



11 June 2015

UPDATE RE APPEAL COURT HEARING – PL69/2003 KIHABE Zn/Pb/Ag PROJECT, BOTSWANA

Mount Burgess (Botswana) (Proprietary) Ltd, (MBB), a wholly owned subsidiary of the Company has now been advised through its newly appointed Botswana Attorneys of a date for a hearing in the Court of Appeal, Botswana.

A notice issued on 10 June 2015 by the Senior Assistant Registrar of the Court of Appeal Botswana confirms that the matter has been tentatively scheduled for a hearing on Wednesday 15 July 2015. MBB's Attorneys have been requested to attend the roll-call which will be held on Friday 3July 2015, on which dates will be confirmed.

MBB is appealing against the decision handed down on 13 May 2013 by Minister Mokaila, the current Minister for Minerals Energy and Water Resources, Botswana, (MMEWR), not to grant an extension to PL69/2003, applied for fourteen months earlier, in March 2012.

Whilst awaiting confirmation during this fourteen month period, MBB continued in good faith working on PL69/2003, continually updating MMEWR on work being performed and incurring expenditure of \$1.2 million. Both the Company and MBB spent in the region of \$15 million on the project up until May 2013.

The Minister refused to extend PL69/2003 because MBB did not complete a feasibility study on the project. When completing the Checklist for Proposed Prospecting Operations, issued under the Mines and Minerals Act of Botswana (MMA), for the two years to 30 June 2012, MBB said it would conduct a feasibility study. This was based on assurances that grid power would be available in the project area by the end of 2012. As it became apparent that an economic grid power supply would not be available at any determinable time in the future, MBB could not complete the feasibility study. MBB was not able to upgrade the Kihabe resources to ore reserve status in compliance the JORC Code in order for a competent person to sign off on a feasibility study.

The MMA Checklist for Proposed Prospecting Operations requires compliance with an International Code so far as reserves are concerned when undertaking feasibility studies. The JORC Code is an accepted International Code. A previous Minister MMEWR ordered MBB comply with the JORC Code. Despite this the Minister described as "unsatisfactory" MBB's reason, the lack of grid power, for not being able to complete a feasibility study. He maintained "JORC Code or any other International requirements or standards does no substitute ones obligations under the MMA".

The Company will keep shareholders updated accordingly.