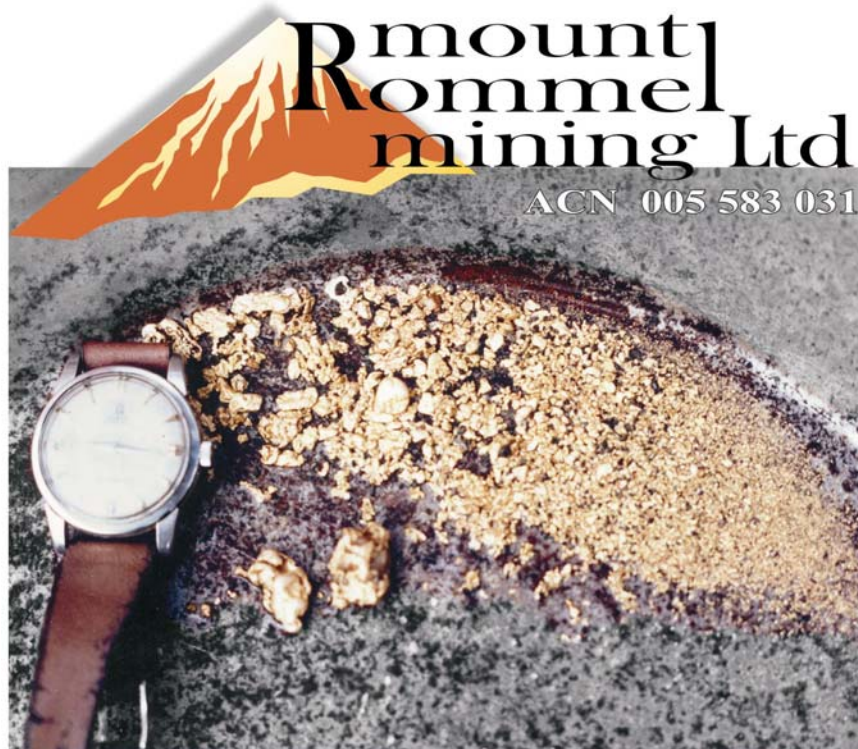


THIS DOCUMENT IS IMPORTANT



## **OFFER INFORMATION STATEMENT**

**FOR AN ENTITLEMENTS OFFER TO MEMBERS ON THE BASIS THAT EACH MEMBER WILL BE ENTITLED TO APPLY FOR ONE ORDINARY NEW SHARE AT AN ISSUE PRICE OF \$0.10 FOR EVERY 10 SHARES HELD AT THE RECORD DATE TO DETERMINE ENTITLEMENTS**

**SHARES NOT SUBSCRIBED FOR BY MEMBERS UNDER THE ENTITLEMENTS OFFER MAY BE SUBSCRIBED FOR BY THE PUBLIC UNDER THE SHORTFALL OFFER CONTAINED HEREIN**

**THE ISSUE IS NOT UNDERWRITTEN**

**ANY INVESTMENT IN THE COMPANY'S SECURITIES SHOULD BE CONSIDERED SPECULATIVE**

This Offer Information Statement (OIS) is an important document and should be read in its entirety. If after reading this OIS you have any questions about the securities being offered for subscription under the OIS then you should consult your professional advisor.

**DIRECTORS**

F. L. Hunt (Chairman)  
J. L. Venter  
H. Hunt

**COMPANY SECRETARY**

N. J. Storer

**PRINCIPAL OFFICE**

28 Lawson Crescent  
Thomastown VIC 3074  
P.O. Box 80, Bundoora VIC 3083  
Telephone: (03) 9462 0739  
Facsimile: (03) 9462 0494  
Email: [info@mountrommel.com](mailto:info@mountrommel.com)

**REGISTERED OFFICE**

c/- Bentleys MRI  
64 Greenhill Road  
Wayville SA 5034  
Telephone: (08) 8373 1266  
Facsimile: (08) 8373 0228

**AUDITOR**

Moore Stephens  
Chartered Accountants and Business Advisors  
47 Greenhill Road  
Wayville SA 5034  
Telephone: (08) 8291 2500  
Facsimile: (08) 8291 2550

**SHARE REGISTRY**

Link Market Services Limited  
Level 9  
333 Collins Street  
Melbourne VIC 3000

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**FORWARD LOOKING STATEMENTS**

Various statements in this OIS constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed herein.

**STATUS OF OFFER INFORMATION STATEMENT**

An OIS under Section 715 of the Corporations Act 2001 is not a prospectus. It has a lower level of disclosure requirements than a prospectus and investors should obtain professional investment advice before accepting any offer or invitation to subscribe for shares contained herein.

**SUITABILITY OF INVESTMENT AND RISK FACTORS**

Before deciding to invest in Mount Rommel potential Investors should read the entire OIS, and in particular any technical information and the risk factors that could affect the future operations and activities of the Company. They should carefully consider these factors in the light of their personal circumstances (including matters related to their financial capacity and position, taxation affairs and their investment and risk profile) and seek professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding to invest in any securities the subject of this OIS. They should understand that exploration for minerals is both speculative and subject to a wide range of risks and that, unless the Company makes a commercial discovery, they may lose the entire value of their investment.

## SECTION 1

### THE CHAIRMAN'S INVITATION

---

13 December 2006

Dear Investor –

Mount Rommel Mining Limited ("Mount Rommel" or "the Company") has a clearly defined and specific set of goals.

It should also be recognised by investors that the gold production history of Central Victoria dominates that for the whole of Eastern Australia.

The knowledge gained from the exploration programs of this Company may be applicable beyond its present tenements, representing as it does a change in methodology for exploration for gold in Central Victoria, especially in built-up gold towns and basalt covered areas.

The Directors believe that the Company's gold prospects and exploration proposals are well-positioned, may be of considerable merit and that drilling at Clunes as so far advised to NSX gives considerable confidence to continue with the present exploration philosophy and methodology.

The terms of the Issue provide Members with the opportunity of increasing their investment in the Company to assist it to pursue its activities generally.

The Offer is being made both to existing members and generally to those members of the public who would like to join with the Company as it continues to reveal the gold-bearing structures still present at Clunes.

To the extent that members elect not to take up their entitlements under the Issue, Shares will become available for subscription from members of the public.


Members can also apply for additional Shares in excess of their entitlement by using the General Application Form.

Members of the public who are interested to subscribe for shares are encouraged to apply at an early date as the Directors present intent is to give applications from the public under the Shortfall Offer priority according to the time of receipt.

The Directors invite you to subscribe for Shares. However, before you make your investment decision I ask you to read this OIS carefully and in its entirety and seek financial or professional advice if required.

On behalf of the Directors, I extend to all every good wish for the festive season.

Yours faithfully



**Fred L Hunt**  
Chairman

## **SECTION 2**

### **INTRODUCTION AND SUMMARY**

---

Mount Rommel is involved in gold exploration in that part of Victoria which has dominated gold production in Eastern Australia. Its main interests are the central part of the goldfield of Clunes (a mining licence) and exploration licences at Allendale and Tourello.

In accordance with the requirements of s.715 of the Corporations Act 2001 (the "Act"), this Offer Information Statement ("OIS") contains a copy of the financial report for Mount Rommel for the twelve month period ended 30 June 2006.

You should read the information contained in this OIS) against the background of the Company described in the prospectus issued by the Company in February 2005 in support of its listing on NSX, a copy of which can be accessed from the ASIC database.

You should also read the releases made by the Company to NSX available on the NSX website.

Neither the prospectus nor those releases are included in or incorporated into this OIS, but provide valuable background information against which to read the information contained herein.

### **THE ISSUE AND THE PURPOSE OF THE ISSUE**

The Offer to Members is an entitlements issue on the basis that each Member will be entitled to apply for one ordinary Share at an Issue Price of \$0.10 for every 10 Shares held at the Record Date to determine Entitlements. Fractional entitlements to Shares will be rounded down to the nearest whole Share. Members may also apply for additional Shares from the Shortfall by lodging a General Application Form in addition to their completed personalised Entitlement & Acceptance Form.

The Offer is also open to non-members to the extent that there is a Shortfall.

### **TIMETABLE**

The Issue will open on 18 December 2006 after lodgement with ASIC, ("Opening Date") which is the date of this OIS, and will close at 5.00 pm AEST on 29 January 2007, or at such other date as the Directors may determine. The Directors expressly reserve the right to extend the Closing Date.

Notwithstanding that the Issue will open on 18 December 2006 from which date applications from the public using the General Application Form will be accepted, the Record Date to determine member's entitlements to the Issue is 27 December 2006 following which it is anticipated the Offer will be despatched to members by the Company's share registrar following the expiry of the exposure period under s.724 of the Act. Subject to the exposure period not being extended by ASIC, despatch of the Offer to members is anticipated to be on or about 29 December 2006.

Applications received during the exposure period will be dealt with in accordance with s.724 of the Act. Such applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on applications received during the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received immediately after the expiry of the exposure period.

Applications from members of the public which should be made on the General Application Form attached hereto may be received at any time prior to the Closing Date under the Shortfall Offer and will be accepted or rejected at the directors' discretion. General Applications will only be available to be satisfied from any shortfall in acceptances from members under the entitlements issue.

### **ACCEPTANCES**

Acceptances of Shares offered pursuant to this OIS must be made on an Application Form which is either attached to and forms part of this OIS or which accompanies this OIS, as specified in this OIS.

### **RIGHTS ATTACHING TO THE SHARES**

The Shares will rank equally with the Company's existing shares. Details of the rights attaching to the Shares are set out in more detail in Section 6.

### **NOT UNDERWRITTEN**

This Issue is not underwritten.

## SECTION 3

### IMPORTANT INFORMATION

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#### IMPORTANT DATES

Date of OIS: date of issue of OIS: Opening Date (for General Applications)	18 December 2006
Shares trade ex-entitlement on NSX	19 December 2006
Record Date to determine member's entitlements to the Issue	27 December 2006
Despatch of Offer to Members	29 December 2006
Closing Date – Latest date for acceptance and payment in full	29 January 2007
Allotment of Shares	6 February 2007
Despatch of Transaction Confirmation Statements	6 February 2007
Commencement of Trading on NSX	9 February 2007

**These dates are indicative only. The Company reserves the right to extend the Closing Date of the Offer, in which case the allotment date will change accordingly.**

#### ALLOTMENT OF SECURITIES

No securities will be issued or allotted on the basis of this OIS later than 13 months after the date of this OIS. A copy of this OIS was lodged with the Australian Securities and Investments Commission ("ASIC") on 18 December 2006. ASIC takes no responsibility for the contents of this OIS.

#### APPLICATION FOR LISTING

Application will be made for the Listing of all securities offered under this OIS on the Stock Exchange of Newcastle Limited ("NSX").

The fact that the Stock Exchange of Newcastle Limited may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities. The Stock Exchange of Newcastle Limited takes no responsibility for the contents of the OIS, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of the OIS.

#### INFORMATION

No person is authorized to give any information or to make any representation in connection with the Offer of Shares described in this OIS which is not contained in this OIS. Any information or representation not so contained may not be relied upon as having been authorized by Mount Rommel in connection with this Offer.

#### EXPOSURE PERIOD

In accordance with Chapter 6D of the Act this OIS is subject to an Exposure Period of seven days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this OIS to be examined by market participants prior to the raising of funds. If this OIS is found to be deficient, applications received during the Exposure Period will be dealt with in accordance with section 724 of the Act. Applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on applications received during the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received immediately after the expiry of the exposure period.

#### ELECTRONIC OIS

This OIS will be issued in paper form and as an Electronic OIS, which may be viewed online at the Company's website [www.mountrommel.com](http://www.mountrommel.com). The Offer is available to persons receiving an electronic version of this OIS in Australia. The Act prohibits any person from passing the Application Form on to another person, unless it is attached to, or accompanied by, a complete and unaltered version of this OIS together with a complete and unaltered copy of any supplementary OIS, if any, which may be issued by the Company. During the Offer period any person may obtain a hard copy of this OIS by contacting the Company by telephone on (03) 9462 0739 (Mr Fred Hunt) or by email at [info@mountrommel.com](mailto:info@mountrommel.com).



## SECTION 4

### MOUNT ROMMEL: ACTIVITIES AND MANAGEMENT

Mount Rommel is actively involved in exploration at Clunes and in the Ballarat district generally, including at Tourello. Full details of its activities since admission to the official list of NSX have been released to NSX through a series of releases in accordance with its disclosure requirements under the Listing Rules of NSX and the requirements of the Act. Additional information in relation to the Company which is not incorporated into and does not form part of this OIS is available on the Company's website.

Mount Rommel is managed by its Directors, details of whom were set out in the Company's prospectus lodged in February 2006 in support of its application for admission to NSX. A summary of the details of each Director and the Company Secretary are set out in the Annual Report which forms part of this OIS.

A summary of Mount Rommel's activities is also contained in the Annual Report for the year ended 30 June 2006 which is included in and forms part of this OIS.

Members and other prospective investors are recommended to access and read the prospectus issued by Mount Rommel in support of its admission to listing on NSX and also to read this OIS in detail including the Annual Report and to access and read Mount Rommel's NSX releases so that they are in a position to make an informed decision as to the merits or otherwise of making an investment in the Company.

### WORK COMMITMENTS

Work commitments contained in the terms of the grant of Mount Rommel's mining and exploration tenements as at the date of grant are set out below. The Company is up to date with its work commitments and details of activities carried out in satisfaction thereof to date are set out in the documents referred to above.

**Clunes** – Grant of licence 19th March, 2004 (for mining purposes, gold).

In relation to Clunes, up to the date hereof, Mount Rommel has spent approximately \$200,000 in drilling which more than satisfies its expenditure requirements for years 1 and 2.

Licence	Area	Term	Expenditure	Bond	Comments
<b>MIN 5391</b>	4.8 ha  All private land	19 March 2004 + 5 years	Y1 \$15,000  Y2 \$15,000	\$5,000 set	Work Plan approved and registered 8 Sept. 2005. Compensation to private landowners satisfied by completed issue of fully-paid shares.

**ALLENDALE** – Grant of licence 19<sup>th</sup> February, 1996.

In relation to Allendale, Mount Rommel has spent a total amount of \$51,278 to 30 September 2006.

Licence	Area	Term	Expenditure	Bond	Comments
<b>EL 3821</b>	Excludes MIN 5434 of 5 ha.  GDA 94 Datum, now 23 graticules	Current to 26 February 2008	\$19,800 per annum	\$5,000  Held by NAB on behalf of the Minister for Resources	Area contains historic sites subject to normal statutory controls. There is no current activity which is restricted, nor is any area of proposed activity restricted. There are no caveats.  Subject to landowner access agreements, work on private land may proceed. The Company holds a number of current registered Work Plans. Drilling in 2003 found a 60 metre zone of pyritic black slates.  Most recent Work Plan for drilling registered 29 December 2005.

Within the reduced boundaries of EL 3821 there are two (2) Work Authorities applied for or granted under the Victorian Extractive Industries Act. These are small areas held by others for surface activity, to recover quartzite and gravel.

**TOURELLO** – Grant of licence 10 December, 2001, for private land, roads and road reserves. It is held in the names of Sinclair Exploration Pty. Ltd. and Skye Chemicals Pty. Ltd., and is not subject to Native Title.

In relation to Tourello, up to the date hereof, Mount Rommel has spent \$20,400 in satisfaction of all commitments and expenditure requirements in relation thereto. Mount Rommel has no reason to expect that the licence will not be renewed.

Licence	Area	Term	Expenditure	Bond	Comments
<b>EL 4609</b>	11 grats. (approx. 11 sq.km.)  GDA 94 Datum	5 years to 9 December 2006 Application for renewal lodged 1 December 2006	Expenditure requirements for any renewed term not yet determined	\$5,000 bond  Held by NAB on behalf of the Minister for Resources	Area of interest wholly basalt covered open agricultural land, actively being cropped. Geo-physics (detail) completed over one-third the area of present interest. Work Plan for drilling registered 15 December 2005.

**EL 4972** – this licence in the name of Mount Rommel extends over 70 square kilometres of basalt covered ground, mainly farm lands. The area adjoins the east, south, and west boundaries of EL 4609 referred to above. Registered on 9 August 2006, the work commitment of \$23,700 will readily be met by the costs of assessment of recently acquired geophysical data. No drilling is planned on the licence in the immediate future.

**EL 4995** – this licence has been applied for jointly with Ballarat South Gold Limited over certain areas at Buninyong. It is not intended that Mount Rommel will be the operator of this area, should the licence be granted. A further application has been made for substantially the same area and there is no certainty that the licence will be granted to the Company and Ballarat South Gold Limited. Further announcements will be made in relation thereto if and when the application is granted.

**MIN 5470** – this is a mining lease application for a five hectare area under the provisions of the Mineral Resources (Sustainable Development) Act 1990. Further announcements will be made in relation thereto if and when the application is granted.

## **OFFER AND KEY DATES**

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### **GENERAL**

Before making a decision to invest or subscribe for securities each Applicant should read this OIS in full, having particular regard to risk factors, their own investment parameters and, as necessary, seek independent professional advice from appropriate advisers. An investment in the Company should be considered as a speculative investment.

### **NON-RENOUCEABLE ENTITLEMENTS OFFER**

By this OIS the Company offers each person who was registered as a member of the Company on the Record Date, a non-renounceable entitlement to subscribe for one (1) new Share for every ten (10) Shares held on the Record Date to determine entitlements to the Issue at an issue price of 10 cents per new Share. Fractional entitlements to Shares will be rounded down to the next whole Share

An Entitlement and Acceptance Form which sets out each member's entitlement to Shares will accompany this OIS. See below.

### **SHORTFALL OFFER**

The Shortfall Offer is open to all existing shareholders and to any other investor to subscribe for Shares to the extent of any shortfall under the Entitlements Offer.

Applications for the Shortfall Offer must be made on the General Application Form attached to this OIS and must be for a minimum of 10,000 Shares and must thereafter in multiples of 500 Shares.

The Directors may reject any application made under the Shortfall Offer or allocate fewer Shares than the Applicant has applied for.

### **ENTITLEMENT AND ACCEPTANCE FORMS**

Accompanying this OIS and for use by members is a personalised Entitlement and Acceptance form that sets out the appropriate member's entitlement to Shares.

### **GENERAL APPLICATIONS**

Attached to and forming part of this OIS is an Application Form for all persons other than members of the Company when taking up their entitlements.

### **MINIMUM SUBSCRIPTION FOR GENERAL APPLICATIONS**

For Applications to be received from the public at large the minimum subscription is application for 10,000 Shares at an aggregate issue price of \$1,000. There is no minimum subscription for members subscribing for their entitlement which may be taken up in whole or in part.

### **OPENING AND CLOSING OF THE OFFER**

The Issue will open on 18 December 2006 after lodgement with ASIC, ("Opening Date") which is the date of this OIS, and will close at 5.00 pm AEST on 29 January 2007 ("Closing Date"), or at such other date as the Directors may determine. Applications for Shares under the Shortfall Offer by members of the public using the General Application Form attached hereto will be accepted by the Company from the Opening Date. Applications received during the exposure period will be dealt with in accordance with s.724 of the Act. Such applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on applications received during the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received immediately after the expiry of the exposure period.

Applications from members of the public which should be made on the General Application Form attached hereto may be received at any time prior to the Closing Date under the Shortfall Offer and will be accepted or rejected at director's discretion. General Applications will only be available to be satisfied from any shortfall in acceptances from members under the entitlements issue.



Subject to the requirements of the Listing Rules and the Corporations Act 2001, the Directors reserve the right to extend the Closing Date without prior warning.

## **OVERSEAS SHAREHOLDERS**

This OIS does not constitute an offer in any jurisdiction outside of Australia and New Zealand or to any person to whom it would not be lawful to issue this OIS.

In accordance with the Listing Rules, and having regard to:

- the small number of persons entitled to receive the Offer resident outside Australia and New Zealand;
- the number and value of Shares that such persons resident outside Australia and New Zealand would be offered; and
- the cost of complying with the legal requirements and the requirements of regulatory authorities in places other than Australia and New Zealand;

the Directors of the Company consider that it is unreasonable to make an offer to such persons and accordingly the Company will send each person otherwise entitled to receive the offer, but to whom the Offer will not be made, details of the Issue and advice that the Company will not offer Shares or options to that person.

Nominees applying for Shares on behalf of overseas residents are responsible for ensuring that such an application does not breach any regulation applicable to any such overseas resident.

Lodgement of Application Forms accompanied by the relevant Application Moneys will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred. Applicants, who are nominees, or persons proposing to act as nominees, should seek independent advice as to how they should proceed.

## **PAYMENT FOR SHARES**

The Application Moneys for the Shares the subject of the Issue are payable in full on application. Cheques must be made out in Australian currency.

Cheques in Australian currency forwarded to the Company in Australia must be made payable to "Mount Rommel Mining Share Account" and crossed "Not Negotiable".

## **ALLOTMENT**

The Company will, within 3 days of the date of this OIS, apply to NSX for admission of the Shares offered pursuant to this OIS to trading on the Stock Market conducted by NSX and for Official Quotation of those securities on the Official List of NSX.

Subject to NSX granting Official Quotation to the Shares the subject of this OIS, the Directors will proceed to allotment of the Shares as soon as possible after the Closing Date.

Applicants should note further that, save in respect of Members taking up their specific entitlements pursuant to the Issue, the Directors reserve the right to reject any Application and /or to allot a lesser number of Shares than applied for. If the number of Shares allotted is less than the number applied for, the surplus Application Moneys will be refunded to the Applicant within 14 days of the Allotment Date.

If the securities offered pursuant to this OIS are not granted Official Quotation by NSX within three months of the date of issue of this OIS, then the Company will refund all Application Moneys in full. Interest will not be paid on Application Moneys refunded.

In accordance with the provisions of the Corporations Act 2001, all Application Moneys shall, pending allotment and issue of the Shares pursuant to this Issue, be held by the Company in trust in a bank account established solely for the purpose of depositing Application Moneys received. Any interest earned on those moneys shall be to the Company's account. Transaction Confirmation Statements will

be despatched on or about 6 February 2007, unless the Closing Date is varied. Trading will commence on or about 9 February 2007.

It is the responsibility of Applicants to determine their allocation of Shares prior to dealing in those Shares. Any Applicants who sell or otherwise deal in any Shares before they receive their Transaction Confirmation Statements will do so at their own risk.

No securities will be allotted or issued on the basis of this OIS later than 13 months after the date of this OIS.

## **TAXATION, STAMP DUTY AND TAX FILE NUMBERS**

Applicants should seek their own independent advice in relation to taxation matters generally and as to the operation of taxation laws in Australia and taxation and stamp duty laws in New Zealand. The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances. Applicants should satisfy themselves of possible taxation consequences of purchases and sales of securities by consulting their own professional tax advisers. It is not necessary for Applicants to quote their tax file number.

## **MINIMUM SUBSCRIPTION**

There is no minimum subscription for the Issue.

## **UNDERWRITING AND COMMISSION**

The Offer is not underwritten. The Company will not pay commission on the issue of Shares pursuant to the Issue.

## **COSTS AND EXPENSES OF THE ISSUE**

Costs and expenses of the Issue are estimated to be as set out below.

<b>Costs of the Issue</b> (exclusive of GST)	<b>Amount \$</b>
Printing	2,500
Share Registry, postage and sundry	4,000
Legal Fees	5,000
<b>Total</b>	<b>\$11,500</b>

## **Capital Structure**

Assuming that the Issue is fully subscribed, and assuming that no Options are exercised to enable participation in the Issue, the capital structure of the Company after the completion of the Offer will be as follows:

<b>CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE</b>	
<b>Amount to be raised</b>	<b>\$244,011</b>
Offer price per Share	<b>\$0.10</b>
<b>Number of Existing Shares*</b>	<b>24,401,106</b>
<b>Total number of Existing Options on issue</b>	
	<b>11,777,336</b>
<b>Number of Shares being offered under this OIS:</b>	<b>2,440,110</b>
<b>Total number of Shares immediately after allotment of new Shares under the Issue (Assuming full subscription)</b>	<b>26,841,216</b>

\* includes all escrowed shares and 1,304,200 partly-paid shares which rank equally for the purposes of the offer

## PURPOSE OF THE ISSUE AND USE OF FUNDS RAISED

The funds raised by the Issue will be used, after payment of costs of the Issue, for the following purposes:

- Complete any additional development drilling required in the northern half of MIN 5391 after analysis of the current drilling program. It is contemplated that a further four to five diamond drill holes will be drilled at Clunes to complete the present stage. Thereafter the Directors propose infill percussion drilling to extend the drilling and sampling program at lower cost. However, the actual amount to be applied for those purposes will not to be able to be ascertained until the current drilling program has been assessed.
- Provide funds to meet administrative and corporate overheads generally.

Details of the amounts estimated as being applied for each of the above purposes are set out in the table below.

<b>Use of Funds: Assuming Full Subscription</b>	<b>Amount \$</b>
Costs of the Issue (excluding commission)	11,500
Drilling (Diamond drilling at Clunes)	100,000
Follow-up work post drilling at Clunes	60,000
Administration and Corporate	72,511
<b>Total</b>	<b>\$ 244,011</b>

Actual use of funds may differ from budgeted use of funds based on the outcomes from the Company's exploration activities in relation to any project, which may vary from present expectations, and the requirement to obtain various regulatory and other approvals in relation thereto.

Additional drilling is planned to occur during 2007 at other locations such as Tourello and will be funded by funds presently available to the Company from its then existing resources.

## CHESS AND ISSUER SPONSORED HOLDINGS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ("ASTC"), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Shares Clearing House Business Rules.

The Company operate an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together will make up the Company's principal register of shares.

The Company will not issue certificates to Shareholders. Shareholders who elect to hold shares on the issuer-sponsored sub-register will be provided with a transaction confirmation statement which sets out the number of Shares allotted to the Shareholder under this OIS. For Shareholders who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of Shares allotted to the Shareholder under this OIS. At the end of the month of allotment, CHESS, (acting on behalf) of the Company will provide shareholders will a holding statement that confirms the number of shares held.

The CHESS statement will set out the current number of Shares allotted to each holder under the OIS, give details of the Holder Identification Number and give the Participating Identification Number of the Sponsor. If you are registered on the Issuer Sponsored sub-register, your transaction confirmation statement will be despatched by the Share Registry and will contain the number of Shares allotted under the OIS and the Securityholders Reference Number.

A CHESS Statement or Issuer Sponsored holding statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. A shareholder may request a holding statement at any other time, however, a charge may be made by the registry for additional statements.

## RIGHTS & LIABILITIES ATTACHING TO SHARES

The rights and liabilities attaching to Shares are detailed in Clause 2 in Section 6.

## **TAXATION AND TAX FILE NUMBERS**

Applicants should seek their own independent advice in relation to taxation matters generally.

The Company is unable to give advice on any taxation matter as each applicant's position will relate to their own specific circumstances.

Applicants should satisfy themselves of the possible taxation consequences of purchases and sales of securities of the Company by consulting with their own professional tax advisers.

It is not necessary for Applicants to quote their tax file number.

## **ENQUIRIES REGARDING THE ISSUE**

If Applicants have any queries about terms of the Issue or of any offer pursuant thereto in which you are entitled to participate, or, generally, how to apply for Shares you may contact the Company as set out below or otherwise you should contact your stockbroker, accountant, lawyer or other financial advisor.

**Mr Fred Hunt**  
**Mount Rommel Mining Limited**  
28 Lawson Crescent  
Thomastown Vic 3074  
Telephone: 613 9462 0739  
Facsimile: 613 9642 0494  
Email: [admin@mountrommel.com](mailto:admin@mountrommel.com)

The Company is unable to advise you on the suitability or otherwise of an investment in the Company, and for such advice you must contact your own independent professional advisers.

## **ACTION BY APPLICANTS**

Attached to and forming part of this OIS, or otherwise accompanying this OIS are Application Forms for use by Applicants in applying for Shares.

Each Application Form provides detailed instructions as to how applications for Shares and Options should be made. Applications for Shares and Options will only be accepted on these forms.

The Application Form in a OIS may only be distributed attached to a complete and unaltered copy of the OIS. Accordingly the Application Form must not be handed on unless it is attached to a complete and unaltered copy of the OIS and any supplementary OIS which may be issued in relation hereto.

Duly completed Application Forms, together with applicable subscription moneys, should be lodged with the Company's Share Registry at the address set out below and in the Application Form on or before the Closing Date.

**Mount Rommel Mining Limited**  
28 Lawson Crescent  
Thomastown  
Vic 3074

**Cheque details** – make your cheque or bank draft payable to “Mount Rommel Mining Share Account”

## SECTION 5

### BUSINESS AND INVESTMENT RISKS

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The business operations of the Company are subject to risks, which may impact adversely on its future performance. These risks may adversely affect the value of the relevant entity's assets and this may affect the value of any shares in the Company. The primary risk to which the members of the Company are subject is that the Company presently has and is raising limited funds pursuant to this OIS. In the event that the Company's present programs are unsuccessful the Company could be regarded as having a limited future with potentially serious and possibly adverse consequences for its investors, being dependent on actions taken by its Directors. Other risks associated with investment in the Company include:

**Share Market Risks.** Potential investors should recognise that the prices of shares fall as well as rise. Many factors affect the price of shares including local and international stock markets, movements in interest rates, economic and political conditions and variable investor and consumer sentiment.

**Investment Risks Generally.** Risks of a general nature relating to investment in shares and securities generally and especially where the company in which the investment is made has a small market capitalisation.

**Risks Related to Investment in Resources.** Exploration and/or development of resources generally are subject to **high** levels of risk.

**Fiscal Risks.** These involve the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies, the interpretation and application thereof.

**Currency Exchange and Other Risks.** Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations of international currency exchange markets. Foreign taxes, limitation on repatriation of earnings, compliance with foreign accounting and business laws, and cultural differences, carry a certain amount of risk. Fluctuations in exchange rates may adversely affect the Company.

**Macro Economic and Political Factors.** Apart from exchange risks there are a wide range of other macro economic and political factors beyond the control of the Company which will affect the Company's operations including the consequences of terrorist and other activities which themselves impact adversely on the global economy, demand for and supply of commodities and share market conditions and share prices generally.

**Risks Relating to Commodity Prices.** Commodities are subject to high levels of volatility in price and demand. As the Company's potential earnings may be derived from the sale of gold these earnings will be closely related to the price of that commodity. The sale of this commodity may expose the Company to commodity price and exchange rate risks. The international price of gold is commonly denominated in United States Dollars, whereas the income and expenditure of the Company are, and will be, taken into account in Australian currency. The potential income stream of the Company will be exposed to the fluctuations and volatility of commodity prices and the rate of exchange between the United States Dollar and the Australian Dollar as determined by international markets.

**Management Competency.** The future success of the Company will be primarily dependent on the competency of the operators of the Company's various projects and on each operator's capacity to manage day-to-day operations. The Company's future growth will also be dependent upon engagement of management capable of managing and expanding its operations beyond the present projects.

**Contract Risks Generally.** The Company will operate through a series of contractual relationships with third parties generally and sub-contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations both as to financial performance and technical capacity and as to the time frames in which operations are carried out and in relation to the quality of work performed.

**Litigation.** Neither the Company nor any of its subsidiaries are involved in litigation and the Directors are not aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.

**Regulatory Risks.** Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained Applicants should be aware that the Company cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to develop or operate any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.

**Production Risks.** There can be no assurance given that the Company will achieve production from any of the projects referred to in this OIS. The capacity of the Company to achieve production will depend on a wide range of factors including capital costs and operating costs that may be applicable to the individual projects and the capacity of the Company to fund those costs. If production is achieved then unanticipated problems may increase extraction costs and reduce anticipated recovery rates.

**Drilling Risks.** Risks in relation to future drilling include break-downs and the risk of a failure to develop reserves.

**Environmental Risks.** The requirement that following cessation of production from operations, the Company may be required to participate in clean-up programs resulting from any contamination from operations in which it participates, removing disused plant and equipment and, where necessary, restoring land that has been disturbed in the course of operations. The cost of that cleanup may be considerable if operations were to result in significant environmental liabilities being incurred. Allowances have not been made for rehabilitation in the cash flow projections of this OIS.

**Operational Risks.** These include the possibility of environmental accidents, the risk of unexpected mechanical failure or equipment breakdown resulting in loss of production and additional expense generally, unexpected interruption to or imposition of onerous conditions on access or industrial disputes and resultant increases in costs of operation.

**Insurance.** The Company's operations will expose it to risks and hazards typically associated with exploration for and development and production of minerals. In accordance with customary industry practices the Company intends that it will maintain insurance against some, but not all, of those risks and hazards. The availability of insurance and the rates at which insurance may be available will determine which losses are insured against and in what amount. The occurrence of any significant event which is not fully insured against may or could seriously harm the Company, its operations and adversely impact on its future financial condition. As a statutory prerequisite to work on licences in Victoria, the Company has taken out required public liability insurance.

**Discovery Risks.** Any discovery may not be or become commercially viable or recoverable.

**Tenement Risks.** A risk must exist that some part or all of the tenements held may be excised under the provisions of relevant legislation, or that when subject to renewal, they may not be renewed by the regulatory authorities for various reasons. The Company is not aware of any reason why if the terms and conditions of grant are complied with, any work place of interest to it would be excised or not renewed.

**Exploration Risk.** Exploration is a high-risk activity that requires significant amounts of expenditure over extended periods of time. Currently there are no economic mineral reserves on the tenements controlled by Mount Rommel and there can be no guarantee that planned exploration programmes will lead to the establishment of resources or reserves within the meaning of the JORC Code or otherwise. Even if resources are established there can be no assurance that such resources will form the basis of a commercial mining operation.

By its nature the business of mineral exploration, which the Company will be undertaking, contains risks. For its part, exploration is a speculative endeavour and can be hampered by unrelated practical matters as well as the unpredictable nature of mineral deposits. With respect to predicted extrapolations to depth from known mineralisation, poor drilling techniques, incorrect grade estimates, unforeseen and adverse



ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and cost overruns from unforeseen events all represent areas of risk requiring management. Resource estimates themselves are necessarily imprecise and depend upon interpretations that could prove to be inaccurate. Any future successful mining operation will depend on exploration success, mineral resource calculations, appropriate economic circumstances, ore reserve calculations, successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

Thus future exploration activities of the Company may be affected by a range of factors including, geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Directors of the Company.

**Mineral Resource Estimation and Reported Drilling Results Risks.** There are no current economic mineral reserves or resources on the tenements controlled by Mount Rommel. Estimates of resources are prepared in accordance with the JORC code. All persons applying for shares in the capital of the Company should understand that all estimations of resources are an expression of judgement on behalf of the person making the estimate. Some resource estimates can be changed with the addition of new information. Resource estimates can be imprecise and depend on interpretations by the person making the estimate, such interpretations could prove to be incorrect.

**Title.** Interests in tenements in Victoria are evidenced by the granting of tenements through the issuing of a lease or licence. Each lease or licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interests in, tenements if licence conditions are not met or if sufficient funds are not available to meet expenditure commitments.

The Company has recently lodged an application for a mining licence (MIN 5470). The application was referred to the Warden under the provisions of the Mineral Resources (Sustainable Development) Act for determination as to whether the consent of the EL holder (Ballarat Goldfields Limited) should be waived. Ballarat Goldfields Limited opposes the grant of the application. At this stage it is not possible to make any assessment of whether MIN 5470 will be granted or refused by the Minister. Any further developments will be the subject of releases to NSX by the Company in accordance with its disclosure requirements under the Listing Rules and the Act.

The Company has also recently lodged an application for EL 4995 in the Buninyong region in joint venture with Ballarat South Gold Limited. Another application for substantially the same area was made on the same date. Those applications have not yet been determined and it is impossible to state to the EL will be granted.

The Company holds and in due course will seek to acquire or renew mining tenements in Victoria as its operations expand. There is no guarantee that the permits and licences the subject of such applications will be granted. The Minister in question may refuse the applications. Persons may object to the grant of permits or licences and the Minister in question will take objections into consideration when making the decision on whether or not to grant or renew any tenement the subject thereof. All tenements are subject to various standard conditions including, but not limited to, those prescribed in the Regulations. Any failure to comply with the expenditure conditions or with the other conditions on which the licences are held, expose the licence to risk of cancellation in whole or in part.

If the Company does not act to carry out its Work Programs and mandatory reporting as required by the terms of grant of its exploration tenements then these tenements could be cancelled with the Company receiving no compensation.

**Native Title.** The Company's tenements are not subject to native title.

**Limited History.** The Company's future prospects must be considered in light of the difficulties commonly encountered in the early stages of a Company's development, particularly those companies involved in the exploration for mineral resources.

**These risks are not necessarily exhaustive and Applicants should realise that any company with resource-based operations is subject to a wide range of risks many of which may not be foreseeable.**

## SECTION 6

### GENERAL MATTERS

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Set out in this Section are details of additional information which is provided for information of Applicants generally and in accordance with the requirements of the Act. Applicants for Shares should note that while the summary set out below includes information relating to partly-paid shares, all of the Shares the subject of the Issue are fully-paid ordinary shares.

#### 1. RIGHTS AND LIABILITIES ATTACHING TO SHARES IN THE COMPANY

A summary of the more significant rights attaching to the Company's shares is set out below. This summary is not exhaustive nor does it constitute a definite statement of the rights and liabilities of the Company's members. To obtain such a statement, Applicants should seek independent legal advice.

##### **Provisions of the Constitution Relevant to Partly Paid Shares**

The constitution of the Company governs voting rights attaching to partly paid Shares, the liability for payment of calls by holders of partly paid Shares, the rights of the Company to forfeit partly paid Shares and generally the relationship between holders of partly paid Shares and the Company generally. Applicants should also note the provisions of the Corporations Act dealing with the liability of contributories.

The provisions of the constitution which are relevant to the above are as follows:

##### **Voting**

Rule 9.10 of the constitution governs entitlement of Members to vote and in particular Rule 9.10.1.3 provides:

“on a poll, every person who is a Member or a proxy, attorney or representative of a Member shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares, shall have a fraction of a vote for each partly paid share. The fraction must be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited). In this Rule, amounts paid in advance of a call are ignored when calculating the proportion.”

Where a call has been made on a partly paid share but not paid, Rule 9.13 provides:

“A Member is not entitled to vote at a general meeting in respect of those shares on which calls are outstanding.”

##### **Calls**

Rule 5 of the constitution governs the power of the Company to make calls on shares. Rule 3 provides that shares may be issued subject to calls or payable by instalment. Rule 5 is set out below in full.

##### **5.1 Power to make calls**

Subject to the terms on which any shares have been issued and to compliance with the requirements of the Corporations Act and the Listing Rules, the Board may make calls on the shareholders in respect of money unpaid on their shares. Each shareholder is liable to pay the amount of each call in the manner, at the time and at the place specified by the Board. Calls may be made payable by instalments.

##### **5.2 Obligation for calls**

The Company may make arrangements on the issue of shares for a difference between the holders of those shares in the amount of calls to be paid and the time of payment of the calls. The joint holders of a share are jointly and severally liable to pay all calls in respect of the share.

### **5.3 When a call is made**

A call is taken to have been made at the time when the resolution of the Board authorising the call was passed. The call may be revoked or postponed at the discretion of the Board at any time prior to the date on which payment in respect of the call is due. The non-receipt of a notice of any call by, or the accidental omission to give notice of any call to, any shareholder does not invalidate the call.

### **5.4 Interest on the late payment of calls**

If any sum payable in respect of a call is not paid on or before the date for payment, the shareholder, from whom the sum is due, is to pay interest on the unpaid amount from the due date to the date of payment at the rate the Board determines. The Board may waive the whole or part of any interest paid or payable under this Rule.

### **5.5 Instalments**

If, by the terms of an issue of shares, any amount is payable in respect of any shares by instalments, every instalment is payable as if it is a call duly made by the Board of which due notice had been given, and all provisions of this Constitution with respect to the payment of calls and of interest or to the forfeiture of shares for non-payment of calls or with respect to liens or charges apply to the instalment and to the shares in respect of which it is payable.

### **5.6 Prepayment of calls**

The Directors may accept from a Member the whole or a part of the amount unpaid on a share although no part of that amount has been called.

The directors may authorise payment by the Company of interest on the whole or any part of an amount so accepted, until the amount becomes payable, at such rate, not exceeding the prescribed rate, as is agreed on between the Directors and the Member paying the sum.

For the purposes of Rule 5.6.2, the prescribed rate of interest is: if the Company has, by resolution, fixed a rate – the rate so fixed; and in any other case – 10% per annum.

## **Forfeiture**

Rule 6 of the constitution governs the power of the Company to forfeit shares. Rule 6 is set out below in full.

### **6.1 Notice requiring payment of sums payable**

If any shareholder fails to pay any sum payable in respect of any shares, either for issue money, calls or instalments, on or before the day for payment, the Board may serve a notice on the shareholder setting out details of shares to be forfeited, total issue price, amount called unpaid and amount uncalled and requiring that shareholder to pay the sum together with interest accrued and all expenses incurred by the Company by reason of the non-payment. The notice may be served at any time whilst any part of the sum remains unpaid.

### **6.2 Time and place for payment**

The notice referred to in Rule 6.1 is to name a day on or before which the sum, interest and expenses (if any) are to be paid and the place where payment is to be made and state that, if payment is not made by the time and at the place specified, the shares in respect of which the sum is payable are liable to be forfeited.

### **6.3 Forfeiture on non-compliance with notice**

If there is non-compliance with the requirements of any notice given under Rule 6.1, any shares in respect of which notice has been given may be forfeited by a resolution of the Company passed at any time after the day specified in the notice for payment. The forfeiture is to include all dividends, interest and other money payable by the Company in respect of the forfeited shares and not paid before the forfeiture.

#### **6.4 Notice of forfeiture**

When any share is forfeited, notice of the resolution of the Board must be given to the shareholder in whose name the share was registered immediately prior to the forfeiture, and an entry of the forfeiture and the date of forfeiture must be made in the Register. Failure to give notice or make the entry as required by this Rule does not invalidate the forfeiture.

#### **6.5 Disposal of forfeited shares**

Any forfeited share is considered to be the property of the Company and the Board may sell or otherwise dispose of or deal with the share in any manner it thinks fit and with or without any money paid on the share by any former holder being credited as paid up.

#### **6.6 Annulment of forfeiture**

At any time before any forfeited share is sold or otherwise disposed of the Board may annul the forfeiture of the share on any condition it thinks fit.

#### **6.7 Liability despite forfeiture**

Any shareholder whose shares have been forfeited is, despite the forfeiture, liable to pay and must immediately pay to the Company all sums of money, interest and expenses owing on or in respect of the forfeited shares at the time of forfeiture, together with expenses and interest from that time until payment at the rate the Board determines. The Company may enforce the payment or waive the whole or part of any sum paid or payable under this Rule as it thinks fit.

#### **6.8 Company's lien or charge**

The Company shall comply with the Listing Rules with respect to a lien or charge on forfeited shares.

#### **6.9 Sale of shares to enforce lien**

For the purpose of enforcing a lien or charge, the Board may sell the shares which are subject to the lien or charge in any manner it thinks fit and with or without giving any notice to the shareholder in whose name the shares are registered.

#### **6.10 Title to shares forfeited or sold to enforce lien**

6.10.1 In a sale or a re-issue of forfeited shares or in the sale of shares to enforce a lien or charge, an entry in the Board's minute book that the shares have been forfeited, sold or re-allotted in accordance with this Constitution is sufficient evidence of that fact as against all persons entitled to the shares immediately before the forfeiture, sale or re-issue of the shares. The Company may receive the purchase money or consideration (if any) given for the shares on any sale or re-issue.

6.10.2 In a re-issue, a certificate signed by a Director or the Secretary to the effect that the shares have been forfeited and the receipt of the Company for the price of the shares constitutes a good title to them.

6.10.3 In a sale, the Company may appoint a person to execute a transfer in favour of the person to whom the shares are sold.

6.10.4 On the issue of the receipt or the execution of the transfer the person to whom the shares have been re-allotted or sold is to be registered as the holder of the shares, discharged from all calls or other money due in respect of the shares prior to the re-issue or purchase and the person is not bound to see to the regularity of the proceedings or to the application of the purchase money or consideration and the person's title to the shares is not affected by any irregularity or invalidity in the proceedings relating to the forfeiture, sale or re-issue.

6.10.5 The net proceeds of any sale or re-issue are to be applied first in payment of all costs in relation to the enforcement of the lien or charge or the forfeiture and of the

sale or re-issue, next in satisfaction of the amount in respect of which the lien or charge exists as is then payable to the Company (including interest) or the amount in respect of the forfeited shares then payable to the Company (including interest) and the residue (if any) paid to, or at the direction of, the person registered as the holder of the shares immediately prior to the sale or re-issue or to the person's executors, administrators or assigns on the production of any evidence as to title required by the Board.

## **Transfer**

Rule 7 of the constitution governs the power of the Company to forfeit shares. In particular Rule 7.4 provides power for the Board to refuse to register transfers on securities where it is permitted to do so under the Listing Rules or the ASTC Settlement Rules or SCH Business Rules. Rule 7.4 is set out below.

### **7.4 Board may refuse to register**

7.4.1 The Directors may decline to register any transfer of securities (other than a Market Transfer) where:

7.4.1.1 the Listing Rules or ASTC Settlement Rules permit the Company to do so;  
or

7.4.1.2 the Listing rules or SCH Business Rules require the Company to do so.

7.2.2 If in the exercise of their rights under Rule 7.4.1 the Directors refuse to register a transfer of a security, they must give written notice in accordance with the Listing Rules of the refusal to the transferee and the broker lodging the transfer (if any). Failure to give such notice will not invalidate the decision of the Directors.

7.2.3 Notwithstanding any other provisions contained in this Constitution, the Company may not prevent, delay or interfere with the registration of a Market Transfer where to do so would be contrary to the provisions of any of the Listing Rules or the ASTC Settlement Rules.

## **Dividends**

Rule 16.6 of the constitution entitles the Company to deduct all monies payable by a member to the Company from any dividends declared by the Company. This includes call or instalments. The Company will not be profitable in the foreseeable future and there is no prospect of dividends being paid during the period prior to the date on which all instalments on any partly paid shares will be required to be paid in full. Rule 16.6 is as follows:

### **16.6 Deduction from Dividends**

The Directors may deduct from any dividend payable to a Member all sums of money (if any) presently payable by that Member to the Company on account of calls or otherwise in relation to shares in the Company.

## **Liens**

Rule 4 of the constitution sets out the circumstances in which the Company has a lien on shares. Insofar as relevant Rule 4.1 provides in relation to partly paid shares as follows:

### **4.1 Lien on share**

4.1.1 The Company has a first and paramount lien on every share (other than a fully paid share or a share issued under an employee incentive scheme) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share and such lien extends to all dividends, rights and other distributions from time to time declared paid or made in respect of that share. Such lien extends to cover reasonable interest (not exceeding 10% per annum) and expenses incurred because such monies are not paid.

4.1.2 The Company also has a first and paramount lien on all shares (other than fully paid shares) registered in the name of a Member for all money presently payable

by that Member to the Company and all money which the Company may be called on by law to pay in respect of the shares of that Member.

### **Other relevant Provisions of the Constitution**

The provisions of the constitution other than as set out above and which are relevant to an investment in the Company are generally summarised below.

**Ranking:** The Shares will be ordinary shares and will rank equally in all respects with the existing ordinary shares in the Company.

**Reports and Notices:** Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution of the Company and the Act.

**General Meetings:** Members are entitled to be present in person, or by proxy, attorney or representative to speak and to vote at general meetings of the Company. Members may requisition general meetings in accordance with the Act and the Constitution of the Company.

**Voting:** At a general meeting of the Company every ordinary member present in person, or by proxy, attorney or representative shall on a show of hands have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him. A member who holds a share that is not fully paid shall be entitled to a fraction of a vote equal to the proportion that the amount paid-up bears to the total issue price of the Share. See above generally.

**Dividends:** The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests. For the rights of holders of partly paid shares to dividends see above generally.

**Reduction of Capital:** The Company may only reduce its capital in such manner as may be permitted by the provisions of the Act from time to time.

**Borrowing and Lending Powers:** The Company may borrow and lend in such manner as may be permitted by the provisions of the Act from time to time.

**Winding Up:** Members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them respectively, less any amount which remains unpaid on their shares at the time of distribution.

**Transfer of Shares:** Subject to the Constitution of the Company and the Act the shares will be freely transferable. There are restrictions on the transfer of partly paid shares where a call has been made and remains unpaid. See above generally.

**Future Increases in Capital:** The allotment and issue of shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of shares to Directors or their Associates contained in the Constitution of the Company and the Act, the Directors may allot or otherwise dispose of shares on such terms and conditions as they see fit.

**Variation of Rights:** The rights, privileges and restrictions attaching to ordinary shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of ordinary shares by a three-quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least three-quarters of the ordinary shares on issue, within two months of that general meeting.

**Directors:** The Constitution of the Company contains provisions relating to the rotation of Directors (other than a duly appointed managing director and alternate directors).

## **2. SHAREHOLDER INFORMATION**

Relevant shareholder information is contained in the Company's Annual Report which forms part of this OIS.



### 3. ADDITIONAL INFORMATION

#### 3.1 Corporate Governance

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals and monitoring of the business and affairs of the Company on behalf of its members.

Given that the Company is small, with limited activities and limited resources and has a board of three directors, it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review and operations and remuneration. These issues will be dealt with by the board acting as a committee in relation to the various areas or issues required to be considered with any interested directors abstaining or being absent as required either by the Act or as necessary to avoid conflict or possible breach of their fiduciary duties.

The board has, however, established one committee: namely the Audit and Compliance Committee, details of which are set out in the Company's prospectus lodged in February 2006 and in the Annual Report for the year ended 30 June 2006 which Annual Report forms part of this OIS.

#### 3.2 Dividend Policy

The Company will not pay dividends in the foreseeable future.

#### 3.3 Consents

**Moore Stephens** has given and not withdrawn their written consent to be named herein as auditor of the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the despatch of this OIS with references to their audit report in relation to the financial statements of the Company and its controlled entities for the period ended 30 June 2006 all being included herein either expressly or by inference, in the form and context in which references to such audit report are so included.

Moore Stephens has had no involvement in the preparation of this OIS other than the inclusion of such references to their audit report and have not given any professional or other advice in respect of any other part of this OIS. Moore Stephens do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this OIS.

**Link Market Services Limited** have given and not withdrawn its written consent to be named herein as the share registry to the Company in the form and context in which it is so named. In addition, Link Market Services Limited has given and not withdrawn its written consent to the despatch of this OIS. Link Market Services Limited has had no involvement in the preparation of this OIS and has not given any professional or other advice in respect of any other part of this OIS. Link Market Services Limited does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this OIS.

#### 3.4 Interests of Directors, Advisers and Named Persons

Except as otherwise set out herein, no Director, expert or professional adviser named herein now has or during the last two years has had any interest in the promotion of the Company, or any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer. Further, no sums have been paid or agreed to be paid to a Director, expert or professional adviser in cash or shares or otherwise by any person (in the case of a Director) either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer or (in the case of an expert or professional adviser) for services rendered by the expert or professional adviser in connection with the promotion or formation of the Company or the Offer save and except that Moore Stephens are the auditor of the Company and have received payment of fees for audit totalling \$8,800 (inclusive of GST) for the period ended 30 June 2005 and \$13,500 (inclusive of GST) for the period ended 30 June 2006. Additionally Moore Stephens received fees of \$7,500 in relation to the inclusion of their independent accountant's report in the prospectus issued by the Company in February 2006.

All such payments made in the period have been paid or are payable in cash.

### 3.5 Directors' Other Interests

Directors' other interests are as set out in the Annual Report which forms part of this OIS. Directors are remunerated as set out therein and there has been no change in the basis of their remuneration between the date thereof and the date of this OIS.

Directors' shareholdings and option holdings are likewise as set out in the Annual Report and there has been no change to those holdings in the date between the date thereof and the date of this OIS.

Save that Mr Fred Hunt has transferred five shares in the capital of Bonshaw Gold Pty Ltd to the Company for a total amount of \$500, there are no other related party transactions between the Company and any related party thereof save as set out therein.

## 4. DEFINITIONS

Certain expressions are used throughout this OIS that are not defined in the various independent experts' reports. Unless otherwise stated or unless inconsistent or repugnant with the context in which the expression is used, each of the following expressions have the meaning set out below:

"\$" means references to dollar amounts in Australian currency.

"Act" means the Corporations Act 2001 as in force within Australia.

"ASIC" means Australian Securities and Investments Commission.

"Associates" has the meaning given to that term in the Act.

"Business Day" means, generally, those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which NSX shall declare and publish as not a Business Day.

"Company" or "Mount Rommel" means Mount Rommel Mining Limited (ABN 89 005 583 031).

"Directors" or "Board" means the Directors of the Company.

"Minister", in relation to any tenements in Victoria or any act manner or thing done pursuant to the Mineral Resources (Sustainable Development) Act 1990, means the responsible Minister under that Act.

"Issue" means the issue of Shares pursuant to this OIS.

"Listing Rules" means the Official Listing Rules of NSX.

"NSX" means the Stock Exchange of Newcastle Limited.

"Official List" means the Official List of NSX.

"Options" means existing options to acquire ordinary shares in the capital of the Company.

"OIS" means this OIS as modified or varied by any supplementary OIS made by the Company and lodged with ASIC from time to time.

"Shares" means ordinary shares to be issued and allotted pursuant to the Issue.

## 5. DIRECTORS' RESPONSIBILITY STATEMENT

Each Director of the Company consents to the lodgement of this OIS with ASIC, and has not withdrawn that consent prior to this OIS being lodged. This OIS is prepared on the basis that:

- (a) certain matters may be reasonably expected to be known to professional advisers of the kind with whom applicants may reasonably be expected to consult; and
- (b) information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

This OIS is dated the 18<sup>th</sup> day of December 2006.

Signed on behalf of Mount Rommel Mining Limited

Fred Hunt



**Chief Executive Officer  
and Chairman**

## **SECTION 7**

### **MOUNT ROMMEL FINANCIAL STATEMENTS**

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## **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

### **Financial Statements**

**For the Year Ended 30 June 2006**

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

**For the Year Ended 30 June 2006**

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# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Directors' Report**

**30 June 2006**

Your directors present their report on the company for the financial year ended 30 June 2006.

### **1. General information**

#### **a Directors**

The names of the directors in office at any time during, or since the end of, the year are:

Frederick L Hunt  
Hamish Hunt  
Johannes L Venter

#### **b Company Secretary**

The following person held the position of company secretary at the end of the financial year:

Mr Nicholas Storer - Chartered Accountant. Mr Storer is a partner of Bentleys MRI and has been involved in public practice for the past 23 years. Mr Storer was appointed company secretary on 22 April 2002.

#### **c Principal Activities**

In the year to 30 June 2006, the activities of the economic entity were directed towards the financing of prospecting in such a way that it would:

- bring the economic entity closer to gold development;
- maintain the growth of its exploration knowledge within the Ballarat District, and
- prepare the property at Clunes (MIN 5391) to enable accelerated exploration and pre-development activities.

Bearing in mind the objectives for the economic entity, the Directors pursued listing on the Newcastle Stock Exchange Limited. This eventuated on 10 May 2006.

No drilling took place in the year to 30 June 2006. Drilling commenced on MIN 5391 at Clunes in September 2006.

### **2. Business review**

#### **a Operating Results**

The consolidated loss of Mount Rommel Mining Limited and Controlled Entities after providing for income tax and eliminating outside interests amounted to \$ 74,310 .

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Directors' Report**

**30 June 2006**

### **Business review continued**

#### **b Review of operations**

A review of the operations of Mount Rommel Mining Limited and Controlled Entities during the financial year are as follows:

- A Prospectus was prepared and lodged with ASIC on 9 February 2006.
- The Prospectus closed in May and the Company was admitted to the Stock Exchange of Newcastle Limited on 10 May 2006. The cash proceeds of the issue (on completion by partly paid holders) will be \$569,009. As at 30 June 2006, the number of holders of fully paid ordinary shares was 255. The number of holders of partly paid ordinary shares is 26.
- At Clunes, drilling for the investigative purposes of this Company first commenced in late July 2004, and continued into early August. One diamond drill hole and two short percussion holes were completed near the old Port Phillip North shaft. Assays showed the presence of gold in all 3 holes. These investigative holes provided samples for ground gravity geophysical assessment purposes, and to enable the making of the Work Plan as required by Victorian statute.

This drilling (added to the existing knowledge) provided good reason to develop MIN 5391 by further surface drilling, applying funds raised by the issue of shares under a prospectus.

- At Allendale, no field work took place. The outline of a prospecting target east of the De Murska shaft, and west of the New Ristori (1922-24) shaft, above un-mined ground, and on private land was first noted in August 2002.

The completion of added ground gravity surveys drew attention again to these locations. The work became part of the data included in the Prospectus of 9 February 2006

- At Tourello and surrounds, gravity surveys were previously completed by the Joint Venture Group. The surveys were both detailed on 11 gridlines 75 metres apart, and for line lengths of 1,300 metres and broad-spaced. The broad-spaced work was extended south into the Western areas of Ballarat, expanding the Company gravity coverage over prospective ground.

An agreement made to purchase the Tourello property, by provision of gold from future production (i.e. no cash or shares), was concluded, and became part of the material disclosed in the Prospectus of 9 February 2006.



# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Directors' Report

30 June 2006

### Business review continued

#### Review of operations continued

- This Company continues to prospect (aided by micro-gravity survey data) in places with known mine workings, drill data, known faults across recorded workings, zones of folding: i.e. where there is information about the distributed position of gold. The availability of this correlated data has advanced the knowledge of the economic entity, improving its ability to compare prospects near Ballarat with those at Clunes, Allendale and Tourello. Clunes is regarded as a more substantial host structure for ore than any single known host zone at Ballarat, and worthy of an intense prospecting effort.

On MIN 5391, there are already a series of known gold intercepts after drilling (as set out in the Prospectus dated 9 February 2006). Drilling recommenced in September 2006 and will be continued based on the results.

#### c Dividends

The Directors do not recommend payment of a dividend. No dividend has been paid or declared since the commencement of the financial year.

### 3. Director Information

#### a Information on Directors

Frederick L Hunt	Executive Director, Chairman		
Qualifications	MIE Aust, CPEng, MAusIMM		
Experience	Over 35 years operating practice in mining sector.		
Interest in Shares and Options	Fully Paid Ordinary Shares	1,807,450	
Special Responsibilities	Direction of prospect development.		
Directorships held in other listed entities	None		
Hamish Hunt	Non- Executive Director		
Qualifications	B.Ap.Sc.Ap.Chem., C.Chem., MRACI		
Experience	Finance Controller of BHM Stainless Group Pty Ltd. An industrial chemist actively participating in manufacturing items for large-scale installations in various heavy industry environments.		
Interest in Shares and options	Fully Paid Ordinary Shares	541,200	
	Options expiring 28 February 2007 at 10 cent	270,600	
	Options expiring 28 February 2008 at 20 cent	270,600	
Directorships held in other listed entities	None		

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Directors' Report

30 June 2006

Johannes L Venter	Non-Executive Director
Qualifications	Chartered Accountant (South Africa)
Experience	Extensive experience in providing business, financial management and taxation advice to private and public organisations.
Interest in Shares and Options	Nil
Directorships held in other listed entities	None

### b Meetings of Directors

During the financial year, 19 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings	
	No. eligible to Attend	Number Attended
Frederick L Hunt	19	19
Hamish Hunt	19	19
Johannes L Venter	19	18

## 4. Remuneration Report

### a Remuneration Report

This report details the nature and amount of remuneration for each director of Mount Rommel Mining Limited and Controlled Entities.

### b Remuneration policy

The Board policy is to remunerate non-executive directors and the Chairman at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors and the Chairman is subject to approval by shareholders at the Annual General Meeting.

Fees for non-executive directors are not linked to the performance of Mount Rommel Mining Limited and Controlled Entities. However, to align directors interests with shareholder interests, the directors are encouraged to hold shares in the company .

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Directors' Report

30 June 2006

### Remuneration Report continued

#### c Details of remuneration for year ended 30 June 2006

The remuneration for the year ended 30 June 2006 was disclosed in the prospectus. The remuneration is \$20,000 per director per annum payable as \$10,000 in money and \$10,000 in shares. The Prospectus stated the issue price of the shares as well as the fact that for this year directors will only be paid for one quarter (25%).

The remuneration for each director was as follows:

	Cash \$	In Shares \$	Total \$
<b>Directors</b>			
Frederick L Hunt	2,500	2,500	5,000
Hamish Hunt	2,500	2,500	5,000
Johannes L Venter	2,500	2,500	5,000
	<u>7,500</u>	<u>7,500</u>	<u>15,000</u>

The shares will be issued to the directors after the Annual General Meeting at \$0.10 per share being the issue price per prospectus.

#### d Employment contracts of directors and senior executives

The company has no employees and no employment contracts. The directors are remunerated as per the remuneration policy.

### 5. Indemnifying Officers or Auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Mount Rommel Mining Limited and Controlled Entities.

### 6. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Directors' Report

30 June 2006

### 7. Other items

#### a Significant Changes in State of Affairs

A significant change to the economic entity's state of affairs took place during the year. Mount Rommel Mining Ltd was admitted to the official list of the Stock Exchange of Newcastle Limited on 10 May 2006.

**The NSX Trading Codes** for the Company as at 12 May 2006 were:

MMT, MMTCA, MMTO, MMTOA

These codes apply as the following:

#### **Quoted Securities**

MMT	19,163,656	Fully-paid ordinary shares
MMTCA	1,304,200	Partly-paid ordinary shares
MMTO	5,888,668	Series 1 Options
MMTOA	5,888,668	Series 2 Options

#### **Share Options**

There were 159 holders of Options as at 30 June 2006. Under the Prospectus dated 9 February 2006, the Company for the first time made a public offer of Options (Series 1 and Series 2). The total number of Options on issue is 11,777,336, exactly half of which are Series 1 Options.

The Series 1 Options expires on 28 February 2007, exercisable at A\$0.10 (ten cents)

The Series 2 Options expires on 28 February 2008, exercisable at A\$0.20 (twenty cents)

#### **Restricted Securities**

MMTESC1	2,883,250	Escrowed 24 months from listing
MMTESC2	100,000	Escrowed 12 months from listing
MMTESC3	280,000	Escrowed to 25 November 2006
MMTESC4	100,000	Escrowed to 14 December 2006

#### b Adoption of Australian Equivalents to IFRS

As a result of the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. There were no adjustments arising on the transition to AIFRS.

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Directors' Report**

**30 June 2006**

### **Other items continued**

#### **c After balance date events**

There are three (3) circumstances which have arisen since the end of the financial year which do significantly affect, or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years as follows:

1. The C15 Amendment to the Planning Scheme of the Shire of Hepburn was approved by the Minister for Planning in September 2006. This is the Heritage Overlay for the entire area of the Shire. The Amendment is welcome as it removes inconsistencies causing practical difficulties to the operation of the *Mineral Resources Development Act*, with respect to MIN 5391 at Clunes.
2. Drilling for gold commenced in September 2006, the initial hole site being that approved for the NE corner of MIN 5391. At the date of this report a fourth hole is in progress at Clunes. The results of the first hole have been announced to the public on 17 October 2006 and demonstrates the presence of unmined gold. Further results have been announced to the public on 27 October 2006. The directors are pleased with the published results.
3. During August a further call was made of 2.5 cents per share for every Partly Paid share of 5 cents. In September the directors resolved to issue a further 550,000 shares at the issue price of 10 cent. Approval for quotation was obtained on 24 October and the shares will be issued in due course.

#### **d Future developments**

Likely developments in the operations of the economic entity and the expected results of those operations in future financial years are outlined as follows:

At the date of this Report:

- Directors continue to believe most benefit will come from following its gold fields-province approach on its Central Goldfields Victoria tenure, aimed at being 100% owned by the parent company (i.e. in the right address for new gold).
- Directors envisage Clunes in the greater commercial sense - as an ore zone stretching under a town - and the absences of gold production for over 100 years, is primarily because of a lack of understanding about this Clunes ore system as it occurs within the bounds of MIN 5391 (i.e. in the right structure for new gold).

The activities in the first half of financial year 2006/07 are intended to be directed to building a drilled gold resource by expanding from the known intercepts, at shallow depths, within MIN 5391 at Clunes, and follow-up test work at Allendale and Tourello.

The work described above will require ongoing funding for its progression and development.

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Directors' Report**

**30 June 2006**

### **Other items continued**

#### **e Controlled Entities**

The Company owns 50% of the shares on issue in Bonshaw Gold Pty Ltd which was inactive in the year to 30 June 2006, and is currently inactive. As the controlled entity has not traded since its incorporation, the consolidated financial statements as at 30 June 2006 and 2005 do not include separate disclosures for the parent entity and economic entity on the basis of materiality.

#### **f Environmental Regulations**

The economic entity's operations are regulated by environmental regulation under the laws of the State of Victoria.

#### **g Auditors Independence Declaration**

The Board of directors is satisfied that the provision of non-audit services performed during the year by the Company's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

During the year under review the auditors performed services relating to the prospectus and issued an Independent Accountants Report. The Board is satisfied that these services were performed professionally and independently for a professional fee of \$7,500. The auditors have no financial interest in the Company and the Board is satisfied that these services do not compromise the independence of the auditors.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 9.

Signed in accordance with a resolution of the Board of Directors.

Director: .....



Frederick L Hunt

Dated this 30 th day of October 2006



MOUNT ROMMEL MINING LIMITED

AND CONTROLLED ENTITIES

ACN 005 583 031

FOR THE YEAR ENDED 30 JUNE 2006

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**TO THE DIRECTORS OF MOUNT ROMMEL MINING LIMITED**

As lead engagement partner for the audit of Mount Rommel Mining Limited and controlled entities for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

**MOORE STEPHENS  
CHARTERED ACCOUNTANTS**



**S W MCEWEN  
PARTNER, ASSURANCE  
ADELAIDE**

Dated this 30th day of October 2006.

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Income Statement

For the Year Ended 30 June 2006

		2006	2005
	Note	\$	\$
Other revenue	2	5,472	19,725
Administrative expenses	3	(47,088)	(80,927)
Finance costs	3	(15,776)	(15,519)
Exploration and evaluation expenses		-	(827)
Directors' remuneration	4(a)	(15,000)	-
Sundry expenses		(1,918)	(2,391)
<b>Loss before income tax</b>		<b>(74,310)</b>	<b>(79,939)</b>
Income tax expense	5	-	-
<b>Loss attributable to members of the parent entity</b>		<b>(74,310)</b>	<b>(79,939)</b>

Earnings Per Share:

### Overall operations:

Basic loss per share (cents per share)	7	(0.44)	(0.59)
Diluted loss per share (cents per share)	7	(0.40)	(0.59)

The accompanying notes form part of these financial statements

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Balance Sheet

30 June 2006

	Note	2006 \$	2005 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	340,789	28,844
Trade and other receivables	9	9,920	30,500
<b>Total current assets</b>		<b>350,709</b>	<b>59,344</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	10	1,034,742	897,015
<b>Total non-current assets</b>		<b>1,034,742</b>	<b>897,015</b>
<b>TOTAL ASSETS</b>		<b>1,385,451</b>	<b>956,359</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	174,141	278,194
<b>Total current liabilities</b>		<b>174,141</b>	<b>278,194</b>
<b>TOTAL LIABILITIES</b>		<b>174,141</b>	<b>278,194</b>
<b>NET ASSETS</b>		<b>1,211,310</b>	<b>678,165</b>
<b>EQUITY</b>			
Issued capital	12	1,528,204	920,748
Accumulated losses		(316,894)	(242,584)
<b>TOTAL EQUITY</b>		<b>1,211,310</b>	<b>678,165</b>

The accompanying notes form part of these financial statements

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Statement of Changes in Equity

For the Year Ended 30 June 2006

### 2006

	Ordinary Shares	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2005	920,748	(242,583)	678,165
Capital raising costs	(152,683)	-	(152,683)
Shares issued during the year	760,138	-	760,138
Loss attributable to members of parent entity	-	(74,310)	(74,310)
<b>Balance at 30 June 2006</b>	<b>1,528,203</b>	<b>(316,893)</b>	<b>1,211,310</b>

### 2005

	Ordinary Shares	Accumulated Losses	Total
	\$	\$	\$
Balance at 1 July 2004	72,009	(162,644)	(90,635)
Loss attributable to members of the parent entity	-	(79,939)	(79,939)
Shares issued during the year	848,739	-	848,739
<b>Balance at 30 June 2005</b>	<b>920,748</b>	<b>(242,583)</b>	<b>678,165</b>

The accompanying notes form part of these financial statements

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Cash Flow Statement

For the Year Ended 30 June 2006

	Note	2006 \$	2005 \$
<b>Cash from operating activities:</b>			
Receipts from customers		20,580	17,873
Payments to suppliers and employees		(73,105)	(100,769)
Interest received		5,472	1,851
<b>Net cash used in operating activities</b>	15(a)	<u>(47,053)</u>	<u>(81,045)</u>
<b>Cash flows from investing activities:</b>			
Exploration expenditure		(31,388)	(81,776)
Repayment to related parties		(71,386)	(30,137)
Proceeds from related parties		20,656	74,210
<b>Net cash used in investing activities</b>		<u>(82,118)</u>	<u>(37,703)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of shares		563,800	142,212
Payment of transaction costs		(122,683)	-
<b>Net cash provided by financing activities</b>		<u>441,117</u>	<u>142,212</u>
<b>Net increase in cash held</b>		<b>311,946</b>	<b>23,464</b>
Cash and cash equivalents at beginning of year		<u>28,844</u>	<u>5,380</u>
<b>Cash at end of financial year</b>	8	<u><b>340,790</b></u>	<u><b>28,844</b></u>

The accompanying notes form part of these financial statements

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2006**

### **1 Statement of Significant Accounting Policies**

#### **(a) General information**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the economic entity of Mount Rommel Mining Limited and Controlled Entities. As the controlled entity has not traded since its incorporation, the consolidated financial statements as at 30 June 2006 and 2005 do not include separate disclosures for the parent entity and economic entity on the basis of materiality.

The financial report of Mount Rommel Mining Limited and Controlled Entities complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### **(b) Basis of Preparation**

##### **First-time Adoption of Australian Equivalents to International Financial Reporting Standards - consolidated reporting entity**

Mount Rommel Mining Limited and Controlled Entities and controlled entities has prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of AIFRS have been applied retrospectively to 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied. These consolidated accounts are the first financial statements of Mount Rommel Mining Limited and Controlled Entities to be prepared in accordance with AIFRS.

The accounting policies set out below have been consistently applied to all years presented. The parent and consolidated entities have however elected to adopt the exemptions available under AASB 1 relating to AASB 132: Financial Instruments: Disclosure and Presentation, and AASB 139: Financial Instruments: Recognition and Measurement. Refer to Note 20 for further details.

Reconciliations of the transition from previous Australian GAAP to AIFRS have not been necessary as there have been no adjustments to equity or profit and loss between previous Australian GAAP and AIFRS.

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2006**

### **1 Statement of Significant Accounting Policies continued**

#### **(b) Basis of Preparation continued**

##### **Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

#### **(c) Principals of Consolidation**

A list of controlled entities is contained in Note 21 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

A controlled entity is an entity Mount Rommel Mining Limited and Controlled Entities has the power to control the financial and operating policies of so as to obtain benefits from its activities.

#### **(d) Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2006**

### **1 Statement of Significant Accounting Policies continued**

#### **(e) Exploration and Development Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon that area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is an uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

#### **(f) Revenue**

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

#### **(g) Impairment of Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

#### **(h) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group are classified as finance leases.



# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2006**

### **1 Statement of Significant Accounting Policies continued**

#### **(h) Leases continued**

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### **(i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### **(j) Financial Instruments**

##### **Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

##### **Financial assets at fair value through profit and loss**

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

##### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 1 Statement of Significant Accounting Policies continued

#### (k) Foreign Currency Transactions and Balances

##### Functional and presentation currency

The functional currency of each of Mount Rommel Mining Limited and Controlled Entities's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

#### (l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### (m) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (n) Critical accounting estimates and judgment

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the group.

### 2 Revenue

	2006	2005
	\$	\$
Operating activities		
- management fees (Joint Venture)	-	17,873
Total Revenue	-	17,873
Non-operating activities		
- interest income	5,472	1,851
Other Income	5,472	1,851

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 3 Loss for the year

	2006	2005
	\$	\$
Borrowing costs:		
directors	15,776	15,519
Rental expense on operating leases		
minimum lease payments	8,245	3,510
Exploration expenditure	-	827

### 4 Key Management Personnel Compensation

The key management personnel at any time during the financial year are:

Frederick L Hunt                      Chairman, Executive Director

Hamish Hunt                          Non-executive Director

Johannes L Venter                  Non-executive Director

#### (a) Key Management Personnel Compensation

2006

	Cash, salary & commissions	Short-term benefits		Non-cash Benefits	Post employment benefits
		Cash profit share	Cash Bonus		Super-annuation
	\$	\$	\$	\$	\$
F Hunt	2,500	-	-	-	-
H Hunt	2,500	-	-	-	-
J Venter	2,500	-	-	-	-
	<u>7,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2006

	Other long-term benefits	Share-based payments		Total	Performance related
	Options	Equity	Options		%
	\$	\$	\$	\$	\$
F Hunt	-	2,500	-	5,000	-
H Hunt	-	2,500	-	5,000	-
J Venter	-	2,500	-	5,000	-
	<u>-</u>	<u>7,500</u>	<u>-</u>	<u>15,000</u>	<u>-</u>

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 4 Key Management Personnel Compensation continued

#### (a) Key Management Personnel Compensation continued

The directors received the compensation as per the prospectus and the remuneration policy. These amounts are payable and included in note 11. The shares will be issued at the issue price of \$0.10 after the Annual General Meeting. There was no remuneration for the year ended 30 June 2005.

#### (b) Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 1/07/2005	Granted as Remun- eration	Options Exercised	Purchased	Balance 30/06/2006	Total Vested
Hamish Hunt	-	-	-	541,200	541,200	-
<b>Total</b>	-	-	-	541,200	541,200	-
					<b>Total Exer- cisable</b>	<b>Total Unexer- cisable</b>
Hamish Hunt					541,200	-
<b>Total</b>					541,200	-

#### (c) Shareholdings

Number of Shares held by Key Management Personnel

	Balance 1/07/2005	Received as Remun- eration	Options Exercised	Purchased	Balance 30/06/2006
Key Management Personnel					
Frederick L Hunt	1,207,450	-	-	600,000	1,807,450
Hamish Hunt	541,200	-	-	-	541,200
	<u>1,748,650</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>2,348,650</u>

Directors will each receive 25,000 shares as remuneration per note 4(a).

# Mount Rommel Mining Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 5 Income Tax Benefit

The prima facie tax on loss before income tax expense/(benefit) is reconciled to the income tax expense/(benefit) as follows:

	2006	2005
	\$	\$
Prima facie tax payable on loss before income tax expense/(benefit) at 30% (2005: 30%)		
- economic entity	(22,293)	(23,981)
Add:		
Tax effect of:		
- non deductible expenses	50,005	4,309
Less:		
Tax effect of:		
- exploration expenses	(41,318)	(24,532)
- black hole expenditure	(14,222)	(5,061)
- equity raising costs not recognised	(45,804)	-
Income tax expense/(benefit) attributable to loss	(73,632)	(49,265)

Black hole expenditure relates to the expenditure in relation to capital raising which is deductible over 5 years on a straight line basis

Deferred Tax Liabilities have not been recognised as they have given rise to the carry forward revenue losses for which the Deferred Tax Asset has not been recognised.

### 6 Auditors' Remuneration

Remuneration of the auditor for:

- Auditing or reviewing the financial report
- Other services

9,000	16,400
7,500	6,500
16,500	22,900

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 7 Earnings per Share

#### (a) Reconciliation of Earnings to Loss

	2006	2005
	\$	\$
Loss	(74,310)	(79,939)
Earnings used in calculation of earnings per share	(74,310)	(79,939)

#### (b) Weighted average number of ordinary shares:

Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share	16,623,661	13,526,821
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	18,415,652	13,526,821

### 8 Cash and Cash Equivalents

	\$	\$
Bank overdraft	(40)	-
Cash at bank	633	23,498
Short-term deposits	340,196	5,346
	<u>340,789</u>	<u>28,844</u>

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Bank balances	633	23,498
Bank overdraft	(40)	-
Short-term deposits	340,196	5,346
	<u>340,789</u>	<u>28,844</u>

The interest bearing deposit is term deposits of \$25,000 plus subsequent interest received at the National Bank Australia Bank as performance guarantee bonds for exploration licences 3821, 4609 and MIN 5391.

**Mount Rommel Mining Limited and Controlled Entities**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

**9 Receivables**

	2006 \$	2005 \$
<b>CURRENT</b>		
Other Receivables	<u>9,920</u>	<u>30,500</u>
	<u><b>9,920</b></u>	<u><b>30,500</b></u>

**10 Exploration and Evaluation Expenditure**

<b>NON-CURRENT</b>		
Exploration and evaluation phases	<u>1,034,742</u>	<u>897,015</u>
	<u><b>1,034,742</b></u>	<u><b>897,015</b></u>

Ultimate recoupment of such costs is dependent on successful development and commercial exploitation.

**11 Trade and Other Payables**

<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	8,318	38,794
Sundry payables and accrued expenses	32,447	11,000
- director remuneration	15,000	-
- director loan	<u>118,376</u>	<u>228,400</u>
	<u><b>174,141</b></u>	<u><b>278,194</b></u>

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 12 Issued Capital

#### Summary Table

	2006	2005
	\$	\$
22,546,906 (2005: 15,171,400) Ordinary	1,345,220	920,748
1,304,200 (2005: -) Partly Paid Shares	65,210	-
11,777,336 (2005: -) Options	117,774	-
<b>Total</b>	<b>1,528,204</b>	<b>920,748</b>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

#### a Fully paid ordinary shares

At the beginning of reporting period	920,748	72,009
Shares issued during the year		
7,850,300 shares on 16 July 2004	-	706,527
320,000 shares on 26 August 2004	-	19,200
60,000 shares on 6 September 2004	-	3,600
20,000 shares on 20 September 2004	-	1,200
778,200 shares on 31 December 2004	-	46,692
1,172,000 shares on 24 February 2005	-	70,320
20,000 shares on 30 June 2005	-	1,200
700,000 shares on 25 November 2005	42,000	-
300,000 shares on 14 December 2005	18,000	-
2,189,000 shares on 11 May 2006	98,505	-
4,186,506 shares on 11 May 2006	418,650	-
Capital Raising Costs	(152,683)	-
At reporting date	<b>1,345,220</b>	<b>920,748</b>

In terms of GAAP the transaction costs arising on the successful issue of equity instruments must be recognised as a reduction of the proceeds of equity instruments.



# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 12 Issued Capital continued

	2006 No.	2005 No.
At the beginning of reporting period	15,171,400	4,799,700
Shares issued during the year		
- 16 July 2004	-	7,850,300
- 26 August 2004	-	320,000
- 6 September 2004	-	60,000
- 20 September 2004	-	20,000
- 10 November 2004	-	151,200
- 31 December 2004	-	778,200
- 24 February 2005	-	1,172,000
- 30 June 2005	-	20,000
- 25 November 2005	700,000	-
- 14 December 2005	300,000	-
- 11 May 2006	2,189,000	-
- 11 May 2006	4,186,506	-
At reporting date	<u>22,546,906</u>	<u>15,171,400</u>

On 16 July 2004, 7,850,300 ordinary shares were issued at \$0.09 (\$706,527) as part of the consideration for the intellectual property in relation to EL 3821 and MIN 5391.

On 10 November 2004, 151,200 ordinary shares were issued at no value to 2 existing shareholders who had previously paid \$27,000 on 21 January 2004 for 298,800 shares. The subsequent issue of the 151,200 shares ensured that the value of all shares owned by these shareholders are equal to \$0.06 commensurate with issues made during the financial year.

On 11 May 2006, 2,189,000 shares were issued not for cash but to obtain the rights of the Joint Venture participants as per the prospectus.

On 11 May 2006, 4,186,506 shares were issued per the terms of the prospectus. Included in this is 600,000 shares issued to F L Hunt to reduce his loan to the Company as per the prospectus. Also included in this is 300,000 shares issued to three service providers in lieu of fees.

**Mount Rommel Mining Limited and Controlled Entities**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

**12 Issued Capital continued**

In September 2006 the Directors resolved to issue 550,000 additional shares at the prospectus issue price of \$0.10. Approval for quotation was received from the NSX on 24 October. These shares will be issued in due course.

**b Partly Paid Shares**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
At the beginning of reporting period	-	-
Shares issued during the year		
1,304,200 shares on 11 May 2006 @ \$0.05	<b>65,210</b>	-
At reporting date	<b>65,210</b>	-
	<b>No.</b>	<b>No.</b>
At the beginning of reporting period	-	-
Shares issued during the year		
11 May 2006	<b>1,304,200</b>	-
At reporting date	<b>1,304,200</b>	-

Since reporting date, during August a further call was made of 2 1/2 cents for every 5 cents partly paid shares.

**Mount Rommel Mining Limited and Controlled Entities**  
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**For the Year Ended 30 June 2006**

**12 Issued Capital continued**

**c Share Options**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
At the beginning of reporting period	-	-
Shares issued during the year		
5,888,668 options of \$0.10 expiring on 28 February 2007 - 11 May 2006	<b>58,887</b>	-
5,888,668 options of \$0.20 expiring on 28 February 2008 - 11 May 2006	<b>58,887</b>	-
	<b>117,774</b>	-
At reporting date	<b>117,774</b>	-
	<b>No.</b>	<b>No.</b>
At the beginning of reporting period	-	-
Shares issued during the year		
11 May 2006	<b>11,777,336</b>	-
At reporting date	<b>11,777,336</b>	-

The 11,777,336 options were issued per the terms of the prospectus.

This includes 783,400 issued to related parties to cover exploration expenditure.

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 13 Capital and Leasing Commitments

#### a Exploration and mining titles

	\$	\$
Payable - minimum lease payments		
- no later than 12 months	34,800	29,700
- between 12 months and 5 years	19,800	-
- greater than 5 years	-	-
Present value of minimum lease payments	54,600	29,700

2006: Commitments for expenditure relating to EL3821 of \$19,800 p.a for two years has been met by drilling since 1 July 2006. Commitments for MIN 5391 of \$15,000 has also been met by drilling to date. 2005: Commitments for expenditure relate to EL 3821.

#### b Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2006 \$	2005 \$
Payable - minimum lease payments		
- not later than 12 months	532	6,382
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	532	6,382

Core shed - The core shed lease was a non-cancellable lease with a one year term, with rent payable monthly in advance. Rental provisions within the lease agreement require the minimum lease payments to be increased in accordance with the review of "rent to market" on the date specified in the rental agreement. An option to renew the lease at the end of the one year term for an additional term of one year was not exercised.

### 14 Segment Reporting

The company operates predominately in one business and geographical segment being the acquisition of exploration and mining licenses for future exploration and development in Victoria, Australia.

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 15 Cash Flow Information

#### (a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2006	2005
	\$	\$
Net loss for the period	(74,310)	(79,940)
Cash flows excluded from loss		
Non-cash flows in loss		
Interest on director loan	15,706	15,519
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	20,579	(32,342)
Increase/(decrease) in trade payables and accruals	(9,028)	15,718
	<u>(47,053)</u>	<u>(81,045)</u>

#### (b) Non-cash Financing and Investing Activities

Share issues (Note 9)  
2006

2,189,000 shares were issued not for cash but to obtain the rights of the Joint Venture participants. The amount is \$98,505.

600,000 shares were issued to F L Hunt to reduce his loan to the company by \$60,000.

300,000 shares were issued to three (3) service providers for services provided to the amount of \$30,000.

783,400 options were issued to a related party in lieu of exploration expenses incurred on behalf of the company to the amount of \$7,834.

2005

7,850,300 ordinary shares were issued at \$0.09 (\$706,527) as part of the consideration for the intellectual property in relation to EL 3821 and MIN 5391.

151,200 ordinary shares were issued at no value to 2 existing shareholders who had previously paid \$27,000 on 21 January for 298,800 shares. The subsequent issue of the 151,200 shares ensured that the value of all shares owned by these shareholders was equal to \$0.06, commensurate with issues made during 6 months to 31 December 2004.

# Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 16 Events After the Balance Sheet Date

The C15 Amendment to the Planning Scheme of the Shire of Hepburn was approved by the Minister for Planning in September 2006. This is the Heritage Overlay for the entire area of the Shire. The Amendment is welcome as it removes inconsistencies causing practical difficulties to the operation of the *Mineral Resources Development Act*, with respect to MIN 5391 at Clunes.

Drilling for gold commenced in September 2006, the initial hole site being that approved for the NE corner of MIN 5391. At the date of this report a fourth hole is in progress at Clunes. The results of the first hole have been announced to the public on 17 October 2006 and demonstrates the presence of unmined gold. Further results have been announced to the public on 27 October 2006. The directors are pleased with the published results.

During August a further call was made of 2.5 cents per share for every Partly Paid share of 5 cents. In September the directors resolved to issue a further 550,000 shares at the issue price of 10 cent. Approval for quotation was obtained on 24 October and the shares will be issued in due course. As per the prospectus a further call of 2.5 cent per 5 cent partly paid share was made.

The financial report was authorised for issue on 30 October 2006 by the board of directors.

### 17 Related Party Transactions

#### (a) Transactions with related parties - Directors

	2006	2005
	\$	\$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Loan from Frederick L Hunt (Principal)	118,376	211,900
Capitalised interest included in principal	-	23,217
The loan is unsecured with no defined repayment attracting an interest rate of 8.5% p.a. on the yearly average balance. The loan represents funds advanced by the director to ensure that the company is able to continue as a going concern and pay its debts as and when they fall due.		
Loan from Hamish Hunt	-	16,500
The unsecured interest free loan was repaid in full during the year.		

**Mount Rommel Mining Limited and Controlled Entities**  
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**Notes to the Financial Statements**  
**For the Year Ended 30 June 2006**

**17 Related Party Transactions continued**

**Transactions with related parties - Directors continued**

	<b>2006</b>	<b>2005</b>
	<b>\$</b>	<b>\$</b>
Rent paid to BHM Stainless Group Pty Ltd	<b>5,400</b>	3,600
Hamish Hunt is a director and shareholder in the company BHM Stainless Group Pty Ltd that receives income in relation to the provision of administration services and offices to the company, on a casual monthly basis.		

The director's remuneration for the year ended 30 June 2006 was \$15,000 (2005: Nil). This amount was payable as at 30 June 2006.

**(b) Share transactions of Director**

Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interest in:

Mount Rommel Mining Limited

Shares: 2,348,650- (2005: 1,748,650) Ordinary

Options: 270,600 exercisable 28 February 2007 at \$0.10 (2005: Nil)

Options: 270,600 exercisable 28 February 2008 at \$0.20 (2005: Nil)

Bonshaw Gold Pty Ltd

Shares: 5- (2005: 5) Ordinary

1,748,650 of these shares are escrowed for 24 months from listing.

**18 Contingent Liabilities and Contingent Assets**

There are no contingent liabilities outstanding at the end of the year.

# **Mount Rommel Mining Limited and Controlled Entities**

**ACN 005 583 031**

## **Notes to the Financial Statements**

**For the Year Ended 30 June 2006**

### **19 Financial Instruments**

#### **a Financial Risk Management**

Mount Rommel Mining Limited And Controlled Entities's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and a loan from a related party .The main purpose for non-derivative financial instruments is to raise finance for group operations.Mount Rommel Mining Limited And Controlled Entities does not have any derivative financial instruments at 30 June 2006.

#### **b Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

#### **c Net Fair Values**

For assets and liabilities the net fair value approximates their carrying value.

No financial assets are readily traded on organised markets in standardised form.

Financial assets where the carrying amount exceeds net fair values have not been written down as the company intends to hold these assets to maturity.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the financial statements.



# Mount Rommel Mining Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 19 Financial Instruments continued

#### d Interest Rate Risk

The economic entity's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year	
	2006	2005	2006	2005	2006	2005
	%	%	\$	\$	\$	\$
<b>Financial Assets:</b>						
Cash and cash equivalents	5.40	5.40	593	23,498	25,796	5,346
Receivables	-	-	-	-	-	-
<b>Total Financial Assets</b>			<b>593</b>	<b>23,498</b>	<b>25,796</b>	<b>5,346</b>
<b>Financial Liabilities:</b>						
Trade and sundry payables	-	-	-	-	-	-
Directors' Loans	8.50	8.50	118,376	211,900	-	-
<b>Total Financial Liabilities</b>			<b>118,376</b>	<b>211,900</b>	<b>-</b>	<b>-</b>
	Maturing 1 to 5 Years		Non-interest Bearing		Total	
	2006		2006	2005	2006	2005
	\$		\$	\$	\$	\$
<b>Financial Assets:</b>						
Cash and cash equivalents	314,400		-	-	340,789	28,844
Receivables	-		9,920	30,500	9,920	30,500
<b>Total Financial Assets</b>	<b>314,400</b>		<b>9,920</b>	<b>30,500</b>	<b>350,709</b>	<b>59,344</b>
<b>Financial Liabilities:</b>						
Trade and sundry payables	-		34,765	49,794	34,765	49,794
Directors' Loans	-		15,000	16,500	133,376	228,400
<b>Total Financial Liabilities</b>	<b>-</b>		<b>49,765</b>	<b>66,294</b>	<b>168,141</b>	<b>278,194</b>

# Mount Rommel Mining Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 20 Change in Accounting Policy

The following Australian Accounting Standards have been issued or amended and are applicable to the to the parent entity and the economic entity but are not yet effective and have not been adopted in preparation of the financial statements at reporting date.

<b>AASB Amendment</b>	<b>AASB Standard Affected</b>	<b>Nature of change in Accounting Policy and Impact</b>	<b>Application Date of the Standard</b>	<b>Application Date for the Company</b>
2004-3	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 January 2006	1 July 2006
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2006	1 July 2006
	AASB 124: Related Party Disclosures	No change, no impact	1 January 2006	1 July 2006
2005-1	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2006	1 July 2006
2005-5	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 January 2006	1 July 2006
	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2006	1 July 2006
2005-06	AASB 3: Business Combinations	No change, no impact	1 January 2006	1 July 2006
2005-10	AASB 139: Financial Instruments: Recognition and Measurement	No change, no impact	1 January 2007	1 July 2007

# Mount Rommel Mining Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 20 Change in Accounting Policy continued

AASB Amendment	AASB Standard Affected	Nature of change in Accounting Policy and Impact	Application Date of the Standard	Application Date for the Company
	AASB 101: Presentation of Financial Statements	No change, no impact	1 January 2007	1 July 2007
	AASB 114: Segment Reporting	No change, no impact	1 January 2007	1 July 2007
	AASB 117: Leases	No change, no impact	1 January 2007	1 July 2007
	AASB 133: Earnings per Share	No change , no impact	1 January 2007	1 July 2007
	AASB 139: Financial Instruments	No change, no impact	1 January 2007	1 July 2007
	AASB 1: First-time Adoption of AIFRS	No change, no impact	1 January 2007	1 July 2007
	AASB 4: Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 1023: General Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
	AASB 1038: Life Insurance Contracts	No change, no impact	1 January 2007	1 July 2007
2006-1	AASB 121: The Effects of Foreign Exchange Rates	No change, no impact	1 January 2006	1 July 2006
New standard	AASB 7: Financial Instruments: Disclosure	No change, no impact	1 January 2007	1 July 2007

# Mount Rommel Mining Limited and Controlled Entities

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## Notes to the Financial Statements

For the Year Ended 30 June 2006

### 20 Change in Accounting Policy continued

All other pending Standards issued between the previous financial report and the current reporting date have no application to either the parent or the economic entity.

<b>AASB Amendment</b>	<b>AASB Standard Affected</b>
2004-3	AASB 1: First-time Adoption of AIFRS AASB 101: Presentation of Financial Statements AASB 124: Related Party Disclosures
2005-1	AASB 139: Financial Instruments: Recognition and Measurement
2005-4	AASB 139: Financial Instruments: Recognition and Measurement AASB 132: Financial Instruments: Disclosure and Presentation
2005-9	AASB 4: Insurance Contracts AASB 1023: General Insurance Contracts AASB 139: Financial Instruments: Recognition and Measurement AASB 132: Financial Instruments: Disclosure and Presentation
2006-1	AASB 121: The Effects of Changes in Foreign Exchange Rates
New Standard	AASB 7: Financial Instruments: Disclosure
New Standard	AASB 119: Employee Benefits: December 2004

## Mount Rommel Mining Limited and Controlled Entities

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### Notes to the Financial Statements

For the Year Ended 30 June 2006

#### 21 Controlled Entities

Name	Country of incorporation	Percentage Owned 2006	Percentage Owned 2005
<b>Parent Entity:</b> Mount Rommel Mining Limited	Australia		
<b>Subsidiaries of Mount Rommel Mining Limited:</b> Bonshaw Gold Pty Ltd	Australia	50%	50%

On 1 December 2004, the parent company acquired 50% of Bonshaw Gold Pty Ltd ordinary shares , at a cost of \$5 with the remaining 50% of the ordinary shares acquired by Frederick L Hunt, a director of the parent entity.

The directors of Bonshaw Gold Pty Ltd are Frederick L Hunt and Johannes L Venter who are also directors of Mount Rommel Mining Limited. Control exists as Mount Rommel Mining Limited is required to make all the financial and operating policy decisions of Bonshaw Gold Pty Ltd and to ensure that those policies are consistent with the policies of the economic entity.

As the controlled entity has not traded from its date of incorporation, for the years ended 30 June 2005 and 2006, and on the basis of materiality, the consolidated financial statements do not include separate disclosures for the parent entity and economic entity.

#### 22 Company Details

##### (a) Registered office

The registered office of the company is:  
Mount Rommel Mining Limited and Controlled Entities  
64 Greenhill Road  
Wayville SA 5034

## Mount Rommel Mining Limited and Controlled Entities

ACN 005 583 031

### Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 14, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 30 June 2006 and of the performance for the year ended on that date of the company and the economic entity;
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
  - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
  - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
  - (c) the financial statements and notes for the financial year give a true and fair view.
3. In the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ..... *Frederick L Hunt* .....

Dated 30 October 2006

**INDEPENDENT AUDIT REPORT****TO THE MEMBERS OF MOUNT ROMMEL MINING LIMITED AND CONTROLLED ENTITIES****Scope***The financial report and directors' responsibility*

We have audited the financial report of Mount Rommel Mining Limited ("the company") and Mount Rommel Mining Limited and controlled entities ("the consolidated entity") for the year ended 30 June 2006 comprising the income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes. The consolidated entity comprises both the company and the entities it controlled during that period.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

*Audit Approach*

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

**Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

In accordance with ASIC Class Order 05/83, we declare to the best of our knowledge and belief that the auditor's independence declaration, set out on page 8 of the financial report, has not changed as at the date of providing our audit opinion.

**Audit Opinion**

In our opinion, the financial report of Mount Rommel Mining Limited is in accordance with:

- a. the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the year ended on that date; and
  - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.

**MOORE STEPHENS  
CHARTERED ACCOUNTANTS**

**S W McEWEN  
PARTNER, ASSURANCE  
ADELAIDE**

Dated this 30th day of October 2006.

## **Mount Rommel Mining Limited and Controlled Entities ACN 005 583 031**

### **Additional Shareholder Information**

#### **For the Year Ended 30 June 2006**

#### **Corporate Governance**

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals and monitoring of the business and affairs of the Company on behalf of its members.

Given that the Company is small, with limited activities and resources and has a board of three directors, it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review and operations and remuneration. These issues are dealt with by the board with any interested directors abstaining or being absent as required by either the Corporations Act or as necessary to avoid conflict or possible breach of their fiduciary duties.

The board has established an Audit and Compliance Committee which consist of all the directors. The focus of the activities of this committee is to increase confidence in the credibility and reliability of financial statements and other financial information released to the public.



# **Mount Rommel Mining Limited and Controlled Entities ACN 005 583 031**

## **Additional Shareholder Information**

### **For the Year Ended 30 June 2006**

#### **Directors**

Frederick L Hunt	Chairman
Hamish Hunt	Non-executive
Johannes L Vemter	Non executive

#### **Secretary**

Nicholas Storer

#### **Registered Office**

64 Greenhill Road  
WAYVILLE SA 5140  
Telephone: +61 8 8373 1266  
Facsimile: +61 8 8373 0228

#### **Share Register**

Link Market Services Limited  
Level 4  
333 Collins Street  
MELBOURNE VIC 3000  
Telephone: +61 3 9615 9908  
Facsimile: +61 3 9615 921

#### **Bankers**

National Australia Bank Limited  
55 Mitchell Street  
BENDIGO VIC 3550

Westpac Banking Corporation  
277 Doncaster Road  
NORTH BALWYN VIC 3104

#### **Solicitors**

Menzies & Partners  
Level 9  
356 Collins Street  
MELBOURNE VIC 3000

#### **Auditor**

Moore Stephens  
47 Greenhill Road  
WAYVILLE SA 5034

#### **Stock Exchange Listing**

The company is listed on the Stock Exchange of Newcastle Limited



# Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

The shares to which this Application Form relates are Mount Rommel Mining Limited Shares. Further details about the shares are contained in the OIS dated 18 December 2006 issued by Mount Rommel Mining Limited. The OIS will expire on 18 January 2008. While the OIS is current, Mount Rommel Mining Ltd will send paper copies of the OIS, any supplementary document and the Application Form, free of charge on request.

The Australian Securities and Investment Commission requires that a person who provides access to an electronic application form must provide access, by the same means and at the same time, to the relevant OIS. This Application Form is included in the OIS.

The OIS contains important information about investing in the shares. You should read the OIS before applying for Shares.

## DECLARATION

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the Constitution of the Company;
- (3) authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the OIS attached to this Application Form or a copy of the Application Form before applying for Shares; and
- (5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the OIS.

- A** Insert the number of Shares you wish to apply for. The Application must be for a minimum of 10,000 Shares. You may be issued all of the Shares applied for or a lesser number.
- B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.
- C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.
- D** Please enter your postal address for all correspondence. All communications to you from Mount Rommel Mining Ltd and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- E** If you are already a CHESS participant or sponsored by a CHESS

participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Mount Rommel Mining Ltd's issuer sponsored subregister.

- F** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- G** Please complete the details of your cheque or bank draft in this section. The total amount should agree with the amount shown in section B. Make your cheque or bank draft payable to "Mount Rommel Mining Share Account" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Pin (do not staple) your cheque or bank draft to the Application Form where indicated.

## LODGEMENT INSTRUCTIONS

This Application Form and your cheque or bank draft must be mailed so that it is received before 5:00pm (AEST) on 29 January 2007 at:

Mount Rommel Mining Ltd  
PO Box 80  
Bundoora VIC 3083

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)).

## CORRECT FORMS OF REGISTRABLE NAMES

Note that ONLY legal entities are allowed to hold Shares. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
<b>Individual</b> Use given names in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
<b>Company</b> Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
<b>Joint Holdings</b> Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
<b>Trusts</b> Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
<b>Deceased Estates</b> Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
<b>Minor (a person under the age of 18 years)</b> Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
<b>Partnerships</b> Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
<b>Long Names</b>	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
<b>Clubs/Unincorporated Bodies/Business Names</b> Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
<b>Superannuation Funds</b> Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.



# Your Guide to the Application Form

Please complete all relevant white sections of the Application Form in BLOCK LETTERS, using black or blue ink. These instructions are cross-referenced to each section of the form.

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The OIS contains important information about investing in the shares. You should read the OIS before applying for Shares.

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- (1) applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the Constitution of the Company;
- (3) authorises the Directors to complete or amend this Application Form where necessary to correct any errors or omissions;
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**B** Insert the relevant amount of Application Monies. To calculate your Application Monies, multiply the number of Shares applied for by the issue price. Amounts should be in Australian dollars. Please make sure the amount of your cheque or bank draft equals this amount.

**C** Write the full name you wish to appear on the register of Shares. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct registrable title.

**D** Please enter your postal address for all correspondence. All communications to you from Mount Rommel Mining Ltd and the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

**E** If you are already a CHESS participant or sponsored by a CHESS

participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHESS for this HIN is different to the details given on this form, your Shares will be issued to Mount Rommel Mining Ltd's issuer sponsored subregister.

**F** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.

**G** Please complete the details of your cheque or bank draft in this section. The total amount should agree with the amount shown in section B. Make your cheque or bank draft payable to "Mount Rommel Mining Share Account" in Australian currency and cross it "Not Negotiable". Your cheque or bank draft must be drawn on an Australian bank. Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected. Pin (do not staple) your cheque or bank draft to the Application Form where indicated.

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Mount Rommel Mining Ltd  
PO Box 80  
Bundoora VIC 3083

Link Market Services Limited advises that Chapter 2C of the *Corporations Act 2001* requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting us at the address or telephone number shown on this form. Our privacy policy is available on our website ([www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)).

## CORRECT FORMS OF REGISTRABLE NAMES

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<b>Company</b> Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
<b>Joint Holdings</b> Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
<b>Trusts</b> Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
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<b>Minor (a person under the age of 18 years)</b> Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
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<b>Superannuation Funds</b> Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated spaces at section C on the Application Form.

# MOUNT ROMMEL MINING LTD

ACN 005 583 031

Broker Code

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Adviser Code

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## General Application Form

This is an Application Form for Shares in Mount Rommel Mining Limited under the Public Offer on the terms set out in the Offer Information Statement (OIS) dated 18 December 2006. You may apply for a minimum of 10,000 Shares. This Application Form and your cheque or bank draft must be received by **5:00pm (AEST) on 29 January 2007**. This application form must not be handed on unless it is attached to a complete and un altered copy of the Offer Information Statement.

**If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. The OIS contains information relevant to a decision to invest in Shares and you should read the entire OIS carefully before applying for Shares.**

Shares applied for

Price per Share

Application Money

**A**

--	--	--	--	--	--	--	--

at

**A\$0.10**

**B A\$**

--	--	--	--	--	--	--	--	--	--

(minimum 10,000 Shares)

+

**PLEASE COMPLETE YOUR DETAILS BELOW** (refer overleaf for correct forms of registrable names)

Applicant

Surname/Company Name

**C**

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Title

First Name

Middle Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Joint Applicant #2

Surname

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Title

First Name

Middle Name

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Designated account e.g. <Super Fund> (or Joint Applicant #3)

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**PLEASE COMPLETE ADDRESS DETAILS**

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

**D**

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Unit Number/Level

Street Number

Street Name

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Suburb/City or Town

State

Postcode

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Email address (only for purpose of electronic communication of shareholder information)

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CHESS HIN (if you want to add this holding to a specific CHESS holder, write the number here)

**E**

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*Please note: that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN and any Shares issued as a result of the Offer will be held on the issuer sponsored sub-register.*

Telephone Number where you can be Contacted during Business Hours

Contact Name (PRINT)

**F**

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Cheques or bank drafts should be made payable to "Mount Romme Mining Share Account" in Australian currency and crossed "Not Negotiable".

Cheque or Bank Draft Number

BSB

Account Number

**G**

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**LODGEMENT INSTRUCTIONS**

You must return your Application so it is received before 5:00pm (AEST) on 29 January 2007 to:  
Mount Rommel Mining Ltd, PO B0x 80 Bundoora VIC 3083.



**MMT EAC002**



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## CORRECT FORMS OF REGISTRABLE NAMES

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<b>Trusts</b> Use the trustee(s) personal name(s)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>	Alessandra Smith Family Trust
<b>Deceased Estates</b> Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
<b>Minor (a person under the age of 18 years)</b> Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
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