



16 November 2012

Elizabeth Harris

Principal Adviser, Listings (Perth)
ASX Compliance Pty Limited
Level 8
Exchange Plaza
2 The Esplanade
Perth, WA 6000

Dear Elizabeth

With regard to your letter of 16 November 2012, in which you raised various questions relative to the Company's September 2012 Quarterly Report, I respond to each of those questions as follows:

ASX

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

MTB

In the Company's Quarterly Report, as at 30 September 2012, the Company stated that it had available \$144,000 by way of undrawn loan facilities and credit standby arrangements. It further announced that on 22 October 2012 it raised a further \$76,500 making available funding for the future quarter of \$220,500.

As well as the \$ 220,500 available at the end of the September quarter, other factors to be taken into account are as follows:

- The Company has an R&D Tax Incentive application for \$118,000 for which it has received notice of registration.
- The Company has the alternatives of raising further funds through;
 - a) The issue of shares, with a current available capacity to issue 113 million shares.
 - b) Raising funds through the sale of equity to an incoming joint venture partner on its Kihabe-Nxuu base metals project in Botswana.
As disclosed in our quarterly report, discussions with parties in this regard are ongoing.

ASX

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

MTB

The Company does not have any customers. It is listed on the ASX as an Exploration Company. For as long as the Company is an Exploration Company, without any source of production/retail income, it will have negative operating cash flows. The rate of those cash flows will be governed by the availability of funding from time to time and will not necessarily be similar to the cash flow rate as reported in Appendix 5B for the September 2012 quarter. For the future, the Company will rely upon the available sources of funding as outlined in the answers to Q.1. above.

ASX

3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

MTB

In order to meet its business objectives the Company proposes to appropriately implement any of the procedures as outlined in its answers to Q.1.

ASX

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

As far as the Company is aware, it is, under the circumstances, in compliance with the listing rules and in particular listing rule 3.1. The Company is not withholding any information that should have been announced to the market, in respect of any conclusive issues.

ASX

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

MTB

Again, as with Q.4, the Company believes that it is in compliance with listing rule 12.2, as best as it possibly can be under the circumstances. Any issues that arise changing the situation from what was advised in the quarterly will be announced to the market.

I do hope that this clarifies the situation.

Yours sincerely,



Nigel Forrester

ACN: 009 067 476
8/800 Albany Hwy
East Victoria Park
Western Australia 6101
Tel: (61 8) 9355 0123
Fax: (61 8) 9355 1484
mtb@mountburgess.com
www.mountburgess.com