



REPORT FOR THE QUARTER TO 31 DECEMBER 2014

LEGAL PROCEEDINGS IN RESPECT OF PROSPECTING LICENCE PL69/2003, THE KIHABE ZN/PB/AG PROJECT, BOTSWANA

The Company's wholly owned subsidiary Mount Burgess (Botswana) (Proprietary) Ltd (MBB) is appealing against the decision handed down on April 28, 2014 by the High Court of Botswana, to strike out with costs MBB's application for the renewal of PL69/2003.

In the September 2014 quarterly report the Company reported that case files had been transferred from the High Court to the Appeal Court of Botswana and that MBB's Legal Counsel had advised that the appeal would be heard and a decision relative thereto handed down in January 2015. This advice was based on the fact on 24 September 2014 MBB's Botswana Attorney confirmed in writing to both MBB and its Legal Counsel that costs amounting to Pula 41,000 for preparation of the Record of Appeal and the Appeal Court Security (the costs) had been appropriately paid into the Appeal Court from funds available in MBB's trust account. As the Company announced on 17 September 2014, the costs had to be paid by 29 September 2014, in order for the appeal to be heard in the January 2015 sitting.

Unbeknown to all of the Company, MBB and MBB's Legal Counsel and contrary to confirmation given on 24 September 2014, MBB's Botswana Attorney did **not** pay the costs into the Appeal Court on 24 September 2014. The costs were only paid later, in October 2014. Accordingly MBB's appeal did not get listed for the January sitting of the Appeal Court. Also, without advising any of the Company, MBB or MBB's Legal Counsel, MBB's Botswana Attorney filed in the Appeal Court, on 31 October 2014, an Application for Condonation of late payment of the costs. The Application for Condonation was filed under false and misleading circumstances alleging that MBB had failed to provide sufficient funds to cover the costs by 29 September 2014.

This information only came to light on 22 January 2015 through enquiries made by MBB's Legal Counsel when attending the Appeal Court to ascertain why MBB's appeal was not listed in the January sitting. This was verified on 26 January 2015. As a consequence MBB has terminated the services of the Attorney in question and has now appointed a new Botswana Attorney, who will withdraw the existing false and misleading Application for Condonation and file a new Application for Condonation. As a consequence, MBB's appeal will now hopefully be heard in the April 2015 sitting of the Appeal Court.

BACKGROUND

On 14 May 2013, Hon Kitso Mokaila, the Minister for the Ministry for Minerals, Energy and Water Resources (MMEWR), Botswana, rejected MBB's Application for Extension of PL69/2003 (AE), submitted some fourteen months earlier on 29 March 2012, when Hon Dr Ponatshego Kedikilwe was Minister MMEWR. On 6 June 2013 MBB appealed to Hon Dr Ponatshego Kedikilwe, then Vice President of Botswana. On 11 July 2013 Minister Mokaila MMEWR rejected this appeal to the Vice President.

Minister Mokaila rejected the AE stating MBB had failed to complete a feasibility study during the two years to 30 June 2012. MBB had proposed to conduct a feasibility study based on assurances that grid power would be available in the project area by the end of 2012. The provision of such power did not eventuate. As a result, in compliance with the JORC Code and sections D and E of the Checklist for Appropriate Company Programme of Prospecting Operations, issued under the Mines and Minerals Act of Botswana, MBB could not complete and get a competent person to sign off on a feasibility study.

For a more detailed summary of this case, please refer to the Company's September quarterly report filed with the ASX and posted to the Company's website on 17 October 2014. Refer to the section headed "The Issue of Grid Power Relied Upon in Planning a Feasibility Study to Produce Zinc Metal on Site From The Proposed Development of The Kihabe Project, PL69/2003, Botswana".

CORPORATE

At the Company's AGM held on 27 November 2014, shareholders approved a 1 for 7 share and option consolidation which became effective as of that date. Deferred trading in the Company's shares quoted under MTBDA followed until 11 December 2014, whereupon normal trading resumed under the code MTB. As a result of the consolidation the Company now has on issue 153,227,958 listed shares and 71,430 unlisted options exercisable at 35c.

FUNDING

During the quarter the Company raised \$19,000 by way of share placements and received further Director's loan funding amounting to \$68,000, \$14,000 of which was held in account as at 31 December 2014.

Since 31 December 2014, the Company has received a further \$33,000 by way of Director's loan funding.

In addition MBB's Botswana Attorneys currently have available the equivalent of \$4,000 held in trust which has been expensed by the Company.

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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 2014 |
|------------------|

Consolidated statement of cash flows

| | Current quarter \$A'000 | Year to date (6 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 | - | - |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (85) | (135) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | - | - |
| 1.5 Interest and other costs of finance paid | (1) | (1) |
| 1.6 Income taxes refund | - | - |
| 1.7 Other (provide details if material) | - | - |
| Net Operating Cash Flows | (86) | (136) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 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 | - | - |
| 1.13 Total operating and investing cash flows (carried forward) | (86) | (136) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|------|-------|
| 1.13 | Total operating and investing cash flows (brought forward) | (86) | (136) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 19 | 22 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | 68 | 121 |
| 1.17 | Repayment of borrowings | (5) | (10) |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other – Lease liability repayments | - | - |
| | Other – Placement fees | - | - |
| | Net financing cash flows | 82 | 133 |
| | Net increase / decrease in cash held | (4) | (3) |
| 1.20 | Cash at beginning of quarter/year to date | 17 | 16 |
| 1.21 | Exchange rate adjustments to item 1.20 | 1 | 1 |
| 1.22 | Cash at end of quarter | 14 | 14 |

**** The Company currently has an overdraft facility of \$NIL**

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 | - |
| 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 currently has an overdraft facility of \$NIL**

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | 2 | - |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|---------|
| 4.1 Exploration and evaluation | - |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 50 |
| Total | 50 |

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 | 14 | 17 |
| 5.2 Deposits at call | - | - |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) | | - |
| Total: cash at end of quarter (item 1.22) | 14 | 17 |

**** The Company currently has an overdraft facility of \$NIL**

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 (Note 1) | 153,227,958 | 153,227,958 | | |
| 7.4 Changes during quarter (a) Increases through issues(Note 2) | 23,750,000 | 23,750,000 | | |
| (b) Decreases through returns of capital, buy-backs | 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 (note 1)</i> | 1,907,149 71,430 | NIL NIL | 35 cents 35 cents | 31/12/15 31/12/16 |
| 7.8 Issued during quarter | NIL | | | |
| 7.9 Exercised during quarter | NIL | | | |
| 7.10 Expired / Cancelled | NIL | | | |
| 7.11 Debentures <i>(totals only)</i> | NIL | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | NIL | | | |

Note 1 Post consolidation
Note 2 Pre consolidation

+ See chapter 19 for defined terms.

