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25 September 2017

MOUNT ROMMEL MINING LTD - *Current Holdings*

This Announcement has been prepared with regard to the *Continuous Disclosure* requirements for Companies holding gold tenements.

The attached Position Statement may have relevance for –

- (a) the community, in respect of the engagement obligations of the Company ;
- (b) those persons (names redacted) who lodged written objections to the grant of ELA006473, Clunes, alleging - among other things - insufficient disclosure.

Copies of these written objections were first seen by the undersigned on 19 July, 2017, and a letter in response was forwarded to Government on 24 July, 2017.

- (c) those shareholders who have partly paid holdings, and who elected not to respond to the Call Notice early in July, 2017.

These persons too, may have considered disclosure was insufficient to warrant response to the Call. This situation is currently unresolved by Directors.

The Company gold tenements are all in the State of Victoria. They are --

- (1) **EL 5492**, at Clunes.
- (2) **ELA006406** and **ELA006473**, both at Clunes, each of which has an attaching authorised LUAA. ELA006406 application date was 18 October, 2016. ELA006473 application date was 14 March, 2017.
- (3) **MIN 5492**, Glenfine South.

The *Current Holdings* statement recorded on NSX, 29 April, 2016, remains relevant today. The release of that 22 sq. km. area north of Clunes reported then as "relinquished" (see map) was made formal by instrument, 5 September, 2016. A re-application for a lesser area as ELA006473 - 5 sq. km - occurred when deemed necessary.

Within that lesser area - now ELA006473 - the Company sought Dja Dja Wurrung Aboriginal Clans Corporation approval for a surface work site - see the "Green Zone" marked out on the oblique aerial photo included in the attached Position Statement. In plan, this "Green Zone" is not more than 250 metres wide, nor longer at any place than about 500 metres. On 29 August, 2017 Native Title Services Victoria informed the applicant that an LUAA applies to ELA006473, together with specified obligations.

The former MIN 5391 was an area surrounded by EL 5492. There is no tenure applicable to that space at present, the matter being subject to a determination of Government.

EL 5488 expired 10 October, 2016, no renewal application being lodged.

The attached Position Statement records present understandings, Clunes - including a recommendation for new drilling on grant of ELA006473.

F.L.Hunt,
Chairman, Mount Rommel Mining Ltd.

POSITION STATEMENT – CLUNES PROJECT

1. Overview

“Clunes” is a gold project of merit, like no other in the Victorian goldfields.

Up to its suspension of operations in June 1894, the mines along the field had produced about 1.3 million oz of gold. The suspension was voluntary, in accord with a London-based scheme of arrangement to amalgamate all the mines into one company. Two of the mines which suspended their operations were each routinely producing gold, and developing at that time without the benefit of underground drilling. The scheme of arrangement failed to eventuate for the benefit of Clunes, and mine closure followed (1894).

In the last 70 years, many rounds of exploration have attempted to use surface drilling to generate continuity of resources. These programs have been guided by the plan of underground mines at Clunes published in the Quarterly Reports of Mining Surveyors, September 1891 – an extract of which is included with the illustrations accompanying this Statement.

The north end of this once-famous goldfield has been the focus of many searching to understand the character of the field, through drilling. Over twenty years ago (in January 1996) a naturally deflected percussion drill hole numbered MCR8 (a 5 inch diameter hole) hit and continued within a remarkably extensive interval of quartz-gold (antimony) mineralization. The assay details of this significant intersection are included here, as illustrations. Evidence of the sampling – a copy of the job sheet – is also included here.

Six days later, the samples for percussion drill hole. MCR12 were delivered for assay. Hole MCR12 is about 100 metres south of hole MCR8. The analyses first reported for hole MCR12 are not considered “representative” but indicative. Those results were for a sequence, each sample for a 2 metres interval, the depths being the down-hole distance from the collar of the hole, at surface, viz –

Depth (m)	Au (ppm)	Au (ppm) check
196-198	4.88	4.78
198-200	2.51	2.51
200-202	0.55	0.55
202-204	0.26	0.26
204-206	0.46	0.46
206-208	14.75	15.00
208-210	5.87	5.74

After consideration, this writer concludes that this MCR12 intersection –

- Is further evidence of project quality
- When found in 1996 is about 50 metres east of the 1890 mine workings, above the old mine No.5 level (590 feet) and simply not found by those early workers.
- Is by its character, likely to be an intersection obliquely crossing a gold-bearing structure dipping 40 degrees to the west.
- Suggests (by position) it could be the small up-plunge expression of the significant interval, MCR8.

The majority of historic drill holes here reported hole directions approximately to east, or to west (as with MCR8 and MCR12). My recommendation is to diamond drill from a collar position between holes 8 and 12, at a bearing north-west (say magnetic 312°) to test both along strike and down plunge of that most significant gold intercept, hole MCR8. This proposed hole would probe the zone of maximum interest from both types of geophysical surveys.

2. Understanding “Significance” in Gold Intersections

This is a Position Statement. In that context, assays of any hole are considered as intangible assets of the Company, including historic holes where analyses are believed valid.

The task of asset management is to transform the intangible to tangible, for the purpose of developing new assets intended to provide value.

We are looking for **Evidence of Gold Enrichment**, so that an entire mass becomes workable, these – the hidden orebodies – are called “ore shoots”. A fundamental condition necessary for the formation of an ore shoot is the re-opening of the vein(s). A vein re-opened by later faulting, is likely to form channelways for the later and perhaps richer mineral solutions to flow, improving the chances of ore shoot formation.

The convincing preliminary evidence of an undeveloped ore shoot is recorded by the indicative assays of hole MCR8. The log of that hole reports visible gold at one point. The log of hole MCR12 reports visible arsenopyrite (associated mineralization).

Thus –

Holes MCR8 and MCR12 provide indicative information. These could be transformed to quality assets by success with follow-up diamond drilling. The change is to shift from analysis-based on chips from reverse circulation percussion drilling of a 5 inch diameter hole – a volume of material – to slim hole diamond drilling, for directly observed economic geology.

The recommendation for drilling has ample technical support. The licence EL 5492 and Licence Application ELA006473, together with the Land Use Activity Agreement (LUAA) enable the proper management of potential, currently intangible assets.

3. Clunes as a Project of Merit

Clunes, the gold field is one of Victoria’s historical landmarks – certainly in the economic history of the State. It will require substantial precinct rejuvenation to create a new gold “asset” worthy of Clunes place in history. Evidence (current) at Fosterville shows what needs to change to bring about mine development.

One drill hole never makes a mine – but one hole (MCR8) has produced evidence of sites favourable for gold enrichment.

Clunes goldfield is like many others – it began with indications at surface, and grew by the subsequent discovery of numerous blind ore-bodies, found in the course of underground development. The Clunes field overall underground extent exceeds 2,800 metres, more than 2,700 metres of which has no surface exposure.

The natural character of this field is common to many quartz reefs – the gold in the quartz is not continuous along a line, but is found distributed in the form of shoots. It follows, the richer ore shoots must be the loci of more intense gold mineralization.

The two illustrations here demonstrate vein re-opening through both the intensity of the gold mineralization indicated by hole MCR8, and the quartz association. “Significance” includes facts like those, but to manage development of this intangible in Victoria today requires a pre-requisite LUAA (as held by Bonshaw Gold Pty Ltd).

4. Proposed Hole Location

The hole collar position was reviewed on site on 21 September 2017. There is no surface impediment to this location. It is well in excess of 200 metres from any waterway, is on flat Crown lands in a location disturbed years ago.

5. Dja Dja Wurrung Land Use Activity Agreement (LUAA)

The State of Victoria has in place a *Traditional Owner Settlement Act 2010* (Vic) and as amended in 2016. The traditional owner group relevant to ALL Crown lands at Clunes are the Dja Dja Wurrung people. Native Title Services Victoria acts for the Dja Dja Wurrung Clans Aboriginal Corporation, and through them the Company Subsidiary **Bonshaw Gold Pty Ltd** has been advised of an Agreement in place with it, in respect to Exploration Licence 006473.

This means that on payment of certain specified fees exploration may proceed as soon as ELA 006473 is granted. Obligations of the licence holder under the LUAA are “standard” for the Industry in this part of Victoria today.

6. Geophysics

The area proposed for drilling has been covered in the past by two quite unrelated types of geophysical surveys, each of which provides confirming evidence, to support new drilling. The two surveys were –

- a) Job #693, for MIM Exploration Pty Ltd, commencing in the field 14 March 1996. The area covered by that whole survey was 1.3km by 1.6km. The line space was twenty (20) metres, with readings taken each two (2) metres for a total of 85 line kms. This intense coverage produced a visual assessment – indicating low conductivity (high resistivity) in the zone north of hole MCR12, across hole MCR8, almost to old WMC hole CD46.
- b) For Golden Heritage in Year 2000, several very close-spaced ground gravity surveys took place at Clunes, including at north Clunes – one of the resulting diagrams being included with the illustrations with this Statement.

The gravity data draws attention to the 'low' zones in apparent association with this mineralized environs

7. Structure

This is a photo of the collar of WMC diamond drill hole CD46, drilled between 22 January and 30 March 1982.



CD46 is a 400.5 metre hole, crossing the projected extension of the field (as at that time). The plotted position of this collar (by surveyors for the Company) position this hole 34 metres further west than where plotted on plans of previous licence holders. The effect of this shift is to alter substantially the location of shear zones intersected by the hole, and thus correlation with information in other holes.

The conclusion from reviewing the position of shears reported in historic holes and in historic reports from workings is that the zone intersected by MCR8 exists between parallel regional scale fault zones, as illustrated on the aerial view included here.

8. Access to Private Land

The vacant land east of the (unmade) Murray Street, off Downes Street, had previously been made available for the drilling of 1996 holes MCR9 and MCR10. At that time compensation agreements were prepared copies of which are held by the writer. There is no reason to doubt that drilling could not again occur from this private land, subject to agreement about compensation for the present owner.

9. Closure

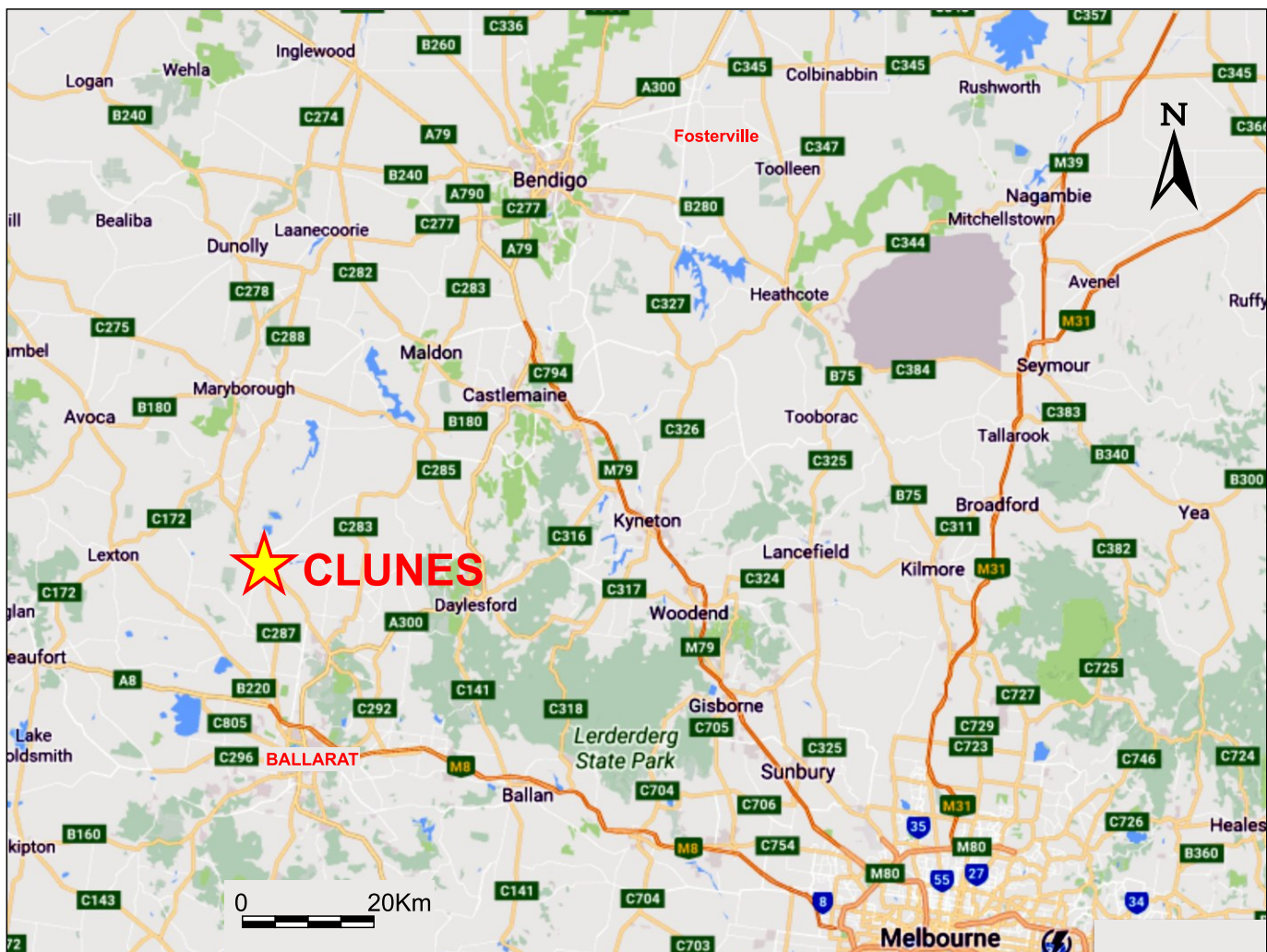
Although many holes have been drilled at Clunes in and near the former rich gold mine, the New North Clunes, there remains undrilled (except MCR8, exact location unsurveyed) a space of sufficient size to produce an ore zone of dimensions relevant to the real growth of the Company.

Evidence critical to all assessment is missing at the present time – that is, observable drill core to compliment and reinforce the interpretation of the opportunity foreseen.

Recommended – diamond drilling to establish additional facts
– limited fund raising for that purpose.

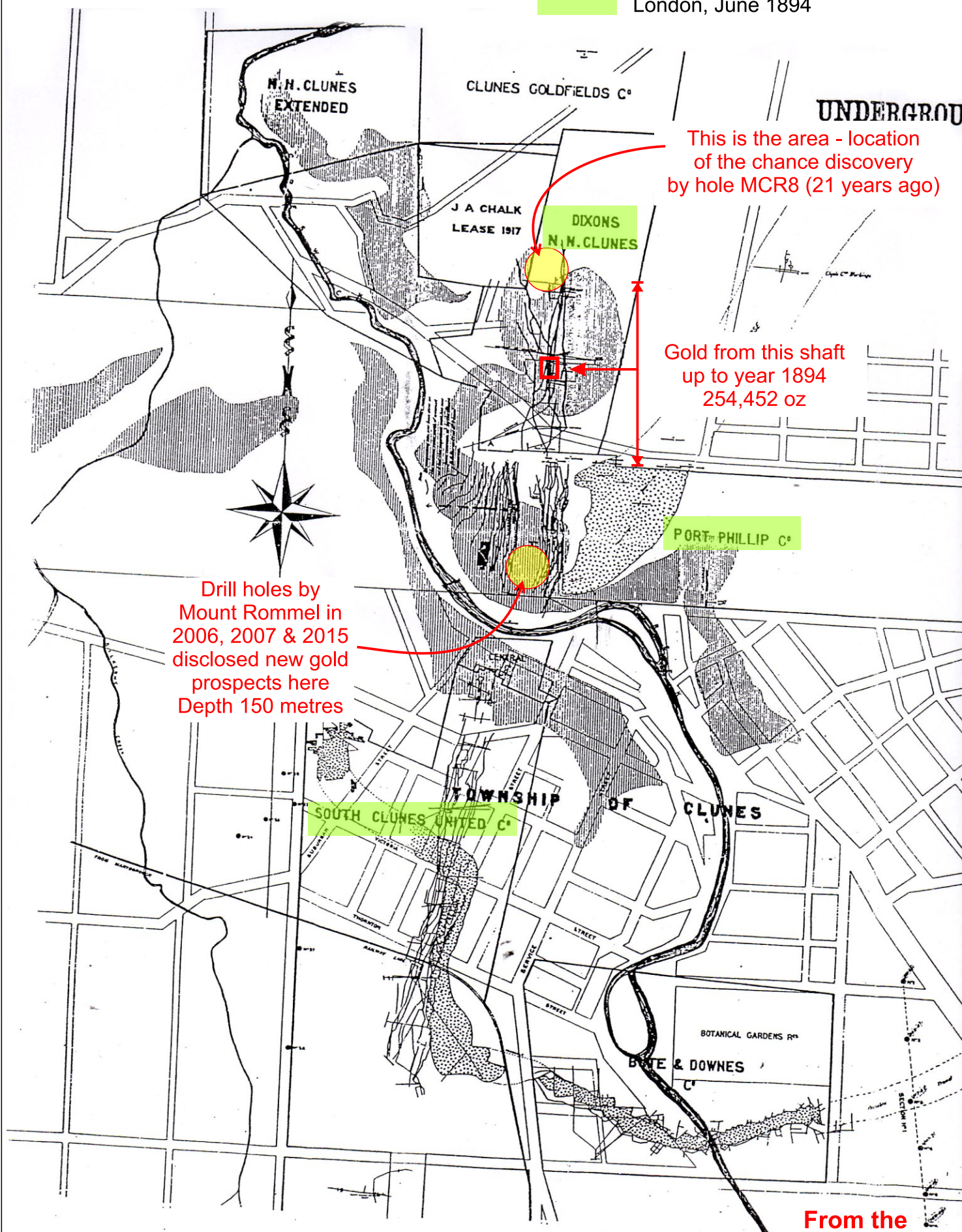
Attachments – set of diagrams to adequately disclose the basis for recommendations.

F.L. Hunt
Executive Director



K Sept. 1891

Mines proposed for amalgamation
London, June 1894



Extract of plan
QRMR 30 Sept 1891 (Robert Allan)

From the
Underground Surveys of Mines
Clunes Goldfield
Victoria

NORTH

October 1858:
This dashed line on photo approximates
the south boundary of "Esmond's Grant"
300 yards by 800 yards to north

View Looking East, of Clunes Goldfield
and Clunes Township Today

SOUTH

Chance discovery
Jan 1996 (hole MCR8)
in "Green Zone"
north of fault, in the
undeveloped north
part of old (1858)
"Esmond's Grant"

Fault Zone

Clunes Common -
surface rights applied for

EL 006473

GDA 94 747E

PRIVATE LAND

PRIVATE LAND

PRIVATE LAND

Creswick's
Creek

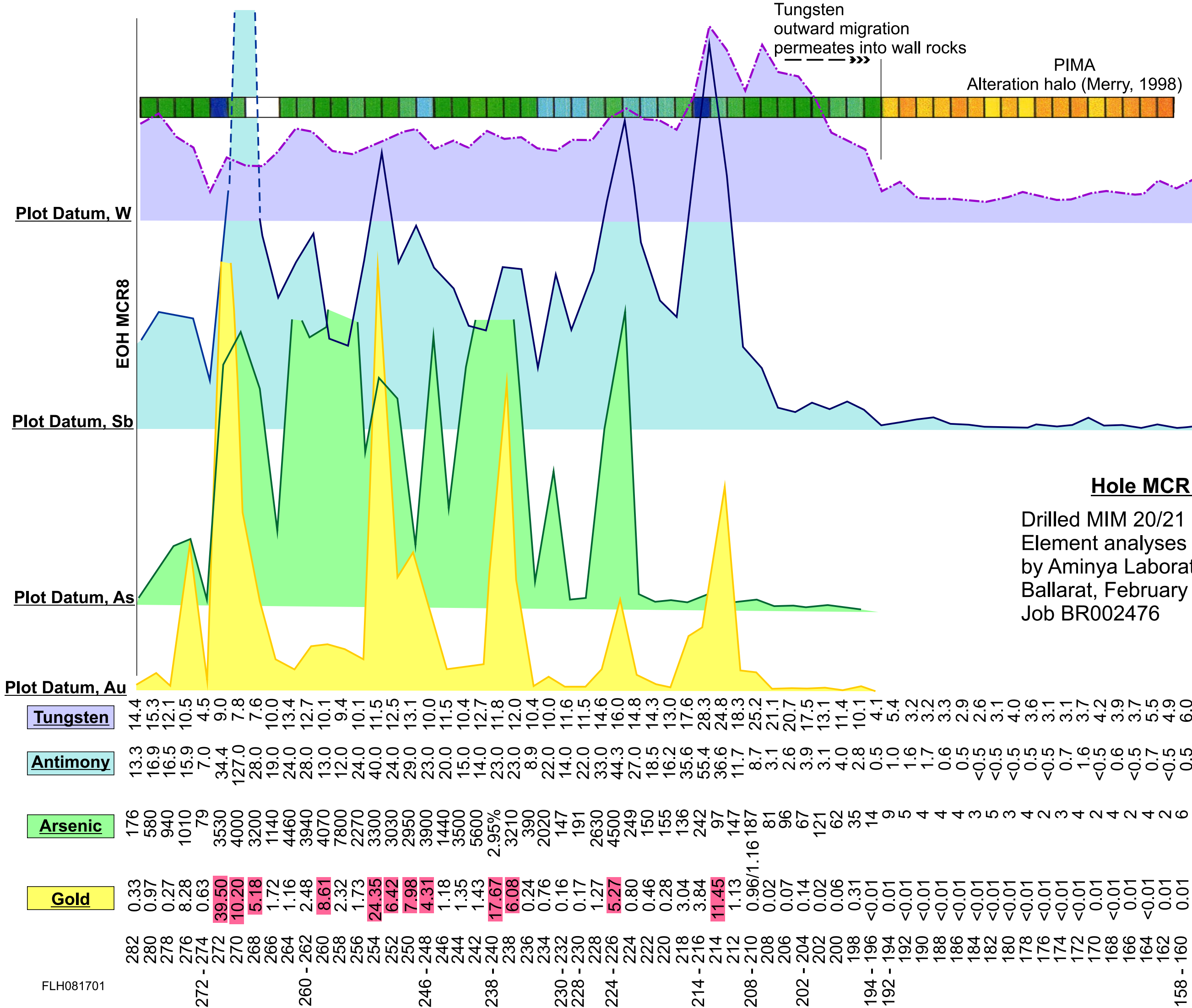
Suggested
successive
splay faults

Photo Scale
100m approx

Mineralised
line going
south

"Green Zone" shown above - Crown lands subject to Land Use Activity Agreement (LUAA)
with Dja Dja Wurrung Clans Aboriginal Corporation (effective 29 August 2017)

DATE: 21/01/26
SIGNATURE: A. K.
NAME (in print): ALLAN. KATSESHIAN



Tungsten
outward migration
permeates into wall rocks

PIMA
Alteration halo (Merry, 1998)

Hole MCR 8

Drilled MIM 20/21 January 1996
Element analyses on pulp residues
by Aminya Laboratories
Ballarat, February 1998
Job BR002476

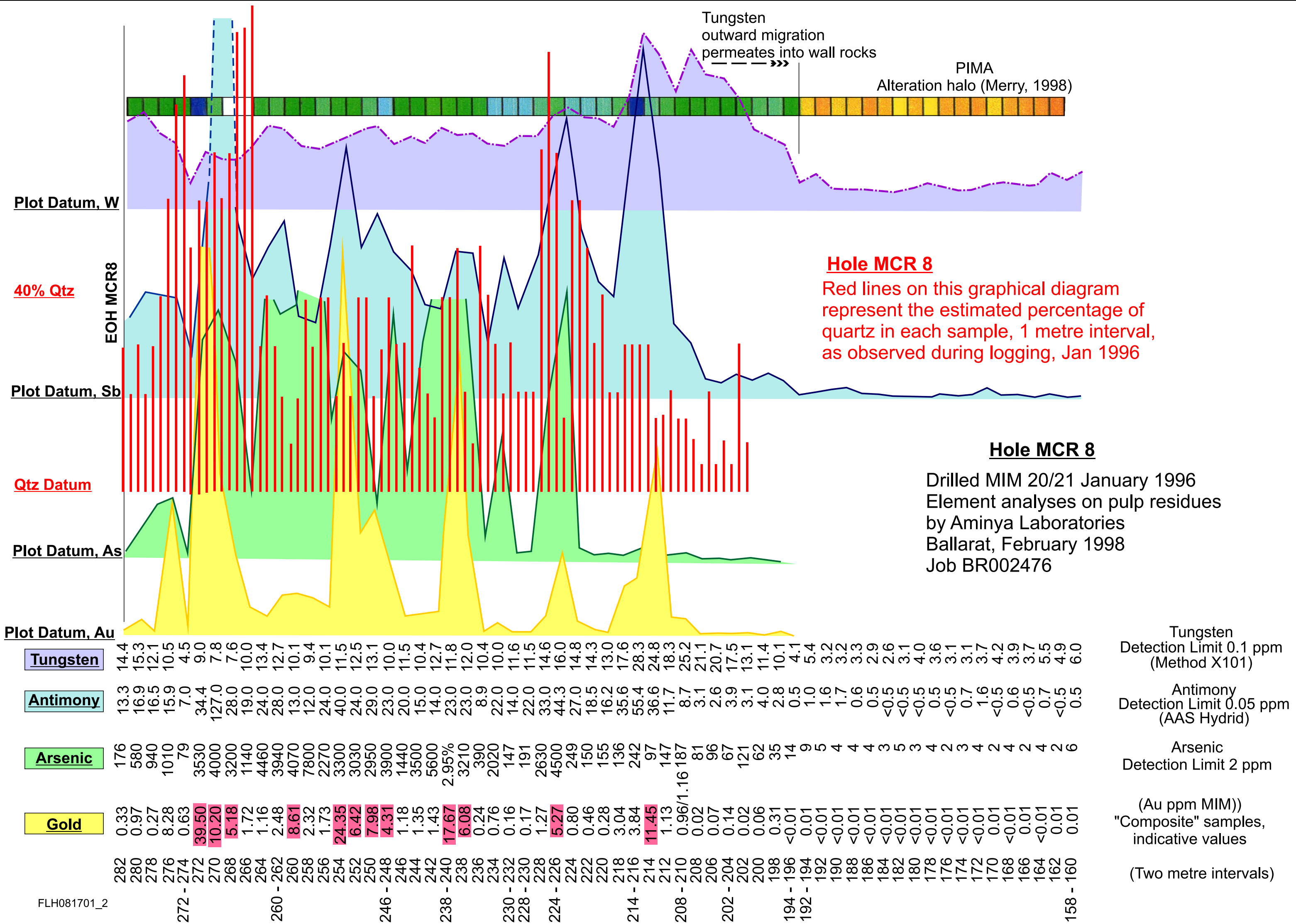
Tungsten
Detection Limit 0.1 ppm
(Method X101)

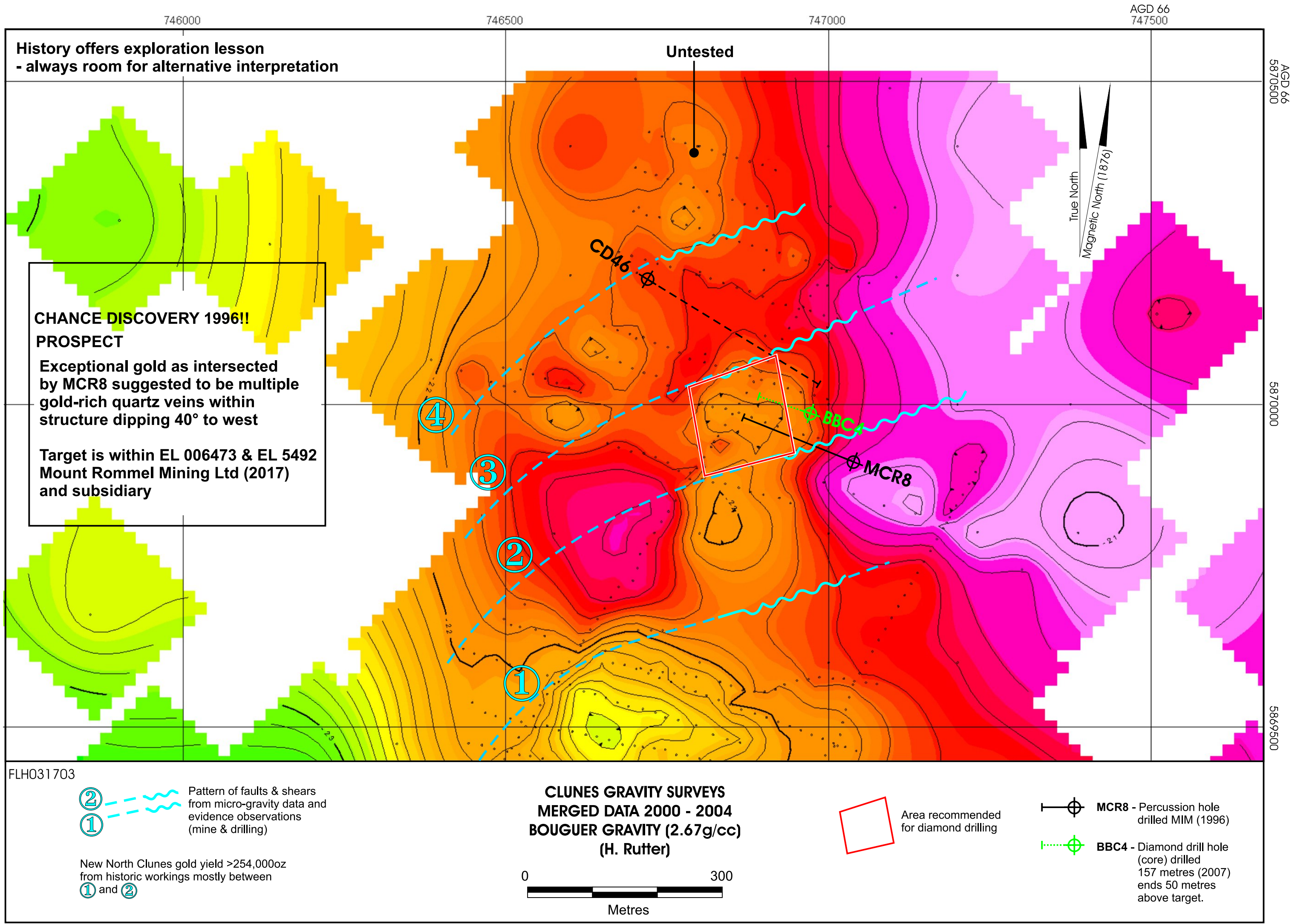
Antimony
Detection Limit 0.05 ppm
(AAS Hydrid)

Arsenic
Detection Limit 2 ppm

(Au ppm MIM))
"Composite" samples,
indicative values

(Two metre intervals)





History offers exploration lesson
- always room for alternative interpretation

**CHANCE DISCOVERY 1996!!
PROSPECT**
Exceptional gold as intersected
by MCR8 suggested to be multiple
gold-rich quartz veins within
structure dipping 40° to west

Target is within EL 006473 & EL 5492
Mount Rommel Mining Ltd (2017)
and subsidiary

FLH031703

②
①
Pattern of faults & shears
from micro-gravity data and
evidence observations
(mine & drilling)

New North Clunes gold yield >254,000oz
from historic workings mostly between
① and ②

**CLUNES GRAVITY SURVEYS
MERGED DATA 2000 - 2004
BOUGUER GRAVITY (2.67g/cc)
(H. Rutter)**



Area recommended
for diamond drilling

MCR8 - Percussion hole
drilled MIM (1996)

 BBC4 - Diamond drill hole
(core) drilled
157 metres (2007)
ends 50 metres
above target.

Position on surface of
old NNC north air shaft
(offset in depth due to faulting)

Basalt covered, Crown land
Recommended drilling zone
to test 150 to 250 metres down

Bend in road (Downes Street)

Rehabilitation site
New North Clunes
mine area

CLUNES
Township



Clunes Common :
Checking 'the plan'
On site, about 100 metres north of the collar CD46
(Photo by P. Kinghorn - looking south-east)

21 September 2107