

MOUNT BURGESS MINING N.L.

ABN 31 009 067 476

CONSOLIDATED FINANCIAL REPORT

FOR THE

HALF YEAR ENDED

31 DECEMBER 2005

This Financial Report contains information required under ASX Listing Rule 4.2A and should be read in conjunction with the Annual Report 2005.

REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2005

The Directors of Mount Burgess Mining N.L. herewith submit the financial report for the half year ended 31 December 2005. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the Directors of the Company who have held office during or since the end of the half year are:

Nigel Raymond Forrester (Chairman and Managing Director)
Martin Lindsay Spence
Godfrey Edward Taylor
Ronald William O'Regan
Alfred Patrick Stirling

REVIEW OF OPERATIONS

Overview

- (a) The objectives of the consolidated entity are to explore for and in the event of discovery, develop commercial deposits of mineral resources. To this end, the consolidated entity is currently exploring for gold and base metals, at Telfer in Western Australia, for diamonds at Tsumkwe in Namibia and for base metals at Tsumkwe in Namibia and at Kihabe in Botswana.
- (b) Performance and indicators used by management in carrying out the above objectives include:
 - Assessing and reviewing the likeliness of making a discovery through exploration
 - Assessing the risks and rewards relative to the costs of exploration and the values of the minerals being explored for.
- (c) As the consolidated entity is involved only in exploration at this stage, any significant commercial discovery could have a significant impact on the capitalisation of the consolidated entity. However, inherent in all exploration are risk factors relative to rates of success. Even beyond exploration at the point of resource development risks prevail relative to fluctuations in commodity prices and political risk.

Operations and Principal Activities

- (a) The main business activity of the consolidated entity during the six months consisted of:
 - The review of the deep diamond drilling data from the Company's Telfer gold project conducted by Barrick Gold of Australia Limited (Barrick). Since 31st December 2005 Barrick has informed the Company of its withdrawal from the Telfer Joint Venture. Consequently , the Company has commenced an in house resource estimate based on historical drilling data acquired from the Tim's Dome prospect results of which will be released to the market upon completion.

REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2005

- Further drilling of geophysical anomalies in the search for kimberlites at the Company's diamond exploration project at Tsumkwe in Namibia
- The completion of a scoping study which showed the positive potential for the future development of the Company's Kihabe base metals project in Botswana, subject to further infill drilling producing similar results to those produced from the wide spaced drilling conducted to date.

Funds applied to the various exploration activities were as follows:

	31 Dec 2005 Half year	2005 year	2004 year	2003 year	2002 year
	\$	\$	\$	\$	\$
Exploration for gold and base metals in Western Australia	275,815 ¹	3,180,318 ²	476,862 ³	335,206	840,880

¹Expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to \$260,000.

²Expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to \$3,100,000

³Expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to \$300,000.

	31 Dec 2005 Half year	2005 year	2004 year	2003 year	2002 year
	\$	\$	\$	\$	\$
Exploration for diamonds in Namibia	649,879	1,467,905	1,175,694	1,943,701	1,634,435

	31 Dec 2005 Half year	2005 year	2004 year	2003 year	2002 year
	\$	\$	\$	\$	\$
Exploration for base metals in Namibia and Botswana	112,545	118,565	396,720	140,314	1,803

	31 Dec 2005 Half year	2005 year	2004 year	2003 year	2002 year
	\$	\$	\$	\$	
Exploration in other overseas projects	-	-	-	7,694	18,599

DIRECTORS' REPORT

- (b) As the consolidated entity was involved only in resource exploration during the six months there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2001 and 2005 the Company's shares traded as follows:

31 Dec 2005 Half year		2005 year		2004 year		2003 year		2002 year	
High	Low	High	Low	High	Low	High	Low	High	Low
cents	cents	cents	cents	cents	cents	cents	cents	cents	cents
13.5	7	17.5	7.5	18	6.9	17	5	9	6

Ongoing resource exploration expenditure for the remainder of the year is anticipated to be in the region of \$1 million.

Financial Conditions

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

On December 8th 2005 the Company announced that it has raised \$706,500 to be applied to working capital, geophysical programmes and drilling on the Company's diamond and base metals projects in Namibia and Botswana. It further announced that it planned to commence an infill drilling programme in January 2006 at its Kihabe base metals project in Botswana. Some \$270,000 planned to have been spent on this programme to date has been absorbed through delays to the commencement of drilling caused by abnormally wet weather and also because the Company was required to meet expenditure on its Telfer Project after the withdrawal of its joint venture partner.

As the Company intends to maintain its current pace of exploration particularly in regard to defining a resource at its Kihabe Base Metals project in Botswana, further capital raisings will be required.

- (b) At the end of the six month period, the consolidated entity had cash resources of \$573,054. At the date of this report, relying on VAT refunds, the consolidated entity has cash resources of \$335,690 and an unused overdraft facility of \$150,000.
- (c) There were no other resources available to the consolidated entity, that are not reflected in the balance sheet, other than the availability to raise further funds through the issue of shares, securing funding from incoming joint venture partners or the sale of equity in projects.
- (d) As the consolidated entity was involved only in resource exploration during the six months there was not any cash generated from operations.

REPORT OF DIRECTORS FOR THE HALF YEAR TO 31 DECEMBER 2005

During the six months to 31 December 2005, the consolidated entity completed the following capital raisings:

- On 5 September 2005, the Company placed 7,000,000 shares at \$0.10 per share to raise \$700,000
- On 8 December 2005, the Company placed 7,850,000 shares at \$0.09 per share to raise \$706,500

The cost of the above capital raisings amounted to \$82,120.

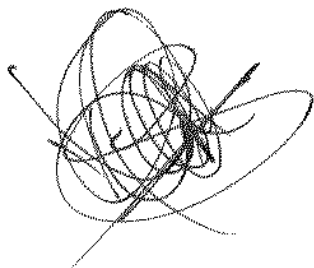
- (e) The financial condition of the consolidated entity was not impacted by any legislation or other external requirements during the reporting period. It is not currently foreseen that the financial condition will be materially affected by such issues in future reporting periods.

Auditor Independence

Pursuant to the provision of Section 307C of the Corporations Act 2001, the directors of the consolidated entity have obtained a declaration of independence by the groups' auditors. A copy of the declaration is attached to this 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

A handwritten signature in black ink, appearing to be 'N R Forrester', written over a circular scribble.

N R Forrester
Chairman and Managing
Director

Signed at Perth this 15th day of March 2006

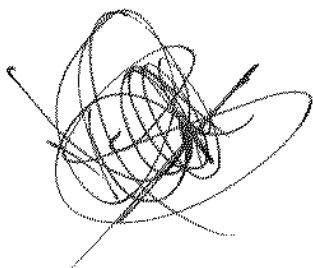
DIRECTORS' DECLARATION FOR THE HALF YEAR TO 31 DECEMBER 2005

The Directors declare that:

- a) The financial statements and notes thereto comply with accounting standards;
- b) The financial statements and notes thereto give a true and fair view of the financial position and performance of the Consolidated entity;
- c) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- d) 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.

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

On behalf of the Directors

A handwritten signature in black ink, consisting of a series of overlapping loops and a long horizontal stroke extending to the right.

N R Forrester
Chairman and Managing Director

Signed at Perth this 15th day of March 2006

**CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

	Consolidated Half Year ended 31 Dec 2005 \$	Half Year ended 31 Dec 2004 \$
Revenue	7,740	5,786
Administration expenses	(453,433)	(470,357)
Borrowing costs	(1,597)	(704)
Exploration interests written off	(70,043)	-
Other expenses	(8,093)	(10,798)
Loss before income tax expense	(525,426)	(476,073)
Income tax expense	-	-
Net Loss for the period	(525,426)	(476,073)
 Basic Loss per Share (cents per share)	 (0.31)	 (0.34)
Diluted Loss per Share (cents per share)	(0.31)	(0.34)

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2005

	Consolidated 31 December 2005 \$	30 June 2005 \$
CURRENT ASSETS		
Cash assets	573,054	538,040
Receivables	74,535	44,358
TOTAL CURRENT ASSETS	647,589	582,398
 NON CURRENT ASSETS		
Plant and equipment	71,992	82,685
Exploration interests	12,144,307	11,440,660
TOTAL NON CURRENT ASSETS	12,216,299	11,523,345
 TOTAL ASSETS	 12,863,888	 12,105,743
 CURRENT LIABILITIES		
Payables	90,916	194,208
Interest bearing liabilities	21,652	25,540
Provisions	33,701	33,093
TOTAL CURRENT LIABILITIES	146,269	252,841
 NON CURRENT LIABILITIES		
Interest bearing liabilities	8,526	11,403
TOTAL NON CURRENT LIABILITIES	8,526	11,403
 TOTAL LIABILITIES	 154,795	 264,244
 NET ASSETS	 12,709,093	 11,841,499
 EQUITY		
Issued capital	31,438,356	30,113,976
Reserves	178,612	109,972
 Accumulated losses	 (18,907,875)	 (18,382,449)
TOTAL EQUITY	12,709,093	11,841,499

Notes to the financial statements are included on pages 9 – 17

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	Half Year ended 31 Dec 2005 \$	Half Year ended 31 Dec 2004 \$
Cash flows from operating activities		
Payments to suppliers and employees	(386,832)	(475,163)
Interest and bill discounts received	7,740	5,786
Interest and other costs of finance paid	(1,597)	(704)
Net cash used in operating activities	<u>(380,689)</u>	<u>(470,081)</u>
Cash flows from investing activities		
Payment for plant and equipment	(4,665)	-
Exploration, development and evaluation expenditure	(914,152)	(814,277)
Net cash used in investing activities	<u>(918,817)</u>	<u>(814,277)</u>
Cash flows from financing activities		
Proceeds from issues of equity securities	1,406,500	1,552,400
Payment for share issue costs	(82,120)	(32,291)
Repayment of lease liabilities	(6,764)	(3,940)
Net cash provided by financing activities	<u>1,317,616</u>	<u>1,516,169</u>
Net increase in cash and cash equivalents	18,110	231,811
Cash and cash equivalents at the beginning of the half -year	538,041	92,726
Effects of exchange rate changes on the balance of cash held in foreign currencies	16,903	-
Cash and cash equivalents at the end of the half-year	<u>573,054</u>	<u>324,537</u>

STATEMENT OF CHANGES IN EQUITY

	Consolidated	
	Half Year 2005 \$	Half Year 2004 \$
SHARE CAPITAL		
Ordinary shares		
Balance at start of period	30,113,976	27,182,417
Issues of share capital	1,406,500	1,552,400
Share issue costs	(82,120)	(32,291)
Total share capital	<u>31,438,356</u>	<u>28,702,526</u>
RESERVES		
Asset realisation reserve		
Balance at start of period	109,972	109,972
Increase/(decrease)	-	-
Balance at end of period	<u>109,972</u>	<u>109,972</u>
Employee equity settled benefits reserve		
Balance at start of period	-	-
Increase/(decrease)	68,640	-
Balance at end of period	<u>68,640</u>	<u>-</u>
Total reserves	<u>178,612</u>	<u>109,972</u>
ACCUMULATED LOSSES		
Balance at start of period	18,382,449	17,209,582
Loss for the period	525,426	476,073
Balance at end of period	<u>18,907,875</u>	<u>17,685,655</u>
Net income recognised directly in equity	-	-
Loss for the period	(525,426)	(476,073)
Total recognised income and expense for the period	<u>(525,426)</u>	<u>(476,073)</u>

Notes to the financial statements are included on pages 9 – 17

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

1 BASIS OF PREPARATION

The consolidated entity's half-year financial report is a general purpose financial report prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. 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 should be read in conjunction with the 2005 annual financial report.

The consolidated entity changed its accounting policies on 1 July 2005 to comply with A-IFRS. The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition. An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position, financial performance and cash flows is discussed in note 6.

The accounting policies set out below have been applied in preparing the financial statements for the half-year ended 31 December 2005, the comparative information presented in these financial statements, and in the preparation of the opening A-IFRS balance sheet at 1 July 2004 (as disclosed in note 6), the consolidated entity's date of transition, except for the accounting policies in respect of financial instruments. The consolidated entity has not restated comparative information for financial instruments, including derivatives, as permitted under the first-time adoption transitional provisions. The accounting policies for financial instruments applicable to the comparative information are consistent with those adopted and disclosed in the lodged 2005 annual financial report. The effect of changes in the accounting policies for financial instruments on the balance sheet at 1 July 2005 is NIL.

GOING CONCERN

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

If the consolidated entity chooses to maintain its current high level of exploration expenditure, it will have to raise additional capital. The consolidated entity has utilised this option in the past. If the consolidated entity does not raise additional capital in the short term it can continue as a going concern by substantially reducing exploration expenditure until funding is available and/or entering joint venture arrangements.

The Directors are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances. However, if an event were to arise where the consolidated entity could not raise additional equity capital or reduce its current rate of exploration expenditure by entering into joint ventures in order to remain as a going concern, there is no certainty as to whether the consolidated entity could realise assets at the amounts as shown in the financial statements and extinguish liabilities in the normal course of business.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report:

- (a) **Cash and cash equivalents**
Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.
- (b) **Exploration and Development Expenditure**
Exploration and evaluation expenditures in relation to separate areas of interest are capitalised in the year in which they are incurred and are carried at cost less accumulated impairment losses where the following conditions are satisfied:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

- The rights to tenure of the area of interest are current; and
- 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 activities 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.

Capitalised exploration costs are reviewed each reporting date to determine whether an indication of impairment exists. If any such indication exists, the recoverable amount of the capitalised exploration costs 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.

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the field on a units of production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit of production calculations are dealt with on a prospective basis.

(c) 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 items economic life has due regard to both its own physical limitations and to 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. 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.

(d) Impairment of assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible 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).

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use.

An impairment loss is recognised in profit or loss immediately. 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 prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(e) Income tax

Current tax

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

Deferred tax

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

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

(f) Leases

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.

Finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Lease payments for operating leases are recognised as expenses on a straight line basis over the lease term, unless systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(g) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values, using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(i) Receivables

Trade receivables and other receivables are recorded at amortised cost less impairment.

(j) Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services

(k) Financial Instruments issued by the Consolidated Entity

Debt and Equity Instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

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

(l) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in the profit and loss.

(m) Joint Venture Operations

Interest in joint venture operations are reported in the financial statements by including the consolidated entity's share of assets employed in the joint ventures, the share of liabilities incurred in relation to joint ventures and the share of any expenses incurred in relation to joint ventures in their respective classification categories.

(n) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that were unvested as of 1 January 2005 are measured at fair value at the date of the grant. Fair value is measured by use of a binomial model. 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.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.

(o) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, 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.

(p) Goods and services tax

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 as operating cash flows.

(q) Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 127 Consolidated and Separate Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

2. SUBSEQUENT EVENTS

Since 31st December 2005, Barrick Gold of Australia Limited has informed the Company of its withdrawal from the Telfer Joint Venture. Whilst this year's annual expenditure has been met, the Company's exploration expenditure commitment will increase by a further \$440,000 per annum unless expenditure exemptions are granted or successful negotiations to introduce another joint venture party.

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

3 CHANGES IN COMPOSITION OF THE CONSOLIDATED ENTITY

There were no changes to the composition of the consolidated entity during the half year.

4 ISSUANCES OF SECURITIES

During the half year reporting period, the consolidated entity issued 14,850,000 ordinary shares to raise \$1,349,405 (2004: 18,240,000 \$1,520,109). See details of placements on page 5 of the Director's report under the heading Financial Conditions.

The consolidated entity issued 3,000,000 share options (2004 Nil) over ordinary shares under its share option plan during the half year reporting period. These share options had a fair value at grant date of \$0.023 per share option.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

5 SEGMENT INFORMATION FOR THE HALF YEAR ENDING 31 DECEMBER 2005

The Company operates in Australia, Namibia and Botswana in the area of mineral exploration.

In Australia the exploration focus is on gold and base metals.

In Namibia the exploration focus is on diamonds and base metals.

In Botswana the exploration focus is on base metals.

Geographical Segments.

	2005 Half Year ended 31 Dec 2005	2004 Half Year ended 31 Dec 2004	2005 Half Year ended 31 Dec 2005	2004 Half Year ended 31 Dec 2004	2005 Half Year ended 31 Dec 2005	2004 Half Year ended 31 Dec 2004
	\$	\$	\$	\$	\$	\$
Segment Revenues	External sales		Inter -segment Sales		Total	
Australia	-	-	-	-	-	-
Namibia	-	-	-	-	-	-
Botswana	-	-	-	-	-	-
Total of all segments	-	-	-	-	-	-
Unallocated corporate revenue					7,740	5,786
Consolidated total revenue					<u>7,740</u>	<u>5,786</u>
 Segment Results						
Australia					(70,043)	-
Namibia					-	-
Botswana					-	-
Total of all segments					<u>(70,043)</u>	<u>-</u>
Unallocated corporate revenue					7,740	5,786
Unallocated corporate expenses					<u>(463,123)</u>	<u>(481,859)</u>
Loss before income tax expense					<u>(525,426)</u>	<u>(476,073)</u>
Income tax expense					-	-
Consolidated net loss for the period					<u>(525,426)</u>	<u>(476,073)</u>

6 IMPACTS OF ADOPTING THE AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated entity changed its accounting policies to comply with Australian equivalents to International Financial Reporting Standards (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, with 1 July 2004 as the date of transition, except for financial instruments where the date of transition is 1 July 2005.

An explanation of how the transition from superseded policies to A-IFRS has affected the consolidated entity's financial position financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

Effect of A-IFRS on the income statement for the half year ended 31 December 2004 and the financial year ended 30 June 2005.

Notes	Consolidated 31-Dec-04			Consolidated 30-Jun-05		
	Superseded Policies *	Effect of Transition to A-IFRS	A-IFRS	Superseded Policies *	Effect of Transition To A-IFRS	A-IFRS
	\$	\$	\$	\$	\$	\$
Revenue (a)	5,786	-	5,786	38,985	(22,084)	16,901
Administration expenses	(470,357)	-	(470,357)	(808,189)	-	(808,189)
Borrowing costs	(704)	-	(704)	(2,345)	-	(2,345)
Exploration interests written off	-	-	-	(379,210)	-	(379,210)
Other expenses	(10,798)	-	(10,798)	(22,108)	22,084	(24)
Loss before income tax	(476,073)	-	(476,073)	(1,172,867)	-	(1,172,867)
Income tax expense	-	-	-	-	-	-
Loss from continuing operations	(476,073)	-	(476,073)	(1,172,867)	-	(1,172,867)
Net loss for the period	(476,073)	-	(476,073)	(1,172,867)	-	(1,172,867)
Loss attributable to members of the parent entity	(476,073)	-	(476,073)	(1,172,867)	-	(1,172,867)

* Reported financial results under previous Australian GAAP.

Effect of A-IFRS on the balance sheet as at 1 July 2004

Notes	Consolidated		
	Superseded Policies *	Effect of Transition To A-IFRS	A-IFRS
	\$	\$	\$
CURRENT ASSETS			
Cash	92,726	-	92,726
Receivables	51,464	-	51,464
TOTAL CURRENT ASSETS	144,190	-	144,190
NON CURRENT ASSETS			
Plant + equipment	55,183	-	55,183
Exploration interests	10,153,082	-	10,153,082
TOTAL NON CURRENT ASSETS	10,208,265	-	10,208,265
TOTAL ASSETS	10,352,455	-	10,352,455
CURRENT LIABILITIES			
Payables	198,026	-	198,026
Interest bearing liabilities	8,043	-	8,043
Provisions	43,244	-	43,244
TOTAL CURRENT LIABILITIES	249,313	-	249,313
NON CURRENT LIABILITIES			
Interest bearing liabilities	20,335	-	20,335
TOTAL NON CURRENT LIABILITIES	20,335	-	20,335
TOTAL LIABILITIES	269,648	-	269,648
NET ASSETS	10,082,807	-	10,082,807
EQUITY			
Share capital	27,182,417	-	27,182,417
Reserves	109,972	-	109,972
	27,292,389	-	27,292,389
Accumulated losses	(17,209,582)	-	(17,209,582)
TOTAL EQUITY	10,082,807	-	10,082,807

* Reported financial position for the financial year ended 30 June 2004.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2005**

Effect of A-IFRS on the balance sheet as at 30 June 2005 and 31 December 2004.

Notes	Consolidated 30-Jun-05			Consolidated 31-Dec-04		
	Superseded Policies *	Effect of Transition to A-IFRS	A-IFRS	Superseded Policies *	Effect of Transition To A-IFRS	A-IFRS
	\$	\$	\$	\$	\$	\$
CURRENT ASSETS						
Cash	538,040	-	538,040	324,537	-	324,537
Receivables	44,358	-	44,358	52,723	-	52,723
TOTAL CURRENT ASSETS	582,398	-	582,398	377,260	-	377,260
NON CURRENT ASSETS						
Plant + equipment	82,685	-	82,685	41,833	-	41,833
Exploration interests	11,440,660	-	11,440,660	10,961,054	-	10,961,054
TOTAL NON CURRENT ASSETS	11,523,345	-	11,523,345	11,002,887	-	11,002,887
TOTAL ASSETS	12,105,743	-	12,105,743	11,380,147	-	11,380,147
CURRENT LIABILITIES						
Accounts payable	194,208	-	194,208	185,856	-	185,856
Interest bearing liabilities	25,540	-	25,540	8,377	-	8,377
Provisions	33,093	-	33,093	43,010	-	43,010
TOTAL CURRENT LIABILITIES	252,841	-	252,841	237,243	-	237,243
NON CURRENT LIABILITIES						
Interest bearing liabilities	11,403	-	11,403	16,061	-	16,061
TOTAL NON CURRENT LIABILITIES	11,403	-	11,403	16,061	-	16,061
TOTAL LIABILITIES	264,244	-	264,244	253,304	-	253,304
NET ASSETS	11,841,499	-	11,841,499	11,126,843	-	11,126,843
EQUITY						
Share capital	30,113,976	-	30,113,976	28,702,526	-	28,702,526
Reserves	109,972	-	109,972	109,972	-	109,972
	30,223,948	-	30,223,948	28,812,498	-	28,812,498
Accumulated losses	(18,382,449)	-	(18,382,449)	(17,685,655)	-	(17,685,655)
TOTAL SHAREHOLDERS EQUITY	11,841,499	-	11,841,499	11,126,843	-	11,126,843

*Reported financial position under previous Australian GAAP.

Effect of A-IFRS on the cash flow statement

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the superseded policies.

(a) Revenue

Under superseded policies, the consolidated entity recognised the gain or loss on disposal of property, plant and equipment on a gross basis by recognising the proceeds from sale as revenue, and the carrying amount of the property, plant and equipment disposed as an expense. Under A-IFRS, the gain or loss on disposal is recognised on a net basis, and is classified as income, rather than revenue. Accordingly, the gross amounts have been reclassified within the income statement for A-IFRS reporting purposes. Revenue decreased by \$22,084 for the financial year ended 30 June 2005. This is a reclassification and did not impact upon the profit or loss of the consolidated entity.

The Board of Directors
Mount Burgess Mining N.L.
Level 4, 109 St Georges Terrace
Perth WA 6000

15 March 2006

Dear Board Members

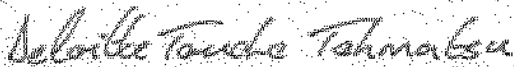
Mount Burgess Mining N.L.

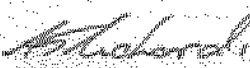
In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mount Burgess Mining N.L.

As lead audit partner for the review of the financial statements of Mount Burgess Mining N.L. for the half year ended 31 December 2005 I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE TOHMATSU


A T Richards
Partner
Chartered Accountants

Independent review report to the members of Mount Burgess Mining NL

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the directors' declaration for the consolidated entity for the half-year ended 31 December 2005 as set out on pages 6 to 17. The consolidated entity comprises both Mount Burgess Mining NL (the company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review Approach

We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the Corporations Act 2001, Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and other mandatory professional reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mount Burgess Mining NL is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards AASB 134 'Interim Financial Reporting' and AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' and the Corporations Regulations 2001.


DELOITTE TOUCHE TOHMATSU


AT Richards
Partner
Chartered Accountants
Perth, 15 March 2006