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COMPANY ANNOUNCEMENT

Directors wish to advise that arrangements are in place for the diamond drilling at Clunes (on MIN 5391) to recommence on 20 January 2007. Before the Christmas break, work was suspended on Site 2, and will be continued there.

The analytical results of diamond drilling on Site 1 were disclosed to the NSX in several separate announcements last year. With regard to those results, the following paragraphs provide information about the mode of gold occurrence.

1. After consideration of the analyses of samples from hole CD06-1, Directors requested re-sampling at selected positions of this hole, and the investigation of those samples by the screen-fire assay procedure. Those secondary results were discussed with the assayer on 9 October 2006.

The consistency evident in the screen-fire assay results was thought most likely due to the gold in these samples (from hole CD06-1) being at the particle size of less than 75 microns.

A micron is the millionth part of a metre – noted as “µm” see below. Gold at this fine size should not be expected to be visible in core.

2. The greater encouragement from the analyses in hole CD06-2 was also investigated, this time by a full second split, and again the consistency of analyses was apparent, notwithstanding two types of intersected material – that associated with quartz (as at 122 metres) and that in a sulphide-rich interval (as at 179.8 metres) of the hole CD06-2.
3. Directors requested a mineralogical report, and the 8 samples collected for this purpose included 3 from hole CD06-2, at places with elevated gold values.

The objective of this mineralogical investigation was to seek evidence to explain the mode of occurrence of the gold being reported in analyses.

4. Mineralogical Report No. 8984 from Pontifex and Associates was received by the Company on 9 January 2007. It deals with a number of matters, and included the following (quoted in full) -

SUMMARY COMMENTS

This report provides petrographic/mineragraphic descriptions of eight samples from Mount Rommel's drill hole at Clune's, CD06-2 at depths (m) of 78.5, 122, 133.2, 152.5, 160.6, 174.3, 179.8 and 194. Covering notes from Fred Hunt included a generalised log, assay data and some reasons for the selection of these particular samples. Especially within the suite are three gold-rich samples with corresponding anomalous arsenic as follows:

CD-06 #2			Visible gold shown in photomicrographs Figs Nos.
122m	Au 7350 ppb	As 7412 ppm	5 to 11
133.2m	Au 1698 ppb	As 2319 ppm	-
179.8m	Au 11610 ppb	As 15001 ppm	34 to 38

The other five samples report relatively unremarkable assays but the petrology on those is to determine rock-types, tectonic fabrics and/or alteration and to identify sparse sulphides in some. All of these characteristics are addressed in the descriptions, and in 40 selected photomicrographs. In particular, two of the three mineralised samples above, at 122m and 179.8m contain 'significant' pyrite and arsenopyrite, also 'significant' visible gold. The section at 133.2m has pyrite, arsenopyrite, rare galena and chalcopyrite, but no visible gold.

In the sample at 122m, one major mode of occurrence of gold is as inclusions within pyrite, 2 μ m to 50 μ m size, (but only extremely rare and minute inclusions of gold in arsenopyrite, see Fig No. 10. Also in this sample at 122m, there are two other different and relatively unique modes of occurrence of gold:

1. a 'large' cluster of up to 25 grains of gold, size ranging from 1 μ m to 50 μ m is located within micaceous host-rock gangue, together with trace associated tetrahedrite-tennantite grains and two micron-size inclusions of a "gersdorffite-like mineral" in one large gold grain. [These sulphides were identified/interpreted by semi-qualitative analyses by SEM] See Figs 5 and 6.
2. sparse gold occurs in siderite which pseudomorphically partly replaces selected arsenopyrite crystals in this sample, as a particularly distinctive mineralogical phenomenon not seen elsewhere in this (?or previous) core from Clunes. Relict cores of arsenopyrite enclosed in the siderite have leached-looking margins (see Figs 7, 8, 9, 11, 12, 15).

The overwhelming dominant mode of occurrence of gold in the 179.8m sample is as grains 2 μ m to 40 μ m locked within pyrite which, together with arsenopyrite, is carried by hydrothermal vein quartz (through disrupted sericitic slate), see Figs 31 to 38.

5. The figure numbers referred to above are photographs taken via the petrological microscope. Directors believe that the best means of conveying to the public the mode of occurrence of gold (so far as currently known from drilling) is to publish some of the photo-Figures in the Gallery Section of the web-site of the Company, which is now in place.

Directors are of the view that the public release of this information in this form is warranted, as it may assist shareholders and the public to appreciate the prospective character of MIN 5391.

The Company's MIN 5391 is in the central part of the oldest goldfield in the State of Victoria. This goldfield was remarkable for its large gold production from big masses of quartz.

A 1935 Mines Department booklet records that in the thirty years 1857 to 1886 the mine generally known as the Port Phillip treated 1,300,000 tons for a yield of 511,416 oz gold. Other available plans indicate the tons extracted came from 5 principal quartz veins. The gold was said to occur most commonly "in lines of fractures in the quartz, but is sometimes at the side of the quartz, in the slate".

The information in Mineralogical Report No.8984 is indicative of modes of occurrence of gold not described or reported by miners prior to closure of the Port Phillip mine, in the 1890's. Former licence holders at Clunes (WMC) were aware from drill hole geochemistry, that arsenic is associated with the quartz reef zones, and that most gold was present in the pyritic grains (WMC Report K/2146 March 1976). So far as Mount Rommel is aware there are no prior reports the equivalent of MR No.8984, primarily because no previous explorer positioned holes to recover drill core from the central part of the mineralised structure at Clunes.

Visit Mount Rommel's website www.mountrommel.com to view selected photomicrographs of drill core samples

F.L. Hunt
Chairman