



7 June 2013

Kihabe-Nxuu Zn/Pb/Ag Project Botswana – Appeal against Rejection for Extension of PL69/2003

On 6 June 2013, Mount Burgess Mining NL and its wholly-owned subsidiary company, Mount Burgess (Botswana) (Proprietary) Ltd lodged an appeal with the Office of the Vice President of Botswana in respect of the previously held PL 69/2003.

PL 69/2003 contained the Kihabe-Nxuu Zn/Pb/Ag JORC compliant resources of 25 million tons at 3% Zn/Pb with 3.3 million ozs Ag, developed by the Company and its Botswana subsidiary.

The summary to the appeal is as follows:

- “APPEAL AGAINST:**
- 1. THE REJECTION OF THE APPLICATION FOR EXTENSION OF PL69/2003, THE KIHABE - NXUU PROJECT**
 - 2. THE UNACCEPTABLE 14 MONTH TIME FRAME IT HAS TAKEN FOR THIS REJECTION TO BE MADE (MALADMINISTRATION)**

SUMMARY TO APPEAL

Mount Burgess (Botswana) (Proprietary) Ltd, (MBB) is a wholly owned Subsidiary Company of Mount Burgess Mining NL, (MTB), a public Company listed on the Australian Securities Exchange (ASX). MBB and MTB appeal against the decision of the Ministry of Minerals, Energy and Water Resources (MMEWR) in rejecting the Application for Extension (**AE**) of Prospecting Licence PL69/2003, previously held by MBB.

In regard to MBB's EA for PL69/2003 submitted on the **29 March 2012**, MBB and MTB provide the following summary:

1. MBB was **first** queried on **11 September 2012** as to why it had only made provision for expenditure of BWP 100,000 pa for the two years to 30th June 2014. MBB responded by informing MMEWR that its submission had provided for **BWP 5 million pa**, NOT BWP 100,000.

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2. MBB received a **second** query on **23 January 2013**, as to why it had only conducted geochemical soil sampling during the two years to 30 June 2012. MBB responded by informing MMEWR that it had conducted significantly more than only geochemical soil sampling, details of which were outlined in all the quarterly and other reports that MBB had submitted to and receipted by the Geological Survey during this two year period.
3. MBB received a **third** query on **17 April 2013** as to why it had not complied with the "attached programme" during the two years to 30 June 2012. MBB responded informing MMEWR that it had never received the "attached programme". However, on reviewing the "attached programme", MBB advised MMEWR what sections had been fulfilled and what sections had not been fulfilled.

One section which was unable to be fulfilled was the completion of a feasibility study requiring 40MW of power. MBB confirmed that because of the foreseen lack of the availability of 40MW of power, both **SENET and ProMet Engineers were not able to proceed with or sign off as competent persons, on a feasibility study.** (*MBB and MTB had previously been advised that grid power would be available in the area by the end of 2012.*) In compliance with Sections 28, 29 and 30 of the **JORC Code** and reporting procedures, feasibility studies can only be completed and signed off by competent persons when assessing deposits at the **Proven or Probable Reserve** stage. No deposit can be assessed as a **Proven or Probable Reserve**, when something as fundamental as the availability of power, required to recover such a reserve, cannot be determined. MBB informed the Hon Minister MMEWR of the power situation on 23 March 2012 and how MBB was trialling other processes to reduce the amount of power required.

4. Having NOT been queried in any regard within the prescribed three month time frame to 30 June 2012, MBB continued in good faith, for 14 months right up until 13 May 2013, when its Application for Extension was rejected, to spend up to \$1.2 million (BWP9.8 million) on the project. MBB and MTB are now questioning why:
 - (a) MBB was NOT informed of the rejection decision within the prescribed 3 month time frame to 30 June 2012.
 - (b) It has taken 14 months and 3 separate sets of queries for MMEWR to arrive at this rejection decision.

The **AE** was rejected by MMEWR on 13 May 2013 (after a 14 month period since lodgement) on the basis that MBB failed to carry out the approved prospecting programmes and failed to demonstrate that proper effort had been made to complete the evaluation work for the application to be considered (under) Section 17(6) of the Mines and Minerals Act."

On 31 May 2013 the Company also lodged an appeal with the Botswana Ombudsman.