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29th August, 2013

TO HOLDERS OF ORDINARY SHARES IN THE COMPANY

The Annual Report of the Company to 30th June, 2013, and subsequent activity to 23rd August, is available on the website of NSXA. The link to the NSXA website is given on the website of the Company.

On Monday, 26th August, the State Government opened to any applicant those parts of the **Clunes Goldfield** not held by Mount Rommel. Only Applications deemed valid on that day would be given consideration by Government. On 29th August it became clear that there were four applications in competition. One application was by Maldon Resources Pty. Ltd., one by Mount Rommel Mining Ltd., and two by Jervois Mining Ltd.. The first two named applicants applied for larger areas, while Jervois applied for two separated, much smaller areas, at Clunes. These 3 companies are unrelated, and we await the issue by Government of a plan of the various applied for areas.

The rules are that neither competitor may at a later time provide material in addition to that lodged at the time of Application. The Government now proceeds with a merit assessment, and checks on statements made in each of the above Applications.

Directors ask for all shareholders to assist, given the exciting developments happening over the coming 90 days – hence this letter and initiative.

I presume you already know that shareholders of Mount Rommel Mining Ltd paid for drilling at Clunes in years 2006/2007. Every one of those holes was “successful”, in that they began to reveal more gold remained to be won. Intercepts in drilling showed gold prospects of commercial interest. No other explorer on Clunes Goldfield has been able to drill holes demonstrating links between intercepts, and thus by drilling from surface, commence ore development. All these holes were in MIN 5391, **on the north side of Creswick Creek**.

When the mines at Clunes abruptly closed (17 October, 1893), the single mine **on the south side of Creswick Creek** was in production. Some ore was coming from the opening up of new sections of that mine 150 metres south of Alliance Street, and some from under Frazer Street. The Company owning gold rights south of Creswick Creek at that time was the South Clunes United. The practice of the mine manager (1890s) was to routinely update the positions of vein development opening by underground survey. This survey information was then **recorded on plan** (not on section) – I know this to be true, having had the opportunity to assess this data. So, for some years I have known a “target” can be inferred south of Creswick Creek, for a distance of 650 metres. When revealed by new drilling, that inferred “target” would, I believe, be seen to be the natural extension to those 2007 intercepts in MIN 5391. This “target”, prospective size and location, is described in clear terms in the competing Application of our Company.

Why am I informing you about these things?

The facts are that a Ministerial action (the grant of MIN 5414) closed off all chance for Mount Rommel to make new discoveries south of Creswick Creek at an earlier time.

Recently, MIN 5414 was suddenly surrendered – a fact confirmed by Government action on 26th July, 2013. **The entire Clunes Goldfield** – except MIN 5391 and ELA 5488, both of this Company – **came open for new Applications as from 26th August, 2013**, a situation not seen since 1989.

The Clunes Tab of the website of Mount Rommel shows the gold rights changes which took place over the years. The Company improved its position by applying for EL 5488 15th July 2013. On that date no person could have anticipated the field re-opening to new Applications just 5 weeks later.

Because of changes to the law in February 2012, we expect that the only kind of new Application acceptable for Clunes will be an Exploration Licence. Whatever the area or location in the State of Victoria, there are three parts to any Application for an Exploration Licence. The proponent must –

1. **describe the plan of work**, plus give the geological rationale on which the plan is based;
2. **show there is a source of funds** to pay for two (2) years of that intended work (because if accepted, the plan becomes mandatory), and
3. attach a printed copy of the latest published audited Accounts of the Company.

Further, **the Application** – akin to competitive tendering – and supporting material **remains confidential** to Government.

Directors believe shareholders would feel “let down” if the Company had made no Application on 26th August, 2013. An EL Application has indeed been lodged by Mount Rommel Mining Ltd. In lodging, Directors assumed there would be support of all shareholders, so as to finance Year One of the schedule of work proposed in our recent Application #5488 and the competitive Application (numbered 5492) .

Directors consider **two advantages for shareholders** would flow from a successful Application. They are –

- any authorisation to drill south of Creswick Creek could turn out to be a privilege, and
- any opportunity to run comparative CSAMT over a known gold field could assist in the evaluation of existing Allendale geophysical data.

There is business uncertainty when four Applications are in competition, as is the case here.

Directors believe demonstration to Government of point (2) above by way of an issue of fully-paid shares, or by placement to any party, could be contrary to proper practice. For that reason, Directors resolved to give all Members the right and opportunity to support our Applications in two steps – through the pro-rata issue of Options. The plan is for **ALL** shareholders to –

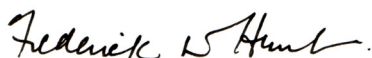
- purchase an Option, in proportion to their holding, so verifying to Government our bona fides, and
- choose whether or not to make a conversion payment 90 days later. At that time more facts will be known about this new Application (#5492), and other activities in progress.

The unexpected opportunity to be able to make our first Application (EL 5488) clear of competition can only be considered remarkable.

Items on the website of the Company do place this circumstance in context for everyone.

The Notice regarding this Rights issue of Options is available on the web-site of NSXA.

Yours sincerely,



F. L. HUNT
Chairman