ACN 009 067 476

Half-Year Financial Report

31 December 2017

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Mount Burgess Mining NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Directors of Mount Burgess Mining N.L. submit herewith the financial report of Mount Burgess Mining N.L. and its subsidiaries (the Group) for the half-year ended 31 December 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

DIRECTORS

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

Nigel Raymond Forrester (Chairman and Managing Director)

Chris Campbell-Hicks

Karen Clark

Harry Warries

Jason Stirbinskis

REVIEW OF OPERATIONS

Overview

(a) The objectives of the Group are to explore for and in the event of discovery, develop commercial deposits of mineral resources. To this end, during the half year to 31 December 2017 the Group was involved with the following:

Western Ngamiland, Botswana – Base Metals

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

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

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

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

- Assessing and reviewing the 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 six months to 31 December 2017 consisted of assessing the way forward for the project. This included further drilling of the Kihabe and Nxuu deposits previously generated by the Group, to upgrade existing resources to be compliant with the 2012 JORC Code, investigating the potential to exploit additional known metal credits such as Germanium and investigating various metallurgical processes that could be applied to enhance the potential for on-site beneficiation of metal production.

Funds applied to the various exploration activities were as follows:

	31 Dec 2017 Half year $	2017 $	2016 $	2015 $	2014 $
Exploration for diamonds in Namibia and Botswana	-	-	-	-	26,407
Resource development for base metals in Namibia and Botswana	427,884	521,135	158,428	-	-

(b) As the Group was involved in exploration and resource development over the Kihabe-Nxuu Project during the six months to 31 December 2017, there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2014 and 2017 the Company's shares traded as follows:

31 Dec 2017 Half year		2017		2016		2015		2014	
Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents
0.4	1.5	0.4	2.1	0.2	2.0	0.2	0.7	0.1	0.2

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

FINANCIAL CONDITIONS

(a) Further resource exploration requirements beyond the Group's current cash resources can only be funded from further share and loan capital raisings or the sale or joint venture of equity in the projects.

(b) At the end of the half-financial year, the Group had cash resources of $279,130.

(c) A loan agreement is in place with Exchange Services Ltd, a company controlled by A P Stirling, a former Director of the Company for funding up to £275,618 equivalent to $478,098; funding of $757,641 provided via a loan from Jan and Nigel Forrester; and $22,500 from Ron O'Regan, a former director of the Company. There were no other resources available to the Group that are not reflected in the Statement of Financial Position, other than the availability to raise further funds through the issue of shares, loan funds, the sale or joint venture of equity in projects and the sale of assets.

The Consolidated Entity has continued financial support from the Directors, former Directors and their associated entities, in that the Directors have confirmed in writing that they will not recall upon their loans to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern. As at 31 December 2017, the Directors loans outstanding were $1,751,899 (Note 5) and accruals for unpaid salaries for director and his related party amounting to $1,071,629 (Note 4).

(d) As the Group was mainly involved in exploration and resource development over the Kihabe-Nxuu project during the half year to 31 December 2017 then later assessing the way forward of the project there was not any cash generated from operations.

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

AUDITOR'S INDEPENDENCE DECLARATION

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

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

On behalf of the Directors

N R Forrester
Chairman and Managing Director
Perth, 14 March 2018

The Directors declare that:

a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporation Act 2001*, including compliance with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements and giving a true and fair view of the financial position and performance of the consolidated entity.

c) The attached financial statements and notes thereto comply with the Corporations Act 2001, Australia Accounting Standard AASB 134 'Interim Financial Reporting' and other mandatory professional reporting requirements.

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

On behalf of the Directors

N R Forrester
Chairman and Managing Director
Perth, 14 March 2018

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF MOUNT BURGESS MINING N.L.

As lead auditor for the review of Mount Burgess Mining N.L. for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2018

	Consolidated	
	Half year Ended 31 Dec 2017 $	Half year Ended 31 Dec 2016 $
Revenue	70	77
Other income	-	-
Administration expenses	(195,956)	(134,777)
Finance costs	(47,550)	(65,400)
VAT written off	(1,674)	-
Other expenses	-	(61)
Loss before income tax	(245,110)	(200,161)
Income tax benefit / (expense)	-	-
Loss after income tax for the half year	(245,110)	(200,161)
Other comprehensive income	-	-
Total comprehensive loss for the half year attributable to the owners of Mount Burgess Mining NL	(245,110)	(200,161)
Loss per share for the period attributable to the members of Mount Burgess Mining NL**:**		
Basic Loss per Share (cents per share)	(0.08)	(0.09)
Diluted Loss per Share (cents per share)	N/A	N/A

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

	Note	Consolidated 31 Dec 2017 $	Consolidated 30 June 2017 $
CURRENT ASSETS			
Cash and cash equivalents		279,130	126,494
Trade and other receivables		19,843	18,692
TOTAL CURRENT ASSETS		298,973	145,186
NON CURRENT ASSETS			
Plant and equipment		3,997	-
Exploration interests	3	1,107,447	679,563
TOTAL NON CURRENT ASSETS		1,111,444	679,563
TOTAL ASSETS		1,410,417	824,749
CURRENT LIABILITIES			
Trade and other payables	4	1,292,754	1,107,339
Borrowings	5	1,751,899	2,238,235
Provisions		228,106	213,392
TOTAL CURRENT LIABILITIES		3,272,759	3,558,966
TOTAL LIABILITIES		3,272,759	3,558,966
NET LIABILITIES		(1,862,342)	(2,734,217)
EQUITY			
Issued capital	6	44,861,081	43,744,096
Reserves		490,017	490,017
Accumulated losses		(47,213,440)	(46,968,330)
TOTAL DEFICIENCY		(1,862,342)	(2,734,217)

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 2016	42,833,157	380,045	109,972	(46,467,945)	(3,144,771)
Loss for the half year	-	-	-	(200,161)	(200,161)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(200,161)	(200,161)
Transactions with owners in their capacity as owners:					
Share placement to professional investors	633,847	-	-	-	633,847
Balance at 31 December 2016	43,467,004	380,045	109,972	(46,668,106)	(2,711,085)
Balance at 1 July 2017	43,744,096	380,045	109,972	(46,968,330)	(2,734,217)
Loss for the half year	-	-	-	(245,110)	(245,110)
Other comprehensive income for the half year	-	-	-	-	-
Total comprehensive loss for the half year	-	-	-	(245,110)	(245,110)
Transactions with owners in their capacity as owners:					
Share placement to professional investors	1,116,985	-	-	-	1,116,985
Balance at 31 December 2017	44,861,081	380,045	109,972	(47,213,440)	(1,862,342)

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

	Half Year Ended 31 Dec 2017 $	Half Year Ended 31 Dec 2016 $
Cash flows from operating activities		
Payments to suppliers and employees	(173,029)	(151,049)
Interest received	70	77
Interest and other costs of finance paid	(6)	(1,639)
Income Taxes (paid) / refund	94,453	-
Net cash outflow from operating activities	(78,512)	(152,611)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(333,370)	(167,341)
Acquisition of fixed assets	(4,360)	-
Net cash outflow from investing activities	(337,730)	(167,341)
Cash flows from financing activities		
Proceeds from issues of equity securities	617,000	633,847
Payment for share issue costs	(15)	-
Proceeds from borrowings	-	9,700
Repayment of borrowings	(48,340)	(53,900)
Net cash inflow from financing activities	568,645	589,647
Net increase / (decrease) cash and cash equivalents	152,403	269,695
Cash and cash equivalents at the beginning of the half year	126,494	15,514
Effects of exchange rate changes on the balance of cash held in foreign currencies	233	184
Cash and cash equivalents at the end of the half year	279,130	285,393
Cash and cash equivalents	279,130	285,393
	279,130	285,393

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

1 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2017.

Adoption of new and revised accounting standards

In the half year ended 31 December 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to the Company's accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to the Company's accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

Going Concern

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

The Consolidated Entity has incurred net losses after tax of $245,110 (31 Dec 2016: $200,161), and net cash outflows from operating and investing activities of $416,242 (31 Dec 2016: $319,952) for the half year ended 31 December 2017. As at 31 December 2017, the Consolidated Entity had a working capital deficiency of current assets to current liabilities of $2,973,786 (30 June 2017: $3,413,780) and cash and cash equivalents of $279,130 (30 June 2017: $126,494).

As at 14 March 2018, the Consolidated Entity had total funds available of $57,649. As at that date the amount owed to creditors (excluding amounts owed to Exchange Services Ltd and the Directors) was $94,970. Of these, $34,282 was agreed to be deferred; $8,000 was covered by security; $39,799 was for current creditors, leaving balance of $12,888 for creditors overdue.

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

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

(a) The Consolidated Entity has continued financial support from the Directors, former Directors and their associated entities, in that they have confirmed in writing that they will not recall upon their loans to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern. As at 31 December 2017, the Directors loan outstanding were $1,751,899 (Note 5) and accruals for unpaid director and his related party salaries $1,071,629 (Note 4);

1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) The Company has the ability to raise funds through equity issues. In relation to additional funding via capital raisings, initial discussions have commenced with potential brokers;

(c) In addition, the Directors continue to reduce unnecessary administration expenditure line with the funds available to the Consolidated Entity; and

(d) The Directors are of the opinion that the use of the going concern basis of accounting is appropriate as they are confident in the ability of the Consolidated Entity to be successful in securing additional funds through debt or equity issues as and when the need to raise working capital arises..

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

2. EVENTS OCCURING AFTER REPORTING PERIOD

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

3. EXPLORATION INTEREST

	Half year ended 31 Dec 2017 $	Full year ended 30 June 2017 $
Exploration expenditure at cost		
Balance as at the start of the financial period	679,563	158,428
Additions	522,337	521,135
R&D tax rebate	(94,453)	-
Balance as at the end of the financial period	1,107,447	679,563
Total Exploration Interests	1,107,447	679,563

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

The R&D tax rebate is a cash rebate from Australian Tax Office in respect of research and development expenditure incurred during the year ended 30 June 2017.

4. TRADE AND OTHER PAYABLES

Included in accruals are unpaid salaries for director and his related parties amounting to $1,071,629 (30 June 2017: $955,647).

5. BORROWINGS

	Half Year Ended 31 Dec 2017 $	Full year ended 30 June 2017 $
Unsecured – at amortised cost		
Loan from a former Director's related company (i)	673,187	646,242
Loan from a Director (ii)	1,042,433	1,556,360
Loan from a former Director (iii)	36,279	35,633
	1,751,899	2,238,235
Current	1,751,899	2,238,235

5. BORROWINGS (Cont'd)

(i) The loan comprises two parts:

a) Loan from a former Director's related company amounts to £20,618, equivalent to $37,229 (30 June 2017: $36,262) to a wholly owned subsidiary Mount Burgess (Botswana) Proprietary Ltd. Interest is not payable on this loan.

b) Loan from a former Director's related company amounts to £255,000 equivalent to $440,869 (30 June 2017: $431.454). Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia as from 1 July 2010 until the loan has been repaid in full. The above balance is inclusive of interest payable amounting to £112,840, equivalent to $195,089.

(ii) The loan was provided by NR and JE Forrester. Mr NR Forrester is a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 5.70% (30 June 2017: 5.70%). The above balance is inclusive of interest. At the General Meeting of shareholders held on 30 November 2017, approval was given for the issue of a total of 50,000,000 fully paid ordinary shares in the Company to NR and JE Forrester and /or their associates. The issue of the 50,000,000 shares at a value of 1 cent per share extinguishes $500,000 of a cash loan granted by NR and JE Forrester to the Company.

(iii) The loan was provided by Ron O'Regan. Mr Ron O'Regan was a Director of the Company. Interest will accrue on the loan at the rate of 4% above the Bank Bill Rate in Australia, which is currently at 5.70% (30 June 2017: 5.70%). The above balance is inclusive of interest.

6. ISSUED CAPITAL

	Half Year Ended 31 Dec 2017 $	Half Year Ended 31 Dec 2016 $
409,636,015 fully paid ordinary shares (31 Dec 2016: 237,398,562)	44,861,081	43,467,004

	31 Dec 2017 No.	31 Dec 2017 $	31 Dec 2016 No.	31 Dec 2016 $
Fully paid ordinary share capital				
Balance at 1 July	276,125,919	43,744,096	183,477,958	42,833,157
Share placements to professional investors	133,510,096	1,117,000	53,920,604	633,847
Less costs		(15)		-
	409,636,015	44,861,081	237,398,562	43,467,004

7. SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2017

The operating segments are as follows:

Geographical Segments

	External Sales		Total	
	Half year ended 31 Dec 2017 $	Half year ended 31 Dec 2016 $	Half year ended 31 Dec 2017 $	Half year ended 31 Dec 2016 $
Reconciliation of segment revenue to total other income before tax				
Namibia	-	-	-	-
Botswana	-	-	-	-
Total of all segments	-	-	-	-
Unallocated corporate revenue			70	77
Consolidated total revenue			70	77

7. SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2017

	Total	
	Half year ended 31 Dec 2017 $	Half year ended 31 Dec 2016 $
Reconciliation of segment result to net loss before tax		
Namibia – Gain on disposal	-	-
Botswana	-	-
Total of all segments	-	-
Unallocated corporate revenue	70	77
Unallocated corporate expenses	(245,180)	(200,238)
Loss before income tax expense	(245,110)	(200,161)
Income tax benefit / (expenses)	-	-
Consolidated net loss for the period	(245,110)	(200,161)
Reconciliation of segment assets to the balance sheet		
Segment Assets		
Namibia	-	1,786
Botswana	1,144,177	429,410
Total of all segments	1,144,177	431,196
Unallocated corporate assets	266,240	277,014
Consolidated total assets	1,410,417	708,210
Reconciliation of segment liabilities to the balance sheet		
Namibia	-	381
Botswana	177,927	64,517
Total of all segments	177,927	64,898
Unallocated corporate liabilities	3,094,832	3,354,397
Consolidated total liabilities	3,272,759	3,419,295

7. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

8. COMMITMENTS FOR EXPENDITURE

As at reporting date there were no changes from 30 June 2017 financial report.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mount Burgess Mining N.L.

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Mount Burgess Mining N.L. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of matter – Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 14 March 2018