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1 June 2010

GENERAL ANNOUNCEMENT

The Directors of the Company are pleased to provide shareholders and any prospective investor who may be giving consideration to holding shares in junior companies the following information:

1. A "Business Report", under the Newsletter of today's date.
2. A Status Report about the gold rights in Victoria's Central Goldfields, under development by this Company.
3. Commentary on current events.

There continues to be insufficient public investigation of the Central Goldfields, Victoria, by the exploration industry. Why should a lack of new gold discovery be the inheritance of such a once-famous gold-producing area, at a time of rapidly rising world-wide demand for gold??

Directors of Mount Rommel can observe the on-going growth of gold mines at Stawell (a World-class producer in the modern era) and at Fosterville, and see absolutely no reason to confine that type of success to those two places. Support for this view is set out in the attached Reports.

References relevant to the technical data may be obtained by e-mail request to the Directors. Please appreciate that the distribution of commercially sensitive data will be undertaken by Directors only when in the best interests of shareholders.

Fred Hunt
Chairman

NEWSLETTER

1st June, 2010

Dear Shareholder,

This is a “Business Report”.

All the information in the attached “Status Report” could have been withheld for inclusion in the Company report to 30th June, 2010. Directors take the view that early disclosure is always valued by shareholders of Mount Rommel.

Subsequent to the realisation that prospective ground in EL 3821 could be defined as described in the “Status Report”, several steps were taken –

1. Directors of the Company met in Perth with executives of two separate ASX listed entities – the objective was to see whether a working relationship might be established which could carry exploration forward at a faster pace. So far, this visit has not borne fruit.

The anomaly detailed in EL 3821 withstands scrutiny by professionals. Hence, the disclosure of new technical data in these meetings confirmed for Mount Rommel the value of its gold property in Victoria.

2. F. L. Hunt also travelled to Adelaide. The same technical data was discussed with the Exploration Manager, Zonge – the group of geophysical contractors who worked for Mount Rommel in this same part of EL 3821 on several occasions, late 2007/early 2008. This meeting enabled another geophysical characteristic (resistivity) to be integrated into the gravity data, and (to my mind) confirmed the target area for new drilling is tested by a traverse some 250 metres north of hole H5. (The Company is under no pressure to carry out this work.)

Reverting to Point (1) above –

- The statistical record is one of decline in the discovery of new gold fields, and of major companies reaching the “choices” limit for mergers with existing operators, so as to build up a corporate inventory of gold to be mined in the future.
- The real challenge for current gold producers is how to replace ounces of gold present in any corporate inventory, with scarcer future ounces of gold.
- Believers in the bullion market are accumulating gold; the market programs *so apparent from trades*, was that of buying gold on price weakness, then selling *a portion* of that purchase back into the market on rising price, to incrementally build wealth in gold. The firming of the gold price suggests private investors are not re-selling, and substantial quantities of gold are being taken out of the market.
- For the future, private investors are entering the search for “ounces of gold” by way of junior companies, a strategy which presents competition to those companies accustomed to seeking gold through joint ventures or cornerstone placements. This (as a generalisation) leaves fewer shares to buy – which can only lead to higher share prices of companies holding worthwhile property in recognised gold fields, as EL 3821 may become.



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Now consider Mount Rommel (MMT) –

- Ordinary shares (MMT) do not trade – generally speaking there are “no sellers”.
- Preference shares (MMTPA) have never traded – apparently taken permanently off the market by holders.
- MMT have 3 licences, as described in the “Status Report”, selected and being managed to replace ounces gold won into the future, commencing with Glenfine.

The protracted procedures of a permit for Glenfine means revenue is deferred. The in-ground gold remains available post-permit.

Funds are needed for the ongoing business of the Company.

The pressure for funding has to do with the unavoidable month-to-month expense related to maintaining the Company. How to resolve this operational fact has been exercising the minds of Directors – and one “outside business” solution is discussed in the “Status Report”. It offers potential value to shareholders, and is being actively progressed at present.

The lack of any market in any of the Mount Rommel shares also results in this consequence – placements of Ordinary shares to an outside party (the common means of bringing cash into the Company) has little appeal – outsiders only wanting access to title, at potentially a “loss” for shareholders.

ASX-listed companies could resolve such a circumstance by the introduction to members of a voluntary Share Purchase Plan, using a general relief provision in *Corporations Law*. This provision was not extended by ASIC to include NSX-listed companies. The Directors of Mount Rommel are exploring the possibility of “relief” applying to this Company, as a public company, so as its shareholders would not be disadvantaged with respect to other public companies merely because of its listing choice, and could choose to participate in a Plan similar to those available to ASX-listed companies.

Directors have no reason to make comment about the existing public furore over “mining taxes”. Further information will be provided when it comes to hand.

F. L. HUNT
Chairman

STATUS REPORT

**On three (3) licences for gold
issued to
MOUNT ROMMEL MINING LTD.
by the
Government of Victoria**

The Directors of Mount Rommel wish to provide shareholders with factual information about the work of the Company in the Central Goldfields of Victoria, as at 1st June, 2010.

The Company is listed on NSX, the National Stock Exchange of Australia, under the call sign **MMT**. Ordinary shares, August 2010 options, and Preference shares are listed for trading on NSX.

GOLD DEVELOPMENT ACTIVITIES

The Company holds two mining licences, and an exploration licence –

1. **MIN 5391, Clunes** (4.8 hectares) recently renewed for a further term, to 18th March, 2014.

The Company has held this ground since March 2004, and in that time has by diamond drilling outlined a number of unexploited high-grade gold-bearing veins internally within the previously understood pattern of worked gold veins. The significant fact is that many of these new intercepts define positions of discrete veins, open to expansion along strike and in depth.

A Work Plan for the purpose of outlining resource dimensions is currently being assessed by Departmental inspectors. New drilling is intended to be undertaken using funds generated by the sale of gold from proposed operations at Glenfine.

2. **MIN 5492, Glenfine** (4.6 hectares) granted 21st May, 2008, for 5 years.

The Company has intensively sampled an exposed area of old mine battery sands, to delineate approximately 40,000 tonnes at surface, to a depth of 2½ metres, warranting treatment to recover gold. The estimated gold tenor is assessed at 2.5 recovered grams per tonne reprocessed.

The in-ground value of this project is steadily increasing due to the rising price of gold in open markets.

The Company had prepared and submitted provisional mining plans. It is in the midst of document preparation intended sufficient to authorise mining and rehabilitation.

3. **EL 3821, Allendale** (approximately 12 sq. km) term extended to 2012.

The single most significant factor which has substantially changed the way in which exploration is being conducted on EL 3821 is the realisation that the gravity data itself, presented in another way, allows the recognition of *real* anomalism. This change came about in mid-April 2010, on reviewing data from new survey work carried out in the field on Easter Monday and the following day.

Since July 1995, the Company has held proprietary rights for gold near Allendale, some 25 km north of Ballarat. During 1996 these rights became held in the licence known as EL 3821, which was recently renewed for a further term.

The residual area of EL 3821 held today still extends across the whole area considered prospective for the several potential sources of detrital gold found in 1872-1875, and thereafter exploited to recover gross 1.7m oz from the Madame Berry system of deep leads.

In April 2010, the Company determined on a method to satisfactorily delineate a particular ground-gravity anomaly in a geologically favourable location for bedrock gold. The location of this defined target is marked on the photo below. It is to be noted that neither these paddocks, nor the paddock to the south, have ever been drilled or (in 1875) tested for bedrock gold. Yet these paddocks are surrounded by deep leads carrying gold-bearing wash, mined circa 1875 and subsequently.



Photo looking south from above 3 Chain Road

More information is provided in the attached *Commentary*.

EXPENDITURE OBLIGATIONS OF THE LICENCES

The statutory financial expenditure for the DPI reporting year to 30.9.2010 for EL 3821, Allendale (\$38,000) has already been met. Similarly, that for MIN 5391, Clunes (\$15,000) has also been met. No statutory obligations apply to MIN 5492 until after grant of an authority to work/planning permit.

OTHER COMMERCIAL MATTERS

Mining as a business takes rock, processes it by reducing the rock to very fine sizes, removes the valuable gold (commonly just 5 to 6 parts per million), then deposits the residual pulverised products in some approved location – either back underground, or in specific approved surface facilities.

On the evidence before Directors today, the government agencies seek to ensure the disposed pulverised products will not at some future time cause environmental concern.

The trial treatment of old tailings at Glenfine resulted in Mount Rommel holding the knowledge to deplete sands of the particular elements the continued presence of which raises environmental concerns.

The Company has been approached by a substantial agency of the Victorian government (unrelated to the Department of Primary Industries) who seek to apply the above practical knowledge at non-mining sites, on contract terms. This business development offers Mount Rommel the possibility of an activity in the very near future carrying commercial terms of payment.

This concludes the **Status Report**. The attached *Commentary* expands the information for shareholders (and other prospective investors). It should be noted that the Company has ongoing month-to-month expenses under *Corporations Law* requirements. Directors are considering ways and means to meet those future expenses while resolving the matters seen necessary by Government with respect to Glenfine.



F. L. HUNT
Chairman

COMMENTARY–

1. **Clunes, MIN 5391**, sits over the site of the former 500,000 oz gold producer, the Port Phillip gold mine. Until the Company initiated test probing in 2004, and a subsequent series of drilling campaigns in 2006/2007, no party had been able to form a view as to the likely pattern of new veining, and thus to direct drilling to advantage.

As matters stand, the work of the Company has opened the prospect of a future for the former Port Phillip mine.

It should be understood that these new intersections are located in the central part of MIN 5391, and for a considerable distance in any vein direction there is no evidence or record of past mining activity. The type of gold mineralisation found by the 2006/2007 drilling is both amenable to conventional treatment, and characteristic of a new veining system.

The veins intersected are narrow. A high price of gold will be required to underpin future decisions about underground investigation. However, the price of gold has increased threefold since the grant of MIN 5391, and this trend is expected to continue.

A lengthy period elapsed prior to the renewal of the licence for a further term. In the act of renewal, the Department took great care to improve the definition of the now-valuable boundaries,
MIN 5391.

2. **Glenfine MIN 5492**

Here the Company has positioned a mining licence over the waste surface sands of a gold mine which operated 1899-1905. It thus inherits the situation of an historic tailings dump which has had no responsible ownership for many years.

Surface inspection of this area shows bare sands. By sampling and assay these sands were found to contain very fine gold in commercially attractive amounts. The depth of the sands is up to 2½ metres, spread over several hectares. About 1 hectare of this overall tailings area centrally within MIN 5492 carries gold values worthy of re-mining, commencing right at the bare surface.

The “burden of proof” documentation required by government officials for this operation has turned out to be time-consuming.

In 2007, the government published its Audit of Tailings Storage Facilities in Victoria, and subsequently introduced requirements for an extensive documentation of intended practices where such facilities are proposed.

Since 2006, the Work Plan endorsement/approval process has been divided (by government) into 8 stages. There is no timetable: the length of the process is related to however long it takes to satisfy the “provision of further information by the proponent” stage – the stage the Company is engaged in at present.

Answers to “provision of proof” questions by the government has necessitated the building of a mini-scale (100kg parcel) trial plant so as to generate fact data on performance characteristics and mineral behaviour of these sands during the intended process.

Building the mini-plant*Mini-plant trials begin*

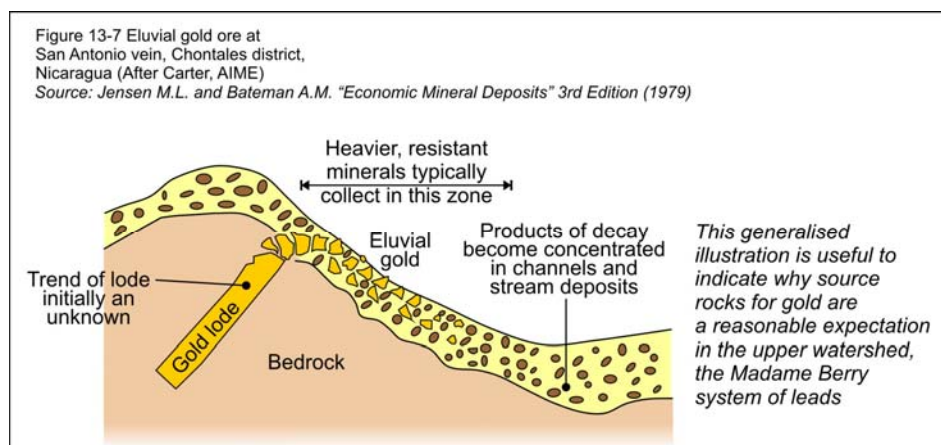
A series of trials have culminated in product assays which –

- Confirmed consistently the tenor of gold recoverable from these sands, at the forecast amount of 2.5g/t, or better;
- Confirmed the process has in it the necessary steps to reduce the arsenic levels existing in these historic sands from the present nominal 1600 ppm As to 60 ppm As, prior to further reduction under steps for site rehabilitation to less than 30 ppm As (the allowable level for the on-site replacement of sands anticipated under the “permit to disturb” issued by Heritage Victoria).

The Company is now preparing its “further information” in conjunction with its surveyors.

3. Allendale EL 3821

This licence, or earlier licences amalgamated into EL 3821, has since 1995 controlled the rights to any discovery of source rocks which eroded to produce so much gold along the course of the Madame Berry system of deep leads.



In the period mid-1996 to October 2000, a total of \$2.78 million was expended around Allendale in a search based on a concept that mineralized corridors were hidden under the basalt lava cover. Most of this expenditure was on drilling. Evidence for these conceptual corridors were not found. It can be noted that the same concept (mineralised corridors) led to the BHP decision to undertake detailed work on the Hawkin's Lead area in 1989-90 – a site also within the south-east part of EL 3821. Some of the funds expended then supported an alternative exploration strategy based on ground gravity geophysics, which continues to be useful, to year 2010.

The ongoing exploration concept is that the kind of profoundly altered rocks typically present in major gold fields do have a measurable specific gravity (S.G.) difference – a

lower S.G. with respect to the S.G. of unaltered fresh rock – and the differences (it is believed) should allow altered rocks to be “seen” through the basalt cover.

Ground gravity geophysics has now been applied in a semi-detailed manner across the greater part of EL 3821. The aggregate number of measured gravity points exceeds 5000 (nominal cost, each \$70) within the vicinity of Allendale.

Any anomaly can only be attributed to two (2) factors – an increase or a decrease in mass. To visualize these local variances, not only must a sufficient density contrast exist, *but it must also be presentable in a manner which leads to site definition of that anomalous variance* (having regard for other interference factors, and local geology). Mount Rommel Mining Ltd have evolved a means of data presentation which satisfies the above criteria.

The results are these –

- The steady collection of ground gravity data from 2006 onwards increased prospect interest in the lava-covered ground between Stag Road and the Creswick-Smeaton Road. This area includes the two former deep lead workings known as Bunyan’s and Kingston Park.



Photo looking north-east – Kingston Park is the dump area, mid photo

- In a test hole H5 (year 2008), gold was found to occur both in thin soils below the basalt, and in the bedrock itself, in amounts considered geochemically significant. This hole turned out to be positioned near the east margin of the later recognized ground gravity anomaly.
- The latest geophysical survey (in field 5/6 April 2010) completed the semi-detailed ground gravity geophysical coverage for this private land area, and enabled confirmation of a recognized gravity anomaly as having two sections. The southern portion of the anomaly is located on the photo included in the Status Report.
- The measurable ground gravity anomaly is defined as a “feeble” (0.2 to 0.5 mgals) but consistent anomaly, observed line by line for over 600 metres northwards from Stag Road in one continuous zone, defined in profiles as a pronounced decrease in mass across a relatively short east-west distance. This linear zone bends in strike in the southern section (with hole H5 positioned to the east of the bend – see photo in Status Report).

As there are otherwise more or less steady density variations, and no evident reason for interference from earlier human activity, the marked specific lack of mass generates prospect interest along this linear extent, interpreted due to semi-oxidised ground, indicative of alteration.

Any anomaly of this kind, in this auriferous location, becomes the target for future drilling. It is probably concealed by some 20 to 35 metres of basalt, the aggregate of two known basalt flows. It is positioned away from deep lead workings.

The Allendale project has advanced to the position where there is also an explainable relationship between the work of BHP (when it held this ground in 1989-90) and the gravity anomaly newly described. Additional surface geochemical sampling in the north-west portion of the original BHP grid is definitely warranted on the findings of the ground gravity surveys further north, coupled with a re-examination of the BHP "BLEG" geochemical results.

GOLD PRICE AND DEMAND

At the time of writing this Status Report, gold is in demand at US\$1,210 per oz. According to Dr. Thomas Chaize (Report Kitco, 11th May, 2010), the growth of world gold production peaked 9 years ago, at year 2001. He notes –

- 9 years of rising gold prices resulted in only a small increase in world gold production in 2009;
- there are 90 countries with at least one gold mine, but in aggregate those 90 countries produce just over half the production of the 8 main producer countries (which includes Australia);
- the rising price of one ounce of gold has more influence on production of a small producing country than on major producing countries.

The examples of Stawell and Fosterville (the former having produced over 2 million oz gold since the re-opening celebrations 2nd June, 1981) are testament to the ongoing substance of the gold fields of Victoria. The experience of Mount Rommel Mining Ltd. is that gold **production** in Victoria is constrained in pace by the regulatory imposts of Government. Developments of the Company at Glenfine are intended to begin a production era for this Company.

FLH