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14 November 2012

NSX – GENERAL ANNOUNCEMENT

In the "Minister's Forward" to the June 2012 issue of "Discovery" magazine, the Hon. Michael O'Brien, M.P., Minister for Energy and Resources, Victoria, described new arrangements .."to cut red tape" ..meaning those procedures holding back any genuine intent to develop the mineral resources of Victoria.

A letter received by the Company on 12 November 2012 is the first tangible evidence of a serious Ministerial pursuit with respect to that June objective. The content of the received letter is disclosed in full below, as it provides evidence of a very significant shift in approach to regulatory practice, we hope for the betterment of those working in the Industry in Victoria.

In the context of the either further investigative drilling at Clunes, or to probe the geophysical expressions now outlined within close limits S.E. of Allendale, in EL 3821, this Ministerial initiative is welcome. It is appropriate that landowners local to an active project like Allendale are made aware of this practice intent, based -- as it appears to be -- on commonsense. The Company has done so today.

This is, after all, a government letter: it takes its readers on a journey before making its purpose known.

F.L.Hunt
Director, Mount Rommel Mining Ltd.

ATTACHED - COPY OF LETTER FROM DPI.



COPY

Rec'd
12 Nov 2012
Jett

Department of Primary Industries

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Dear Licensee

DEFINITION OF LOW IMPACT EXPLORATION

I am writing to inform you that the definition of Low Impact Exploration, as defined in the *Mineral Resources (Sustainable Development) Act 1990* (MRSDA), is intended to be changed by joint Ministerial declaration ('the declaration') as allowed for under Section 7B of the MRSDA.

The definition is being revised in response to several red tape reduction initiatives, including recommendations from the Victorian Competition and Efficiency Commission investigation into environmental regulation as reported in '*A Sustainable Future for Victoria: Getting Environmental Regulation Right*'. The aim of the investigation was to review the benefits and costs of Victoria's current environmental regulation and report on opportunities to reduce burden on businesses from the implementation of these regulations.

The proposed definition has been drafted through agreement reached with the Department of Sustainability and Environment, Aboriginal Affairs Victoria, and Parks Victoria.

The revised definition is intended to be as follows;

Low impact exploration means exploration that does not involve:

- a) the use of explosives; or
- b) take of flora listed under section 10 or Schedule 2 of the **Flora and Fauna Guarantee Act 1988**, unless that flora is taken from private land; or
- c) take of flora from a community listed under section 10 or Schedule 2 of the **Flora and Fauna Guarantee Act 1988**, unless that community is found on private land; or
- d) take of fauna listed under section 10 or Schedule 2 of the **Flora and Fauna Guarantee Act 1988**; or
- e) take of any taxon or community of flora or fauna from any habitat or parts of habitat determined to be critical habitat under section 20 of the **Flora and Fauna Guarantee Act 1988**; or
- f) the removal or damaging of more than 1 hectare of native vegetation if that area does not contain any native trees during either the term of the licence or a period of 5 years, whichever ends first; or
- g) the removal or damaging of more than 15 native trees that have a trunk diameter of less than 40 cm at a height of 1.3 metres above ground level during either the term of the licence or a period of 5 years, whichever ends first; or
- h) the removal or damaging of more than 5 native trees that have a trunk diameter of 40 cm or more at a height of 1.3 metres above ground level during either the term of the licence or a period of 5 years, whichever ends first;
- i) the creation of any road, structure or hardstand area without the consent of the owner or occupier of the land on which it is created; or
- j) the use of any closed road without the consent of the owner or occupier of the land on which the road is located or undertaking works on any road without the consent of the owner or occupier of the land on which the road is located; or



- k) ground intrusive work that:
- i. is within 200 metres of a waterway, or
 - ii. is on a slope steeper than 1 vertical : 3 horizontal, or
 - iii. is of greater than 2 hectares in an area of cultural heritage sensitivity during either the term of the licence or a period of 5 years, whichever ends first; or
 - iv. involves taking water from an aquifer, hydraulic fracturing, or excavation using heavy earth moving equipment.

The revised definition is scheduled to come into effect following publication in the Victoria Government Gazette.

As a consequence of this change, the range of activities that can be conducted under a licence without the submission and approval of a work plan to the Department of Primary Industries (DPI) will expand. In order to undertake work under the low impact exploration provisions, licensees must ensure that their proposed activities comply with the clauses of the revised definition. DPI's publication, *The Code of Practice for Mineral Exploration*, will be updated to coincide with the declaration and provides explanatory details on how licensees can assess how the new definition will apply.

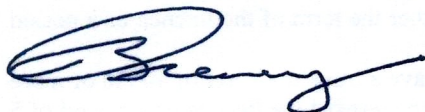
To facilitate this change, it is the Minister's intention that licences will be amended to include a standard condition that requires the submission of a bond prior to conducting any ground intrusive work, or work that requires the removal of native vegetation. The intention is that licences will also be amended to include a requirement to notify the Crown land manager (for works on Crown land) and DPI seven days prior to commencing ground intrusive works or works that lead to the removal or damaging of native vegetation.

Under the relevant provisions of the MRSDA, licensees are required to obtain written consent or informed verbal consent from the owners and occupiers of affected land before commencing any work. However, it is recommended that consent for activities such as drilling, trenching, or other activities that may involve prolonged occupancy of the land, restricting access to the works area and rehabilitation of the land following works, should be in the form of a written consent or compensation agreement. These more formal arrangements will provide certainty and security to both licensees and landowners.

No licensee will be disadvantaged by the change to the definition of low impact exploration or the amendments to the licences, as all activities that fall within the current definition can still be undertaken without any additional requirements.

If you have any concerns regarding this matter or the proposed amendments to your licence, please contact Naomi Oosting, Program Manager Environment, Earth Resources Regulation Victoria on telephone (03) 9658 4432 by Friday 14 December 2012.

Yours sincerely



Doug Sceney
Executive Director
Earth Resources Regulation Victoria
Department of Primary Industries

