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To Members and Potential Investors

CLUNES - WHAT A STORY THIS IS!!!

Here is a Company (Mount Rommel) obliged to bear the cost to shake off the licence impairment in EL 5492, before serious exploration might proceed there.

Tenure rights are actually rights of access to explore, to locate something of value not otherwise known to exist.

The practical requirements of exploration make it commercially necessary to resolve beforehand any perceived access constraints.

Where constraints exist, such as where an inability to gain access is FOR BUREAUCRATIC REASONS ONLY, we have serious title impairment.

The existing exemption on EL 5492 has created quite unreasonable impairment. The exemption was placed by officialdom WITH NO CLOSING DATE.

Directors have been informed that the exemption in negated when the licence expires, or when it is part relinquished.

The 30 May 2016 statement on NSX.

This statement made plain that the existing exemptions on EL 5492 and EL 5488 needed removal for very practical reasons. No exploration company anywhere in the world would knowingly accept such a circumstance as set up in this instance prior to grant of title EL 5492

It has taken the Directors 3 months to bring about the necessary action to remove same, in just one special area. We will deal with the other separated areas as best we can, later, and have commenced to do so.

This is not just one lost time cost. Over the past 2 years, the Company has had no ability to properly gain value from EL 5492.

Fortunately, we have in that time been able to extract old data to improve real appreciation of the scale of Clunes as a mineral prospect.

The 3 June 2016 statement to NSX.

This statement includes a plan. Any viewer will find many of the Crown land blocks regarded as "exempt" marked on this plan.

Viewers will also note that the Crown land blocks are separated, thus creating fully disconnected tenure in EL 5492, particularly.

Also marked on that plan are two of the old shafts of the Ballarat and Clunes Alluvial Company, but not shaft No.1.

In the Quarter to 30 June 2016, archive research has revealed the nature place and extent of the workings of the Ballarat and Clunes Company (1866 to 1870) shafts numbers 1 and 3.

The newly revealed archive information, plus prior exploration data, added to the need to remove the exempt status of Crown land hereabouts.

Relinquishment action, 23 August 2016.

On this date, Directors lodged a requisition to cause removal of the exemption over the southern part of Clunes township, regarded as prospective ground.

The area for which relinquishment is sought includes the prospect which formed the basis for the original application for EL 5492, in 2013.

The area also includes about 4 other sites where modern exploration drilling appears well warranted.

Directors have reason to believe Government intends the matter be dealt with promptly. All persons reading today's statement should understand the Company Directors have no ability to state with certainty the relinquishment application will succeed

HOW TO READ THE RELINQUISHMENT PLAN BELOW

All tenure boundary lines in Victoria follow the GDA94 State survey grid. Thus, except for variance arising from history, all boundaries are grid lines at the pre-fixed spaces of about 1000 metres.

The boundary lines marked on the plan below are chosen by the Company. Those used appear to represent the best means to handle the present situation.

This plan today also shows several old shaft positions, and the plot position of MIN 5391. Thus, viewers can note the general trend of the mineralised ground as once worked. Visual comparisons make clear that the grid lines enclose spaces quite unrelated to the direction or apparent trend of known mineralization.

Holes marked 1, 2, 3 and 35 are part of a series of diamond drill holes completed by the former Western Mining Corporation. Hole 1 commenced in year 1959. The drill core from these holes is in the retained core storage of Mount Rommel Mining Company. This drill core provides sufficient evidence of deeper intrusive rocks.

One way or another, the Members of this Company have accessed exploration data across all of the south Clunes area. It is believed there are untested prospects. Those "lost" facts were used in the choice of boundaries defined for lodging this relinquishment request.

The BLUE coloured section, that asked to be relinquished, has been extended SSE, for purposes of future tenure management.

The intended relinquishment runs up into the town environs. Thus these circumstances carry an unexpected blessing. Any new application offers the opportunity to use it, to bring about clear and understood separation between tenure rights holders and those of householders at Clunes.

F.L.Hunt,

On behalf of Directors, Mount Rommel Mining Ltd.

