NSX RELEASE
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ALLENDALE : EL 3821

Directors of Mount Rommel Mining Ltd wish to advise its Members, and the market generally, about the outcome of CSAMT geophysical surveys carried out recently at Allendale.

In brief, an anomalous "expression" of length 900 metres is described by this CSAMT work.

1. **BACKGROUND INFORMATION**

The former Aberfoyle Resources Limited Exploration Division prepared Volume 2 of the Annual Report for EL 3821, in December 1997. The author of this Report was A. D. Thompson, geophysicist. The work, the subject of that Report, was original, based on field work carried out by him in July 1997. This is the first and only other application of the CSAMT method over this exploration property.

In summary, at that time it was thought *"conventional 1D inversion processing of CSAMT data sets was not able to effectively resolve the resistive targets at depth"*.

At the time, the objectives were seen to be resistive features, and conductive features were then being interpreted as water-related, or deep leads (?).

Hence, the Aberfoyle survey was designed to locate (resistive) quartz veins beneath the overlying basalt cover.

A total of 12.4 line km of scalar CSAMT data was collected in this 1997 survey, at recording intervals of 25 metres. There were 7 east-west oriented traverse lines, some very lengthy, others quite short. Data was collected along single lines, rather than in grid-system format, as this 1997 survey was designed for reconnaissance purposes, only.

A plan layout of those Aberfoyle traverse lines shows that one of the 7 traverses crosses the area of outcropping bedrock (that is, a part of EL 3821 not entirely lava covered) and in so doing crosses the ridge investigated in 1989/90 by the former BHP Gold Ltd, in old EL 2258. This particular line is referenced as traverse 57,850 N. It passes along the Allendale Reservoir Road between the corner with Smokeytown Road (at Creswick-Smeaton Road), and runs eastwards, almost to Gray's Road.

In contrast, all of the CSAMT surveys for Mount Rommel (3 stages of work) systematically developed a grid line-set, which set out to progressively investigate **in detail** a 1.6 km strike extent of the same ridge first investigated by BHP Gold Ltd., but to its north, where buried under lava.

On completion in June 2012, the most southern of the traverses completed for Mount Rommel is on Allendale Reservoir Road, and does overlap the eastern half of the Aberfoyle traverse 57,850N. With the benefit of this new data, it is apparent more could have been gleaned from the 1997 work. However, 1D modelling in 1997 is far, far less effective than the 2D modelling of collected CSAMT data, as is available today.

The two different styles of survey are readily apparent from a plan plot of the line locations, as on the following drawing.


BROOMFIELD - ALLENDALE
& VICINITY - ROADS etc
Showing Distribution of CSAMT Traverses
1997 and 2010/12
Clunes - Smeaton Road
Beaconsfield Road
Magnetic
N
Lone Hand Road
Three Chain Road
Three Chain Road
West Berry Road
ALLENDALE
Creswick -Smeaton Road
Gray's Road
Stag Road
BROOMFIELD
Gold
monument
Allendale Reservoir Road
R
C
R
LEGEND
CSAMT 1997 (1D)
CSAMT 2010/2012 (2D)
0
500m
FLH071205

2. THE CSAMT LINES FOR MOUNT ROMMEL

On completion in June 2012, these traverses –

- are spread over a north-south extent on 3 km;
- the northern line, and its check short parallel line, are at a distance of 1,000 metres north of the main grid – for the purpose of assessing/investigating the relationship between CSAMT and drilling in 1996/97 as was completed by Aberfoyle;
- the traverse lines were developed in 3 stages – December 2010, April 2012 and June 2012;
- the total number of traverse lines is 15, with the addition of 2 double-spread checks, or short parallel lines;
- the aggregate of all traverses is **13,025 metres**.

The completed work is available as a sequence of 2D modelling plots, pseudo-sections, scale 1:2,500. The data displayed shows the recorded data as either conductive or resistive, and from these patterns of structure clearly emerge.

3. RESULTS (not interpretation)

The newly developed data set reveals quite clearly a powerful CSAMT-derived geophysical expression extending for 900 strike metres, at depths generally between 80 and 120 metres below present land surface.

At the north end of this "expression" (north of Stag Road) there appears to be an offset to the west, and a further, much smaller continuation of the same "expression". Evident in the data at depth about 50 metres, this particular location is recognised as being proximal to gold extracted from the western workings, the old Bunyan's and Kingston Park deep lead gold mines, circa 1874. No drilling has ever occurred in these lands.

At the south end of this extensive CSAMT-derived "expression", the zone of interest is directly associated with the ridge line central to the former BHP Gold "Hawkins prospect" area, and remains open-ended further south.

The data is currently being considered with respect to ground gravity collected in April 2012, in Lots 21 and 28. Evaluation is ongoing. It is evident that the gold-in-soils anomaly developed by BHP Gold Ltd in 1989 is associated with the features evident in 3 traverse lines.

CONCLUSION

The present intention of Directors is to inform shareholders of the Company about these results, by display of the 2D modelling plots. For this purpose there will be a meeting at Thomastown on Saturday, 21st July, 2012, between 10.30 a.m. and noon. Members will be separately advised of this meeting.

Given the dimensions, character and special location of this newly-apparent zone, the area is considered worthy of detailed investigation by diamond drilling. In due course Directors will consider how best to proceed. It is customary in such situations for companies to seek partners for ongoing development, and this Company is open to suggestions in that regard.

F. L. HUNT
Chairman

The author of the above statement is a member of the Aus.I.M.M. and of the Institute of Engineers, Australia. The statement is based on work completed by professional contractors whose reputation for CSAMT is known internationally. Because of the closer-spaced line work, the completed data set is robust and informative. Shortly it will also be supported by ground gravity information in this same location. Geochemical data for this area (at surface and in shallow drilling) is available on Open File, EL 2258, from DPI.