

28 Lawson Crescent, Thomastown, Vic.3074  
P.O. Box 80, Bundoora, Vic. 3083  
Telephone: (03) 9462 0739  
Facsimile: (03) 9462 0494  
Email: [info@moutnrommel.com](mailto:info@moutnrommel.com)  
Web : [www.moutnrommel.com](http://www.moutnrommel.com)

11 December 2012

Dear Shareholder

## **Non-Renounceable 1 for 10 Rights Issue**

### **1. Terms of Right Issue**

On 10 December 2012 the Company notified the National Stock Exchange of Australia (**NSX**) that it will undertake a one (1) for ten (10) non-renounceable pro rata rights issue to raise up to \$424,985.70 through the issue of up to 4,249,857 fully paid ordinary shares at \$0.10 each ("**Rights Issue**"). Eligible shareholders will be offered the opportunity to purchase one (1) share for every ten (10) shares held by them as at 7.00pm EDST on the record date of 17 December 2012. The shares issued will rank equally in all respects with the existing shares on issue in the Company. All fractional entitlements to shares will be rounded up to the nearest whole number.

In addition, eligible shareholders may apply for shares in addition to their pro rata entitlements under the Rights Issue to the extent that there is any shortfall. Any such additional shares will be allocated at the discretion of the Company, provided that if any shareholder who takes up shares in addition to their pro rata entitlement would as a result hold greater than 19.9% of the shares in the Company following completion of the Rights Issue then the number of additional shares they would be issued will be scaled back so that they do not hold greater than 19.9%. Additionally, the Company intends to scale back applications on a pro rata basis in the event of excess demand for such additional shares.

The Rights Issue will be conducted pursuant to section 708AA of the *Corporations Act 2001* (Cth) ("**the Act**"). Consequently the Rights Issue will be made without disclosure to shareholders and investors pursuant to Part 6D.2 of the Act, i.e. without a prospectus. A personalised Entitlement and Acceptance Form will be mailed to you. Your share entitlement will be shown on the Entitlement and Acceptance Form.

### **2. Commitments to the Rights Issue**

The Company has received an indication from three of its top twenty shareholders that they will take up shares in the order of a combined aggregate value of \$100,000 pursuant to their pro rata entitlements under the Rights Issue.

### **3. Impact of convertible and other securities**

The Company currently has on issue:

1. 42,498,572 ordinary shares, all of which are quoted on NSX;
2. 1,220,000 options, none of which are quoted on NSX; and

3. 553 preference shares which are listed on the NSX but do not carry the right to participate in the issue of any new ordinary shares or to convert, at the option of the holder of the preference shares, into ordinary shares.

If all 4,249,857 ordinary shares are issued under the Rights Issue the Company will have on issue 46,748,429 ordinary shares. Application will be made to the NSX for quotation of all shares issued under the Rights Issue. If some or all of the options are exercised prior to the record date of the Rights Issue, then this will impact the maximum number of new ordinary shares that may be issued under the Rights Issue. However, the Company does not anticipate that any of the options will be exercised as the exercise price of the options is well above the offer price under the Rights Issue.

#### 4. Proposed use of funds raised under Rights Issue

After payment of the costs and expenses of the Right Issue, funds raised from the Rights Issue will be used as follows (in each case to the extent that proceeds allow):

- (a) to continue to develop activities at the Glenfine Project; and
- (b) to recommence a drilling programme at the Allendale Project.

#### 5. Background and rationale

By way of background the Company refers to its announcement to the market of 5 December 2012 which can be obtained by Shareholders from the NSX website and the Company's website.

#### 6. Potential impact on control of MMT

Assuming no rights to take up shares are exercised by the option holders, the potential effect of the issue of ordinary shares under Rights Issue on the control of MMT is illustrated below:

POTENTIAL ACCEPTANCE	EFFECT ON CONTROL
1. If all eligible shareholders take up their full entitlement under the Right Issue.	No effect on control.
2. If eligible shareholders, other than three of the top twenty shareholders, take up only 50% of their full entitlement under the Rights Issue.	Shareholdings of the three shareholders combined would increase from 11.22% to 12.71%.
3. If no eligible shareholders, other than three of the top twenty shareholders, take up their entitlement under the Rights Issue.	Shareholdings of the three shareholders combined would increase from 11.22% to 13.26%.

#### 7. Proposed Timetable

The proposed timetable for the Rights Issue is as follows\*:

<ol style="list-style-type: none"> <li>1. Announcement of Rights Issue to NSX</li> <li>2. Application to NSX for quotation of Shares</li> <li>3. Lodge Cleansing Notice with NSX</li> </ol> <p>Advise option holders</p>	Monday 10 December 2012
--	-------------------------

Notice to Shareholders containing information in the NSX Application for Quotation of Shares	Tuesday 11 December 2012
<b>Shares trade "Ex" the entitlements issue on the NSX</b>	Tuesday 11 December 2012
Record Date to identify Eligible Shareholders and to determine Entitlements under the offer	Monday 17 December 2012
1. Despatch of Offer and Entitlement and Acceptance Form ("Opening Date") 2. Advise NSX that despatch completed	Friday 21 December 2012
<b>Closing Date</b>	Friday 18 January 2013
Securities quoted on a deferred settlement basis	Monday 21 January 2013
NSX notified of under-subscriptions	Tuesday 22 January 2013
Despatch Share Holding Statements	Thursday 24 January 2013
Expected commencement of trading of new shares on NSX	Friday 25 January 2013

\*The dates shown in the timetable are indicative only and, subject to the NSX Listing Rules and the *Corporations Act 2001* (Cth), the Company reserves the rights to change any date, including to extend the closing date or to close the offer early without prior notice. The Company also reserves the right not to proceed with all or part of the Rights Issue at any time prior to the date of issue of the new Shares (in which event application monies will be refunded without interest).

The Record Date for determining eligibility to participate in the rights issue is 7.00pm (EDST) on 17 December 2012

The offer closes at 7pm (EDST) on Friday 18 January 2013.

## 8. Further Information

If you have any questions regarding the rights issue or the Entitlement and Acceptance Form which will be sent to you please contact the Chairman, Fred Hunt at [fhunt@mountrommel.com](mailto:fhunt@mountrommel.com).

Yours faithfully

**MOUNT ROMMEL MINING LIMITED**



Frederick L Hunt  
Chairman