



30 October 2017

## QUARTERLY REPORT FOR THE QUARTER TO 30 SEPTEMBER 2017

- **Company is focussed on the Nxuu Resource as a potentially low risk, low capex project that lends itself to a relatively quick path to production**
- **Nxuu drilling program commissioned**
- **Metallurgical test work program investigating Nxuu processing pathways**
- **Power options desk top study underway**
- **Capital raising completed under listing rule 7.1.**

Consistent with the strategy announcement released to the market on 21 March 2017, Mount Burgess (The Company, ASX: MTB) remains focussed on the Nxuu Zinc/Lead/Silver deposit, which is one of the resources in its Kihabe Zinc, Lead and Silver Project in Botswana. The Nxuu Resource presents as a potentially low risk, low capital project with a relatively quick path to production.

The Company has embarked on three avenues of investigation to progress the Nxuu Project.

1. Diamond Drilling within the established resource envelope
2. Preliminary Metallurgical testwork
3. Desk top study of power options

### **Diamond Core Drilling Program**

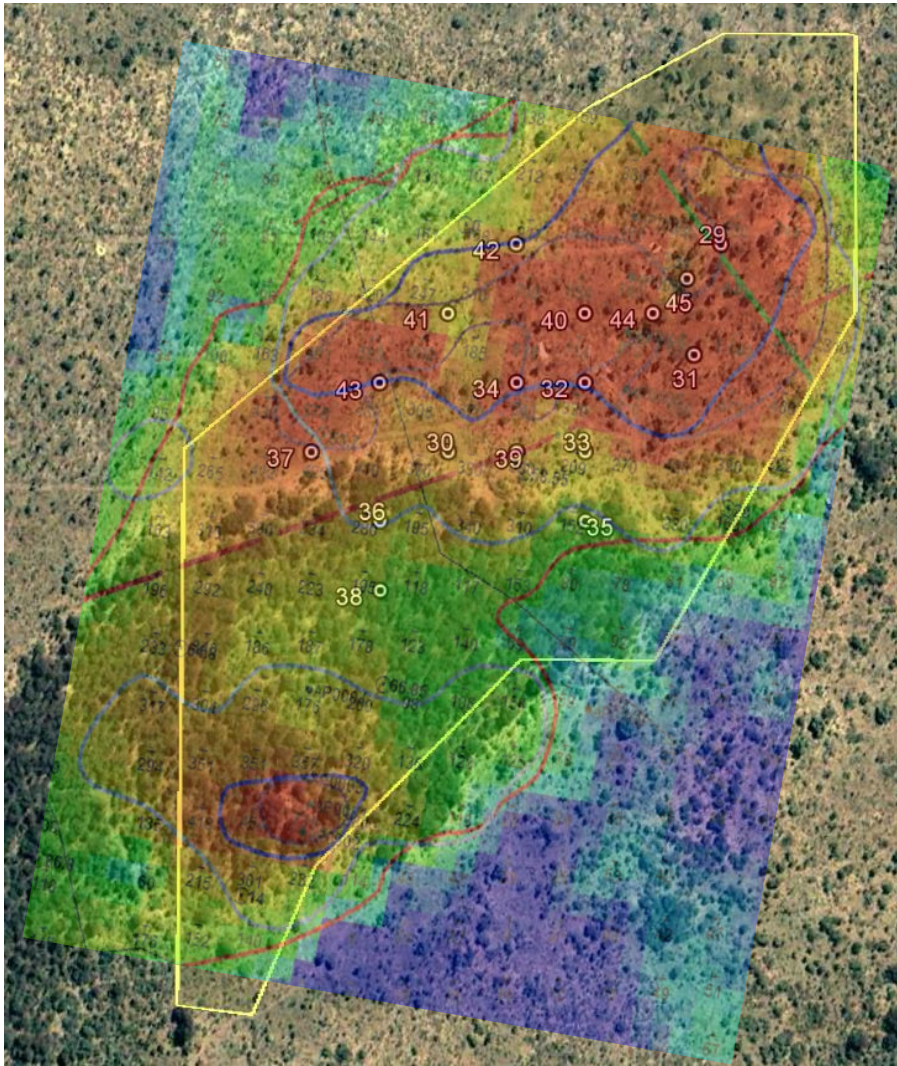
A diamond core drilling (DD) program was commissioned during the quarter and commenced during the last week of October. This Phase 1 drilling program will focus on the Nxuu Resource with some additional holes planned at the nearby Kihabe deposit as well. The second phase of drilling, subject to funding, will drill out the remainder of the established Nxuu resource to the northeast and south (Fig 1).

The objectives of the entire drilling program are to

1. Convert the current 2004 JORC compliant Nxuu resource to 2012 JORC standards. Historical RC drilling defined a zinc/lead resource (Table 2) with surface area of approximately 550m x 250m (Figure 2a), starting from 5m below a surface of predominantly free digging Kalahari sand and extending to a maximum depth of 60m below surface. In addition to updating the resource, it is intended that the drilling program will also upgrade a large portion of the resource to Indicated / Measured status.
2. Address the potential grade under-call from previous RC and percussion drilling upon which the current Nxuu Resource is predominantly estimated. The Company has previously provided evidence that suggests historical RC and percussion drilling materially under-called the grade of the Kihabe and Nxuu Resources when compared to results from DD (see announcement 5 March 2017). It is anticipated the intended DD program will address this issue conclusively for the Nxuu portion of the project resources.

3. Include potential silver and germanium credits in the planned revision of the Nxuu resource estimate. The existing Nxuu Resource zinc equivalent calculation does not include silver credits although silver is recorded in most holes within the resource envelope. Similarly, the Company wishes to investigate the distribution of germanium in the deposit as this metal also has the potential to enhance the project economics. Germanium is currently trading at US\$1,200/kg (Source: Canadian Financial Post 27 September 2017). On 28 April 2011 the Company reported an assay result for a single diamond core sample not previously assayed for germanium from within the Nxuu resource envelope as follows:

Hole #	Easting	Northing	Dip	Azimuth	From	To	Length	Ge Grade	Announced
NXDD005	508,926	7,821,827	-90	0	19m	25m	6m	4.98g/t	28/04/2011



**Figure 1:** Phase 1 proposed drill hole locations over historic soil geochem anomaly and Google Earth image at Nxuu

It is anticipated that Phase 1 and Phase 2 drilling campaigns combined will provide all the necessary resource drilling results required to progress Nxuu to a feasibility study in 2018.

The Phase 1 drilling program will also include DD holes at the Kihabe Resource to better delineate a higher grade, near-surface oxide domain as potential high grade supplemental feed in early production years. Drilling in this zone gave some significant intersections of high grade zinc and silver, previously reported as per Table 1:

Hole #	Easting	Northing	Dip	Azimuth	From	To	Length	Zn Grade	Pb Grade	Ag Grade	Announced	
KRC016	500,904	7,821,618	-60	340	44m	82m	38m	7.69%			30/05/2006	
					<i>including</i>	57m	67m	10m	22.75%			
KDD125	500,865	7,821,599	-60	339	30m	61m	31m	1.71%	1.71%		11/03/2008	
					<i>also</i>	47m	61m	14m				101.6g/t (3.27oz/t)
						64m	87m	23m	2.32%	1.42%		
KDD126	500,882	7,821,669	-78	159	39m	62m	23m	8.03%	0.87%		11/03/2008	
					<i>including</i>	44m	53m	9m	15.01%			
						98m	102m	4m				448.2g/t (14.41oz/t)
KDD109	500,907	7,821,628	-65	339	73m	82m	9m			318g/t (10.20oz/t)	2/07/2007	
					<i>also</i>	75m	81m	6m	2.62%	1.51%		
						91m	97m	6m	2.94%	3.64%		
LME Prices								Zn US\$/t	Pb US\$/t	Ag US\$/oz		
29 September 2017								3,217	2,519	16.66		

**Table 1:** A higher grade zone at the Kihabe resource defined by previously announced drilling

### Metallurgical Testwork

The Company has delivered diamond core from the Nxuu deposit to an Australian laboratory for metallurgical testwork. The objective of the metallurgical program is a preliminary investigation of various processing pathways, including the production of both zinc and lead metals on site using SX/EW.

### Power Options

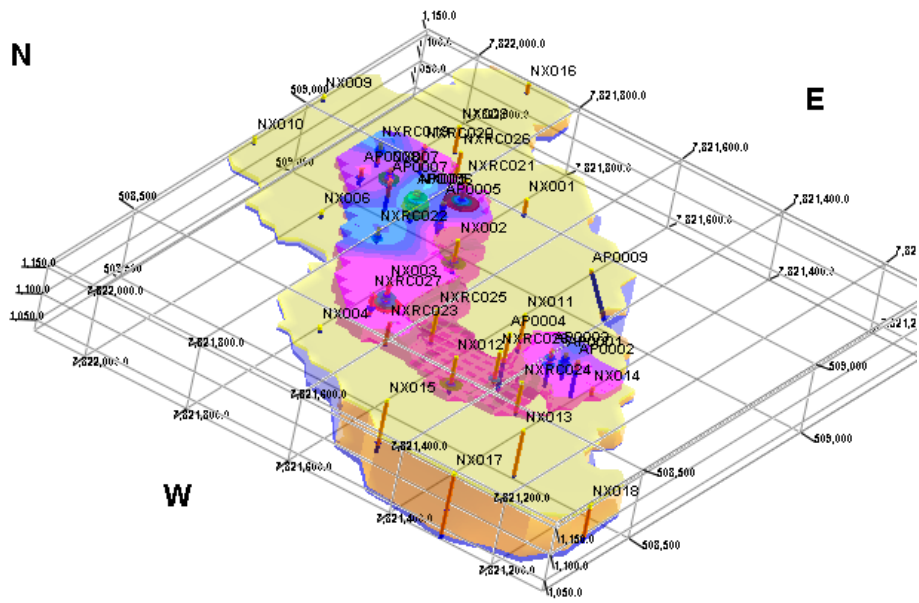
The Company has begun investigations into power options for the Nxuu project. In addition to the potential of grid power being available within possible acceptable timeframes, the Company has embarked upon preliminary investigations into other power sources such as gas, solar and hybrid models. Mount Burgess wishes to point out that it has not completed a feasibility study on the Nxuu deposit and investigations into power supply options are general in nature, considering a wide range of likely power demand and potential operating costs.

### Corporate Activity

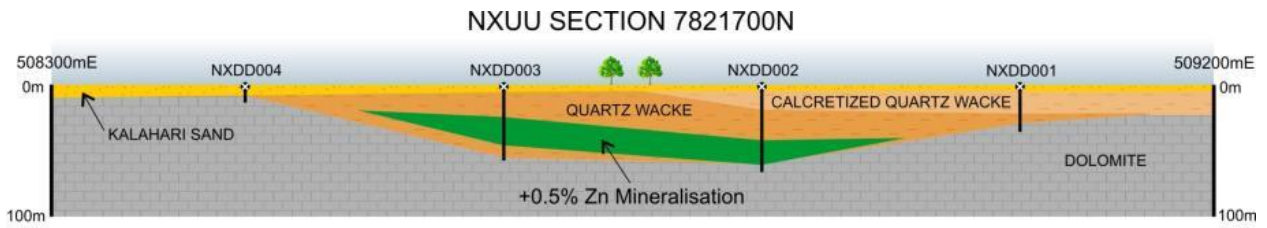
In August the Company completed a placement of 38,454,545 ordinary shares by way of a placement to sophisticated investors, in accordance with Listing Rule 7.1. The issue price of the shares was 0.55 of one cent per share and raised the Company \$211,500 before costs.

General Meeting of the Company held on 27 September 2017 ratified the previous issue of shares (see announcement 27/9/17). With the ratification the Company re-instated its capacity to place shares in the Company under listing rule 7.1. In October 2017 the Company announced a further placement of 27,277,778 ordinary shares by way of a placement to sophisticated investors, in accordance with Listing Rule 7.1. The issue price of the shares was 0.9 of one cent per share and raised the Company \$245,500 before costs.

**Figure 2a:** The Nxuu mineralisation forms a shallow basin defined by a fold closure.



**Figure 2b:** The Nxuu mineralisation forms a shallow basin defined by a fold closure.



**Table 2: Resource Statement for the Kihabe and Nxuu deposits**

Deposit	External Zn-eq Cut %	Indicated M Tonnes %	Inferred M Tonnes %	Total M Tonnes %	Contained Zinc metal (kt)	Contained Lead metal (kt)
Kihabe	1.5%	11.4 @ 2.90%*	3.0 @ 2.60%*	14.4 @ 2.84%*	259kt	115kt
Nxuu	0.3%	-	10.9 @ 3.20%*	10.9 @ 3.20%*	196kt	153kt
		<b>11.4 @ 2.90%*</b>	<b>13.9 @ 3.07%*</b>	<b>25.3 @ 3.00%*</b>	455kt	268kt

\*Zinc Equivalent

Kihabe resource calculated on metal prices as at 17/7/2008

Kihabe Grades

Nxuu resources calculated on zinc and lead par value metal prices

Nxuu Grades

Zn	Pb	Ag
US\$1,818/t	US\$1,955/t	US\$18.75/oz
Zn 1.8%	Pb 0.8%	Ag 7.7 g/t

Zn 1.8%	Pb 1.4%
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*This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

#### 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 float	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 (Nxuu) and Baileychlorite (Kihabe) and independent test work has confirmed both of these are amenable to acid leaching.



## **Forward Looking Statement:**

This report contains forward looking statements in respect of the projects being reported on by the Company. Forward looking statements are based on beliefs, opinions, assessments and estimates 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.

Any statements in respect of Ore Reserves, Mineral Resources and zones of mineralisation may also be deemed to be forward looking statements in that they contain estimates that the Company believes have been based on reasonable assumptions with respect to the mineralisation that has been found thus far. Exploration targets are conceptual in nature and are formed from projection of the known resource dimensions along strike. The quantity and grade of an exploration target is insufficient to define a Mineral Resource. 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, changes in government policy and political instability in the countries in which the Company operates.

## **Other important Information**

**Purpose of document:** This document has been prepared by Mount Burgess Mining NL (MTB). It is intended only for the purpose of providing information on MTB, its project and its proposed operations. This document is neither of an investment advice, a prospectus nor a product disclosure statement. It does not represent an investment disclosure document. It does not purport to contain all the information that a prospective investor may require to make an evaluated investment decision. MTB does not purport to give financial or investment advice.

**Professional advice:** Recipients of this document should consider seeking appropriate professional advice in reviewing this document and should review any other information relative to MTB in the event of considering any investment decision.

**Forward looking statements:** This document contains forward looking statements which should be reviewed and considered as part of the overall disclosure relative to this report.

**Disclaimer:** Neither MTB nor any of its officers, employees or advisors make any warranty (express or implied) as to the accuracy, reliability and completeness of the information contained in this document. Nothing in this document can be relied upon as a promise, representation or warranty.

**Proprietary information:** This document and the information contained therein is proprietary to MTB.

## **Competent Persons Statements:**

Information in this release that relates to Germanium exploration results and results of KDD109 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 Australasian 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 of Reporting of Mineral Resources and Ore Reserves. Mr Dale consents to the inclusion in this release of matters based

on the information in the form and context to which it appears. The information was first released on 28 April 2011 and 2 July 2007 respectively. The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Kihabe 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 and Mr Surtees B.Sc, MDP, F.Aus.IMM a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Spence and Mr Surtees were employees of the Company. Mr Spence and Mr Surtees have 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 and Mr Surtees consent to the inclusion in the report of the matters based on this information in the form and context in which it appears. The information was first released on 30 May 2006 and 11 March 2008 respectively. The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in the resource statement that relates to the Kihabe Resource is compiled by Mr 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 was a Technical Director of the Company for the period in which the resource was developed. 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.

The information regarding Kihabe and Nxuu Resources was first released on 8 October 2008 and 20 January 2010 respectively and updated with recovery information on 12 April 2012. The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

MOUNT BURGESS MINING N.L.
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**ABN**

31009067476
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**Quarter ended ("current quarter")**

30 September 2017
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(56)	(56)
(b) development	-	-
(c) production	-	-
(d) staff costs	(21)	(21)
(e) administration and corporate costs	(73)	(73)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(150)</b>	<b>(150)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (3 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	212	212
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(18)	(18)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>194</b>	<b>194</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	126	126
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(150)	(150)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	194	194
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>170</b>	<b>170</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	170	126
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>170</b>	<b>126</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	30
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

n/a

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

n/a

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	10	3
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

n/a

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	17
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>167</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

