

MOUNT BURGESS MINING N.L.

ACN: 009 067 47

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2009

KIHABE ZINC, LEAD, SILVER PROJECT, WESTERN NGAMILAND, BOTSWANA

The Company currently has potential open cut resources at both the Kihabe and Nxuu deposits, situated seven kilometers apart in north western Botswana, totalling 27.4 million tonnes @ 2.32% Zinc equivalent grade (see note), applying a 0.5% zinc equivalent low grade cut, as follows:

Resource Category	Total Tonnes	Kihabe Resource	Nxuu Resource
Indicated	16.4 million	16.4 million	-
Inferred	11.0 million	5.6 million	5.4 million
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Total	27.4 million	22.0 million	5.4 million
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(Note: The zinc equivalent grade was calculated applying the refined metal prices as of 17th July 2008, the date Ravensgate Pty Ltd, geological consultants compiled the Kihabe resource model. On this date zinc was trading @ US\$1,810/t and lead was trading @ US\$1,955/t.)

These resources were the subject of a scoping study reported in the June quarterly, applying 60% metal recoveries for zinc and lead with metal prices prevailing in March 2009, of US\$1228/t zinc and US\$1.176/t lead.

Zinc and lead prices are currently around US\$2,300/t – close to double those used in the scoping study (refer to Zinc and Lead price charts with project IRR – Figure 1). **In addition the Company conducted further metallurgical and mineralogical testwork during the quarter which improved metal recoveries** Resource and exploration drilling was also conducted during the quarter.

METALLURGY AND MINERALOGY

At the Kihabe deposit metallurgical test work was conducted to improve Zinc and Lead metal recoveries above the 60% used in the latest project scoping study. Applying a finer mill grind size down to 38 microns (as opposed to 78 microns used in the scoping study), **Lead recoveries from Galena sulphides have improved to 91.9% and Zinc recoveries from Sphalerite sulphides have improved to 66.8%**. For the purpose of further improving zinc recoveries, mineralogical test work was conducted on the Zinc tails. The mineralogy shows that Zinc oxides are contained within Smithsonite and Baileychloro. **Leach test work will be conducted on these zinc minerals, to determine possible additional recovery.**

Drill core from the Nxuu deposit has now been shipped to Australia for metallurgical and mineralogical test work.

RESOURCE DRILLING

A further ten RC drill holes for a total of 502m were drilled into the Nxuu deposit. **All ten holes were drilled outside of the current resource boundary** (the current inferred resource stands at 5.4 million tonnes @ 2.81% Zinc equivalent) **and all of these vertical drill holes were logged as containing zones of zinc and lead mineralization, some as much as 35m thick.** The Company is awaiting the assay results from this drilling which will be announced to the market when available. **It is anticipated that this latest round of drilling will increase this resource base and will enable a pit design to be applied to this deposit so that it can be included in the scoping study.**

EXPLORATION DRILLING

Zinc/Lead/Silver mineralisation at both the Kihabe and Nxuu deposits occurs within Proterozoic quartz wackes at the point that the quartz wackes contact with an interbedded regional dolomite. **Two exploration holes drilled during the quarter discovered two further quartz wackes.** The first drill hole intersected a moderately mineralized quartz wacke that runs parallel with and ten kilometers to the east of the Kihabe deposit. The second drill hole, drilled into the Tswee Tswee anomaly (a copper geochemical anomaly) fifteen kilometers to the south east of Kihabe, also intersected a quartz wacke. The Company is awaiting assay results from these two drill holes. Further exploration drilling will be required to determine whether these two quartz wackes contain sufficient mineralisation to add to the Company's resource base.

The information in this section of the report is based on information approved for release, in the form and context in which it appears, by Mr Giles (Rodney) Dale of GR Dale and Associates. Mr Dale is a Fellow of the Australasian Institute of Mining and Metallurgy, with sufficient experience relevant to the style of mineralisation under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves".

WESTERN NGAMILAND DIAMOND PROJECT, BOTSWANA

During the quarter the Company drill tested 13 magnetic anomalies, chosen as potential kimberlite targets. Depth of Kalahari sand cover ranged from 13m to 47m. None of these targets proved to be kimberlites, with most of the anomalies drilled proving to be granite gneiss. A number of targets remain to be drill tested in an on-going drilling programme.

TSUMKWE DIAMOND PROJECT, NAMIBIA

A re-processing of the loam sampling data collected by Mount Burgess Mining and other earlier exploration companies (RTZ and De Beers), within the Tsumkwe Project area has highlighted at least two areas as having a high potential of hosting kimberlites.

The kimberlite indicator minerals (KIM) historically recorded, include a description of the grain size, surface texture and geochemistry (G9 and G10 classifications). The recent contouring of the KIM grain counts has revealed that the grains from one of these two areas are not randomly distributed but that their surface patterns can be related to crustal structures, clearly visible on both aerial photographs and anomalous geophysical patterns. The most clearly defined of these patterns coincides with the contact between the younger Damaran dolomites and the older basement granites and gneisses, believed to be the south eastern margins of the Angolan craton. This target area is defined by an anomalous concentration of KIM grains intermittently aligned for about 25kms along the clearly visible geological lineament trending in a north-easterly direction. These KIM grains include G10 pyrope garnets (indicative of diamond bearing kimberlites) some of which display fresh surface textures (near to source) and are in the upper +0.8mm size range. Significantly, 2 macro diamonds (> 0.4mm) were recovered from surface loam samples within 2km to the north and south of the target zone.

A field mapping/reconnaissance survey was conducted along the linear zone described above (See Figure 2). This region is covered by a thin Kalahari sand cover with occasional outcrops of dolomites. However, the target area was marked by scattered surface boulders of a silicified breccia. **Pitting within this zone revealed the source of these boulders as being a near surface, sub-outcropping, highly silicified brecciated dyke-like body, about a metre wide at the point where it was exposed, trending in a north-easterly direction.**

This silicified brecciated dyke is very similar in appearance to the dolomitic breccia overlaying the Bell's Bank kimberlite dykes, north of Kimberley in South Africa. The fact that this dyke appears to be associated with KIM grains, is seen as encouraging. **Kimberlite dykes frequently have a brecciated texture and are also often associated with kimberlite pipes as they are the feeders to the pipes.**

As follow-up work, the Company contracted a geophysical team to conduct gravity and magnetic surveys along this newly discovered target zone, aimed at accurately delineating targets for drilling. Drilling should commence around mid November, to test a number of gravity and magnetic targets generated in this area.

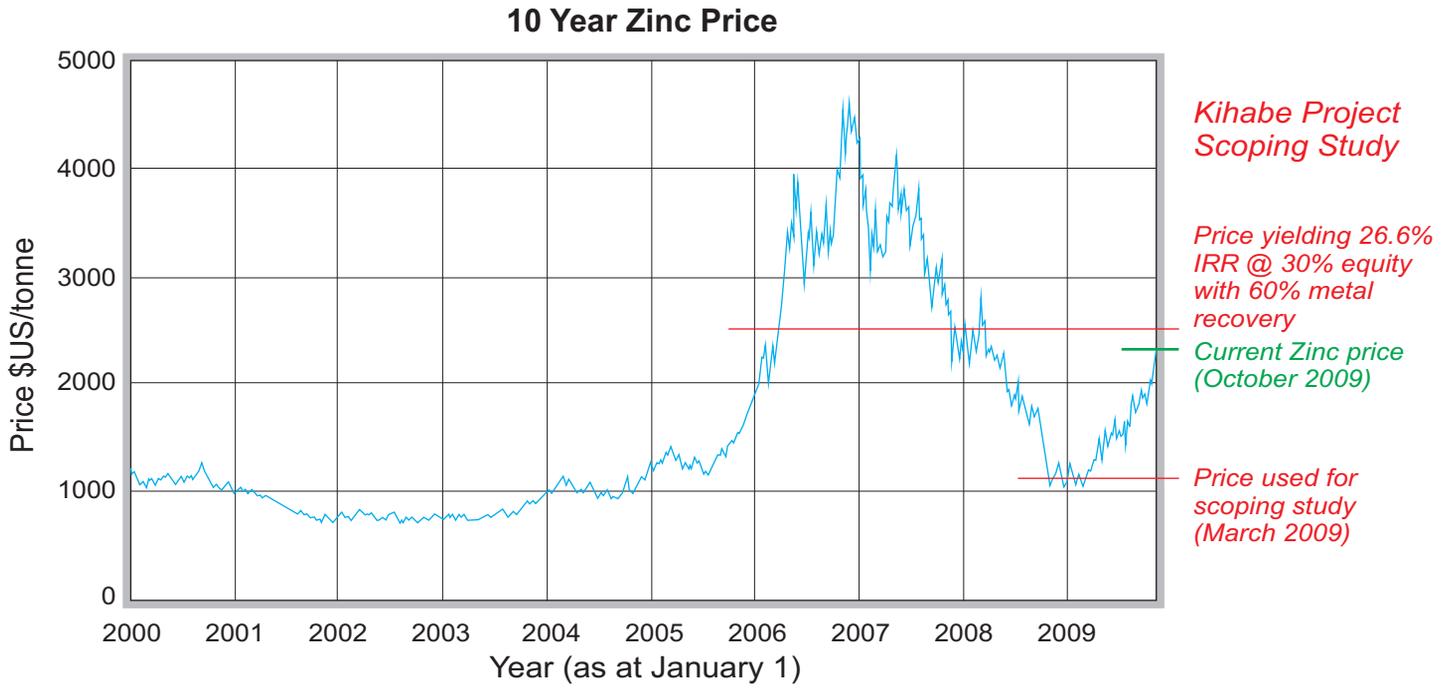
The information contained in this report relative to the West Ngamiland and Tsumkwe diamond projects is based on information approved for release by Mr Manfred Marx of Manfred Marx and Associates Pty Ltd, Bsc., Dip Env. Sc., Aus.I.M.M., GSSA. Mr Manfred Marx is a consulting geologist to the Company. He 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 exploration results, mineral resources and ore reserves. Mr Marx consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

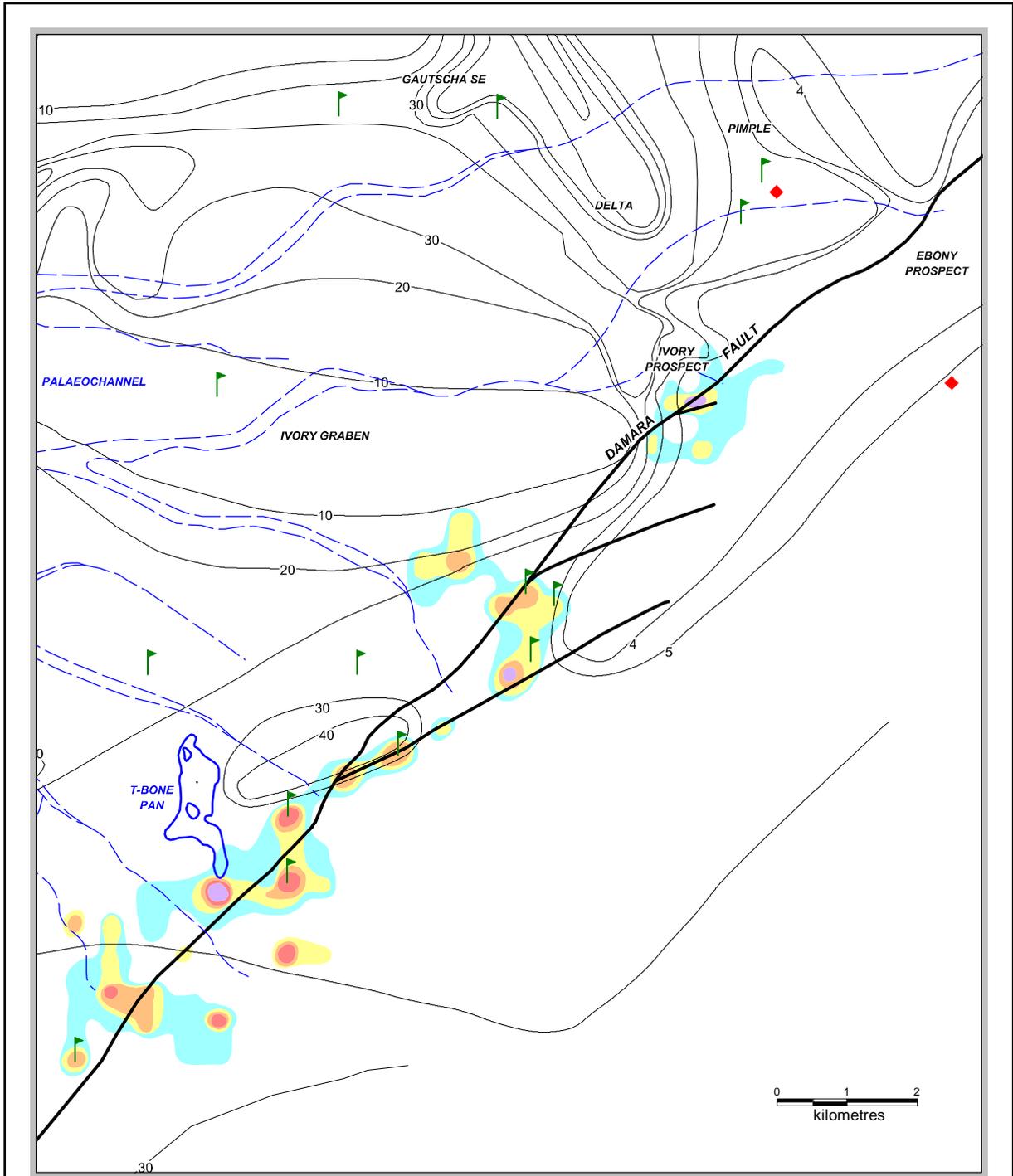
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FIGURE 1: Zinc/Lead Price Charts

Kihabe Zinc/Lead Project, Botswana





- ◆ Diamonds
- ▲ G10 Garnets
- Palaeochannel
- Depth to Basement Contours
10m interval

Number of Garnets

- 1
- 2
- 3
- 4
- 5 +



**FIGURE 2: Pyrope Garnet and Diamond Discoveries
Tsumkwe Diamond Project, Namibia**

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

MOUNT BURGESS MINING N.L.

ABN

31009067476

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(335)	(335)
(b) development	-	-
(c) production	-	-
(d) administration	(190)	(190)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(516)	(516)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(516)	(516)

1.13	Total operating and investing cash flows (brought forward)	(516)	(516)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Placement fees	-	-
	Other – Lease liability repayments	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(516)	(516)
1.20	Cash at beginning of quarter/year to date	1,416	1,416
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	900	900

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	48
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

The Company maintains a seasonal overdraft facility of \$350,000.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	415	4

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
Total	150

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	188	359
5.2 Deposits at call	712	1,057
5.3 Bank overdraft	-	-
5.4 Other (prove details)	-	-
Total: cash at end of quarter (item 1.22)	900	1,416

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
7.1 + Preference Securities	N/A			
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 + Ordinary Securities	320,257,000	320,257,000		
7.4 Changes during quarter				
(a) Increases through issues	N/A	N/A		
(b) Decreases through returns of capital, buy-backs	N/A	N/A		
7.5 + Convertible Debt Securities	N/A	N/A		
7.6 Changes during quarter				
(a) Increases through issues				
7.7 Options				
Employee Share Plans	950,000	NIL	25 cents	31/12/09
	2,500,000	NIL	25 cents	31/12/10
	2,050,000	NIL	25 cents	31/12/11
	800,000	NIL	25 cents	31/12/12
	250,000	NIL	25 cents	31/12/13
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	NIL			
7.10 Cancelled during quarter	NIL			
7.11 Debentures (totals only)	N/A			
7.12 Unsecured notes (totals only)	N/A			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Serene Chau*
(Company Secretary)

Date: 31 Oct 2009

Print name: SERENE CHAU

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities**
The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards**
ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.