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15 February 2007

CLUNES DRILLING – DISCLOSURE OF INTERIM RESULTS

Directors are establishing the gold prospectivity of MIN 5391 at Clunes, by diamond drilling.

Work initially took place at Site 1 (holes CD06-1, 2 and 3) the results of analyses being first reported 17 and 27 October 2006.

Work has now been completed at Site 2 (holes CD06-4, 5 and 6). Sampling of hole CD06-4 has been completed. Those samples are not yet fully investigated, and are not being reported at this time.

Site 2 is 264 metres south of Site 1. Drilling continues at Site 3, about 20 metres west of Site 2. Site 3 is 95 metres north of the south boundary of MIN 5391, and also about 95 metres south of the section drilled in 1996 by Mount Isa Mines (their holes numbered MCR5, 6 and 11). Thus for Sites 2 and 3 the current drilling is “new ground”.

The location of the collar position, Site 2, was a decision based on the detailed ground gravity for all of MIN 5391 and surrounds, together with old mine plan information.

Directors believe it necessary to view the geology intersected by drill holes, and to be able to review that geology after analytical results come to hand. Thus diamond core drilling is (for the present) the preferred method of exploration at Clunes.

The objective in this Site 2 – Site 3 location is to intersect those shear or fracture planes which, in the upper parts of the Old Port Phillip mine, were steep dipping. The concept is that steeply dipping drill holes would intersect any flattening or (otherwise) of the known steep fracture planes in the old mine workings, thereby creating new prospectivity.

The divergence of fracture planes in flattening in this case can be seen to result in the deposition of gold on both hanging wall and footwall of what photos and analyses reveal as certainly a gold-mineralised lode.

The analyses below show that holes CD06-5 and CD06-6 each passed through a gold-mineralised zone, which is open to the west. Drilling currently from Site 3 is anticipated to further extend the width of this mineralised ground, in due course generating a direction for subsequent along-strike drilling (including just below the reach of reverse circulation percussion holes drilled in 1996 by MIM).

Petrological examination is in progress on samples mostly from CD06-6.

The term “lode” should be applied to the intersected material – that is, (as the photos illustrate) the matter which fills the lodes is for the most part entirely different from the rocks passed through, and at least possesses peculiar features (the brecciation).

The mode of occurrence of this kind of lode is suggestive of a rent in the strata, the flat or dilated space between observed shears likely to extend for some considerable distance. There is sufficient justification in the results set out in the table below to pursue this zone for its gold prospectivity.

CLUNES PROJECT – INTERIM RESULTS							Comment
Hole	From	To	Gold values (gm/t) First cut	Check	Second cut from original	Arsenic (ppm)	
C5	136.4	137.1	<0.01	0	0.01	220	<div>CORE TRAY #31</div> Includes dark grey slate White quartz with slate inclusions
C5	137.1	137.9	<0.01	0	0.01	34	
C5	137.9	138.4	0.16	0	0.11	1032	
C5	138.4	139.0	5.57	5.74	5.97	22461	
C5	139.0	139.8	1.62	0	1.81	4013	
C5	139.8	140.2	7.28	11.53	8.63	5026	
C5	140.2	140.6	23.08	17.53	18.93	8149	
C5	140.6	141.4	1.62	1.5	1.47	9895	
C5	141.4	142.1	0.07	0	0.06	1351	
C5	142.1	142.5	2.59	0	3.33	938	
C5	142.5	143.1	0.69	0	0.66	921	<div>CORE TRAY #32</div> White bucky quartz Dark grey slate Dark grey slate, fine quartz network
C5	143.1	143.6	0.74	0.75	0.77	2404	
C5	143.6	144.1	0.31	0	0.22	1640	
C5	144.1	144.5	0.39	0	0.33	1575	
C5	144.5	144.9	0.64	0	0.72	3346	
C5	144.9	145.5	1.94	0	2.19	3229	
C5	145.5	145.9	0.02	0	<0.01	605	
C5	145.9	146.6	0.01	0	0.02	185	
C5	146.6	147.3	<0.01	0	<0.01	259	
C5	147.3	147.8	0.02	0	0.01	415	
C5	147.8	148.3	9.6	0	9.13	22152	<div>CORE TRAY #33</div> Sandstone, dissem py, with 1cm qtz veins White quartz vein , broken Sampled, analyses not yet available (See attached photographs of core trays 31, 32 & 33)
C5	148.3	149.0	2.2	1.56	1.49	5568	
C5	149.0	149.3					
C6	151.5	152.2	0.03	0	0.02	448	
C6	152.2	153.1	<0.01	0	<0.01	16	
C6	153.1	153.5	0.05	0	0.05	635	
C6	153.5	153.6	0.04	0	0.04	453	
C6	153.6	154.0	0.06	0	0.03	3011	
C6	154.0	154.7	2.44	2.59	2.6	2375	
C6	154.7	155.2	11.07	5.4	9.03	17892	
C6	155.2	155.7	1.46	0	1.54	8682	
C6	155.7	156.3	5.54	4.55	4.68	1525	
C6	156.3	156.8	0.08	0.07	0.03	420	

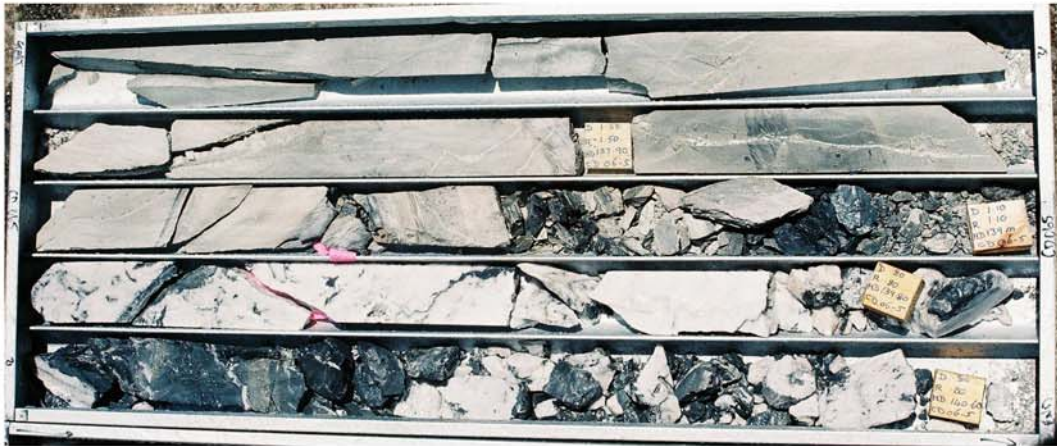
Fredrick L. Hunt

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This Public Report of Exploration Results may be of use to investors. The results given in the above table can be placed in perspective by reference to the February 2006 prospectus of the Company, and to the web-site of the Company.

The information in this Public Report that relates to exploration results is based on information compiled by F.L. Hunt, who is a Member of the Australasian Institute of Mining and Metallurgy and is a director of the company. F.L. Hunt is a person competent to make such a Public Report, as is defined in the 2004 Edition of the "Australasian Code for the Reporting of Exploration Results."

Tray 31



Tray 32



Tray 33

