHAIRMAN AND MANAGING DIRECTOR
Perth, 26 September 2014

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Australia

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF MOUNT BURGESS MINING NL

As lead auditor of Mount Burgess Mining NL for the year ended 30 June 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 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 NL and the entities it controlled during the period.

Brad McVeigh

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2014

	Notes	Consolidated	
		2014	2013
		$	$
Revenue	5(a)	-	-
Other income	5(b)	20,625	14,732
Administration expenses	5(c)	(770,524)	(824,667)
Finance costs	5(d)	(116,535)	(83,839)
Exploration interests impaired	5(e)	(518,300)	(14,808,318)
Other expenses	5(f)	(5,677)	(5,518)
Loss before tax		(1,390,411)	(15,707,610)
Income tax benefit / (expense)	6	103,531	117,638
Loss for the year		(1,286,880)	(15,589,972)
Other comprehensive income		-	-
Total comprehensive loss for the year attributable to the owners of Mount Burgess Mining NL		(1,286,880)	(15,589,972)
Loss per share:			
Basic Loss per Share (cents per share)	17	(0.13)	(2.11)
Diluted Loss per Share (cents per share)	17	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.

	Notes	Consolidated 2014 $	Consolidated 2013 $
CURRENT ASSETS			
Cash and cash equivalents	21(a)	15,545	14,717
Trade and other receivables	7	4,336	4,344
Inventories	8	-	75
TOTAL CURRENT ASSETS		19,881	19,136
NON CURRENT ASSETS			
Plant and equipment	9	3,065	9,369
Exploration interests	10	-	491,893
TOTAL NON CURRENT ASSETS		3,065	501,262
TOTAL ASSETS		22,946	520,398
CURRENT LIABILITIES			
Trade and other payables	11	439,907	168,179
Borrowings	12	1,672,047	1,358,212
Provisions	13	120,028	86,439
TOTAL CURRENT LIABILITIES		2,231,982	1,612,830
NON CURRENT LIABILITIES			
Borrowings	12	-	254
TOTAL NON CURRENT LIABILITIES		-	254
TOTAL LIABILITIES		2,231,982	1,613,084
NET LIABILITIES		(2,209,036)	(1,092,686)
EQUITY			
Issued capital	15	42,665,197	42,494,667
Reserves	16	490,017	490,017
Accumulated losses		(45,364,250)	(44,077,370)
TOTAL EQUITY		(2,209,036)	(1,092,686)

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

	Issued Capital $	Employee Equity Settled Benefits Reserve $	Assets Realisation Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2012	41,805,740	380,045	109,972	(28,487,398)	13,808,359
Loss for the year	-	-	-	(15,589,972)	(15,589,972)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(15,589,972)	(15,589,972)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Share placement to professional investors	592,927	-	-	-	592,927
Shares issued in lieu of directors fees or salary sacrifice	96,000	-	-	-	96,000
Balance at 30 June 2013	42,494,667	380,045	109,972	(44,077,370)	(1,092,686)
Loss for the year	-	-	-	(1,286,880)	(1,286,880)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(1,286,880)	(1,286,880)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	-	-	-
Share placement to professional investors	86,530	-	-	-	86,530
Shares issued in lieu of directors fees or salary sacrifice	84,000	-	-	-	84,000
Balance at 30 June 2014	42,665,197	380,045	109,972	(45,364,250)	(2,209,036)

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

	Notes	2014 $	2013 $
Cash flows from operating activities			
Payments to suppliers and employees		(303,461)	(615,745)
R&D Benefit		103,531	117,638
Interest and other costs of finance paid		(39,988)	(55,771)
Net cash used in operating activities	21(b)	(239,918)	(553,878)
Cash flows from investing activities			
Payment for plant and equipment		-	(4,538)
Payments for exploration and evaluation expenditure		(51,499)	(263,030)
Proceeds from sale of fixed assets		20,625	14,732
Net cash used in investing activities		(30,874)	(252,836)
Cash flows from financing activities			
Proceeds from issues of equity securities		78,600	509,500
Payment for share issue costs		(70)	(6,563)
Proceeds from borrowings to fund operations		206,197	304,890
Proceeds from borrowings for repayment of overdraft		394,249	-
Repayment of lease liabilities		(2,878)	(2,593)
Repayment of borrowings		(17,000)	-
Net cash provided by financing activities		659,098	805,234
Net increase/ (decrease) in cash and cash equivalents		388,306	(1,480)
Cash and cash equivalents at the beginning of the financial year		(372,118)	(370,109)
Effects of exchange rate changes on the balance of cash held in foreign currencies		(643)	(529)
Cash and cash equivalents at the end of the financial year	21(a)	15,545	(372,118)

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

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Note Contents

1. GENERAL 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 4.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 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 26 September 2014.

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

2.2 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.

<u>Adoption of new and revised Accounting Standards</u>

The group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2013:

- AASB 10 'Consolidated Financial Statements'
- AASB 11 'Joint Arrangements'
- AASB 12 'Disclosures of Interest in Other Entities'
- AASB 13 ' Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13
- AASB 119 ' Employee Benefits' and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

<u>Standards and Interpretation issued not yet adopted</u>

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 2013-9 'Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations)	1 January 2015	1 January 2016
AASB 2 – 'Share-based Payment'	1 July 2014	1 July 2014
AASB 8 – 'Operating Segments'	1 July 2014	30 June 2015
AASB 124 – 'Related Party Disclosures'	1 July 2014	30 June 2015

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2012-6 'Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures'	1 January 2015	1 January 2015

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

2.3 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 have incurred net losses before tax of $1,390,411 (2013: $15,707,610) and the Consolidated Entity experienced net cash outflows from operating and investing activities of $270,792 (2013: $806,714) for the year ended 30 June 2014. As at 30 June 2014, the Consolidated Entity had a deficiency of current assets to current liabilities of $2,212,101 (2013: $1,593,694).

As at 26 September 2014, the Consolidated Entity had total funds available of $485. As at that date the amount owed to creditors (excluding amounts owed to Exchange Services Ltd and the Directors) was $136,534.

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

The ability of the Consolidated Entity to continue as a going concerns and pay their 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. At the date of this report, the loans outstanding were $1,594,891.

(b) Additional funding via capital raisings. Initial discussions have commenced with potential brokers.

(c) Active management of the current level of discretionary expenditure 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 Company and Consolidated Entity will be able to continue as going concerns.

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 going concerns.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.4 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

2.5 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any different between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.6 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the costs of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.7 Cash and cash equivalents

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.

2.8 Earnings per share

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

2.9 Employee Benefits

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 expected 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 government 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 balance sheet 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.

Shared-based payments

Share-based compensation benefits are provided to employees via the Employee Share Option Plan 2010 set out in Note 23.

The fair value of options granted under the share option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes an market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

2.10 Exploration and expenditures

Exploration and evaluation expenditures in relation to each separate areas of interest are recognised as an exploration and evaluation asset 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
- exploration and evaluation in the area of interest have 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 only included in measurement of exploration and evaluation costs when they are related directly to operational activities in a particular area of interest.

2. SIGNIFICANT ACCOUNTING POLICIES (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.

2.11 Financial assets

All financial assets are recognised and de-recognised on 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 and loss, which are initially measured at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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 off 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 and 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 and 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 impartment 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

2.12 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 at 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.

2.13 Foreign currency translation

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.

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.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.14 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.

2.15 Government grants

Grants from government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to the costs are deferred and recognised in the profit and loss over the period necessary to match them with the costs that they are intended to compensate.

2.16 Impairment of long-lived assets

At the end of each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.17 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Deferred tax

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 they are expected to reverse in the foreseeable future.

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Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests 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 they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all of part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, 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 are 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 are recognised in profit and 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.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.19 Jointly controlled assets

The proportionate interests in the assets of a joint venture activity have been incorporated in the financial statements under the appropriate headings. Details of the joint venture are set out in Note 20.

2.20 Leased assets

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Group as Lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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.

2.21 Plant and equipment

Plant and equipment and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

The cost of each item of plant and equipment is written off over its estimated useful life to its estimated residual value. Depreciation is calculated on a diminishing value or straight line basis. Each item's economic life has due regard to both its own physical limitations and to any present assessments of economically recoverable resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives and residual values are made annually, with the effect of any changes recognised on a prospective basis. The following estimated useful lives are used in the calculation of depreciation:

Plant, equipment and vehicles	2 - 15 years
Leased equipment and vehicles	3 - 5 years

Depreciation relating directly to plant and equipment utilised in exploration activities is allocated to particular areas of interest and capitalised into the exploration and evaluation asset for that area.

2.22 Provisions

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).

2.23 Revenue Recognition

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

Dividend and interest revenue

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probably that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

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 measure 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.

2.24 Segment reporting

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

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.25 Share-based payments

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

2.26 Trade and other payables

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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, 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:

(a) 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 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.

(b) Commitments for exploration and evaluation expenditure not provided for

The Company has expenditure commitments in relation to its various exploration licences and mining leases. 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.

(c) Recovery of capitalised Exploration Expenditure

The Company capitalises exploration expenditure incurred on ongoing projects. The recoverability of this capitalised exploration expenditure is entirely dependent upon returns from the successful development of mining operations or from surpluses from the sale of the projects or the subsidiary companies that control the projects. At the point that it is determined that any capitalised exploration expenditure is definitely not recoverable, it is written off.

4. SEGMENT INFORMATION

Mount Burgess Mining N.L. operates predominantly in one industry and two geographical segments being the mineral exploration industry in Namibia and 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. In Namibia the exploration focus is on diamonds and base metals, including iron ore and rare earths. In Botswana the focus is on base metals and diamond exploration.

As the Company is focused on mineral exploration, the Board monitors the company based on actual versus budgeted exploration 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 activities, while also taking into consideration the results of exploration work that has been performed to date.

4. SEGMENT INFORMATION (Cont'd)

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

	External sales		Total	
	2014 $	2013 $	2014 $	2013 $
Segment Other Income				
Namibia	13,457	-	13,457	-
Botswana	7,168	14,732	7,168	14,732
Total of all segments	20,625	14,732	20,625	14,732
Unallocated corporate revenue			-	-
Consolidated total revenue			20,625	14,732
Segment Results				
Namibia – Impairment expense			(1,153)	(7,449,786)
Namibia – Gain on disposal			13,457	-
Botswana – Impairment expense			(517,147)	(7,358,532)
Botswana – Gain on disposal			7,168	14,732
Total of all segments			(497,675)	(14,793,586)
Unallocated corporate revenue			-	-
Unallocated corporate expenses			(892,736)	(914,024)
Loss before income tax expense			(1,390,411)	(15,707,610)
Income tax benefit / (expense)			103,531	117,638
Loss for the year			(1,286,880)	(15,589,972)
Segment Assets				
Namibia			1,952	4,002
Botswana			1,567	502,654
Total of all segments			3,519	506,656
Unallocated corporate assets			19,427	13,742
Consolidated total assets			22,946	520,398
Segment Liabilities				
Namibia			376	7,260
Botswana			57,480	25,482
Total of all segments			57,856	32,742
Unallocated corporate liabilities			2,174,126	1,580,342
Consolidated total liabilities			2,231,982	1,613,084
Acquisition of plant and equipment and exploration expenditure				
Namibia			-	44,120
Botswana			26,407	244,460
Total of all segments			26,407	288,580
Unallocated corporate			-	3,451
Consolidated total			26,407	292,031
Depreciation/amortisation included in segment result				
Namibia			-	-
Botswana			-	-
Total of all segments			-	-
Unallocated corporate			5,677	5,518
Consolidated total			5,677	5,518

5. LOSS FROM OPERATIONS

Loss from operations before income tax expense includes the following items of revenue and expense:

		2014 $	2013 $
(a)	**Revenue**		
	Interest – other entities	-	-
(b)	**Other**		
	Gain on disposal of fixed assets	20,625	14,732
(c)	**Administration expenses include:**		
	Salaries and wages	484,874	528,070
	Defined contribution plans	8,877	34,753
	Net foreign exchange loss / (gain)	40,657	37,506
(d)	**Finance costs**		
	Interest on bank overdrafts	20,794	28,236
	Interest on obligations under finance lease	171	455
	Interest on directors' loan	95,385	55,148
	Late payment fees	185	-
		116,535	83,839
(e)	**Exploration interests impaired**	518,300	14,808,318

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.

		2014 $	2013 $
(f)	**Other expenses**		
	Depreciation of non-current assets	3,577	3,418
	Amortisation of leased assets	2,100	2,100
		5,677	5,518

6. INCOME TAXES

(a)	**Income tax expense**	2014 $	2013 $
	Income tax recognised in profit and loss		
	Tax expense / (income) comprises:		
	R&D Benefit	(103,531)	(117,638)
	Benefits arising from previously unrecognised tax losses recognised	(103,531)	(117,638)
	Total tax expense/(income)		
	Income tax expense/(income) attributable to loss from continuing operations	(103,531)	(117,638)

The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense as follows:

	2014 $	2013 $
Loss from operations	(1,286,880)	(15,619,914)
Income tax expense calculated at 30% (2013: 30%)	(386,064)	(4,685,974)
Tax effect of amounts which are not deductible/taxable in calculating taxable income:		
Non deductible expenses	155,490	4,442,271
Share based payments	25,200	28,800
Tax benefits not recognised	205,374	214,603
R&D benefit	(103,531)	(117,638)
Income tax expense / (benefit)	(103,531)	(117,638)

The income tax R&D benefit received amounting to $103,531 is a cash rebate from Australian Tax Office in respect of research and development expenditure incurred during the year ended 30 June 2014(2013: $117,638).

6. INCOME TAXES (Cont'd)

(b) Unrecognised Australian deferred tax assets

	2014 $	2013 $
The following deferred tax assets have not been brought to account as assets:		
Tax losses at 30%	6,162,632	5,967,185
Temporary differences at 30%	57,617	47,690
	6,220,649	6,014,875

7. TRADE AND OTHER RECEIVABLES

	2014 $	2013 $
VAT/GST recoverable	4,336	4,344

8. INVENTORIES

	2014 $	2013 $
Diesel at cost	-	75

9. PLANT & EQUIPMENT AT COST

	Plant, Equipment and Vehicles $	Leased Equipment and vehicle $	Total $
Gross carrying amount			
Balance as at 1 July 2012	898,838	27,931	926,769
Additions	4,538	-	4,538
Disposal	(38,663)	-	(38,663)
Balance as at 30 June 2013	864,713	27,931	892,644
Additions	-	-	-
Disposal	-	-	-
Balance as at 30 June 2014	864,713	27,931	892,644
Accumulated depreciation/amortisation			
Balance as at 1 July 2012	883,061	23,555	906,616
Depreciation/amortisation expense	13,222	2,100	15,322
Disposal	(38,663)	-	(38,663)
Balance as at 30 June 2013	857,620	25,655	883,275
Depreciation/amortisation expense	4,204	2,100	6,304
Disposal	-	-	-
Balance as at 30 June 2014	861,824	27,755	889,579
Net Book Value			
As at 30 June 2013	7,093	2,276	9,369
As at 30 June 2014	2,889	176	3,065

Aggregate depreciation and amortisation allocated during the year

	2014 $	2013 $
Plant, equipment and vehicles		
Recognised as an expense	3,577	3,418
Capitalised as part of the carrying amount of exploration interests	627	9,804
Leased equipment and vehicles		
Recognised as an expense	2,100	2,100
	6,304	15,322

10. EXPLORATION INTEREST

	2014 $	2013 $
Tenement acquisition at cost		
Balance as at the start of the financial year	-	-
Write offs	-	-
Balance as at the end of the financial year	-	-
Exploration expenditure at cost		
Balance as at the start of the financial year	491,893	15,012,887
Additions	26,407	287,324
Write offs – Note 5(e)	(518,300)	(14,808,318)
Balance as at the end of the financial year	-	491,893
Total Exploration Interests	-	491,893

In the current year, the amount spent on the Tsumkwe Diamond and base metals project was written off to reflect the potential non-recoverability of the exploration expenditure.

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

11. TRADE AND OTHER PAYABLES

	2014 $	2013 $
Trade payables	439,907	168,179

Trade payables are non-interest bearing and are normally settled on terms of 30 days from month end. Refer to Note 22 for information about the Group's exposure to market and foreign exchange risk.

12. BORROWINGS

	2014 $	2013 $
Unsecured – at amortised cost		
Loan from a director related company (i)	603,019	478,935
Loan from a director (ii)	1,026,274	452,064
Loan from a director (iii)	42,500	37,500
	1,671,793	968,499
Secured – at amortised cost		
Bank overdrafts (iv)	-	386,835
Finance lease liability (v) (Note 14)	254	3,132
	254	389,967
	1,672,047	1,358,466
Current	1,672,047	1,358,212
Non-current (Note 14)	-	254

(i) The loan from a director related company amounts to £255,000. 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.

(ii) The loan was provided by NR and JE Forrester and incurs interest at 9.0% pa.

(iii) Interest is not payable on this loan.

(iv) As at 30 June 2014 the Company had a Visa Credit card facility to the value of $2,000 (2013: $10,000) and an overdraft facility to the value of $NIL (2013: $415,000). The interest rate on bank overdraft facility is based on BMI rate plus a margin of 0.33% pa. As of 1st April 2014 the bank facility of $415,000 has been reduced to NIL and the overdraft has been paid out by NR and JE Forrester and shown as a Director's loan.

(v)Secured by the asset held. The interest rate on finance lease is 10.57% with repayment period of 5 years. (2013: 10.57%)

13. CURRENT PROVISIONS

	2014 $	2013 $
Employee entitlements	120,028	86,439

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.

14. OBLIGATIONS UNDER FINANCE LEASE

	2014 $	2013 $
Not later than one year	254	3,049
Later than one year and not later than five years	-	254
	254	3,303
Less future finance charges	-	(171)
Present value of minimum lease payments	254	3,132
Included in the financial statements are:		
- current borrowings	254	2,878
- non-current borrowings (Note 12)	-	254

Finance lease relates to a photocopying machine with a lease term of 5 years. The Group's obligations under the finance lease are secured by the lessor's title to the lease asset.

15. ISSUED CAPITAL

	2014 $	2013 $
1,045,088,602 fully paid ordinary shares (2013: 862,838,602)	42,665,197	42,494,667

	2014 No.	2014 $	2013 No.	2013 $
Fully paid ordinary share capital				
Balance at beginning of financial year	862,838,602	42,494,667	543,838,604	41,805,740
Share placements to professional investors	98,250,000	86,600	270,999,998	599,500
Less costs	-	(70)	-	(6,573)
Issued of ordinary shares in lieu (i)	84,000,000	84,000	48,000,000	96,000
	1,045,088,602	42,665,197	862,838,602	42,494,667

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

At the General Meeting of shareholders held on 28 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
		84,000,000

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

The shares were granted for nil cash consideration, and no funds were raised. The shares were allotted on 23 December 2013.

16. RESERVES

	2014 $	2013 $
Equity-settled employee benefits	380,045	380,045
Asset realisation reserve	109,972	109,972
	490,017	490,017

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 23 to the financial statements.

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

17. LOSS PER SHARE

	2014 Cents per share	2013 Cents per share
Basic loss per share	(0.13)	(2.11)
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:

	2014 $	2013 $
Net loss	(1,286,880)	(15,589,972)
Loss used in calculation of basic and dilutive EPS	(1,286,880)	(15,589,972)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	979,374,218	739,043,625

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:

	2014 No.	2013 No.
Employee share options	13,850,000	13,850,000

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.

18. COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

Under normal circumstances the Group would have certain obligations to perform minimum exploration work on mineral licences held. These obligations may vary over time, depending on the Group's exploration programmes and priorities. As at reporting date, total exploration expenditure commitments on tenements held by the Group have not been provided for in the financial statements. Because at this point in time title to the prospecting licence covering the Kihabe project is subject to litigation the commitments, which cover the twelve month period, amount to Nil (2013: $145,000). These obligations are also subject to variations by farm-out arrangements or sale of the relevant licences.

		2014 $	2013 $
Namibia	(i)	-	42,000
Botswana	(ii)	-	103,000
		-	145,000

(i) Namibia

In terms of the Minerals (Prospecting and Mining) Act of Namibia the Company has prescribed annual expenditure estimates as proposed by it at the time of application or renewal of the various prospecting licences which are held in Namibia. As at 30 June 2014 the Company had, since project commencement, exceeded its cumulative annual expenditure commitments by $186,000.

18. COMMITMENTS FOR EXPENDITURE (Cont'd)

(ii) Botswana

The Company has a minimum annual expenditure estimates as proposed by it when applying for or renewing licences in Botswana. The Company may from time to time notify the Minister of any amendments it wishes to make to the proposed prospecting operations. The Minister has the discretion to suspend the obligation to expend the estimated amount of moneys on the exploration licences.

(b) Operating Lease Commitments

		2014 $	2013 $
(i)	no later than 1 year	10,370	41,481
(ii)	later than 1 year and not later than 5 years	-	-
		10,370	41,481

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. Refer to Note 14 for finance lease obligations.

19. JOINTLY CONTROLLED ASSETS

As at 30 June 2014 the Company had an interest in Exclusive Prospecting Licence 4619 in Namibia which is held 85% by the Company and 15% by local inhabitants. The capital commitments arising from the Company's interests in these joint venture operations are disclosed in Note 18(a).

	2014 $	2013 $
Current Assets		
Cash assets	246	1,031
Receivables	1,706	1,818
Total Current Assets	1,952	2,849
Non Current Assets		
Exploration interests	-	1,153
Plant and equipment	-	-
Total Non Current Assets	-	1,153
Total Assets	1,952	4,002

20. CONTROLLED ENTITIES

	Country of Incorporation	Ownership Interest (%) 2014	2013
Parent Entity			
Mount Burgess Mining N.L.	Australia		
Controlled Entity			
MTB (Namibia) (Proprietary) Ltd	Namibia	100%	100%
Mount Burgess (Botswana) (Pty) Ltd	Botswana	100%	100%

21. 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:

	2014 $	2013 $
Cash and cash equivalents	15,545	14,717
Bank overdraft	-	(386,835)
	15,545	(372,118)

21. NOTES TO THE STATEMENT OF CASH FLOWS (Cont'd)

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

	2014 $	2013 $
Loss for the year	(1,286,880)	(15,589,972)
Depreciation	3,577	3,418
Amortisation	2,100	2,100
Write off of exploration and development expenditure	518,300	14,808,318
Unrealised foreign exchange (gain)/ loss on loan	43,301	40,123
Gain on disposal of Motor Vehicle	(20,625)	(14,732)
Net exchange differences	643	529
Equity settled expenses	92,000	96,000
Changes in operating assets and liabilities:		
Decrease in trade receivables	291	(694)
Increase / (decrease) in trade payables	297,239	45,418
Increase / (decrease) in borrowings	76,547	28,068
Increase in provision for employee entitlements	33,589	27,546
Net cash flows from operations	(239,918)	(553,878)

(c) Non-cash Financing and Investing Activities

There have been no non-cash financing and investing activities for the year ended 30 June 2014 (2013: Nil).

(d) Financing Facilities

As at reporting date the Company had a Visa Card credit facility to the value of $2,000 (2013: $10,000), an overdraft facility to the value of $Nil (2013: $415,000) and indemnity / guarantee facility of $8,000 (2013: $8,000). At balance date the total amount unused for all facilities was $23,000 (2013: $23,000).

22. FINANCIAL INSTRUMENTS

(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 2 to the financial statements. No financial derivative instruments were in place at year end.

(b) Financial Risk Management Objectives

Note 22 (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 continuous 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.

(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.

22. FINANCIAL INSTRUMENTS (Cont'd)

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	2014	2013
	%	$	$
Non-interest bearing			
Financial assets	-	9,635	18,030
Financial liabilities	-	482,407	205,679
		492,042	223,709
Fixed rate instruments			
Financial assets	-	-	-
Financial liabilities	9	1,118,920	919,323
		1,118,920	919,323
Variable rate instruments			
Financial assets	2.49	10,327	1,046
Financial liabilities	6.64	606,373	520,459
		616,700	521,505

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 2014 would decrease/increase by $2,793 (2013: decrease/increase by $4,338). 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, however at reporting date the Group holds insignificant 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	
	2014	2013	2014	2013
GBP	255,000	245,000	-	-

(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 and 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 2013.

	GBP impact	
	2014	2013
Profit or loss	47,398	40,820

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.

22. FINANCIAL INSTRUMENTS (Cont'd)

(f) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on 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.

(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 2 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:

	Weighted average effective interest rate %	Less than 1 year $	1-5 years $	Total $
30 June 2014				
Non-interest bearing		482,407	-	482,407
Finance lease liability	10.57	281	-	281
Variable interest rate instruments	8.16	1,725,012	-	1,725,012
		2,207,700	-	2,207,700
30 June 2013				
Non-interest bearing		205,679	-	205,679
Finance lease liability	10.57	3,182	281	3,463
Variable interest rate instruments	8.78	1,436,600	-	1,436,600
		1,645,461	281	1,645,742

22. FINANCIAL INSTRUMENTS (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 interest rate %	Less than 1 year $	1-5 years $	Total $
30 June 2014				
Non interest bearing		9,635	-	9,635
Variable rate instruments	2.49	10,327	-	10,327
		19,962	-	19,962
30 June 2013				
Non interest bearing		18,030	-	18,030
Variable rate instruments	1.50	1,046	-	1,046
		19,076	-	19,076

(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 activities.

The Group's overall strategy remains unchanged from 2013. 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 15 and 16 respectively. The Group operates in Australia, Namibia and Botswana. None of the Group's companies are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Group's operations.

23. SHARE-BASED PAYMENTS

Employee Share Option Plan

On 30 July 2010, the Company introduced a new Employee Share Option Plan 2010 as approved by shareholders 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 2013, 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 to date is 5 cents.

	2014 No.	Weighted Average exercise price $	2013 No.	Weighted Average exercise price $
Employee share option plan				
Balance at the start of the year (i)	13,850,000	0.05	16,350,000	0.05
Granted during the year	-		-	0.05
Terminated during the year (ii)	-	0.05	(2,500,000)	0.05
Balance at the end of the year (iii)	13,850,000	0.05	13,850,000	0.05

23. SHARE-BASED PAYMENTS (Cont'd)

(i) Balance at the beginning of the Year

	No.	Grant Date	Expiry Date	Exercise Price $	Fair Value at grant date $
Issued 17 September 2010	10,000,000	17/09/2010	31/12/2015	0.05	0.004
Issued 04 October 2010	3,100,000	04/10/2010	31/12/2015	0.05	0.004
Issued 16 November 2010	250,000	16/11/2010	31/12/2015	0.05	0.012
Issued 1 September 2011	500,000	01/09/2011	31/12/2016	0.05	0.009
	13,850,000				

(ii) Terminated during the Year

	2014 No.	2013 No.
Issued 04 October 2010	-	500,000
Issued 17 September 2010	-	2,000,000
	-	2,500,000

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

(a) each option will be issued free of consideration;

(b) 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;

(c) each Option will entitled the holder to subscribe for one share at an exercise price;

(d) the Options expire at 5.00pm on 31 December of the year five (5) years from the year of grant;

(e) the Options are exercisable wholly or in part by forwarding to the Company an "Option Exercise Form", accompanied by payment of the exercise price;

(f) the Options are exercisable at any time on or prior to the Expiry Date;

(g) 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;

(h) shares issued on the exercise of Options will rank pari passu with the then existing ordinary share capital;

(i) an Option's terms must not prevent the Option being reorganised as required by the Listing Rules on a reorganisation of capital;

(j) 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.

As of the date of this report 13,850,000 options with an expiry date 31 December 2015 and 31 December 2016 remained on issue. None of these have yet been exercised.

23. SHARE-BASED PAYMENTS (Cont'd)

(iii) Balance at the end of the year

	No.	Grant Date	Expiry Date	Exercise Price $	Fair Value at grant date $
Issued 17 September 2010	10,000,000	17/09/2010	31/12/2015	0.05	0.004
Issued 04 October 2010	3,100,000	04/10/2010	31/12/2015	0.05	0.004
Issued 16 November 2010	250,000	16/11/2010	31/12/2015	0.05	0.012
Issued 1 September 2011	500,000	01/09/2011	31/12/2016	0.05	0.009
	13,850,000				

Share options outstanding at the end of the financial year had an exercise price of $0.05 (2013: $0.05) and a weighted average remaining contractual life of 1.53 years (2013: 2.53 years).

Consideration received on the exercise of employee share options is recognised in contributed equity.

24. RELATED PARTY DISCLOSURES

(a) Equity Interest in Related Parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 19 to the financial statements.

(b) Key Management Personnel Compensation

Remuneration of Directors and Senior Management

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

	Consolidated 2014 $	2013 $
Short term employee benefits (including annual leave accrued)	189,199	196,985
Post employment benefits	15,997	15,564
Other long term benefits – long service leave accrued	6,651	6,641
Share based payment	84,000	96,000
	295,847	315,190

(d) 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 £10,000 equivalent to $16,290 (2013: £40,000 equivalent to $57,390) 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 year the Company received a loan amounting to $5,000 (2013: $7,500) from Mr Ronald O'Regan, a director of the Company. Interest is not payable on this loan.

During the year the Company received a loan amounting to $568,132 (2013: $240,000) from Nigel and Jan Forrester. Mr Nigel Forrester is a Director of the Company. Interest will accrue on the loan at the rate of 9% pa.

(e) Transactions with Subsidiary

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

(f) Parent Entity

The parent entity in the Group is Mount Burgess Mining N.L. Equity interests in controlled entities are disclosed in Note 20. During the last financial year, the Company's bank overdraft facility was secured by a property belonging to Nigel Forrester who is a Director of the Company.

25. REMUNERATION OF AUDITORS

	2014 $	2013 $
Auditor of the parent entity		
Auditing of the financial report	30,000	30,000

The auditor of Mount Burgess Mining N.L. is BDO (2013: BDO).

26. SUBSEQUENT EVENTS

Since the end of the financial year the Company has received a total of $52,000 as loan funding from N R Forrester and J E Forrester, a Director and Company Secretary respectively of the Company.

On 15 September 2014 Mr Chris Campbell-Hicks was appointed to the Board of the Company.

On 23 September 2014 Mr Ben Mosigi resigned from the Board of the Company.

Other than the 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.

27. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

28. PARENT ENTITY DISCLOSURES

(a) Financial Position

	$	$
Assets		
Current assets	16,408	5,046
Non-current assets	3,044	8,721
Total assets	19,452	13,767
Liabilities		
Current liabilities	2,174,126	1,580,088
Non-current liabilities	25	279
Total liabilities	2,174,151	1,580,367
Net Liabilities	(2,154,699)	(1,566,600)
Equity		
Issued capital	42,665,197	42,494,667
Reserves	490,017	490,017
Accumulated losses	(45,309,913)	(44,551,284)
	(2,154,699)	(1,566,600)

(b) Financial Performance

	2014 $	2013 $
Loss for the year	(758,629)	(8,824,205)
Other comprehensive income	-	-
Total comprehensive loss	(758,629)	(8,824,205)

(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 18 (b).

In the Directors' opinion:

(a) the financial statements and notes set out on pages 17 to 45 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 2014 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 2.1 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

N R Forrester
CHAIRMAN and MANAGING DIRECTOR
Perth, 26 September 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Mount Burgess Mining NL

Report on the Financial Report

We have audited the accompanying financial report of Mount Burgess Mining NL, which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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 NL, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Mount Burgess Mining NL is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 in the 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 2, 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 at the value carried in the consolidated statement of financial position.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Mount Burgess Mining NL for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh

Director

Perth, 26 September 2014

CORPORATE GOVERNANCE POLICY

Role of the Board and Directors
ASX Corporate Governance Principles and Recommendations 1.1, 1.2 and 1.3

The Board of Directors of the Company is responsible for the corporate governance of the Company which it endeavours to conduct at all times, where possible, in accordance with the ASX Corporate Governance Principles and Recommendations. The Board determines and monitors on behalf of shareholders the day to day business and affairs of the Company and its subsidiaries. In accordance with the determination of the Board, Senior Management/Executives has/have the actual responsibility of conducting the day to day business of the Company. The responsibility for the day to day business and affairs of the Company are as delegated and outlined below.

Day to Day Business Responsibilities	Board	Senior Management/ Executives
Overseeing the Group, including its control and accountability systems	√	√
Monitoring and guiding the Group in accordance with its planned and approved strategic direction and required performance.	√	√
Approving and monitoring the Group’s budgets.	√	√
Reporting to shareholders and authorities, as required, on the performance and state of the Company.	√	√
Approving and monitoring the progress of capital management, capital expenditure, acquisitions and divestments;	√	√
Continually monitoring and implementing the Group’s systems of internal compliance and control, risk management and legal compliance and ensuring the integrity and effectiveness of those systems;	√	√
Approving and monitoring financial and other reporting, including reporting to shareholders, the Australian Securities Exchange and other authorities as required.	√	√
Appointing and removing the Chief Executive Officer, Company Secretary and Chief Financial Officer;	√	
Selecting and ratifying the appointment of senior management	√	
Monitoring senior management’s performance	√	
Ensuring that the remuneration and conditions of service are appropriate to attract and retain required senior management; and	√	
Establishing and monitoring succession planning for the Board and senior management.	√	

The process of evaluating the performance of Board members and senior executives, in respect of the duties which they are required to perform, within the capacity for which they are engaged, is conducted on an ongoing basis. The Company is of the size where this process can be conducted satisfactorily without having to engage in evaluation regimes to determine states of performance. Any unsatisfactory states of performance are dealt with accordingly.

Director Independence
ASX Corporate Governance Principles and Recommendations 2.1

The ASX Best Practice Recommendations maintain that directors are considered to be independent if they are not major shareholders, are independent of management and are free from any business or other relationship that could materially interfere with their exercise of free and independent judgement. *ASX Corporate Governance Principles and Recommendations* 2.1 recommends that the Board should comprise a majority of independent directors.

For part of the financial year the Board was made up of two independent and two non-independent directors. Following the unexpected death of Mr O’Regan in September 2013 the board was composed of one independent and two non-independent directors until 30 June 2013. On 15 September 2014 Non-executive director Mr Chris Campbell-Hicks was appointed to the Board. On 23 September 2014 Technical Director Mr Ben Mosigi resigned from the board. As at 23 September 2014 the Board is composed of one independent and two non-independent directors. Because of the size of the Company, a majority of executive directors may occur where the direction of the Company requires additional executive expertise. For commercial reasons, the Company will not necessarily appoint additional non-executive directors simply for the purpose of maintaining a majority of independent non-executive directors on the Board. Refer to *ASX Corporate Governance Principles and Recommendations* 2.6 for Directors' status of independence.

Role of Chairman
ASX Corporate Governance Principles and Recommendations 2.2 and 2.3

The ASX Best Practice Recommendations 2.2 and 2.3 maintain that the Chairman should be an Independent Director and that the roles of Chairman and Chief Executive Officer should not be exercised by the same individual.

Mr Forrester, engaged in the role of Managing Director is not, therefore, considered to be independent in his role as Chairman. For the sake of preserving administrative costs Mr Forrester is currently filling the role of both Chairman and Managing Director.

Nomination Committee
ASX Corporate Governance Principles and Recommendations 2.4

The ASX Best Practice Recommendation 2.4 maintains that the Board should establish a nomination committee to assess the competencies of Directors, review Board succession plans, evaluate the performance of the Board and the appointment and re-election of Directors.

Because of its size the Company does not have an independent Nomination Committee. Any relevant matters to be dealt with are dealt with by the Board as a whole.

Process of Evaluating the Performance of the Board
ASX Corporate Governance Principles and Recommendations 2.5

The *ASX Corporate Governance Principles and Recommendations* 2.5 maintains that the performance of the Board should be reviewed regularly in respect of:

- Participation of all Board members in Board decision making
- Having access to relevant information for the purpose of decision making
- Communications with the Company Secretary

The Company is of the size where all members of the Board are updated on a regular basis, both telephonically and by way of update reports, in respect of the ongoing operations of the Company. In order to eliminate high travel costs involved for the overseas directors to be present in Australia for meetings, the majority of the Company's Board Meetings are held telephonically. Any abnormal situations are reported and discussed in a timely manner. Specific requests for information are responded to as soon as possible. Monthly financial statements are circularised to all members of the Board and all members of the Board are free to communicate with the Joint Company Secretaries.

Twenty-five Board meetings were held during the year.

Composition of the Board
ASX Corporate Governance Principles and Recommendations 2.6

The Company's Constitution requires a minimum of three Directors. This number can be increased in accordance with the requirements of the Company. The names of the Directors of the Company at the date of this report are as follows:

DIRECTOR	ROLE	APPOINTED	RETIRING AT 2014 AGM	SEEKING RE-ELECTION AT 2013 AGM
Nigel Raymond Forrester	Chairman and Managing Director	1985	No	-
Alfred Patrick Stirling	Non Executive Director	2003	No	No
Chris Campbell-Hicks	Non Executive Director	2014	Yes	Yes

The Company maintains a mix of Directors from different backgrounds with complementary skills and experience. The skills, experience and expertise of the current Directors of the Company are outlined in the Directors' Report on Page 14.

The executive Director of the Company is Mr Forrester, Chairman and Managing Director.

Non-executive Director of the Company, Mr A.P. Stirling may be considered under *ASX Corporate Governance Principles and Recommendations* 2.1 to be non-independent as he has a contractual relationship with the Company other than as a Director.

Regarding the Board's policy for the nomination and appointment of Directors, it reviews its composition on a continual basis to ensure that an appropriate mix of skills, experience, expertise and diversity is brought to the Board.

Except for the Managing Director, all Directors appointed to the Board are subject to election by shareholders, initially at the Annual General Meeting following their appointment and thereafter every three years.

Independent Professional Advice for Board Members

Any member of the Board of Directors is entitled to take independent professional advice at the expense of the Company. However, in so doing the Board must reasonably consider any request for any such expenses to be borne by the Company and meet any such expenses where relevant to the business of the Company.

Promote ethical and responsible decision making
ASX Corporate Governance Principles and Recommendations 3

3.1 Companies should establish a code of conduct
Regarding the Company's Code of Conduct, the Board of the Company endeavours to engage fellow Board Members, Senior Management and Employees of high ethical standard. As the Company is engaged in operations in countries outside Australia it engages a high proportion of local senior management and employees to achieve familiar compliance with local laws and customs. At the same time the Company requires compliance with legal and operational procedures relative to Australia. Any divergence from the standard of ethics required is dealt with in accordance with the laws and procedures as laid down in the countries in which the Company operates.

The Code of Conduct includes but is not necessarily limited to such issues as accountability, dealing with concern, violation of Company policies and standards, treatment of Company personnel and co-workers, confidentiality, personal information and intellectual property, misuse of Company assets and resources, fraud and theft, bribery and corruption, alcohol and drug abuse, use of Company information systems, respect for host country's laws etc.

3.2 **Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.**

Mount Burgess Mining and its subsidiaries have always been committed to workplace diversity. It is an equal opportunity employer and recognizes the benefits arising from diversity in the workplace throughout its workforce.

Full details of the Company's diversity policy can be found on the Company website – www.mountburgess.com

3.3 **Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.**

The Board believes that at this stage in its development it is not of sufficient size to justify the development and monitoring of measurable objectives and strategies of its Diversity Policy.

3.4 **Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.**

Ms Serene Chau and Ms J Forrester are senior executives in the Company and they fulfil the following roles:

Mount Burgess Mining NL	
Joint Company Secretary	Ms S Chau and Ms J Forrester

Chief Financial Accountant	Ms S Chau
Mount Burgess (Botswana) (Proprietary) Limited	
Director	Ms S Chau
Director	Ms J Forrester
MTB Namibia (Pty) Ltd	
Director	Ms S Chau
Director	Ms J Forrester

The following table shows the proportional representation of women at various levels within the Company's workforce in 2013:

Directors of Holding Company	Nil
Directors of Subsidiary Companies	
Botswana	40%
Namibia	50%
Non-executive directors	Nil
Senior executives	60%
Total in the whole organization	2

3.5 **Companies should provide the information indicated in the Guide to reporting on Principle 3.**
Explanations of the Company's compliance with, and departures from, the ASX's Principles and Recommendations 3.1 through to 3.4 have been detailed in the sections above.

Safeguard Integrity in Financial Reporting
ASX Corporate Governance Principles and Recommendations 4.1, 4.2, 4.3 and 4.4

The ASX Best Practices Recommendation 4 is in relation to the establishment of an audit committee. Because of its size, the Company does not have a separate Audit Committee. Any controls required to be introduced, monitored or reviewed are done so by the five Directors who currently comprise the Board.

Make timely and Balanced Disclosure
ASX Corporate Governance Principles and Recommendations 5.1 and 5.2

As a public exploration company, listed on the Australian Securities Exchange, the Company adopts the policy of strict adherence to the ASX Listing Rules and requirements under the Corporations Act in respect of responsible, timely, balanced and factual continuous disclosure requirements, for the purpose of keeping the market fully informed in respect of price sensitive information. The Managing Director is responsible for determining what amounts to price sensitive information and in so doing may seek legal advice or advice from the Board. Draft announcements are prepared for review by either administrative or geological staff or geological consultants, dependant upon the type of announcement to be made. Price sensitive information for this Company would normally include:

- Significant exploration results, resource/reserve results or mining results. All such results are reported in compliance with the JORC Code and only released with the approval of relevant qualified personnel.
- Changes to the Company's Board of Directors or Auditors
- Changes to the Company's issued share capital through capital raisings
- Changes to the Company's Directors' shareholdings
- The acquisition or disposal of exploration areas and resources/reserves
- The formation of joint ventures

All price sensitive announcements are posted to the Company's website as soon as possible after the announcements have been released to the market by the ASX.

Respect the rights of shareholders
ASX Corporate Governance Principles and Recommendations 6.1 and 6.2

The Company's auditors will be available at the Company's Annual General Meeting to answer any shareholder queries relating to the audit of the Company's Annual Report.

It is the Company's policy to ensure that a full review of the Company's operations will be presented following the Company's Annual General Meeting and that its website, www.mountburgess.com is regularly updated with all Securities Exchange announcements including its Annual and Quarterly Reports. Beneficial owners who request the Company to automatically provide them with any announcements can receive such information by electronic means.

Significant group briefings and presentations are posted to the Company's website and are accessible to all shareholders in advance of such briefings/presentations.

Recognition and Management of Risk
ASX Corporate Governance Principles and Recommendations 7.1, 7.2, 7.3 and 7.4

The Company recognises that there are inherent risks in being involved in the resource exploration industry and operating in non-domicile countries. The policy of the Board is to monitor and if considered necessary, seek advice on areas of operational and financial risk and implement strategies for appropriate risk management arrangements.
Specific areas of risk, which are regularly considered at Board Meetings, include expenditure levels relative to exploration success, going concern, foreign currency and commodities price fluctuations, performance of activities, human resources, the environment, land access, political instability and internal control. With regard to internal control the Managing Director and Chief Financial Officer are required to certify to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards; and
- That the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all respects.

The financial reports of the Company are produced in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accountings Standards Board and the Corporations Act and in many cases exceed the disclosure requirements of the Corporations Act and the Australian Accounting Standards Board Policy 1434. The financial statements and reports are subject to review of every half year and the auditor issues an audit opinion accompanying the full year results for each financial year.

Remunerate fairly and responsibly
ASX Corporate Governance Principles and Recommendations 8.1, 8.2 and 8.3

ASX Corporate Governance Principle 8.1 advises that the Board should establish a remuneration committee. Because of its size the Company does not have a separate remuneration committee.

The Board, as a whole, reviews the remuneration packages and policies applicable to executive Directors, senior executives and non-executive Directors on an annual basis. Remuneration levels will be realistically and 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.

Executive Directors receive a salary and share options. Non-Executive Directors normally receive a set fee per annum and share options and are fully reimbursed for any out of pocket expenses necessarily incurred in carrying out their duties.

Because of the difficulty of raising funds as an exploration company, under the current global economic conditions, the non-executive directors of the Company have volunteered to waive their fees for the time being and the Managing Director of the Company has not taken the salary increase as recommended by the Board at the last salary review.

ASX Corporate Governance Principle 8.2 recommends that Non-executive directors should not receive options or bonus payments. The Company does not comply with this recommendation as it grants 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 (currently waived) in no way cover what they could otherwise earn. The options granted are exercisable at a significant premium to the current share price.

The information set out below was applicable as at 23 September 2014.

1. Distribution of Equity Securities and Voting Rights:

(a) Distribution of Shareholders of Ordinary shares:-

	No. of Holders
1 - 1,000	201
1,001 - 5,000	474
5,001 - 10,000	339
10,001 - 100,000	827
100,001 and over	439
Total No. of Shareholders	2280

(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 2,092 shareholders who held less than a marketable parcel of shares.

(d) Substantial Shareholders

Strata Drilling WA Pty Ltd 81,000,000 shares representing 7.75 % of the Company

2. Top Twenty Shareholders

	Shareholder Name	Units Held	Percentage of Issued Capital
1	Strata Drilling	81,000,000	7.75
2	Citigroup Nominees	72,139,493	6.90
3	Cen Pty Ltd	61,645,127	5.90
4	N R Forrester & Associates	54,469,767	5.21
5	W B Nominees	47,229,489	4.52
6	Mrs Jennifer O'Regan & Associates	44,886,730	4.30
7	Alfred Patrick Stirling	44,723,530	4.28
8	Fitel Nominees	43,670,000	4.18
9	Michael Damien Murphy	43,402,564	4.15
10	Jerd Pty Ltd	33,000,000	3.16
11	Ben Mosigi	21,000,000	2.01
12	Vamali Pty Ltd	18,898,551	1.81
13	Running Water Limited	17,846,155	1.71
14	J P Morgan Nominees	17,827,432	1.70
15	HSBC Custody Nominees	15,078,145	1.44
16	Godfrey Edward Taylor	12,588,235	1.20
17	Michael Burke Homes Pty Ltd	12,500,000	1.19
18	Mrs Eileen Anne English	12,224,999	1.17
19	Mr Leslie Hall & Associates	11,500,000	1.10
20	City House Ltd	11,000,000	1.05
		676,630,217	**64.73**

Tenement No.	Percentage of Equity	Tenement No.	Percentage of Equity
NAMIBIA		**BOTSWANA**	
Tsumkwe		**Kihabe**	
		PL 69/2003	Subject to litigation in the Appeal Court of Botswana
EPL 4619	85		