

MOUNT ROMMEL MINING LTD (MMT)

GENERAL ANNOUNCEMENT

11th August 2008

Directors of the Company wish to inform the market and NSX that the Board has resolved to offer those holding deferred unlisted 28th August, 2008, Options, the opportunity to continue to retain their interest in the Company by different means, as set out below.

Background

Mount Rommel has a total of 4,603,918 Options exercisable at \$0.20 (20 cents). The Options expire at 5.00 pm (AEST) on 28 August 2008 (Expiry Date), and are unlisted.

The shares in Mount Rommel are currently trading in a range between 10 and 10.5 cents and as the Options are exercisable at 20 cents those Options would be presently regarded as “out of the money” and unlikely to be exercised on their present terms.

Mount Rommel’s Proposal/Solution: Reduction of the Exercise Price of the Options

Recognizing the above matters, the Board of Directors of Mount Rommel (“the Board”) has resolved to offer each holder of the Options the right to modify the terms of the Options held by them.

The Board proposes that the terms of the Options be modified, by agreement with those holding such Options, so that the exercise price of each Option is reduced from \$0.20 (20 cents) to \$0.125 (12.5 cents).

If all 114 current Optionholders accepted the offer, Mount Rommel would raise a total amount of \$575,489.75 of which a minimum amount of \$230,195.90 would be received on exercise only as partly-paid shares.

All funds received at this time would be applied principally to the works needed to begin gold production from the residue sands at Glenfine, MIN5492, including payments necessary to satisfy regulators that landowners were appropriately compensated.

The courses of action at present provided to the holders of Options are –

- Holders may elect not to exercise any Options at all and merely allow them to lapse.
- Holders may desire to exercise those Options at the current exercise price of \$0.20 (20 cents), and this remains a valid course of action.

However, the Directors of the Company make this alternative offer to those who are holders of 28th August, 2008 Options, and who do desire to exercise. That is, a reduced Exercise Price (12.5 cents), and two (2) ways in which payment of that reduced Exercise price can be made, being –

- (a) payment in full on exercise, at a cost of 12.5 cents
- or
- (b) part-payment on exercise, by subscription of 5 cents and undertaking to pay the balance of 7.5 cents in three (3) payments, each of 2.5 cents, making the same full exercise price at a cost of 12.5 cents. The three additional instalments would fall due on 31st January, 2009, 31st July, 2009 and 31st January, 2010.

Applications will be made to NSX for listing of the partly-paid shares on the stock market conducted by NSX.

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Dear Optionholder,

11th August 2008

Background

Mount Rommel has a total of 4,603,918 Options exercisable at \$0.20 (20 cents). The Options expire at 5.00 pm (AEST) on 28 August 2008 (Expiry Date).

You are registered as the holder of Options to acquire ordinary shares in the capital of Mount Rommel Mining Limited (Mount Rommel) detailed in the accompanying Notice of Exercise of Options (NSX Code: MMTOA) (the "Options") from **Link Market Services Limited**.

However, the shares in Mount Rommel are currently trading in a range between 10 and 10.5 cents and as the Options you own are exercisable at 20 cents your Options are presently "out of the money" and essentially valueless

Mount Rommel's Proposal/Solution: Reduction of the Exercise Price of the Options

Recognizing the above matters, and that the Options are thus "*out of the money*" and unlikely to be exercised on their present terms, the Board of Directors of Mount Rommel ("the Board") has resolved to offer each holder of the Options the right to modify the terms of the Options held by them.

Mount Rommel proposes, as an incentive to Optionholders to exercise the Options and provide additional capital to Mount Rommel, that the terms of the Options be modified, by agreement with you, so that the exercise price of your Options is reduced from \$0.20 (20 cents) to \$0.125 (12.5 cents).

If all 114 current Optionholders accepted the offer set out in this letter, Mount Rommel would raise a total amount of \$575,489.75 of which a minimum amount of \$230,195.90 would be received on exercise only as partly-paid shares.

All funds received at this time would be applied principally to the works needed to begin gold production from the residue sands at Glenfine, MIN5492, including payments necessary to satisfy regulators that landowners were appropriately compensated.

Your Alternatives

Exercise at \$0.20 (20 cents) is not recommended, but you are recommended to consider acceptance of the offer by Mount Rommel which enables you to exercise your Options at the reduced price of 12.5 cents.

If, however, you wish to exercise your Options at the current exercise price of \$0.20 (20 cents), this alternative is open to you.

You may elect not to exercise your Options at all and merely allow them to lapse. This is not recommended as it means that any investment in Mount Rommel represented by your Optionholding will be lost.

Methods of Acceptance of Mount Rommel's Offer

As an Optionholder Mount Rommel offers you 2 ways in which you can pay the reduced Exercise Price of 12.5 cents.

Payment in Full at Reduced Price

If you wish to accept Mount Rommel's offer and exercise your Options at the reduced exercise price of \$0.125 (12.5 cents) an Option with payment in full on exercise, then please complete and return the attached **Notice of Exercise of Options (NSX Code: MMTOA)** and return the completed signed form with your exercise monies at 12.5 cents per Option exercised to **Link Market Services Limited** in the attached, reply paid envelope. If you exercise your Options on this basis, the Shares issued to you on acceptance and payment will be fully paid shares which will rank equally with all of the other ordinary fully paid shares on issue.

Part Payment

If you wish to accept Mount Rommel's offer and exercise your Options at the reduced exercise price of \$0.125 (12.5 cents) an Option with part payment of \$0.05 (5 cents) on exercise, then please complete and return the attached **Notice of Exercise of Options (NSX Code: MMTOA)** and return the completed signed form with your part payment of the exercise monies at 5 cents per Option exercised to **Link Market Services Limited** in the attached, reply paid envelope. Exercise on this basis will mean you receive partly paid shares credited as paid to 5 cents per share with an amount of 7.5 cents per share remaining outstanding being payable by 3 further installments of 2.5 cents. Those 3 additional installments will be payable on the following dates:

- an amount of 2.5 cents on 31 January 2009;
- a further amount of 2.5 cents on 31 July 2009;
- a final amount of 2.5 cents on 31 January 2010.

After you make the final payment of 2.5 cents on 31 January 2010 the Shares will be fully paid and rank equally with all other fully paid ordinary shares on issue.

Acceptance of this offer on the basis that you acquire partly paid shares means that you have some financial advantage compared with paying the full 12.5 cents immediately in that you have up to 18 months to pay the balance of the moneys due on exercise.

Application will be made to NSX for listing of the Partly Paid Shares on the stock market conducted by NSX.

Provisions relevant to holders of partly paid shares

Optionholders who elect to exercise their Options and acquire partly paid shares will have a legal liability to pay the instalments and, if they fail to pay the instalments, the Company can forfeit the shares against them and resell the shares to recover the outstanding monies. While Mount Rommel is entitled to charge interest on outstanding amounts, it is part of the terms of the offer made by it that it will forego that right. If there is a shortfall in the amount recovered from sale, then you will be liable to pay Mount Rommel the amount of the shortfall.

By way of example, if the fully paid shares in Mount Rommel are trading at 12.5 cents on 28 February 2009 (and continue to do so during the sale process) and you did not pay the first installment of 2.5 cents due on that date then, first, you would receive a series of notices requesting you pay the installment.

If you did not pay and your partly paid shares were forfeited and sold:

- at 12.5 cents you would receive your initial 5 cents back.
- at 10.5 cents you would receive 3 cents back (a loss of 2 cents).
- at 7.5 cents you would receive nothing back (a loss of 5 cents).
- at 5 cents you would receive nothing back (a loss of 5 cents) and you would be liable to pay Mount Rommel 7.5 cents per Share sold.

Most importantly your liability **cannot** exceed the reduced 12.5 cents per share which is the reduced Exercise Price of the Options under Mount Rommel's offer as contained in this letter and associated documents.

If you elect to exercise your Options and receive partly paid shares you should read the extract from Mount Rommel's constitution and the explanation of the relevant provisions of the Corporations Act 2001 (the "Act"), attached hereto headed "**PROVISIONS RELEVANT TO HOLDERS OF PARTLY PAID SHARES**" which defines your rights as a partly paid shareholder and sets out protective mechanisms (for you) and the procedures which Mount Rommel must follow in the event of an default in payment of an installment all as attached hereto. Under the Corporations Act 2001, if Mount Rommel was placed in liquidation prior to all installments being paid up on partly paid shares held, or which may have been held within a period of 1 year from when they ceased to be a member of Mount Rommel, members who hold or so held partly paid shares prior to commencement of the liquidation may be liable as contributories. Mount Rommel has no reason to expect that it will be placed in liquidation and the above disclosure is for the purpose of completeness.

If you do not understand those provisions you should contact your own professional advisers as soon as possible so you become fully informed as to the meaning of the Mount Rommel's offer and of the conditions on which you would hold your partly paid shares.

Recent share prices

In the past 3 months the highest price paid for ordinary shares in Mount Rommel (NSX Code: MMT) was 10.5 cents per share for a volume of 40,000 on 24th July, 2008, with the lowest price paid in the last 3 months being 10 cents for a volume of 141,000 on 18th April, 2008.

In the past 6 months the highest price paid for ordinary shares in Mount Rommel was 12 cents per share for a volume of 82,000 on 28th February, 2008, with the lowest price paid in the last 6 months being 10 cents for a volume of 500,000 on 3rd March, 2008.

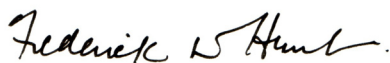
Acceptance of the Offer

You may accept Mount Rommel's offer by completing the attached Exercise Form and by returning it direct to Link Management Services Limited (Link) in the enclosed reply paid envelope before 5.00 pm (AEST) on 28 August 2008 in accordance with the instructions on the Exercise Form.

Failure to accept the offer by ensuring that your signed Exercise Form is received by Link before 5.00 pm on 28 August 2008 together with the appropriate exercise moneys will mean that, if not otherwise exercised by that time, your Options will lapse and cease to exist.

Your Exercise Form must be executed or signed by you to be effective. Please refer to the notes on execution or signature of the Exercise Form as attached hereto.

Yours faithfully



F. L. HUNT
Chairman

NOTES ON EXECUTION OF EXERCISE FORM

1. Corporate Optionholders should comply with the execution requirements set out in these notes or otherwise comply with the provisions of Section 127 of the Act.
2. Section 127 of the Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.
3. For Mount Rommel to rely on the assumptions set out in Sections 129(5) and (6) of the Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of Mount Rommel must state that next to his or her signature.
4. Where a person signs as a director of a corporate optionholder does not state that he is also sole secretary, that person will be deemed to have represented to Mount Rommel that he is the sole director of a proprietary company which has no secretary as permitted under the Act.

PROVISIONS RELEVANT TO HOLDERS OF PARTLY PAID SHARES

AS SET OUT IN MOUNT ROMMEL'S CONSTITUTION

The constitution of the Company governs voting rights attaching to partly paid Shares, the liability for payment of calls by holders of partly paid Shares, the rights of the Company to forfeit partly paid Shares and generally the relationship between holders of partly paid Shares and the Company generally. Optionholders exercising Options to acquire partly paid Shares should also note the provisions of the Corporations Act 2001 dealing with the liability of contributories. Those provisions are also summarised below but Optionholders should refer to the provisions of the Corporations Act 2001 for full details.

The provisions of the constitution which are relevant to the above are as follows:

Voting

Rule 9.10 of the constitution governs entitlement of Members to vote and in particular Rule 9.10.1.3 provides:

"on a poll, every person who is a Member or a proxy, attorney or representative of a Member shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In this Rule, amounts paid in advance of a call are ignored when calculating the proportion."

Where a call has been made on a partly paid share but not paid, Rule 9.13 provides:

"A Member is not entitled to vote at a general meeting in respect of those shares on which calls are outstanding."

Calls

Rule 5 of the constitution governs the power of the Company to make calls on shares. Rule 3 provides that shares may be issued subject to calls or payable by instalment. Rule 5 is set out below in full.

5.1 **Power to make calls**

Subject to the terms on which any shares have been issued and to compliance with the requirements of the Corporations Act and the Listing Rules, the Board may make calls on the shareholders in respect of money unpaid on their shares. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the place specified by the Board. Calls may be made payable by instalments.

5.2 **Obligation for calls**

The Company may make arrangements on the issue of shares for a difference between the holders of those shares in the amount of calls to be paid and the time of payment of the calls. The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.

5.3 When a call is made

A call is taken to have been made at the time when the resolution of the Board authorising the call was passed. The call may be revoked or postponed at the discretion of the Board at any time prior to the date on which payment in respect of the call is due. The non-receipt of a notice of any call by, or the accidental omission to give notice of any call to, any shareholder does not invalidate the call.

5.4 Interest on the late payment of calls

If any sum payable in respect of a call is not paid on or before the date for payment, the shareholder, from whom the sum is due, is to pay interest on the unpaid amount from the due date to the date of payment at the rate the Board determines. The Board may waive the whole or part of any interest paid or payable under this Rule.

5.5 Instalments

If, by the terms of an issue of shares, any amount is payable in respect of any shares by instalments, every instalment is payable as if it is a call duly made by the Board of which due notice had been given, and all provisions of this Constitution with respect to the payment of calls and of interest or to the forfeiture of shares for non-payment of calls or with respect to liens or charges apply to the instalment and to the shares in respect of which it is payable.

5.6 Prepayment of calls

The Directors may accept from a Member the whole or a part of the amount unpaid on a share although no part of that amount has been called.

The directors may authorise payment by the Company of interest on the whole or any part of an amount so accepted, until the amount becomes payable, at such rate, not exceeding the prescribed rate, as is agreed on between the Directors and the Member paying the sum.

For the purposes of Rule 5.6.2, the prescribed rate of interest is: if the Company has, by resolution, fixed a rate – the rate so fixed; and in any other case – 10% per annum.

Forfeiture

Rule 6 of the constitution governs the power of the Company to forfeit shares. Rule 6 is set out below in full.

6.1 Notice requiring payment of sums payable

If any shareholder fails to pay any sum payable in respect of any shares, either for issue money, calls or instalments, on or before the day for payment, the Board may serve a notice on the shareholder setting out details of shares to be forfeited, total issue price, amount called unpaid and amount uncalled and requiring that shareholder to pay the sum together with interest accrued and all expenses incurred by the Company by reason of the non-payment. The notice may be served at any time whilst any part of the sum remains unpaid.

6.2 Time and place for payment

The notice referred to in Rule 6.1 is to name a day on or before which the sum, interest and expenses (if any) are to be paid and the place where payment is to be made and state that, if payment is not made by the time and at the place specified, the shares in respect of which the sum is payable are liable to be forfeited.

6.3 Forfeiture on non-compliance with notice

If there is non-compliance with the requirements of any notice given under Rule 6.1, any shares in respect of which notice has been given may be forfeited by a resolution of the Company passed at any time after the day specified in the notice for payment. The forfeiture is to include all dividends, interest and other money payable by the Company in respect of the forfeited shares and not paid before the forfeiture.

6.4 Notice of forfeiture

When any share is forfeited, notice of the resolution of the Board must be given to the shareholder in whose name the share was registered immediately prior to the forfeiture, and an entry of the forfeiture and the date of forfeiture must be made in the Register. Failure to give notice or make the entry as required by this Rule does not invalidate the forfeiture.

6.5 Disposal of forfeited shares

Any forfeited share is considered to be the property of the Company and the Board may sell or otherwise dispose of or deal with the share in any manner it thinks fit and with or without any money paid on the share by any former holder being credited as paid up.

6.6 Annulment of forfeiture

At any time before any forfeited share is sold or otherwise disposed of the Board may annul the forfeiture of the share on any condition it thinks fit.

6.7 Liability despite forfeiture

Any shareholder whose shares have been forfeited is, despite the forfeiture, liable to pay and must immediately pay to the Company all sums of money, interest and expenses owing on or in respect of the forfeited shares at the time of forfeiture, together with expenses and interest from that time until payment at the rate the Board determines. The Company may enforce the payment or waive the whole or part of any sum paid or payable under this Rule as it thinks fit.

6.8 Company's lien or charge

The Company shall comply with the Listing Rules with respect to a lien or charge on forfeited shares.

6.9 Sale of shares to enforce lien

For the purpose of enforcing a lien or charge, the Board may sell the shares which are subject to the lien or charge in any manner it thinks fit and with or without giving any notice to the shareholder in whose name the shares are registered.

6.10 Title to shares forfeited or sold to enforce lien

6.10.1 *In a sale or a re-issue of forfeited shares or in the sale of shares to enforce a lien or charge, an entry in the Board's minute book that the shares have been forfeited, sold or re-allotted in accordance with this Constitution is sufficient evidence of that fact as against all persons entitled to the shares immediately before the forfeiture, sale or re-issue of the shares. The Company may receive the purchase money or consideration (if any) given for the shares on any sale or re-issue.*

6.10.2 *In a re-issue, a certificate signed by a Director or the Secretary to the effect that the shares have been forfeited and the receipt of the Company for the price of the shares constitutes a good title to them.*

6.10.3 *In a sale, the Company may appoint a person to execute a transfer in favour of the person to whom the shares are sold.*

6.10.4 *On the issue of the receipt or the execution of the transfer the person to whom the shares have been re-allotted or sold is to be registered as the holder of the shares, discharged from all calls or other money due in respect of the shares prior to the re-issue or purchase and the person is not bound to see to the regularity of the proceedings or to the application of the purchase money or consideration and the person's title to the shares is not affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale or re-issue.*

6.10.5 *The net proceeds of any sale or re-issue are to be applied first in payment of all costs in relation to the enforcement of the lien or charge or the forfeiture and of the sale or re-issue, next in satisfaction of the amount in respect of which the lien or charge exists as is then payable to the Company (including interest) or the amount in respect of the forfeited shares then payable to the Company (including interest) and the residue (if any) paid to, or at the direction of, the person registered as the holder of the shares immediately prior to the sale or re-issue or to the person's executors, administrators or assigns on the production of any evidence as to title required by the Board.*

Transfer

Rule 7 of the constitution governs the power of the Company to forfeit shares. In particular Rule 7.4 provides power for the Board to refuse to register transfers on securities where it is permitted to do so under the Listing Rules or the ASTC Settlement Rules or SCH Business Rules. Rule 7.4 is set out below.

7.4 Board may refuse to register

7.4.1 *The Directors may decline to register any transfer of securities (other than a Market Transfer) where:*

7.4.1.1 *the Listing Rules or ASTC Settlement Rules permit the Company to do so; or*

7.4.1.2 *the Listing rules or SCH Business Rules require the Company to do so.*

7.4.2 *If in the exercise of their rights under Rule 7.4.1 the Directors refuse to register a transfer of a security, they must give written notice in accordance with the Listing Rules of the refusal to the transferee and the broker lodging the transfer (if any). Failure to give such notice will not invalidate the decision of the Directors.*

7.4.3 *Notwithstanding any other provisions contained in this Constitution, the Company may not prevent, delay or interfere with the registration of a Market Transfer where to do so would be contrary to the provisions of any of the Listing Rules or the ASTC Settlement Rules.*

Dividends

Rule 16.6 of the constitution entitles the Company to deduct all monies payable by a member to the Company from any dividends declared by the Company. This includes call or instalments. The Company will not be profitable in the foreseeable future and there is no prospect of dividends being paid during the period prior to the date on which all instalments on any partly paid shares will be required to be paid in full. Rule 16.6 is as follows:

"The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by that Member to the Company on account of calls or otherwise in relation to shares in the Company."

Liens

Rule 4 of the constitution sets out the circumstances in which the Company has a lien on shares. Insofar as relevant Rule 4.1 provides in relation to partly paid shares as follows:

4.1 *Lien on share*

- 4.1.1 *The Company has a first and paramount lien on every share (other than a fully paid share or a share issued under an employee incentive scheme) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share and such lien extends to all dividends, rights and other distributions from time to time declared paid or made in respect of that share. Such lien extends to cover reasonable interest (not exceeding 10% per annum) and expenses incurred because such monies are not paid.*
- 4.1.2 *The Company also has a first and paramount lien on all shares (other than fully paid shares) registered in the name of a Member for all money presently payable by that Member to the Company and all money which the Company may be called on by law to pay in respect of the shares of that Member.*

AS SET OUT IN THE CORPORATIONS ACT 2001 RELATING TO CONTRIBUTORIES

In addition to the above provisions dealing with partly paid shares, which are standard, Optionholders exercising Options to acquire partly paid shares should understand that if Mount Rommel is placed in liquidation prior to all instalments being paid up on the partly paid shares they hold or may have held within a period of 1 year from when they ceased to be a member of Mount Rommel, members who so hold or held partly paid shares prior to commencement of the liquidation may be liable as contributories.

A “contributory” is defined as a person who is liable to contribute to the assets of a company in the event of its being wound up. However:

- A shareholder is not liable as a contributory until or unless there is a winding up;
- Persons who ceased to be members more than one year prior to a winding up are not required to contribute;
- A past member would not be required to contribute unless it appeared to the Court that the existing members were unable to satisfy the contributions they are liable to make under the Corporations Act;
- A past member need not contribute in respect of a debt or liability of the company contracted after the past member ceased to be a member.

These protections are substantive.

The Directors consider that it is unlikely that Mount Rommel will be placed in liquidation. However, the above risk exists and needs to be considered by Optionholders who elect to exercise Options to take up shares on a partly paid basis.