18 March 2016

UPDATE

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

Following the grant of a new Prospecting Licence PL 43/2016 on 26 January 2016, over the Kihabe – Nxuu Project, the Company has been involved in designing a proposed route to advance the project from hereon.

INDEPENDENT GEOLOGICAL REVIEW

CSA Global has been selected to complete an independent geological review of the project's Mineral Resources and exploration potential. CSA Global's preliminary assessment concluded that ***"It is obviously a huge system in a known productive basin and a system where it should be possible to develop an effective targeting model".***

The project has a Mineral Resource Estimate reported under the 2004 JORC Code of 25.3 million tonnes at 3% Zn equivalent which includes 3.577 million ozs silver (refer to Resource Statement attached). There is potential to further expand the resource base.

METALLURGICAL REVIEW

Mr Chris Campbell-Hicks, metallurgist and Director of the Company has been investigating potential metallurgical processing routes for the recovery of zinc, lead and silver from both the oxide and sulphide zones of the Kihabe and Nxuu resources. This has also included investigating the potential for recovering known credits within the resource base, such as copper, vanadium, gallium, germanium and indium.

With the provision of grid power the potential exists for the production of zinc metal on site from the oxide zones of the resources through acid leaching, solvent extraction and electrowinning (SX/EW). This process could also allow for the recovery of gallium and germanium.

Since the mineralisation contains both oxide and sulphide minerals, together with an anticipated transition zone, an improved metallurgical design flowsheet will be required. A test work program has also been designed to determine the ability to produce separate zinc/silver and lead/silver flotation concentrates from the oxide zones using control potential sulphidisation. The greatly reduced mass of the separate zinc concentrate can then be acid leached with a significant downsizing of the zinc acid leach circuit with a consequent reduction in initial capital cost, reagent consumption and mill power required for the finer grind requirements of the

leach feed. The lead/silver concentrate remains available for sale as with all other process pathway options.

The significant increase in the silver values in the leached zinc concentrate residue also provides a possibility for extracting much of the remaining silver by gravity techniques lifting overall silver recoveries from a typical 60 – 65% to 80 – 90%.

INITIAL ACCESS TO HIGH GRADE ZONES OF NEAR SURFACE MINERALISATION

The Company is also investigating a potential mining schedule to allow for initial access to higher grade zones of the near surface oxide resources, maximising project capital repayment within the shortest possible time frame.

CONFIRMATION OF HIGHER RESOURCE GRADES FROM DIAMOND CORE DRILLING VERSUS RC DRILLING

From drilling conducted to date by the Company, through twinning RC holes with diamond core (DD) holes there appears to be a grade increase of around 48% between the DD results versus RC results. Additional DD will have to be conducted to verify this increment which has the potential to increase the Kihabe and Nxuu resources grades.

POTENTIAL TO INCREASE THE PROJECTS RESOURCE BASE

The Kihabe – Nxuu project has previously been interpreted as stratabound SEDEX ("sedimentary-exhalative") style of mineralisation within this Neoproterozoic sedimentary basin, contiguous with the Damaran in Namibia where a number of significant Zn-Pb deposits are known. Mineralisation in both the Kihabe and Nxuu resources is stratabound at a stratigraphic contact between a quartz wacke unit and a dolostone unit. The Company believes that there is potential to discover further similar zinc/lead/silver mineral deposits through testing additional geochemical anomalies at the same dolostone/quartz wacke contact, which is typically buried beneath 5m to 15m of Kalahari sand cover.

From geochemical soil sampling conducted to date, the Company has generated, six new zinc/lead anomalies and one copper/cobalt anomaly now ready for drill testing. Three of the zinc/lead anomalies and the copper/cobalt anomaly are interpreted to lie over the dolostone/quartz wacke stratigraphic contact. This has been verified by regional drilling where one hole has intersected dolostone and an adjacent hole has intersected quartz wacke, with subsequent geochemical soil sampling conducted between the two holes delineating a geochemical anomaly. The Target 52 anomaly, coincident with a fold closure, is some 5.4 Km long, suggesting potential for a large zone of mineralisation.

POWER

As reported by Mmegi Botswana on 9 March 2016, the Ministry of Minerals Energy and Water Resources, Botswana, confirmed the appointment of Marubeni of Japan and Posco of South Korea to construct two additional coal-fired power units to add an extra 300MW of electricity production from the Morupule B coal-fired power project. With all six units functioning the Morupule B power project should produce

900 MW of power to be integrated into Botswana's grid power system. Another 300 MW greenfield power plant is currently out for tender and the refurbishment of the original 120 MW Morupule A power plant is currently being conducted by Doosan Heavy Industries of South Korea.

With this increased power production it is expected that Botswana will become a net exporter of power within three years.
The Company has also been in discussions with ECG Engineering of Western Australia, which company has been involved in projects in Africa generating gas from coal for power generation.

There are further plans for the construction of a main power line from the Morupule area in eastern Botswana through to Shakawe in north western Botswana, enabling projects in Western Ngamiland to access grid power.

COMPETENT PERSONS' STATEMENTS

The section of this announcement headed **INDEPENDENT GEOLOGICAL REVIEW**, together with any related assessments and interpretations is based on and fairly represents information and supporting documentation approved for release CSA Global, Resource Industry Consultants. CSA Global has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activities which have been undertaken to qualify as a Competent Person as defined in the 2012 Edition Joint Ore Reserves Committee (JORC) Australasian Code for Reporting on Exploration Results, Mineral Resources and Ore Reserves. CSA Global consents to the inclusion in this release of matters based on this information in the form and context to which they appear.

The section of this announcement headed **METALLURGICAL REVIEW**, together with any related assessments and interpretations, is based on and fairly represents information and supporting documentation compiled by and approved for release by Mr Chris Campbell-Hicks (BSc, metallurgist and Non-Executive Director of the Company). Mr Campbell-Hicks is a Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional Metallurgist (FAusIMM CP Metallurgy) and a Member of the Mineral Industry Consultants Association (MMICA). Mr Campbell-Hicks has sufficient experience to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code and Valim Codes and the Canadian National Instrument NI-43-101 relating to metallurgical and processing engineering issues under consideration and to activities which have been undertaken. Mr Campbell-Hicks consents to the inclusion in this release of the matters based on this information in the form and context in which they appear.

The two sections of this announcement headed **CONFIRMATION OF HIGHER RESOURCE GRADES FROM DIAMOND CORE DRILLING VERSUS RC DRILLING** and **POTENTIAL TO INCREASE THE PROJECTS RESOURCE BASE**, together with any related assessments and interpretations, is based on and fairly represents information and supporting documentation 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 and types of deposits under consideration and to activities which have been undertaken to qualify as a Competent Person as defined in the 2012 Edition Joint Ore Reserve Committee (JORC) Australasian Code for Reporting on Exploration Results, Mineral Resources and Ore Reserves. Mr Dale consents to the inclusion in this release of matters based on this information in the form and context to which they appear.

ACN: 009 067 476
8/800 Albany Hwy
East Victoria Park
Western Australia 6101
Tel: (61 8) 9355 0123
Fax: (61 8) 9355 1484
mtb@mountburgess.com
www.mountburgess.com

KIHABE- NXUU RESOURCE STATEMENT REPORTED 15 MAY 2013

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%***

***Zinc Equivalent Grade**

Kihabe resource calculated on metal prices as at 17 July 2008:	Zn US$1,810/t	Pb US$1,955/t	Ag US$18.75/oz
Grades applied:	Zn 1.8%	Pb 0.8%	Ag 7.7 g/t
Nxuu resource calculated on zinc and lead at US$ par			
Grades applied:	Zn 1.8%	Pb 1.4%	

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 is a Technical Director of the Company. 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.

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.