

MOUNT BURGESS MINING N.L.

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QUARTERLY REPORT 31 DECEMBER 2005

amended in terms of ASX Queries of 13 January 2006

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 exploration target to a JORC compliant resource/reserve, to a depth of -150m.**

The Kihabe exploration target consists of a zone of mineralisation 2.4km long and based on the wide-spaced drilling conducted to date, ProMet Engineers has produced a base case financial model based on an initial open cut tonnage of some 17,500,000 tonnes to 100m depth, with grades of 3% zinc, 1% lead, 28 g/t silver, together with significant credits for copper and vanadium. **This exploration target cannot currently be categorised as a resource or a reserve.**

If infill drilling confirms the continuity of grades obtained from drilling conducted to date and current metal prices prevail, it is estimated that this project could generate substantial cash flows for the Company.

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 an exploration target which consists of 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. This exploration target cannot currently be categorised as a resource or a reserve. Until further appropriate studies are complete it is not appropriate to speculate on the economic potential of the Kihabe Project. In terms of Section 18 of the JORC Code, the Company reports as follows:

ProMet Engineers has produced a base case financial model for the Kihabe exploration target based on an initial open cut tonnage of 17,500,000 tonnes to 100 m depth, with average grades for zinc of 3%, lead 1% and silver 28 grammes per tonne, together with copper and vanadium credits. The above tonnage and grade were estimated from results obtained from drilling conducted to date by the Company over a significant zinc, lead and silver geochemical anomaly. The geochemical anomaly, some 2.6 kms in length, strikes in a NE direction and contains an elevated anomaly of some 2.4 kms, which has been drill tested over four drill sections as follows:

Section 1 was drilled 400 metres north east of the south western end of the anomaly

Section 2 was drilled 400 metres to the north east of Section 1

Section 3 was drilled 1,200 metres to the north east of Section 2 and

Section 4 was drilled 200 metres to the north east of Section 3

Samples from the 12 drill holes drilled in the above sections, which were subject to mixed acid digestion and analysis by ICP-OES, returned grades which overall averaged 3% zinc, 1% lead and 28 grammes per tonne silver and also included copper and vanadium credits. All of the metals, zinc, lead, silver, copper and vanadium are hosted in a mineralized unit, within a sandstone, which sits at the contact with a dolomite.

Metallurgical test work carried out by Ongopolo Laboratories at Tsumeb in Namibia, show recoveries of 94% for zinc, 93% for lead and 91% for silver.

In reviewing and relying on information generated from all of the above data, it is considered that the above is a reasonable estimate of tonnage and grade but whilst this tonnage and grade are based on there being continuity between the wide-spaced drilling conducted to date, it remains conceptual until they are confirmed by infill drilling.

The wide spaced drilling conducted to date is not sufficient to rely upon for the definition of a mineral resource at this point in time and the certainty of defining a mineral resource will only be determined by the successful outcome of results from planned infill drilling. However, as a measure of perspective in this regard, ProMet Engineers point out in the Summary to their Scoping Study, the following:

- Kihabe is a highly prospective mineralised zone, with initial drilling and test work indicating the potential for the project to be commercially viable.
- Whilst additional drilling and test work will need to be undertaken to delineate a JORC compliant resource and confirm likely recoveries, the potential for this to confirm a viable resource based on the data reviewed by ProMet appears to be high.

(For diagram visit Kihabe under the Projects Section at the Company's website www.mountburgess.com)

The results of the scoping study of the Kihabe Base Metals Project that was undertaken by ProMet Engineers were announced in the previous quarterly report. (*Refer to report lodged on 28 October 2005*).

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 each mineralised tonne 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 each mineralised tonne.**
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 is estimated at US\$ 66.6 per each mineralised tonne, within the exploration target.**

5. Recent data generation has identified significant zones of copper and vanadium mineralisation associated with the mineralised zone. **None of these copper or vanadium credits have yet been accounted for in the above estimated value of US\$ 66.6 per each mineralised tonne.**

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 the estimated 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 exploration target 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 exploration target 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 and minerals 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.