

19 January 2017

MOUNT ROMMEL MINING LTD. INFORMATION PENDING PUBLIC ADVERTISING - CLUNES, VICTORIA

Explanatory comments -

Bonshaw Gold Pty. Ltd., the 100% owned subsidiary company of Mount Rommel Mining Ltd., is the applicant for Exploration Licence 6406, at Clunes. The area of that application is comparatively small - 3 graticules, or less than 3 sq. kms. However, the Company does not intend to undertake on-surface activity throughout that entire area. Licences issued stipulate reductions in area size take place at fixed times. Hence any initial application typically includes ground held for future licence management purposes, rather than for exploration activity.

EL 6406 is situated at Clunes, with its northern limit in Clunes township. It specifically covers the old ground historically owned by the South Clunes United Gold Mining Company, at the time of suspension of activities in year 1893. A large part of the applied for area remains as Crown land, in much the same state as left 100 years ago. There is an important legal difference about this Crown land, which has applied since 25 October, 2013. These Crown lands are today subject to the State Agreement with the Dja Dja Wurrung Clans Corporation, who have thereby become a party of substance to the grant of EL 6406.

Bonshaw Gold P/L. has been requested to advertise application EL 6406, in accord with the 20 October 2013 Regulations, State of Victoria. This means disclosure of -

1. Details of the intended program of work,
2. Details with respect to work site management, and aspects of community and / or environmental matters,
3. Intended arrangements for consultation with the community.

These are wide-ranging demands of law. The Government applies these Regulations in order to elicit public response.

The experience of the Company to date is that "the community" actually has no existing means by which to measure the purpose of the intended program. That is, simplified answers to question 1 may be inadequate, or lead to uninformed responses, as evident in the past. The graph below is first published here (on NSX) as a means to show anyone the scope of activity going on at Clunes more or less continuously since year 1959, and where EL 6406 is positioned in respect to prior activity.

This Clunes Goldfield was officially regarded (in 1891 as " *...the oldest, and probably the best, quartz mining gold field in Victoria.*" (see Robert Allan, in *Reports and Statistics of the Mining Surveyors, Mines Department of Victoria, 30 September, 1891*). Why? Because the gold produced reliably from this field supported the township for a continuous period of 36 years. It ceased while still producing gold, suspended for man-induced reasons, closing just prior to publication of the first serious technical description of another Victorian goldfield. The absence of described economic geology in respect of Clunes is notable.

The area of Clunes Goldfield is geologically difficult and has been in many ways, as evident from the earliest of field surveys. The outcome is that much blind drilling has taken place, in efforts to locate worthwhile resources on which to build future operations.

The graphical representation given below is an original work, prepared by the writer. It is a demonstration of the facts as presently known about an activity well known to established residents of Clunes township, but perhaps never understood by the young, or those new to Clunes.

Why explore this old goldfield ??

This field has produced well over 1 million oz. gold. It is said to be the 4th largest productive gold centre of the State. It is quite confined in extent, yet drilling shows the location has been subjected to repeated major earth upheavals, at least 3, and likely more. The end result is that absolute rarity, a goldfield with considerable evidence of the structural conditions which generate richness. The attraction for modern gold explorers is that studies of this type of vein gold environs point to the potential for extension and / or repetition, hence offering the possibility of long-term commercial activity.

Surface geological mapping is largely irrelevant. This goldfield exists in the bedrock, generally hidden by the wide-spread basalt cover.

Geophysical methods often applied elsewhere are not applicable here. However, geophysical records of work completed before the township developments of the 1970s remain relevant today.

Drilling is the preferred means to explore. Drilling is expensive. The early drilling was guided by both geology and - in 1965 - an extensive program of geophysics.

The graph illustrates a scale of past drilling activity which is both substantial yet shows incomplete coverage of the goldfield.

Work in relation to cost - some examples.

At the left of the graph are 3 columns, representing completion of 8 holes. The aggregate drilled metres for those 8 holes is 3137 metres, at cost today of about \$600,000.

The next right position on the graph is a tall column, representing a traverse of 10 holes, in total 4505 metres - cost approaching \$1 million today.

The MIM 1996 program had a recorded cost of over \$500,000.

The expenses of Mount Rommel in relation to Clunes (22 holes to the present) exceeds \$1,500,000.

The above cost examples can be applied across the entire graph. All persons may assess for themselves the scale of past activity, which has continued with little actual inconvenience to most residents of Clunes. Those persons familiar with exploration activities understand these expenses are "normal" to an Industry believing a place has the potential to hold deposits worthy of real commercial activity.

Why it is likely this drilling program will continue.

EL 6406 provides the means to explore the prospects evident to this Company, in the southern section of the goldfield.

The single purpose of all dollars invested in drilling over time is to bring about a re-opening of Clunes goldfield. No drilling information is wasted - it is accumulated in State records. As at year 2017, the work of Mount Rommel has revealed one area of ground north of Creswick's Creek has the potential to be worked in future. That location is marked in red text on the graph.

Gold is the State mineral. Gold mining began at Clunes. There is no State law which prohibits exploration for new gold deposits, or the mining of gold. The places where gold deposits have formed are rare in themselves, and typically out of reach of the general public. Clunes is no exception.

The grant of a new exploration licence EL 6406 will be regarded as a commercial asset by those working in this Industry. Experienced people are well aware that such "assets" are often held for extended periods of time. The significant added fact here is that for the most prospective parts of EL 6406, **no alternative land use has been identified in the past 100 years, the ground remaining Crown land.**

The graph also shows the application for EL 6406 seeks tenure rights within the bounds of 3 graticules as **strata title**, commencing 75 metres below surface. The strata accords with known geology, and offers the ability to explain why landowner concerns about future activity have no in-ground basis.

The advertisement process.

Once advertised (soon) the public may consider what is disclosed, and respond or not. The State receives any formal responses, the Company open to contact for further particulars.

The wide-spread character of these advertisements includes a 21 day period of disclosure on the web-site of the Company. This material is yet to be prepared.

Responses to Government may be lodged by those in the investing community, as well as by landowners in and around Clunes who are non-resident.

F.L. Hunt
(Company Secretary)

NORTH

SOUTH CLUNES

Last program -
MIN 5414
Percussion drilling
Oct/Nov 2012
13 holes - total 1197m
little evidence of gold
in rocks above
historic NNC workings

13 holes
year 2012

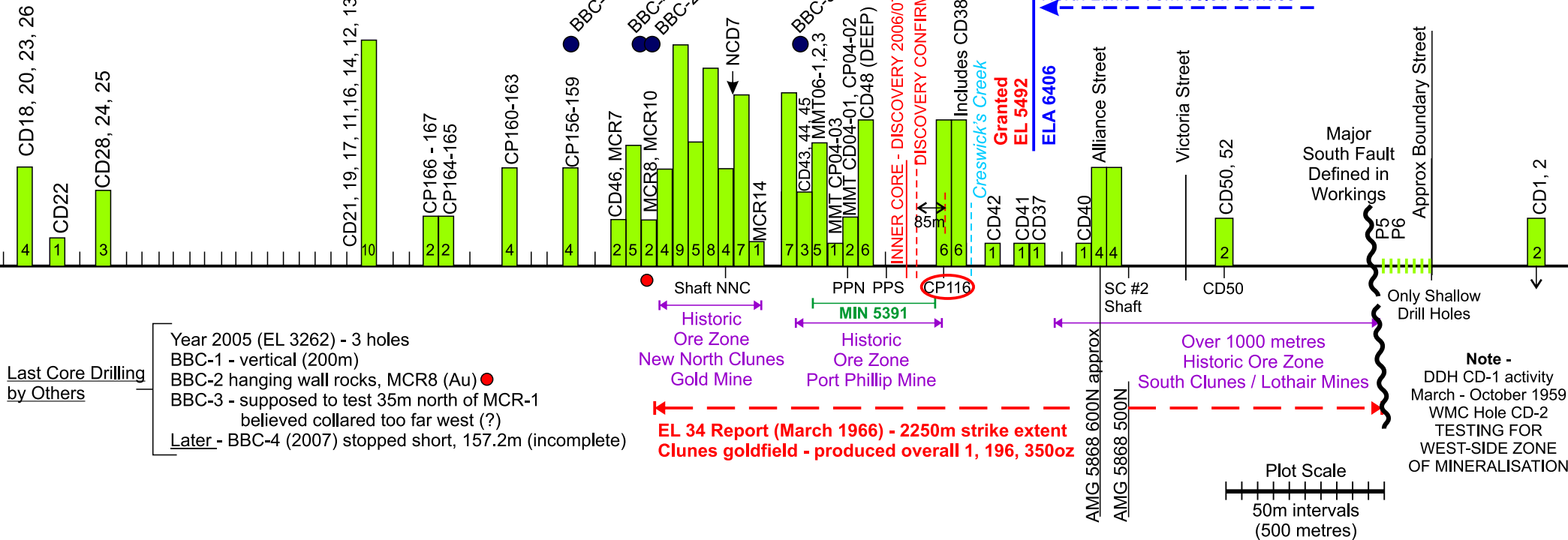
Ref: Plan to accompany application for
EL 6406 (18 Oct 2016)

Plan 2 of 2 (19 April 1996)

Ref: MIM Drill Hole Plan 1 of 2
(19 April 1996)

NO TRUE MEASURE AS
YET FOR ORE POTENTIAL
ACROSS THIS ZONE

North Limit - 75m below surface



CLUNES GOLDFIELD, VICTORIA
DISTRIBUTION OF EXPLORATION HOLES - YEARS 1959 TO 2015