

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

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## **QUARTERLY REPORT 31 December 2007**

### **Highlights**

#### **AFRICA**

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

Drill results have confirmed the potential to extend the Kihabe resource to the west.

Drilling conducted during the quarter on sections up to 4.2 kilometres along strike to the east of the Kihabe resources has intersected similar geology with indications of mineralisation.

##### **TSUMKWE DIAMOND & BASE METALS PROJECT, NAMIBIA**

921 geochemical soil samples were collected during the quarter to test for further base metals mineralisation on the western extension of the Kihabe strike on the Namibian side of the border.

##### **HARDAP DIAMOND PROJECT, NAMIBIA**

Initial reconnaissance was conducted over the four Hardap Exclusive Prospecting Licences.

#### **AUSTRALIA**

##### **GOLD & BASE METALS PROJECT, TELFER**

The Company is still in joint venture negotiations on its Telfer Project.

## **KIHABE ZINC PROJECT, BOTSWANA**

PL 69/2003

Mount Burgess Mining N.L. 100%

During the quarter 17 diamond drill (DD) holes were completed for a total of 1,343 metres and 39 reverse circulation (RC) drill holes were completed for a total of 1,962 metres.

### **THE KIHABE RESOURCE**

At the Kihabe resource, both RC pre-collars and diamond core holes were drilled within the known resource area to further test indications of a grade increment obtained from results from diamond core drilling, as opposed to results from RC drilling, used in the initial resource calculation of 11 million tonnes at 2.55% zinc equivalent.

Further RC and diamond core holes were also drilled to test for extensions both east and west of the current resource boundaries.

KDD150 was drilled on the western side of the known resource boundary, intersecting a previously unknown zone of mineralisation. **This has confirmed the potential to further extend the resource to the west** (see Table of Results below and Figure 1).

Section 12,500E was drilled 500 metres east of the known Kihabe resource boundary and intersected similar geology with indications of mineralisation.

Section 13,350E was drilled 1,350 metres east of the known resource boundary. Five holes drilled along this section were logged as having intersected similar geology to Kihabe with indications of mineralisation.

Section 11,900E was drilled on the northern limb of the Kihabe fold, some 4,200 metres along strike from the eastern resource boundary. Two holes drilled on this section were logged as having intersected possible mineralised quartzite.

Results from this drilling have yet to be released from the laboratory.

**KDD150** Collared at 9,699E/9,976N, Dip -60 deg, Azimuth 339 deg, drilled to 121.1m

From	To	Zinc %		Lead %		Silver g/t	
42	43	2m	1.97				
43	44	1.61%	1.24				
46	47	2m	3.77				
47	48	2.49%	1.21				
61	62			2m	1.94		
62	63			3.69%	5.44		
77	78		1.22				
79	80	7m 3.78%	2.69	8m 2.48%	2.48		
80	81		5.95		4.18		
81	82		5.02		1.99		
82	83		3.39		1.50		
83	84		3.44		2.27		
84	85		3.58		2.72		
85	86		2.43		2.93		
86	87		1.80				
87	88	2m	1.87				
88	89	1.83%	1.79				
91	92			7m 2.05%	1.18		
92	93				1.27		
93	94	8m 3.36%	1.53		2.05		
94	95		4.28		3.38		
95	96		4.70		2.24		
96	97		4.58		1.71		
97	98		6.44		2.54		
98	99		2.73				
99	100		1.55				
100	101		1.10				
101	102						
102	103		1.70				
108	109	4m 1.51%	1.08				
109	110		2.48	1.35			
110	111		1.12				
111	112		1.35				

Other significant results obtained during the quarter from drilling within the initial resource boundaries are as follows:



The above results are the first to be reported from the Kihabe infill drilling programme that commenced in August 2007. **The Company believes that infill drilling with diamond core will provide a more accurate measurement of the Kihabe resource, which may be up to 60% higher in grade than indicated from RC drill samples which were used to calculate the initial resource.** Results for some 2,062 drill core samples have yet to be returned from the laboratory. These results will be used to update the resource calculation to verify the potential grade increment. These sample results will be reported as they become available.

#### **Assaying Method and Reporting of Results**

All assaying of drill core and RC chips is via XRF pressed disc. Samples containing >1% zinc are re-assayed via high precision AX digest with ICP-OES finish, at an ISO accredited laboratory. Significant intersections are calculated at a minimum cut off grade of 1% for both zinc and lead. High grade intervals are calculated above a minimum cut off of 3% zinc.

#### **THE GOSSAN ANOMALY**

Four RC drill holes were drilled at the Gossan Anomaly situated some 10 kilometres south of the Kihabe resource. The Gossan Anomaly covers an area some 2,000 metres long from east to west and some 600 metres wide from north to south and consists of a soil geochemical anomaly grading in excess of 1,000ppm for both zinc and lead. The Company has previously reported some very high zinc, lead and silver grades obtained from rock samples collected from a part of a gossan that is exposed above the Kalahari sand cover.

GRC001, GRC002 and GRC003 were drilled into a section of a gossan in the centre of the anomaly.

Final results using ICP-OES finish have yet to be received from the laboratory in respect to the above holes.

GRC004 targeted a gossan some 400 metres west of the above drill holes. No significant mineralisation was logged in this hole and it is believed that this prospecting drill hole stopped short of its target.

#### **THE NXUU PROSPECT** (previously referred to as the 30-1 Prospect)

Some eight kilometres east of the Kihabe resource is the Nxuu Prospect which the Company believes has high potential to generate additional resources. During the quarter, 485 soil geochemical samples were collected in this area, the results of which are pending.

#### **TSUMKWE DIAMOND & BASE METALS PROJECT, NAMIBIA**

A further 921 soil geochemical samples were collected on the Namibian side of the border during the quarter to test portions of stratigraphy, with known base metal anomalism. These results are pending.

#### **HARDAP DIAMOND EXPLORATION PROJECT, NAMIBIA**

An initial reconnaissance was conducted over the Company's four exclusive prospecting licences in the Hardap area of Namibia for the purpose of determining an approach to the exploration for kimberlites. Several kimberlites are known to exist in this area and the Company believes that this area has the potential to host the kimberlite source of the diamonds currently being mined off the Namibian coast in the Meob Bay region. A recent close spaced airborne magnetometer survey has been flown over the area by the Geological Survey of Namibia and the Company has ordered the data compiled from this programme.

## **AUSTRALIA**

### **TELFER GOLD & BASE METALS PROJECT, AUSTRALIA**

The Company is still in joint venture negotiations on its Telfer Project.

## **CORPORATE**

### **SHARE PLACEMENT**

During the quarter the Company raised a further \$1,166,250 through the issue of 15,550,000 shares at 7.5c.

The information in this report that relates to exploration results, together with any related assessments and interpretations, is based on information compiled by Mr Giles Rodney (Rod) Dale, FRMIT, of GR Dale and Associates, who is a non executive Director of the Company. 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 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 Dale consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

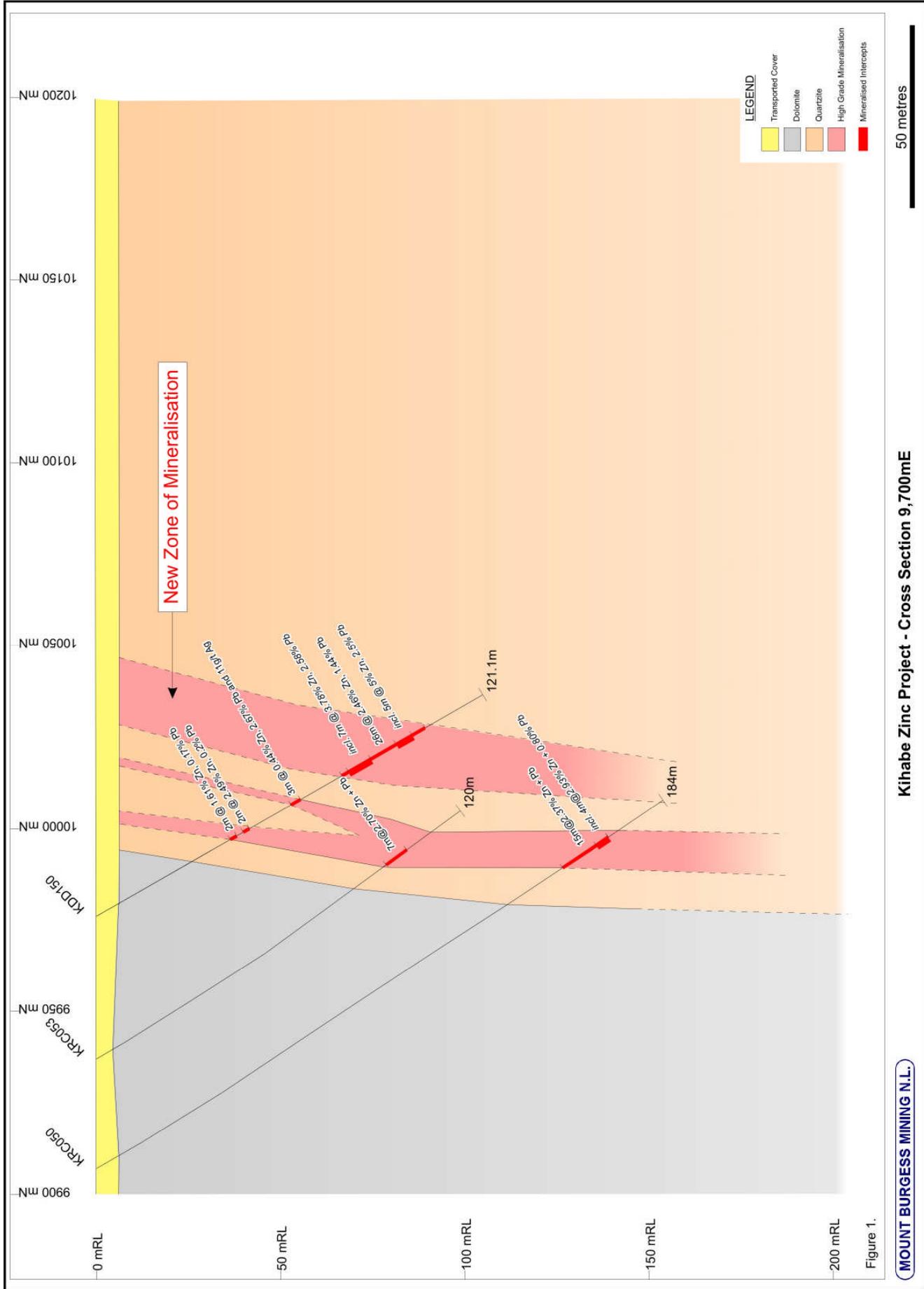


Figure 1.

Kihabe Zinc Project - Cross Section 9,700mE

## 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 2007

**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 and evaluation	(775)	(1,206)
(b) development	-	-
(c) production	-	-
(d) administration	(357)	(586)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	31
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>(1,124)</b>	<b>(1,761)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(46)	(129)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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>(46)</b>	<b>(129)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,170)</b>	<b>(1,890)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,170)	(1,890)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	1,166	1,166
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	(53)	(53)
	Other – Lease Liability repayments	(1)	(3)
<b>Net financing cash flows</b>		<b>1,112</b>	<b>1,110</b>
<b>Net increase (decrease) in cash held</b>		<b>(58)</b>	<b>(780)</b>
1.20	Cash at beginning of quarter/year to date	301	1,024
1.21	Exchange rate adjustments to item 1.20	4	3
<b>Cash at end of quarter</b>		<b>247</b>	<b>247</b>
1.22		247	247

**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	30
1.24	Aggregate amount of loans to the parties included in item 1.10	-

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**

**The Company maintains a seasonal overdraft facility of \$150,000.**

+ See chapter 19 for defined terms.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	205	6

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	300
4.2	Development	-
<b>Total</b>		300

**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	140	25
5.2	Deposits at call	107	276
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		247	301

**Changes in interests 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 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 (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
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>	267,257,000	267,257,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	15,550,000  N/A	15,550,000  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				
7.7 <b>Options</b> Employee Share Plans	50,000 1,100,000 2,500,000 5,050,000 1,400,000	NIL NIL NIL NIL NIL	25 cents 25 cents 25 cents 25 cents 25 cents	31/12/07 31/12/09 31/12/10 31/12/11 31/12/12
7.8 Issued during quarter	1,000,000	NIL	25 cents	31/12/12
7.9 Exercised during quarter	NIL			
7.10 Cancelled during quarter	250,000 250,000	NIL NIL	25 cents 25 cents	31/12/09 31/12/11
7.11 <b>Debentures</b> <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: *Serene Chau*  
(Company Secretary)

Date: 31 December 2007

Print name: SERENE CHAU

**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.

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+ See chapter 19 for defined terms.