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18th July, 2019

Ms Ingrid Wei
Market Surveillance Analyst
National Stock Exchange

BY EMAIL:

Dear Ms Wei,

MOUNT ROMMEL MINING LTD PERIODIC DISCLOSURE QUERY

The NSX has properly drawn attention to deficiencies in reporting by this Company. The answers provided herewith include opinion, or conclusions based on opinion, where evidence is incomplete. Those opinions etc, are solely those of the Secretary.

With respect to Questions 1, 2, and 3, those statements are correct.

Several additional comments may be necessary for market appreciation.

In point 1 of the NSX letter to the Company there are 3 dot points. Those letters are nominally marked to all shareholders. The actual mailing can be factually demonstrated to show the correspondence was directed to about two-thirds of the names of persons holding shares in the Company, not "ALL" (a misnomer).

Replies from those members (and it is only members) who receive the correspondence frequently came by email, and may be marked to show the member does understand the correspondence is to "*existing members or debenture holders*" as provided in Section 82(c) of the Corporations Act.

In relation to the observations of Question 3, those figures are developed as cash accounting procedures require. No allowance is made for actual or prospective gold production. Gold won at Glenfine and due for repatriation to the Company is outstanding, unresolved – a small amount.

On the basis of future gold from Glenfine of just 1 g/t Au, the cash accounting numbers quoted become minimized rapidly. This is why the omission to act (by the present owners 4DR) is disadvantaging the majority of Members.

The deficiencies and/or liabilities noted in Q3, of the Periodic Disclosure Query take no account for the results of drilling at Clunes. The Company is placed in this position by compliance procedure (JORC Code) unrelated to natural occurrence of gold deposits in all central Victoria, (my opinion).

QUESTION 4

The Company Secretary is awaiting completion of guidance from Members with regard to taking action to bring about a revocation of a Special Resolution 22nd June 2013. When the completed guidance is to hand, the Secretary will request Directors to consider what remedial action to take.

- a) The Company Directors have understood the legal obligation to lodge financial statements. There are appointed corporate accountants and authorized auditors.

The Directors are also well aware that any provision of financial information has the potential to be utilized by non-public interests to reduce the majority of member's value in the Company. The Directors have given no instruction as yet to commence these outstanding audits.

The evident breach is unfortunate – see later, this response.

- b) Given documents before Directors at present, there is no clear capacity to state when these requested accounts will be examined by auditors.
- c) Noted as a separate matter
- d) Yes. The Company holdings on Clunes are sufficient for either ASX or NSX.
- e) Yes. The Company has been subjected to the progressive removal of its ability to conduct its publicly described business at Glenfine, through an act of omission. When this recorded disruption is terminated, the business purpose will resume.

Future cash flow figures are not developed for presentation.

- f) Given the present circumstances, the release of information is not considered useful to the public generally. The Directors have made no assessment, and are not in a position to make an assessment, until the plant at Glenfine is operational under the control of the Company. The steps to do so have commenced.

There is no impediment of substance in respect of Glenfine activity. There is no known reason why the Company should not seek others to engage with it, to operate this work site for commercial purposes.

The aging Analysis is not relevant, given that Trade payables are minimized, current funds are sufficient to meet licence fees and normal monthly rental items.

The following additional comments are provided, to expand on aspects of this Periodic Disclosure Query, and the matters in breach as detailed by NSX. Directors are aware that the Company could seek relief under NSX Rules Clause 6.5, but have taken no steps to warrant such action.

The Company is working to develop two gold projects well suited to modern times. One is a project of significance, with historic yields in aggregate exceeding 1.3 million oz. gold, and the other an innovative solution to extraction of ultra-fine gold from historic tailings. These projects are located at Clunes, north of Ballarat, in Victoria and south of Ballarat, at Glenfine. The main business of this Company is to develop a pathway to reopening the Clunes Goldfield, dormant since 1894.

Directors of the Company at present are considering alternate steps to be taken. It is understood that a priority would be the provision of audited accounts, in order to pursue the new capital raising as previously approved by Members.

FINANCIAL STATEMENTS

No new financial statements are available as yet. Directors require certainty as to what is, or is not, a significant asset, when preparing accounts. This asset question is unresolved at present, due to the Glenfine situation.

The concerns about certainty with respect to Glenfine were recorded by Directors in the Half Year Accounts 30th June, 2017 (signed 15th December, 2017). Those concerns then have become a reality now, with correction under way.

ANNUAL ACCOUNTS AND GENERAL MEETING

Annual accounts are delayed for reasons given above. These are not intentional delays, but delays cascading from a series of unforeseen decisions, with specific consequences for many Members.

Delayed meetings will be called when Accounts are completed for prior lodgement with NSX

COMMUNICATION WITH SHAREHOLDERS

This Company has made no changes to its registered shareholdings for some time.

NSX may recall that ASIC determined in writing to NSX that no company on NSX could introduce a share placement program of the type common to ASX. The result is quite unsatisfactory, as it results in undue stress.

At a recent formal AGM, Members voted in support of a resolution to issue (at some unspecified time) new shares on a particular basis, for a pre-determined price. The information is public, on NSX records.

At this time not one share has been issued on this basis, nor will that occur until other matters conclude.

The Board of Directors did consider a private party request to meet the expense of one drilling activity in 2015 (some \$200,000) by future issue of fully-paid Ordinary shares on the same prescribed basis. The Directors determined to do so, but no time was agreed for issue.

The Company mails its correspondence not to solicit, but to enable any shareholder interested for whatever reason to form a view. At this time there are markedly divided views among Members.

All bank accounts of the Company are comprehensively reviewed each 90 days by book-keepers as part of ATO reviews for compliance. The Company receives ATO rebates, posted to a nominated trading account – also well audited.

For well over a decade – and perhaps 20 audited accounts – one Company bank account is known as dedicated account for voluntarily made deposits. The Company asks that those existing members deposition for their own reasons, advise whether the deposit is a true cash donation (which is recorded by Auditors) or to be held as an advance purchase for certain shares whenever proper arrangements are made for issue. These deposits are marked to ensure the depositor is a member of the Company.

None of the correspondence is "outside marketing".

The current objective is to apply available funds to correct on-site operational matters, in accordance with State Government licence compliance requirements. This work continues, and is progressing well.

The follow-on task is corporate compliance, disrupted by "life event". I trust these answers suffice for the present.

Yours sincerely,



F. L. HUNT
Company Secretary