



28 Lawson Crescent, Thomastown, Vic.3074
P.O. Box 80, Bundoora, Vic. 3083
Email: info@mountrommel.com
Web : www.mountrommel.com

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Letter to Accompany Notice of Rights Issue (Part Paid)

Dear Shareholder,

This Rights Issue is to be partly paid. There are two clear reasons for providing Members of the Company with a part-payment alternative.

One very good reason is that at present all the intersections revealing prospects of more gold resources at Clunes fall within the bounds of MIN 5391, a licence to be renewed early in year 2017. A limited amount of additional drilling should be completed before that time, to assist with the renewal application. The Directors believe this renewal application for MIN 5391 should seek a 15 year term, which is a decision for the Minister to determine.

The area surrounding MIN 5391 is licence EL 5492.

For continuity of business, the Company should maintain control over the rights to Clunes Goldfield, and outside every boundary to MIN 5391. Continuity is best achieved by meeting the expenditure requirements of the licence EL 5492. At this stage, minimal work has been undertaken by the Company within EL 5492.

Many, many holes have been drilled in and around Clunes in the past. One of those holes, drilled by MIM Exploration in January 1996 as hole MCR 8, returned a truly significant series of gold assays. This hole passed through swelling clays, locking up the drill string, and eventually causing 120 metres of rods to be snapped off, left in place down the hole. There were no directional surveys for this hole, although dips were recorded.

A second very good reason for the part paid intent of the current Rights Issue is to apply some money directly to solving the true location of the extensive gold mineralization passed through by hole MCR 8.

It is believed (by the writer) that hole MCR 8 raked obliquely down what should be regarded as an ore zone for gold. It seems probable that this hidden zone of mineralization has the same attitude as is recorded for the north end of the New North Clunes mined body, which dipped west, but its strike has turned NNW.

It is also believed that hole MCR 8 is not a straight hole, but more likely turned off to the north as it flattened in dip.

In year 2004 hole BBC 2 was drilled (at the direction of a former licence holder) in an attempt to locate this lost zone. Hole BBC 2 was positioned 72 metres west of hole MCR 8, on the same alignment. It was set up to drill from the east, towards the west and above a supposed trend of MCR 8. Surveys show down-hole hole BBC 2 veered off to the south. The Company have purchased the residual core of hole BBC 2, and assessed the circumstances of earlier drilling in the vicinity. It is considered that the still-unresolved gold-mineralized ground of MCR 8 could be found *by drilling from the west*, as described below.

To the west, there is vacant private land. Where adequate funds are provided under this Rights Issue, Directors will arrange compensation access to this vacant land, enabling an investigative hole to be drilled towards this MCR 8 mineralization. This planned hole would be collared, by agreement, in the private land covered by EL 5492 of the Company. The area of private land relevant to this proposed work is used for grazing. On title, the Crown retained rights to search for gold, etc., on behalf of a future licence holder, such as EL 5492. The new hole would be located west of all the year 1997 percussion holes of WMC, and west of the zone of mineralization found by MIM with hole MCR 8. That is - unlike previous holes, *this hole would be designed to drill from the west, to probe for a west-dipping mineralized structure striking NNW.*

The cost of a planned 220 metre hole here in EL 5492 would resolve continuity of EL 5492, and if successful, substantially increase the potential for new tonnes.

The clear objective of all the work in progress is to continue to build up the overall quantity of tonnes gold mineralized rock still in place, Clunes vicinity. A second objective - achieved already - has been to show where residuals of gold mineralization occur nearer the surface, to aid development decisions.

On behalf of Directors, I encourage each Member to consider the published information about the Company on the NSX website. The value of the Company is progressively increasing, thanks in no small way to the financial support of certain shareholders, especially at Glenfine. The take up of all the partly paid shares would provide the Company with the financial means to continue its efforts at Clunes, in parallel with activities at Glenfine.



F.L.Hunt,
On behalf of Directors, Mount Rommel Mining Ltd.