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15 December 2014

CLUNES – EL 5492 : A CONTEXT

Clunes has been proved to be one of the most prolific places on Earth for gold. The proof came through progressive mine developments, years 1850 to 1894.

Exploration resumed about 1949.

Up to year 2013, drilling never did test for the direct continuation of the ore being opened up in years 1893 & 1894.

The Government Regulator changed the mineral holder rights for Clunes (and District) on 29 October, 2014.

The beneficial holder of what may indeed turn out to be a *Landmark Decision* is 100% Mount Rommel Mining Ltd.

The action of the Regulator could only be regarded as a considered act, so licence compliance should be sufficient to ensure continuity of tenure.

The full realization as to what this change really means to Mount Rommel will take a little time to appreciate. Directors anticipate that perceptions of "worth" will vary.

There are certain aspects to consider ---

(1) the known vein system has an extent of more than 2800 metres - or **seven times** the extent of granted MIN 5391.

(2) vein deposition (gold) is NOT due to any cause which acts everywhere, or equally and at all times.

A prime Question then is - **"Which areas are likely to have economic importance today ?"**

(3) Answering the question - **"Where is the value ?"** - in more than one place along the 3000 known metres of proved veins is to open opportunities for Company growth.

A commercial future might now include growth through divestment of parts, not the whole, a notion not previously open to Members of the Company. It is to be remembered that in the productive years the early mines did work as independent parts, up to the time of the attempted merger (failed) of 1894.

It is believed enough work was completed by the Company back in years 2006 & 2007, sufficient to now **focus a next drilling test** in the 120 metres of ground north of Creswick's Creek. There is in that place at a depth of about 140 metres good evidence of a gold-mineralized flatter dipping structure, which is both arched and transverse to the strike of the more usual veins near-by. As such, the drilled information suggests that here is a body which may be comparable in form to that worked out by the New North Clunes gold mine further north.

New drilling would reveal more of the form and tenor of this gold-bearing structure.

A context for consideration of these new opportunities is given below. Other information is given on the web-site of the Company.

WHAT HAS CHANGED

For some years, the Company has been the holder of rights to excavate and process about 40,000 tonnes of tailings at Glenfine. It also held a small mining licence at Clunes. These are both “*small holdings*”. Allendale is an exploration holding of uncertain status at the moment.

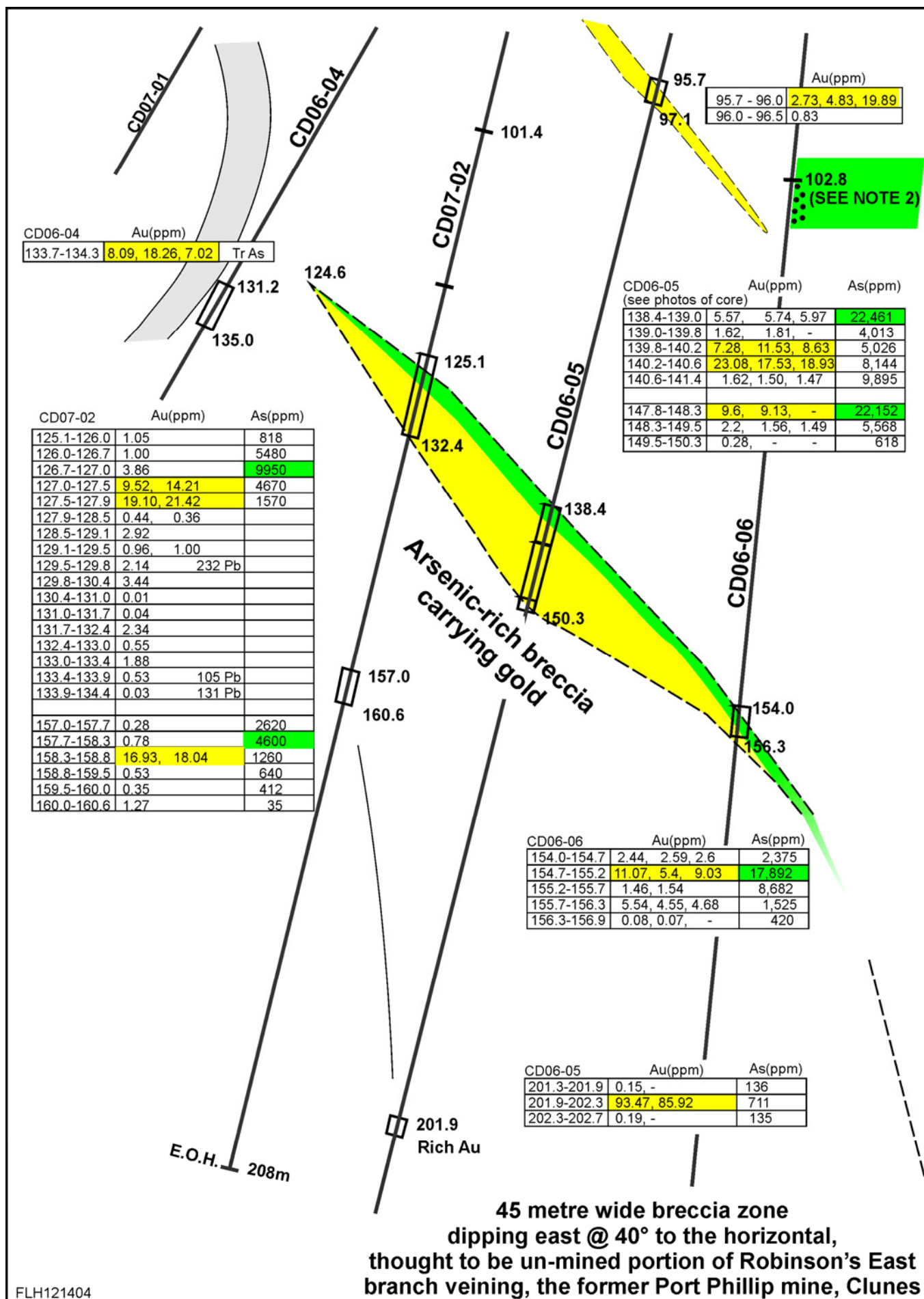
By a quite separate act on 29 October 2014, the Government approved this Company (by grant of EL 5492) as ***single primary holder*** of rights to a distinctive province for gold. The centre of that province is Clunes, with its past production record of 32 tons gold. Production has been dormant for over 100 years. It can be noted that exploration of this field recommenced about 1947, continuing ever since.

By grant of EL 5492, the Company gains control of about 17km of a prospective potential for gold centred on the Clunes goldfield. The step-change in the asset base should be regarded as extraordinary.

Only in Victoria could a small group of people (as in this Company) acquire control of an entire gold province. As it happens, Mount Rommel is listed on NSX, the best platform for any holding company. Shareholders may wish to re-assess their personal holdings in Mount Rommel, on account of this change.

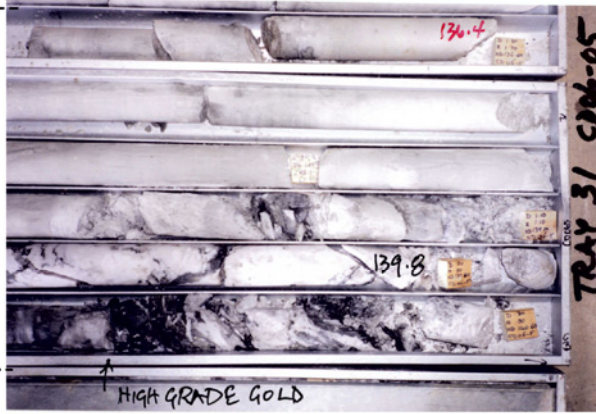
Because the Company position has so totally changed – to one of ***concession holder*** – the approach to achieving development of MIN 5391 should be expected to change. That is, as concession holder for a metallographic province the Company finds itself in an unusual commercial position. It now is holding rights over all the former mines a Clunes, stretched along 3000 metres, together all prospective opportunities beyond. We already knew, from work some years ago, that CSIRO outlined gold-arsenic anomalism in groundwater along strike south of Clunes, indicating some kind of distinctive metal association within this province exists outside Clunes itself, hidden by the basalt.

At Clunes, in years 2006/2007 the results of drilling by the Company showed strong gold-arsenic anomalism, increasing to commercial levels in structurally prepared ground. The drawing below and photos explains the actual case.

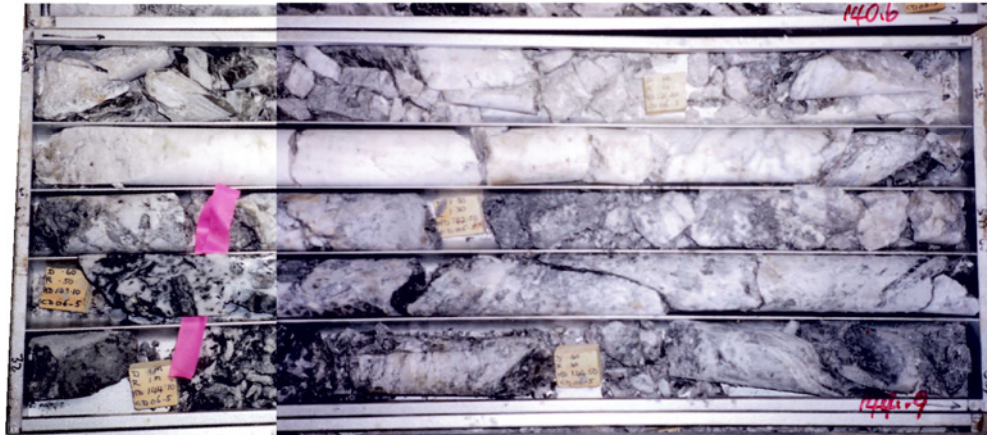


CD06-05

Photo unavailable
other section
of tray

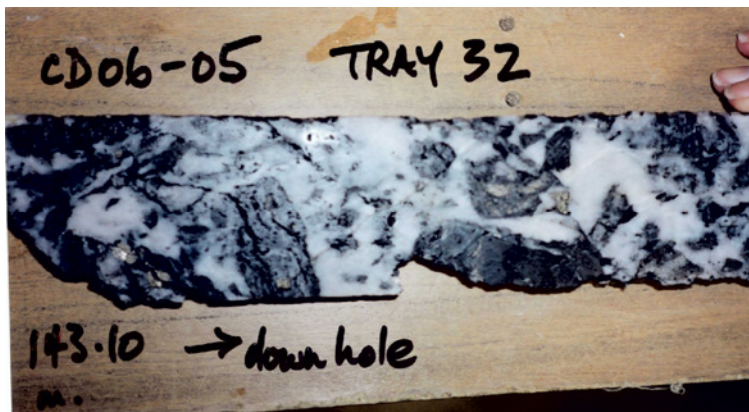


Tray 31



Tray 32

pink ribbon
in place indicates
sample removed
for petrological
investigation
-breccia, within
gold-arsenic zone



Enlargement
of core
@ 143.10m

After the above discovery
drill rig moved west to Site 3
Hole in progress (in photo)
is CD07-02
Scenic Road turn around
marks location



The point for shareholders to appreciate is this – as holder of EL 5492, the Company should set about acting to benefit from the 17km of gold endowed province it will control for some years to come. There is nothing in the law to inhibit use of that licence as a true concession – in the sense of a mineral “landlord”, working co-operatively with others in due course.

What is to be done in the immediate future at Clunes itself (i.e. new drilling) should be viewed as the very first step in opening the capacity of this Company to wholly unforeseen opportunities in managing development of ground within this granted concession (EL 5492) and adjacent rights also held by Mount Rommel.

Relevant reference material is provided hereunder. Other technical comments will be provided shortly on the web-site of the Company, along with a plan for action in 2015.

F.L. Hunt
Chairman
Mount Rommel Mining Ltd.

The information in this Public Report that relates to exploration results is based on information compiled by F.L. Hunt, who is a Member of the Australasian Institute of Mining and Metallurgy and is a director of the company. F. L. Hunt is a person competent to make such a Public Report, as is defined in the 2004 Edition of the “Australasian Code for the Reporting of Exploration Results.”

NOTE (1) Geophysics in November 2014 identifies geological change below the position of Scenic Road as in this photo. Exposure (in the private land) by excavation of basalt (1.2m) shows clay slate, samples of which are with the laboratory. No private drilling has investigated this “outside ground”.

NOTE (2) On the section diagram, reference is made to the position **102.8m** down hole in Hole CD06-06, close to the road, the prospective details of which are as follows.

On Site Labs Reference BE001145 (1/3/2007)
Clunes Hole CD06-06

	Depth (metres)	Au (ppm)	Au (ppm)	Au (ppm)	Ag (ppm)	Arsenic (ppm)	
See position on diagram FLH121404	C6 102.8	0.01	0.01	0	<2	156	170
	C6 103.5	0.25	0	0	<2	2142	623
	C6 103.9	0.24	0	0	<2	2793	160
	C6 104.9	0.03	0	0	<2	1198	51
	C6 105.9	0.17	0	0	<2	1827	2%
	C6 106.4	0.04	0	0	<2	1317	4%
	C6 106.9	0.2	0	0	<2	542	6034
	C6 107.4	0.02	0	0	<2	4282	6%
	C6 107.7	0.32	0.33	0	<2	74	5291
	C6 108.4	0.26	0	0	<2	141	3284
	C6 108.7	0.13	0	0	<2	429	5594
	C6 109.3	0.18	0	0	<2	483	3530
	C6 109.8	0.35	0	0	<2	115	1432
	C6 110.7	0.31	0	0	<2	702	4657
	C6 111.7	0.83	0	0.82	<2	955	2339

Given this is the “outside” or most easterly hole in the series of holes at Site 2 (MIN 5391), and it records a significant width of both anomalous gold (geochemistry) and elevated arsenic (with manganese) the data directs attention to the need for an added hole to the east, across this interval, and across the zone giving a marked geophysical response in recent surveys.

RELEVANT REFERENCES

- 1) **Taylor, D.H. et al (2000) Creswick 1:100,000 map area geological report.**
 Geological Survey Report 117. Page 30 of this Report refers to the work of Giblin, 1997, on the geochemistry of groundwaters. Appendix 1, Site 7, refers to the Port Phillip Company old gold workings. Page 82 of GSV Report 117 provides “Figure 45” – relating to NOTE (2) below.



Figure 45 Looking south across Creswick Creek along the Clunes reefs. The Criterion Quartz Mining Company mine (AMG 746635-5869030) is in the foreground and the South Clunes Company mine in the background.
 (Photograph by Nettleton, ca 1864; Clunes Museum collection)

FLH121405

2) **Clunes Gazette 2 March 1894**

Report of Half Yearly meeting of shareholders, South Clunes United Company. Manager's Report published, records that ..."There is 1367 feet of almost virgin ground standing at this part of the mine, exclusively of the Central claim, now the property of this Company"..... and other like statements – meaning below the old 8 Level. When this Company ceased effective operations (under duress) in 1894, the validated aggregate yield south of Clunes Creek was almost 227,000 oz gold. The mine bottom (deeper than 3000 metres from surface) is an unknown, **never having been tested by drilling.**

3) **Pontifex Report #9033 page 28**

Private report to Mount Rommel Mining Ltd. Figures 19 and 20.
Detailed petrology TS (thin section) and PS (polished section) samples investigating the breccia of hole CD06-05 at depth 143.10m (in photo group)

Pontifex & Associates Report 9033
Page 34

Mount Rommel Mining Ltd
27/2/07

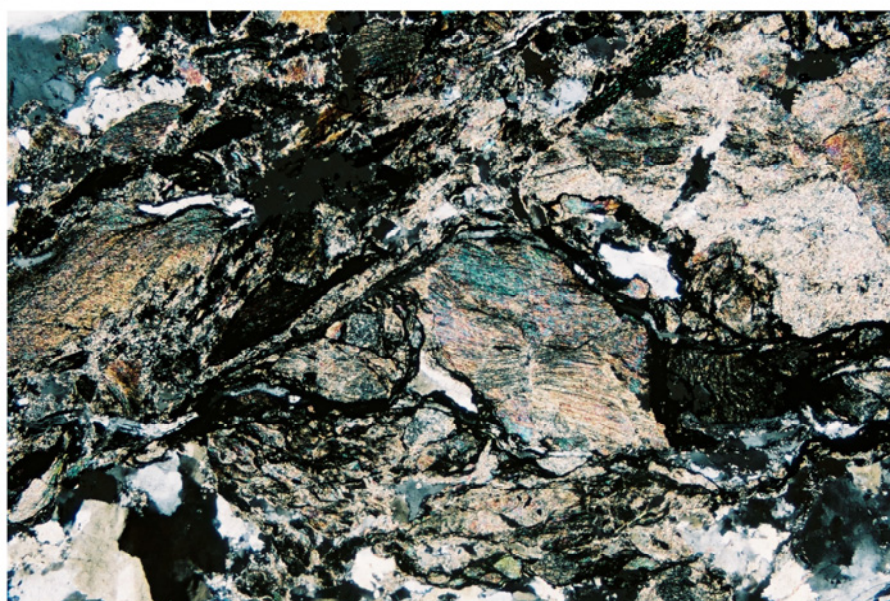


Fig 19

CD06-5, 143m

0.45 mm

TS. Xnic. (x20) Complex breccia mostly with angular fragments of sericitic and black carbonaceous slate, minor small pips of quartz, and minor black-opaque sulphides in between. This is very similar to the breccia CD06-6, 155.4 (Fig 23 below).

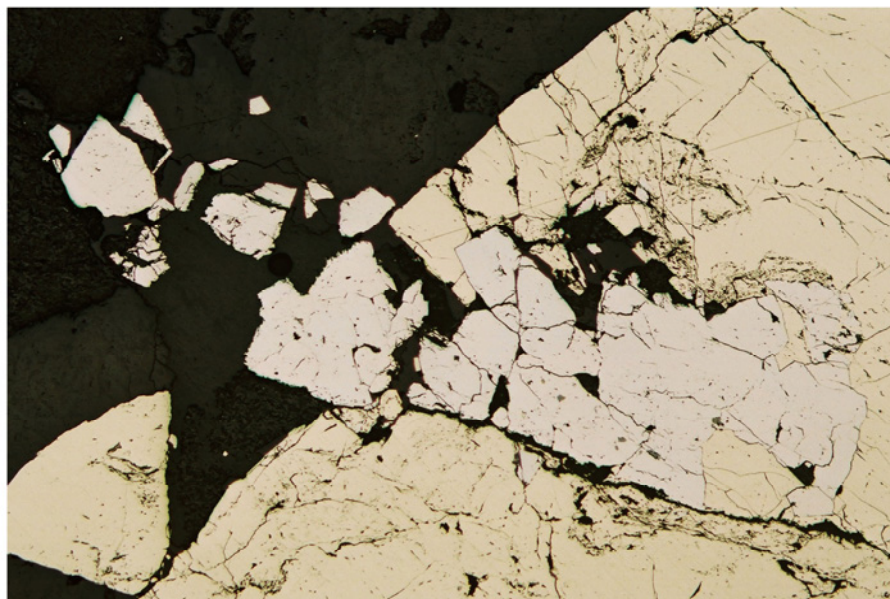


Fig 20

CD06-5, 143m

0.18 mm

PS (x50). Part of the cluster of coarse pyrite (pale-yellow to cream) locally composite with white arsenopyrite. No gold in this section (but this is a common composite of these two sulphides) scattered and in quartz-carbonate veins (like Fig 18 above in CD062-118), also as seen for example in CD06-2, 179.8m described in the report 8984 (Fig 36), with numerous inclusions of gold in pyrite. There is no gold in this sample however.