

## **REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017**

### **KIHABE ZINC, LEAD, SILVER PROJECT, WESTERN NGAMILAND, BOTSWANA**

#### **HQ Diamond Core Drilling**

During October, November and early December 2017 the Company conducted HQ diamond core drilling at its Kihabe Zn, Pb, Ag Project in Western Ngamiland, Botswana.

The Company mainly concentrated on drilling the shallow basin-shaped totally-oxidised Nxuu Deposit, where Zinc, Lead, Silver and Germanium mineralisation occurs in a quartz wacke, overlying a barren dolostone basement.

Twenty four HQ diamond core holes of various depths were drilled to the contact of the barren dolostone basement. A total of 1,015 metres, averaging 42 metres per hole were drilled.

Drilling was also conducted at the Kihabe Deposit, seven kilometres west of the Nxuu Deposit, to determine the extent of a previously delineated high-grade, oxide zone, in the upper portion of the deposit.

Seven HQ diamond core holes were drilled to various depths terminating at the contact with the sulphide zone. A total of 528 metres, averaging 75 metres per hole were drilled.

The HQ diamond core was logged and cut in half on site during December 2017. The half core was then transported some 370 kilometres from site to Maun, Botswana. Upon receipt of export permits, the core was then trucked from Maun to Randfontein in South Africa where it was collected by Intertek Genalysis' laboratory in Bapsfontein, South Africa. It was then pulped and sized portions of the pulps were then couriered during late December 2017 and early January 2018 to Intertek Genalysis' laboratory in Maddington, Western Australia, for assaying.

The assaying has now been completed and the results are currently being compiled for reporting in accordance with the JORC 2012 requirements. Once signed off by a Competent Person, a release will be made to the market.

#### **Provision of Grid Power for Western Ngamiland, Botswana**

Monday, 22 January 2018 was the official launch of the construction of the upgraded grid power transmission lines that will run from the Botswana Power Corporation's Morupule coal fired power generators in Eastern Botswana to Western Ngamiland. Construction commenced simultaneously on three separate sections. The upgrade of the power line from Morupule to Maun, through Orapa, in the mid NW; the upgrade of the power line from Maun down to Ghanzi through Toteng, in the SW, and the upgrade of the power line from Toteng to Shakawe in the far NW.

The upgrade of the three separate power lines is expected to be completed by the end of 2019.

The Company is focussed on the Nxuu Deposit in Western Ngamiland as a potentially low risk, low capex project that lends itself to a relatively quick path to production. In the event that this becomes a commercial operation it should be able to access grid power from the upgraded Toteng to Shakawe line with a 100km feeder line to the Project.

## **CORPORATE**

During the quarter the Company raised \$405,500 through the issue of 45,055,551 shares at 0.9 of a cent each. Funds were applied to ongoing exploration and administration costs.

At the Company's Annual General Meeting held on 30 November 2017, approval was granted for the issue of 50,000,000 shares at 1 cent each to NR and JE Forrester and Associates to eliminate \$500,000 being part of the loan granted by them to the Company during 2013-2016, the period when the Company was in litigation to regain title to its Kihabe Project.

## 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.
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### ABN

31009067476
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### Quarter ended ("current quarter")

31 December 2017
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(280)	(336)
(b) development	-	-
(c) production	-	-
(d) staff costs	(11)	(32)
(e) administration and corporate costs	(65)	(138)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	94	94
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(262)</b>	<b>(412)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(4)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	405	617
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	-	-
3.6	Repayment of borrowings	(30)	(48)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>375</b>	<b>569</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	170	126
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(262)	(412)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	375	569
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>279</b>	<b>279</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	279	170
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>279</b>	<b>170</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	15
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	

n/a

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
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	

n/a

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	10	7
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

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	11
9.5 Administration and corporate costs	50
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>161</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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				

