MOUNT BURGESS MINING N.L.
ACN: 009 067 476
Level 4, 109 St Georges Terrace, Perth, Western Australia, 6000
PO Box Z5301, St Georges Terrace, Perth, Western Australia, 6831
Telephone: (61 8) 9322 6311 Email: mtb@mountburgess.com
Facsimile: (61 8) 9322 4607 Website: www.mountburgess.com

Our Ref: ASX Announcement 25 September 2007

25 September 2007

The Australian Stock Exchange Limited
Company Announcements Office
10th Floor
20 Bond Street
Sydney NSW
Australia

Dear Sir,

We enclose herewith this Company's Financial Statements required to be lodged with the ASIC under Section 319 of the Corporations Law and hereby confirm that the documents include all of those documents required by Section 319 of the Corporations Law.

Yours faithfully,

Jan Forrester
Company Secretary

MOUNT BURGESS MINING N.L.

ACN 009 067 476

ANNUAL REPORT 2007

Company Particulars

Directors:	NIGEL RAYMOND FORRESTER, FCA
	GILES RODNEY DALE, FRMIT, FAusIMM
	ALLAN MULLIGAN, NHD Dip., MAusIMM
	RONALD WILLIAM O'REGAN
	ALFRED PATRICK STIRLING, FCA
	GODFREY EDWARD TAYLOR, LLB
Joint Secretaries:	JAN FORRESTER
	DEAN ANGELO SCARPAROLO, CPA

Registered Office:

Level 4, 109 St. Georges Terrace,
Perth, Western Australia, 6000.

Telephone: +61 8 9322 6311
Facsimile: +61 8 9322 4607
Email: mtb@mountburgess.com
Website: www.mountburgess.com

Share Registry:

Advanced Share Registry Services,
110 Stirling Highway,
Nedlands, Western Australia, 6009.
Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

Auditors:

Deloitte Touche Tohmatsu,
Level 14
240 St Georges Terrace
Perth, Western Australia, 6000.

Bankers:

Australia and New Zealand Banking Group Ltd,
77 St. Georges Terrace,
Perth, Western Australia, 6000.

Mount Burgess Mining N.L. is a listed public company, incorporated in Australia.

Cover: Sunset at Kihabe

Address by the Chairman

It is my pleasure to present to you the Annual Report for the year to 30 June 2007.

A significant proportion of effort during this financial year was applied to developing an initial resource at the Company's Kihabe Zinc Project in north western Botswana. The Company controls a major portion of a Proterozoic belt which covers an area of some three thousand square kilometres and spans the border between Namibia and Botswana. This Proterozoic belt is highly prospective for base metals.

With the completion of some thirteen thousand metres of RC drilling along the Kihabe mineralised zone, two and a half kilometres long, the Company engaged Ravensgate, a firm of independent consultants, to produce an initial resource statement. In April this year, the Company announced an initial resource of 11 million tonnes of 2.55% zinc equivalent. At today's metal values, the contributions to this resource are in the order of 70% zinc, 25% lead and 5% silver and in excess of 95% of the current, initial, resource is in the indicated category.

Subsequent to this resource estimate, the Company has completed some two thousand metres of diamond core drilling, the assay values from which, to date, have shown significant potential to increase the overall grade of the resource.

Common zones of mineralisation intersected in both the RC drilling and diamond core drilling have returned zinc assay values from the diamond core which are on average close to 60% higher than the assay values returned from the RC drilling. Further diamond core drilling is currently being conducted at Kihabe to confirm any grade increment and also to increase the overall resource tonnes. Any overall resource grade increase will only be determined with a revised resource calculation once this drilling has been completed.

It should be noted that the Kihabe resource has been generated from only one of a number of geochemical anomalies that occur both in Botswana and Namibia along this Proterozoic belt. Significant potential exists to develop further resources on both sides of the border. This potential will be tested with ongoing drilling programmes. Of particular note is an area ten kilometres south of Kihabe where the Company has discovered an in-situ gossan that has returned assay values of 21.95%, zinc 7.63% lead and 6.6 oz/t of silver.

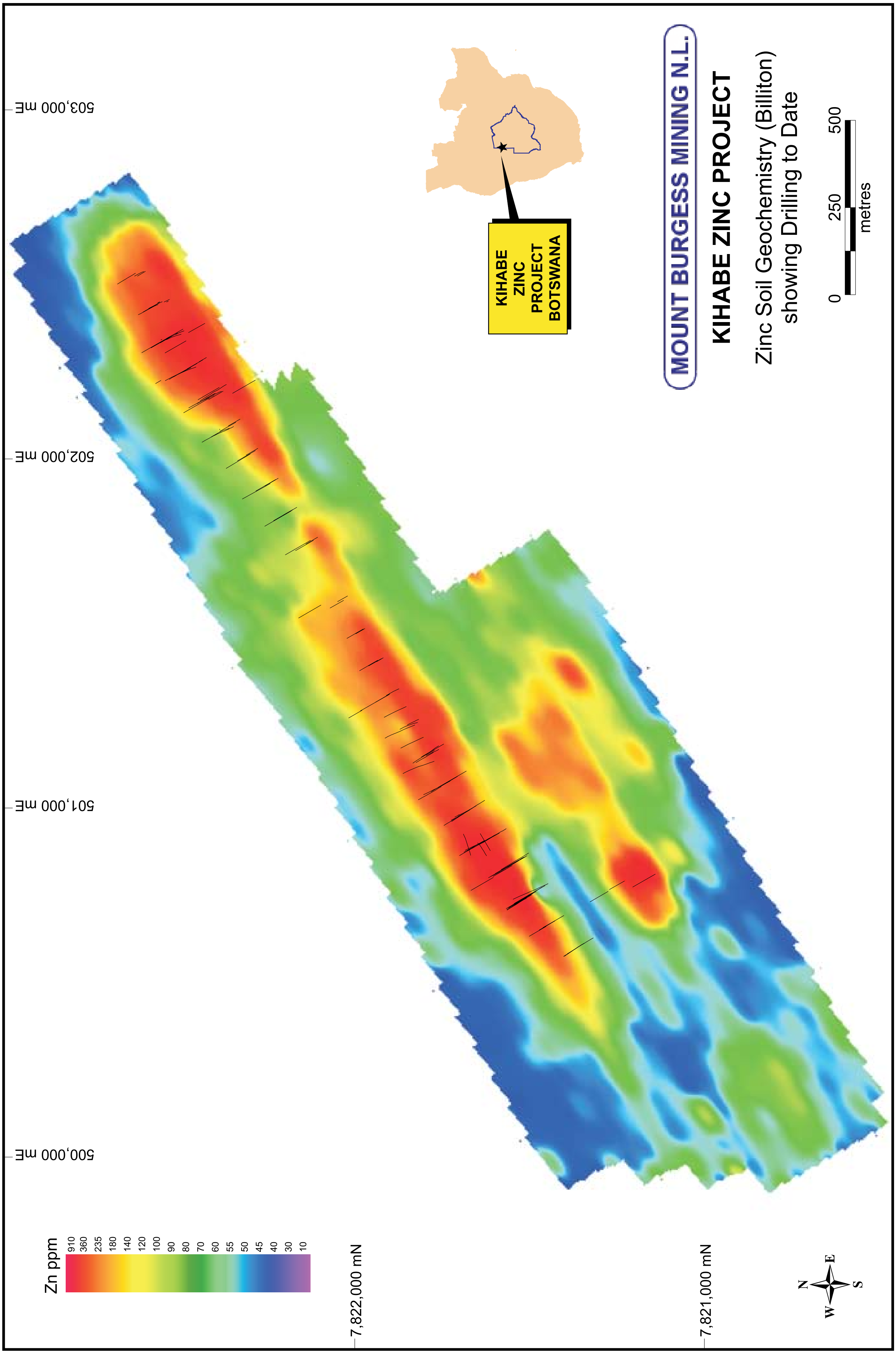
At Tsumkwe in Namibia the Company has now isolated some specific areas where it believes good potential exists for the discovery of kimberlites in its ongoing exploration.

The Company's Telfer project in Western Australia is currently under review by parties with the potential to forming a joint venture.

I should like to extend my thanks to those shareholders who have continued to give their support to the Company during the year, particularly in regard to the fund raisings that the Company has been involved with.

To our staff members, I am grateful for their continual commitment and allegiance, especially when called upon to work in remote areas in Africa

NIGEL FORRESTER
CHAIRMAN & MANAGING DIRECTOR


MOUNT BURGESS MINING N.L.
KIHABE ZINC PROJECT
Zinc Soil Geochemistry (Billiton)
showing Drilling to Date
0
250
500
metres
KIHABE
ZINC
PROJECT
BOTSWANA
503,000 mE
502,000 mE
501,000 mE
500,000 mE
7,822,000 mN
7,821,000 mN
Zn ppm
910
360
235
180
140
120
100
90
80
70
60
55
50
45
40
30
10
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W

BASE METALS BOTSWANA AND NAMIBIA

The Company controls a major portion of a Proterozoic belt which covers an area of some 3,000 square kilometres and spans the border between Namibia and Botswana. This Proterozoic belt is highly prospective for base metals and has to date, generated a number of soil geochemical anomalies in both Botswana and Namibia containing zinc, lead, copper, silver and vanadium. One of these anomalies, the Kihabe Zinc Project, has now been developed into a resource.

(a) KIHABE ZINC PROJECT, BOTSWANA

The Kihabe Zinc Project is a stratiform sediment hosted medium/low grade, large tonnage polymetallic zone of mineralisation that is continuous over some 2.5km.

An initial resource of 11 million tonnes down to 150m depth, grading 2.55% zinc equivalent has been calculated by Ravensgate, independent consultants. In excess of 95% of this resource is in the indicated category with contributions at current metal values of 70% zinc, 25% lead and 5% silver.

This initial resource has been calculated entirely on 13,000m of RC drilling. Subsequently, 2,000m of diamond core drilling has been completed, the assay values from which show significant potential to increase the overall grade of the resource. The following table summarises results where common zones of mineralisation, intersected in both RC and diamond core drilling, have returned zinc assay values from diamond core which on average are close to 60% higher than assay values returned from RC drilling.

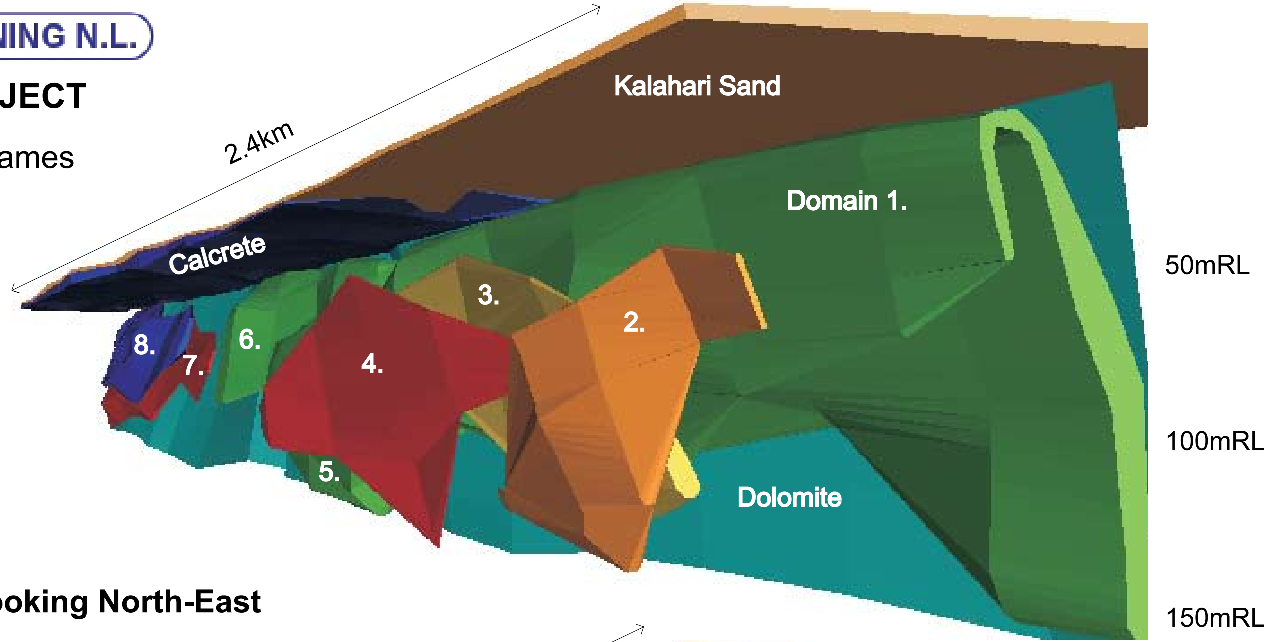
	Results from previous RC Drilling		**Results from DD**	**DD % Increase**
Section 9,900mE	**KRC15 (-60° inc)**	**KRC34 (-60° inc)**	**KDD105 (-60° inc)**	
Zone from 127mRL	28m @ 1.62% Zn	28m @ 1.61% Zn	28m @ 3.24% Zn	101%
Section 10,000mE	**KIH1 (-60° inc)**	**KIH4 (-60° inc)**	**KDD108 (-70° inc)**	
Zone 1 from 60mRL	12m @ 4.31% Zn	12m @ 2.66% Zn	12m @ 4.36% Zn	Avg 25% 64% (KIH4)
Zone 2 from 102mRL	Zone not drilled	14m @ 1.75% Zn	14m @ 4.18% Zn	139%
Section 10,200mE	**KRC19 (-60° inc)**		**KDD110 (Vertical)**	
Zone from 125mRL	13m @ 3.22% Zn		13m @ 4.05% Zn	26%
Section 11,500mE	**KRC049 (-60° inc)**	**KRC052 (-60° inc)**	**KDD114 (Vertical)**	
Zone from 60-98mRL	45m @ 2.36% Zn		11m @ 3.54%Zn	50.21%
Zone from 98-141mRL		20m @ 2.36%	18m @ 2.89% Zn 14m @ 4.15% Zn	22.46% 75.85%
Section 11,600mE	**KRC056 (-60° inc)**		**KDD115 (-60° inc)**	
Zone from 110mRL	13m @ 2.07% Zn		7m @ 2.85% Zn	37.7%
Section 11,800mE	**KRC076 (-60° inc)**	**KRC067 (-60° inc)**	**KDD116 (-60° inc)**	
Zone from 55mRL	32m @ 2.83% Zn	37m @ 2.34% Zn	24m @ 4.37% Zn	Avg 70.0%
Overall Average Grade of above results	**RC Results 2.35% Zn**		****DD Results 3.74% Zn**	****59.1%**

***** The above increase in zinc grades from diamond drilling results is indicative only, at this stage. Further diamond drilling and a revised resource calculation will be required to determine any ultimate increase in zinc grades.***

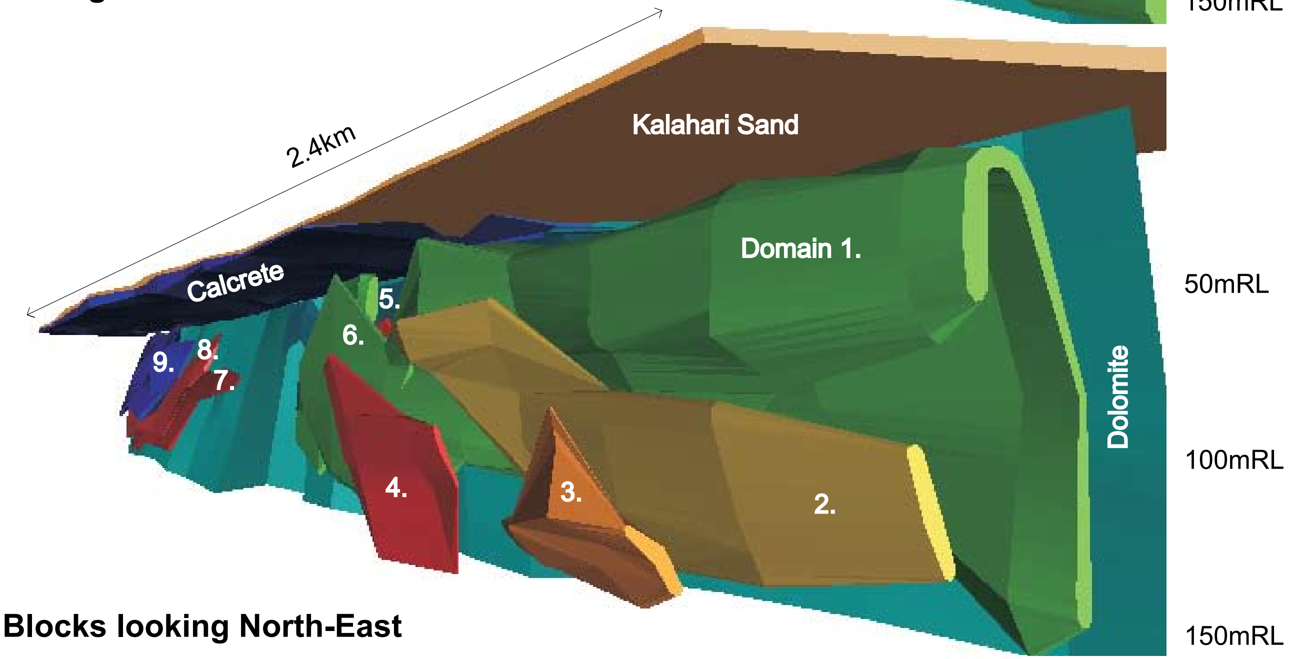
MOUNT BURGESS MINING N.L.

KIHABE ZINC PROJECT

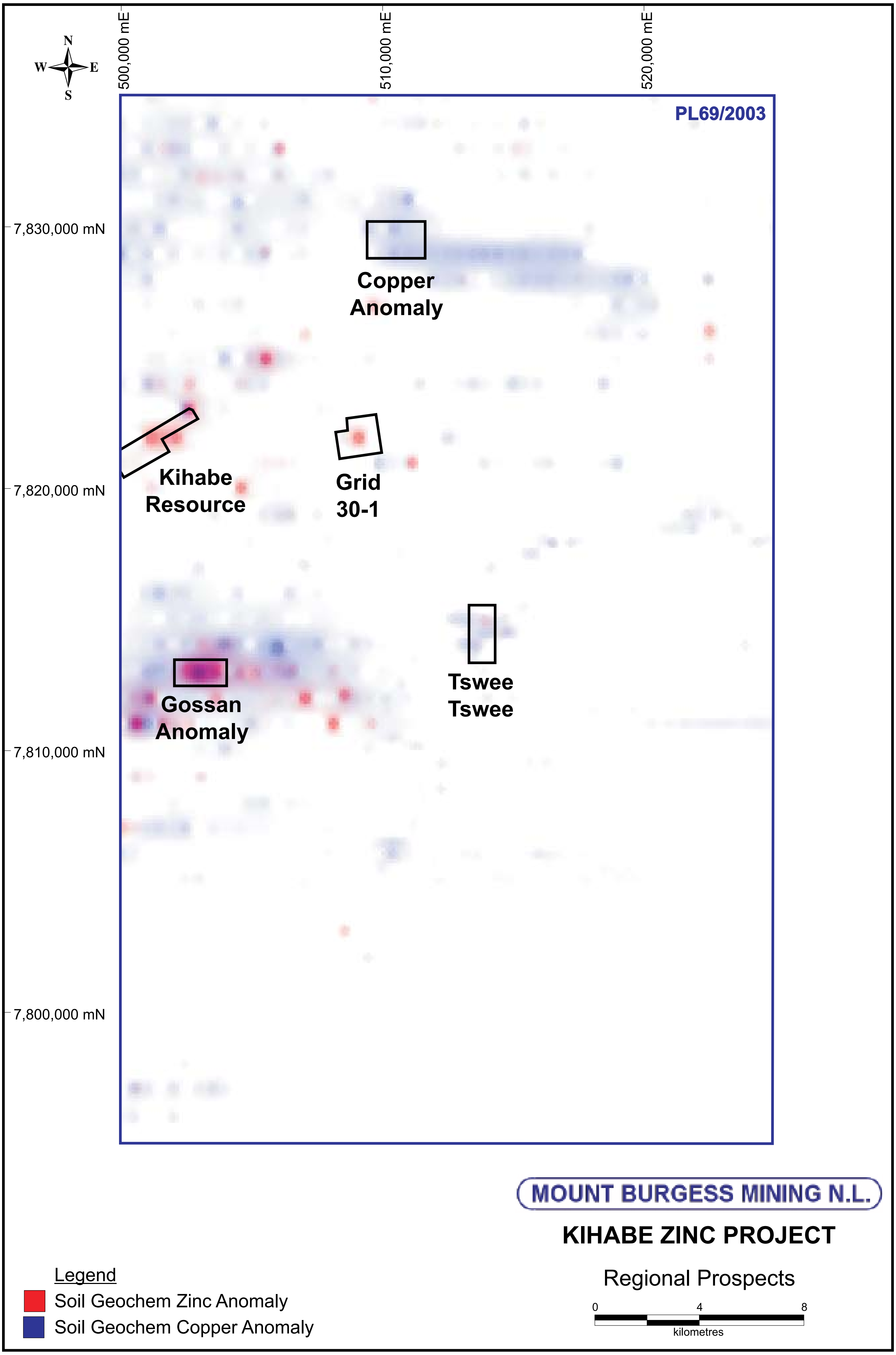
Mineralisation Wireframes



Zinc Resource Blocks looking North-East



Lead / Silver Resource Blocks looking North-East


N
W
E
S
500,000 mE
510,000 mE
520,000 mE
7,830,000 mN
7,820,000 mN
7,810,000 mN
7,800,000 mN
PL69/2003
Copper Anomaly
Kihabe Resource
Grid 30-1
Gossan Anomaly
Tswee Tswee
MOUNT BURGESS MINING N.L.
KIHABE ZINC PROJECT
Regional Prospects
0
4
8
kilometres
Legend
Soil Geochem Zinc Anomaly
Soil Geochem Copper Anomaly

Further diamond core drilling is currently being conducted to:

- Twin selected previously drilled RC holes with diamond core, to verify the potential increase in grade obtained from diamond core drilling compared with RC drill grades which were used in the initial resource calculation;
- Extend the initial resource both along strike and at depth. The recent diamond core drilling has confirmed the existence of further resources to the east;
- In-fill drill between existing sections, with particular emphasis on verifying the continuity of higher grade zones within the resource; and
- Expand the structural understanding of the resource.

Geology of Kihabe

The Kihabe resource is hosted within a quartzo-feldspathic greywacke. The mineralisation occurs close to the contact with a dolomite (stratigraphic) hangingwall. The stratigraphic footwall is an unmineralised pyritic, siliceous quartzite.

The wackes are feldspathic quartzites +/- chlorite and display sericite alteration, which have undergone low grade metamorphism.

The mineralised quartzites form a vertical re-folded antiform that has been dragged downwards at the dolomite contact. The plunge is to grid east and the fold axes appear to strike obliquely towards the dolomite contact.

Mineralisation

It is proposed that the initial hydrothermal mineralisation occurred when circulating chloride-metal rich brines met sulphates in a shallow marine, reducing, environment. Compaction and subsequent de-watering resulted in layering and the probable upgrading of the metal sulphides.

(b) FURTHER EXPLORATION/RESOURCE DEVELOPMENT, BOTSWANA

Drilling is planned at four other anomalies in Botswana in this current exploration programme, as follows:

(i) Ten kilometres to the south of the Kihabe resource, the Company will conduct RC drilling at the Gossan Anomaly to test a recently discovered gossan. Assay results from a piece of in-situ gossan recovered from this prospect were announced to the market in August 2007, as follows:

Zinc	21.95%
Lead	7.63%
Silver	6.6oz/t

(ii) Seven kilometres to the east of the Kihabe resource, the Company will conduct diamond core drilling at the 30-1 Prospect, where previous drilling has encountered significant zinc, lead and vanadium mineralisation.

(iii) Twelve kilometres to the north east of the Kihabe resource, the Company will conduct RC drilling at the Copper Anomaly in an effort to locate the contact between the dolomite and the quartzite in this area, where it is believed there is the potential to find the source of the copper mineralisation discovered in geochemical sampling. Two holes, roughly 1 kilometre apart, have previously been drilled into this anomaly, one into dolomite and the other into quartzite.

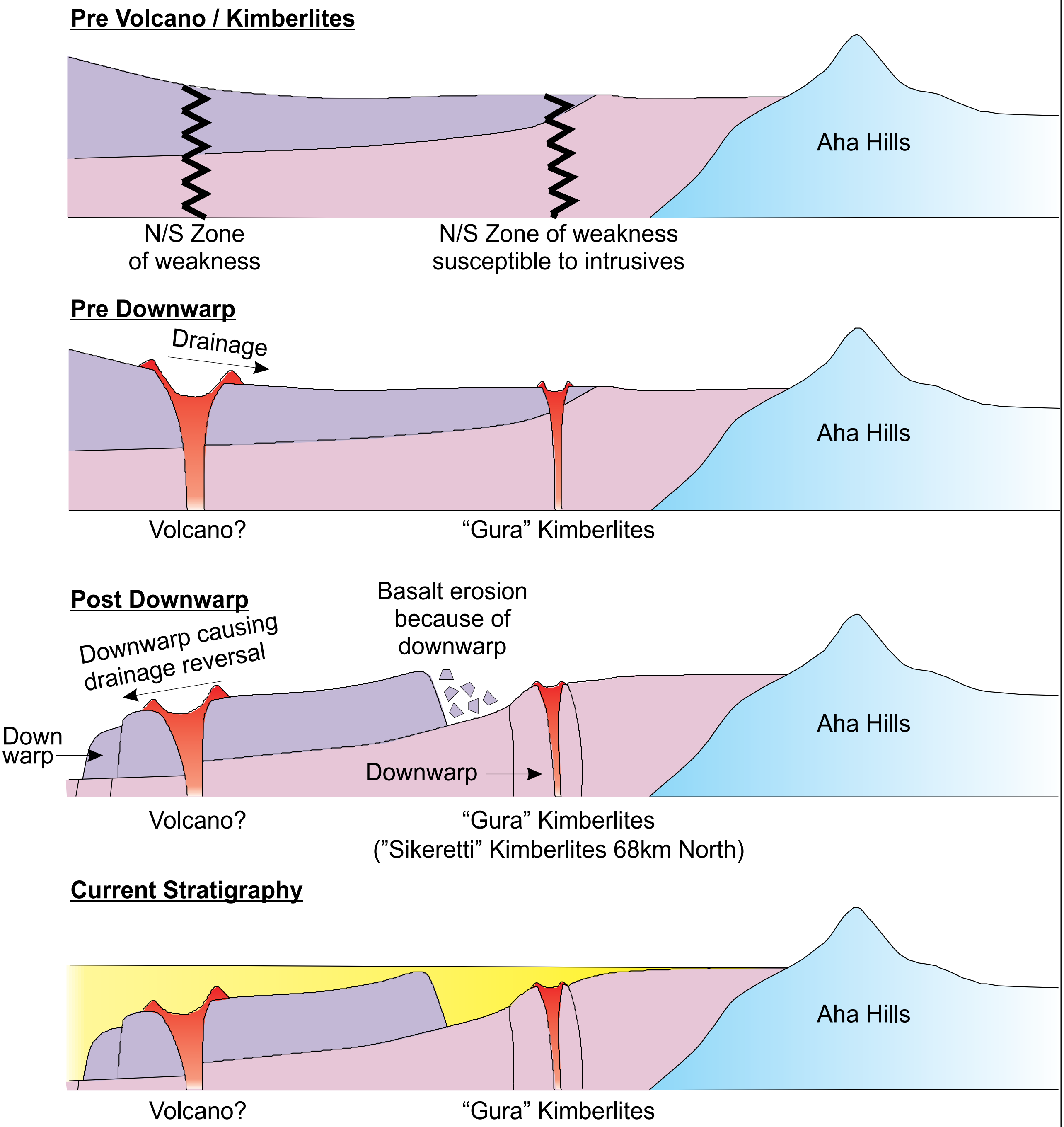
(iv) Fifteen kilometres to the south east of the Kihabe resource, the Company will conduct RC drilling at the Tswee Tswee Prospect; a copper anomaly previously generated from geochemical sampling.

(c) FURTHER EXPLORATION, NAMIBIA

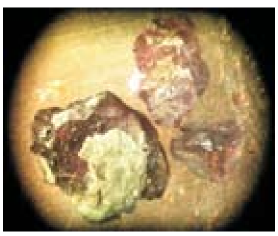
The Company is currently conducting a large soil geochemical sampling programme on the Namibian side of the border to test for extensions to the Kihabe zinc resource in Botswana.

MOUNT BURGESS MINING N.L.

TSUMKWE DIAMOND PROJECT
Sketch Map showing Areas with Potential for hosting Kimberlites



Class 4 Garnets from 430,000E



Class 1 Garnets from Gura Kimberlites - 460,000E

Legend

- Basalt
- Granite
- Kalahari Sands
- Intrusive
- Damaran Metasediments

TSUMKWE DIAMOND PROJECT, NAMIBIA

The Tsumkwe diamond tenements consist of nine contiguous Exclusive Prospecting Licences (EPL's) covering an area of 7,800 sq. km. Seven of these EPL's are in Joint Venture with Kimberlite Resources (Pty) Ltd (10%) and the Company (90%), the remaining two tenements are owned 100% by the Company.

The project area is situated on the southern margin of the highly prospective Congo-Angolan Craton which is host to a number of recently discovered kimberlites in both Namibia and Botswana. To date these discoveries, including the three kimberlites discovered by the Company on the Tsumkwe project, are non-diamantiferous. However, the presence of macro-diamonds and associated G10 pyrope garnets from both drill spoil and surface sampling within the Company's tenements indicate the presence of diamantiferous kimberlite(s). A cluster of G10 garnets associated with macrodiamonds found some 30 to 50 kilometres west of the Gura Kimberlites, which include a number of Class 4 garnets showing little signs of wear, indicate that they have shed from a Kimberlite source close by.

The clustering is both east and west of a recent hinge line that marks the westward post-Karoo downwarping. This downwarp is significant as it represents an area of flexing or a zone of weakness; a recognised pathway for kimberlitic intrusives. As further evidence for the existence of this zone of weakness, the Company has interpreted a large circular magnetic signature as a buried volcano which has intruded this zone. Since the initiation of this downwarp and prior to it being covered by the recent sediments, its position would have migrated eastward as a consequence of erosion. Any kimberlitic grains would therefore have been transported west of their source position. Kimberlitic grains to the east of the downwarp should be closer to the source.

TELFER, WESTERN AUSTRALIA

Pilbara Mineral Field

The Company currently holds equity in 27 granted and pending mineral tenements covering approximately 250 square kilometres within a 10 to 40 kilometre radius of Newcrest Mining's Telfer gold mine.

The Telfer mine has produced in excess of six million ounces of gold since 1977 and has a current quoted gold resource of 26.2 million ounces of gold, which includes a reserve of 14.6 million in-situ ounces.

The Company's East Thompson's Dome and Tim's Dome prospects are situated 10km north and 15km northwest of the Telfer gold mine, respectively. Historical drilling and geochemical test work have shown that the rock types, styles of mineralisation and alteration systems at both Tim's Dome and East Thompson's Dome are similar to those of the main Telfer Dome. Mineralisation in the Telfer district is mainly comprised of low-grade bulk tonnage sheeted vein and stock work quartz-pyrite-gold-copper and strata bound gold-copper systems.

The information in this report that relates to exploration results, together with any related assessments and interpretations, is based on information compiled by Mr Giles Rodney (Rod) Dale of G R Dale & Associates, who is a non-executive Director of the Company. Mr Dale is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Dale has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Dale consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The Directors of Mount Burgess Mining N.L. submit herewith the annual financial report for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001 the Directors report as follows:

DIRECTORS

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Name	Particulars
Mr N R Forrester FCA	Chairman and Managing Director, aged 62, Chartered Accountant, joined the Board in 1985. Mr Forrester is a Fellow of the Institute of Chartered Accountants in England and Wales and also a Fellow of the Institute of Chartered Accountants in Australia. He has been involved in the exploration and mining industry over the past twenty-nine years. Mr Forrester is one of the original shareholders of the Company which he floated in 1985.
Mr M L Spence BSc, AusIMM *Resigned from the Board 20 September 2006*	Executive Director - Exploration, aged 59, Geologist, joined the Board in 2004. Having obtained his Bachelor of Science at the University of Western Australia in 1984, Mr Spence has spent 20 years with major Australian resource companies, developing nickel and gold deposits in addition to platinum metals exploration. More recently he has been exploring for diamonds in Southern Africa where he discovered and assessed a number of kimberlite pipes.
Mr R W O'Regan	Non-executive Director, aged 66, Stockbroker, joined the Board in 2000. Mr O'Regan joined Astaire & Partners, a firm of London stockbrokers in 1968. He became a member of the London Stock Exchange in the 1970s and was appointed to the Board of Astaire & Partners in 1987.
Mr G E Taylor LLB	Non-executive Director, aged 60, Practising Solicitor joined the Board in 1999. Mr Taylor, graduated in law from the University of Western Australia in 1968 and was admitted to practice in 1970. He has been practising law for about 30 years and specialises in commercial and corporate law. Mr Taylor and his family were original shareholders in the Company and have been shareholders throughout its existence. He is also a non-executive director of another Australian public listed resource exploration company.
Mr A P Stirling FCA	Non-executive Director, aged 71, Chartered Accountant, joined the Board in 2003. Mr Stirling, a Fellow of the Institute of Chartered Accountants in England and Wales, is Chairman and Managing Director of two Authorised Investment Trusts in the United Kingdom.
Mr G R Dale FRMIT, FAusIMM *Appointed to the Board on 20 September 2006*	Non-executive Director, aged 68, appointed to the Board on 20 September 2006. Mr Dale qualified in Melbourne as a Geologist in 1959 and has considerable experience in exploring for iron ore, tin, base metals, industrial minerals, gold and uranium. His work has given him extensive exposure in many parts of Australia, Indonesia, China, India, Brazil, Ghana, Zimbabwe and Namibia. Rod has considerable experience in directing mining operations and has held positions as Director and Managing Director of ASX listed exploration and mining companies.
Mr A Mulligan NHD Dip., MAusIMM *Appointed to the Board on 20 September 2006*	Non-executive Director, aged 46, appointed to the Board on 20 September 2006. Mr Mulligan qualified in South Africa (Wits Tech) as a mining engineer in 1985 and obtained his Mine Managers Certificate of Competency (RSA) in 1986. Allan has had over 20 years experience in mine management and production, including technical assessments, production economics, mine feasabilities and project design and costing. His previous assessments have included the Munni Munni and Panton platinum and palladium deposits in Australia and currently he consults to the Mibango and Luwumbu joint ventures in Tanzania. Allan has operated in a senior management role on all of Lonmin's large underground platinum mines and as mine manager for several mid-sized diamond, gold and base metal mines in South Africa. Since migrating to Australia, Allan has had extensive exposure to the junior exploration sector and has held a Non-Executive Directorship with an ASX listed company.

The above named Directors held office during and since the end of the financial year.

Directorships of other listed companies.

Name	Company	Position	Period of Directorship
Mr G E Taylor	Iron Ore Holdings Limited	Non-executive	Since 19 April 2005
Mr A P Stirling	Gresham House Plc	Executive	Since October 1969
	Welsh Industrial Investment Trust Plc	Executive	Since July 1993
	SpaceandPeople Plc	Non-executive	Since 21 June 2007
Mr A Mulligan	Platinum Australia Limited	Non-executive	From 28 February 2003 to 30 September 2004

The names and particulars of the Secretaries of the Company during or since the end of the financial year are:

Name	Particulars
Mr D A Scarparolo, CPA	Certified Practising Accountant, aged 43, joined the Company in 1993 as Company Secretary/ Accountant and previously held the position of Company Accountant at Forsayth N.L.
Mrs J E Forrester	Aged 58, joined the Company upon listing in 1985 and was appointed Joint Company Secretary in 1993.

Former Audit Partners

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.

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, exploring for diamonds at Tsumkwe in Namibia and exploring 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 and potential resource development at this stage, any significant commercial discovery or successful resource development 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, fluctuations in commodity prices and political risk.

Operations and Principal Activities

(a) The main business activity of the consolidated entity during the year was resource exploration. Funds applied to the various exploration activities were as follows:

	2007 $	2006 $	2005 $	2004 $	2003 $
Exploration for gold and base metals in Western Australia	137,283	403,542[1]	3,180,318[2]	476,862[3]	335,206

[1] Of this amount, expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to $321,408.

[2] Of this amount, expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to $3,100,000.

[3] Of this amount, expenditure borne by Barrick Gold of Australia Limited as part of its joint venture commitment amounted to $300,000.

	2007 $	2006 $	2005 $	2004 $	2003 $
Exploration for diamonds in Namibia	86,953	572,597	1,467,905	1,175,694	1,943,701

	2007 $	2006 $	2005 $	2004 $	2003 $
Exploration for base metals in Namibia and Botswana	2,244,913	760,991	118,565	396,720	140,314

	2007 $	2006 $	2005 $	2004 $	2003 $
Exploration in other overseas projects	–	–	–	–	7,694

(b) As the consolidated entity was involved only in resource exploration during the year there were not any returns to shareholders by way of dividends and increase in shareholder funds. Between 2003 and 2007 the Company's shares traded as follows:

2007		2006		2005		2004		2003	
High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents	High cents	Low cents
12	5.5	14.5	8.4	17.5	7.5	18	6.9	17	5

Ongoing exploration and resource development expenditure for the ensuing year is anticipated to be in the region of $2.5 million.

Financial Conditions

(a) Further resource exploration requirements beyond the consolidated entity's current cash resources can only be funded from further capital raisings or the sale of equity in the projects.

(b) At the end of the financial year, the consolidated entity had cash resources of $1,023,591.

(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 or the sale of equity in projects.

(d) As the consolidated entity was involved only in resource exploration during the year there was not any cash generated from operations apart from interest revenue.

(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.

A full review of operations is outlined on pages 4 to 9.

CHANGES IN STATE OF AFFAIRS

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

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.

FUTURE DEVELOPMENTS

The consolidated entity will be continuing exploration and enhancement of resource development on the various projects that it has committed to as outlined in the Projects Section of this report. Particularly at Kihabe, the Company's base metals project in Botswana, the Company's efforts will be directed at upgrading the existing JORC resource.

CORPORATE GOVERNANCE POLICY

Role of the Board and Management

The Board of Directors of Mount Burgess Mining N.L. is responsible for the corporate governance of the Company. The Board determines and monitors the business and affairs of Mount Burgess Mining N.L. and its subsidiaries on behalf of the shareholders.

Management has the responsibility of conducting the day to day business of the Company in accordance with the determination of the Board.

Composition of the Board

The Company's Constitution requires a minimum of three Directors. This number can be increased in accordance with the requirements of the Company. Currently the Board of Directors comprises six members. Five of the current Directors, Mr R O'Regan, a director of seven years; Mr G Taylor, LLB, a director of eight years; Mr A P Stirling, FCA, a director of four years; Mr G R Dale, FRMIT, FAusIMM, a director of less than one year; and Mr A Mulligan, NHD Dip., MAusIMM, a director of less than one year, are non-executive directors. Of these, Mr A P Stirling is a substantial shareholder. None of the non-executive directors of the Company are directly or indirectly material suppliers to the Company nor do they have any material contractual relationship with the Company other than as Directors to the Company.

Whilst the Board currently comprises a majority of non-executive 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 non-executive directors on the Board.

Mr N Forrester, is the Chairman and Managing Director and a substantial shareholder of the Company.

The Board reviews its composition on a continual basis to ensure that it comprises sufficient members to achieve the purpose and direction of the Company and that its members have the expertise and experience in their field, relevant to that purpose and the direction of the Company. Directors appointed to the Board are subject to election by shareholders at the following Annual General Meeting and thereafter Directors, other than the Managing Director, are subject to re-election at least every three years.

Review Committees

The Company does not have a separate audit committee, nomination committee or remuneration committee at the date of this report. Any matters to be dealt with by a committee are dealt with by the six Directors who currently comprise the Board.

Remuneration

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

Employee Share Options

The Board currently grants options to Directors and employees on a discretionary basis in terms of the Company's Employee Share Option Plan. Options are granted both as an incentive and as recognition for performance.

Ethical Standards

The Board's policy requires that Directors and management strive to achieve the highest ethical standard in conducting the Company's business and also strive to enhance the performance and reputation of the Company. All Directors and Employees will be expected to act within the law and with integrity and objectivity in the interests of the Company, declaring at anytime any conflict of interest.

Financial Reporting

The Managing Director and Chief Financial Officer of the Company undertake upon the presentation of financial reports that to the best of their knowledge they represent a true and fair view and comply with the relevant accounting standards and ASX requirements. Annual financial statements are audited independently and half-yearly financial statements are subject to an independent review. Quarterly cash statements are filed with the Australian Stock Exchange in accordance with the Australian Stock Exchange Listing Rules and monthly management accounts are presented to all members of the Board of Directors.

Access to Company Information and Independent Professional Advice

All Directors of the Company are entitled to have access to information regarding the management of the Company. Each Director will, at the Company's expense, have the right to seek independent professional advice in regard to any matters concerning the Company. However, prior approval by the Chairman will be required, which will not be unreasonably withheld.

Timely and Balanced Disclosure

As an exploration company, the Company adopts the policy of strict adherence to the ASX Listing Rules in respect of timely and continuous disclosure requirements for the purpose of keeping the market fully informed. Any announcements containing exploration results are only released with the approval of qualified personnel.

Trading in the Company's Securities by Directors and Employees of the Company

The Company's policy in relation to trading in the Company's securities requires that prior to the placing of any intended order by any director or employee of the Company, confirmation should be sought from either the Managing Director or Company Secretary regarding any imminent Stock Exchange releases for the purpose of keeping the market fully informed.

In the event of an imminent Stock Exchange release or in the event that the Company is awaiting confirmation of information to determine whether or not a release should be made, any employee or director of the Company intending to place an order to trade in the Company's securities will be advised not to do so until any imminent or required release has been made.

These conditions will not apply to unfulfilled orders that were placed by directors or employees in acceptable circumstances.

Rights of Shareholders

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. A full review of the Company's operations will be presented at the Company's Annual General Meeting. The Company's website, www.mountburgess.com is regularly updated with all stock exchange announcements including its Annual and Quarterly reports.

Business Risk

The Company recognises that there are inherent risks in being involved with exploration and operating in non-domicile countries. The Board monitors and if considered necessary seeks advice on areas of operational and financial risk and implements strategies for appropriate risk management arrangements.

Specific areas of risk initially identified and which will be regularly considered at Board Meetings include going concern, foreign currency and commodities price fluctuations, performance of activities, human resources, the environment, land access and political instability.

ASX Principles of Good Corporate Governance and Best Practice Recommendations

The Australian Stock Exchange has asked that companies comply with the Principles of Good Corporate Governance and Best Practice Recommendations of March 2003 or explain why they have not complied.

The Company does not currently comply with:

Recommendation 2.2: The Chairperson should be an independent director

Mr N R Forrester, as Chairman of the Company is a substantial shareholder of the Company and is therefore not considered to be independent. Because of other commitments of the independent directors of the Company, this position is currently being filled by a non-independent Director.

Recommendation 2.3: The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

Mr N R Forrester is both Chairman and Managing Director of the Company. Because of other commitments of the independent directors of the Company the position of Chairman is currently being filled by a non-independent director.

Recommendation 2.4: The Board should establish a nomination committee.

Recommendation 4.2: The Board should establish an audit committee.

Recommendation 9.2: The Board should establish a remuneration committee.

The Company does not have a separate nomination committee, audit committee or remuneration committee. Because of the Company's size and for commercial reasons the full Board currently reviews appointments, financial reporting and remuneration packages.

Recommendation 9.3.2: Non executive directors should not receive options.

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

REMUNERATION REPORT

Policy for determining the nature and amount of compensation

The Company's policy is not specifically linked to the Company's financial performance given the nature of the entity as a mining exploration Company.

The non-executive directors receive fees (including statutory superannuation where applicable) for their services and the reimbursement of reasonable expenses.

Directors and executives 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. All options issued to directors are subject to shareholder approval.

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

None of the directors or executives are currently employed under contract.

Remuneration packages contain the following key elements:

(a) Short term employee benefits - salary/fees (including any annual leave accrued), 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

Details of Remuneration

Details of the remuneration of the Directors and other key management personnel are set out in the following tables. The key management personnel of the Company and Consolidated Entity are the same.

The key management personnel of the Consolidated Entity include the Directors as per page 10 and the following executive officers:

Mr D A Scarparolo – Company Secretary

Mrs J E Forrester – Company Secretary

The following table includes the 5 highest paid executives of the Consolidated Entity.

		Short term employee benefits Salary & fees	Short term employee benefits Non-monetary	Post employment benefits Superannuation	Other long-term employee benefits	Termination benefits	Share based payments - Equity options	Total
2007		**$**	**$**	**$**	**$**	**$**	**$**	**$**
N R Forrester		187,432	7,988	15,564	6,636	–	–	217,620
M L Spence	(i)	50,943	1,863	4,347	–	–	–	57,153
G E Taylor		22,000	–	–	–	–	–	22,000
R O'Regan		22,000	–	–	–	–	–	22,000
A P Stirling		22,000	–	–	–	–	–	22,000
G R Dale	(ii)	–	–	17,000	–	–	20,235	37,235
A Mulligan	(ii)	15,595	–	1,405	–	–	20,235	37,235
D A Scarparolo		91,838	13,206	8,256	3,528	–	–	116,828
J E Forrester		86,772	8,556	7,193	3,132	–	–	105,653
		498,580	31,613	53,765	13,296	–	40,470	637,724

(i) Remuneration received by M L Spence from 1 July 2006 until his resignation on 20 September 2006.

(ii) Mr G R Dale and Mr A Mulligan were granted employee shared options under the employee share option plan on 7 December 2006. Further details of the options are contained in Notes 14 and 22.

		Short term employee benefits Salary & fees	Short term employee benefits Non-monetary	Post employment benefits Superannuation	Other long-term employee benefits	Termination benefits	Share based payments - Equity options	Total
2006		**$**	**$**	**$**	**$**	**$**	**$**	**$**
N R Forrester	(i)	182,749	6,645	15,175	6,471	–	27,440	238,480
M L Spence	(ii)	149,568	5,476	12,420	–	–	11,440	178,904
G E Taylor	(i)	20,000	–	–	–	–	27,440	47,440
R O'Regan	(i)	20,000	–	–	–	–	27,440	47,440
A P Stirling	(ii)	20,000	–	–	–	–	11,440	31,440
D A Scarparolo	(iii)	83,143	12,363	7,487	3,189	–	16,000	122,182
J E Forrester	(i)	68,614	6,267	5,698	2,435	–	19,440	102,454
		544,074	30,751	40,780	12,095	–	140,640	768,340

(i) Mr N R Forrester, Mr G E Taylor, Mr R O'Regan and Mrs J E Forrester were granted employee share options under the employee share option plan on 26 August 2005 and 24 February 2006. Further details of the options are contained in Notes 14 and 22 to the financial statements.

(ii) Mr M L Spence and Mr A P Stirling were granted employee share options under the employee share option plan on 24 February 2006. Further details of the options are contained in Notes 14 and 22 to the financial statements.

(iii) Mr D A Scarparolo was granted employee share options under the employee share option plan on 12 January 2006. Further details of the options are contained in Notes 14 and 22 to the financial statements.

Value of options issued to directors and executives

The following table discloses the value of options granted, exercised or lapsed during the year:

	Options Granted Value at grant date $	Options Exercised Value at exercise date $	Options Lapsed Value at time of lapse $	Value of options granted, exercised and lapsed $	Value of options included in remuneration for the year $	Percentage of remuneration for the year that consists of options %
N R Forrester	–	–	–	38,880	–	–
M L Spence*	–	–	20,235	20,235	–	–
R O'Regan	–	–	–	–	–	–
A P Stirling	–	–	–	–	–	–
G E Taylor	–	–	–	–	–	–
J E Forrester	–	–	–	–	–	–
D A Scarparolo	–	–	5,059	5,059	–	–
G R Dale	20,235	–	–	20,235	20,235	54.3%
A Mulligan	20,235	–	–	20,235	20,235	54.3%

* Resigned from the Board on 20 September 2006

SHARE OPTIONS ON ISSUE AT YEAR END

On 21 September 2000, an Option Plan was introduced for the issue of options which in total shall not exceed 5% of the issued share capital of the Company. The plan was introduced 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.

As at 30 June 2007 the following options over ordinary shares of Mount Burgess Mining N.L. remain on issue:

	No.	Expiry Date	Exercise price $
Issued 20 June 2002	50,000	31/12/2007	0.25
Issued 31 March 2004	500,000	31/12/2009	0.25
Issued 31 May 2004	100,000	31/12/2009	0.25
Issued 11 June 2004	750,000	31/12/2009	0.25
Issued 26 August 2005	2,500,000	31/12/2010	0.25
Issued 12 January 2006	500,000	31/12/2011	0.25
Issued 24 February 2006	1,750,000	31/12/2011	0.25
Issued 22 March 2006	50,000	31/12/2011	0.25
Issued 7 December 2006	3,000,000	31/12/2011	0.25
	9,200,000		

All of the above options were issued as an incentive and in recognition of past performance, none of which are dependent on the satisfaction of a performance condition. Further details of the options on issue are disclosed in Note 14 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.

DIRECTORS' SHAREHOLDINGS AND OPTION HOLDINGS IN THE COMPANY

As at the date of this report the Directors and their associates held the following shares:

Director	Fully Paid Ordinary Shares
N R Forrester and/or associates	11,497,346
G E Taylor and/or associates	2,247,339
R W O'Regan and/or associates	3,850,000
A P Stirling and/or associates	11,283,203
G R Dale and/or associates	142,800
A Mulligan and/or associates	–
TOTAL	29,020,688

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

	Options held 1/07/2006	Granted as Remuneration	Other Changes	Balance as at 30/06/2007	Number of ordinary shares under option
DIRECTORS					
N R Forrester Chairman	1,000,000	nil	nil	1,000,000	1,000,000
M L Spence Executive Director	1,000,000	nil	(1,000,000)	nil	nil
G E Taylor Non-executive director	1,000,000	nil	nil	1,000,000	1,000,000
R O'Regan Non-executive director	1,000,000	nil	nil	1,000,000	1,000,000
A P Stirling Non-executive director	1,000,000	nil	nil	1,000,000	1,000,000
G R Dale Non-executive director	-	1,000,000	nil	1,000,000	1,000,000
A Mulligan Non-executive director	-	1,000,000	nil	1,000,000	1,000,000
OFFICERS					
D A Scarparolo Company Secretary	1,000,000	nil	(250,000)	750,000	750,000
J E Forrester Company Secretary	1,000,000	nil	nil	1,000,000	1,000,000
TOTAL	7,000,000	2,000,000	(1,250,000)	7,750,000	7,750,000

DIRECTORS' MEETINGS

Thirteen Board meetings were held during the year. Messrs Forrester, Stirling and Taylor attended all thirteen Board meetings held during the year. Mr O'Regan attended twelve of the thirteen Board meetings held during the year. Messrs Dale and Mulligan attended all ten Board meetings held from the date of their appointment on 20 September 2006. Mr Spence attended all three Board meetings held from 1 July 2006 until the date of his resignation on 20 September 2006.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the end of the financial year the Company, except to the extent permitted by law, has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of any contract insuring against a liability incurred by an officer or auditor.

NON AUDIT SERVICES

Details of amounts paid or payable to the auditors of the consolidated entity for non audit services provided during the year are shown in Note 20 to the financial statements.

The Directors are satisfied that the provision of non audit services during the year by the Deloitte Member Firm in Botswana is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that provision of the services in Botswana was so insignificant that they do not pose a threat to independence. Certain accounting services were performed mainly as a result of the nature and location of the Company's operations in Botswana. All services were conducted under the authority and approval of the Company and did not involve the exercise of judgement or the performance of management decisions by the engagement team in Botswana, which was not associated in any way with the audit engagement. All books and records of the Company, registered as a foreign entity in Botswana, are maintained in Australia by the Company and the Directors believe that appropriate safeguards were put in place to mitigate any potential threats to independence.

ENVIRONMENTAL REGULATIONS

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

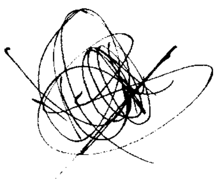
AUDITOR'S INDEPENDENCE DECLARATION

In accordance with Section 307C of the Corporations Act 2001 the auditors independence declaration follows on immediately from the Directors Report.

SUBSEQUENT EVENTS

No matters or circumstances of which the Directors are aware, other than those referred to in this report or 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 financial years after the financial year.

On behalf of Directors



N R Forrester

CHAIRMAN AND MANAGING DIRECTOR

SIGNED at Perth this 24th day of September, 2007 in accordance with a resolution of the Directors made pursuant to s.298(2) of the Corporations Act 2001.

Deloitte.

Deloitte Touche Tohmatsu
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AUDITORS' INDEPENDENCE DECLARATION

24 September 2007

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

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 audit of the consolidated financial statements of Mount Burgess Mining N.L for the financial year ended 30 June 2007, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

Income Statement

for the year ended 30 June 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Revenue	2(a)	23,471	17,152	23,115	16,804
Other income	2(b)	25,799	11,835	22,037	10,060
Administration expenses	2(c)	(1,174,082)	(1,000,908)	(1,109,689)	(983,726)
Borrowing costs	2(d)	(817)	(2,702)	(817)	(2,702)
Exploration interests written off	2(e)	(3,076,240)	(132,572)	(31,312)	(132,572)
Other expenses from ordinary activities	2(f)	(10,791)	(15,008)	(10,791)	(15,008)
Loss before income tax expense		(4,212,660)	(1,122,203)	(1,107,457)	(1,107,144)
Income tax expense	3	–	–	–	–
Loss from continuing operations	16	(4,212,660)	(1,122,203)	(1,107,457)	(1,107,144)

Earnings per Share:

	Notes	Consolidated 2007	Consolidated 2006
Basic Loss per Share (cents per share)	17	(1.93)	(0.64)
Diluted Loss per Share (cents per share)	17	(1.93)	(0.64)

The notes to the financial statements are included on pages 24 to 52.

Balance Sheet

as at 30 June 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
CURRENT ASSETS					
Cash and cash equivalents	27(a)	1,023,591	340,166	953,951	327,347
Trade and other receivables	4	72,196	26,864	23,704	21,552
Inventories	5	5,289	12,433	–	12,433
TOTAL CURRENT ASSETS		1,101,076	379,463	977,655	361,332
NON CURRENT ASSETS					
Other financial assets	6	–	–	10,611,111	9,723,198
Plant and equipment	7	156,746	74,709	90,137	61,218
Exploration interests	8	12,279,101	12,886,192	5,385,243	3,429,359
TOTAL NON CURRENT ASSETS		12,435,847	12,960,901	16,086,491	13,213,775
TOTAL ASSETS		13,536,923	13,340,364	17,064,146	13,575,107
CURRENT LIABILITIES					
Trade and other payables	9	78,315	97,527	77,134	94,903
Borrowings	10	5,481	5,922	5,481	5,922
Provisions	11	31,144	61,108	31,144	61,108
TOTAL CURRENT LIABILITIES		114,940	164,557	113,759	161,933
NON CURRENT LIABILITIES					
Borrowings	12	–	5,481	–	5,481
Other financial liabilities	13	–	–	431,565	245,731
TOTAL NON CURRENT LIABILITIES		–	5,481	431,565	251,212
TOTAL LIABILITIES		114,940	170,038	545,324	413,145
NET ASSETS		13,421,983	13,170,326	16,518,822	13,161,962
EQUITY					
Issued capital	14	36,799,928	32,396,316	36,799,928	32,396,316
Reserves	15	339,367	278,662	339,367	278,662
Accumulated losses	16	(23,717,312)	(19,504,652)	(20,620,473)	(19,513,016)
TOTAL EQUITY		13,421,983	13,170,326	16,518,822	13,161,962

The notes to the financial statements are included on pages 24 to 52.

Statement of Recognised Income and Expense

for the year ended 30 June 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Net income recognised directly in equity		–	–	–	–
Loss for the year		(4,212,660)	(1,122,203)	(1,107,457)	(1,107,144)
Total recognised income and expense		(4,212,660)	(1,122,203)	(1,107,457)	(1,107,144)

The notes to the financial statements are included on pages 24 to 52.

Cash Flow Statement

for the year ended 30 June 2007

	Notes	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Cash flows from operating activities					
Payments to suppliers and employees		(1,158,556)	(783,302)	(1,129,290)	(765,658)
Interest received		23,472	17,152	23,115	16,804
Interest and other costs of finance paid		(817)	(2,702)	(817)	(2,702)
Net cash used in operating activities	27(b)	(1,135,901)	(768,852)	(1,106,992)	(751,556)
Cash flows from investing activities					
Proceeds from sale of plant and equipment		25,909	–	25,909	–
Payment for plant and equipment		(135,370)	(23,654)	(19,811)	(17,995)
Payments for exploration and evaluation expenditure		(2,473,618)	(1,683,139)	(2,093,632)	(986,112)
Amounts advanced to wholly owned controlled entities		–	–	(576,560)	(650,000)
Net cash used in investing activities		(2,583,079)	(1,706,793)	(2,664,094)	(1,654,107)
Cash flows from financing activities					
Proceeds from issues of equity securities		4,537,770	2,409,000	4,537,770	2,409,000
Payment for share issue costs		(134,158)	(126,660)	(134,158)	(126,660)
Repayment of lease liabilities		(5,922)	(25,539)	(5,922)	(25,539)
Net cash provided by financing activities		4,397,690	2,256,801	4,397,690	2,256,801
Net increase/(decrease) in cash held		678,710	(218,844)	626,604	(148,862)
Cash and cash equivalents at the beginning of the financial year		340,166	538,040	327,347	476,209
Effects of exchange rate changes on the balance of cash held in foreign currencies		4,715	20,970	–	–
Cash and cash equivalents at the end of the financial year	27(a)	1,023,591	340,166	953,951	327,347

The notes to the financial statements are included on pages 24 to 52.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the consolidated financial statements and notes of the consolidated entity comply with the International Financial Reporting Standards ('IFRS'). The parent entity financial statements and notes also comply with IFRS except for the disclosure requirements in IAS 32 'Financial Instruments: Disclosure and Presentation' as the Australian equivalent Accounting Standard, AASB 132 'Financial Instruments: Disclosure and Presentation' does not require such disclosures to be presented by the parent entity where its separate financial statements are presented together with the consolidated financial statements of the consolidated entity.

The financial report includes the separate financial statements of the Company and the consolidated financial statements of the Group.

The financial statements were authorised for issue by the directors on 24th day of September 2007.

Adoption of new and revised Accounting Standards

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has resulted in changes to the Consolidated Entity's accounting policies but have not affected the amounts reported for the current or prior years.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

• AASB 7 'Financial Instruments: Disclosures' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2007
• AASB 101 'Presentation of Financial Statements' – revised standard	Effective for annual reporting periods beginning on or after 1 January 2007
• Interpretation 10 'Interim Financial Reporting and Impairment'	Effective for annual reporting periods beginning on or after 1 November 2006
• AASB 8 'Operating Segments' and consequential amendments to other accounting standards resulting from its issue	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 123 'Borrowing Costs' revised	Effective for annual reporting periods beginning on or after 1 January 2009
• AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments'	Effective for annual reporting periods beginning on or after 1 July 2007
• AASB 2007-7 'Amendments to Australian Accounting Standards - June 2007'	Effective for annual reporting periods beginning on or after 1 July 2007
• Interpretation 11 'AASB 2 – Group and Treasury Share Transactions'	Effective for annual reporting periods beginning on or after 1 March 2007
• Interpretation 12 'Service Concession Arrangements'	Effective for annual reporting periods beginning on or after 1 January 2008
• Interpretation 13 'Customer Loyalty Programmes'	Effective for annual reporting periods beginning on or after 1 July 2008
• Interpretation 14 'Limit on a defined benefit asset, Minimum Funding Requirements and their Interaction'	Effective for annual reporting periods beginning on or after 1 January 2008

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company or the Consolidated Entity. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect either the Company's or the Consolidated Entity's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation.

The application of AASB 101 (revised), AASB 7, AASB 2005-10, AASB 8, AASB 123, AASB 2007-4, AASB 2007-7, AASB 2005-11, AASB 2005-12, AASB 2005-13 and AASB 2005-14 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the Company's and the Consolidated Entity's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the Consolidated Entity that relates to the annual reporting period beginning after the effective date of each pronouncement, which will be the Company's annual reporting period beginning on 1 July 2007.

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 expenditure on specific projects, which is significantly in excess of its required commitment, it will have to raise additional capital. 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, without jeopardising its commitment base on those specific projects. The consolidated entity always has the opportunity to enter into joint venture arrangements to fulfil ongoing exploration expenditure or apply for expenditure exemptions.

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

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies set out below have been adopted in the preparation and presentation of the 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 any outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(b) Exploration

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:

- 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.

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.

(c) Development expenditure

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.

(d) 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 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.

(e) 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). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. The recoverable amount of an asset 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, 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 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(f) 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. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these 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.

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. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/consolidated entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to any items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) 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.

Assets held under 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. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised. Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset. 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.

(h) Employee Benefits

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

Liabilities recognised 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.

Liabilities recognised 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) Financial assets

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 rate method less impairment.

Investment in subsidiaries

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

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where 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 impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(j) 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.

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 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.

(k) 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.

Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use are included in the cost of those assets where they are regarded as an adjustment to interest costs on 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, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Mount Burgess Mining N.L.'s functional and presentation currency.

(l) Jointly controlled assets

Interest in jointly controlled assets 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.

(m) Share-based payments

Equity-settled share-based payments granted after 7 November 2002 that vested on or after 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. For cash settled share based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(n) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive), 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.

(o) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

(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'. A list of subsidiaries appears in Note 29. 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 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.

(r) Revenue

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

Interest revenue

Interest revenue 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.

2 LOSS FROM CONTINUING OPERATIONS

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

		Consolidated		Company	
		2007 $	2006 $	2007 $	2006 $
(a)	**Revenue from continuing Operations:**				
	Interest – other entities	23,471	17,152	23,115	16,804
(b)	**Other income from continuing Operations**				
	Gain on sale of non-current assets	25,799	–	12,794	–
	Net foreign exchange gains	–	11,835	9,243	10,060
		25,799	11,835	22,037	10,060
(c)	**Administration Expenses include:**				
	Salaries and wages	528,785	393,271	528,785	393,271
	Defined contribution plans	47,590	35,394	47,590	35,394
	Equity settled share based payments	60,705	168,690	60,705	168,690
		637,080	597,355	637,080	597,355
	Operating lease rental minimum lease payments	16,748	–	16,748	–
	Net foreign exchange loss	35,572	–	–	–
(d)	**Borrowing Costs**	817	2,702	817	2,702
(e)	**Exploration Interests Written Off**	3,076,240	132,572	31,312	132,572

Write offs relate 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.

		Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
(f)	**Other Expenses:**				
	Depreciation of non current assets	4,983	9,200	4,983	9,200
	Amortisation of leased assets	5,808	5,808	5,808	5,808
		10,791	15,008	10,791	15,008

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
3 INCOME TAXES				
(a) Income tax expense				
Current tax expense/(income)	(376,908)	(266,111)	(385,299)	(273,860)
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	61,212	(11,631)	73,388	(5,207)
Benefits arising from previously unrecognised tax losses, tax credits or temporary differences not recognised	315,696	277,742	311,911	279,067
Total tax expense/(income)	–	–	–	–
Income tax expense/(income) attributable to loss from continuing operations	–	–	–	–
The prima facie income tax expense/ (revenue) on pre-tax accounting profit from operations reconciles to the income tax expense as follows:				
Loss from continuing operations	(4,212,660)	(1,122,203)	(1,107,457)	(1,107,144)
Income tax expense/(revenue) calculated at 30% (2006 30%)	(1,263,798)	(336,661)	(332,237)	(332,143)
Tax effect of amounts which are not deductible/taxable in calculating taxable income:				
Non deductible expenses	937,630	8,312	2,114	2,469
Share based payments	18,212	50,607	18,212	50,607
Non assessable income	(7,740)	–	–	–
Tax benefits not recognised	315,696	277,742	311,911	279,067
Income tax expense/(benefit)	–	–	–	–
(b) Income tax recognised directly in equity				
The following current and deferred amounts were charged directly to equity during the period:				
Share issue costs	(19,502)	(11,453)	(19,502)	(11,453)
(c) Current tax liabilities				
Current tax payable to parent entity	–	–	–	–
Total	–	–	–	–
(d) Deferred tax balances				
Deferred tax assets comprise:				
Tax losses not brought to account	4,447,028	4,131,332	4,409,330	4,097,419

3 INCOME TAXES *(cont'd)*

Taxable and deductible temporary differences arise from the following:

	Consolidated			
	Opening Balance	Movements charged to income	Movements charged to equity	Closing balance
2007	**$**	**$**	**$**	**$**
Gross deferred tax assets:				
Accruals	6,000	600	–	6,600
Provisions	18,332	(8,989)	–	9,343
Plant & equipment	1,656	(621)	–	1,035
Share issue expenses	78,833	–	(19,502)	59,331
Finance lease liabilities	225	(34)	–	191
Tax losses	614,126	41,760	19,502	675,338
	719,172	32,716	–	751,838
Gross deferred tax liabilities:				
Interest receivable on 11am account	604	947	–	1,551
Intangible assets - mineral exploration	718,568	31,768	–	750,336
Other liabilities - loan payable	–	–	–	–
	719,172	32,715	–	751,887
Net deferred tax assets	–	–	–	–
2006				
Gross deferred tax assets:				
Accruals	4,200	1,800	–	6,000
Provisions	9,928	8,404	–	18,332
Plant & equipment	1,536	120	–	1,656
Share issue expenses	90,286	–	(11,453)	78,833
Finance lease liabilities	2,210	(1,985)	–	225
Tax losses	625,757	(23,084)	11,453	614,126
	733,917	(14,745)	–	719,172
Gross deferred tax liabilities:				
Interest receivable on 11am account	218	386	–	604
Intangible assets - mineral exploration	733,699	(15,131)	–	718,568
Other liabilities - loan payable	–	–	–	–
	733,917	(14,745)	–	719,172
Net deferred tax assets	–	–	–	–

3 INCOME TAXES *(cont'd)*

	Company			
	Opening Balance	Movements charged to income	Movements charged to equity	Closing balance
2007	**$**	**$**	**$**	**$**
Gross deferred tax assets:				
Accruals	6,000	600	–	6,600
Provisions	18,332	(8,989)	–	9,343
Plant & equipment	1,656	(621)	–	1,035
Share issue expenses	78,833	–	(19,502)	59,331
Finance lease liabilities	225	(34)	–	191
Tax losses	620,550	53,886	19,502	693,938
	725,596	44,842	–	770,438
Gross deferred tax liabilities:				
Interest receivable on 11am account	604	947	–	1,551
Intangible assets - mineral exploration	718,568	31,768	–	750,336
Other liabilities - loan payable	6,424	12,126	–	18,550
	725,596	44,841	–	770,437
Net deferred tax assets	–	–	–	–
2006				
Gross deferred tax assets:				
Accruals	4,200	1,800	–	6,000
Provisions	9,928	8,404	–	18,332
Plant & equipment	1,536	120	–	1,656
Share issue expenses	90,286	–	(11,453)	78,833
Finance lease liabilities	2,210	(1,985)	–	225
Tax losses	625,757	(16,660)	11,453	620,550
	733,917	(8,321)	–	725,596
Gross deferred tax liabilities:				
Interest receivable on 11am account	218	386	–	604
Intangible assets - mineral exploration	733,699	(15,131)	–	718,568
Other liabilities - loan payable	–	6,424	–	6,424
	733,917	(8,321)	–	725,596
Net deferred tax liability/asset	–	–	–	–

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Unrecognised deferred tax balances				
The following deferred tax assets have not been brought to account as assets:				
Tax losses	5,122,366	4,745,458	5,103,268	4,717,969
Temporary differences	(675,338)	(614,126)	(693,938)	(620,550)
	4,447,028	4,131,332	4,409,330	4,097,419

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
4 TRADE AND OTHER RECEIVABLES				
Trade receivables	12,901	19	24	19
VAT/GST recoverable	59,295	26,845	23,680	21,533
	72,196	26,864	23,704	21,552
5 INVENTORIES				
Diesel at cost	5,289	12,433	–	12,433
	5,289	12,433	–	12,433
6 OTHER NON CURRENT FINANCIAL ASSETS				
Investments in subsidiaries – at cost	–	–	25	25
Non-trade receivables from wholly owned controlled entities (i)	–	–	10,711,086	9,823,173
Write down to recoverable amount	–	–	(100,000)	(100,000)
	–	–	10,611,111	9,723,198

(i) 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.

7 PLANT & EQUIPMENT AT COST

	Consolidated		
	Plant Equipment and Vehicles $	Leased Equipment and Vehicles $	Total $
Gross Carrying Amount			
Balance as at 30 June 2006	614,153	61,148	675,301
Additions	135,370	–	135,370
Disposals	(35,019)	(43,718)	(78,737)
Balance as at 30 June 2007	714,504	17,430	731,934
Accumulated Depreciation/Amortisation			
Balance as at 30 June 2006	563,213	37,379	600,592
Disposals	(34,304)	(30,603)	(64,907)
Depreciation/amortisation expense	33,695	5,808	39,503
Balance as at 30 June 2007	562,604	12,584	575,188
Net Book Value			
As at 30 June 2006	50,940	23,769	74,709
As at 30 June 2007	151,900	4,846	156,746

7 PLANT & EQUIPMENT AT COST *(cont'd)*

	Company		
	Plant Equipment and Vehicles	**Leased Equipment and Vehicles**	**Total**
	$	**$**	**$**
Gross Carrying Amount			
Balance as at 30 June 2006	493,281	61,148	554,429
Additions	68,033	–	68,033
Disposals	(9,332)	(43,718)	(53,050)
Balance as at 30 June 2007	551,982	17,430	569,412
Accumulated Depreciation/Amortisation			
Balance as at 30 June 2006	455,832	37,379	493,211
Disposals	(8,617)	(30,603)	(39,220)
Depreciation/amortisation expense	19,476	5,808	25,284
Balance as at 30 June 2007	466,691	12,584	479,275
Net Book Value			
As at 30 June 2006	37,449	23,769	61,218
As at 30 June 2007	85,291	4,846	90,137

Aggregate depreciation and amortisation allocated during the year:

	Consolidated		Company	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Plant, equipment and vehicles				
Recognised as an expense	4,983	9,200	4,983	9,200
Capitalised as part of the carrying amount of exploration interests	28,712	16,352	14,493	2,648
Leased equipment and vehicles				
Recognised as an expense	5,808	5,808	5,808	5,808
Capitalised as part of the carrying amount of exploration interests	–	–	–	–
	39,503	31,360	25,284	17,656

		Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
8	**EXPLORATION INTERESTS**				
	Tenement acquisition at cost				
	Balance as at the start of the financial year	572,043	572,043	572,043	572,043
	Additions	–	–	–	–
	Write offs	–	–	–	–
	Balance as at the end of the financial year	572,043	572,043	572,043	572,043
	Exploration expenditure at cost				
	Balance as at the start of the financial year	12,314,149	10,868,617	2,857,316	1,984,410
	Additions	2,469,149	1,578,104	1,987,196	1,005,478
	Write offs	(3,076,240)	(132,572)	(31,312)	(132,572)
	Balance as at the end of the financial year	11,707,058	12,314,149	4,813,200	2,857,316
	Total Exploration Interests	12,279,101	12,886,192	5,385,243	3,429,359

The ultimate recoupment of the value of assets is dependent upon their successful development and commercial exploitation, or alternatively their respective sale.

The Company's exploration properties may be subject to claims under Native Title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

		Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
9	**TRADE AND OTHER PAYABLES**				
	Trade payables	78,315	97,527	77,134	94,903

Trade payables are non interest bearing and are normally settled on terms of 30 days from month end.

		Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
10	**CURRENT BORROWINGS**				
	Secured:				
	Finance lease liability (i) (Note 18(b))	5,481	5,922	5,481	5,922

(i) Secured by the assets leased, the current market value of which equals the value of the finance lease liability.

		Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
11	**CURRENT PROVISIONS**				
	Employee entitlements	31,144	61,108	31,144	61,108
12	**NON-CURRENT BORROWINGS**				
	Secured:				
	Finance Lease liability (i) (Note 18(b))	–	5,481	–	5,481

(i) Secured by the assets leased, the current market value of which equals the value of the finance lease liability.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
13 OTHER NON CURRENT FINANCIAL LIABILITIES				
Non trade payable to wholly owned controlled entity	–	–	431,565	245,731
14 ISSUED CAPITAL				
251,707,000 fully paid ordinary shares (2006: 188,915,000)	36,799,928	32,396,316	36,799,928	32,396,316

	Consolidated			
	2007		2006	
	No.	$	No.	$
Fully Paid Ordinary Share Capital				
Balance at beginning of financial year	188,915,000	32,396,316	164,040,000	30,113,976
Share placements to professional investors	62,792,000	4,537,770	24,875,000	2,409,000
Less costs	–	(134,158)	–	(126,660)
	251,707,000	36,799,928	188,915,000	32,396,316

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Employee Share Option Plan

In September 2000 the Company adopted the Mount Burgess Mining N.L. Employee Share Option Plan 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 2007, 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 is 25 cents.

The weighted average fair value of the share options granted during the financial year is $0.03 (2006: $0.03). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option) and behavioural considerations. Expected volatility is based on the historical share price volatility.

Inputs into the model for issues made during the 2007 financial year

Grant date share price	$0.075
Exercise price	$0.25
Expected volatility	70%
Option life	5 years
Dividend yield	Nil
Risk-free interest rate	5.9%

14 ISSUED CAPITAL *(cont'd)*

	2007 No.	Weighted average exercise price	2006 No.	Weighted average exercise price
Employee Share Option Plan		$		$
Balance at the start of the year (i)	8,850,000	0.25	4,900,000	0.25
Granted during the year (ii)	3,000,000	0.25	5,800,000	0.25
Exercised during the year	–	–	–	–
Lapsed during the year (iii)	(2,650,000)	0.25	(1,850,000)	0.25
Balance at the end of the year (iv)	9,200,000	0.25	8,850,000	0.25

(i) Balance at the start of the year	No.	Grant Date	Expiry Date	Exercise Price
Issued 6 December 2001	850,000	06/12/01	31/12/06	0.25
Issued 20 June 2002	100,000	20/06/02	31/12/07	0.25
Issued 31 March 2004	500,000	31/03/04	31/12/09	0.25
Issued 31 May 2004	850,000	31/05/04	31/12/09	0.25
Issued 11 June 2004	750,000	11/06/04	31/12/09	0.25
Issued 26 August 2005	3,000,000	26/08/05	31/12/10	0.25
Issued 12 January 2006	500,000	12/01/06	31/12/11	0.25
Issued 24 February 2006	1,750,000	24/02/06	31/12/11	0.25
Issued 22 March 2006	550,000	22/03/06	31/12/11	0.25
	8,850,000			

(ii) Granted during the year	No.	Grant Date	Expiry Date	Exercise Price	Fair Value Received
2006					
Issued 26 August 2005	3,000,000	26/08/05	31/12/10	0.25	nil
Issued 12 January 2006	500,000	12/01/06	31/12/11	0.25	nil
Issued 24 February 2006	1,750,000	24/02/06	31/12/11	0.25	nil
Issued 22 March 2006	550,000	22/03/06	31/12/11	0.25	nil
	5,800,000				
2007					
Issued 7 December 2006	3,000,000	7/12/06	31/12/11	0.25	nil

(iii) Lapsed during the year	2007 No	2006 No
Issued 21 November 2000	–	1,750,000
Issued 6 December 2001	850,000	–
Issued 20 June 2002	50,000	–
Issued 31 May 2004	750,000	100,000
Issued 26 August 2005	500,000	–
Issued 22 March 2006	500,000	–
	2,650,000	1,850,000

14 ISSUED CAPITAL *(cont'd)*

(iv) Balance at the end of the year 2007	No.	Grant Date	Expiry Date	Exercise Price	Fair Value Received
Issued 20 June 2002	50,000	20/06/2002	31/12/2007	0.25	nil
Issued 31 March 2004	500,000	31/03/2004	31/12/2009	0.25	nil
Issued 31 May 2004	100,000	31/05/2004	31/12/2009	0.25	nil
Issued 11 June 2004	750,000	11/06/2004	31/12/2009	0.25	nil
Issued 26 August 2005	2,500,000	26/08/2005	31/12/2010	0.25	nil
Issued 12 January 2006	500,000	12/01/2006	31/12/2011	0.25	nil
Issued 24 February 2006	1,750,000	24/02/2006	31/12/2011	0.25	nil
Issued 22 March 2006	50,000	22/03/2006	31/12/2011	0.25	nil
Issued 7 December 2006	3,000,000	7/12/2006	31/12/2011	0.25	nil
	9,200,000				

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

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
15 RESERVES				
Employee equity settled benefits reserve	229,395	168,690	229,395	168,690
Asset realisation reserve	109,972	109,972	109,972	109,972
	339,367	278,662	339,367	278,662
Employee equity settled benefits reserve				
Balance at beginning of financial year	168,690	–	168,690	–
Share based payments	60,705	168,690	60,705	168,690
Balance at end of financial year	229,395	168,690	229,395	168,690

The employee equity-settled benefits reserve arises on the grant of share options to employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in Note 14 to the financial statements.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Asset realisation reserve				
Balance at beginning of financial year	109,972	109,972	109,972	109,972
Movements	–	–	–	–
Balance at end of financial year	109,972	109,972	109,972	109,972

This reserve represents realised benefits transferred from a previous asset revaluation reserve.

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
Total Reserves	339,367	278,662	339,367	278,662

	Consolidated 2007 $	Consolidated 2006 $	Company 2007 $	Company 2006 $
16 ACCUMULATED LOSSES				
Balance at start of financial year	(19,504,652)	(18,382,449)	(19,513,016)	(18,405,872)
Net loss	(4,212,660)	(1,122,203)	(1,107,457)	(1,107,144)
Balance at end of financial year	(23,717,312)	(19,504,652)	(20,620,473)	(19,513,016)

	Consolidated 2007 Cents per share	Consolidated 2006 Cents per share
17 EARNINGS PER SHARE		
Basic Loss per share	(1.93)	(0.64)
Diluted Loss per share	(1.93)	(0.64)

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

	2007 $	2006 $
Net Loss	(4,212,660)	(1,122,203)
Loss used in calculation of basic and dilutive EPS	(4,212,660)	(1,122,203)

	2007 No.	2006 No.
Weighted average number of ordinary shares	218,041,197	175,927,740
Effect of dilutive potential ordinary shares	–	–
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of dilutive earnings per share	218,041,197	175,927,740

The following potential ordinary shares are not dilutive 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:

	2007 No.	2006 No.
Employee share options	9,200,000	8,850,000

There have been no conversion 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 Note 26.

18 COMMITMENTS FOR EXPENDITURE

(a) Exploration Commitments

The consolidated entity has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the consolidated entity. These commitments have not been provided for in the accounts. The minimum expenditure commitment for the next 12 months on the tenements are:

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Australia (i)	865,680	720,680	865,680	720,680
Namibia (ii)	782,000	600,000	–	–
Botswana (iii)	374,000	216,000	–	216,000
	2,021,680	1,536,680	865,680	936,680

(i) Australia

The Company has minimum annual expenditure commitments, as required by the Mining Act 1978 (WA), in order to maintain title to the various mining leases, prospecting licences and exploration licences which are held in Australia.

The Company's exploration properties may be subject to claims under Native Title or contain sacred sites or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration and/or mining restrictions.

(ii) Namibia

The Company has minimum annual expenditure commitments as required by the Minerals (Prospecting and Mining) Act of Namibia, in order to maintain title to the various prospecting licences which are held in Namibia. As at 30 June 2007 the Company had, since project commencement, exceeded its cumulative annual expenditure commitments by A$2,900,000.

(iii) Botswana

The Company has a minimum annual expenditure commitment as required by the Mines and Minerals Act of Botswana in order to maintain title to its Exploration Licence which is held in Botswana. As at 30 June 2007 the Company had, since project commencement, exceeded its cumulative annual expenditure commitments by A$2,400,000.

(b) Capitalised Finance Lease Commitments

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The present value of the remaining lease payments at 30 June 2007 is as follows:

		Consolidated		Company	
		2007 $	2006 $	2007 $	2006 $
Lease commitments					
(i) no later than 1 year		5,721	6,871	5,721	6,871
(ii) later than 1 year and not later than 5 years		–	5,726	–	5,726
Minimum lease payments		5,721	12,597	5,721	12,597
Deduct future finance charges		240	3,893	240	1,195
Present value of minimum lease payments		5,481	11,403	5,481	11,403
Included in the financial statements as:					
Current interest bearing liabilities	(Note 10)	5,481	5,922	5,481	5,922
Non-current interest bearing liabilities	(Note 12)	–	5,481	–	5,481
		5,481	11,403	5,481	11,403

The above finance lease commitments relate to various items of equipment and motor vehicles. The annual lease commitments are fixed and there are no contingent rental payments. The leased assets can be purchased for the amount of the outstanding liability.

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
18 COMMITMENTS FOR EXPENDITURE (cont'd)				
(c) Operating lease commitment				
(i) no later than 1 year	20,154	18,108	20,154	18,108
(ii) later than 1 year and not later than 5 years	192,656	160,555	192,656	160,555
(iii) later than 5 years	–	56,627	–	56,627
	212,810	235,290	212,810	235,290

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 for 3 years.

19 KEY MANAGEMENT PERSONNEL COMPENSATION

Details of key management personnel

The key management personnel of the consolidated entity during the year were:

N R Forrester	Chairman and Managing Director (Executive)
M L Spence	Director (Executive) resigned 20 September 2006
G E Taylor	Director (Non-Executive)
R O'Regan	Director (Non-Executive)
A P Stirling	Director (Non-Executive)
G R Dale	Director (Non-Executive) appointed 20 September 2006
A Mulligan	Director (Non-Executive) appointed 20 September 2006
D A Scarparolo	Company Secretary
J E Forrester	Company Secretary

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

Key management personnel compensation

The aggregate compensation of the key management personnel of the consolidated entity and the Company is set out below:

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Short term employee benefits (including annual leave accrued)	530,193	574,825	530,193	574,825
Post employment benefits	53,765	40,780	53,765	40,780
Other long term benefits – long service leave accrued	13,296	12,095	13,296	12,095
Termination benefits	–	–	–	–
Share based payment	40,470	140,640	40,470	140,640
	637,724	768,340	637,724	768,340

The Company's policy is not specifically linked to the Company's financial performance given the nature of the entity as a mining exploration Company.

The non-executive directors receive fees (including statutory superannuation where applicable) for their services and the reimbursement of reasonable expenses.

Directors and executives 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.

None of the key management personnel are currently employed under contract.

19 KEY MANAGEMENT PERSONNEL COMPENSATION (cont'd)

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

	Short term employee benefits Salary & fees	Short term employee benefits Non-monetary	Post employment benefits Superannuation	Other long-term employee benefits	Termination benefits	Share based payments - Equity options	Total
2007	**$**	**$**	**$**	**$**	**$**	**$**	**$**
N R Forrester	187,432	7,988	15,564	6,636	–	–	217,620
M L Spence (i)	50,943	1,863	4,347	–	–	–	57,153
G E Taylor	22,000	–	–	–	–	–	22,000
R O'Regan	22,000	–	–	–	–	–	22,000
A P Stirling	22,000	–	–	–	–	–	22,000
G R Dale (ii)	–	–	17,000	–	–	20,235	37,235
A Mulligan (ii)	15,595	–	1,405	–	–	20,235	37,235
D A Scarparolo	91,838	13,206	8,256	3,528	–	–	116,828
J E Forrester	86,772	8,556	7,193	3,132	–	–	105,653
	498,580	31,613	53,765	13,296	–	40,470	637,724

(i) Remuneration received by M L Spence from 1 July 2006 until his resignation on 20 September 2006.

(ii) Mr G R Dale and Mr A Mulligan were granted employee shares options under the employee share option plan on 7 December 2006. Further details of the options are contained in Notes 14 and 22.

	Short term employee benefits Salary & fees	Short term employee benefits Non-monetary	Post employment benefits Superannuation	Other long-term employee benefits	Termination benefits	Share based payments - Equity options	Total
2007	**$**	**$**	**$**	**$**	**$**	**$**	**$**
N R Forrester (i)	182,749	6,645	15,175	6,471	–	27,440	238,480
M L Spence (ii)	149,568	5,476	12,420	–	–	11,440	178,904
G E Taylor (i)	20,000	–	–	–	–	27,440	47,440
R O'Regan (i)	20,000	–	–	–	–	27,440	47,440
A P Stirling (ii)	20,000	–	–	–	–	11,440	31,440
D A Scarparolo (iii)	83,143	12,363	7,487	3,189	–	16,000	122,182
J E Forrester (i)	68,614	6,267	5,698	2,435	–	19,440	102,454
	544,074	30,751	40,780	12,095	–	140,640	768,340

(i) Mr N R Forrester, Mr G E Taylor, Mr R O'Regan and Mrs J E Forrester were granted employee share options under the employee share option plan on 26 August 2005 and 24 February 2006. Further details of the options are contained in Notes 14 and 22.

(ii) Mr M L Spence and Mr A P Stirling were granted employee share options under the employee share option plan on 24 February 2006. Further details of the options are contained in Notes 14 and 22.

(iii) Mr D A Scarparolo was granted employee share options under the employee share option plan on 12 January 2006. Further details of the options are contained in Notes 14 and 22.

	Consolidated		Company	
	2007	2006	2007	2006
	$	$	$	$
20 REMUNERATION OF AUDITORS				
Auditor of the Parent Entity				
Auditing of the financial report	32,500	30,000	32,500	30,000
Other services	–	–	–	–
	32,500	30,000	32,500	30,000
Related practice of the Parent Entity Auditor				
Other services[1]	1,564	12,460	1,564	12,460
	34,064	42,460	34,064	42,460

The auditor of Mount Burgess Mining N.L. is Deloitte Touche Tomatsu.

[1] The consolidated entity paid the Deloitte Member Firm in Botswana an amount of $1,564 in 2007 and $12,460 in 2006 for company tax, general accounting advice and certain accounting services. The Directors have considered these services and the safeguards in place and have concluded that there has not been any contravention of the auditor independence requirements of the Corporations Act 2001 or of any applicable code of professional conduct in relation to the audit.

21 SEGMENT INFORMATION

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

	2007	2006	2007	2006	2007	2006
	$	$	$	$	$	$
Segment Revenues	External sales		Inter-segment sales		Total	
Australia	–	–	–	–	–	–
Namibia	–	–	–	–	–	–
Botswana	–	–	–	–	–	–
Total of all segments	–	–	–	–	–	–
Unallocated corporate revenue					49,270	17,152
Consolidated total revenue					49,270	17,152

Segment Results	2007	2006
	$	$
Australia	(31,312)	(132,572)
Namibia	(3,044,928)	–
Botswana	–	–
Total of all Segments	(3,076,240)	(132,572)
Unallocated corporate revenue	49,270	17,152
Unallocated corporate expenses	(1,185,690)	(1,006,783)
Loss from ordinary activities before income tax expense	(4,212,660)	(1,122,203)
Income tax expense	–	–
Loss/result from ordinary activities after income tax expense	(4,212,660)	(1,122,203)
Extraordinary items	–	–
Net loss	(4,212,660)	(1,122,203)

21 SEGMENT INFORMATION *(cont'd)*

	2007 $	2006 $
Segment Assets		
Australia	13,215,937	12,224,795
Namibia	7,048,216	9,734,165
Botswana	3,440,007	1,097,526
Total of all segments	23,704,160	23,056,486
Unallocated corporate assets	975,439	352,807
Eliminations	(11,142,676)	(10,068,929)
Consolidated total assets	13,536,923	13,340,364
Segment Liabilities		
Australia	439,247	285,017
Namibia	10,231,124	9,825,777
Botswana	492,079	1,788
Total of all segments	11,162,450	10,112,582
Unallocated corporate liabilities	95,141	126,340
Eliminations	(11,142,651)	(10,068,884)
Consolidated total liabilities	114,940	170,038
Acquisition of plant and equipment and exploration expenditure		
Australia	139,381	86,832
Namibia	163,777	734,946
Botswana	2,301,361	779,710
Total of all segments	2,604,519	1,601,488
Unallocated corporate	–	–
Consolidated total	2,604,519	1,601,488
Depreciation/amortisation included in segment result		
Australia	–	–
Namibia	–	–
Botswana	–	–
Total of all segments	–	–
Unallocated corporate	10,791	15,008
Consolidated total	10,791	15,008
Non cash expenses other than depreciation/amortisation		
Australia	31,312	132,572
Namibia	3,084,506	–
Botswana	5,237	–
Total of all segments	3,121,055	132,572
Unallocated corporate	(9,243)	–
Consolidated total	3,111,812	132,572

22 RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Details of the percentage of ordinary shares held in subsidiaries are disclosed in Note 29 to the financial statements.

(b) Key management personnel compensation

Details of key management personnel compensation are disclosed in Note 19 to the financial statements.

(c) Key management personnel equity holdings of Mount Burgess Mining N.L.

Fully Paid Ordinary Shares 2007

Name	Balance as at 01/07/06	Net Other Change	Balance as at 30/06/07	Balance held nominally
N R Forrester	10,964,191	(148,755)	10,815,436	–
G E Taylor	2,247,339	–	2,247,339	–
R W O'Regan	3,650,000	200,000	3,850,000	–
A P Stirling	11,183,203	100,000	11,283,203	–
M L Spence (i)	–	–	–	–
G R Dale (ii)	–	142,800	142,800	–
A Mulligan (ii)	–	–	–	–
D A Scarparolo	100,000	–	100,000	–
J E Forrester	373,155	308,755	681,910	–
Total	28,517,888	602,800	29,120,688	–

(i) Resigned from Board 20 September 2006

(ii) Appointed to the Board on 20 September 2006

None of the above fully paid ordinary shares were either granted during the reporting period as remuneration or received during the reporting period on exercise of options.

Employee Options of Mount Burgess Mining N.L. 2007

Name	Balance as at 01/07/2006	Granted as Remuneration	Other Changes	Balance at 30/06/2007	Balance vested and exercisable at 30/06/07	Options vested during year
N R Forrester	1,000,000	nil	nil	1,000,000	1,000,000	nil
G E Taylor	1,000,000	nil	nil	1,000,000	1,000,000	nil
R O'Regan	1,000,000	nil	nil	1,000,000	1,000,000	nil
A P Stirling	1,000,000	nil	nil	1,000,000	1,000,000	nil
M L Spence (i)	1,000,000	nil	(1,000,000)	nil	nil	nil
G R Dale (ii)	–	1,000,000	nil	1,000,000	1,000,000	1,000,000
A Mulligan (ii)	–	1,000,000	nil	1,000,000	1,000,000	1,000,000
D A Scarparolo	1,000,000	nil	(250,000)	750,000	750,000	nil
J E Forrester	1,000,000	nil	nil	1,000,000	1,000,000	nil
Total	7,000,000	2,000,000	(1,250,000)	7,750,000	7,750,000	2,000,000

(i) Resigned from Board 20 September 2006

(ii) Appointed to the Board on 20 September 2006

It should be noted M L Spence resigned from the Board on 20 September 2006 and therefore ceased to be a key management person on that date. Accordingly, the movement in option holdings disclosed reflects only those movements which took place during the period that M L Spence was a key management person. The balance of options held as at 30 June 2007 is nil as he is no longer a key management person and therefore the net change of 1,000,000 is not as a result of exercising or lapsing of the options whilst M L Spence was a key management person.

22 RELATED PARTY DISCLOSURES *(cont'd)*

Fully Paid Ordinary Shares 2006

Name	Balance as at 01/07/05	Net Other Change	Balance as at 30/06/06	Balance held nominally
N R Forrester	11,064,191	(100,000)	10,964,191	–
G E Taylor	2,247,339	–	2,247,339	–
R W O'Regan	3,550,000	100,000	3,650,000	–
A P Stirling	8,390,694	2,792,509	11,183,203	–
M L Spence	–	–	–	–
D A Scarparolo	–	100,000	100,000	–
J E Forrester	373,155	–	373,155	–
Total	25,625,379	2,892,509	28,517,888	–

None of the above fully paid ordinary shares were either granted during the reporting period as remuneration or received during the reporting period on exercise of options.

Employee Options of Mount Burgess Mining N.L. 2006

Name	Balance as at 01/07/2005	Granted as Remuneration	Other Changes	Balance at 30/06/2006	Balance vested and exercisable at 30/06/06	Options vested during year
N R Forrester	500,000	1,000,000	(500,000)	1,000,000	1,000,000	1,000,000
G E Taylor	500,000	1,000,000	(500,000)	1,000,000	1,000,000	1,000,000
R O'Regan	500,000	1,000,000	(500,000)	1,000,000	1,000,000	1,000,000
A P Stirling	500,000	500,000	nil	1,000,000	1,000,000	500,000
M L Spence	500,000	500,000	nil	1,000,000	1,000,000	500,000
D A Scarparolo	500,000	500,000	nil	1,000,000	1,000,000	500,000
J E Forrester	500,000	750,000	(250,000)	1,000,000	1,000,000	750,000
Total	3,500,000	5,250,000	(1,750,000)	7,000,000	7,000,000	5,250,000

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 25 cents. No options were exercised during the year.

Further details of options are contained in Note 14 and 19 to the financial statements.

(d) Other transactions with key management personnel (and their related parties) of Mount Burgess Mining N.L.

The Company has a joint venture with Kimberlite Resources Pty Ltd in respect of its diamond exploration project at Tsumkwe in Namibia. Mr Godfrey Taylor is a shareholder and director of both the Company and Kimberlite Resources Pty Ltd. No related party transactions were incurred.

During the year an amount of $24,557 (2006: $29,085) was paid to Astaire & Partners, London in connection with placements. Mr Ronald O'Regan is a Director of both Astaire & Partners and the Company.

During the year an amount of $26,250 (2006 nil) was paid to Aurum Holdings Pty Ltd, for geological consulting services, at commercial rates, provided by Mr Giles Rodney Dale who is a Director of both Aurum Holdings Pty Ltd and the Company.

(e) Transactions with subsidiary

Amounts receivable from and payable to the subsidiary, MTB (Namibia) (Pty) Ltd and Mount Burgess (Botswana) (Pty) Ltd are disclosed in Note 6 and 13 to the financial statements. 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.

22 RELATED PARTY DISCLOSURES *(cont'd)*

(f) Parent entity

The parent entity in the consolidated entity is Mount Burgess Mining N.L. Equity interests in controlled entities are disclosed in Note 29.

23 JOINTLY CONTROLLED ASSETS

The Company has an interest in the following jointly controlled assets as at the 30 June 2007:

(a) A joint venture, known as the Tsumkwe Joint Venture, with Kimberlite Resources Pty Ltd, for the exploration and development of mines on Exclusive Prospecting Licences 2012, 2014, 2817, 2818, 2819, 3019 and 3020 in Namibia, where the Company holds 90% and Kimberlite Resources Pty Ltd 10%.

The capital commitments arising from the Company's interests in joint venture operations are disclosed in Note 18(a).

The following amounts represent the consolidated entity's interest in assets employed in the above joint ventures. The amounts are included in the financial statements under their respective asset categories.

	Consolidated	
	2007 $	2006 $
Current Assets		
Cash assets	20,099	12,819
Receivables	19,269	5,312
Total Current Assets	39,368	18,131
Non Current Assets		
Exploration interests	5,910,319	9,456,812
Plant and equipment	1,620	13,491
Total Non Current Assets	5,911,939	9,470,303
Total Assets	5,951,307	9,488,434

24 ECONOMIC DEPENDENCY

The Company is not economically dependent on any other company.

25 SUPERANNUATION COMMITMENT

The Company has ensured that the minimum superannuation levy was contributed to a complying defined contribution fund on behalf of all its employees.

26 SUBSEQUENT EVENTS

No 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 financial years after the financial year.

27 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

	Consolidated		Company	
	2007 $	2006 $	2007 $	2006 $
Cash and cash equivalents	1,023,591	340,166	953,951	327,347
Cash balance as per Statement of Cash Flows	1,023,591	340,166	953,951	327,347

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

Loss for the year	(4,212,660)	(1,122,203)	(1,107,457)	(1,107,144)
Depreciation	4,983	9,200	4,983	9,200
Amortisation	5,808	5,808	5,808	5,808
Write off of exploration and development expenditure	3,076,240	132,572	31,312	132,572
Net exchange differences	(2,412)	(23,187)	(47,320)	(21,412)
Profit on sale of fixed assets	(25,799)	–	(12,794)	–
Equity settled share options payments	60,705	140,640	60,705	140,640
Changes in operating assets and liabilities				
(Increase)/Decrease in trade receivables	(5,826)	608	(5,117)	(19)
Increase/(Decrease) in trade payables	(6,976)	59,695	(7,148)	60,784
Increase/(Decrease) in provision for employee entitlements	(29,964)	28,015	(29,964)	28,015
Net cash flows from operations	(1,135,821)	(768,852)	(1,106,992)	(751,556)

(c) Financing Facilities

As at 30 June 2007 the Company had a Visa Card credit facility to the value of $50,000 (2006: $50,000), an overdraft facility to the value of $150,000 (2006: $150,000) and payroll facility to the value of $56,000 (2006: $56,000). At balance date the total amount unused was $250,000. (2006: $253,000).

(d) Non-Cash Financing and Investing Activities

During the financial year, the Company acquired $48,222 of plant and equipment via a loan from its subsidiary. This acquisition is not reflected in the statement of cash flows for the Company.

28 FINANCIAL INSTRUMENTS

(i) 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 1 to the financial statements. No financial derivative instruments were in place at year end.

28 FINANCIAL INSTRUMENTS *(cont'd)*

(ii) Interest Rate Risk

The following table details the Consolidated Entity's exposure to interest rate risk as at 30 June 2007.

	Average Interest Rate %	Variable Interest Rate %	Fixed Interest Rate Maturity Less than 1 year $	1 to 5 Years $	More than 5 years $	Non-Interest Bearing $	Total $
2007							
Financial Assets							
Cash and cash equivalents	5.93	–	1,023,591	–	–	12,901	1,036,492
Trade receivables	–	–	–	–	–	72,106	72,106
			1,023,591	–-	–	85,007	1,108,598
Financial Liabilities							
Trade payables	–	–	–	–	–	78,315	78,315
Finance lease liabilities	11.61	–	5,481	–	–	–	5,481
Employee entitlements	–	–	–	–	–	31,144	31,144
			5,481	–	–	109,459	114,940

The following table details the Consolidated Entity's exposure to interest rate risk as at 30 June 2006.

	Average Interest Rate %	Variable Interest Rate %	Fixed Interest Rate Maturity Less than 1 year $	1 to 5 Years $	More than 5 years $	Non-Interest Bearing $	Total $
2006							
Financial Assets							
Cash and cash equivalents	5.31	–	287,974	–	–	52,192	340,166
Trade receivables	–	–	–	–	–	26,864	26,864
			287,974	–	–	79,056	367,049
Financial Liabilities							
Trade payables	–	–	–	–	–	97,527	97,527
Finance lease liabilities	11.61	–	5,922	5,481	–	–	11,403
Employee entitlements	–	–	–	–	–	61,108	61,108
			5,922	5,481	–	158,635	170,038

(iii) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to spot 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.

(iv) Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity 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 consolidated entity 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.

28 FINANCIAL INSTRUMENTS *(cont'd)*

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

(v) 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 1 to the financial statements.

(vi) 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. The Company also has in place banking and resource borrowing facilities.

29 CONTROLLED ENTITIES

	Country of Incorporation	Ownership Interest (%)	
Parent Entity		2007	2006
Mount Burgess Mining N.L.	Australia		
Controlled Entity			
MTB (Namibia) (Proprietary) Ltd	Namibia	100%	100%
Mount Burgess (Botswana) (Pty) Ltd[1]	Botswana	100%	–
Aten Investments (Pty) Ltd[2]	Namibia	100%	–
Leda Investments (Pty) Ltd[2]	Namibia	100%	–

[1] Mount Burgess (Botswana) (Proprietary) Limited, Registration Number CO.2007/375 was incorporated in Botswana on 5 February 2007.

[2] Dormant subsidiaries Aten Investments (Pty) Ltd Registration No. 2006/540 and Leda Investments (Pty) Ltd, Registration Number 2006/544 were incorporated on 6 November 2006.

30 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 1, 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 believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. 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.

30 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(cont'd)*

(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) Impairment of Inter Company Loans

The Company has inter company loans to both its Namibian and Botswana subsidiaries. These loans were established for the purpose of routing funds out of Australia to fund exploration and resource development in Namibia and Botswana. The recovery of these loans is entirely dependent upon returns from the successful development of mining operations overseas or from surpluses from the sale of either the subsidiary companies or their projects.

(d) 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.

31 ADDITIONAL COMPANY INFORMATION

Mount Burgess Mining N.L. (the Company) is a listed public company, incorporated in Australia and operating in Australia, Namibia and Botswana.

Mount Burgess Mining N.L. registered office and its principal place of business are as follows:

Registered Office
Level 4
109 St Georges Terrace
Perth 6000
Western Australia

Principal place of business
Level 4
109 St Georges Terrace
Perth 6000
Western Australia

The Directors declare that:

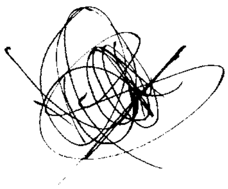
(a) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) In the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company and the consolidated entity; and

(c) 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, 24th day of September 2007.

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report
to the members of Mount Burgess Mining N.L.

We have audited the accompanying financial report of Mount Burgess Mining N.L., which comprises the balance sheet as at 30 June 2007, and the income statement, cash flow statement and statement of recognised income and expenses for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising Mount Burgess Mining N.L and the entities it controlled at the year's end as set out on pages 21 to 53.

Directors' Responsibility for the Financial Report
The directors of Mount Burgess Mining N.L. are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the consolidated financial statements and notes, 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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.

Auditor's Independence Declaration
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion
In our opinion:

(a) the financial report of Mount Burgess Mining N.L. is in accordance with the *Corporations Act 2001*, including:
    (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Ross Jerrard
Partner
Chartered Accountants
Perth, 24 September 2007

Member of
Deloitte Touche Tohmatsu

Liability limited by a scheme approved under Professional Standards Legislation.

ADDITIONAL INFORMATION INCLUDED IN ACCORDANCE WITH THE LISTING REQUIREMENTS OF THE AUSTRALIAN STOCK EXCHANGE LIMITED

The information set out below was applicable as at 4 September 2007.

1. Distribution of Equity Securities and Voting Rights:

(a) Distribution of Shareholders of Ordinary shares:-

	No. of Holders
1 - 1,000	200
1,001 - 5,000	607
5,001 - 10,000	406
10,001 - 100,000	1039
100,000 and over	273
Total No. of Shareholders	2425

(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 857 shareholders who held less than a marketable parcel of shares.

2. Substantial Shareholders

The Company had two substantial shareholders as follows:-

N R Forrester (with associates)	11,497,346 shares
A P Stirling (with associates)	11,283,203 shares

3. Top Twenty Shareholders

Shareholder Name	Units Held	Percentage of Issued Capital
Citicorp Nominees Limited	49,407,296	19.629
ANZ Nominees Australia Ltd	19,430,261	7.719
National Nominees Limited	13,586,626	5.398
Mr Nigel Raymond Forrester	6,873,576	3.638
HSBC Custody Nominees (Australia) Ltd	5,361,070	2.130
Strata Drilling WA Pty Ltd	5,000,000	1.987
Equity Trustees Ltd (ACF Lowell Resources Fund)	4,303,000	1.710
Mr Jeremy Bewick Dowler	3,000,000	1.192
Beta Management Services (S/F A/C)	2,604,000	1.035
WSF Pty Ltd (Alan D Hill S/F A/C)	2,375,000	0.944
Yandal Investments Pty Ltd	2,000,000	0.795
Forestbrook Pty Ltd	2,000,000	0.795
Ronald William O'Regan	1,963,200	0.780
Cen Pty Ltd	1,750,000	0.695
Newstead Holdings Ltd	1,666,667	0.662
Greenstone Investments Pty Ltd	1,504,150	0.598
Travelly Pty Ltd	1,500,000	0.596
State One Equities Pty Ltd	1,460,000	0.580
Peto Pty Ltd	1,400,000	0.556
Mr A G & Mrs H M Stevens Super A/C	1,400,000	0.556
	128,584,846	51.995

4. Contingent Liabilities in relation to Termination Benefits

There are no service agreements with any directors or officers of the Company.

Tenement No.		% Equity
AUSTRALIA		
Telfer		
E45/854		100
E45/1218		100
E45/1393		100
E45/1946	Under Application	100
E45/2202		100
E45/2302		100
E45/2317	Under Application	100
M45/527		100
M45/528		100
M45/542		100
M45/543		100
M45/544		100
M45/550		100
M45/551		100
M45/659		100
M45/661		100
M45/662		100
M45/750	Under Application	100
M45/901	Under Application	100
M45/917	Under Application	100
M45/918	Under Application	100
M45/967	Under Application	100
M45/968	Under Application	100
M45/992	Under Application	100
M45/1129	Under Application	100
M45/1130	Under Application	100
M45/1140	Under Application	100
M45/1145	Under Application	100
P45/2458		100
P45/2460		100
Tabletop		
E45/1741	Under Application	100
E45/1742	Under Application	100
E45/1743	Under Application	100
E45/1744	Under Application	100
E45/1745	Under Application	100
E45/1746	Under Application	100

Tenement No.	% Equity
NAMIBIA	
Tsumkwe	
EPL 2012	90
EPL 2014	90
EPL 2817	90
EPL 2818	90
EPL 2819	90
EPL 3019	90
EPL 3020	90
EPL 3021	100
EPL 3022	100
BOTSWANA	
Kihabe	
PL69/2003	100