

MOUNT BURGESS MINING N.L.

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REPORT FOR THE QUARTER ENDED 31 DECEMBER 2010

HIGHLIGHTS

TSUMKWE RARE EARTH PROJECT - NAMIBIA

- Drill hole TREE assays summarised (previously reported).
- Thin section petrographic analysis being conducted to determine identity of basement rock types of all holes drilled in target area.

KIHABE-NXUU BASE METALS PROJECT – BOTSWANA

- Assaying for gallium and germanium to be conducted on drill hole samples.
- Over 5,000 soil geochemical samples taken over four new target areas now ready for assaying.
- Scoping Study – processes for the flotation of Zn/Pb oxides being investigated.

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REPORT FOR THE QUARTER ENDED 31 DECEMBER 2010

Tsumkwe Project Namibia - Rare Earth Metals

REE Assays from Drill Hole Samples

On 22 October 2010, the Company announced elevated rare earth (REE) metal values obtained from drilling on the Tsumkwe project in Namibia. Elevated REE assay results from a number of other holes previously drilled in the vicinity were received during the quarter. These were all vertical holes, previously drilled for kimberlite exploration.

The true widths of REE mineralisation cannot be determined at this stage as in most instances only the last metre of each drill hole was submitted for assaying, which included REEs, to determine whether they contained geochemical characteristics of kimberlites. Currently all that can be confirmed is at the depths at which these holes were terminated in basement, they contained elevated REE values.

Assays results are for total REEs (excluding Promethium [Pm] and Lutetium [Lu]).

RR013 - 7804660N/462900E; Dip -90°; Azimuth 0° - a one metre interval from 38m to 39m at the end of the hole (EOH), reported on 22 October, yielded:

422.80 ppm La
753.20 ppm Ce
296.44 ppm Nd

This same interval was re-submitted for assaying for total REEs (TREE's) and yielded the following:

1709 ppm TREES

Further elevated TREE results have been received.

NAM477 - 7804815N/462000E; Dip -90°; Azimuth 0° - drilled 900m NW of RR013 yielded TREES from a selected one metre interval sampled between 39m and 40m (EOH) as follows:

1497 ppm TREES

Other EOH samples assayed, with elevated total REEs are as follows:

Drill Hole	Northing/Easting	Dip/Azimuth	EOH Interval Assayed	TREE values
NAM463	7805185/462650	-90°/ 0°	24m - 25m	811.30
NAM464	7804300/462820	-90°/ 0°	30m - 31m	766.60
NAM465	7804610/463370	-90°/ 0°	18m - 19m	838.20
NAM467	7803840/462780	-90°/ 0°	17m - 18m	866.20

For details of individual TREE values for each drill hole, refer to the table below. This shows the relevant atomic number, the recorded upper crust abundance (average background values) and the abundance as yielded from the TREE assayed values of the holes reported on.

Element	Symbol	Atomic Number	Upper Crust Abundance ppm*	NAM463 ppm	NAM464 ppm	NAM465 ppm	NAM467 ppm	NAM477 ppm	RR013 ppm
Yttrium	Y	39	22.00	74.00	71.00	65.00	74.00	126.00	67.00
Lanthanum	La	57	30.00	178.00	159.00	160.00	181.00	308.00	434.00
Cerium	Ce	58	64.00	303.00	300.00	346.00	357.00	595.00	754.00
Praseodymium	Pr	59	7.10	37.80	35.40	39.80	37.80	69.60	88.00
Neodymium	Nd	60	26.00	134.00	123.00	147.00	135.00	256.00	269.00
Samarium	Sm	62	4.50	24.50	21.00	25.50	22.00	45.00	36.00
Europium	Eu	63	0.88	2.60	3.00	2.60	2.40	3.40	2.20
Gadolinium	Gd	64	3.80	20.00	18.00	20.00	18.00	32.00	24.00
Terbium	Tb	65	0.64	2.60	2.40	2.40	2.80	4.80	2.80
Dysprosium	Dy	66	3.50	16.00	15.00	14.00	15.50	27.00	15.50
Holmium	Ho	67	0.80	2.60	2.60	2.40	2.80	4.40	2.60
Erbium	Er	68	2.30	8.00	8.00	6.00	8.50	13.50	7.00
Thulium	Tm	69	0.33	1.20	1.20	1.00	1.40	1.80	1.00
Ytterbium	Yb	70	2.20	7.00	7.00	6.50	8.00	10.50	6.50
TOTAL			168.05	811.30	766.60	838.20	866.20	1497.00	1709.60

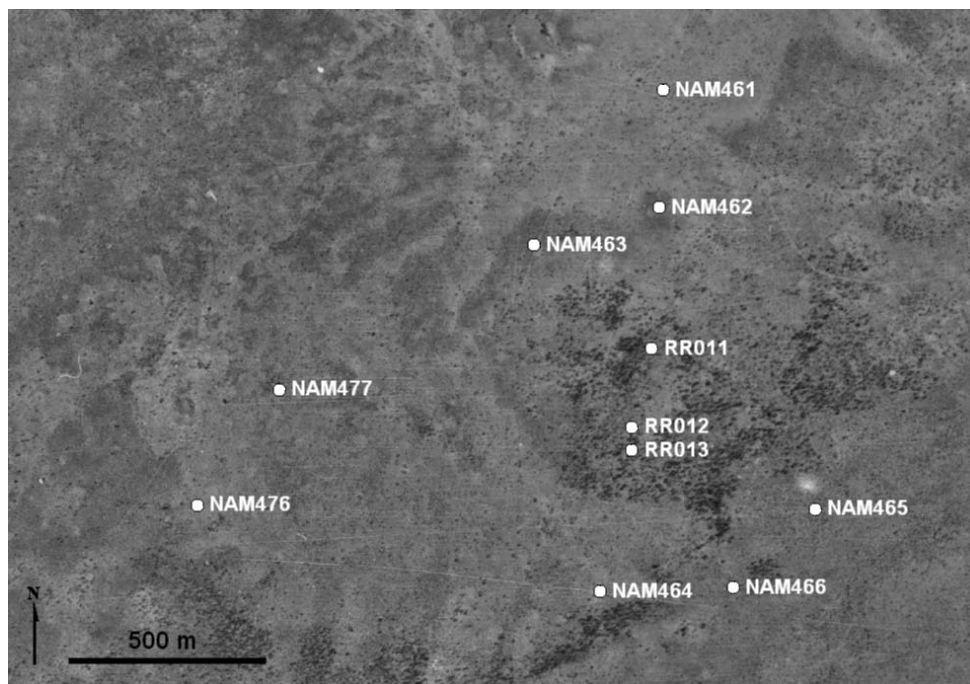
*Source: Taylor and McLennan 1985

Analytical Methods

Samples were fused with Sodium Peroxide and the melt was dissolved in dilute Hydrochloric acid for analysis.

Ce, Dy, Er, Eu, Gd, Ho, La, Nd, Pr, Sm, Tb, Tm, Yb, Y were determined by Inductively Coupled Plasma (ICP) Mass Spectrometry.

Refer orthophoto for various drill hole locations. (NAM467 not shown was drilled south of NAM464).



Petrographic Analysis of Drill Hole Samples

Samples from all these drill holes have also been submitted for thin section petrographic analysis to determine the precise identity of the basement rock types hosting the above REE values. These results will be reported once received.

Future Drilling

The Company believes that further deeper drilling now needs to be conducted over the target area in order to better determine the significance of these results. **Of note is the fact that holes terminated at greater depths in basement show higher grade assay values compared to those terminated and assayed at lesser depths in basement.** The deepest hole drilled to date in this area was NAM477, terminated at 40m, penetrating 13m into basement.

Because of the heavy seasonal rains this drilling may not commence until March/April 2011.

Usage of some rare earth elements:

<i>Lanthanum</i>	<i>As most hybrid cars use nickel-metal hydride batteries, massive quantities are required for the production of hybrid automobiles. (Wikipedia)</i>
<i>Cerium</i>	<i>A major technological application for Cerium oxide is as a catalytic converter for the reduction of CO emissions in the exhaust gases from motor vehicles. In particular Cerium Oxide is added to diesel fuels. Another important use is as a hydrocarbon catalyst in self cleaning ovens and as a petroleum cracking catalyst in petroleum refining (Wikipedia)</i>
<i>Neodymium</i>	<i>Neodymium magnets are the strongest permanent magnets known. A neodymium magnet of a few grams can lift a thousand times its own weight. They appear in products such as microphones, loudspeakers, headphones and computer hard discs. They have also been responsible for the development of purely electrical model aircraft, displacing internal combustion powered models. Because of their high magnetic flux capacity they are heavily used in electric motors of hybrid automobiles and in the electricity generators of commercial wind turbines. (Wikipedia)</i>
<i>Yttrium</i>	<i>Yttrium is used to make alloys with other metals and is also used in lasers to produce a very bright light of a single colour.</i> <i>One of the important new uses for Yttrium is in superconductors. (www.chemistryexplained.com)</i>

Kihabe-Nxuu Base Metals Project – Botswana

Assaying for Gallium and Germanium

Gallium and germanium can be hosted within limonite and goethite within oxidized zones of Zn/Pb deposits. **Previous independent petrographic analysis of RC drill chips from a number of holes drilled into the Kihabe Zn/Pb/Ag resource has identified goethite, the content of which ranges up to 20%.** As a result the Company has selected samples from diamond drill holes drilled into the oxidized zone of the Kihabe resource and the Nxuu Zn/Pb resource, which is totally oxidized (refer attached resource Summary). **These samples will now be submitted for assaying to confirm whether or not they contain gallium and/or germanium.**

Gallium and Germanium Prices

The prices of gallium and germanium have, along with rare earths, risen significantly over the last 12 months, to the point where gallium is currently trading around US\$670/kg; germanium metal is currently trading around US\$1075/kg and germanium dioxide is currently trading around US\$800/kg.

Usage of Gallium and Germanium

<i>Germanium</i>	<i>Germanium is used in fibre optics, infrared optics, polymerisation and electronic applications. (Wikipedia)</i>
<i>Gallium</i>	<i>Gallium is used in semi-conductors. (Wikipedia)</i>

Geochemical Sampling over new Prospective Areas

During the quarter the Company continued to conduct close-spaced soil geochemical sampling and trenching over four recently discovered quartz wackes, the host to Zn/Pb/Cu/Ag mineralization in this area of Proterozoic age rocks.

The areas being explored are covered by a layer of Kalahari sands varying from around 5m to 15m in depth.

These four quartz wackes have previously generated elevated assay values from wider spaced regional geochemical sampling, two of which generated Cu anomalies and two of which generated Zn/Pb anomalies.

The areas covered for each of the four close-spaced (100m line spacing/50m stations per line) sampling programmes are as follows:

The Copper Anomaly	3.60 sq. km
The Tswee Tswee Anomaly (a Cu anomaly)	9.90 sq. km
The Wanchu Anomaly (a Zn/Pb anomaly)	1.50 sq. km
The Target 52 Anomaly (a Zn/Pb anomaly)	3.64 sq. km

A fifth Zn/Pb anomaly previously generated from wide-spaced regional soil geochemical sampling will be sampled this quarter, with 100m line spacing and sample points of 50m along each line. This anomaly is about 8.5 km long and commences about 8 km along strike to the NE of the Kihabe resource.

In excess of 5000 samples are now ready for analysis for Cu, Zn, and Pb.

Scoping Study Update

ProMet Engineering is currently reviewing known processing options for the flotation of zinc and lead oxides (as opposed to sulphides) to be applied to oxide flotation test work.

Existing technology, which has been applied commercially, shows that the application of certain reagents enables the flotation of zinc oxides, yielding good recoveries. As far as lead oxides are concerned, processes are currently being applied on producing mines where lead carbonates are sulphidised for flotation.

The Kihabe resource is partly oxide and partly sulphide. The Nxuu resource is totally oxide.

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 Australian 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.

Corporate

Funding

During the quarter the Company raised \$500,850 through the issue of 27,825,000 shares at 1.8 cents per share. It has also now received \$111,000 through its application for an R & D grant under the Australian Research and Development Concession Scheme.

As at 31 December 2010 the Company had:

- Cash of \$115,000
- Loans granted or secured by directors and associates of \$350,000
- Further available overdraft and loan funding amounting to \$565,000

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%

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.

About Mount Burgess Mining N.L.

Mount Burgess Mining N.L. is an established and experienced Australian exploration company with interests focused in southern Africa. The Company's primary asset is the zinc, lead and silver resource currently being developed at Kihabe-Nxuu in North Western Botswana. The Company has tenements covering the entire proterozoic meta-sedimentary belt between Botswana and Namibia. The area has excellent potential for hosting Kimberlites, rare earth elements and base metals, the focus for continuing exploration. Perth based Mount Burgess has been listed on the Australian Stock Exchange since 1985 and has local asset status in Botswana.

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")

31 December 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	(95)	(202)
(b) development	-	-
(c) production	(235)	(434)
(d) administration		
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	(9)	(14)
1.6 Income taxes refund	112	112
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(227)	(538)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(1)
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)	-	-
Net investing cash flows	(1)	(1)
1.13 Total operating and investing cash flows (carried forward)	(228)	(539)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(228)	(539)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	501	633
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	200	279
1.17	Repayment of borrowings	(101)	(101)
1.18	Dividends paid	-	-
1.19	Other – Lease liability repayments	-	(1)
	Other – Placement fees	(15)	(18)
	Net financing cash flows	585	792
	Net increase / (decrease) in cash held	357	253
1.20	Cash at beginning of quarter/year to date	(241)	(136)
1.21	Exchange rate adjustments to item 1.20	(1)	(2)
1.22	Cash at end of quarter	115	115

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	150	-
3.2 Credit standby arrangements	415	2

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	115	20
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	(261)
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	115	(241)

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.

Appendix 5B
Mining exploration entity quarterly report

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	370,457,000	370,457,000		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	27,825,000 N/A	27,825,000 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>	16,350,000	NIL	5 cents	31/12/15
7.8 Issued during quarter	4,350,000	Nil	5 cents	31/12/15
7.9 Exercised during quarter	NIL			
7.10 Expired	NIL			
7.11 Debentures <i>(totals only)</i>	NIL			
7.12 Unsecured notes <i>(totals only)</i>	NIL			

+ 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*
 (Director/Company secretary)

Date: 31st January 2011

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.