

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

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## **QUARTERLY REPORT**

**30 September 2004**

### **Highlights**

#### **AUSTRALIA**

**TELFER, WESTERN AUSTRALIA - GOLD EXPLORATION,**  
Deep diamond drilling currently being conducted by Barrick Gold of Australia Limited

**MOUNT ELVIRE, WESTERN AUSTRALIA - GOLD/BASE METALS  
EXPLORATION,**  
Encouraging rock chip samples return grades of up to 3.6 g/t gold and 13% copper

#### **AFRICA**

**TSUMKWE, NAMIBIA - DIAMOND EXPLORATION,**  
One very fresh (Class 4) kimberlitic garnet recovered from loam sampling

**KIHABE, BOTSWANA - BASE METALS EXPLORATION,**  
Metallurgical testing yields recoveries of up to 94% for zinc, 96% for lead and 91% for silver.

# MOUNT BURGESS MINING N.L.

## REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2004

### AUSTRALIA

#### TELFER GOLD PROJECT

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

During the reporting period a programme of structural and geological mapping was completed across the entire project area to compile structural sections in key locations across the Tim's, East Thompson and Camp Domes in order to gain a better understanding of the 3D geometry of the area and to ultimately aid in exploration targeting. Over one thousand structural measurements of bedding, foliation, jointing and veining were collected during the programme and this data was used to develop constrained structural sections across Tim's and East Thompson's Domes. An initial programme consisting of 1,000m deep drill holes, at each of Tim's and East Thompson's Domes, was designed to test priority targets.

Drilling commenced in early September at Tim's Dome utilising a multi-purpose RC-diamond rig. Drilling conditions were difficult with continual cave-in experienced because of highly fractured ground within the top 300m. Although ground conditions vastly improved from around 300m, up-hole cave-in resulted in the first hole being abandoned at 338.3 m.

This drill programme was suspended pending the availability of a large RC drill rig capable of drilling deep RC pre-collars. **A large RC rig is now on site to drill four pre-collars and diamond coring will commence immediately these have been completed.**

**In the abandoned hole BTDD0001, a 6m zone of silica-pyrite-carbonate-tourmaline alteration associated with stockwork-style quartz-sulphide-tourmaline veining was intersected between 325-331 metres.**

All assay results for BTDD0001 are pending.

Rock chip sampling of the Fold Closure Project at East Thompson's Dome **returned results up to 22.59 g/t Au with corresponding anomalous Copper, Arsenic, Bismuth, Tellerium and Tungsten.**

During the December quarter it is intended to complete at least three of the deep diamond tails in the time remaining this season.

## **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 832.30 km<sup>2</sup>.

A broad-spaced assessment of these tenements during September 2004 returned the following results from a rock chip sampling programme carried out over various locations within the Company's Mount Elvire Project

### E77/1044

Rock chip of a sediment hosted sulphidic gossan returned **3.6 g/t Au, with associated 313 ppm Cu and 286 ppm Zn**. Initial mapping suggests a broad zone of alteration; future work will define the extent of mineralisation.

### E29/496

Rock chip of an ultrabasic rock from a layered intrusive returned **.23 g/t Platinum Group Elements with a Platinum:Palladium ratio of 0.65, with co-incident Cu and Ni values of 114 and 95 ppm** respectively. Outcrop mapping and sampling will be undertaken to determine whether an economic PGE horizon is present.

A rock chip from a gossan (previously tested in 1970) **returned 13% Cu, 261 ppm Ni and minor Au**. A gossan search and sampling programme will be undertaken shortly to extend this mineralisation

Assay results from follow-up rock chip, channel chip and (historical) percussion drill chip sampling in October 2004 are currently outstanding.

Future work will be dependant on these results as well as a review of all previous work undertaken within these tenements.

## **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**

During this quarter a total of 39 RAB holes were drilled for 1,848 metres and 426 loam samples were collected to test the shallower areas of the tenements.

426 select drill samples were concentrated and examined by the Company's microscopist; of these twenty returned positive kimberlitic indicator minerals. Of the 275 loam samples concentrated, 132 kimberlitic pyrope garnet were recovered.

**Included in the loam results was a very fresh (class 4) garnet indicative of a nearby source.**

The loaming is also defining a north westerly kimberlite indicator trail which is currently being followed-up by mapping and drilling.

## **BASE METAL EXPLORATION**

### **KIHABE, BOTSWANA**

PL 69/2003

(Mount Burgess Mining N.L. 100%)

Reverse circulation drilling within EPL 69/2003 has returned previously announced encouraging base metal assay results.

First pass metallurgical test work was conducted on drill spoil from fourteen select percussion chip intersections which were submitted to the Ongopolo metallurgical laboratory in Tsumeb (Namibia) for ore flotation test work.

The samples selected were from the eastern, central and western drill sections of the known 2.4 km strike of mineralisation of the Kihabe base metals anomaly which was drilled between October 2003 and February 2004.

The grades submitted were high (average of 7.15% zinc and 2.32% lead), medium (average of 2.36% zinc and 1.84% lead) and low (average of .62% zinc, .32% lead) to get an overview of total recovery. The samples submitted had been previously ground to 72 um (micron) for geochemical analyses.

**The following recoveries were achieved:**

**Lead** (in the form of galena) **from 81% to 96%**

**Zinc** (in the form of sphalerite) **from 66% without the addition of CuSO<sub>4</sub> to 94% with the addition of CuSO<sub>4</sub>**

**Silver** (associated with the galena) **returned consistent values of up to 91%**

It must be stressed this is a "first pass" assessment of the metal recovery but none the less the recoveries are seen as encouraging.

This area is currently being mapped and sampled, concentrating on the structural controls to a gossan that had previously returned **12.46% lead, 3.98% zinc, 102 g/t silver and 1.6% vanadium.**

*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

## **Appointment of Director**

During the quarter the Company announced the appointment to the Board of Mr Martin Spence, B.Sc., M.Aus.I.M.M. Mr Spence is a qualified geologist with considerable experience in gold, nickel and base metals. He has also spent a significant amount of time in southern Africa involved in diamond exploration where he has found a number of kimberlites.

## **Share Placements**

During the quarter the following share placements were made.

8,000,000 shares at 7 cents per share as announced on 9 July 2004 to raise an additional A\$560,000.

6,000,000 shares at 7 cents per share as announced on 21 September to raise an additional A\$420,000.

## **Share Registry Investor Website**

The Company's Share Registry, Advanced Share Registry Services, now has investor information available for the Company's security holders. Shareholders can access the site from the direct link from the Company's website, [www.mountburgess.com](http://www.mountburgess.com) or at [www.asrshareholders.com](http://www.asrshareholders.com)

## **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 Sep 2004

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date ( 3 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	(393)	(393)
(b) development	-	-
(c) production	-	-
(d) administration	(266)	(266)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(656)</b>	<b>(656)</b>
<b>Cash flows related to investing activities</b>		
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)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(656)</b>	<b>(656)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(656)	(656)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	980	980
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	(14)	(14)
	Other – Lease repayments	(2)	(2)
	<b>Net financing cash flows</b>	<b>964</b>	<b>964</b>
	<b>Net increase (decrease) in cash held</b>	<b>308</b>	<b>308</b>
1.20	Cash at beginning of quarter/year to date	93	93
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>401</b>	<b>401</b>

**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	105
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

Barrick Gold of Australia Limited/Mount Burgess Mining N.L.Telfer Joint Venture  
Barrick has spent \$491,779 in the September quarter as per their obligation in the JV Agreement

**Financing facilities available**

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

+ See chapter 19 for defined terms.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	121	4

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	120
4.2 Development	-
<b>Total</b>	120

**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	99	11
5.2 Deposits at call	190	82
5.3 Bank overdraft	-	-
5.4 Other (cash in transit)	112	-
<b>Total: cash at end of quarter</b> (item 1.22)	401	93

**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			

+ See chapter 19 for defined terms.

**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>	142,800,000	142,800,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	14,000,000 -	14,000,000 -		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	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	<i>Exercise Price</i> 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	Nil			
7.9 Exercised during quarter	Nil			
7.10 <b>CANCELLED</b> during quarter	Nil			
7.11 <b>Debentures</b> <i>(totals only)</i>	N/A			

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	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: 22 October 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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+ See chapter 19 for defined terms.