

30 April 2020

REPORT FOR THE QUARTER TO 31 MARCH 2020

THE IMPACT OF COVID-19

In order to address the impact of the coronavirus pandemic and safeguard the health of all its personnel, during the quarter the Company introduced the following procedures:

- Other than on occasions where it is absolutely necessary to visit the office, all Staff and Board Members will work from home.
- All Management and Board meetings and communications with other parties must be conducted with participants via teleconference/video from home.

COVID-19 STATE OF EMERGENCY IMPOSED BY THE BOTSWANA GOVERNMENT

Attached is a Statement (shown as Appendix 1) released during the quarter by His Excellency Dr Mokgweetsi Masisi, President of the Republic of Botswana regarding COVID-19. As of 29 April 2020 Botswana (population 2.34 million) had recorded 23 cases of confirmed COVID-19, resulting in 1 death.

Some of the restrictions imposed by the Botswana Government which will impact upon the Company's Kihabe-Nxuu Poly-metallic Zn/Pb/Ag/Ge/V₂O₅ Project in Western Ngamiland, Botswana, include the following:

- State of Public Emergency has been declared in Botswana which will remain in place until further notice.
- Lock down and extreme social distancing will remain in place until further notice.
- During lock-down movement will only be allowed to those performing essential services and transporting essential goods. Those involved will require a COVID-19 TRAVEL PERMIT issued by the Government.

These restrictions (which have now been extended) and those imposed by other sovereign states, have affected and will continue to affect the Company's Kihabe-Nxuu Project, until such restrictions are lifted.

BULK SENSOR SORTER X RAY TEST WORK

Before the COVID-19 situation arose in January 2020, the Company had planned to conduct bulk Sensor Sorter X ray test work through STEINERT, following the encouraging results received last year from the bench scale test work conducted on 1/2 HQ drill core samples from the totally oxidised Nxuu Deposit. This test work showed that after crushing 45% of all crushed feed over 4mm was rejected by the Sensor Sorter X ray process as being insignificantly mineralised. This means that only 55% then needs to be milled and subject to downstream treatment. As milling requires the most amount of power, this will have a significant saving on power requirements and power costs.

Previous efforts have been made to recover sufficient HQ core from site for this bulk test work to be conducted here in Perth. However, before restrictions were introduced by the Botswana Government, lock down restrictions had already been introduced by the South African Government. These affected assay laboratories and metallurgical laboratories as staff were put into lockdown and not able to attend work places. Freight samples through South African Airways was no longer possible once SAA cancelled all flights between South Africa and Perth.

BULK VERTICAL MILLING TEST WORK

The Company also planned to conduct test work through EDS South Africa to trial the EDS vertical milling process. EDS believe because the Nxuu Deposit ore is so oxidised its Vertical milling process will work efficiently. If so, the EDS Vertical milling process only requires 25% of the power required to operate conventional Ball/SAG/ROD mills. Again, this could have a further significant saving on power requirements and power costs.

With the lock-down restrictions imposed by the South African Government, EDS cannot currently collect available HQ core and attend its workshops to conduct this test work. Accordingly the Company has not attempted to send HQ core from site to South Africa.

If both the STEINERT and EDS processes work, there could be as much as a 40% reduction in power requirements for the project.

TEST WORK TO CONFIRM THE HOST MINERAL OF GERMANIUM

In January 2020 the Company organised 6.8kg of crushed HQ diamond core samples from the Nxuu Deposit to be sent to Naples University so that test work could be conducted to determine the host mineral of Germanium. Maria Boni, Dean of the Faculty of Geosciences at Naples University has spent significant time investigating the host minerals of Vanadium and Germanium in similar deposits within the same Neo-Proterozoic belt across the border in Namibia. If recoverable it is possible that Germanium could represent a significant credit for the project. Ge is currently trading at just under US \$2,000/kg.

Unfortunately because of the lock down restrictions imposed by the Italian Government, Naples University was shut down on 5 March 2020, so no test work has been completed to date.

The Company wishes to advise that it is monitoring on a day to day basis the COVID-19 situation so far as it impacts on the Kihabe-Nxuu Project and will proceed with work that was planned as soon as there is relief.

CORPORATE

During the quarter the Company issued 35,333,333 shares at a price of 0.15 of a cent to raise \$53,000.

The Company has the ability to raise further funds by way of share placements through the issue of up to 82,699,014 shares as follows:

- 30,686,075 shares are available under Section 7.1 (the 15% rule).
- 52,012,939 shares are available under Section 7.1A (the 10% rule) as approved at the Company's AGM on 28/11/19.

Since the end of the quarter, the Company has received \$10,000 from ATO as part of COVID-19 State and Federal stimulus programs.

**STATEMENT BY HIS EXCELLENCY DR. MOKGWEETSI E.K. MASISI
PRESIDENT OF THE REPUBLIC OF BOTSWANA**

**ON THE DECLARATION OF THE STATE OF EMERGENCY IN BOTSWANA
REGARDING THE OUTBREAK OF COVID-19**

1. Batswana betsho, as you are all aware, on the 11th of March, 2020, the World Health Organization (WHO), declared the COVID-19 outbreak as a global pandemic. Since then, we have seen the devastating effects of this pandemic worldwide. Last night Botswana confirmed with regret three (3) cases of the COVID-19 virus.

2. I have been monitoring closely, the situation with keen interest and it has become apparent that urgent and necessary steps need to be taken to protect our country and its people from this deadly virus.

3. The threat to Botswana has escalated considerably in view of the fact that our neighbouring countries have seen a rapid rise in confirmed cases, some of which have resulted in fatalities. The other challenge is the low rate of testing of suspected cases in Botswana and cumbersome health protocols. The return of some of our citizens and residents from high risk countries has also escalated the threat of the virus in our country.

4. Therefore, after consultations with relevant stakeholders it has become clear to me that it is necessary to declare a State of Public Emergency for the purpose of taking appropriate and stringent measures to address the risks posed by the COVID-19 pandemic.

5. Section 17 of the Constitution of the Republic of Botswana empowers the President to declare a State of Emergency at any time. Where the President

declares a state of emergency when Parliament is not sitting, such state of emergency ceases after 21 days. I have considered that proceeding in this manner would not allow for consultation and buy-in across the political spectrum because this pandemic knows no political boundaries. I have also considered that 21 days would not be sufficient to employ the necessary measures to fight this pandemic.

6. Bagaetsho, as a result, in terms of the powers vested in me under section 17(1) of the Constitution, I, Dr. Mokgweetsi Eric Keabetswe Masisi, President of the Republic of Botswana, do hereby declare that a state of public emergency shall exist from midnight on 2nd April, 2020 until further notice.

7. I have also decided to summon a meeting of Parliament at which meeting I will seek a resolution of Parliament for the state of emergency to continue for a longer period. The reason for summoning Parliament to meet is to allow for healthy and honest debate, and also allow for Parliament to then authorise for a duration that is sufficient to fight the pandemic.

8. The escalation of measures to fight the COVID-19 pandemic from the Public Health Act to the Constitution will allow Parliament to provide the necessary oversight role of ensuring that the Emergency Powers Regulations are within the parameters set out in the law and also to ensure that mitigating factors are indeed implemented.

9. In this regard, as President of the Republic of Botswana, I intend to swiftly do the following: issue a Proclamation declaring a State of Emergency and summon Parliament, which as you are aware, has recently adjourned, to meet within seven (7) days thereof, as well as sign and publish the State of Emergency Regulations.

10. Whilst the state of emergency is in place, there shall also be extreme social distancing commencing on 2nd April 2020 at midnight, for a period of twenty-eight (28) days. This decision was by no means taken lightly. I am convinced that I make it in the best interest of our Nation.

11. During this period of extreme lockdown all individuals across the country will be expected to adhere to a more severe form of social distancing where movement out of the home is only restricted to those performing essential services and transporting essential goods. Those involved will be permitted to travel using the COVID-19 TRAVEL PERMIT that will be issued by Government.

12. I encourage our people to continue practicing social distancing during this period. Let me once again remind you that social distancing is very critical tool and method in the fight against COVID-19. By social distancing we refer to any public measure taken to reduce interaction and contact between persons. The measures are taken to limit the spread of diseases that are transmitted between humans through touching and coughing. In this case we refer specifically to the COVID-19 virus.

13. Batswana betsho, it is important to explain the steps that follow from declaring a state of emergency. Where a state of emergency has been declared, Section 3 of the Emergency Powers Act (Cap. 22:04) empowers the President to make emergency regulations.

14. Under the Emergency Powers Act, the President can make such regulations as appear to him to be necessary or expedient for amongst others; securing the public safety and the defence of the Republic, the maintenance of public order, and for maintaining supplies and services essential to the lives of the people as well as effective management of COVID-19. Such Regulations are currently being drafted and it is intended that these Regulations will be cross-cutting.

15. Batswana betsho, Government has put in place interventions under the COVID -19 Relief Fund, key of which is to ensure the provision of psychosocial support to all those affected. Other critical mitigating measures in place are monetary in nature, while others will necessitate policy adjustments. The objectives of these interventions are to;

- give support to some workers;
- stabilise businesses;
- ensure availability of strategic supplies and;
- explore opportunities for economic diversification.

SUPPORT TO WORKERS

16. Government will provide a wage subsidy for citizen employees of businesses mostly affected by COVID-19, to enable them to retain employees.

STABILISING BUSINESSES

17. To give businesses some cash-flow relief Government will do the following;

- Guarantee loans by commercial banks to businesses mostly affected by COVID-19 ;
- Give eligible businesses affected by COVID-19 access to credit to support ongoing operations in conditions where credit becomes more difficult to obtain and;
- Give tax concessions to businesses in eligible sectors.

The Ministry of Finance and Economic Development will provide more details on the criteria and guidelines for implementation of these particular measures.

ENSURING THE AVAILABILITY OF STRATEGIC SUPPLIES

18. Government will ensure the continued availability of strategic supplies to Batswana. These will include;

- A build-up of grain reserves;
- A build-up of fuel reserves as well as a reduction of fuel prices as global fuel prices have dropped significantly;
- Sufficient provision of water bowzers, trucks, water tanks and the;
- Supply of medical equipment.

FINANCIAL SERVICES INDUSTRY

19. In the financial services industry;

- Banks have agreed to offer restructuring of loan facilities through which each bank will consider each case within their credit policy and parameters. This will include owner-occupied residential property mortgages and motor vehicle loans;
- All commercial banks will offer a payment holiday for three (3) months with the option to extend to six (6) months to the affected sectors;
- Regular payment obligations including life insurance premium payment, retirement fund contributions and loan instalments will be restructured and rescheduled to offer relief for at least three months to COVID-19 affected people subject to individual policies.

EASE OF DOING BUSINESS

20. To facilitate doing business and keep the economy running;

- All Government institutions will pay Government Purchase Orders (GPOs) within five (5) days and parastatals to will pay within 24 hours;
- Improve the efficiency of procurement processes;
- Government will pay all outstanding arrears for invoices within two (2) weeks and extended the validity period for GPOs and;
- VAT refunds to businesses will be expedited to assist with cash flow.

FISCAL POLICY

21. I wish to remind you that Government has established the COVID-19 Relief Fund and put up an investment of Two Billion Pula as seed money into it. I encourage individuals and the private sector to contribute to this fund, the latter, as part of their social responsibility. I want to extend my sincere and deep gratitude to those who have already contributed to the fund.

POST COVID-19 INTERVENTION

22. As Government, our interventions are not limited to just addressing the impact of the outbreak of this pandemic. We are also preparing our economy for post COVID-19 to this end, we are developing an economic stimulus package that will buffer the impact we foresee on our economy.

23. Further details and guidelines to this intervention and the relief measures I have just announced will follow from my Ministers.

24. In conclusion I wish to thank all Batswana and residents for cooperating with Government in fighting this pandemic. I particularly want to express my profound gratitude to those who are in the frontline of this war and I would

like to assure them of continued full Government support in their invaluable service to the nation.

25. I wish to re-iterate to fellow citizens and residents of Botswana that there is no need for fear or panic and therefore, no need for panic buying of essential goods. I once again want to reassure you that we have allowed for the transit of goods and services both within Botswana as well as across borders.

26. We are also in constant communication with our neighbours to guarantee the flow of essential goods and services into our country.

27. Bagaetsho, let me once more remind you that we are in this together, every step of the way. Let us adhere to, and comply with the Regulations to take our country through this challenging period in our history as a Republic and be reminded that these new measures are an addition to the already existing health protocols.

28. Let us thank the Almighty God and continue seeking protection and guidance from Him.

I thank you for your attention.

PULA!!!

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MOUNT BURGESS MINING N.L.

ABN

31009067476

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(17)	(51)
	(e) administration and corporate costs	(32)	(111)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	34
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(49)	(128)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(9)	(18)
	(e) investments	-	-
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – R&D tax incentives	-	15
2.6	Net cash from / (used in) investing activities	(9)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	53	153
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	12	22
3.6	Repayment of borrowings	(7)	(30)
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	58	145

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	49	35
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(49)	(128)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(9)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	58	145
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	49	49

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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	49	49
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)	49	49

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

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Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	10	8
7.3 Other (please specify)	-	-
7.4 Total financing facilities	10	8

7.5 Unused financing facilities available at quarter end

2

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

N/A

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(34)
8.2	Capitalised exploration & evaluation (Item 2.1 (d))	_*
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(34)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	49
8.5	Unused finance facilities available at quarter end (Item 7.5)	2
8.6	Total available funding (Item 8.4 + Item 8.5)	51
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.5 quarters

*Subject to funding

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

- Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company has the ability to raise further funds by way of share placements through the issue of up to 82,699,014 shares as follows:

- 30,686,075 shares are available under Section 7.1 (the 15% rule).
- 52,012,939 shares are available under Section 7.1A (the 10% rule) as approved at the Company's AGM on 28/11/19.

Since the end of the quarter, the Company has received \$10,000 from ATO as part of Covid-19 State and Federal stimulus programs.

- Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

The Directors believe the Company will continue its operations and to meet its business objectives for the following reasons:

- The Company has continued financial support from the Directors, former Directors and their associated entities, in that they have confirmed in writing that they will not call upon their loans to be repaid within the next 12 months, unless sufficient funds are available to do so without affecting the Company's going concern.
- The Company has the ability to raise funds through equity issues. In relation to additional funding via capital raisings, initial discussions have commenced with potential brokers.
- In addition, the Directors have also embarked on a strategy to reduce costs in line with the funds available to the Consolidated Entity.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB 107: *Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.