

# **MOUNT BURGESS MINING N.L.**

ACN: 009 067 476

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## **QUARTERLY REPORT 31 December 2006**

### **Highlights**

#### **AFRICA**

##### **BOTSWANA - KIHABE ZINC PROJECT**

2,562 metres of RC resource infill drilling were conducted during the quarter on the 2.4km long Kihabe zone of zinc, lead, copper, silver and vanadium mineralisation.

The Company has commissioned Ravensgate, an independent firm of consultants, to compile a JORC compliant resource estimate for the project. An initial resource estimate is pending the receipt of 600 check assays being conducted by an independent laboratory.

##### **NAMIBIA, TSUMKWE -BASE METALS EXPLORATION**

During the quarter the Company conducted further ground geochemical sampling in Namibia, along strike from the Kihabe zinc project in Botswana.

#### **AUSTRALIA**

##### **TELFER, WESTERN AUSTRALIA - GOLD EXPLORATION**

The Company is in the process of negotiating a joint venture agreement on this project.

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#### **BOTSWANA, KIHABE ZINC PROJECT**

PL 69/2003

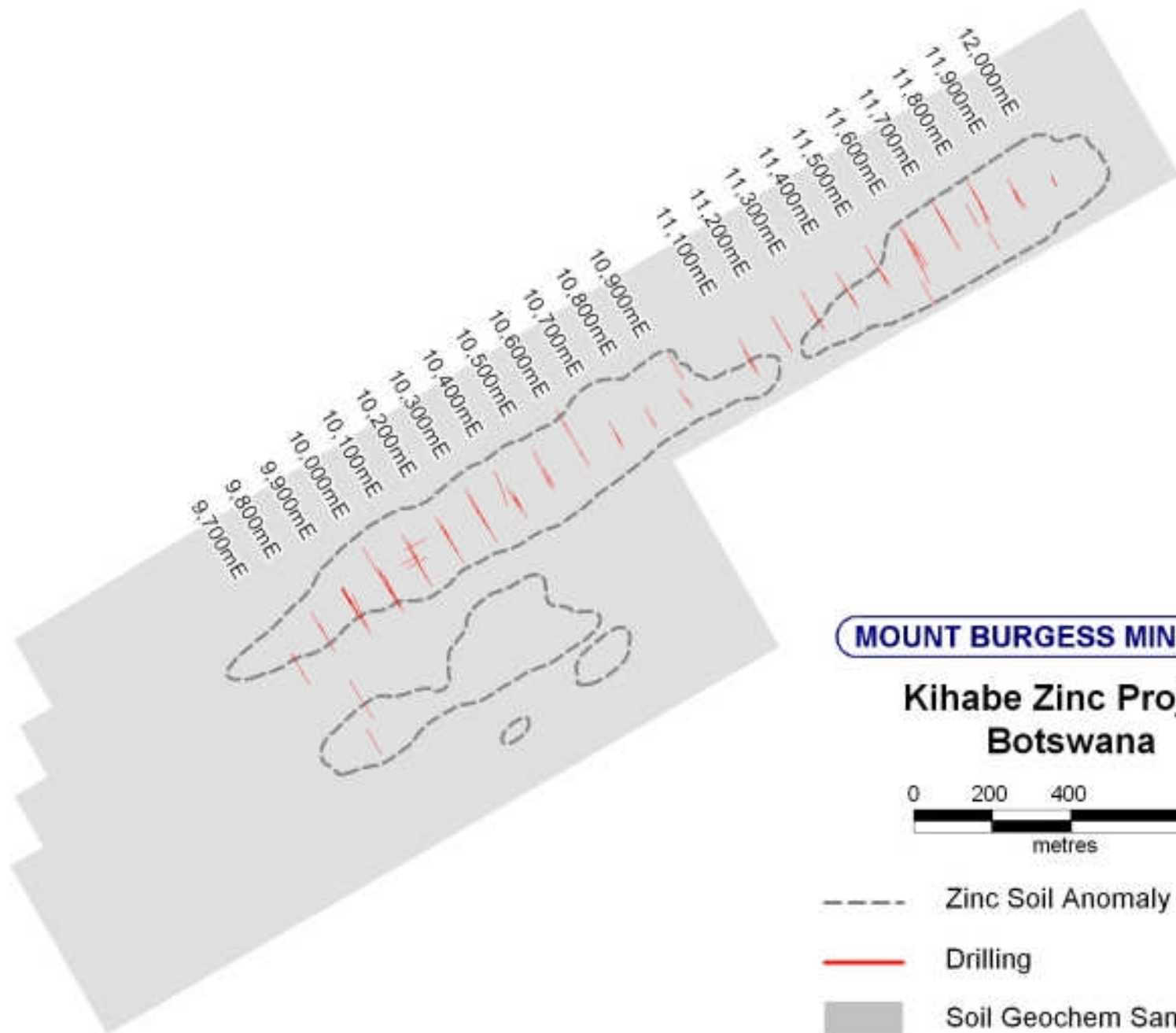
(Mount Burgess Mining N.L. 100%)

##### **Resource Drilling**

During the quarter, the Company conducted a further 2,562 metres of infill RC drilling at the Kihabe zinc project in western Botswana, for the purpose of upgrading this 2.4km long zone of zinc, lead, silver, copper and vanadium mineralisation to a JORC compliant resource, down to a depth of 150m.

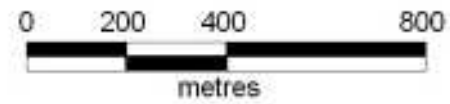
By the end of the quarter, a total of 13,000m of RC drilling had been conducted on grid lines 100m apart. (Refer to diagram attached.)

ICP-OES assay results for samples from the above drilling programme have subsequently been received and variously announced through the Australian Stock Exchange. These drill sample results are shown in local grid co-ordinates and are summarised as follows:



**MOUNT BURGESS MINING N.L.**

**Kihabe Zinc Project  
Botswana**



- Zinc Soil Anomaly
- Drilling
- Soil Geochem Sampling Area

**Section 11,300E**

**KRC091**

11,294E/10,046N, Dip - 60 deg, Azimuth 159 deg.

Drilled to test for mineralisation down to 50m RL.

The hanging wall dolomite/quartzite contact was logged at 82m.

| From | To | Zinc        | Lead  | Copper | Vanadium | Silver                 |                  |
|------|----|-------------|-------|--------|----------|------------------------|------------------|
| 49   | 50 | 3m<br>1.50% |       |        |          |                        |                  |
| 50   | 51 |             |       |        |          |                        |                  |
| 51   | 52 |             | 1.57% |        |          |                        | 39.3g/t 1.26oz/t |
| 57   | 58 |             | 1.07% |        |          | 2m<br>25.4g/t 0.82oz/t |                  |
| 58   | 59 |             |       |        |          |                        |                  |

End of Hole 90m

**KRC089**

11,295E/10,076N, Dip - 60 deg, Azimuth 159 deg.

Drilled to test for mineralisation down to 100m RL.

The hanging wall dolomite/quartzite contact was logged at 127m.

| From | To  | Zinc                 | Lead        | Copper      | Vanadium | Silver                 |                        |  |
|------|-----|----------------------|-------------|-------------|----------|------------------------|------------------------|--|
| 13   | 14  | 3m<br>1.92%          |             |             |          |                        |                        |  |
| 14   | 15  |                      |             |             |          |                        |                        |  |
| 15   | 16  |                      |             |             |          |                        |                        |  |
| 16   | 17  |                      |             | 2m<br>1.87% |          |                        |                        |  |
| 17   | 18  |                      |             |             |          | 11.4g/t 0.37oz/t       |                        |  |
| 18   | 19  |                      |             | 0.10%       |          |                        |                        |  |
| 49   | 50  |                      |             | 3m<br>0.30% |          |                        |                        |  |
| 50   | 51  |                      |             |             |          |                        |                        |  |
| 51   | 52  |                      |             |             |          |                        |                        |  |
| 56   | 57  |                      |             | 4m<br>0.14% |          |                        |                        |  |
| 57   | 58  |                      |             |             |          |                        |                        |  |
| 58   | 59  |                      |             |             |          |                        |                        |  |
| 59   | 60  |                      |             |             |          |                        |                        |  |
| 62   | 63  |                      |             | 0.31%       |          |                        |                        |  |
| 73   | 74  | 1.23%                |             |             |          |                        |                        |  |
| 78   | 79  | 1.31%                |             |             |          |                        |                        |  |
| 79   | 80  |                      | 2m<br>2.68% |             |          | 2m<br>16.7g/t 0.54oz/t |                        |  |
| 80   | 81  |                      |             |             |          |                        |                        |  |
| 81   | 82  |                      |             |             |          |                        |                        |  |
| 82   | 83  |                      |             |             |          |                        |                        |  |
| 83   | 84  | incl.<br>3m<br>5.39% | 4m<br>2.45% |             |          | 4m<br>13.4g/t 0.43oz/t |                        |  |
| 84   | 85  |                      |             |             |          |                        |                        |  |
| 85   | 86  |                      |             |             |          |                        |                        |  |
| 86   | 87  | 17m<br>2.18%         |             |             |          | 11.0g/t 0.35oz/t       |                        |  |
| 87   | 88  |                      | 3m<br>1.33% |             |          |                        |                        |  |
| 88   | 89  |                      |             |             |          |                        |                        |  |
| 89   | 90  |                      |             |             |          |                        |                        |  |
| 90   | 91  |                      |             |             |          |                        |                        |  |
| 91   | 92  |                      |             |             |          |                        |                        |  |
| 92   | 93  |                      |             |             |          |                        |                        |  |
| 93   | 94  |                      |             |             |          |                        |                        |  |
| 94   | 95  |                      |             |             |          |                        |                        |  |
| 95   | 96  |                      |             |             |          |                        |                        |  |
| 96   | 97  |                      |             |             |          |                        |                        |  |
| 97   | 98  |                      |             |             |          |                        |                        |  |
| 104  | 105 | 10m<br>2.35%         |             |             |          |                        |                        |  |
| 105  | 106 |                      |             |             |          |                        |                        |  |
| 106  | 107 |                      |             |             |          |                        |                        |  |
| 107  | 108 |                      |             | 2m<br>1.13% |          |                        | 10.6g/t 0.34oz/t       |  |
| 108  | 109 |                      |             |             |          |                        |                        |  |
| 109  | 110 |                      |             |             |          |                        |                        |  |
| 110  | 111 |                      |             |             |          |                        |                        |  |
| 111  | 112 |                      |             | 4m<br>2.16% |          |                        | 2m<br>17.2g/t 0.55oz/t |  |
| 112  | 113 |                      |             |             |          |                        |                        |  |
| 113  | 114 |                      |             |             |          |                        |                        |  |

End of Hole 132m

KRC090

11,295E/10,120N, Dip - 60 deg, Azimuth 160 deg.  
 Drilled to test for mineralisation down to 150m RL.

The hanging wall dolomite/quartzite contact was logged at 178m.

| From | To  | Zinc | Lead | Copper       | Vanadium | Silver           |
|------|-----|------|------|--------------|----------|------------------|
| 121  | 122 |      |      | 0.13%        |          |                  |
| 128  | 129 |      |      | 0.11%        |          |                  |
| 136  | 137 |      |      | 10m<br>0.16% |          |                  |
| 137  | 138 |      |      |              |          |                  |
| 138  | 139 |      |      |              |          |                  |
| 139  | 140 |      |      |              |          |                  |
| 140  | 141 |      |      |              |          | 10.2g/t 0.33oz/t |
| 141  | 142 |      |      |              |          |                  |
| 142  | 143 |      |      |              |          |                  |
| 143  | 144 |      |      |              |          |                  |
| 144  | 145 |      |      |              |          |                  |
| 145  | 146 |      |      |              |          |                  |
| 178  | 179 |      |      | 0.15%        |          |                  |

End of Hole 183m

**Section 11,400E**

KRC088

11,397E/10,046N, Dip - 60 deg, Azimuth 159 deg.  
 Drilled to test for mineralisation down to 50m RL.

The hanging wall dolomite/quartzite contact was logged at 74m.

| From | To | Zinc  | Lead        | Copper | Vanadium     | Silver |
|------|----|-------|-------------|--------|--------------|--------|
| 58   | 59 |       | 2m<br>1.18% |        |              |        |
| 59   | 60 |       |             |        |              |        |
| 69   | 70 | 1.03% |             |        |              |        |
| 72   | 73 |       |             |        | 2m<br>312ppm |        |
| 73   | 74 |       |             |        |              |        |

End of Hole 79m

KRC086

11,396E/10,076N, Dip - 60 deg, Azimuth 159 deg.  
 Drilled to test for mineralisation down to 100m RL.

The hanging wall dolomite/quartzite contact was logged at 115m.

| From | To  | Zinc                 | Lead | Copper      | Vanadium | Silver           |                        |
|------|-----|----------------------|------|-------------|----------|------------------|------------------------|
| 74   | 75  | 6m<br>1.97%          |      |             |          |                  |                        |
| 75   | 76  |                      |      |             |          |                  |                        |
| 76   | 77  |                      |      | 2m<br>1.07% |          |                  | 2m<br>10.5g/t 0.34oz/t |
| 77   | 78  |                      |      |             |          |                  |                        |
| 78   | 79  |                      |      |             |          |                  |                        |
| 79   | 80  |                      |      |             |          |                  |                        |
| 96   | 97  | 1.39%                |      |             |          |                  |                        |
| 100  | 101 | 14m<br>2.71%         |      |             |          |                  |                        |
| 101  | 102 |                      |      |             |          |                  |                        |
| 102  | 103 |                      |      |             |          |                  |                        |
| 103  | 104 |                      |      |             |          | 10.8g/t 0.35oz/t |                        |
| 104  | 105 |                      |      | 5m<br>1.37% |          |                  |                        |
| 105  | 106 |                      |      |             |          |                  |                        |
| 106  | 107 |                      |      |             |          |                  |                        |
| 107  | 108 |                      |      |             |          |                  |                        |
| 108  | 109 | incl.<br>4m<br>3.93% |      |             |          |                  |                        |
| 109  | 110 |                      |      |             |          |                  |                        |
| 110  | 111 |                      |      | 3m<br>1.88% |          |                  | 3m<br>15.2g/t 0.49oz/t |
| 111  | 112 |                      |      |             |          |                  |                        |
| 112  | 113 |                      |      |             |          |                  |                        |
| 113  | 114 |                      |      |             |          |                  |                        |

End of Hole 120m

**KRC087**

11,394E/10,115N, Dip - 60 deg, Azimuth 158 deg.  
 Drilled to test for mineralisation down to 150m RL.  
 The hanging wall dolomite/quartzite contact was logged at 157m.

| From | To  | Zinc        | Lead        | Copper | Vanadium | Silver  |          |
|------|-----|-------------|-------------|--------|----------|---------|----------|
| 130  | 131 | 1.69%       |             |        |          |         |          |
| 146  | 147 | 3m<br>1.92% |             |        |          |         |          |
| 147  | 148 |             |             |        |          |         |          |
| 148  | 149 |             |             |        |          |         |          |
| 149  | 150 |             | 2m<br>1.87% |        |          |         |          |
| 150  | 151 |             |             |        |          | 11.4g/t | 0.37oz/t |
| 151  | 152 |             |             | 0.10%  |          |         |          |

End of Hole 163m

**Section 11,800E**

**KRC078**

11,801E/10,122N, Dip - 60 deg, Azimuth 159 deg.  
 Drilled to test for mineralisation down to 100m RL.  
 The hanging wall dolomite/quartzite contact was logged at 133m.

| From | To  | Zinc                 | Lead        | Copper | Vanadium | Silver        |          |
|------|-----|----------------------|-------------|--------|----------|---------------|----------|
| 120  | 121 | incl.<br>3m<br>5.59% | 4m<br>3.51% |        |          | 3m<br>18.5g/t | 0.59oz/t |
| 121  | 122 |                      |             |        |          |               |          |
| 122  | 123 |                      |             |        |          |               |          |
| 123  | 124 |                      |             |        |          |               |          |
| 124  | 125 |                      |             |        |          |               |          |
| 125  | 126 | 13m<br>2.94%         |             |        |          |               |          |
| 126  | 127 |                      |             |        |          |               |          |
| 127  | 128 |                      |             |        |          |               |          |
| 128  | 129 |                      |             | 1.77%  |          |               |          |
| 129  | 130 |                      |             |        |          |               |          |
| 130  | 131 |                      |             |        |          |               |          |
| 131  | 132 |                      |             |        |          |               |          |
| 132  | 133 |                      |             |        |          |               |          |

End of Hole 139m

**KRC079**

11,802E/10,152N, Dip - 60 deg, Azimuth 159 deg.  
 Drilled to test for mineralisation down to 150m RL.  
 The hanging wall dolomite/quartzite contact was logged at 181m.

| From | To  | Zinc        | Lead | Copper | Vanadium | Silver |  |
|------|-----|-------------|------|--------|----------|--------|--|
| 176  | 177 | 5m<br>1.70% |      |        |          |        |  |
| 177  | 178 |             |      |        |          |        |  |
| 178  | 179 |             |      |        |          |        |  |
| 179  | 180 |             |      |        |          |        |  |
| 180  | 181 |             |      |        |          |        |  |

End of Hole 184m

**Section 11,900E**

**KRC081**

11,894E/10,078N, Dip - 60 deg, Azimuth 159 deg.

Drilled to test for mineralisation down to 100m RL.

The hanging wall dolomite/quartzite contact was logged at 102m.

| From | To | Zinc        | Lead  | Copper | Vanadium                                  | Silver |
|------|----|-------------|-------|--------|---|--------|
| 35   | 36 |             |       | 0.13%  | 2m<br>658ppm                              |        |
| 36   | 37 |             |       |        |   |        |
| 70   | 71 | 4m<br>1.52% |       |        | 1327ppm                                   |        |
| 71   | 72 |             |       |        |   |        |
| 72   | 73 |             |       |        | 303ppm                                    |        |
| 73   | 74 |             |       |        |   |        |
| 78   | 79 | 2m          |       |        | 2m  |        |
| 79   | 80 | 1.55%       |       |        | 338ppm                                    |        |
| 81   | 82 | 2m<br>1.21% |       |        | 10m<br>1141ppm<br><br>incl. 3m<br>2342ppm |        |
| 82   | 83 |             |       |        |   |        |
| 83   | 84 |             |       |        |   |        |
| 84   | 85 |             |       |        |   |        |
| 85   | 86 |             |       |        |   |        |
| 86   | 87 |             |       |        |   |        |
| 87   | 88 |             |       | 2m     |   |        |
| 88   | 89 |             |       | 1.43%  |   | 0.11%  |
| 89   | 90 |             |       |        |   |        |
| 90   | 91 |             |       |        |   |        |
| 91   | 92 |             |       |        |   |        |
| 93   | 94 |             | 1.10% | 0.10%  | 2m  |        |
| 94   | 95 |             |       |        | 1131ppm                                   |        |
| 96   | 97 |             |       |        | 2m  |        |
| 97   | 98 |             |       |        | 526ppm                                    |        |

End of Hole 109m

**Section 10,100E**

**KRC098**

10,100E/10,049N, Dip - 60 deg, Azimuth 69 deg.

Drilled to test for mineralisation along strike.

| From | To | Zinc        | Lead        | Copper | Vanadium     | Silver |
|------|----|-------------|-------------|--------|--------------|--------|
| 10   | 11 |             |             |        | 2m           |        |
| 11   | 12 |             |             |        | 499ppm       |        |
| 13   | 14 |             |             |        | 403ppm       |        |
| 15   | 16 |             | 2m<br>1.31% |        | 4m<br>699ppm |        |
| 16   | 17 |             |             |        |              |        |
| 17   | 18 |             |             |        |              |        |
| 18   | 19 |             |             |        |              |        |
| 29   | 30 | 1.09%       |             |        |              |        |
| 34   | 35 | 3m<br>1.29% |             |        |              |        |
| 35   | 36 |             |             |        |              |        |
| 36   | 37 |             |             |        |              |        |
| 40   | 41 |             | 1.03%       |        |              |        |

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| From | To | Zinc  | Lead  | Copper | Vanadium | Silver   |
|------|----|-------|-------|--------|----------|----------|
| 42   | 43 |       |       |        |          |          |
| 43   | 44 |       |       |        |          |          |
| 44   | 45 |       |       |        |          |          |
| 45   | 46 |       |       |        |          |          |
| 46   | 47 |       |       |        |          |          |
| 47   | 48 | 2m    |       |        |          |          |
| 48   | 49 | 1.38% |       |        |          |          |
| 49   | 50 |       |       |        |          |          |
| 50   | 51 | 4.47% |       |        |          |          |
| 51   | 52 |       | 25m   |        |          | 32m      |
| 52   | 53 |       | 2.09% |        |          | 36.5g/t  |
| 53   | 54 |       |       |        |          |          |
| 54   | 55 |       |       |        |          |          |
| 55   | 56 |       |       |        |          |          |
| 56   | 57 |       |       |        |          |          |
| 57   | 58 |       |       |        |          |          |
| 58   | 59 |       |       |        |          |          |
| 59   | 60 |       |       |        |          |          |
| 60   | 61 |       |       |        |          |          |
| 61   | 62 | 17m   |       |        |          |          |
| 62   | 63 | 2.42% | incl. |        |          |          |
| 63   | 64 |       | 3m    |        |          |          |
| 64   | 65 |       | 5.11% |        |          |          |
| 65   | 66 |       |       |        |          |          |
| 66   | 67 |       |       |        |          |          |
| 67   | 68 |       |       |        |          |          |
| 68   | 69 |       |       |        |          |          |
| 69   | 70 |       | 3m    |        |          |          |
| 70   | 71 |       | 1.95% |        |          |          |
| 71   | 72 |       |       |        |          |          |
| 72   | 73 | 2m    | 2m    |        |          |          |
| 73   | 74 | 1.96% | 2.65% |        |          |          |
| 76   | 77 |       | 1.00% |        |          | 2m       |
| 77   | 78 |       |       |        |          | 83.1g/t  |
| 79   | 80 | 1.04% |       |        |          |          |
| 81   | 82 |       |       |        |          |          |
| 82   | 83 | 4m    |       |        |          |          |
| 83   | 84 | 1.33% |       |        |          |          |
| 84   | 85 |       |       |        |          |          |
| 90   | 91 | 2m    | 2m    |        |          | 2m       |
| 91   | 92 | 1.76% | 1.08% |        |          | 23.8g/t  |
|      |    |       |       |        |          | 0.77oz/t |

End of Hole 103m

KRC103

10,074E/10,050N, Dip - 90 deg, Azimuth 0 deg.

Drilled to test the continuity of mineralisation between sections 10,000mE and 10,100mE

| From | To | Zinc         | Lead         | Copper | Vanadium | Silver         |
|------|----|--------------|--------------|--------|----------|----------------|
| 30   | 31 | 1.05%        |              |        |          |                |
| 36   | 37 | 1.07%        |              |        |          |                |
| 44   | 45 | 1.09%        |              |        |          |                |
| 46   | 47 |              | 1.16%        |        |          |                |
| 54   | 55 |              | 1.00%        |        |          |                |
| 60   | 61 | 18m<br>3.34% | 17m<br>1.21% |        |          | 18m<br>16.0g/t |
| 61   | 62 |              |              |        |          |                |
| 62   | 63 |              |              |        |          |                |
| 63   | 64 |              |              |        |          |                |
| 64   | 65 |              |              |        |          |                |
| 65   | 66 |              |              |        |          |                |
| 66   | 67 |              |              |        |          |                |
| 67   | 68 |              |              |        |          |                |
| 68   | 69 |              |              |        |          |                |
| 69   | 70 |              |              |        |          |                |
| 70   | 71 |              |              |        |          |                |
| 71   | 72 |              |              |        |          |                |
| 72   | 73 |              |              |        |          |                |
| 73   | 74 |              |              |        |          |                |
| 74   | 75 |              |              |        |          |                |
| 75   | 76 |              |              |        |          |                |
| 76   | 77 |              |              |        |          |                |
| 77   | 78 |              |              |        |          |                |

End of Hole 130m

**Section 10,000E**

KRC104

10,001E/10,025N, Dip - 90 deg, Azimuth 0 deg.

Drilled to test the continuity of mineralisation between sections 10,000mE and 10,100mE

| From | To | Zinc        | Lead        | Copper | Vanadium            | Silver         |
|------|----|-------------|-------------|--------|---------------------|----------------|
| 13   | 14 |             |             |        | 12m<br>428ppm       |                |
| 14   | 15 |             |             |        |                     |                |
| 15   | 16 |             |             |        |                     |                |
| 16   | 17 |             |             |        |                     |                |
| 17   | 18 |             |             |        |                     |                |
| 18   | 19 |             |             |        |                     |                |
| 19   | 20 |             |             |        |                     |                |
| 20   | 21 |             |             |        |                     |                |
| 21   | 22 |             |             |        |                     |                |
| 22   | 23 |             |             |        |                     |                |
| 23   | 24 |             |             |        |                     |                |
| 24   | 25 |             |             |        |                     |                |
| 25   | 26 | 1.09%       |             |        |                     |                |
| 26   | 27 |             |             |        |                     |                |
| 27   | 28 | 2m<br>1.12% |             |        |                     |                |
| 28   | 29 |             |             |        |                     |                |
| 29   | 30 |             | 9m<br>1.76% |        | incl. 1m<br>1686ppm |                |
| 30   | 31 | 1.05%       |             |        |                     |                |
| 31   | 32 |             |             |        |                     |                |
| 32   | 33 |             |             |        |                     |                |
| 33   | 34 |             |             |        |                     |                |
| 34   | 35 | 1.05%       |             |        | 7m<br>669ppm        | 10m<br>16.2g/t |
| 35   | 36 | 1.05%       |             |        | 356ppm              |                |

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## **CORPORATE**

### **Share Placements**

During the quarter the Company completed the following share placements:

24 November 2006

Issue of 14,985,00 shares at 7 cents per share to raise the Company \$1,048,950.

## Appendix 5B

### Mining exploration entity quarterly report

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

Name of entity

MOUNT BURGESS MINING N.L.

ABN

31009067476

Quarter ended ("current quarter")

31 December 2006

**Consolidated statement of cash flows**

|   | Current quarter<br>\$A'000 | Year to date (6 months)<br>\$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 and evaluation                                  | (850)                      | (1,334)                            |
| (b) development   | -                          | -                                  |
| (c) production  | -                          | -                                  |
| (d) administration  | (413)                      | (677)                              |
| 1.3 Dividends received  | -                          | -                                  |
| 1.4 Interest and other items of a similar nature received       | 5                          | 8                                  |
| 1.5 Interest and other costs of finance paid                    | -                          | -                                  |
| 1.6 Income taxes paid   | -                          | -                                  |
| 1.7 Other (provide details if material)                         | -                          | -                                  |
| <b>Net Operating Cash Flows</b>                                 | <b>(1,258)</b>             | <b>(2,003)</b>                     |
| <b>Cash flows related to investing activities</b>               |                            |                                    |
| 1.8 Payment for purchases of:                                   |                            |                                    |
| (a) prospects   | -                          | -                                  |
| (b) equity investments  | -                          | -                                  |
| (c) other fixed assets  | (52)                       | (52)                               |
| 1.9 Proceeds from sale of:                                      |                            |                                    |
| (a) prospects   | -                          | -                                  |
| (b) equity investments  | -                          | -                                  |
| (c) other fixed assets  | 26                         | 26                                 |
| 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>(26)</b>                | <b>(26)</b>                        |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(1,284)</b>             | <b>(2,029)</b>                     |

+ See chapter 19 for defined terms.

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

|   |  |              |              |
|---|--|--------------|--------------|
| 1.13  | Total operating and investing cash flows (brought forward) | (1,284)      | (2,029)      |
| <b>Cash flows related to financing activities</b> |  |              |              |
| 1.14  | Proceeds from issues of shares, options, etc.              | 1,606        | 2,208        |
| 1.15  | Proceeds from sale of forfeited shares                     | -            | -            |
| 1.16  | Proceeds from borrowings                                   | -            | -            |
| 1.17  | Repayment of borrowings                                    | -            | -            |
| 1.18  | Dividends paid   | -            | -            |
| 1.19  | Other – Placement Fees                                     | (40)         | (46)         |
|   | Other – Lease Liability repayments                         | (1)          | (3)          |
|   | <b>Net financing cash flows</b>                            | <b>1,565</b> | <b>2,159</b> |
|   | <b>Net increase (decrease) in cash held</b>                | <b>281</b>   | <b>130</b>   |
| 1.20  | Cash at beginning of quarter/year to date                  | 193          | 340          |
| 1.21  | Exchange rate adjustments to item 1.20                     | 3            | 7            |
| 1.22  | <b>Cash at end of quarter</b>                              | <b>477</b>   | <b>477</b>   |

**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<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 97,000                     |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | NIL                        |

1.25 Explanation necessary for an understanding of the transactions

**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

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

+ See chapter 19 for defined terms.

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

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | 205                         | 10                     |

**Estimated cash outflows for next quarter**

|                                | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | 350,000 |
| 4.2 Development                | -       |
| <b>Total</b>                   | 350,000 |

**Reconciliation of cash**

| Reconciliation of cash at the end of the quarter<br>(as shown in the consolidated statement of cash flows)<br>to the related items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank  | 53                         | 42                          |
| 5.2 Deposits at call  | 424                        | 151                         |
| 5.3 Bank overdraft  | -                          | -                           |
| 5.4 Other (provide details)   | -                          | -                           |
| <b>Total: cash at end of quarter</b> (item 1.22)  | 477                        | 193                         |

**Changes in interests in mining tenements**

|     | Tenement<br>reference   | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining<br>tenements relinquished,<br>reduced or lapsed |                                  |  |                                  |
| 6.2 | Interests in mining<br>tenements acquired or<br>increased           |                                  |  |                                  |

+ See chapter 19 for defined terms.

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

|  | 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><br><i>(description)</i>  | N/A                           |                       |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |                               |                       |   |  |
| 7.3 <b>+Ordinary securities</b>  | 220,707,000                   | 220,707,000           |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | 24,272,000<br><br>N/A         | 24,272,000<br><br>N/A |   |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  | N/A                           | N/A                   |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues   |                               |                       |   |  |
| 7.7 <b>Options</b><br>Employee Share Plans   |                               |                       |   |  |
| 7.8 Issued during quarter  | 3,000,000                     | NIL                   | 25 cents                                      | 31/12/11   |
| 7.9 Exercised during quarter   | N/A                           |                       |   |  |
| 7.10 Cancelled during quarter  | 400,000<br>500,000<br>500,000 | NIL<br>NIL<br>NIL     | 25 cents<br>25 cents<br>25 cents              | 31/12/06<br>31/12/09<br>31/12/10                 |
| 7.11 <b>Debentures</b><br><i>(totals only)</i>   | N/A                           |                       |   |  |
| 7.12 <b>Unsecured notes</b> <i>(totals only)</i>   | N/A                           |                       |   |  |

+ See chapter 19 for defined terms.

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:       Dean Scarparolo  
                    (Company Secretary)

Date: 31 December 2006

Print name:       DEAN A SCARPAROLO

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.