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12 May 2017

MOUNT ROMMEL MINING LTD

The following information is being provided for continuous disclosure purposes.

The Company Accounts for the half year to 31 December, 2016, were published on NSX today. Comments by auditors in those Accounts apply to that half year. Directors have ensured that the Auditors, in reviewing those Accounts, were made aware of email correspondence to the Company, received 20 March, 2017, and the full details of a Terms Agreement signed 7 April, 2017.

The text within those Accounts provides clear information on likely changes in organisation. The changes underway have the potential to release recognised value in Company Projects, at present not attainable by shareholders.

Events have moved very quickly.

On 19 / 20 February, 2017, your Chairman met representatives of "mining people" who, it was understood, were in Victoria to learn about the plant at Glenfine. An initial, brief visit to Clunes took place late on the Sunday afternoon. The same people called at the Allendale core shed the following day. About a month later, I received a proposal for referral to the Board of Mount Rommel, in effect seeking to take over the Project at Clunes. In the form received, the proposal was not workable. The Board (now two Directors) sought an alternative approach, entered into another round of discussions on that basis (26 / 27 March), and on 3 April, 2017, confirmed an intent to find common ground for a workable arrangement, but **not before 4 June 2017**.

These "mining people" appear to be individuals associated with significant private wealth, having an employees payroll of about 300, reportedly working together to operate mines belonging to other Companies. The same people aspire to operating their own gold mine - hence the drilled-out position north of Creswick's Creek at Clunes is regarded by them as an unusual opportunity.

History shows that re-development of Clunes Goldfield was the target of the former WMC, and also MIM Exploration Pty. Ltd. Those Companies spent unrecoverable sums on drilling, and other outlays. So it is fair to ask - What makes the present situation different ?? The answer - the assay reports from drilling holes at positions chosen by Mount Rommel have been effective in illustrating a zone with the potential for economic development. The location of that zone is indicated on the attached diagrams. There are other prospects. In a closing Report for WMC, on ML 903 (see Sharpe, E. N.,) that author states - page 4 - quote -

.....any underground development through this area (meaning to the WMC Creswick's Creek percussion drilling traverse of 10 holes, including holes CP 113, and CP 116, August 1985) would provide a suitable base for underground diamond drilling which would quickly define the major auriferous reefs.

The whole of the WMC Report on the former ML 903 and the work of MIM continue useful today. The Directors of Mount Rommel observe that the opening up risk of perhaps \$6 million in a situation of numerous existing, successful, drill holes is likely offset by gold recoveries from more of the same reefs as intersected already. A several-fold return is assessed.

Furthermore, the published assay results show the zone of higher gold values is open to expansion both to the south, and down dip to the east.

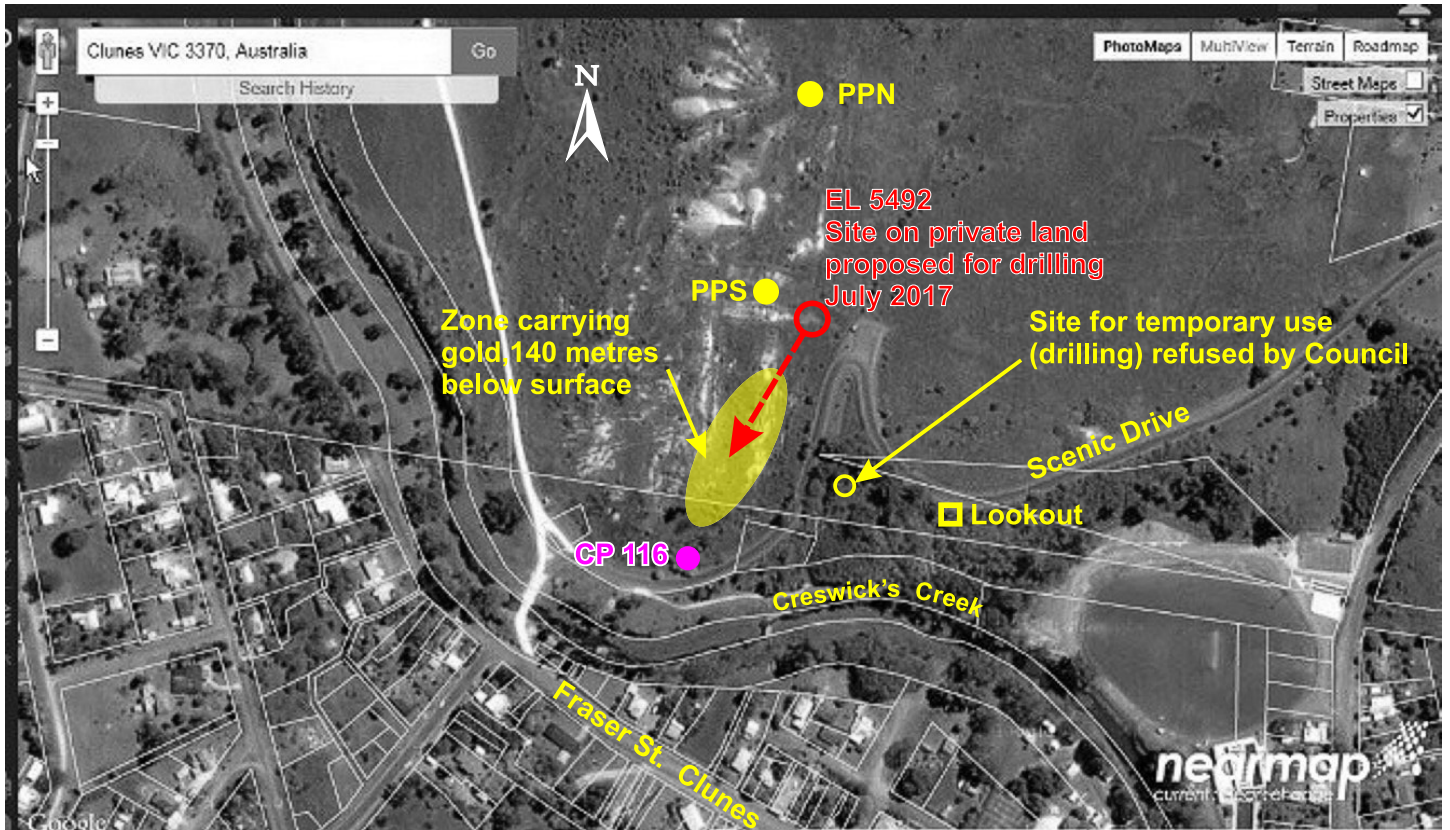
The very sensible Company objective should be to drill again, to overcome the objection of Councillors. Potentially profitable operations could be confirmed by drilling in a different direction from private land, and over 200 metres from any waterway restrictions. it makes good sense to act to ensure Directors are provided with the best possible fact basis for negotiating fair value terms for Mount Rommel shareholders, going forward. The data from proposed new drilling would provide a degree of certainty about the connection of reefs - the WMC work and that of this Company.

The following diagram illustrates the location of this comprehensive drill-indicated gold-enriched zone, situated as it is between the areas worked in earlier times.

It is the present intent of Directors to call a meeting of Shareholders about mid-June, 2017, to clarify for them potential outcomes were these arrangements to be concluded.

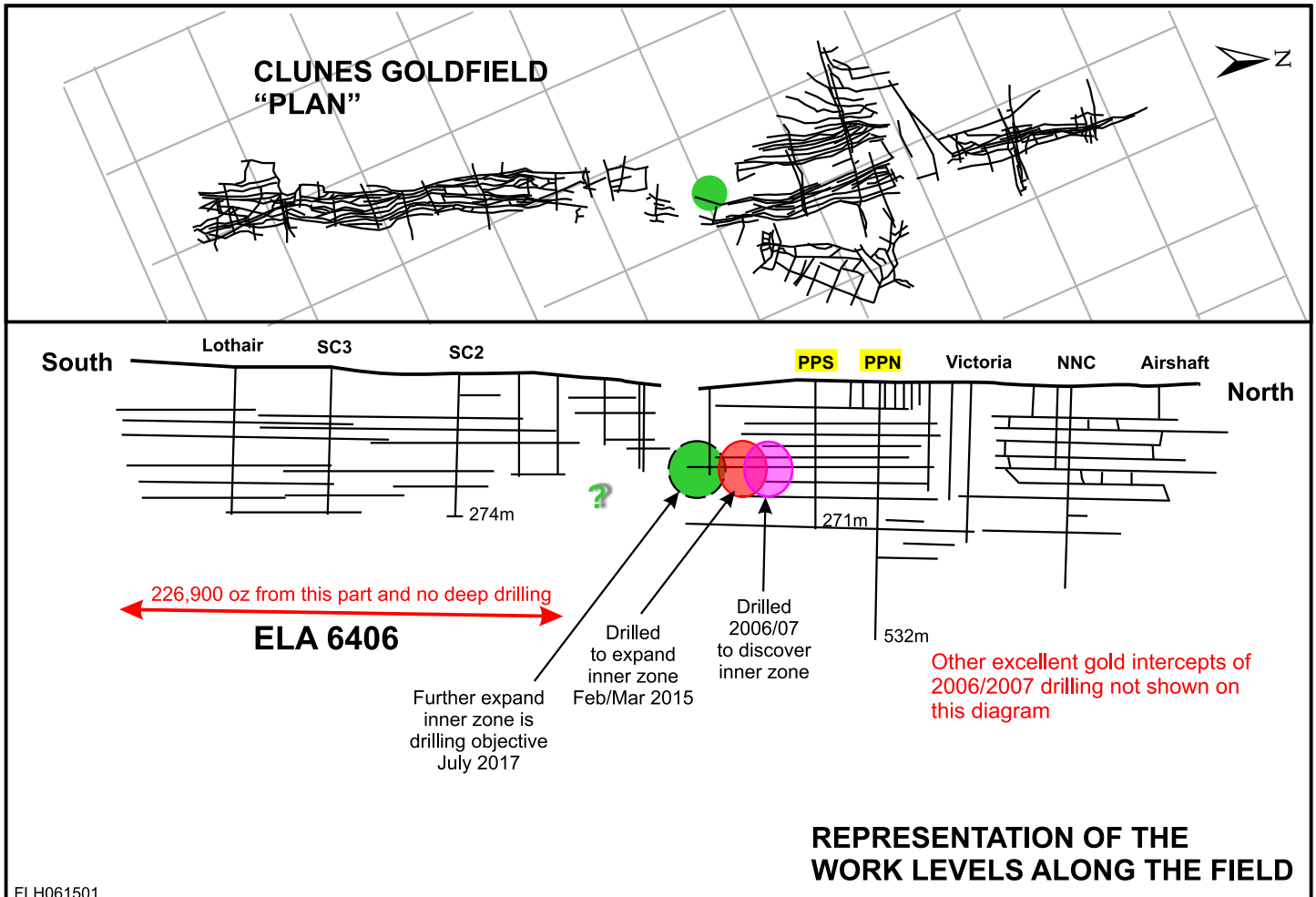
F.L.Hunt,

Chairman



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PHOTO ABOVE COVERS THIS CENTRAL PORTION OF FIELD



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