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Mount Rommel Mining Ltd - Market up-date

SUMMARY STATEMENT

Clunes is regarded by the Company as a dormant goldfield. In the period 1857 to 1893, this field produced about 1.3 million oz gold, confirming its position as one of the main centres of gold mineralisation in Central Victoria.

How this goldfield formed resulted in a 3000 metre long framework carrying gold. Discovery in those early years came about through underground exploration. "Exploration" is a general word. It means those tools we use today for searching below the covering ground, to intersect this stretched-out framework in previously unknown locations.

Many different groups have funded exploration in and around Clunes, or undertaken detailed studies to assess the potential for mine re-opening. Over the past 20 years, Mount Rommel has developed its own understanding of the field. Apart from its good drilling results in the Central Section of Clunes goldfield, the Company has formed the view that excellent potential for new gold resources may be found associated with the north-eastern margin of the goldfield.

That is, some 330,000 oz. or about one-quarter of all gold from Clunes came from lesser quantities of quartz of very much higher gold content associated with this north-eastern margin. For the appreciation of viewers, the attached Longitudinal Projection aims to convey the location of this semi-continuous quartz zone. The part coloured orange illustrates data from recorded workings. The upper and lower limits of this orange-coloured band are defined by substantiated information on 7 sequential cross-sections of the early period -- in some cases, same locations 4 years apart.

The worked length of just this part of Clunes field is 660 metres. Extensions to the north (down-faulted) are indicated by the drilling results of percussion hole MCR 8, and other holes. The southern extension possibility requires drilling below 9 metres of basalt, near the east fence of private land owned by shareholders of the Company.

Extensions to any ground once worked on this scale may well become "commercial". In this particular part of Clunes goldfield, the Company seeks evidence for multiple adjacent "structures" carrying quartz, prospective for say, 50,000 oz.

PRICE OF GOLD

The price of gold over the past 20 years is illustrated by the following graph.



This graph extends over the same time period as the shareholders of this Company have been engaged at Clunes. The graph is an instant illustration. Gold in the ground may be related to any inherent value of the licences of the Company. It should be clear from the graph that the value of the Company mineral property at Clunes is becoming substantial.

CLUNES

Clunes is a small township in a rural part of Central Victoria.

The town main street and surrounds are situated either side of Creswick's Creek.

At one time, this location became famous as one of the early, successful gold centres - those which brought fame to Victoria. There has been no mining here for about 130 years, save in the Depression years.

The mines of Clunes were never regarded as having become exhausted.

In 1893 / 1894 the separately-owned independent gold mines voluntarily suspended operations, to bring about a merger. These events were widely reported in press, especially as the merger did not eventuate. Archive scholars will find the Clunes community optimistic about the scheme of amalgamation, the details set out in the Clunes Gazette, 19 June, 1894. The Clunes community of that time are on record for their considerable efforts to revive the mines, and thus the town itself. Those efforts then were unsuccessful, leaving open the potential to this day.

Since year 1935 various efforts have been made to re-assess these old mines. The abundant gold potential at the north end of the goldfield became a matter of assay evidence, through the wonderful discovery drill hole in January 1996.

Mount Rommel is the current holder of licences over Clunes goldfield. These licences place obligations on the holder to try to develop the field anew.

The laws controlling exploration are not well understood by the community. And because the work of exploration takes place mostly away from the site itself, little appears to be taking place at Clunes itself, until drilling resumes.

The accompanying illustration nominates places at Clunes where new work is thought more likely to reveal additional gold occurrences. The places with greater potential are based on the matching of recorded data and facts from drilling. New drilling requires prior understanding of the "form" as well as the location, before specifying where and what to drill. The Company is able to describe background information to any interested party, and has done so from time to time. The community, including those to whom the Company reports, may use this and previous Statements of the Company to inform themselves about the prospects emerging today.

The north end of the known workings is below Downes Street. The future prospects there are to the north, at depth of about 200 metres (so far as is known) and under Crown lands.

VALUE

This Company is among those listed on NSX, though presently suspended from trading.

In the notes above, the objective of "50,000 oz." from the north end of a defined zone awaits new drilling. The gold price of today means the Company shareholders are seeking gold to an in-ground value in excess of A \$100 million. As the gold price graph demonstrates, monetary devaluation does not apply to the value of in-ground gold.

It should be noted here that Mount Rommel holds a comprehensive archive. Part of the present value of the Company is in the ability it has to interrogate archives. It has developed this drill core archive over many years, through purchase. As such, the Company has recently matched mine sections drawn in 1875, again in May 1879, and archived core NCD 5A, etc., from October 1994. This capability gives support to the view that hole NCD 5A was captured by faulting in a manner unsuspected at the time (1994). From these and like observations, it is thought very reasonable to regard the north end of the field as down-faulted.

Part of the future up-side for this Company will emerge through subsequent drilling at both ends of the zone marked in orange on the attached drawing.


MARKET GUIDANCE

The above public Statement discloses the outcome of a study of evidence. It is not "Market Guidance" in any way, or intended as such.

CONCLUSION

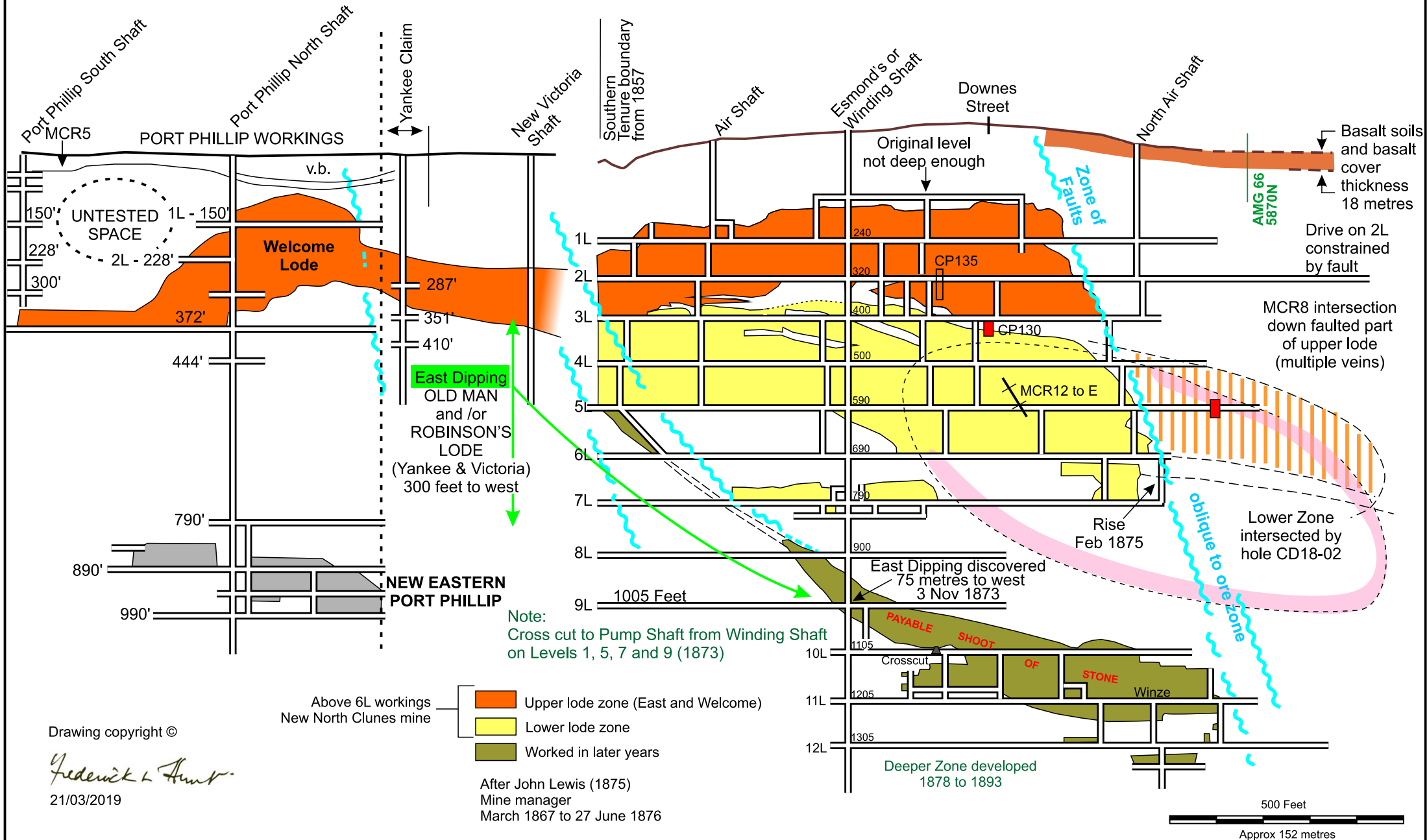
This Statement completes a series of Information articles about the Clunes goldfield. Together, these articles provide to the public, and market, present understandings about likely prospects, Clunes goldfield. Further drilling is certainly well warranted at selected locations.

The Company is currently acting to resolve re-appointment of Auditor, through the required procedures. The lack of auditor notification is the sole reason the financial reporting has been delayed. The Company has taken all steps known to be possible to resolve this matter, and continues to pursue it. Further information will be provided as it comes to hand.

A handwritten signature in black ink, appearing to read 'Frederick L. Hunt'.

F.L.Hunt
Company Secretary
Mount Rommel Mining Ltd

NEW NORTH CLUNES LONGITUDINAL PROJECTION LOOKING WEST



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Fredrick L. Hunt

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