

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

QUARTERLY REPORT 31 DECEMBER 2005 Highlights

AUSTRALIA

TELFER, WESTERN AUSTRALIA - GOLD EXPLORATION

Barrick are currently conducting an in depth review of all of the data obtained from deep diamond drilling conducted on the Telfer project during the course of 2005.

AFRICA

NAMIBIA, TSUMKWE -DIAMOND EXPLORATION

A large number of very fresh, Class 4, kimberlitic garnets have been recovered from clustered follow-up percussion drilling in the western project area, **indicating the presence of a local kimberlite source.**

BOTSWANA - KIHABE BASE METALS PROJECT

Following the positive scoping study conducted by ProMet Engineers on the Kihabe Base Metals Project, **a 4,000m RC infill drilling programme will be conducted to upgrade this mineralised zone to a JORC compliant resource/reserve, to a depth of -150m.**

The Kihabe zone of mineralisation is 2.4km long and based on the wide-spaced drilling conducted to date, is estimated to contain an open cut tonnage (NOT JORC COMPLIANT) of some 17,500,000 tonnes to 100m depth, with a 3:1 stripping ratio and grades of 3% zinc, 1% lead, 28 g/t silver, together with significant credits for copper and vanadium.

If infill drilling confirms the continuity of grades obtained to date and current metal prices prevail, it is estimated that this project could generate substantial cash flows, with pre-tax profits in the region of A\$ 30/tonne of ore.

Drilling is scheduled to commence before the end of January 2006.

As a result of the recognition of uranium oxides in previous work conducted on this project, the Company applied for and has now been granted approval by the Botswana Government, **to explore for nuclear fuels within this tenement.**

MOUNT BURGESS MINING N.L.

REPORT FOR THE QUARTER ENDED 31 DECEMBER 2005

AUSTRALIA

TELFER GOLD PROJECT

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

Barrick are currently conducting an in depth review of all of the data obtained from deep diamond drilling conducted on the Telfer project during the course of 2005. This review is expected to be completed within the next six weeks, the results of which should then enable Barrick to determine the future direction for the project.

AFRICA

NAMIBIA, TSUMKWE - DIAMOND EXPLORATION

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%

Open Hole Percussion Drilling

During this quarter 63 percussion holes were drilled for 2,718 metres.

These holes were drilled to test kimberlitic type magnetic and/or gravity signatures **in three very discrete areas** (referred to as anomalies 1, 2 and 3) which have previously returned very fresh kimberlite indicator minerals, in the western project area.

A total of 372 drill samples were concentrated into the 0.4-0.8mm and 0.8-1.2mm fractions and examined by the Company's microscopist in Windhoek for kimberlite indicator minerals.

The high counts of fresh Class 4 pyrope garnets from this follow-up drilling campaign would indicate a kimberlite source is within the target area.

Twenty five (25) of the percussion holes produced 47 kimberlitic garnets. Nine (9) of these holes produced very fresh Class 4 pyrope garnets, which together with 3 holes (NAM 772, NAM 773 and NAM 775) announced in the previous quarterly report, have generated the following anomalies.

ANOMALY 1

Generated from drill holes drilled **within an 800m radius**:

Drill Hole Number	Interval (Metres)	Class 4 Garnets <i>(Refer to Garnet Classification Table)</i>	Class 5 Garnets <i>(Refer to Garnet Classification Table)</i>
NAM 800	38-43	2	
NAM 834	32-35	3	
	47-51	1	1
NAM 772	29-39	6	4
NAM 773	34-44	2	3
NAM 775	24-34	7	2

ANOMALY 2

Generated from drill holes drilled **within a 1.2 km radius**:

Drill Hole Number	Interval (Metres)	Class 4 Garnets <i>(Refer to Garnet Classification Table)</i>	Class 5 Garnets <i>(Refer to Garnet Classification Table)</i>
NAM 803	36-39	3	
NAM 826	26-32	1	
NAM 828	31-33	3	

ANOMALY 3

Generated from drill holes drilled **within a 1.4 km radius**:

Drill Hole Number	Interval (Metres)	Class 4 Garnets <i>(Refer to Garnet Classification Table)</i>	Class 5 Garnets <i>(Refer to Garnet Classification Table)</i>
NAM 819	22-27	2	
NAM 821	16-21	1	
NAM 822	25-30	1	1

Whilst it appears from data collected to date that these are three discrete anomalies, it is however possible, because of their proximity to one another (they are less than 3 kms apart) that they could all have been sourced from one common kimberlite.

Loam Sampling

Sixty loam samples were collected from designated grids within the western tenements and concentrated into the 0.4-0.8mm fraction, **53 of these samples** returned a total of **90 positive kimberlitic pyrope garnets**.

Classification of Indicator Mineral Grains to determine the Distance they have travelled

	<i>Mineral grains with remnants of their original surface</i>	<i>Mineral grains without remnants of their original surface</i>
<i>Grains that do not show any signs of wear indicating that they are either on kimberlite or have travelled only a short distance from a kimberlite source</i>	<i>Class 1</i>	<i>Class 4</i>
<i>Grains that show a slight amount of wear indicating that they have travelled a short to moderate distance from a kimberlite source</i>	<i>Class 2</i>	<i>Class 5</i>
<i>Grains that show moderate to extensive amounts of wear indicating that they could have travelled a moderate to a long distance from a kimberlite source</i>	<i>Class 3</i>	<i>Class 6</i>

BOTSWANA, KIHABE - BASE METALS EXPLORATION

PL 69/2003

(Mount Burgess Mining N.L. 100%)

The Company has a significant zinc, lead and silver anomaly, with copper and vanadium credits which covers a distance of some 2.4 kilometres, striking in a north east direction at Kihabe in Botswana. (For diagram visit Kihabe under the Projects Section at the Company's website www.mountburgess.com)

The results of a scoping study of the Kihabe base metals project that was undertaken by ProMet Engineers were announced in the previous quarterly report.

The study, based on wide spaced drilling conducted to date, estimated an initial open cut tonnage (NOT JORC COMPLIANT) of **17,500,000 tonnes from 10m below surface to 100m depth of 3% zinc, 1% lead and 28 g/t silver, with a 3:1 stripping ratio and a mining rate of 2,500,000 tonnes per annum.**

The key characteristics of the project are as follows:

1. **Application of metal recovery percentages** obtained from metallurgical test work conducted by Ongopolo Laboratories at Tsumeb in Namibia, as follows:

Zinc 94% (original study 70%)
Lead 93% (original study 85%)
Silver 91% (original study 70%)

2. **Estimated operating costs:**

US\$ 24.10 per tonne of ore delivered to smelter (original study US\$ 22.28 per tonne). These costs include a 10% contingency and a 5% government royalty.

3. **Total smelting costs** including treatment costs and an allowance for 8% loss for zinc and 3% loss for lead are **estimated at US\$ 12.7 per tonne of ore**

4. **Based on the LME 15 months forward selling prices** quoted on 09/01/06, of US\$1,820/tonne for zinc and US\$ 1,005/tonne for lead and the London Brokers average price over the last month of US\$ 8.50/ounce for silver and applying the following **rounded down** metal prices:

Zinc US\$ 1,800/tonne (original study US\$ 1,358 /tonne)
Lead US\$ 1,000/tonne (original study US\$ 925 /tonne)
Silver US\$ 8/ounce (original study US\$ 7.15 /ounce)

and utilising the revised metal recovery percentages as shown in 1, **the combined recoverable value of ore is estimated at US\$ 66.6/tonne.**

5. Recent data generation has identified significant zones of copper and vanadium mineralisation associated with the ore zone. **None of these copper or vanadium credits have yet been accounted for in the above estimated value of US\$ 66.6/tonne.**
6. Applying the above revised operating costs as shown in 2, anticipated smelting costs as shown in 3, depreciation and finance charges, **the Company has calculated a net pre tax profit (at a zero percent discount rate) of US\$ 21.14/tonne or the equivalent of A\$ 30/tonne (based on R/E of A\$ 1 = US\$ 0.7).**

Note: Having a zero percent discount rate ignores the effect of the time value of money. Using an NPV at a discount rate of 10%, produces a positive pre-tax geared return of US\$ 190 million.

A fall in metal prices of 30% from the prices as shown in 4 can occur on all three products before the project drops to break even point. The impact of each of the three metals upon the project is indicated by their respective weightings as follows:

Zinc project weighting of 76%
Lead project weighting of 14%
Silver project weighting of 10%

A 4,000m infill RC drill programme, commencing in January 2006, has been designed to upgrade this 2.4km long zone of mineralisation into a JORC compliant resource/reserve, to a depth of -150m.

Drill spoil geochemical assaying will be undertaken by a Western Australian assay laboratory.

Metallurgical test work will be under the supervision of a Western Australian based metallurgical laboratory.

Planned Project Schedule.

- In-fill drilling to upgrade the Kihabe zone of mineralisation to a JORC compliant resource/reserve is scheduled to commence in January 2006.
- Metallurgical test work is scheduled to be completed in June 2006.
- A pre-feasibility study based on the drilling and test work results is planned to commence in July 2006 and planned for completion by December 2006.
- Based on a positive result of the pre-feasibility study, a bankable feasibility study should commence in January 2007 and planned for completion in July 2007.
- Based upon a positive bankable feasibility study and approval to commence mining, project finance will be sought for design and construction. Construction will be awarded on the basis that the project will be scheduled to commence production around November 2008.

Carnotite

Historical exploration undertaken by Billiton on this project identified the presence of Carnotite as a fracture fill secondary uranium mineral associated with zones of significant (up to .65%) Vanadium mineralisation (Vanadinite). **Consequently, the Company applied for and has now been granted by the Botswana Government, the right to explore for nuclear fuels within this tenement.**

The information in this report that relates to exploration results, together with any related assessments and interpretations, is based on information compiled by Martin Spence, B.Sc., who is a Member of The Australasian Institute of Mining and Metallurgy.

Mr Spence is a full time employee of the Company.

Mr Spence 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 Spence consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

CORPORATE

Share Placement

During the quarter the following share placement was made.

7,850,000 shares at A\$0.09 per share as announced on 8 December 2005 to raise an additional A\$706,500.

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. Shareholders wishing to receive an email copy of announcements as they are made can email mtb@mountburgess.com with a request to be put on the Company's mailing list.

Forward Looking Statements

This report contains forward looking statements in respect of the projects being reported on by the Company. Any statements in respect of mineral reserves, resources and zones of mineralisation may also be deemed to be forward looking statements in that they contain estimates which the Company believes have been based on reasonably probable assumptions in respect of mineralisation that will be found and ultimately developed and mined. Forward looking statements are not statements of historical fact, they are based on reasonable projections and calculations, the ultimate results or outcomes of which may differ materially from those described or incorporated in the forward looking statements. Such differences or changes in circumstances to those described or incorporated in the forward looking statements may arise as a consequence of the variety of risks, uncertainties and other factors relative to the exploration and mining industry and the particular properties in which the Company has an interest. Such risks, uncertainties and other factors could include but would not necessarily be limited to fluctuations in metals prices, fluctuations in rates of exchange, continuity or lack of continuity of projected zones of mineralisation determined from further drilling, uncertainties in interpreting drilling results, uncertainties in interpreting assay results, metallurgical test work and projected metal recoveries therefrom, uncertainties in financial projections and cost estimates, uncertainties in securing and commercially maintaining end product marketing and distribution, uncertainties in completing required financing, uncertainties relative to environmental issues, government approvals, changes in government policy and political instability in the countries in which the Company operates.

Forward looking statements are based on beliefs, opinions, assessments and estimates of management and/or professional consultants hired by management. These beliefs, opinions, assessments and estimates are based on facts and information available to management and/or professional consultants at the time they are formed or made and are, in the opinion of management and/or consultants, applied as reasonably and responsibly as possible as at the time that they are applied. No obligation is assumed by management and/or consultants to amend such forward looking statements in the event of any changes to their beliefs, opinions, assessments and estimates, other than would normally be required of them to do so for the purpose of performing their duties in a responsible manner or keeping the market properly informed.

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 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(493)	(914)
(b) development	-	-
(c) production	-	-
(d) administration	(152)	(387)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	8
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
	(642)	(1,295)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(5)
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)	-	-
	(1)	(5)
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(643)	(1,300)
1.13 Total operating and investing cash flows (brought forward)	(643)	(1,300)

+ See chapter 19 for defined terms.

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	707	1,407
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	(24)	(82)
	Other – Lease repayments	(4)	(7)
Net financing cash flows		679	1,318
Net increase (decrease) in cash held		36	18
1.20	Cash at beginning of quarter/year to date	527	538
1.21	Exchange rate adjustments to item 1.20	10	17
1.22	Cash at end of quarter	573	573

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

Expensed Employee Share Options \$68,640

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 approx. \$52,000 in the December quarter and \$3,676,811 in total as per their obligation in the JV Agreement

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	256	252

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	-
Total	200

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	35	38
5.2 Deposits at call	511	489
5.3 Bank overdraft	-	-
5.4 Other (cash in transit)	27	-
Total: cash at end of quarter (item 1.22)	573	527

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.

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 Preference + securities <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 +Ordinary securities	178,890,000	178,890,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,850,000	7,850,000		
7.5 +Convertible debt securities <i>(description)</i>	N/A			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Employee Share Plans	1,750,000 850,000 100,000 2,200,000 3,000,000	Nil Nil Nil Nil Nil	<i>Exercise Price</i> 25 cents 25 cents 25 cents 25 cents	<i>Expiry date</i> 31/12/05 31/12/06 31/12/07 31/12/09 31/12/10
7.8 Issued during quarter	Nil	Nil		
7.9 Exercised during quarter	Nil			
7.10 CANCELLED during quarter	Nil			
7.11 Debentures <i>(totals only)</i>	N/A			
7.12 Unsecured notes <i>(totals only)</i>	N/A			

+ See chapter 19 for defined terms.

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: 13 January 2006

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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