

**MOUNT ROMMEL MINING LIMITED
ACN 005 583 031**

NOTICE OF GENERAL MEETING

PROXY FORM

AND

EXPLANATORY MEMORANDUM

Date of Meeting

Saturday 20th June 2009

Time of Meeting

10.30 am AEST

Place of Meeting

The premises of
BHM Stainless Group
28 Lawson Crescent
Thomastown Vic 3074

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Members of Mount Rommel Mining Ltd ("Mount Rommel" or "the Company") will be held on Saturday 20th June 2009 at the premises of BHM Stainless Group, 28 Lawson Crescent, Thomastown Vic 3074 at 10.30 am.

An Explanatory Memorandum containing information in relation to the resolutions to be put to the meeting accompanies this Notice of General Meeting.

AGENDA

ORDINARY BUSINESS: NIL

SPECIAL BUSINESS

1. Amendment of Constitution: inclusion of terms of cumulative redeemable preference Shares

To consider and, if thought fit, pass the following resolution as a special resolution:

"That the constitution of the Company be amended by the insertion of a new Rule 3A immediately following Rule 3 in the constitution which rule shall be in the form set out in Note 12 on this Notice of Meeting which terms and conditions are incorporated in this resolution by reference in like manner as if set out in full herein."

2. Authority of Directors and Related Parties to Participate in the proposed issue of Preference shares

To consider and, if thought fit, pass the following resolution as a special resolution in accordance with the requirements of Listing Rule 6.44 of the Listing Rules of NSX:

"That, inasmuch as:

- (a) the Company proposes to make an issue of up to 500 Preference Shares on the terms set out in resolution 1 pursuant to an Offer Information Statement to be lodged with ASIC ("the Issue") with the Issue being conditional upon each of resolution 1 and this resolution being passed at the general Meeting convened by this notice of meeting.*
- (b) the Issue will be made on the bases that, subject to the proviso hereto, each Member of the Company on the Record Date to determine entitlements to the Issue ("Record Date") will be entitled to apply for one (1) Preference Share and, in the event that the Issue is not fully subscribed, each Member shall be entitled to apply for additional Preference Shares.*
- (c) if Mount Rommel has more than 330 Members at the Record Date then applications will be processed and Preference Shares issued and allotted at the rate of one (1) Preference Share per Member in priority of receipt of valid Applications from Members with one (1) Preference Share being issued and allotted to each Member applying therefore until the 500 Preference shares have all been issued and allotted.*
- (d) that if the number of Members is less than 500 at the Record Date Members will be entitled to apply for additional Preference Shares subject to the absolute right of the directors to reject any Application for a Preference Share from a Member in excess of one (1) Preference share.*

it is hereby resolved that subject to the prior right of each Member to be issued and allotted one (1) Preference Share on making valid application therefore (subject to the proviso in (b), each of the directors of the Company, each Member holding at least 10% of the issued capital of the Company, each Related Party of the Company (within the meaning of the Corporations Act 2001 and each of their

respective Associates within the meaning of the Corporations Act 2001 (all herein each called a "Related Party") be authorised to participate in the proposed issue of Preference Shares as follows:

- (e) each Related Party shall be entitled to apply for and be granted not less than one (1) Preference Share subject to making valid application therefore; and,*
- (f) in the event that the number of Members is less than 500 at the Record Date, each Related Party shall be entitled to apply for that number of Preference Shares that they would have been entitled to apply for had the Issue been a pro rata entitlements issue or rights issue on the basis that the number of Preference shares offered for subscription on a pro rata basis was 500 Preference Shares; and,*
- (g) that in the event that, after all other valid applications for Preference Shares made by Members pursuant to the Issue have been received, the full amount of the Issue (500 Preference Shares) has not been subscribed, each Related Party may apply for and be issued and allotted that number of Preference Shares as may think fit to apply for;*
- (h) that as between Related Parties applying for Preference Shares under (g) above, all such applications shall be accorded equal priority with each such application being scaled back as necessary to accord equality of treatment to all such Related party Applicants*

and that that any Preference Shares thereafter remaining unissued may be placed by the Directors to members of the public making application therefore either pursuant to any applications for Shortfall Securities permitted under the OIS or may be placed to any person who is an "excluded offeree" within the meaning of Section 708 of the Corporations Act 2001 at any time within 3 months after the close of the Issue.

By Order of the Board of
Mount Rommel Mining Ltd

Melanie J Leydin
Company Secretary
14th May 2009

NOTES

Voting and Instructions for Appointment of Proxy:

1. In accordance with the Corporations Act 2001 the Directors have determined that the shares of the Company that are quoted on the National Stock Exchange at 7.00pm on 18 June 2009, will be taken, for the purposes of the General Meeting, to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote at the meeting.
2. A Member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Member's voting rights.
3. 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."
4. If the Member does not specify the proportion of votes the proxy may exercise, then each proxy will be taken to exercise one half of the votes held and subject to the proxy with fractional entitlements to votes being disregarded.
5. A proxy duly appointed need not be a Member of the Company. In the case of joint holders all must sign.
6. A form of proxy accompanies this Notice and, to be effective, the form and any document necessary to show the validity of the form of proxy must be lodged at the Company's Share Registry not less than 48 hours before the time appointed for the Meeting. Any proxy lodged after that time will be treated as invalid.
7. Directors and Officers of all corporate shareholders should note that unless the corporate shareholder either:
 - (a) completes and lodges with the Company a valid appointment of proxy in accordance with the instructions in these notes; or
 - (b) completes and either lodges with the Company prior to the meeting a form of appointment of or certificate of appointment of a personal representative in accordance with the provisions of Section 250D of the Corporations Law or causes such personal representative to attend the meeting with such form of appointment or certificate; or
 - (c) has appointed an attorney.and such proxy, personal representative or attorney attends the relevant meeting, then such corporate shareholder will be unable to exercise any votes at the relevant meeting.
8. Proxies and corporate appointment of representative forms may be returned to the Company's Share Registry in either of the following ways:
 - (a) in person to:

Link Market Services Limited Level 12 680 George Street Sydney NSW 2000	or	Link Market Services Limited Level 1 333 Collins Street Melbourne Victoria 3000
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 - (b) by fax to Sydney + 61 2 9287 0303

9. Corporate Members should comply with the execution requirements set out in these notes or otherwise comply with the provisions of Section 127 of the Act. 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.

For the Company 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 the company must state that next to his or her signature.

10. Completion of a proxy form will not prevent individual Members from attending the meetings in person if they wish. Where a Member completes and lodges a valid proxy form and attends the meeting in person then the proxy's authority to speak and vote for that Member is suspended while the Member is present at the meeting.
11. Where a proxy form or form of appointment of or certificate of appointment of a personal representative is lodged and is executed under power of attorney the power of attorney must be lodged in like manner as a proxy.

12. **Terms and conditions of Preference Shares**

The following terms and conditions are incorporated into Resolution 1 on this Notice of meeting by reference as if they were set out therein in full. The Preference Shares shall be issued and allotted on the following terms and conditions and the holders shall have the following rights.

The terms and conditions attaching shall be set out in the Constitution of the Company and are proposed as follows:

1. *The issue price of each Preference share shall be one thousand dollars (\$1,000.00);*
2. *the Preference Shares shall carry the right to a cumulative dividend of 1.5% per annum calculated on the issue price thereof which shall only be payable out of profits from the Company's share of production from mining operations which may be conducted on MIN 5492;*
3. *The dividend entitlement with respect to a Preference Share shall be computed from the date of allotment of the Preference Share to the date of its redemption and, where a dividend has been declared, shall be paid on each anniversary of its issue;*
4. *The dividend payable on a Preference Share shall rank for payment in priority to all dividends on ordinary shares for the time being issued in the capital of the Company;*
5. *The holder of a Preference Share shall, in a winding up, be entitled to rank in priority to all other shares for the time being issued in the capital of the Company for repayment of the capital paid up or credited as paid up on the Preference Share on the same terms on which the Preference Share may be cancelled by the Company but shall have no further right to participate in the profits or assets of the Company, whether surplus or otherwise. For the purpose of clarity, each Preference Share shall for all purposes be deemed to be paid up to that value which is the amount which would be paid by the Company on its redemption or buy-back if bought back or redeemed in accordance with these terms and conditions.*
6. *The holder of a Preference Share shall have the same rights as the holder of an ordinary share to receive notices of general meetings, reports, balance sheets and profit and loss statements and to attend and vote at any general meeting of the Company but shall have no participating entitlement or right to rights or options referred to in paragraphs (c) and (d) of the definition of "Equity Securities" in the Listing Rules of National Stock Exchange of Australia Limited;*
7. *The Company shall be entitled to create further new preference shares which may rank equally with the Preference Shares;*

8. *The subscription moneys from the Preference Shares ("Subscription Moneys") shall be retained in a separate bank account to be opened by the Company and entitled "Mount Rommel Mining Limited - Account No.2" which Subscription Moneys shall be held on the terms and conditions of these terms of issue and applied and expended solely in accordance with the Use of Funds statements set out in the Offer Information Statement proposed to be issued by the Company ("the OIS") in relation to the offer of the Preference Shares to the Company's members for the purpose of implementing the Glenfine Project as may be described with such variations to such use of funds as is required to proceed with the Glenfine Project as described in the OIS and as is approved by resolution of the Directors of the Company.*
9. *Subject to the provisions of the Act and to the provisions of these terms of issue, the Company may, in accordance with the provisions of Section 254K of the Act, redeem the Preference Shares on the terms set out herein from profits that would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption. Notwithstanding anything herein contained the Preference Shares shall be redeemable no later than 31 December 2010.*
10. *Where Mount Rommel has not obtained Mining Approval by the Mining Approval Date, then, to the extent to which the Preference Shares are unable to be redeemed because the provisions of Section 254K of the Act cannot be satisfied: the Company shall issue the Preference Shareholders ordinary shares in the capital of the Company as set out (a) below and the Preference Shares shall bought back by Mount Rommel as set out in (b) below:*
 - (a) *To the extent to which the Subscription Moneys have been so expended by the Mining Approval Date without the Company obtaining Mining Approval, the Company shall issue and allot ordinary shares to the Preference Shareholders for no further consideration other than the initial subscription for the Preference Shares on the bases that:*
 - (i) *the number of ordinary shares to be so issued and allotted in respect of each Preference Share shall be that number of ordinary shares, disregarding fractional entitlements to ordinary shares, as could be subscribed for at an issue price of \$0.10 per ordinary share by application of an amount equal to the amount of the Subscription Moneys so expended in relation to that Preference Share on the basis that, as between all holders of the Preference Shares, the amount of the Subscription Moneys deemed so expended will be the same for each Preference Share so as to ensure equality of treatment of all Preference Shares and Preference shareholders;*
 - (ii) *in respect of all dividends accrued but unpaid, such dividends shall be satisfied by the issue and allotment of additional ordinary shares in the capital of the Company at an issue price of \$0.10 per share;*
 - (b) *to the extent that the Subscription Moneys have not been so expended, the consideration payable on buy-back shall be satisfied by the payment to the Preference Shareholder of an amount equivalent to unexpended Subscription Moneys in relation to such Preference Share which amount which shall be paid on buy-back from moneys retained in the Mount Rommel Mining Limited - Account No.2.*
11. *Where the Company has obtained Mining Approval by the Mining Approval Date and has commenced mining operations at Glenfine then;*
 - (a) *subject to the operation of Section 254K of the Act, the Company has an obligation to redeem each Preference Share by no later than 31 December 2010 on the basis that the holder of a Preference Share has a right to receive direct from the Company on redemption of that Preference Share up to two (2) ounces of gold from the Company's net share of production of gold from the Glenfine Project after the Company has met its share of Project Operating Costs on the basis that, to the extent that the net production of such gold to which the Company is entitled after meeting its share of such Project Operating Costs is less than that required to redeem all the Preference Shares on the terms set out herein, then the amount of gold payable by Mount Rommel to redeem each Preference Share will reduce proportionately so that each Preference Share is redeemed on the same terms and each Preference Shareholder is treated equally; or,*
 - (b) *where the Preference shares are unable to be redeemed because the provisions of Section 254K of the Act, then the Preference Shares may be bought back by the Company on the same terms as they would have been redeemed if permitted by sub-paragraph 11(a)*

above. Such buy-back may be by way of selective buy-back in which case the Preference Shares shall be bought back on the same terms as they would be redeemed as set out in 11(a) above. Where the members of the Company fail to pass resolutions permitting buy-back on such terms as a selective buy-back in accordance with the Act and the requirements of Regulatory Guide 110 as issued by the Australian Securities & Investment Commission then the buyback shall be undertaken as an on market buy-back in accordance with the 10/12 rule set out in the Act. In the event that the buy-back is by an on market buy-back then the amount paid on buy-back will be that amount which would have been the value of the gold which would have been determined as payable on redemption of the Preference Shares under 11(a) above. In such instance the Preference Shareholder may, prior to the date for completion of the buy-back advise the Company in writing that the Preference Shareholder elects to receive the actual gold in satisfaction of the Company's debt to the Preference Shareholder arising from the buy-back process in which case, the delivery up of such gold shall take place at the registered office of the Company not later than five (5) Business after the date of the sale of the Preference Shares by way of buy-back. For the purpose of clarification, each buy-back shall be a separate transaction but each Preference Shareholder shall offer all of that Preference Shareholder's Preference Shares for sale by way of buy-back in one lot at one time and not by way of separate offers of sale of Preference Shares.

- (c) *Mount Rommel shall, notwithstanding the obligation to redeem or buy-back the Preference Shares as set out in sub-paragraph 11(a) above, have the right to redeem or buy-back the preference Shares at such earlier date as it may, in its absolute discretion, determine subject always to the over-riding operation of the provisions of the Act.*
- (d) *In accordance with the Act, any selective buy-back or on market buy back shall remain open for acceptance by the Preference Shareholder for a period of not less than 45 days from the date of its being made or entered into. If a Preference Shareholder shall fail to accept an offer of buy-back from the Company within that time period then any director of the Company may accept such offer as the lawful attorney on behalf of such Preference Shareholder and the Company shall pay or distribute the net proceeds of buy-back to the Secretary of the Company to be held on trust for the Preference Shareholder on the basis that if such proceeds are not claimed within 2 years from the date of buy-back any gold representing the proceeds of the buy-back shall be sold and all of proceeds of the buy-back held on account of that Preference Shareholder (after deduction of all costs of sale of any gold and payment of any tax required to be deducted therefrom) shall be dealt with in accordance with the provisions of the unclaimed moneys legislation in force in Victoria. No director or officer of the Company shall be liable for any diminution in value of any proceeds of buy-back whether occasioned by reduction in the price of gold or otherwise. Any increase in value of the proceeds of the buy-back shall be to the account of the Preference shareholder. Where the Secretary of the Company holds any proceeds of buy-back on the terms hereof, such proceeds shall be held at the risk of the Preference Shareholder entitled thereto and neither the Company nor any such director or officer shall be liable on account of any loss thereof or damage thereto and the Preference Shareholder hereby releases each and every such person from and against any liability therefore arising out of any negligent act matter or thing done or omitted to be done in relation thereto.*
- (e) *no right of buy-back shall arise under these terms and conditions until, in the case of an on market buy-back, the Company announces the buy-back, or in the case of a selective buy-back, the members of the Company approve the selective buy-back on the terms set out herein and thereafter, either the Company or the Preference Shareholder gives Notice of Buy-Back in the form required hereunder or to the effect thereof.*
- (f) *if the Company gives a Notice of Buy-Back, it shall give the Notice of Buy-back to all Preference Shareholders at the same time and make an announcement to that effect to NSX.*
- (g) *if the Company receives a valid Notice of Buy-Back from any Preference Shareholder then it shall, subject to the further provisions hereof, forthwith give a Notice of Buy-back to all other Preference Shareholders and make an announcement to that effect to NSX;*
- (h) *Subject to the over-riding requirement that the Preference Shares shall be redeemable no later than 31 December 2010, the Company shall not otherwise give a Notice of Redemption or a Notice of Buy-back to any Preference Shareholder prior to completion of*

mining operations at Glenfine until or unless the Company is able to provide an amount of 2 ounces of gold on redemption or buy-back or the equivalent monetary value thereof.

- (i) Where the company completes mining operations at Glenfine and the Company's recovery of gold from the Company's net share of production of gold from the Glenfine Project after the Company has met its share of Project Operating Costs is insufficient to provide an amount of 2 ounces of gold in redemption or buy-back of each Preference Share, then the Company shall provide each Preference Shareholder with an Audit Certificate showing the amount of gold (or the value thereof) to be distributed or paid on redemption or buy-back at the same time as it issues any Notice of Redemption or Notice of buy-back or makes any buy-back announcement and that Audit Certificate shall be binding on the Company and the Preference Shareholder save in the case of manifest error apparent on the face of the record.*
 - (j) the Audit Certificate referred to in sub-paragraph 11(i) above shall be prepared by the Company's auditors at the cost of the Company on the basis that, in preparation thereof, the auditor owes a duty of care to each of the Preference Shareholders.*
- 12. Where a Preference Shareholder does not wish to receive physical gold on redemption or buyback of any Preference Share that Preference Shareholder may request the Company to sell all such gold to which that Preference Shareholder is entitled and to pay the amount of the net proceeds of sale thereof to that Preference Shareholder in full satisfaction of that Preference Shareholder's rights on buyback or redemption.*
- 13. Where the Company proposes to redeem a Preference Share the Company shall give written notice ("Notice of Redemption") to the holder of the Preference Share that the Company will redeem the Preference Share on the date ("redemption date") specified in the Notice of Redemption (which date shall not be later than 45 days after the date the Notice of Redemption is given). Such Notice of Redemption shall be given at such time that redemption takes place no later than 31 December 2010.*
- 14. Where the Company proposes to buyback a Preference Share in accordance with the authority of a resolution passed by the members in general meeting the Company shall give written notice ("Notice of Buyback") to the holder of the Preference Share that the Company proposes to buyback the Preference Share on the date ("buyback date") specified in the Notice of Buyback (which date shall not be later than 45 days after the date the Notice of Buyback is given). On the giving of the Notice of Buyback a contract shall come into existence between the Company and the Preference Shareholder pursuant to which the Company shall buyback the Preference Share on the terms set out herein. If the Company shall fail to give the Preference Shareholder a Notice of Buyback within that 45 day period then the Preference Shareholder may give the Company a like Notice of Buyback requiring the Company to buyback the Preference Share and on the Preference Shareholder giving such notice to the Company a contract for the buyback of the Preference Share shall likewise come into existence and the Company shall then buyback the Preference Share at the expiration of 45 days from the date of giving of such Notice of Buyback to the Company. Such Notice of buy-back shall be given at such time that buy-back takes place no later than 31 December 2010.*
- 15. Redemption or buyback (as applicable) shall be effected on the redemption date or the buyback date at the registered office of the Company, or at such other location determined by the Company, by the Company paying or delivering up to the holder of the Preference Share that amount of gold to which the Preference Shareholder has become entitled pursuant hereto as at the date of such redemption or buyback.*
- 16. The Company may in the Notice of Redemption or Notice of Buyback (as applicable) as a condition of paying the money payable on redemption or buyback require delivery to it on or before the redemption date or the buyback date (as applicable), any certificate or Holding Statement issued with respect to the Preference Share.*

The form of Notice of Redemption from the Company shall be in or to the following effect:

TO:
("the Preference Shareholder")

Whereas pursuant to the terms of the issue of the Preference Shares Mount Rommel Mining Limited ("the Company") has the right to give Notice of Redemption to you as a Preference

Shareholder NOW TAKE NOTICE THAT the Company hereby pursuant to the powers contained in the terms of issue of the Preference Shares hereby gives notice of exercise of its right to redeem all of the Preference Shares held by you as the Preference Shareholder under SRN/HIN [Insert relevant SRN or HIN].

DATED this day of 200#

.....
Director/Secretary for and on behalf of the Company

The form of Notice of Buyback shall be in or to the following effect:

IF GIVEN BY THE COMPANY

TO:
("the Preference Shareholder")

Whereas pursuant to the terms of the issue of the Preference Shares Mount Rommel Mining Limited ("the Company") has the right to buy-back the Preference Shares held by you: NOW TAKE NOTICE THAT the Company hereby pursuant to the powers contained in the terms of issue hereby gives notice of exercise of its right to buy-back all of the Preference Shares held by you as the Preference Shareholder under SRN/HIN [Insert relevant SRN or HIN].

DATED this day of 200#

.....
Director/Secretary for and on behalf of the Company

IF GIVEN BY THE PREFERENCE SHAREHOLDER

TO:
Mount Rommel Mining Limited
Suite 304
22 St Kilda Road
St Kilda Victoria 3182
("the Company")

Whereas pursuant to the terms of the issue of the Preference Shares the undersigned Preference Shareholder being the holder of Preference Shares held under SRN/HIN [Insert relevant SRN or HIN] has the right to require the Company to buy-back the Preference Shares held by you: NOW TAKE NOTICE THAT pursuant to the powers contained in the terms of issue the said Preference Shareholder hereby gives notice of exercise of its right to require the Company to buy-back all of the said Preference Shares.

DATED this day of 200#

.....
Preference Shareholder*

* This Notice must be signed by the Preference Shareholder(s) personally or by a duly appointed Attorney. If signed by an Attorney the relevant Power of Attorney must be submitted with this Notice of Buyback unless already noted by the Company. If there are joint holders, each must sign. Where the Preference Shareholder is a corporation this Notice of Buyback must be executed in like manner as a proxy is required to be executed in accordance with the provisions of the Corporations Act 2001 and the constitution of the Company.

17. In the event of any reconstruction of the issued ordinary capital of the Company the Preference Shares shall be reconstructed in the same proportion as the issued ordinary capital of the Company is reconstructed and, in any event, in a manner which will not result in any additional benefits being conferred on the holders of the Preference Shares which are not conferred on ordinary shareholders.
18. For the purpose of these terms and conditions of issue:

“the Act” means the Corporations Act 2001 as in force from time to time in Victoria and all regulations made thereunder;

“Glenfine Project” shall mean the proposed operations to be carried on by the Company at Glenfine in Victoria within the confines of MIN 5492 to recover gold and other minerals from tailing sands remaining from prior mining which operations shall be the subject of work plans and authorities under the Mineral Resources (Sustainable Development) Act 1990 (the “MRD Act”);

“MRD Act” means the Mineral Resources (Sustainable Development) Act 1990 of the state of Victoria and all regulations and subordinate legislation made thereunder.

“Project Operating Costs” shall mean all costs reasonably and necessarily incurred in carrying on mining operations at Glenfine including, but not limited to:

(a) **Rentals and Royalties**

All rentals, rates, royalties, renewal and extension fees payable in respect of MIN 5492 and Project Operations.

(b) **Labour**

All;

- (i) salaries and wages of employees directly engaged in the conduct of the Project Operations including salaries or wages paid to employees such as geologists, or engineers and other employees who are temporarily assigned to and directly engaged in the conduct of the Project Operations but only pro rata to their time directly engaged.
- (ii) Holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under clause including any taxes liable or due to be paid in respect of such customary allowances.
- (iii) Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to any such labour costs.

(c) **Employee Benefits**

The Company's actual cost of plans for employees' group life insurance, hospitalisation, superannuation, pension, retirement, bonus and other benefit plans of a like nature, to the extent directly applicable to the Company's labour costs entitled to be charged under this clause.

(d) **Consumable Materials**

Consumable material purchased or furnished by the Company for use on the Project Area. So far as it is reasonable, practical and consistent with efficient and economical operations, only such material shall be purchased for or transferred to the Glenfine Project as required for immediate use and the accumulation of surplus stocks shall be avoided. For avoidance of doubt this includes all plastic or other liners and associated materials used in site preparation in anticipation of mining operations.

(e) **Transportation**

Transportation of employees and material necessary for the conduct of the Glenfine Project;

All costs of:

- (i) contract services and utilities procured from outside sources.
- (ii) procuring contract, accounting, auditing and other outside professional services by the Company for logistic and administrative support of Project Operations.

(f) **Damages/Losses to Project Property and Equipment**

All:

- (i) normal maintenance costs of plant and equipment used in Project Operations;
- (ii) replacement or repair costs resulting from damages or losses incurred by fire, explosion, flood, storm or any other causes not controllable by the Manager through the exercise of reasonable diligence: save to the extent that such costs are recovered from any insurer under a policy of insurance.

(g) **Legal Costs, Litigation, Judgments and Claims**

All:

- (i) *legal costs and expenses including those of litigation, or legal services necessary or expedient for the protection of the Project Property, together with all judgments obtained against the Participants or any of them and any agreed settlement insofar as the same relate to the Project Account or the subject matter of the Agreement.*
 - (ii) *actual expenses incurred by any Participant or Participants in securing evidence for the purpose of defending or prosecuting any action or claim or negotiating any settlement relating to the Project Account or the subject matter of the Agreement.*
- (h) **Taxes**
All taxes (except income tax) rates, levies and assessment of every kind and nature levied, assessed or imposed upon or in connection with the Project Property or any part thereof, the production therefrom or the operation thereof, which shall have been paid for the benefit of the Participants.
- (i) **Insurance**
All Premiums paid for insurances taken out in relation to the Glenfine Project together with all expenditures incurred and paid in settlement of any and all losses, claims, damages, judgments and other expenses, including legal services, not recovered from the insurer.
- (j) **Other Expenditure**
Any other expenditures which are not of a capital nature and which are not covered or dealt with in the foregoing provisions of this clause which are reasonably incurred by the Manager for the necessary and proper conduct of the Project Operations;

but excluding all;

- (k) *capital costs of plant and equipment used in mining operations;*
- (l) *depreciation and amortisation;*
- (m) *other non cash costs of any kind.*

“Mining Approval” shall occur when the Company has obtained:

- (a) *all necessary permits and authorities to permit it to commence to treat the tailings sands situate on MIN 5492 at Glenfine in accordance with a work plan approved under the MRD Act;*
- (b) *all other permits and approvals requisite for that purpose.*

“Mining Approval Date” shall be the date on which the Company obtains Mining Approval.

“mining” shall have the same meaning as in the MRD Act.

“Project Operations” means all acts matters and things done from 1 May 2009 until completion of mining and satisfaction of all rehabilitation requirements at Glenfine in relation to the carrying on of mining within the area of MIN 5492.”

Voting Exclusion Clause

(i)
The Related Parties the subject of Resolution 2 on this Notice of Meeting are:

- Mr Frederick L Hunt ;
- Mr Hamish Hunt;
- Mr John G Miedecke;
- Ms Melanie J Leydin;

and each of their respective Associates within the meaning of the Corporations Act 2001.

Mount Rommel will disregard any votes cast on the resolution by any of the parties referred to in the resolution or named above or any associate of any of them or of any such related party. However, Mount Rommel will not disregard a vote if:

- (a) it is cast by any such person or any of its associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Members of Mount Rommel Mining Ltd ("Mount Rommel" or "the Company") in relation to the General Meeting of Members of Mount Rommel which will be on Saturday 20th June 2009 at the premises of BHM Stainless Group, 28 Lawson Crescent, Thomastown Vic 3074 at 10.30 am.

It forms part of the accompanying Notice of Meeting convening the General Meeting and contains a simplified summary of the terms of the Preference Shares and matters relevant to the manner in which the Preference Shares will be used, redeemed or bought back under the Corporations Act 2001 ("the Act"). The full terms and conditions of the Preference Shares are set out in note 12 on the Notice of Meeting headed "**Terms and conditions of Preference Shares**".

The Directors recommend shareholders read the accompanying Notice of General Meeting ("Notice") and this Explanatory Memorandum in full before making any decision in relation to voting on the resolution.

Resolution 1: Amendment of constitution to permit issue of cumulative redeemable preference shares

The resolution is a special resolution. It is a complex resolution because of the restrictions on redemption of preference shares and buy-back of shares contained in the Act.

A summary of the main aspects of the resolution are set out below. This commentary puts the proposal to issue such Preference Shares in context by explaining the purpose of the proposed issue.

Members will be aware that Mount Rommel has recently completed an exploration program on its tailings project at Glenfine.

Briefly Mount Rommel has carried out detailed work programs on its Glenfine project as reported to NSX and has prepared and lodged a work program for Glenfine with the Department of Minerals and Energy.

All of the data accumulated by Mount Rommel as been lodged with NSX appears on Mount Rommel's website www.mountrommel.com.au. Members should access that information in more detail on Mount Rommel's website or by accessing the NXSX database. Not all of that information is set out herein.

All data released by Mount Rommel of a geological nature has been prepared by Mr Hunt as a competent person in accordance with the JORC code. All technical information contained herein has been compiled and/or assessed by Mr Hunt who has consented to the inclusion of this Competent Persons Statement in this Notice and who consents to the inclusion of all such technical information in this Notice in the form and context in which it appears.

On Thursday 14th May 2009, Mount Rommel lodged an Offer Information Statement ("OIS") with ASIC under the provisions of Section 715 of the Act to raise funds, primarily from the members of Mount Rommel, to fund:

- the finalization of the proposed work program for Glenfine;
- the obtaining of all necessary permits and approvals to enable Mount Rommel to commence mining operations at Glenfine; and
- the construction of a treatment plant to treat the tailings at Glenfine with the aim of recovering the gold contained therein or such amount as may be recoverable utilising the plant to be constructed.

Details of that proposed plans and the budgets for these matters are set out in the OIS in the Use of Funds Statement therein. That OIS will be despatched to Members prior to the date of the General Meeting convened by this Notice of Meeting but Directors recommend that Members also access it from the NSX website, Mount Rommel's website or the OfferEntry list on the ASIC website.

Mount Rommel contemplates that it will obtain all necessary permits and authorities to commence mining ("Mining Approval") within 9 months from the Closing Date of the Issue under the OIS.

The date on which Mining Approval is obtained is called the Mining Approval Date.

Nature of Proposed Offer

Because the Preference Shares are a new class of Shares and are not quoted securities, this Notice may only contain limited information about the proposed issue.

Briefly:

- the issuer will be Mount Rommel and the securities offered will be Preference Shares on the terms set out in resolution 1: subject to the resolutions being put to the General Meeting hereby convened being passed at the meeting;
- the OIS is available from Mount Rommel's website and will be despatched to all members;
- Members or members of the public wanting to acquire the Preference Shares will have to complete an application form in, or which will accompany the OIS; and
- the Issue under the OIS is conditional on the resolutions set out on the accompanying Notice of Meeting being passed by Members in General Meeting.

The OIS sets out information relevant to the proposed issue and that information will be available to enable Members to determine whether they should or should not apply for Preference Shares in the issue. The purpose of this Explanatory Memorandum is to explain the nature of the Preference Shares and the reason why the Mount Rommel seeks to amend its constitution to permit the Board to issue same.

The Offer being made under the OIS comprise an offer of Preference Shares on the terms set out herein on the basis that each Member on the Record Date to determine entitlements to the issue will be entitled to apply for a minimum of one (1) Preference Share under the proposed issue.

Additionally, Members will be entitled to apply for additional Preference Shares with the total number of Preference Shares proposed to be issued being 500 Preference Shares and with minimum subscription under the OIS being 330 Preference Shares.

Whilst all Members are entitled to participate in the Issue under the OIS, that Issue is not an entitlements issue or rights issue in the conventional sense.

Members should read the OIS to obtain full details of the Offer and the Issue.

Listing Rule 6.25 of the Listing Rules of NSX regulates new issues of securities including Equity Securities. Because the Preference Shares are not convertible into any equity security and additionally, because they are classified as "*loan securities*", the requirement for shareholder approval to the proposed terms of offer to Members is not required to be either "pro rata" or be approved by members in general meeting before being made.

The Preference Shares are "*loan securities*" as defined by NSX because they are redeemable preference shares which have a fixed and certain date for redemption, and have no participating entitlement to subscribe for rights or options over equity securities as referred to in paragraphs (c) and (d) of the definition of equity securities in the Listing Rules of NSX.

The ability to make the issue on a non-pro rata basis is important because only a maximum of 500 Preference Shares will be issued (with 330 being the minimum subscription under the OIS). If the issue was to be pro rata most members would not be entitled to apply for a Preference Share because the ratio on which the Offer under the OIS would have to be made would be 1 Preference Share for approximately every 76,000 ordinary shares held on the Record Date to determine entitlements to the Issue.

That is clearly impractical and would disenfranchise, rather than enfranchise, most Members from participating in the Issue.

Overview of terms of Preference Shares

Full details of the terms of issue of the Preference Shares are set out in the Notice and you should read those terms and conditions carefully and seek advice thereon if you do not understand them or any aspect of them.

The Preference Shares are preference shares within the meaning of the Listing Rules of NSX but you should note that some of their terms are unconventional in that:

- they carry the right to a cumulative dividend of 1.5% per annum payable only out of the profits and only from such of the Company's profits which derive from the Glenfine project.
- they carry the same rights to vote as ordinary shares. Consequently, for the purposes of the Corporations Act the Preference Shares are voting shares. These voting rights differ from those of normal preference shares as the holder of a preference share is normally entitled to vote only at a meeting convened for the purposes of reducing the capital, or winding up, or sanctioning a sale of the undertaking, where the proposition to be submitted to the meeting directly affects his or her rights and privileges, or when the dividend on the Preference Shares is in arrears more than 6 months.
- they are subject to buy-back by Mount Rommel if Mount Rommel has not obtained Mining Approval by the Mining Approval Date. In this instance the Preference Shares will be bought back by re-payment of the Application Moneys to the extent to which they have not been expended at that date. Additionally as a term of the issue Mount Rommel will issue and allot ordinary shares at an issue price of \$0.10 per share in effective repayment of all such moneys expended to that date and in respect of any dividends accumulated but not paid. This issue of ordinary shares is not part of the buy-back because the buy-back will relate only to the Preference Shares. The issue of ordinary shares will not change the rights of buy-back but is, effectively, in the nature of compensation for loss of moneys spent if the Glenfine Project does not proceed by the end of a 9 month period from the close of the issue. The total number of shares to be issued under these terms must be less than that number which would breach the 15% rule under Listing Rule 6.25. In practice, having regard to the Use of Funds Statements in the OIS, no more than an amount of \$62,000 of the subscription moneys for the Preference Shares will be expended before it is known that whether or not Mining approval will be obtained. Expenditure of \$62,000 would result in 620,000 ordinary shares being issued: well within balance of the 15% limit available to the Company.
- if Mount Rommel obtains Mining Approval by the Mining Approval Date and has commenced mining operations at Glenfine then Mount Rommel has an obligation to either:

buyback;

or,

redeem;

the Preference Shares by not later than 31 December 2010 on the basis that for every Preference Share subscribed, the holder of the Preference Share has the right to receive, direct from Mount Rommel as consideration for the redemption or buyback, portion of the value of the gold produced from Glenfine to which Mount Rommel is entitled as its share of production. The amount of gold to which each holder will be entitled on redemption or buyback by Mount Rommel will be either a maximum of 2 ounces of gold for every Preference Share or a payment to that value: depending on the Preference Shareholders requirements. Mount Rommel may, at its sole election, redeem or buy-back the Preference Shares at an earlier date but this is considered unlikely for 2 reasons: first it would affect any capital gains tax benefits which Preference Shareholders may have arising out of holding the Preference Shares for in excess of 12 months and, secondly, mining operations may not be completed at Glenfine by that time.

- to the extent that the net production of gold to which Mount Rommel is entitled from production from Glenfine is less than that amount which, after sale of gold to meet its share of "Project Operating Expenses" is less than that required to redeem or buyback all the shares on the terms set out herein (at 2 ounces of gold for every Preference Share) then the amount of gold or value thereof payable by Mount Rommel to redeem or buyback each Preference Share will reduce proportionately so that each Preference Share is treated equally.
- both the Redemption Notice and the Buyback Notice to be given by or to the Preference Shareholder enable the election to have the redemption or buy-back proceeds paid in cash or satisfied by delivery of gold.

Members are advised by the OIS that a risk must exist that, although Mount Rommel obtains Mining Approval by the Mining Approval Date, there can be no assurance given by Mount Rommel that it will be able to successfully produce gold from Glenfine: either at all or in sufficient quantities to enable it to buy-back or redeem the Preference Shares as contemplated at the rate of 2 ounces of gold (or value thereof) for every Preference Share.

In this case Preference Shareholders will receive less than 2 ounces of gold (or value thereof) on redemption or buy-back of the Preference Shares and, in an extreme case may receive no payment from Mount Rommel for their Preference Shares at all. While the Directors consider this unlikely given the information known and released to NSX about the Glenfine Project, this must be a risk which arises from the nature of mining and exploration.

Buy-back

The intention is that whether the Preference Shares are redeemed or bought back, all Preference Shareholders will receive the same value for each Preference Share.

The alternative of buy-back or redemption is required because under Section 254K of the Corporations Act redemption of redeemable preference shares may only be funded from *“profits that would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption”*.

While Mount Rommel hopes that its operations at Glenfine would be profitable during the financial year in which the Preference shares would be redeemed to enable redemption to take place, it is recognised that Mount Rommel may have to buy-back the preference Shares instead of redeeming them.

Although the effect of redemption or buy-back is the same, in that the Preference Shares are cancelled on either redemption or buy back, the provisions of the Corporations Act recognise that it is possible to buy-back redeemable preference shares in circumstances where they cannot be redeemed. Redeemable preference shares may be bought back under the buyback provisions of the Corporations Act regardless of whether the company buying them back is, or is not, profitable. Note 2 to section 257A of the Corporations Act recognises this.

Given that the gold (or the value thereof) to be distributed on redemption or buy-back is from net gold remaining as belonging to Mount Rommel after payment of all Project Operating Costs (representing, in effect, any net cash operating surplus due to Mount Rommel from such operations) ignoring corporate costs and expenses of Mount Rommel during the period and ignoring all non-cash items such as depreciation, it may be that Mount Rommel does not achieve a sufficient level of profitability from the Glenfine Project to allow it to redeem the Preference Shares, in which event, they will be bought back under the buyback provisions of the Corporations Act.

Buyback, ASIC and the Corporations Act

Under Section 257A and the following sections of the Corporations Act a company may buy-back its own shares if:

- the buy-back does not materially prejudice the company's ability to pay its creditors; and
- the company follows the procedures laid down in this Division.

The Corporations Act provides for 5 types of buybacks. These are:

- Equal Access schemes: which relate to ordinary shares only and must be made to every person who holds ordinary shares to buy-back the same percentage of their ordinary shares. Clearly this type of buy-back is not relevant here as the Preference Shares, although voting shares, are not ordinary shares.
- employee share scheme buy-back: where the buy-back is under a scheme for the acquisition of shares in a company held by or on behalf of employees of a company and has been approved by the company in general meeting. Clearly this type of buy-back is not relevant here as the Preference Shares are not held by or on behalf of employees or directors.
- minimum holding buy-back schemes: where the buy-back is a buy-back of all of a holder's shares in a listed corporation if they are less than a marketable parcel within the meaning of the rules of

the relevant financial market. In RG 110 ASIC requires that the consideration payable under this type of buyback be less than \$500 for a shareholders entire parcel of shares being bought back. This restriction under RG 110 means that this type of buy-back is inappropriate.

- On-market buy-backs: where the buyback results from an offer made by a listed corporation on a prescribed financial market in the ordinary course of trading on that market. Where an on-market buyback does not exceed what is defined as the 10/12 rule the buy-back can be implemented without shareholder approval. The 10/12 rule will be complied with provided that, in the 12 months prior to the buy back, the total number of shares bought back does not exceed 10% of the smallest number, at any time during the last 12 months, of votes attaching to voting shares of the company. The Preference Shares offered for subscription are both preference shares within the meaning of the Listing Rules and voting shares within the meaning of the Corporations Act. As the maximum number of votes attaching thereto will only be 500 votes out of in excess of 38,000,000 votes attached to the ordinary shares on issue in the Mount Rommel, any buyback of the Preference Shares may be made on the Stock Market conducted by NSX in the ordinary course of trading. Where the 10/12 requirement is met no shareholder approvals are required for the buy-back. The buy-back must be on market, the sale creates a debt between the vendor of the shares and the company buying back the shares and the resultant debt can be satisfied by the company by payment in money or kind. Settlement of the transaction is not part of the purchase of the share in the ordinary course of trading.
- selective buy-back schemes: where the buy-back is none of the above. A selective buy-back is effectively a catch all provision. Member's approval will be sought for approval of a selective buyback in accordance with the Corporations Act and RG 110 prior to the date by which the Preference Shares must be redeemed or bought back under their terms of issue. There are 2 aspects of ASIC's policy under RG 110 which need consideration. The first is that, under RG 110 ASIC states to the effect that a company can rely on a shareholder approval or fresh notice of a share buy-back to continue to buy-back shares for up to 12 months. After that period, ASIC requires that a further approval will be required if the company intends to continue buying back shares: see RG 110.26–RG 110.30. The second requirement is that ASIC requires that the company must commence buying back shares under a notice within two months or the notice will expire and a fresh notice will be required before the company can buy-back shares: see RG 110.31 to RG 110.34.

An overriding restriction on the part of a company to buy-back its shares (of any kind) is that the buy-back does not materially prejudice the company's ability to pay its creditors.

In the present case, as the buy-back is proposed to be funded from Mount Rommel's net share of production of gold less its proportion of Project Operating Costs in relation to operations at Glenfine, this prospect is minimised.

Essentially Mount Rommel will "pay" the Preference Shareholders a proportion of the value that they have, by subscribing the necessary funds, helped to create. At the same time Mount Rommel retains the plant and equipment purchased by use of the funds subscribed and any gold recovered to its account in excess of the amount paid on redemption or buyback or sold to fund buyback: if buyback must proceed as an on market buyback as the only means of effecting the provision of value to Preference Shareholders.

It should be noted that RG 110.27 itself acknowledges that the Corporations Act does not give a deadline for offers to be made, or specify when offers must close, after a company gives notice of a buy-back (Section 257F) or receives shareholder approval (Section 257C or 257D) and that "Therefore, under the Corporations Act, a company may rely on one notice or resolution to buy-back shares continuously over a period of time, or at some point in the future."