

MOUNT BURGESS MINING N.L.

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The Australian Stock Exchange Limited
Company Announcements Office
10th Floor
20 Bond Street
Sydney NSW
Australia

Dear Sir,

Preliminary Scoping Study by ProMet Engineers Pty Ltd Kihabe Base Metals Project, Botswana

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).

As previously announced by the Company this anomaly has been R.C. drill tested by four wide spaced drill sections over the length of the anomaly 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

The Company must emphasise that the wide-spaced drilling done to date on this project is not sufficient to generate a categorised resource in terms of the JORC Code; however it believes that the drilling results indicate the probability of a significant mineralised system 2,400 metres long and 35 metres wide. Samples from drill holes from the four drill sections, which were subject to mixed acid digestion and analysis by ICP-OES, show average grades of 3% zinc, 1% lead and 28 grammes per tonne of silver. Initial metallurgical testwork conducted on drill chips, and announced to the market of 24 September 2004, shows that recoveries for each of zinc, lead and silver are all in the 90 percentile.

Based on the possibility of future demand generating higher base metal prices in the longer term, the Company engaged ProMet Engineers Pty Ltd to conduct a scoping study on the project as it currently stands.

Results from this scoping study have shown to be very encouraging and on the premise that planned infill drilling generates similar results to those achieved from the wide spaced drilling done to date, the Company could have a project capable of generating significant cash flows.

Results from the scoping study, which are released with the consent of Promet Engineers, are as follows:

PROMET ENGINEERS EXECUTIVE SUMMARY, PRELIMINARY SCOPING STUDY, KIHABE BASE METALS PROJECT

Mount Burgess Mining NL (Mt Burgess) is the owner of the Kihabe Base Metals Project in Botswana.

The Project is located on the western border of Botswana and is approximately 385 kilometres east of the Namibian town of Tsumeb.

Mineralisation at Kihabe continues westwards onto Mt Burgess's tenements in Namibia.

Kihabe is a highly prospective mineralized zone, with initial drilling and testwork indicating the potential for the Project to be commercially viable.

Whilst additional drilling and testwork will need to be undertaken to delineate a JORC compliant resource and confirm likely recoveries, the potential for this to occur based on the data reviewed by ProMet appears to be high.

The Kihabe mineralised zone over which drilling has been carried out to date, extends for a distance of approximately 2.4 kilometres.

Six anomalous base metal zones within close proximity of the Kihabe mineralised zone have been defined by drilling and soil sampling, including a massive sulphide gossan yielding 3.9% Zinc, 12.4% Lead, 102 grams per tonne of Silver and 1.6 % Vanadium.

In addition, copper values of > 0.5% have been returned from drilling that has been terminated in mineralisation.

For the purposes of this study ProMet has produced a base case financial model based on an initial open cut tonnage of 17,500,000 tonnes to 100 metres depth with average grades for Zinc of 3%, Lead 1% and Silver at 28 grams per tonne.

Additional models have been produced that include Vanadium at 0.05% and Copper at 0.05% however it must be noted that insufficient drilling and testwork has yet been undertaken to allow for these minerals to be included in the base case model.

The Project economics have been based on mining and processing 2,500,000 tonnes of ore per annum at a stripping ratio of three tonnes of waste for each tonne of ore.

The proposed plant design is based on crushing the run of mine to < 300 mm that will be fed into a sag mill and then into a ball mill with < 45um material undergoing floatation to produce separate lead-silver and zinc concentrates.

Copper and/or Vanadium will also be produced along with the other products by means of selective sequential floatation, this being subject only to sufficient grade being delineated to justify their recovery.

The process plant will have dedicated individual circuits for each concentrate which will be thickened and then pumped to surge tanks prior to filtration.

The filtered concentrate will then be stored undercover and bagged prior to being loaded onto trucks and transported by road to the smelter.

An order of magnitude capital and operating cost estimate has been undertaken based on the above with costs being compiled using ProMet Engineers in-house database.

Please note that ProMet has taken a conservative approach to this study using Australian costs for the mining, plant capital and operating costs plus the associated infrastructure and the transport costs to the smelter.

The mining and road transport costs are based upon using mining and transport contractors for these activities with the capital for their plant and equipment being provided by the contractors based on five year contracts being entered into between the contractors and Mt Burgess.

All other capital expenditure, based on an order of magnitude level of accuracy is USD 100,000,000.

The estimated operating costs are USD 22.28 per tonne delivered to the smelter.

The metal prices used for this model are based on LME forecast pricing as follows:

| | |
|--------|------------------------|
| Zinc | USD 1.358 per tonne |
| Lead | USD 925 per tonne and |
| Silver | USD 229.878 per tonne, |

which combined yield a total in ground value of USD 40.89 per tonne.

Whilst preliminary testwork undertaken to date has produced recoveries of 94% for Zinc, 93% for Lead and 91% for Silver, ProMet has used the following yields in the financial model:

- Zinc 70%
- Lead 85%
- Silver 70%

Please note at the conclusion of the next scheduled testwork programme the model will be revised to reflect the expected increase in yields.

The base case geared model for the Project is showing an NPV of USD 56.79 million at a 10 % discount and an IRR of 31.9%.

end of ProMet Executive Summary

The Company is currently calling for tenders to infill drill the Kihabe zone of mineralisation and conduct exploration drilling on the other six defined anomalies, which are within a 15 km radius of Kihabe.

Yours faithfully,

Martin Spence
Exploration Director

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.