

QUARTERLY REPORT FOR THE QUARTER TO 31 DECEMBER 2016

- **Drilling program at Kihabe Zinc, Lead, Silver project commissioned and completed**
- **First tranche results released January 2017**
- **October Private Placement raised ~\$404,000 and drilling program extended to additional targets**

In October/November 2016 Mount Burgess (The Company; ASX:MTB) conducted a drilling programme (Figure 1) on its Kihabe Zn/Pb/Ag project in Botswana (Figure 2), where to date it has delineated 2004 JORC compliant Zn/Pb/Ag resources amounting to 25 million tonnes @ 3% Zn equivalent grade from its Kihabe and Nxuu deposits (see Table 2).

The objective of the drilling program was to test four additional Zn/Pb targets and a copper/cobalt anomaly not previously drill tested that might represent the quartz wacke/dolostone contact which acts as a marker for mineralisation within this SEDEX system.

The first tranche of assay results from 7 of the 22 RC holes submitted for assay has confirmed mineralisation at Target 52 – one of the Zn/Pb anomalies (Figure 3), intersecting Zn/Pb mineralisation at anticipated depths at or near the contact between quartz wacke and regional dolostone.

Results from the first tranche of assay results include-

Drill Hole # (Drill Line)	Location	Dip (degrees)	Azimuth (degrees)	Interval	Zn Grade	Pb Grade	From (m down hole)
T52RC008 (Drill Line 5)	512,061E; 7,820,326N	60	120	2m	1.18%	0.34%	63m
				5m	1.14%	0.41%	67m
				1	1.56%	0.51%	78m
T52RC010 (Drill Line 5)	512045E; 7,820,323N	60	120	3m	0.95%	0.29%	69m
T52RC011 (Drill Line 4)	511,518E; 7,820,911N	60	340	2m	1.70%	0.68%	88m

Table 1: Drill assay results of note from the first tranche of drilling results of the Target 52 Zinc Anomaly. Grades calculated as a simple average of 1m intervals. As can be seen in Figure 3, Drill Line 5 is on the southern section of Target 52 fold closure and Drill Line 4 is on the northern section of the fold closure, some 900m to the NW of Drill Line 5. The strike length of the Zn geochemical soil anomaly of Target 52 fold closure is 5.2 km. See announcement 26/01/2017 for further drill results detail.

In addition to confirming that Target 52 is mineralised, the program results thus far suggest the mineralisation occurs as a synclinal fold with both limbs of the fold dipping inwards. Drill lines 1, 2 and 3 of Target 52 (all results pending) focus on the fold nose of the possible syncline and it is anticipated results from these lines will give greater understanding of the structure of the mineralised zones, which will assist in targeting drilling going forward.

Results from the remaining 15 holes submitted for assay are pending and include:

1. The remainder of Target 52 drilling (6 holes)
2. Wanchu, a zinc geochemical anomaly 4km SW of the Nxuu deposit (2 holes)
3. Wanchu West anomaly, a smaller but strong zinc anomaly just 1.5km south of the Kihabe zinc deposit (3 holes).
4. Copper /Cobalt soil anomaly 12km NE of the Kihabe deposit (4 holes).

CORPORATE ACTIVITY

During the quarter the Company placed 26,933,335 shares at an issue price of 1.5 cents per share to raise the Company \$404,000.

Funds were raised to be applied to a 27 hole RC drilling programme at the Company's Kihabe Zn/Pb/Ag project in Botswana, laboratory analysis of samples therefrom and corporate administrative costs.

At the Company's AGM held on 30 November 2016, approval was granted for the Company to issue an additional 10% of its issued share capital under ASX listing rule 7.1A, for the purpose of raising additional funds.

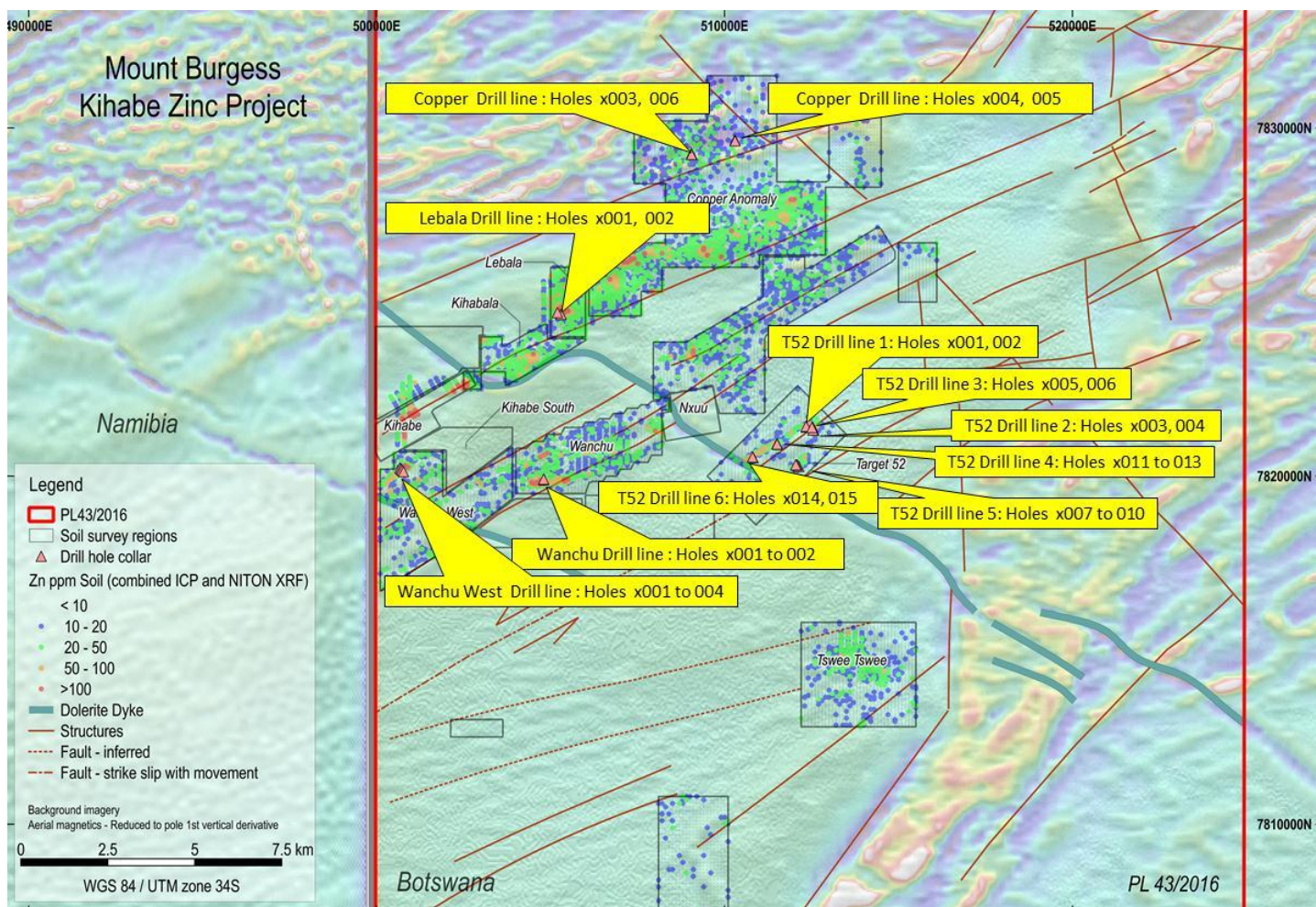


Figure 1: Kihabe Project regional map showing drill line locations over previously announced soil geochemical anomalies.



Figure 2: The Kihabe Project (red box) covers 997km² and is located in Botswana near the Namibian Border and border crossing of Dobe. The nearest railhead is 337km west. 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.

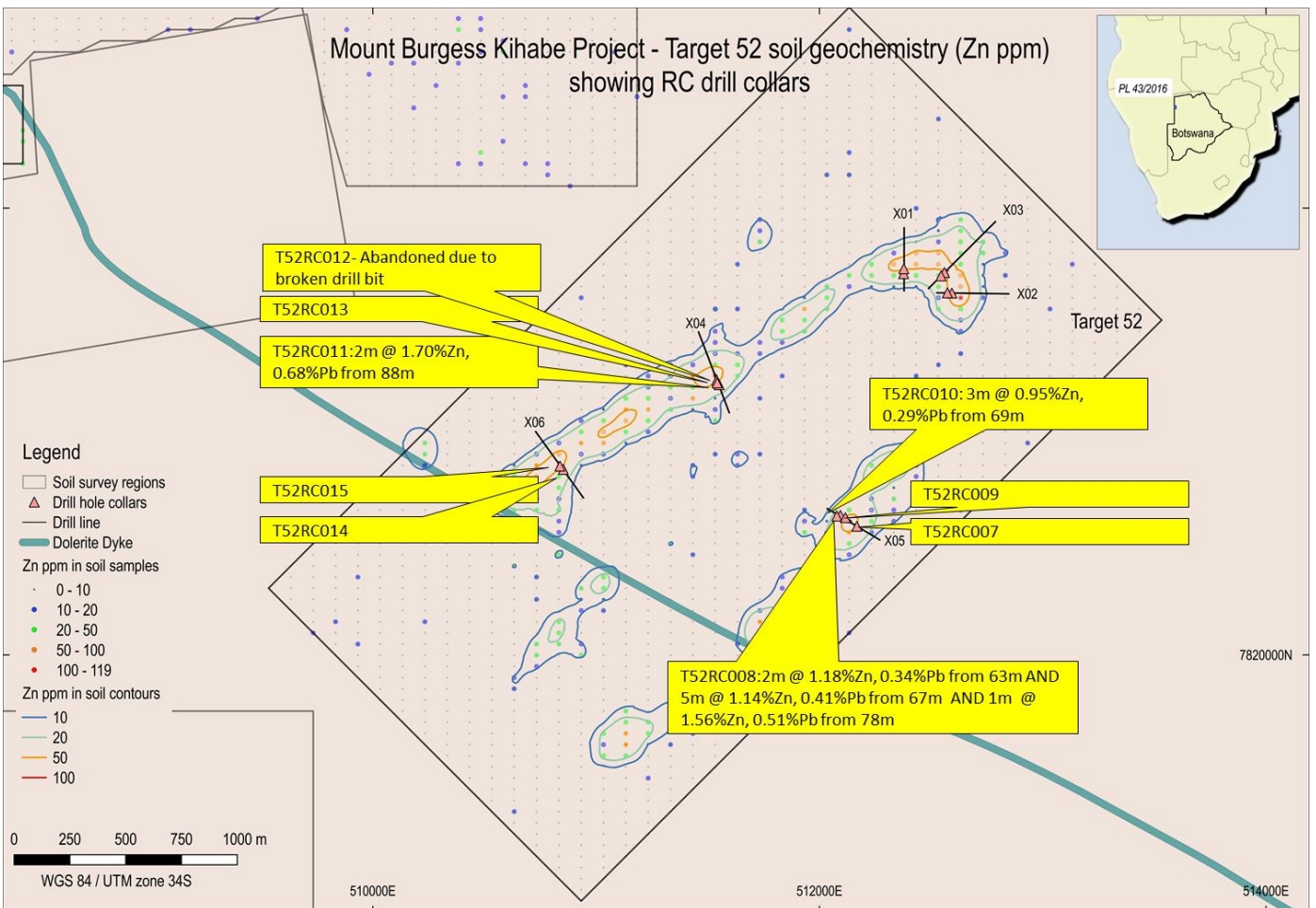


Figure 3: Target 52 drill line (eg X01) locations and results of note, grades calculated as a simple average of 1m intervals. Assay results from drill lines 01, 02 and 03 remain pending.

Table 2: 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%

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.

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 Baileychlorite and independent test work has confirmed both of these are amenable to acid leaching.*

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 Statements:

The information in this report related to 2016 Exploration Results is extracted from an ASX Announcement titled "First Tranche of Drill Assays confirm Zinc/Lead Mineralisation at Target 52" created on 16/01/17 and is available to view on www.mountburgess.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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 Exploration Results, 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 with regard to the Kihabe Resource 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")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(205)	(245)
(b) development	-	-
(c) production	-	-
(d) staff costs	(8)	(17)
(e) administration and corporate costs	(8)	(57)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(2)
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	(222)	(321)

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 (6 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	404	634
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
3.6 Repayment of borrowings	(41)	(54)
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	363	590

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	144	16
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(222)	(321)
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)	363	590
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	285	285

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	285	144
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)	285	144

6. Payments to directors of the entity and their associates	Current quarter \$A'000
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	

n/a

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

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

