

MOUNT BURGESS MINING N.L.

ACN: 009 067 476

REPORT FOR THE QUARTER ENDED 31 MARCH 2010

KIHABE ZINC/LEAD/SILVER PROJECT, WESTERN NGAMILAND, BOTSWANA

High Metal Recoveries – Nxuu Resource

Laboratory scale metallurgical testwork conducted during the quarter on core from the Nxuu Zinc/Lead Resource has confirmed **that zinc recoveries of 93% can be achieved from acid leaching, over 12 hours, at 25 deg C, with low acid consumption around 30 kg/t.** As a consequence, **zinc metal can be produced on site from this resource by electro-winning.**

Zinc mineralisation at the Nxuu deposit is hosted within Smithsonite which has proven to be amenable to acid leaching. Bulk testing will need to be conducted to substantiate this laboratory test work.

Subject to confirmation by bulk testing, this now means all of the Nxuu resource and the oxidised portion of the Kihabe resource, which combined represent about **50% or 12 million tonnes of the total project resources, can now be acid leached to produce zinc metal on site from electro-winning.** The production of metal on site will eliminate concentrate transport costs and smelting costs.

Vanadium – Kihabe & Nxuu Resources

At both the Kihabe and Nxuu resources the Company has encountered supergene Vanadium credits from assaying, in the regions of 300ppm to 800 ppm. One intersection yielded 8m @ 0.3% V from 10m depth (KRC-16 reported June 2006 Quarterly). Whilst no resources for Vanadium have been established at this stage, **there is a possibility that Vanadium can be recovered from solutions produced through acid leaching.** Further shallow drilling within the confines of the known resources and assaying will need to be conducted to establish any Vanadium resources and further metallurgical testwork will need to be conducted to substantiate recoveries.

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Scoping Study

ProMet Engineering's Scoping Study for the Kihabe Project, produced in May 2009 will now need to be updated to incorporate the following:

- The increase in metal prices from US\$1,200/t to **current prices around US\$2,200/2,300/t**
- The **increase in metal recoveries** from 63% Zn and 68% Pb to **93% for Zn and Pb.**
- The amendment to the process flow sheet, to incorporate acid leaching of oxidized ores and **the production of zinc metal on site from electrowinning.**
- The design of a **smaller concentration plant**

All of the above increments will have a significant positive impact on project margins.

The above has been approved for release by ProMet Engineers.

Likely Open Cut Resource Selection for Revised Scoping Study

Based on the premise of a revised Scoping Study covering a proposed 10 year mine life at a potential mining rate of 2.5 million tonnes p.a., a selection of resources applying varying external % cuts can be used for both the Kihabe and Nxuu resources to best suit such a regime. For example:

Resource	Cut off External %	Tonnes	Grade Zn/Pb %	Contained Metal (Tonnes)
Kihabe	1.4%	14.185 million	2.78	392,624
Nxuu	0.3%	10.900 million	3.20	348,800
Total		<u>25.085 million</u>	<u>2.98</u>	<u>741,424</u>

Other resource variations can be applied depending on the prevailing zinc and lead prices as the project progresses.

The above resources have been selected from the resource summary below:

Combined Open Cut Resources Applying a 0.5% External Cut

The combined resources at both the Kihabe and the Nxuu deposits applying a 0.5% external cut now stand at **29.9 million tonnes @ 2.62% Zn equivalent grade**, as follows:

Resource Category	Total Tonnes	Kihabe Resource	Nxuu Resource
Indicated	16.4 million	16.4 million	-
Inferred	<u>13.5 million</u>	<u>5.6 million</u>	<u>7.9 million</u>
Total	<u>29.9 million</u>	<u>22.0 million</u>	<u>7.9 million</u>

Notes:

The resource relevant to Kihabe, in the above resource statement, was calculated by Ravensgate Pty Ltd, Geological Consultants, on the 17th July 2008, on which date zinc and lead were trading at US\$ 1810/t and US\$1,955, respectively.

The resource relevant to Nxuu was calculated on 16th January 2010, by Mr Ben Mosigi, on the basis that both zinc and lead were trading at par value.

Regional Exploration

During the quarter, soil geochemical sampling was conducted over two recently discovered quartz wackes (the host to mineralisation in this area). Samples are awaiting submission to the laboratory. Any elevated geochemical anomalies will be subject to future drill testing for the purpose of generating additional resources.

Ministerial Visit to the Project

The Hon Minister for Minerals, Energy and Water Affairs, Botswana, Dr Ponatshego Kedikilwe, accompanied by staff members from his Department and the Department of Geological Survey of Botswana, visited the Company's Kihabe Project, staying overnight at Kihabe camp on the 26th January 2010.

A Project update, based on recent announcements, was presented by the Company to the Hon Minister (refer to the Company's web site – Presentation to The Ministry of Mines, Botswana, 26th January 2010) outlining the issues necessary for the Project to move forward. Such issues covered the processes required to be fulfilled by the Company to progress to a Project Bankable Feasibility Study. Other major issues addressed included the provision of sufficient power to site and the upgrade of site access.

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The Hon Minister requested the Company make a formal submission outlining what is required for the Project regarding infrastructure for production purposes.

With regard to the project site visit, The Hon Minister responded in the form of the attached letter, the release of which he has approved.

The information in the above section of this report that relates to Exploration Results, Mineral Resources or Ore Reserve is based on information 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, a Recognised Overseas Professional Organisation ('ROPO') included in a list promulgated by the ASX from time to time.

Mr Mosigi is a Technical Director of the Company and has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he has 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". Mr Mosigi consents to the inclusion in the report and attachments of the matters based on this information in the form and context in which it appears.

DIAMOND EXPLORATION - WESTERN NGAMILAND, BOTSWANA

Kimberlite exploration drilling conducted in previous quarters into a magnetic target within the project area discovered an ultramafic intrusive.

In the December 2009 Quarterly, the Company reported that whilst geochemical analysis of the drill core demonstrated a similarity in its geochemical signature to that of a kimberlite in respect of Ba, Ca, Mg, Ni and Sr, microscopic observation of crushed core failed to produce any kimberlitic indicator minerals.

Further petrographic analysis of drill core conducted by Dr Gregory Pooley during the quarter concluded the following:

"This sample was derived from an olivine and clinopyroxene bearing rock. The rock is likely to have contained minor plagioclase and therefore picritic in nature. It has suffered intense Ca and CO₂ alteration and varying degrees of deformation. The phenocrystal olivine is completely replaced by a network of quartz and amosite and the clinopyroxene replaced by a mosaic of dolomite, actinolite, quartz and relatively large masses of chlorite. The rock has a well developed fabric and could be classified as an amphibolite. The Cr magnetite, though often deformed is weakly zoned and sometimes altered along the grain margins. This rock is unlike those doleritic rocks previously described from the Okavango dyke swarm which are less altered and deformed. This rock possibly represents an earlier phase of mafic to ultramafic intrusives that utilised the same stress – fracture environment that gave rise to the more recent Okavango doleritic dyke swarm."

TSUMKWE DIAMOND PROJECT, NAMIBIA

Following a 1,243 m drilling programme conducted during the last quarter for the purpose of drill testing a number of magnetic anomalies, a comprehensive review of the project was conducted during this quarter by Mr Manfred Marx, Consulting Diamond Geologist.

His review concludes as follows:

"The Tsumkwe diamond project is located in Bushmanland – Namibia and has now reached a mature stage where the future of this project can be assessed, based on an extensive and very detailed data base. The conclusions and recommendations expressed in this report are based on a comprehensive review of the information held by Mount Burgess Mining N.L. in Perth, Western Australia.

The main **conclusions** reached are as follows:

- Evidence suggests that the Tsumkwe Panneveld region is most likely to harbour more kimberlite or lamproite pipes, in addition to the three known Gura kimberlite pipes.
- The kimberlite indicator mineral (KIM) grain distribution patterns are both locally transported (abraded surfaces) and residual (fresh surfaces).
- Trace quantities of macro-diamonds, as well as G10 pyrope garnets (which are well represented within the Tsumkwe garnet population), support the occurrence of yet to be discovered diamond bearing kimberlites.
- The target area with the highest potential identified for future exploration lies in a band along the Damara Fault Zone over a strike length of some 30km.
- The modest kimberlite exploration success to date within the Tsumkwe area can be largely attributed to the complex sub-surface geology beneath the Kalahari sand cover.

The **recommendations** arising from these conclusions are as follows:

- The loam sample density over the existing regional KIM anomalies associated with the Damara Fault Zone should be increased to define the primary source areas more clearly.
- Detailed ground geophysical surveys should then be initiated to cover the resulting KIM clusters prior to drilling.
- If kimberlites are discovered, then this approach could be implemented in other prospective areas, especially ones with shallow Kalahari sand cover and low magnetic susceptibility."

The information contained in this report relative to the West Ngamiland and Tsumkwe diamond projects is based on information approved for release by Mr Manfred Marx of Manfred Marx and Associates Pty Ltd, Bsc., Dip Env. Sc., Aus.I.M.M., GSSA.

Mr Manfred Marx is a consulting geologist to the Company. He has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 edition of the Australasian Code for Reporting of exploration results, mineral resources and ore reserves. Mr Marx consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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CORPORATE

Funding Arrangements

For interim funding purposes, Exchange Services Ltd, a UK registered company, has offered to make available to the Company, if required, funding of up to £250,000 (estimated at \$440,000). Exchange Services Ltd is a company controlled by Mr A P Stirling, a non-executive Director the Mount Burgess Mining N.L. To date, £70,000 (A\$113,000) has been drawn down from this funding arrangement as an interest free loan to 30 June 2010. Any extension to this period will attract interest at 4% above the Australian bank bill rate as at 31 March 2010.

In addition the Company has in place available credit facilities with its bankers of up to \$415,000.

Substantial Shareholder

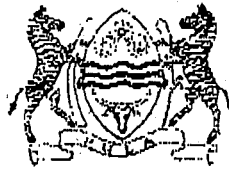
During the quarter the Company received a Notice of Substantial Shareholder Form 603 from Mr A P Stirling and Associates with a holding of 18,620,000 shares being 5.81% of shares currently on issue.

TO CONTACT US:

Level 4, 109 St Georges Terrace, Perth, Western Australia, 6000
PO Box Z5301, St Georges Terrace, Perth, Western Australia, 6831
Telephone: (61 8) 9322 6311 Email: mtb@mountburgess.com
Facsimile: (61 8) 9322 4607 Website: www.mountburgess.com

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TELEPHONE: (267) 3656600
TELEGRAMS: MMEWR
TELEX: (267) 2503 BD
FAX: (267) 3909368
REFERENCE: MW 2/16/4 1 (15)



REPUBLIC OF BOTSWANA

MINISTRY OF MINERALS,
ENERGY AND WATER
RESOURCES,
PRIVATE BAG 0018
GABORONE
BOTSWANA

2 February 2010

Mr Nigel Forrester
Chairman and Managing Director
Mount Burgess Mining N.L.
Level 4, 109 St Georges Terrace
Perth, Western Australia 6000

Dear Mr Forrester,

TOUR OF EXPLORATION AND MINING SITES: 25-29 January, 2010

On behalf of my delegation, and on my own behalf, I wish to express my appreciation of your excellent hospitality and acceding to see us during my recent tour despite your tight schedule.

I am particularly encouraged by your commitment to the project. As I said, the government has an interest in the success of the project. The start of production would mean job creation and poverty reduction.

I do appreciate the promising prospects of the site. The potential development instils considerable confidence in the future of mining in Botswana.

Government is committed to doing what can possibly be done and using our best endeavours to facilitate progress through creation of an enabling environment.

The projects are a good omen for the country's prosperity and economic diversification. I am grateful that the projects bring prospects for technology and skills transfer, which Botswana needs.

I thank you and I am looking forward to the success of your projects.

Yours sincerely

Ponatshego H K Kedikilwe (Dr.)

Minister of Minerals, Energy and Water Resources

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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.

Name of entity

MOUNT BURGESS MINING N.L.

ABN

31009067476

Quarter ended ("current quarter")

31 March 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) exploration and evaluation	(93)	(897)
(b) development	-	-
(c) production	-	-
(d) administration	(177)	(578)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	15
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(270)	(1,461)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(1)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(1)
1.13 Total operating and investing cash flows (carried forward)	(270)	(1,462)

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1.13	Total operating and investing cash flows (brought forward)	(270)	(1,462)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	113	113
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Placement fees	-	-
	Other – Lease liability repayments	-	(1)
	Net financing cash flows	113	112
	Net increase (decrease) in cash held	(157)	(1,350)
1.20	Cash at beginning of quarter/year to date	222	1,416
1.21	Exchange rate adjustments to item 1.20	-	(1)
1.22	Cash at end of quarter	65	65

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	52
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

Financing facilities available

The Company maintains a seasonal overdraft facility of \$350,000.

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	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	415	1

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
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	35	192
5.2 Deposits at call	30	30
5.3 Bank overdraft	-	-
5.4 Other (prove details)	-	-
Total: cash at end of quarter (item 1.22)	65	222

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Changes in interests 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			

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Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (cents) (see note 3)	Amount paid up per security (cents) (see note 3)
7.1 + Preference Securities	N/A			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 + Ordinary Securities	320,257,000	320,257,000		
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	N/A	N/A		
7.6 Changes during quarter (a) Increases through issues				
7.7 Options				
Employee Share Plans	2,500,000	NIL	25 cents	31/12/10
	2,050,000	NIL	25 cents	31/12/11
	800,000	NIL	25 cents	31/12/12
	250,000	NIL	25 cents	31/12/13
	2,200,000	NIL	10 cents	31/12/14
7.8 Issued during quarter	NIL			
7.9 Exercised during quarter	NIL			
7.10 Cancelled / Lapsed during quarter	NIL			
7.11 Debentures (totals only)	N/A			
7.12 Unsecured notes (totals only)	N/A			

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Compliance statement

- 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*
(Company Secretary)

Date: 12 Apr 2010

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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