



## REPORT FOR THE QUARTER ENDED 31 DECEMBER 2012

### KIHABE – NXUU BASE METALS PROJECT

The Company controls 100% of a 3,000 sq neo-Proterozoic belt, prospective for base metals, which spans the border in NE Namibia and NW Botswana.

**Continuing geochemical soil sampling has now generated a significant number of Zn/Pb anomalies which show up either as extensions to or run parallel with the Company's two existing Kihabe and Nxuu Zn/Pb resources.**

During the quarter over 700 geochemical soil samples were collected on the Botswana side of the border and analysed on site with the Company's XRF analyser. The collection of samples was restricted during the period because of the onset of the rainy season with record breaking rains.

Since commencement in March 2011 of the collection of geochemical soil samples and their analysis on site through the Company's XRF machine, a total of nearly 17,000 samples have been collected and analysed. These analyses have produced a significant number of Zn/Pb geochemical soil anomalies, a large number of which are situated along strike from the existing Kihabe and Nxuu Zn/Pb resources. Further anomalies show up as running parallel to the existing resources (refer geochemical soil sampling map attached)

Whilst these anomalies all require drill testing, the Company believes that they show potential to significantly increase the Company's current 25 million ton Zn/Pb/Ag (at 3% Zn equivalent) resource base, particularly as they are all part of what has been interpreted to be a SEDEX style mineralised system. In addition, the Company has also generated a Cu/Co anomaly on the Botswana side of the border, with a further Cu/Co anomaly generated on the Namibian side of the border.

All geochemical soil samples have been collected from around 10cm below surface, every 50m along north/south lines spaced 100m apart. The samples are sieved down to – 0.4mm, packeted and then analysed on site under stable and stationary conditions with the Company's XRF machine. The XRF machine is calibrated with certified standard samples at commencement of the daily analytical process and from thereon after every 25<sup>th</sup> sample has been analysed. Quality control samples will be sent to an independent laboratory for analysis by conventional methods.

### **Alternative Metallurgical Processing Routes**

As highlighted in the September 2012 quarterly report, the Company is continuing with investigations into potential alternative metallurgical processing routes to determine whether cost savings can be achieved in relation to both potential capital and power costs.

## **Potential Joint Venture Partners**

On the 9<sup>th</sup> January 2013, the Company announced the appointment of PCF Capital Group to assist in sourcing a Strategic Partner for the Kihabe/Nxuu Project. PCF Capital Group is a Western Australian based investment banking firm that specialises in sourcing strategic partners and investors for mining projects and has a client base of over 4,000 active companies, institutions and investors from over 100 countries, including very strong relationships with Chinese private and state owned enterprises.

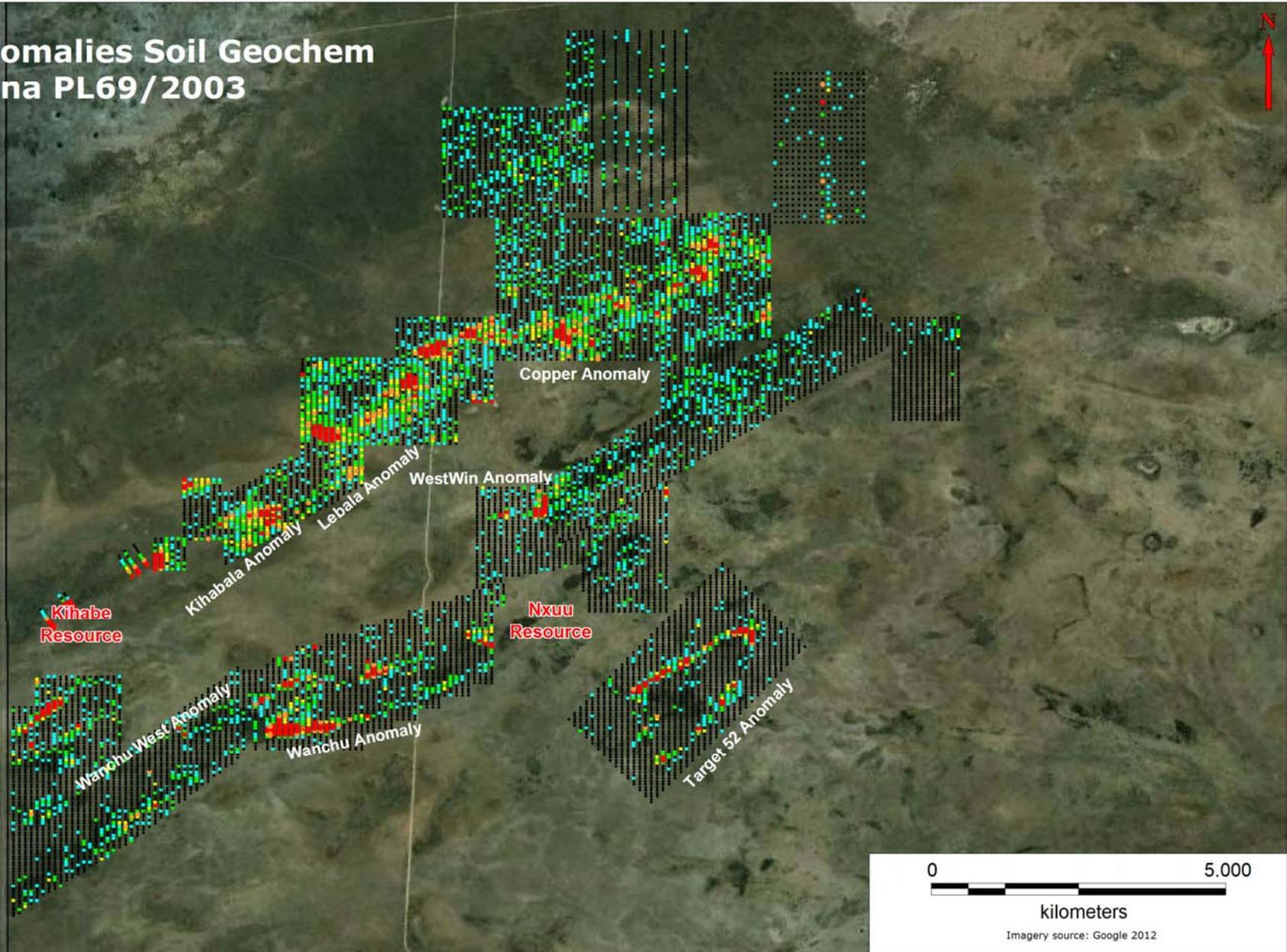
## **Corporate - Funding**

On the 22<sup>nd</sup> October 2012 the Company announced a share placement of 25,500,000 shares at 0.3 of one cent to raise \$76,500, which was received during the quarter. On the 22<sup>nd</sup> November 2012, the Company announced a share placement of 110,000,000 shares at 0.2 of a cent to raise \$220,000. As at the 31<sup>st</sup> December 2012, \$55,000 of this placement had been received. Since the 31<sup>st</sup> December a further \$168,000 has now been received, increasing the overall placement to 111,500,000 shares. In addition, on the 17<sup>th</sup> December 2012, the Company received a R&D grant amounting to \$118,000.

As at 31<sup>st</sup> December 2012 the Company had available \$96,000 in cash and credit standby arrangements, which was subsequently increased by \$168,000 from placement proceeds, as mentioned above, received in January.

The information in this release that relates to exploration results, together with any related assessments and interpretations, is based on information approved for release by Mr. Giles Rodney Dale of GR Dale and Associates. Mr. Dale is a Fellow of the Australian Institute of Mining and Metallurgy. Mr. Dale has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he has undertaken 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. Dale consents to the inclusion in this release of matters based on this information in the form and context to which it appears.

# Zinc Anomalies Soil Geochem Botswana PL69/2003



0 5.000

kilometers

Imagery source: Google 2012

## KIHABE- NXUU RESOURCE STATEMENT

Deposit	External Cut %	Indicated M Tonnes %	Inferred M Tonnes %	Total M Tonnes %
Kihabe	1.5%	11.4 @ 2.90%*	3.0 @ 2.60%*	14.4 @ 2.84%*
Nxuu	0.3%	-	10.9 @ 3.20%*	10.9 @ 3.20%*
		<b>11.4 @ 2.90%*</b>	<b>13.9 @ 3.07%*</b>	<b>25.3 @ 3.00%*</b>

### \*Zinc Equivalent Grade

Kihabe resource calculated on metal Zn US\$1,810/t Pb US\$1,955/t Ag US\$18.75/oz prices as at 17 July 2008:

Grades applied: Zn 1.75% Pb 0.76% Ag 6.93 g/t

Nxuu resource calculated on zinc and lead at US\$ par

Grades applied: Zn 1.8% Pb 1.4%

The information in the resource statement that relates to the Kihabe Resource is compiled by Byron Dumpleton, B.Sc., a member of the Australasian Institute of Geoscientists. The information that relates to the Nxuu Resource is compiled by Mr Ben Mosigi, M.Sc., (Leicester University – UK), B.Sc., (University of New Brunswick – Canada), Diploma Mining Tech (Haileybury School of Mines – Canada), a member of the Geological Society of South Africa.

Mr Dumpleton is an independent qualified person and Mr Mosigi is a Technical Director of the Company. Both Mr Dumpleton and Mr Mosigi have sufficient experience relevant to the style of mineralisation under consideration and to the activity to which they have undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code of Reporting of Mineral Resources and Ore Reserves". Both Mr Dumpleton and Mr Mosigi consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.

## KIHABE-NXUU METAL RECOVERIES

Independent metallurgical testwork has confirmed the metal recoveries shown in the table below. Accordingly the Company believes these recoveries are achievable. Zinc recovered from acid leaching oxide zones will enable Zn metal to be recovered on site from electro-winning.

DEPOSIT	Zone	Time	Zinc	Lead	Silver
<b>Kihabe</b>					
<b>Oxide Zone</b>					
Acid leaching @40°C 30 kg/t acid	Oxide *	24 hrs	96.9%	91.9%	n/a
<b>Sulphide Zone</b>					
Rougher flot	Sulphide	90 seconds	91.9%	84.8%	94%
	Sulphide	15.5 mins	93.8%	88.1%	96.4%
<b>Nxuu</b>					
<b>All Oxide</b>					
Acid leaching @25°C 30 kg/t acid	Oxide *	12 hrs	93%	93%	n/a

\* Note: Zn mineralisation in the oxidised zones is hosted within Smithsonite and Baileychlorite and independent test work has confirmed both of these are amenable to acid leaching.

**LME<sup>1</sup> AND SFE<sup>2</sup> ZINC/LEAD/SILVER STOCKS AND PRICES****(as at 30 January 2013)**

METAL	Stocks/Ton		Price/Ton (US\$)	Price/oz (US\$)
	LME	SFE	LME	
<b>Zinc</b>	1,211,325	320,793	2,119	
<b>Lead</b>	292,600	107,768	2,438	
<b>Silver</b>	n/a	n/a		31.95

<sup>1</sup>London Metal Exchange – Source LME

<sup>2</sup>Shanghai Futures Exchange – Source Bloomberg

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

MOUNT BURGESS MINING N.L.
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ABN

31009067476
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Quarter ended ("current quarter")

31 December 2012
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### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 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 & evaluation	(63)	(140)
(b) development	-	-
(c) production	-	-
(d) administration	(175)	(373)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(17)	(27)
1.6 Income taxes refund	118	118
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(137)</b>	<b>(422)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(4)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	1	1
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>1</b>	<b>(3)</b>
1.13 Total operating and investing cash flows (carried forward)	(136)	(425)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(136)	(425)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	131	296
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	134
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Lease liability repayments	(1)	(1)
	Other – Placement fees	(2)	(2)
	<b>Net financing cash flows</b>	128	427
	<b>Net increase / decrease in cash held</b>	(8)	2
1.20	Cash at beginning of quarter/year to date	(360)	(370)
1.21	Exchange rate adjustments to item 1.20	(1)	(1)
1.22	<b>Cash at end of quarter</b>	(369)	(369)

**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	51
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

**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

N/A

+ See chapter 19 for defined terms.

### Financing facilities available

\*\* The Company currently has an overdraft facility of \$400,000.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	821	750
3.2 Credit standby arrangements	465	381

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	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	12	19
5.2 Deposits at call	-	-
5.3 Bank overdraft	(381)	(379)
5.4 Other (provide details)		-
<b>Total: cash at end of quarter</b> (item 1.22)	(369)	(360)

### Changes in interest 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 share securities at the end of current quarter**

	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>	702,338,602	702,338,602		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	25,500,000 48,000,000 N/A	25,500,000 48,000,000 N/A		
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	N/A	N/A		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>Employee Share Plans</i>	13,350,000 500,000	NIL NIL	5 cents 5 cents	31/12/15 31/12/16
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	NIL			
7.10 Expired / Cancelled	NIL			
7.11 <b>Debentures</b> <i>(totals only)</i>	NIL			
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	NIL			

+ See chapter 19 for defined terms.

