



REPORT FOR THE QUARTER TO 30 JUNE 2015

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

On 15 July 2015, Mount Burgess (Botswana) (Proprietary) Ltd, (MBB), a wholly owned subsidiary of the Company had its appeal heard in the Appeal Court, Botswana.

A decision in respect of this appeal is expected to be handed down in the Appeal Court of Botswana on 30 July 2015. However, because of the time difference, it is likely that the Company may only know the details of this decision in early August 2015, at which point the Company will update the market accordingly.

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.

In the event that MMEWR was not going to extend PL69/2003, it should have informed MBB within three months of its Application for Extension, that being 30 June 2012. Without being so informed, MBB continued in good faith working on PL69/2003 for the next fourteen months. During these fourteen months MBB continually updated MMEWR on work being performed and incurred expenditure of \$1.2 million. Both the Company and MBB have spent in the region of \$15 million on the project up until May 2013.

Minister Mokaila refused to extend PL69/2003 in May 2013 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 confirmed 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.

Botswana's MMA Checklist for Proposed Prospecting Operations specifically required compliance with an International Code so far as RESERVES were concerned when conducting a FEASIBILITY STUDY. **The JORC Code is an International Code - it was granted International status by the UN economic Commission in 1999.** The JORC Code requires that FEASIBILITY STUDIES can only be conducted and signed off by a COMPETENT PERSON when dealing with ORE RESERVES. It further requires that RESOURCES can only be upgraded to ORE RESERVE status once all modifying factors are shown to be achievable. One such modifying factor is adequate infrastructure which includes an economic power supply.

Two previous Ministers of MMEWR had specifically ordered the Company and MBB comply with the JORC Code.

During 2011 and early 2012, it became apparent that an economic grid power supply, previously assured would be available by the end of 2012, would not in fact be available within any determinable future time frame. As a result, in compliance with the JORC Code, MBB could not upgrade its RESOURCES to ORE RESERVE status. Without being able to quote ORE RESERVES a competent person could not compile and sign off on a FEASIBILITY STUDY.

Despite Botswana's MMA Checklist for Proposed Prospecting Operations requiring compliance with an International Code when compiling a FEASIBILITY STUDY and despite two previous Ministers MMEWR ordering the Company and MBB comply with the JORC Code, Minister Mokaila 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 not substitute ones obligations under the MMA".

FUNDING

During the quarter Jan and Nigel Forrester loan funded the Company a further \$36,700, leaving the Company with \$15,000 cash at the end of the quarter.

Since the end of the quarter Jan and Nigel Forrester have loan funded the Company a further \$27,500 and Chris Campbell-Hicks a Director of the Company has loan funded the Company \$5,000, totalling \$32,500.

The Company is currently pursuing an interim damages payment agreed to be settled by its previous Botswana Attorney, amounting to \$27,500.

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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")

30 June 2015

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	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(43)	(258)
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)
1.6 Income taxes refund	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(43)	(259)
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	5	5
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	5	5
1.13 Total operating and investing cash flows (carried forward)	(38)	(254)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(38)	(254)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	22
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	37	240
1.17	Repayment of borrowings	-	(10)
1.18	Dividends paid	-	-
1.19	Other – Lease liability repayments	-	-
	Other – Placement fees	-	-
	Net financing cash flows	37	252
	Net increase / decrease in cash held	(1)	(2)
1.20	Cash at beginning of quarter/year to date	16	16
1.21	Exchange rate adjustments to item 1.20	-	1
1.22	Cash at end of quarter	15	15

**** 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	15	16
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)		-
Total: cash at end of quarter (item 1.22)	15	16

**** 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 (b) Decreases through returns of capital, buy-backs	N/A N/A	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

+ See chapter 19 for defined terms.

Compliance statement⁷

- 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: 29 July 2015

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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