

# **MOUNT BURGESS MINING N.L.**

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## **QUARTERLY REPORT**

**30 June 2004**

### **Highlights**

#### **AUSTRALIA**

##### **GOLD EXPLORATION, TELFER, WESTERN AUSTRALIA**

Field exploration has commenced and deep diamond core drilling will start in August.

#### **AFRICA**

##### **DIAMOND EXPLORATION, TSUMKWE, NAMIBIA**

Significant numbers of kimberlite indicator mineral counts obtained from drilling, showing little travel from their source.

# **MOUNT BURGESS MINING N.L.**

## **REPORT FOR THE QUARTER ENDED 30 JUNE 2004**

### **AUSTRALIA**

#### **TELFER GOLD PROJECT**

*(Mount Burgess Mining N.L. 100%, Barrick Gold of Australia Limited has the right to initially earn 51%)*

Field activities finally got underway at the beginning of June, having been delayed because of extensive rainfall throughout the Paterson province over Easter.

Work completed during the quarter included a lithostructural mapping programme and a minor surface geochemical sampling programme across the entire Telfer joint venture project.

The lithostructural mapping programme was undertaken along a number of broad-spaced traverses and was designed to investigate the geometries of the domes. BGAL are currently compiling results of this mapping programme in conjunction with reviewing historical data obtained from previous company reports. This work should lead to final targeting for the first pass deep drilling programme set down for commencement in early August 2004.

Surface geochemical rock chip sampling was undertaken across Tim's, East Thompson's and Camp Domes, with 74 samples collected and submitted for geochemical analysis. The aim of this work was to allow for the comparison of geochemical expression of these vein systems to that of the Telfer ore bodies. All assays are currently pending.

#### **MOUNT ELVIRE - Gold, Copper, Nickel**

*(Mount Burgess Mining N.L. 100%)*

The Mount Elvire Project, located approximately 210 km north of Southern Cross, consists of five exploration licences (E30/256, E30/258, E29/496, E29/498 and E77/1044) and covers an area of approximately 832.30km<sup>2</sup>.

During the last quarter the Company completed a detailed open file literature review and data evaluation. A number of untested structural targets under lake sediments have been interpreted from aeromagnetism, including a large non-magnetic zone in a mineralised banded iron formation (BIF) unit and stratigraphy proximal to a late stage internal granitoid, which has caused shearing and faulting.

Part of the project covers the north eastern extension of a shear on which the Evanston Gold Mine is located. Here, favourable lithologies for gold mineralisation (such as BIF and ultramafic units) outcrop. Numerous other BIF units within the project area are themselves prospective for gold, together with the basal ultramafic units which will be explored for possible nickel mineralisation. The Mount Alfred Copper Prospect and other minor copper occurrences in the surrounding area indicate a potential for copper mineralisation.

# AFRICA

## DIAMOND EXPLORATION

**TSUMKWE, Namibia**

**EPL's 2012, 2014, 2817, 2818, 2819, 3019 and 3020**

*(In joint venture between MTB (Namibia) (Proprietary) Ltd 90% and Kimberlite Resources (Pty) Ltd 10%)*

**EPL's 3021 and 3022**

*(MTB (Namibia) (Proprietary) Ltd 100%)*

### **Drilling, Loaming, Heavy Mineral Processing and Binocular Microscopy**

Open hole RAB drilling during the quarter has returned some significant kimberlite indicator mineral counts:

**NAM 498** drilled in the **central east** of the project **returned 9 pyrope garnets**.

All of the following holes drilled in the **central west** of the project returned the following:

**NAM 514** returned **5 pyrope garnets including 1 very fresh Class 4 possible G10 garnet<sup>1</sup>**. (NAM 514 was drilled 3.5kms south east of NAM 352 from which the Company has previously reported the recovery of a diamond and a G10 garnet).

**NAM 516** returned **29 pyrope garnets**

**NAM 518** returned **3 pyrope garnets**

**NAM 546** returned **8 pyrope garnets**

These drill holes were designed to test subsurface (palaeo) drainage channels in an attempt to follow their trail back to their kimberlitic source. The number of indicator grains being returned from the holes, which include a Class 4 possible G10, is encouraging.

A select number of kimberlite indicator minerals are currently being tested by microprobe for their diamond affinity.

A total of seventy seven holes were drilled giving 2916 m.

One hundred and sixty three loam samples were collected and processed during this quarter: These were designed to test surface indicator transportation directions.

In the **central west** of the project, where the Company obtained some of the above encouraging drilling results, five hundred metre spaced samples NN2603-2607 returned 12 pyrope garnets, similarly spaced samples NN2589-2602 produced 13 pyrope garnets and NN2568-2572 produced 18 pyrope garnets. These results are defining a kimberlite indicator trail which it is believed is leading back to the source.

<sup>1</sup>The Class 4 possible G10 garnet does not show any signs of abrasion indicating that it has only travelled a very short distance from its kimberlite source. G10 garnets are mainly sourced from diamondiferous kimberlites.

Drilling has shown post-Karoo downthrown faulting to the northwest of the project area, indicating the drainage flowed from a south easterly direction. Heavy minerals associated with the kimberlitic indicators are generally from the granite/gneiss terrain central to the Company's tenements and again indicate a south easterly source area.

## **BASE METAL EXPLORATION**

### **TSUMKWE, NAMIBIA**

EPL 3022

(Mount Burgess Mining N.L 100%)

Six RC percussion holes were drilled, giving 406 metres, to test the Tsumkwe zinc, silver, lead soil anomaly. No economic mineralisation was intersected.

## **BASE METAL EXPLORATION**

### **KIHABE, BOTSWANA**

PL 69/2003

(Mount Burgess Mining N.L. 100%)

Mapping will continue in the coming quarter to define the structural parameters hosting the Kihabe silver, lead, zinc mineralisation. Further work will also be carried out on the high grade gossan areas within this tenement.

*All information in this report pertaining to ore reserves, mineral resources and exploration results, together with any related assessments and interpretations, has been approved for release by Mr Martin Spence, B.Sc., M.Aus.I.M.M., a qualified geologist and full-time employee of the Company, with more than five years experience in the field being reported on.*

## **CORPORATE**

### **Share Placements**

During the quarter the Company placed 3,800,000 shares at 7 cents per share as announced on 17 May 2004 to raise an additional A\$266,000.

Since the end of the quarter the Company placed 8,000,000 shares at 7 cents per share as announced on 9 July 2004 to raise an additional A\$560,000.

### **Company Website/Email announcements**

As soon as any Company announcements are made and then released to the market via the ASX, they are placed on the Company's Website at [www.mountburgess.com](http://www.mountburgess.com). Shareholders wishing to receive an email copy of announcements as they are made can email [mtb@mountburgess.com](mailto:mtb@mountburgess.com) with a request to be put on the Company's mailing list.

# 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 June 2004

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(441)	(1,714)
(b) development	-	-
(c) production	-	-
(d) administration	(163)	(910)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	17
1.5 Interest and other costs of finance paid	-	(4)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(601)</b>	<b>(2,611)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(8)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	156
(c) other fixed assets	-	31
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>179</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(601)</b>	<b>(2,432)</b>

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(601)	(2,432)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	266	2,206
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 – Lease repayments	(2)	(42)
	<b>Net financing cash flows</b>	264	2,164
	<b>Net increase (decrease) in cash held</b>	(337)	(268)
1.20	Cash at beginning of quarter/year to date	430	361
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter (SEE NOTE A)</b>	93	93

**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	64
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	271	2

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
<b>Total</b>	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	11	12
5.2 Deposits at call	82	418
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	93	430

**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			

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	128,800,000	128,800,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,800,000 -	3,800,000 -		
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	N/A	N/A		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> Employee Share Plans	200,000 1,750,000 1,100,000 100,000 2,400,000	Nil Nil Nil Nil Nil	25 cents 25 cents 25 cents 25 cents 25 cents	<i>Expiry date</i> 31/12/04 31/12/05 31/12/06 31/12/07 31/12/09
7.8 Issued during quarter	1,900,000	Nil	25 cents	31/12/09
7.9 Exercised during quarter	Nil			
7.10 <b>CANCELLED</b> during quarter	450,000	Nil	25 cents	
7.11 <b>Debentures</b> <i>(totals only)</i>	N/A			

7.12	<b>Unsecured notes (totals only)</b>	N/A	
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## 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: *Dean Scarparolo*  
(Company Secretary)

Date: 30 July 2004

Print name: DEAN A SCARPAROLO

## 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.

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## NOTE A

On 9 July 2004, the Company completed a placement of 8,000,000 fully paid ordinary shares at 7 cents per share to raise \$560,000.