

QUARTERLY REPORT FOR THE QUARTER TO 30 SEPTEMBER 2016

- **Kihabe Exploration Licence granted to 2022**
- **Strategic re-launch of the Company and Kihabe Zinc project**
- **Funds raised and Board strengthened**
- **Drilling commenced October 2016**

With the grant of a new licence over the Company's original Kihabe Project area early in the year (Figure 1) and encouraging zinc price sentiment, Mount Burgess (The Company; ASX:MTB) has seen considerable activity during the quarter as it prepares for renewed activity at its highly prospective zinc project in Botswana.

The Company's Board was strengthened with the appointment of Harry Warries, a Mining Engineer and Jason Stirbinskis, a Geologist. A capital raising completed during the quarter provided the necessary funds to commence on-ground activity.

A drill program was commissioned in September and drilling commenced in early October.

The recent strategic activity has resulted in material improvement in the Company's share price and trading volumes. The Board of Mount Burgess wishes to thank loyal shareholders for persisting with the Company during recent difficult years. The Company is now strategically well placed and looks forward to the results of the first phase of drilling in late November.

KIHABE ZINC PROJECT

The Kihabe project includes the Kihabe deposit and near-by Nxuu deposit consisting of 25 million tonnes of resources @ 3% Zn equivalent grade (2004 JORC Code – see Table 1) at potential open pit depths ranging from 5m below surface to 175m below surface. Metallurgical test work on both oxides (predominately baileychlore and smithsonite for zinc and cerrusite for lead) and sulphides (predominately sphalerite for zinc and galena for lead) confirmed recoveries of >90% and zinc and lead concentrates of good marketable grade with few deleterious elements. Test work has also suggested the possibility of producing zinc metal on site via SX/EW.

A disparity between Reverse Circulation (RC) drill hole and Diamond Drill (DD) hole assay results suggests there is potential to significantly increase the resource grade. The Company believes that sample collection methods employed during historical drilling /sampling have resulted in assays from RC drilling under-calling the grade. As an example, based on a 0.5% ZnEq resource envelope, the existing Kihabe Resource generated a grade of 2.22% Zn equivalent based on all resource definition holes (RC+DD). Based on DD only (20% of holes drilled) the same volume generated a grade of 3.26% Zn equivalent. The spacing of diamond holes does not permit this result to be converted to a Resource. Nevertheless, with additional investigation and validation, the potential under-call of the grade and the possibility of material Germanium credits recently identified (see ASX announcement dated 5/5/16) has the potential to substantially increase the overall Zn equivalent resource grade.

PLANNED DRILLING AT PRIORITY ANOMALIES

The Kihabe and Nxuu resources comprise SEDEX mineralisation that covers a combined strike length of 2.3km. The mineralisation is contained within a mineralised zone of quartz wacke at the contact with the regional dolostone.

This consistent geological profile acts as a significant pathfinder for the discovery of additional resources. Through geochemical soil sampling, the Company has identified six additional zinc geochemical soil anomalies and a copper/cobalt anomaly within the immediate vicinity of the established Resource (Figure 2). The total strike length of these anomalies combined is 13km. Of particular interest is Target 52 (Figure 3), which, at a strike length of 5.2km, is over twice as long as the strike length of the Kihabe and Nxuu deposits combined.

The drilling program announced during the quarter and commenced October 11 will primarily focus on Target 52. Preparations have been made at several of the other identified anomalies within the licence area, with the anticipation of drill testing as many of these targets as possible in this drilling program.



Figure 1: The Kihabe Project, prospecting licence PL43/2016, (red box) covers 997km² and is located in Botswana near the Namibian Border and border crossing of Dobe. The nearest railhead is 337km west at Grootfontein in Namibia. There is a landing strip on the licence area and an international airport at Maun ~250km east. There is an established camp on the licence area.

CORPORATE ACTIVITY

The Company's Kihabe licence, covering the original project area, was granted early in 2016 for the standard 3 years with 2 additional extension periods of 2 years each, for a total of 7 years.

The Company's Board has been strengthened with the appointment of two new Directors, Mr Harry Warries and Mr Jason Stirbinskis.

Mr Warries, is a mining engineer with more than 25 years of experience in the mining industry, and most recently was the Mining Manager at Coffey Mining. Harry has worked on a wide range of projects, including a number of major feasibility studies, he has substantial African experience and has worked across a number of commodities including copper, nickel, cobalt, gold, lead, zinc and graphite.

Mr Stirbinskis is a Geologist and was the CEO of Drake Resources while it was active across gold and base metals projects in Africa and Europe. He has also held MD/CEO roles at Phillips River Mining and Central Asia Resources. Mr Stirbinskis has broad and substantial experience across geology, metallurgy/engineering and financial markets both within Australia and internationally.

During the quarter the Company successfully placed 26,987,269 ordinary shares to sophisticated investors which raised \$229,847, providing the necessary funds to commission drilling at the Kihabe project.

Subsequent to the end of the quarter, the Company has raised a further \$404,000 through the placement of 26,933.335 shares at 1.5c per share to sophisticated investors.

Table 1: Resource Statement for the Kihabe and Nxuu deposits. Reported 15/5/13

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%

Kihabe resource 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 1.8% Pb 0.8% Ag 7.7 g/t

Nxuu resource calculated on zinc & lead par value

Grades applied: Zn 1.8% Pb 1.4%

KIHABE-NXUU METAL RECOVERIES

Independent metallurgical testwork has confirmed the metal recoveries shown in the table below. Accordingly the Company believes these recoveries are achievable. Zinc recovered from acid leaching oxide zones will enable Zn metal to be recovered on site from electro-winning.

DEPOSIT	Zone	Time	Zinc	Lead	Silver
Kihabe					
Oxide Zone					
Acid leaching @40°C 30 kg/t acid	Oxide *	24 hrs	96.9%	91.9%	n/a
Sulphide Zone					
Rougher flot	Sulphide	90 seconds	91.9%	84.8%	94%
	Sulphide	15.5 mins	93.8%	88.1%	96.4%
Nxuu					
All Oxide					
Acid leaching @25°C 30 kg/t acid	Oxide *	12 hrs	93%	93%	n/a

* Note: Zn mineralisation in the oxidised zones is hosted within Smithsonite and Baileychlore and independent test work has confirmed both of these are amenable to acid leaching.

This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

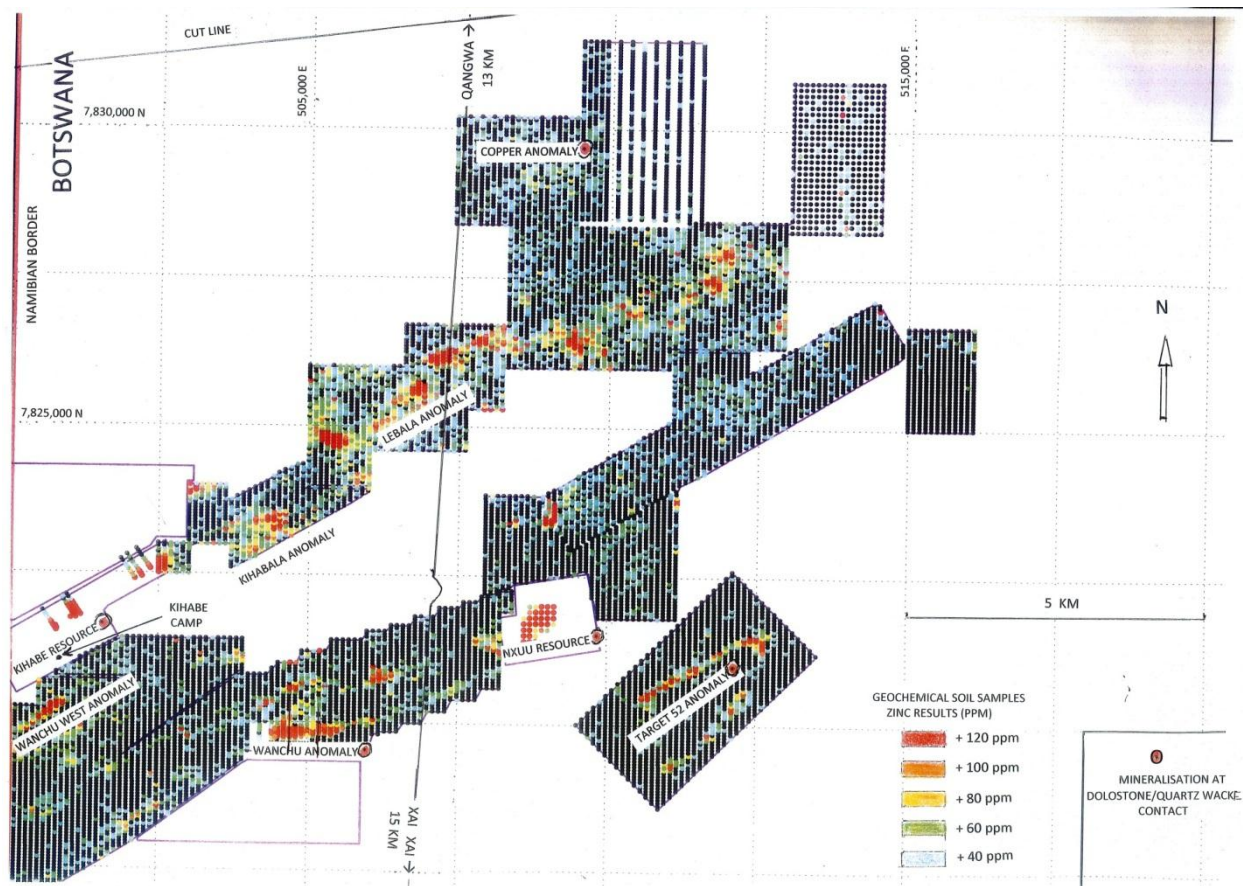


Figure 2: Thus far the Company has identified 6 additional zinc soil anomalies near the boundary of quartz wacke and Dolostone and within the immediate vicinity of the established resource.

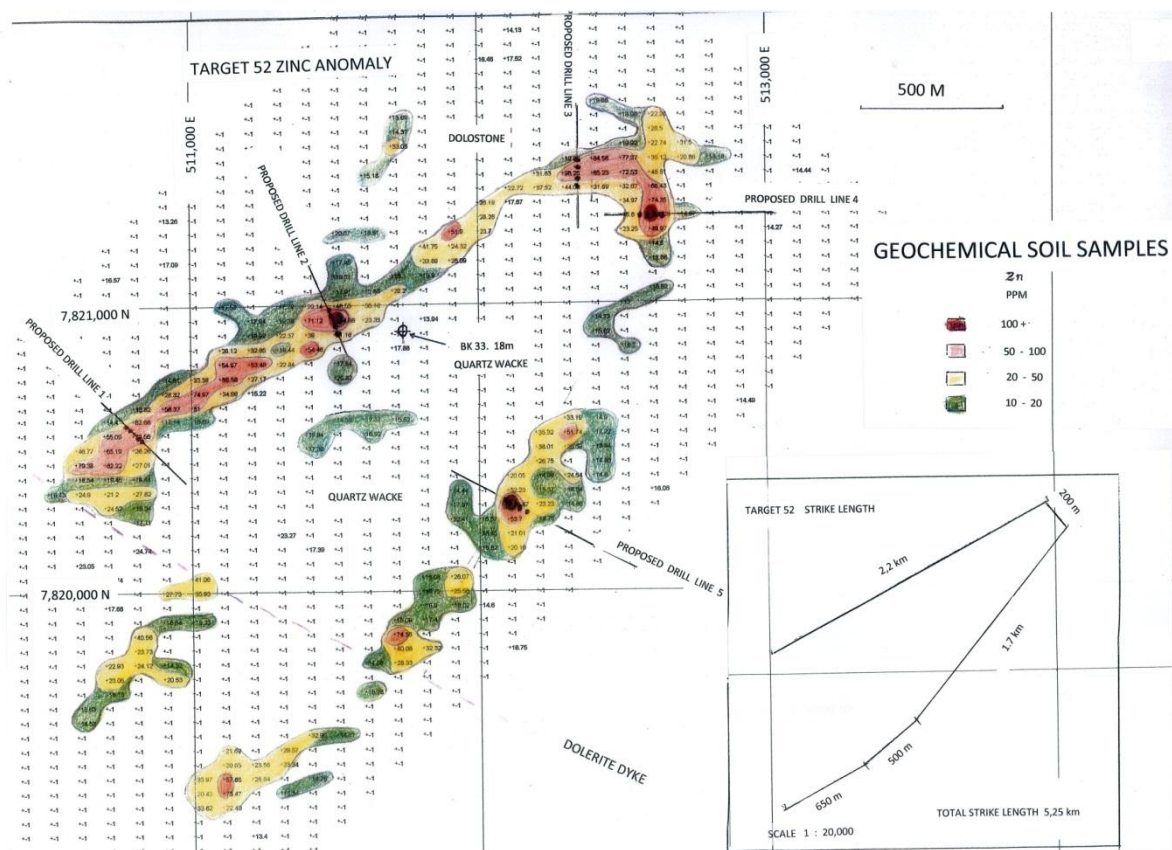


Figure 3: One of the priority geochemical anomalies is Target 52.

Forward Looking Statement:

This presentation contains forward looking statements in respect of the projects being reported on by the Company. Forward looking statements are based on beliefs, opinions, assessments and estimates based on facts and information available to management and/or professional consultants at the time they are formed or made and are, in the opinion of management and/or consultants, applied as reasonably and responsibly as possible as at the time that they are applied.

Any statements in respect of Ore Reserves, Mineral Resources and zones of mineralisation may also be deemed to be forward looking statements in that they contain estimates that the Company believes have been based on reasonable assumptions with respect to the mineralisation that has been found thus far. Exploration targets are conceptual in nature and are formed from projection of the known resource dimensions along strike. The quantity and grade of an exploration target is insufficient to define a Mineral Resource. Forward looking statements are not statements of historical fact, they are based on reasonable projections and calculations, the ultimate results or outcomes of which may differ materially from those described or incorporated in the forward looking statements. Such differences or changes in circumstances to those described or incorporated in the forward looking statements may arise as a consequence of the variety of risks, uncertainties and other factors relative to the exploration and mining industry and the particular properties in which the Company has an interest.

Such risks, uncertainties and other factors could include but would not necessarily be limited to fluctuations in metals and minerals prices, fluctuations in rates of exchange, changes in government policy and political instability in the countries in which the Company operates.

Competent Persons Statement:

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 was a Technical Director of the Company during the period in which the resource was calculated. 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.

The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MOUNT BURGESS MINING N.L.

ABN

31009067476

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(40)	(40)
(b) development	-	-
(c) production	-	-
(d) staff costs	(9)	(9)
(e) administration and corporate costs	(49)	(49)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(99)	(99)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	230	230
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	10	10
3.6	Repayment of borrowings	(13)	(13)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	227	227

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	16	16
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(99)	(99)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	227	227
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	144	144

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	144	16
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	144	16

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

-

-

n/a

7. Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

n/a

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Add notes as necessary for an understanding of the position</i>		
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	5	2
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

n/a

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	150
9.2 Development	-
9.3 Production	-
9.4 Staff costs	10
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	210

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Mining exploration entity and oil and gas exploration entity quarterly report

- 1 This statement has been prepared in accordance with accounting standards and
policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Serene Chau Date: 26 Oct 2016
(Director/Company secretary)

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.