

MOUNT BURGESS MINING N.L.

ACN: 009 067 476

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2010

HIGHLIGHTS

TSUMKWE PROJECT NAMIBIA

The Company was granted Exclusive Prospecting Licence No. 4320 on which the Company has previously generated **elevated rare earth /metal values**.

KIHABE-NXUU BASE METALS PROJECT

Metallurgical test work on Kihabe deposit Sulphide zone returns metal recoveries of **94% Zn, 88% Pb** and **96% Ag** within **15 minutes of flotation**

TSUMKWE PROJECT, NAMIBIA

RARE EARTH/METALS - ELEVATED ASSAY VALUES

On 21 October 2010, the Company received documentation from The Ministry of Mines and Energy, Namibia, for the grant of Exclusive Prospecting Licence No. 4320, (EPL 4320) within the Company's Tsumkwe diamond exploration project, in north east Namibia.

EPL 4320 was granted in respect of Base and Rare Metals, Precious Metals and Precious Stones groups of Minerals.

Work previously conducted by the Company in 2001, in its search for kimberlites, revealed that a number of percussion drill holes drilled by the Company in this area, yielded elevated **lanthanum** (La), **cerium** (Ce) and **neodymium** (Nd) values, when submitted for assaying.

Particularly, three holes, RR011, RR012 and RR013, were drilled into a significant magnetic anomaly of some 600m diameter, generated through a close spaced aero-magnetic survey flown by the Company. One metre sections at or close to the end of these three drill holes were selected and submitted for assaying, to determine whether they contained characteristic kimberlitic geochemistry. Assaying yielded the following elevated **La, Ce** and **Nd** values:

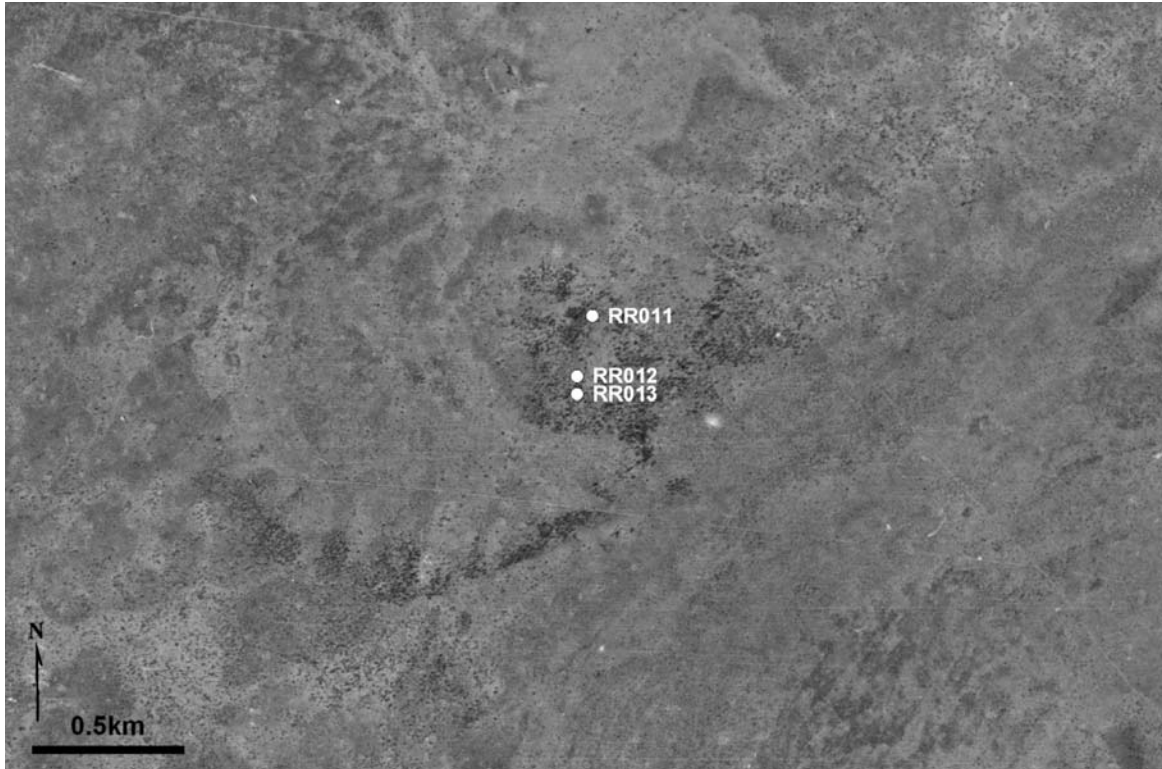
Drill Hole Number	Section selected for assaying	La Value	Ce Value	Nd Value
RR011	1m from 35m to 36m	95.4 ppm	201.7 ppm	107.1 ppm
Bed rock at 20m - hole terminated at 38m				
RR012	1m from 33m to 35m	393.4 ppm	750.7 ppm	283.0 ppm
Bed rock at 26m - hole terminated at 38m				
RR013	1m from 30m to 31m	297.1 ppm	548.4 ppm	210.0 ppm
	1m from 38m to 39m	422.8 ppm	753.2 ppm	296.4 ppm
Bed rock at 27m - hole terminated at 39m				

Subsequent petrographic analysis of the above samples confirmed the following lithological classifications:

- RR011 - Partly Altered (Chloritised, Amphibolised, etc.), Magnetite-Quartz-Bearing Augite-Syenite
- RR012 - Partly Altered (Chloritised, Amphibolised, Sericitised, Carbonated, etc.), ?Monzonitic, Augite-Bearing Syenite
- RR013 - Partly Altered (Carbonated, Chloritised, Sericitised, Limonitised, etc.) Magnetite-Bearing Augite-Syenite

N.B. Syenite can be spatially related to a carbonatite intrusion.

The above three holes were drilled in a north/south line, RR012 being drilled 200m south of RR011 and RR013 being drilled 260m south of RR011.



The photograph above shows a circular feature which could indicate an intrusive centre.

These results achieved from the very limited intersections submitted for assaying, are seen as encouraging and require follow-up drilling and assaying to determine their significance as well as the potential size and grades of the overall mineralised intersections.

Other areas within this project having yielded elevated rare earth assay values, including Yttrium (Y) will also need to be investigated – for example

Drill Hole Number	Section selected for assaying	La Value	Ce Value	Nd Value	Y Value
Nam 049	1m from 47m to 48m	332 ppm	788 ppm	334 ppm	205 ppm
Bedrock at 35m – hole terminated at 48m					

All rare earth assay results were determined by ICP – MS.

Rare Earth Element (REE) prices have risen significantly since the beginning of the year. La and Ce have risen by around 450% to US\$45/kg and Nd has risen around 270% to US\$95/kg. Yttrium prices have risen around 85% to US\$83/kg. La particularly is growing in demand as it is used in nickel metal hydride batteries which in turn are used in hybrid cars, such as the Toyota Prius.

THE KIHABE-NXUU BASE METALS PROJECT

MOUNT BURGESS MINING N.L. (MTB) controls 100% of a belt of Proterozoic age rocks, covering an area of some 3,000km² spanning the border between NW Botswana and NE Namibia. **This Proterozoic belt is highly prospective for Copper (Cu), Zinc (Zn), Lead (Pb), Vanadium (V) and Silver (Ag) mineralisation.**

Throughout the last three quarters MTB has been continually conducting mineralogical and metallurgical testwork on the Kihabe and Nxuu resources, with the outcome of significantly improving metal recoveries.

RESOURCE BASE

To date MTB has developed resources at two deposits on the Botswana side of the project. **The Kihabe and Nxuu deposits**, 7km apart, contain indicated and inferred JORC compliant resources of 33 million tonnes of mineralisation. From this resource base, **25 million tonnes @ 3% Zn equivalent grade** made up of Zn, Pb and Ag at Kihabe and Zn and Pb at Nxuu (refer to Resource Statement attached) is the subject of a scoping study to be revised to a pre-feasibility study **for a proposed 10 year mine life @ 2.5 million tpa. The Kihabe deposit also contains Cu and V credits** for which to date there are no defined resources.

The in-ground Zn/Pb/Ag metal content of the resource base consists of some **750,000 tonnes of Zn equivalent metal**, which at current values (Zn/Pb-US\$2,250/t, Ag-US\$22/oz), represents an in-ground value of **US\$1.75 billion.**

The Kihabe deposit covers a strike length of 2.4 km, with **two potential open-cut pits covering a total strike length of 1.8 km**, containing 14.4 million tonnes of resources. Within the 1.8 km of strike, **the average width of the deposit is 27m** from 5m below surface to 175m depth, the extent of the resource drill depth to date. **Many sections of the resource are between 35m to 60m wide.** With confirmatory geotechnical drilling, it is estimated that the two proposed Kihabe pits will have a strip ratio in the order of 4.5 : 1.

The Nxuu deposit covers an area of 550m by 250m with a total estimated depth of only 60m, containing 10.9 million tonnes of resources. Whilst further drilling has yet to be conducted to enable a pit to be designed, it is estimated that an open cut on this basin shaped deposit will have a strip ratio in the order of 3 : 1.

With both deposits being shallow (beneath 5m to 15m Kalahari sand cover) with potential low strip ratios, they represent potential low cost open-cut mining operations.

STYLE OF MINERALISATION

Mineralisation at both the Kihabe and Nxuu deposits **has been described as being of late stage SEDEX style.** Most SEDEX style deposits are found in dolomites. In this region however, the mineralisation occurred only after quartzite deposits formed over the dolomites through weathering and deposition from regional elevated or mountainous areas. Whilst the mineralisation is right at the contact with the regional dolomite, **it was formed within what at the time was an overlying quartz wacke.** With subsequent thrusting, folding and shearing, these deposits now range from being horizontal to vertical as well as being in synclinal or anticlinal fold structures.

Mineralisation at the Kihabe deposit occurs within an almost vertical synclinal fold structure. Mineralisation at the Nxuu deposit occurs in a flat lying basin shaped structure.

OXIDE/SULPHIDE MINERALISATION

The whole of the Nxuu deposit consists of oxide mineralisation as is the top 25% of the Kihabe deposit. The remaining underlying 75% of the Kihabe deposit contains sulphide mineralisation.

PROPOSED METHODS OF TREATMENT

a) THE NXUU DEPOSIT - All Oxide Mineralisation

Zinc mineralisation in the Nxuu deposit is found in the **Zn oxide mineral smithsonite**. Metallurgical test work conducted on the smithsonite has shown that it is amenable to tank acid leaching, **using 29kg/t of acid, yielding 93% recovery in 12 hours at 25 deg C**, the average Botswana ambient temperature. **This will enable Zn metal to be produced on site through tank acid leaching and electro-winning**, thereby eliminating significant concentrate transport and smelter costs.

Lead mineralisation in the Nxuu deposit is found in the **Pb carbonate cerussite**. Metallurgical flotation using controlled potential sulphidisation (CPS) will be conducted on the cerussite to produce a concentrate and determine Pb recovery.

b) THE KIHABE DEPOSIT - Oxide zone

Zinc mineralisation in the oxidised zone of the Kihabe deposit is found in the **Zn oxide minerals smithsonite and baileychlorite**. Metallurgical test work conducted on this mineralisation has shown that it is amenable to tank acid leaching, **using 35 kg/t acid, yielding 92% recovery in 24 hours at 40 deg C**. **This will enable Zn metal to be produced on site through tank acid leaching and electro-winning**, thereby eliminating significant concentrate transport and smelter costs.

Lead mineralisation in the oxidised zone of the Kihabe deposit **occurs predominantly as galena (sulphide) together with minor oxide minerals**. Metallurgical test work has shown that **92% Pb recoveries are achieved through flotation and concentration**. A Pb concentrate will be produced on site for shipment to a smelter.

Acid consumption in the region of 35 kg/t to recover Zn metal on site from both the Nxuu deposit and the Kihabe deposit oxide zone is economical because the mineralisation occurs in quartz wackes, low in carbonates. (Were the mineralisation to be in dolomites, which are high in carbonates which consume high volumes of acid, this process would likely be uneconomic.) Further test work needs to be conducted to achieve concentration of smithsonite and baileychlorite, prior to acid leaching, in order to reduce tonnages treated and thereby further reduce acid consumption. It is envisaged that a process of heavy media separation can be successfully applied because of the high SG's of both smithsonite and baileychlorite.

c) THE KIHABE DEPOSIT - Sulphide zone

Zinc mineralisation in the sulphide zone of the Kihabe deposit **occurs as sphalerite and lead mineralisation occurs as galena**. Metallurgical test work has shown that at a 75 micron grind size, **94% Zn recoveries and 88% Pb recoveries are achieved within 15 minutes through flotation and concentration**. Zn and Pb concentrate will be produced on site for shipment to a smelter.

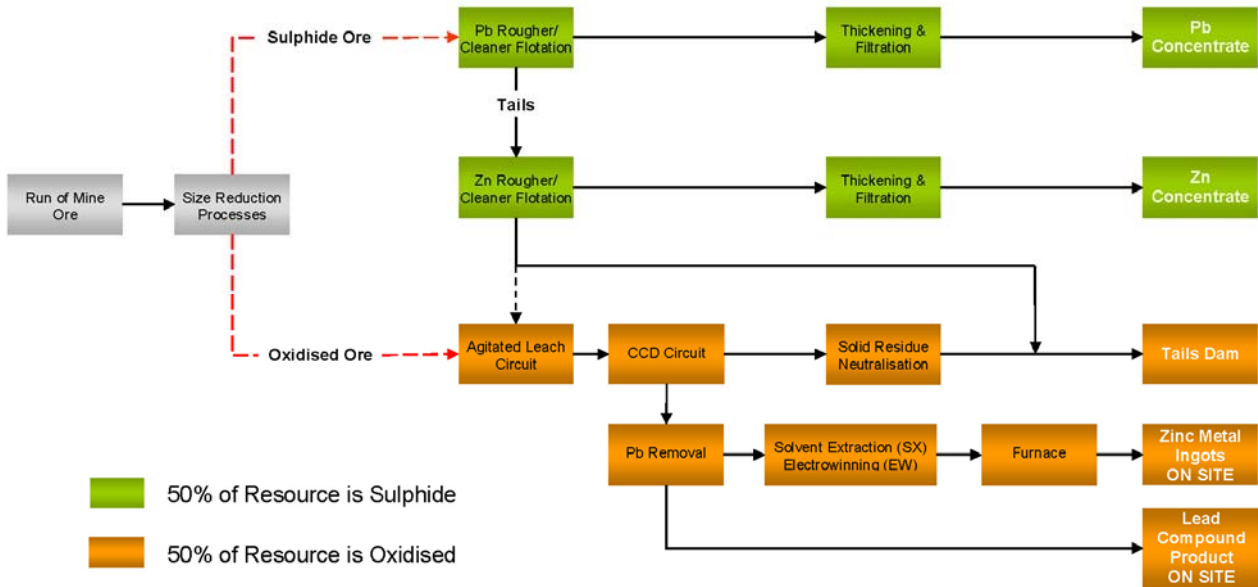
This same metallurgical test work has also shown that **96% of silver (Ag) can also be recovered by flotation within 15 minutes**. **The Company is investigating the process for recovering Ag on site**. The Kihabe resource contains **3.1 million ozs of Ag**.

d) OTHER METALS

The Kihabe deposit contains copper and supergene vanadium credits which could be potential revenue contributors. Separate drill programmes will be required to delineate potential Cu and V resources to determine any such contributions. Only a shallow, 40m depth, drill programme will be required to delineate any V resource. Metallurgical test work will also have to be conducted to determine possible metal recoveries.

ORE PROCESS ROUTE (SIMPLIFIED)

Provision for Oxidised and Sulphide Ore:



POTENTIAL TO INCREASE RESOURCES

Potential to increase the Kihabe resource beyond the current 175m depth is very high as drilling to date has intersected wide mineralised zones around the depth of 175m. As a synclinal structure, this further supports the potential for finding deeper mineralisation and the repeat of other parallel mineralised zones.

Potential to increase the Kihabe resource grade by delineating a resource based entirely on diamond core (DD) drilling is high. To date the Kihabe resource base has been delineated based on 112 reverse circulation (RC) drill holes and 32 diamond drill (DD) holes. A comparison of grades from DD holes that were drilled to twin RC holes has shown an increment in grade in the region of 40%. A further exercise was conducted by calculating the average DD grades from only the DD drilling conducted within the 0.5% low-cut resource envelope and comparing them with those grades from ALL drilling, RC and DD, conducted within the 0.5% low cut resource envelope. A similar 40% increment was arrived at. The cost of conducting sufficient DD drilling within the Kihabe resource in order to delineate a resource based entirely on this drilling method will be in the region of US\$2 million.

Potential to increase the project resource base on a regional basis, in both Botswana and Namibia is high. Within this 100% controlled, 3,000 sq km Proterozoic belt, most of which is covered by Kalahari sands of some 5m to 30m depth, there will likely be **further quartz wackes which host mineralisation in this region.** Since the delineation of the Kihabe and Nxuu resources, four new quartz wackes have been discovered through drilling, two of which show elevated Cu mineralisation and two of which show elevated Zn/Pb mineralisation. Further soil geochemical sampling is currently being conducted on these discoveries in order to search for the higher grade zones, which will hopefully reflect the point of contact with the regional dolomite, the zone which, in this region, has previously proven to be of likely commercial grade.

KIHABE 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%
		11.4 @ 2.90%	13.9 @ 3.07%	25.3 @ 3.00%

Zinc Equivalent Grade

Kihabe calculated on metal prices as at 17 July 2008: Zn US\$1,810/t Pb US\$1,955/t Ag US\$18.75/oz
 Grades applied: Zn 1.75% Pb 0.76% Ag 6.93 g/t

Nxuu calculated on zinc and lead at US\$ par

Grades applied: Zn 1.8% Pb 1.4%

INCREASE IN METAL PRICES

Since the beginning of June 2010, zinc and lead prices have risen around 56% from around US\$1,600/t to over US\$2,500/t.

6 Month Zinc Price



6 Month Lead Price



In this same timeframe, Silver has risen around 34% from around US\$17.50/oz to around US\$23.50 per oz.



KIHABE-NXUU PROJECT JOINT VENTURE PROPOSITIONS

The Company has been contacted by and met with a number of parties with regard to joint venture proposals in respect of its Kihabe–Nxuu project. Discussions and project review are ongoing.

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 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 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.

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.

CORPORATE

FUNDING

As at 30th September, the Company has in place agreements for access to further overdraft and loan funding of \$350,000.

In addition the Company has lodged an application for an R&D grant of \$111,000, under the Australian Research and Development Concession Scheme.

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.

ABN

31009067476

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(84)	(981)
(b) development	-	-
(c) production	-	-
(d) administration	(213)	(791)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	1	16
1.5 Interest and other costs of finance paid	(6)	(7)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(302)	(1,763)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	5	5
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	5	4
1.13 Total operating and investing cash flows (carried forward)	(297)	(1,759)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(297)	(1,759)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	47	47
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	50	163
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Lease liability repayments	(1)	(2)
Net financing cash flows		96	208
Net (decrease) / increase in cash held		(201)	(1,551)
1.20	Cash at beginning of quarter/year to date	65	1,416
1.21	Exchange rate adjustments to item 1.20	-	(1)
1.22	Cash at end of quarter	(136)	(136)

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	52
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 maintains a seasonal overdraft facility of \$350,000.**

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	415	204

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	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	36	35
5.2 Deposits at call	30	30
5.3 Bank overdraft	(202)	-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	(136)	65

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.

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 Preference +securities <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 +Ordinary securities	320,257,000	320,257,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	N/A * N/A	N/A * N/A		
7.5 +Convertible debt securities <i>(description)</i>	N/A	N/A		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>Employee Share Plans</i>	2,500,000 2,050,000 800,000 250,000 2,200,000	NIL NIL NIL NIL NIL	25 cents 25 cents 25 cents 25 cents 10 cents	31/12/10 31/12/11 31/12/12 31/12/13 31/12/14
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	NIL			
7.10 Expired during quarter	NIL			
7.11 Debentures <i>(totals only)</i>	NIL			
7.12 Unsecured notes <i>(totals only)</i>	NIL			

+ See chapter 19 for defined terms.

