

# MOUNT BURGESS MINING N.L.

ACN: 009 067 47

## REPORT FOR THE QUARTER ENDED 31 DECEMBER 2008

### FUNDING

During the quarter the Company realised \$2,850,000 from the sale of assets. \$2,350,000 was realised from the withdrawal of Exploration Licence Application 45/1946 in the Telfer region of Western Australia. \$500,000 was realised from the sale of royalty rights in respect of the Red October gold deposit and various ground holdings in the Butcher Well area, south of Laverton in Western Australia.

The Company is continually reviewing its tenement holdings and exploration programmes with the objective of minimising non-core expenditure in order to preserve funds for high priority exploration.

### KIHABE ZINC/LEAD PROJECT, BOTSWANA

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#### Scoping Study

During the quarter the Company appointed ProMet Engineers Pty Ltd, to compile an updated Scoping Study on the Company's revised resource estimate for its Kihabe Base Metals Project in northwestern Botswana. The study is currently in progress and should be completed shortly.

Whilst the Company accepts that the Kihabe project may not currently present a commercial mining proposition at today's metal prices, the purpose of updating this Scoping Study is to establish:

- (a) A model capable of being revised as required, according costs and metal prices; and
- (b) The estimated metal prices required to determine the break-even point of the project.

The combined estimated Indicated and Inferred, potential open cut Resource, at both the Kihabe and Nxuu deposits, situated 7kms apart, was announced to the ASX on the 8<sup>th</sup> of October 2008. This estimate currently amounts to 27.4 million tonnes at 2.3% zinc equivalent, applying a 0.5% zinc equivalent cut off grade. Of this resource estimate, 16.4 million tonnes are classified as Indicated and 11 million tonnes as Inferred.

Within this resource estimate, there is a range of resource tonnages and grades, calculated on varying zinc equivalent cut off grades, as follows:

At a cut off of 1.2%: 19.5 million tonnes @ 2.9% zinc equivalent  
 At a cut off of 1.5%: 18.0 million tonnes @ 3.0% zinc equivalent  
 At a cut off of 1.6%: 16.4 million tonnes @ 3.1% zinc equivalent  
 At a cut off of 1.7%: 14.9 million tonnes @ 3.3% zinc equivalent

Project sensitivities will determine which resource estimate within the above range will be applied in the Scoping Study.

(Note: Zinc equivalent grades were calculated on LME metal prices as they stood on the 17<sup>th</sup> July 2008, the date that the main Kihabe resource was last estimated by Ravensgate, independent consultants. The prices were as follows: Zinc = US\$1,810/t, Lead = US\$1,955/t and Silver = US\$18.75/oz)

### Drilling Results

During the quarter the Company received assay results from five holes diamond drilled into a gossan formation situated 10km south of the main Kihabe deposit, (The Gossan Anomaly) which returned significant grades of silver (Ag), lead (Pb), zinc (Zn) and vanadium (V) as follows:

Hole	Northing	Easting	Dip°	Az.°		Results			
						Ag g/t	Pb %	Zn %	V %
GD001	7812885	503065	-50	45	1.00m from 4.00m @	27.00	1.51	1.61	
					1.00m from 8.00m @	17.00	0.49	1.02	
					1.00m from 57.00m @	40.00	1.11	2.08	
					Hole abandoned @ 71.7m				
GD001A	7812886	503062	-50	45	1.30m from 5.70m @	34.00	1.93	1.48	
					6.18m from 51.19m @	57.28	2.43	3.43	
					including 1.00m from 56.00m @	161.00	5.78	2.21	1.15
GD002	7812958	502998	-50	45	1.00m from 10.00m @	35.00	0.65	1.36	
					0.66m from 16.00m @	120.00	7.07	2.46	
GD003	7817903	503224	-50	225	Hole abandoned @42m				
GD004	7812848	503028	-56	45	0.55m from 3.00m @		7.79	2.21	1.76
					1.00 m from 14.00m @	16.00	0.80	1.31	
					1.00m from 22.00m @	14.00	0.70	1.22	
					1.00m from 78.00m @		0.43	1.01	

Assaying methods used for the above results were OES (with multi acid digest) for zinc, lead and vanadium and MS (with multi acid digest) for silver.

## **TSUMKWE DIAMOND PROJECT, NAMIBIA**

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During the quarter loam samples were taken from nine prospective kimberlite targets. The samples have now been jiggged in preparation of heavy media separation and microscopy in order to identify any kimberlitic indicator minerals. The same nine target sites were prepared for access in preparation for drilling. Drilling will be conducted during this quarter on the appointment of a suitable contractor.

### **Director Retirement**

During the quarter Mr Albert Murray Surtees retired as a Director of the Company.

The information in this report that relates to exploration results, together with any related assessments and interpretations, is based on information compiled by Mr Byron Dumpleton B.Sc, Member of AIG and Mr Giles (Rodney) Dale of G R Dale & Associates,. Mr Dale is a Fellow of The Australasian Institute of Mining and Metallurgy.

Both Mr Dumpleton and Mr Dale are Independent Consultants. Both have sufficient experience relevant to the style of mineralisation under consideration and to the activity which they have undertaken to qualify as Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Messrs Dumpleton and Dale consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

#### **TO CONTACT US:**

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## 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")

31 December 2008

#### 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	(263)	(946)
(b) development	-	-
(c) production	-	-
(d) administration	(294)	(521)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	14
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>(545)</b>	<b>(1,453)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(5)
1.9 Proceeds from sale of:		
(a) prospects	2,850	2,850
(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>2,850</b>	<b>2,845</b>
1.13 Total operating and investing cash flows (carried forward)	<b>2,305</b>	<b>1,392</b>

1.13	Total operating and investing cash flows (brought forward)	2,305	1,392
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	440
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	-	(3)
	Other – Lease liability repayments	-	-
<b>Net financing cash flows</b>		-	437
<b>Net increase (decrease) in cash held</b>		2,305	1,829
1.20	Cash at beginning of quarter/year to date	(137)	336
1.21	Exchange rate adjustments to item 1.20	-	3
1.22	<b>Cash at end of quarter</b>	2,168	2,168

**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	47
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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**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
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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
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**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	5

#### 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	187	(167)
5.2 Deposits at call	1,980	30
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	2,167	(137)

#### 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 <b>+ Preference Securities</b>	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>	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 <b>+ Convertible Debt Securities</b>	N/A	N/A		
7.6 Changes during quarter				
(a) Increases through issues				
7.7 <b>Options</b>				
Employee Share Plans	950,000	NIL	25 cents	31/12/09
	2,500,000	NIL	25 cents	31/12/10
	4,050,000	NIL	25 cents	31/12/11
	850,000	NIL	25 cents	31/12/12
	300,000	NIL	25 cents	31/12/13
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	NIL			
7.10 Cancelled during quarter	1,000,000	NIL	25 cents	31/12/11
	1,000,000	NIL	25 cents	31/12/13
7.11 <b>Debentures (totals only)</b>	N/A			
7.12 <b>Unsecured notes (totals only)</b>	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: 29 January 2008

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.