

QUARTERLY REPORT FOR THE QUARTER TO 30 JUNE 2017

- **Company is focussed on the Nxuu Resource as a potentially low risk, low capex project that lends itself to a relatively quick path to production**
- **Metallurgical test work program defined to investigate Nxuu processing pathways**
- **Letter of Intent with Genser Energy Africa Inc (Genser) to investigate Nxuu Project power options**
- **Capital raising completed under listing rules 7.1 and 7.1A.**

Consistent with the strategy announcement released to the market 21 March 2017, Mount Burgess (The Company, ASX: MTB) remains focussed on the Nxuu Zinc/Lead/Silver project, which is one of the resources in its Kihabe Project in Botswana. The Nxuu Resource presents as a potentially low risk, low capital project with a relatively quick path to production.

The Company has embarked on three avenues of investigation to progress the Nxuu Project.

1. A diamond drilling program has been defined and costed and a drilling provider selected pending formal engagement and funding. The objectives of the program are to:
 - a. Convert the current 2004 JORC compliant resource to 2012 JORC standards and upgrade the resource to Indicated status.
 - b. Address the potential resource grade under-call from previous Reverse Circulation (RC) drilling. The Nxuu Resource was delineated on 78% RC drilling and 22% diamond core drilling. The Company has previously provided evidence that suggests historical RC drilling materially under-called the grade of the Kihabe and Nxuu Resources (see announcement 5 March 2017). It is anticipated the intended diamond drilling program will enable the Nxuu Resource to be delineated entirely on diamond core drilling results and address the grade under-call issue conclusively for the Nxuu Resource.
 - c. Include potential silver and germanium credits in the planned revision of the Nxuu resource estimate. The existing Nxuu Resource zinc equivalent calculation does not include silver credits although silver is recorded in most holes within the resource envelope. Similarly, the Company wishes to investigate the distribution of germanium in the deposit as this metal also has the potential to enhance the project economics. Germanium is currently trading at US\$1,125/kg*. On 28 April 2011 the Company reported an assay result for a single diamond core sample not previously assayed for germanium from within the Nxuu resource envelope as follows:

| Hole # | Easting | Northing | Dip | Azimuth | From | To | Length | Ge Grade |
|---------|---------|----------|-----|---------|------|-----|--------|----------|
| NXDD005 | 508926E | 7821827N | -90 | 0 | 19m | 25m | 6m | 4.98g/t |

*Source: Canadian Financial Post 13/7/17

2. The Company has delivered diamond core from the Nxuu deposit to an Australian laboratory for metallurgical testwork. The Nxuu resource is entirely oxidized (no transitional zones or sulphides) thus removing the complexity, cost and risk of treating considerably different

metallurgical domains. Previous testwork, using conventional tank acid leaching at 25°C and 75 micron grind size, generated encouraging recoveries of 93% Zn and 93% Pb in 12 hours with relatively low acid consumption. The objective of the pending metallurgical program is a preliminary investigation of various processing pathways available, including the production of both zinc and lead metals on site using SX/EW and the potential of a pre-float gravity separation step.

- The Company has signed a non-exclusive Letter of Intent with Genser to assess the potential for the construction, at its cost, of an LPG power plant on the basis that it can then provide the project with the required power at a commercial kW/hr rate. Mount Burgess wishes to point out that it has not completed a feasibility study on the Nxuu project and conversations with Genser are general in nature, considering a wide range of likely power demand and potential operating costs.

The Nxuu Resource (Table 1) represents ~40% of the Company's currently established Resource (by tonnes) with ~196kt of contained zinc and 153kt of contained lead. It occurs as a shallow basin (Figure 1a & 1b), comprised of a relatively uniform, simple mineral suite of entirely oxidised material from as little as 5m below surface down to a maximum depth of approximately 60m.

Table 1: RESOURCE STATEMENT FOR THE KIHABE AND NXUU DEPOSITS

| Deposit | External Zn-eq Cut % | Indicated M Tonnes % | Inferred M Tonnes % | Total M Tonnes % | Contained Zinc metal (kt) | Contained Lead metal (kt) |
|---------|----------------------|----------------------|----------------------|----------------------|---------------------------|---------------------------|
| Kihabe | 1.5% | 11.4 @ 2.90%* | 3.0 @ 2.60%* | 14.4 @ 2.84%* | 259kt | 115kt |
| Nxuu | 0.3% | - | 10.9 @ 3.20%* | 10.9 @ 3.20%* | 196kt | 153kt |
| | | 11.4 @ 2.90%* | 13.9 @ 3.07%* | 25.3 @ 3.00%* | 455kt | 268kt |

*Zinc Equivalent
Kihabe resource calculated on metal prices as at 17/7/2008
Kihabe Grades Zn 1.8% Pb 0.8% Ag 7.7 g/t
Nxuu resources calculated on zinc and lead par value metal prices
Nxuu Grades 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 float | 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 (Nxuu) and Baileychlore (Kihabe) and independent test work has confirmed both of these are amenable to acid leaching.

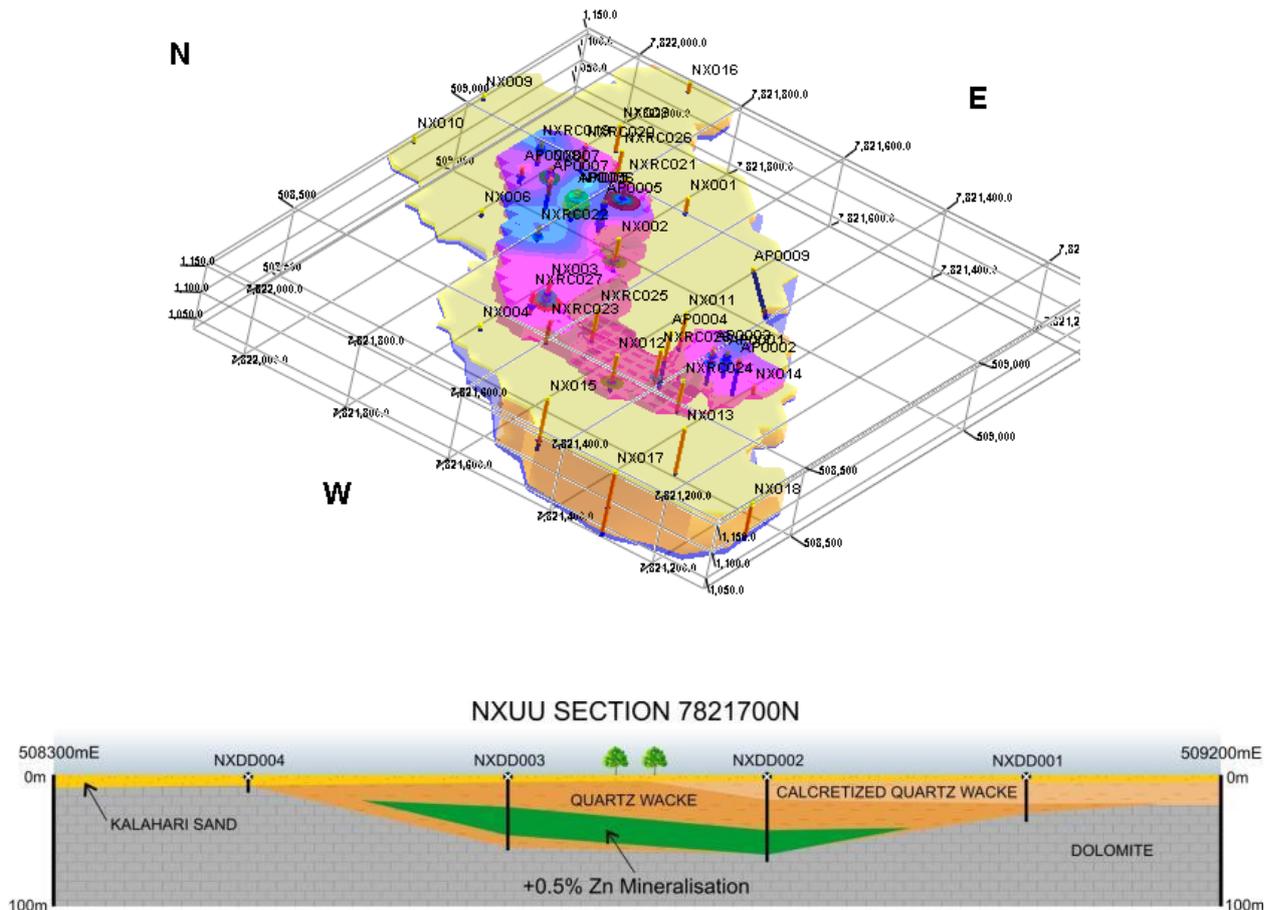


Figure 1a and 1b: The Nxuu mineralisation forms a shallow basin defined by a fold closure.

Corporate Activity

During the quarter Mount Burgess issued 21,000,000 ordinary shares by way of a placement to sophisticated investors, in accordance with Listing Rule 7.1A. The issue price of the shares was 0.8 of one cent per share and raised \$168,000. The Company also issued a further 4,636,449 ordinary shares by way of a placement to a sophisticated investor in accordance with Listing Rule 7.1 under the same terms, to raise an additional \$37,091.

A General Meeting of Shareholders held on 28 June 2017 ratified the previous issue of shares under Listing Rule 7.1 and, as such, the Company has the ability to place another 15% of its issued share capital under Listing Rule 7.1. At the General Meeting approval was also granted for the issue of shares in lieu of Director's fees to the value of \$12,000 per Director to those mentioned in, and according to the calculation described in the Notice of Meeting issued on 22 May 2017. Subsequently, on 29 June 2017, the Company lodged an Appendix 3B for the issue of 13,090,908 shares in lieu of Directors Fees. The issued share capital of the Company as at 30 June 2017 stands at 276,125,919.

Forward Looking Statement:

This report 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.

Other important Information

Purpose of document: This document has been prepared by Mount Burgess Mining NL (MTB). It is intended only for the purpose of providing information on MTB, its project and its proposed operations. This document is neither of an investment advice, a prospectus nor a product disclosure statement. It does not represent an investment disclosure document. It does not purport to contain all the information that a prospective investor may require to make an evaluated investment decision. MTB does not purport to give financial or investment advice.

Professional advice: Recipients of this document should consider seeking appropriate professional advice in reviewing this document and should review any other information relative to MTB in the event of considering any investment decision.

Forward looking statements: This document contains forward looking statements which should be reviewed and considered as part of the overall disclosure relative to this report.

Disclaimer: Neither MTB nor any of its officers, employees or advisors make any warranty (express or implied) as to the accuracy, reliability and completeness of the information contained in this document. Nothing in this document can be relied upon as a promise, representation or warranty.

Proprietary information: This document and the information contained therein is proprietary to MTB.

Competent Persons Statements:

Information in this release that relates to exploration results together with any related assessments and interpretations is based on information approved for release by Mr Giles Rodney Dale of GR Dale and Associates. Mr Dale is a fellow of the Australasian Institute of Mining and Metallurgy. Mr Dale has sufficient experience which is 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 Dale consents to the inclusion in this release of matters based on the information in the form and context to which it appears. The information was first released on 28 April 2011. 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.

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 for the period in which the resource was developed. 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 regarding Kihabe and Nxuu Resources was first released on 8 October 2008 and 20 January 2010 respectively and updated with recovery information on 12 April 2012. 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 June 2017 |
|--------------|

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|------------------------------------|---|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | - | - |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (64) | (407) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (12) | (38) |
| (e) administration and corporate costs | (46) | (205) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | - | - |
| 1.5 Interest and other costs of finance paid | - | (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 | (122) | (652) |

| | | |
|--|---|---|
| 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 | - | - |

Mining exploration entity and oil and gas exploration entity quarterly report

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 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 | 205 | 839 |
| 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 | (22) | (87) |
| 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 | 183 | 762 |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 65 | 16 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (122) | (652) |
| 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) | 183 | 762 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 126 | 126 |

| 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 | 126 | 65 |
| 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) | 126 | 65 |

| 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 | 30 |
| 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 | 4 |
| 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 | 50 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 12 |
| 9.5 Administration and corporate costs | 50 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 112 |

| 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 | | | | |

