



11 February 2015

Mr Ben Secrett
Senior Adviser, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Ben,

In regard to your letter of 10 February 2015, we respond as follows:

ASX notes that the Company has reported the following:

1. Receipts from product sales NIL

As the Company is at the stage of exploration and possible resource development, it does not have any product sales.

2. Net negative operating cash flows for the quarter of \$86,000

The negative operating cash flows relate to corporate administrative funding and funding of litigation in respect of the Kihabe – Nxuu Zn/Pb/Ag project, Prospecting Licence PL69/2003 renewal in Botswana.

On 9 July 2013, the Company was informed that its appeal to the Vice President of Botswana against the rejection of its Application for Extension of PL69/2003 had been rejected by the Minister of Minerals Energy and Water Resources. The matter is currently before the Appeal Court of Botswana. It was expected that the matter would be heard in January 2015 as previously announced to the market. However as advised in the Company's Second Quarter Activities Report a date for the Appeal Court hearing is still awaited.

The litigation is currently being funded by Jan and Nigel Forrester, Joint Company Secretary and CEO respectively who have also helped loan fund administrative costs of the Company as required. They are currently not drawing salaries. Serene Chau, Joint Company Secretary is only drawing a salary relative to three days a week. In Botswana the Company is funding camp guarding duties at Kihabe, amounting to \$2,000 per month.

3. Cash at the end of the quarter of \$14,000

This represents the amount available for the Company as at 31 December 2014.

Since 31 December 2014 the Company has received to date a further \$38,500 by way of loan funding from Jan and Nigel Forrester totalling \$56,500, with the \$14,000

available as shown above plus \$4,000 available held in trust for litigation at the end of the quarter.

4. Estimated cash outflows for the next quarter of \$50,000 on administration.

This was as per the estimate as at 31 December 2014 which we do not believe requires revision at this stage.

In regard to your Question 1 "It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?" – the Company responds as follows:

As outlined in 2 above the Company has significantly reduced the cost of its monthly payroll and operating costs. Regarding the Company having sufficient cash to fund its activities as outlined in 3 above, it has since the release of its quarterly report received amounts totalling \$38,500, by way of loan funding. The Company has further availability to raise funds through the issue of shares and loan funding from Directors.

In regard to Question 2 "Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?" – the Company responds as follows:

Whilst an exploration and potential resource development Company, Mount Burgess Mining NL will always have negative operating cash flows. However, as explained in answer to Question 1 above, the Company has significantly reduced its operating expenditure, particularly during this time when all of the litigation costs and part of the administration costs are being funded by its Directors and Associates. For the purpose of ensuring that it has sufficient funds in order to continue its operations, the Company has available the potential to raise funds through the issue of shares and Directors' loan funding.

At the Company's Annual General Meeting held on 27 November 2014, Resolutions 2, 3, 4 and 5 covering previous share issues in terms of listing rule 7.1, were approved. This leaves the Company the availability to issue by way of placements up to 13.83% of its current issued share capital for the purpose of raising funds, in terms of listing rule 7.1.

Resolution 9 was also approved granting the Company the right to issue up to an extra 10% of its issued share capital by way of placements for the purpose of raising funds, in terms of listing rule 7.1.A

The Company has also been advised by Senior Counsel that because its Application for Extension of PL69/2003 in Botswana has been rejected when the rejection decision should have been handed down within the period 31 March 2012 to 30 June 2012, the Company has a strong case for the recoupment of expenditure incurred in good faith up until 13 May 2013, when it was first advised of the rejection decision. The expenditure incurred during this period was in the region of \$1.5 million.

In regard to Question 3 "What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?" – the Company responds as follows:

Please refer to answers given in response to your questions in 1 and 2 above. Additionally, the Company would like to highlight the fact that it is pursuing with litigation what it believes to be an unjust decision in respect of the rejection of its Application for the Renewal of PL69/2003. The rejection was based on the fact that the Company did not complete a project feasibility study in the two year period to 30 June 2012, as it stated it would, based on assurances given that grid power would be available within the project area by the end of 2012. Such assurances relative to the provision of grid power were not able to be met by the Botswana authorities who gave those assurances. Consequently, in accordance with the JORC Code and sections D (Pre-Feasibility Studies) and E (Mining Feasibility Studies) of the Checklist for Appropriate Company Programme of Prospecting Operations, required to be completed under the Mines and Minerals Act, Botswana, the Company was not able to upgrade its Kihabe - Nxuu resources to ore reserve status. Without ore reserve status, a Competent Person could not complete or sign off on a Feasibility Study.

In regard to Question 4 "Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?" – the Company responds as follows:

As far as the Company is aware, it is in compliance with the listing rules and in particular listing rule 3.1. The Company is currently not withholding any information that should have been announced to the market in respect of any current conclusive issues.

In regard to Question 5 "Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule" – the Company responds as follows:

Again, as with question 4 the Company believes that it is in compliance with listing rule 12.2 as best as it possibly can be under the circumstances. The Company has no further updates since the release of its quarterly report. As mentioned in 2 above, the Company is still awaiting a hearing in the Appeal Court of Botswana. The date and the outcome of this hearing will be advised to the market accordingly.

As an exploration Company Mount Burgess Mining NL has available for future funding requirements the options as outlined in response to questions 1 and 2 above. These options are subject to prevailing market conditions and the impact relative to the current legal proceedings in respect of the Company's previously held Prospecting Licence PL69/2003.

Yours sincerely,

Nigel Forrester
Chairman and CEO

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10 February 2015

Mr Nigel Forrester
Chairman and Managing Director
Mount Burgess Mining NL
8/800 Albany Highway
East Victoria Park WA 6101

By email

Dear Nigel

Mount Burgess Mining NL ("Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 December 2014, released to ASX Limited ("ASX") on 29 January 2015, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of nil.
2. Net negative operating cash flows for the quarter of \$86,000
3. Cash at end of quarter of \$14,000.
4. Estimated cash outflows for the next quarter of \$50,000 on administration.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **email ben.secrett@asx.com.au** and **tradinghaltspert@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm AWST on Friday, 13 February 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Ben Secrett
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