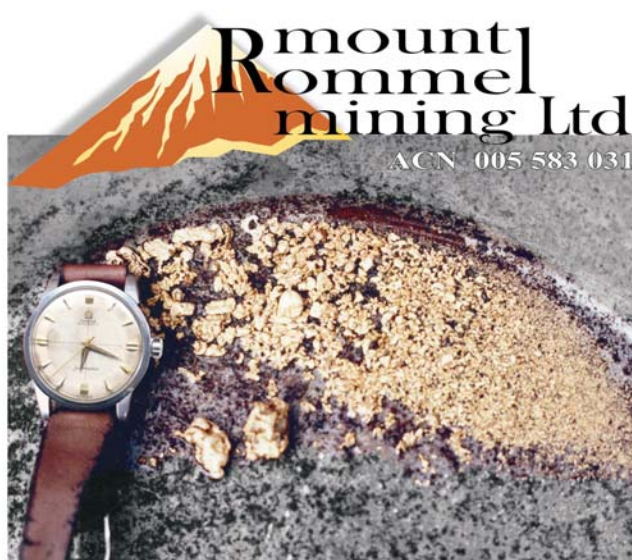


THIS DOCUMENT IS IMPORTANT



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 \$0.125 FOR EVERY 2 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.

EACH APPLICANT WILL BE GRANTED ONE FREE NEW OPTION TO ACQUIRE AN ORDINARY SHARE FOR EVERY FOUR NEW SHARES ISSUED TO THAT APPLICANT - THE NEW OPTIONS WILL BE EXERCISABLE AT 20 CENTS UP TO 5.00PM AEST ON 31 AUGUST 2009

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.

MOUNT ROMMEL MINING LTD ACN 005 583 031**Board of Directors**

Frederick L Hunt (Executive Director, Chairman)

Hamish Hunt (Non-Executive Director)

Johannes L Venter (Non-Executive Director)

Company Secretary

Melanie Leydin

Registered Office

Suite 304, 22 St Kilda Road

St Kilda Victoria 3182

Telephone: 613 9692 7222

Facsimile: 613 9529 8057

Website: www.mountrommel.com

Share Registry

Link Market Services Limited

Level 9

333 Collins Street

Melbourne Victoria 3000

Telephone: 613 9615 9908

Facsimile: 613 9615 9921

Auditor

MSI Ragg Weir

Level 2

50 Burwood Road

Hawthorn Vic 3122

Stock Exchange Listing

Mount Rommel Mining Limited is listed
on the National Stock Exchange of Australia.

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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

31 October 2007

Dear Investor –

Mount Rommel Mining Limited ("Mount Rommel" or the "Company") has through recently completed drilling, outlined its objective at Clunes. New geophysics has also defined the area which should be drilled at Allendale. The funds raised by this Offer will enable progress at both locations.

This Non-Renounceable Entitlements Offer comes to you at an important moment in the growth of this Company. This OIS outlines what next is to be achieved at Clunes and seeks funds to drill under the former Bunyan's-Kingston Park deep lead gold mines east of Allendale, in EL 3821.

The gold production history of Central Victoria dominates that for Eastern Australia. History also records that the aggregate gold yield from the many gold producers within the Ballarat District represented at least half Victoria's overall gold output. In that District, and for quite different reasons, Clunes and Allendale were important centres for gold production, and for several decades. Directors seek to continue the Company's project development at these places once well-known for gold.

In the period September '06 to 30 June 2007, diamond drilling at Clunes demonstrated that much gold remains within MIN 5391, which the Company aims to both develop, and win, if possible.

In the Quarter to 30 September 2007, your Directors have initiated, for Clunes, those parts of the approvals sequence which lead on to the grant of permits to mine in Victoria. This statutory process is on-going. It begins with the approvals of Heritage Victoria (in hand) to allow excavations for bulk sampling. Thus the funds raised by this Offer are to be applied largely to finance a mine exploratory development program at Clunes, including construction of an initial treatment plant on site on MIN 5391 for recovery of gold. Directors believe the results from this program will support subsequent applications for approval to proceed to larger-scale operations at Clunes.

Directors consider the Company's exploration holdings are well positioned, and (as confirmation) recent geophysics at Allendale has outlined a zone where known quartz may be associated with possible sulphides (and possibly gold). This target - the elusive objective of many previous programs - has remained hidden to past explorers. Funds raised through this Offer will enable new drilling by the Company to proceed on private land, east of Allendale. The nature of this target is described in Section 4 of this OIS.

The terms of the issue provide Members and other applicants with the opportunity of increasing their investment in the Company and in so doing to assist it to pursue work at Clunes and near Allendale. One (1) free option will be available for each four (4) shares issued under this Offer and be exercisable at a price of 20 cents up until 5.00 pm AEST on 31 August 2009

Work at Tourello is also intended to resume on the renewal of EL 4609. The next step in that program is to apply alternative methods of geophysics as recently carried out in Allendale.

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

To the extent that Members elect not to take up their entitlements under the issue, Shortfall Offer shares will become available for subscription by members of the public. Directors anticipate that, at the offer price, there will be some demand for any Shares coming available to the public through this Offer.

Members of Mount Rommel can also apply for additional shares in excess of their entitlement by using the General Application Form

Those members of the public who recognize this as an opportunity to subscribe for shares in what is otherwise a tightly-held Company are encouraged to apply at an early date. While the Directors retain the absolute right to accept or reject any Application for Shares (and associated New Options) their present intention 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 (and associated New Options). However, before you make your investment decision I ask that you consider the rapid progress of this Company since listing on the NSX in May 2006. You should also read this OIS carefully, and in its entirety, and if required seek financial or professional advice.

Directors regard this Offer as very fair, at a time of excellent results leading into proposals for development at Clunes, and are commending the Offer to all.

F.L. Hunt

SECTION 2

INTRODUCTION AND SUMMARY

Mount Rommel holds licences to develop gold prospects on private land in Central Victoria. The Company is making preparations for exploratory development at Clunes. Its other main interests are the eastern part of the goldfield at Allendale, where the Company seeks to identify gold in bedrock underlying three former small deep lead gold mines, and at 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 2007.

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 2006 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 referred to above nor those releases to NSX are included in or incorporated into this OIS. The prospectus referred to above includes independent technical reports providing background and support to 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 \$0.125 for every 2 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 includes the grant of One (1) free New Option to acquire an Ordinary Share in the Company for every four (4) Shares issued and allotted: exercisable at \$0.20 (20 cents) up to 31 August 2009, as set out in Section 5. The Offer is also open to non-members to the extent that there is a Shortfall.

TIMETABLE

The Issue will open on 22 November 2007 and will close at 5.00 pm AEST on 27 December 2007, or at such other date as the Directors may determine. The Directors expressly reserve the right to extend the Closing Date.

The Record Date to determine member's entitlements to the Issue is 30 November 2007 following which it is anticipated the Offer will be despatched to members by the Company's share registrar provided that the exposure period under s.724 of the Act has then expired. Subject to the exposure period not being extended by ASIC, despatch of the Offer to members is anticipated to be on or about 6 December 2007.

Applications received during the exposure period will be dealt with in accordance with s.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.

Applications from members for additional Shares or otherwise from members of the public which may only 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 9.

NOT UNDERWRITTEN

This Issue is not underwritten.

SECTION 3

IMPORTANT INFORMATION

IMPORTANT DATES

Date of OIS: date of issue of OIS:	22 November 2007
Shares trade ex-entitlement on NSX	23 November 2007
Record Date to determine member's entitlements to the Issue	30 November 2007
Despatch of Offer to Members	6 December 2007
Closing Date – Latest date for acceptance and payment in full	27 December 2007
Allotment of Shares and New Options	4 January 2008
Despatch of Transaction Confirmation Statements	8 January 2008
Commencement of Trading on NSX - indicative	8 January 2008

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 22 November 2007. 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 National Stock Exchange of Australia Limited ("NSX").

The fact that the National Stock Exchange of Australia 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 National Stock Exchange of Australia 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 authorised 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. 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.

SECTION 4

MOUNT ROMMEL: ACTIVITIES AND MANAGEMENT

CLUNES

When exploration drilling within MIN 5391 was proposed (as in the February 2006 prospectus, pages 44 and 46) it was thought by the Company that the vicinity of the Old Man Vein provided the majority of the exploration potential above the 135m level in the former Port Phillip gold mine.

Subsequently (to 30 June 2007) eleven diamond drill holes (for an aggregate of 1963 metres drilled) produced 23 commercially attractive intercepts. The analyses of core have emphatically demonstrated that the present potential of MIN 5391 for gold extends well beyond the margins of the Old Man Vein, to include entirely new veining. Much now remains to be explored within the framework of those eleven holes.

Some ground delineated by assay is also within reach of open excavations, and on that account application to begin exploratory development was lodged with Heritage Victoria, in the first instance (see below).

TESTING FOR GOLD RECOVERY

A preliminary metallurgical appraisal has been carried out by David Wright (metallurgist). The many "gold-bearing" intersections encountered in the various phases of exploratory drilling at the Port Phillip mine, Clunes have been made available for metallurgical test work. All 14 samples tested had been ground previously for fire assay (said to be 95% passing 75 microns) and at that particle size gave satisfactory results ranging from 80 to 99.7% recovery. All results and observations have been presented in a Report (David Wright, July 2007). This test work has been conducted to assist in establishing a processing route appropriate to the various types of material likely to be mined for treatment at the Port Phillip site.

There is scope to improve recoveries for the 2 samples with lower recoveries. It is believed recoveries in excess of 90% will be possible, depending on decisions made about the processing route.

HERITAGE ASPECTS

All archaeological sites over 50 years old in the State of Victoria, known and unknown, have protection under Part 6 of the Heritage Act, 1995. This protection extends to sites of historical mining activity. As to Heritage Status, the land encompassing MIN 5391 is included on the Victorian Heritage Inventory, Port Phillip Company – H7623-0240.

The objective of Directors is to obtain authorisation for excavations sufficient to provide bulk sampling material for next round of metallurgical test work, in advance of larger scale excavations.

Directors commissioned LRGM-Services, Heritage Consultants, to prepare a Cultural Heritage Report, dealing with the cultural significance of the place, the land, and to outline how a low-relief modern mining operation might be achievable within the context of a highly visual landscape considered to have cultural heritage significance. All shareholders were each provided with a copy of that report, on compact disc and Directors have assumed the contents of that LRGM-Services report will be known to them.

The existence of the LRGM-Services report is merely noted here but not commented upon. No statements are included in this OIS based upon that report and no inference should be drawn from the reference to it. It is not incorporated herein and does not form part of this OIS.

The LRGM-Services report was attached to the Consent to Disturb application to Heritage Victoria, following which the Company was issued with Heritage Victoria Consent number **C0565**. Under the Mineral Resources (Sustainable Developments) Act 1990, Section 69 a corresponding Work Plan approval was issued, registered 16 November 2007.

EXPLORATORY DEVELOPMENT

Drilling at Clunes in year 2007 indicates that there is a gold content to ground unmined and adjacent to veins worked in the period 1857 to 1865, and that this gold mineralised remnant ground extends to near surface, to just below the lava cover.

The immediate development objective is to test the above proposition, by bulk sampling new trenches and a small open excavation. The achievement of this objective is predicated on the erection on site of a small-scale treatment plant capable of processing mined material both in batches and on a continuous basis. This processing plant is to function via supply of industrial quality water sourced from old mine workings, MIN 5391. The Work Plan registered 19 June 2007 provides

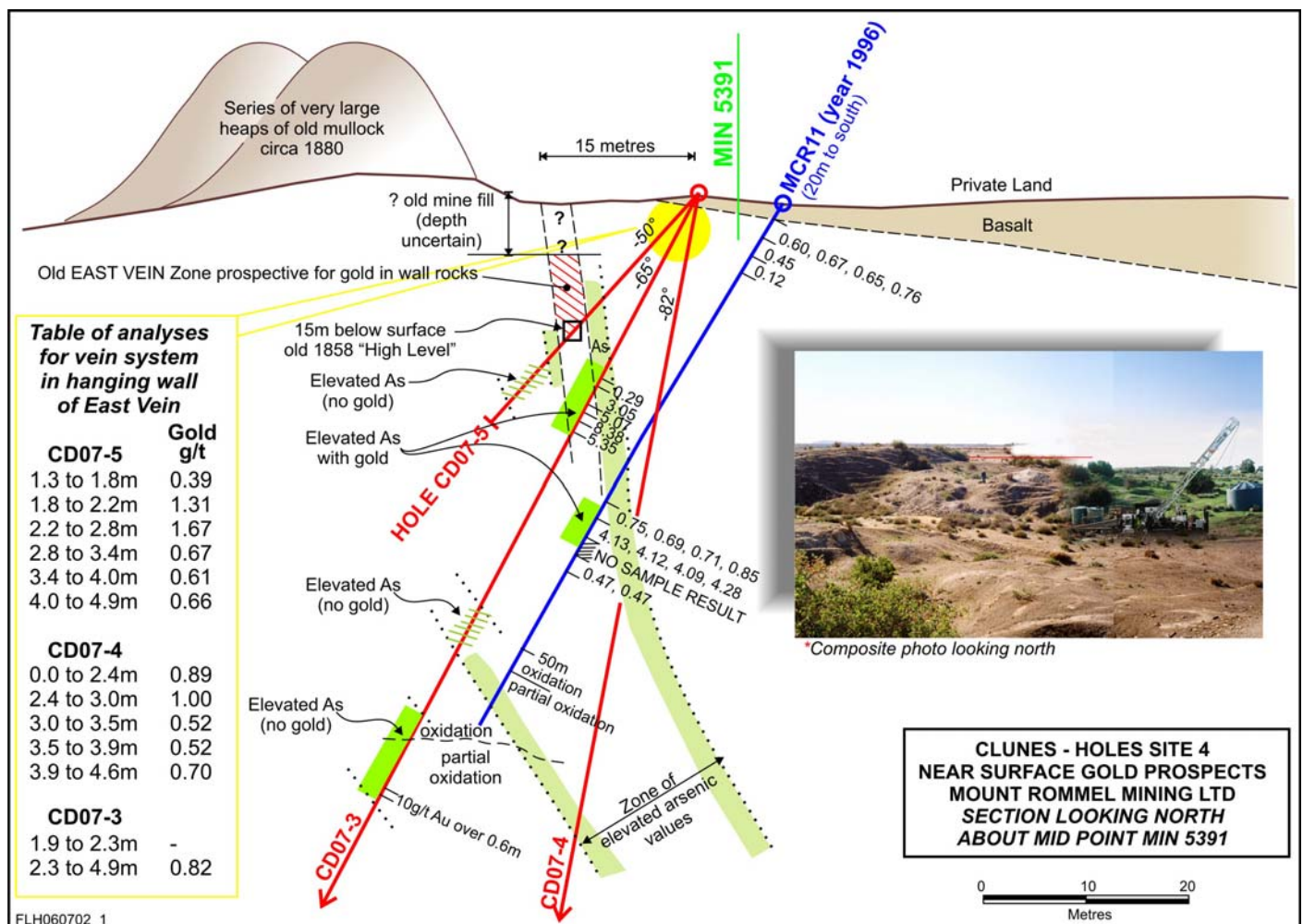
authorisation for the drilling of holes to access this water. Monitor bores (sampled over 3 months) confirm the existence of ample industrial-quality water below MIN 5391.

After confirming gold tenor through bulk sampling, the follow-on objective is to remove the overburden/decomposed lava over an area of approximately 150 metres by 30 metres in the north-east segment of MIN 5391. This excavation is expected to be about 3 metres depth at its southern end, increasing to about 20 metres deep near the north end of MIN 5391, where the floor of the excavation may still be basalt.

The sequential objectives are –

- to process the bulk sampled material by batch treatment, in a plant to be constructed, at a scale capable of subsequent continuous operation at a minimum rate of 5 tonnes per hour (maximum 10 tonnes per hour);
- to excavate to reveal the extent of unmined vein systems, at the ancient surface;
- to trench, sample and assay the newly exposed ancient surface, so as to define mineralised ground;
- to set up the treatment plant and associated works, to enable the processing of an initial 20,000 tonnes as larger scale bulk sampling, assuming a cut 3 metres deep into the floor of the exposed ancient surface and a process rate of 5 tonnes per hour or 100 tonnes per day minimum;
- to continue to percussion drill, sample and assay, to identify the extent of mineralisation below all these exposures, and provide a basis for ongoing operational approvals.

The present expectation is that these outgoings will reveal an unexploited vein system overlying the original East Vein, and east of that vein at the ancient surface. The evidence for this belief is indicated by analyses from the upper parts of holes CD07-4, 5 and 6, as set out in the sketch below. While the assay levels are not high, at and near the surface (as these are) the tenor of gold content is sufficient to justify bulk sampling and processing.

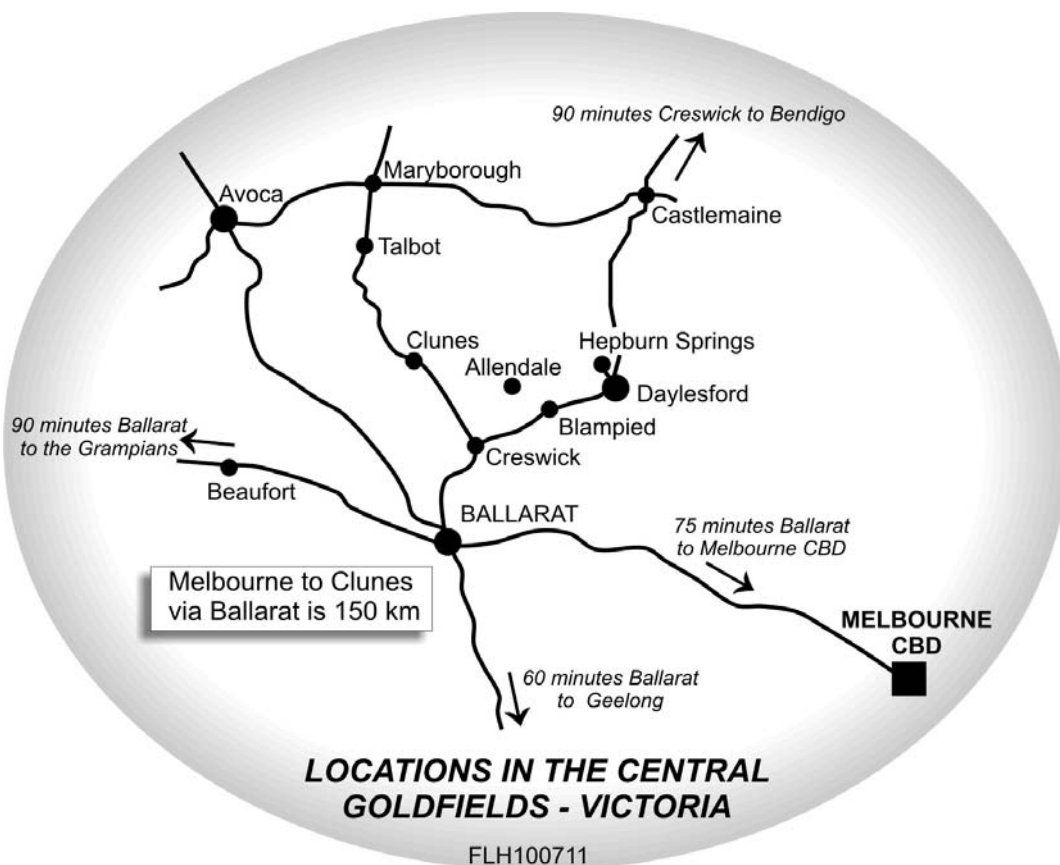




Port Phillip mine environs - a north-south extent of 390 metres

TABLE, GIVING DATES ANALYSES OF DRILL HOLE SAMPLES WERE RELEASED TO NSX

DATE	ITEM
18 October 2006	MIN 5391 Clunes – Hole CD06-1 Results
30 October 2006	MIN 5391 Clunes – Hole CD06-2 Results
17 November 2006	MIN 5391 Clunes – Hole CD06-2 & part CD06-3 Results
19 January 2007	Report, Diamond Drilling at Clunes
15 February 2007	Clunes Drilling Program Report
16 March 2007	Clunes Drilling Update
19 March 2007	Clunes Drilling – Replacement of Diagram
27 April 2007	Clunes Drilling – Further Disclosure of Results
18 June 2007	Drilling Results Holes CD07-3 and CD07-4
21 June 2007	Drilling Results Clunes MIN 5391



EXPLORATORY MINING OPERATIONS PROPOSED AT CLUNES

The character of gold mineralisation at Clunes is typical of deposits known in the Central Goldfields of Victoria.

The Company is proceeding on the basis that the gold mineralisation encountered in drilling is widespread within MIN 5391, and not distributed in a manner which enables the resource calculations envisaged under the JORC-Code of Practice.

The Company discloses in this OIS the assay results of the upper sections of the recently drilled holes CD07-3, CD07-4 and CD07-5 – see section drawing and table of results set out in that illustration. This is the material intended for initial bulk sampling. It is anticipated – based on the consistent pattern and length of all veins exposed and recorded in earlier mining – that this newly found mineralisation will - similar to parallel mined out veins – have extended length along strike.

The present objective is to bulk sample to extract and to treat on an investigative exploratory basis two zones, being –

- the newly identified low grade mineralisation, and
- the walls of previously mined veins

when exposed at surface, by removal of foreign (overburden) material, and also the naturally-occurring thin basalt cover which exists.

After consultation with representatives of Heritage Victoria and the Department of Primary Industries, the above program was divided into two steps

1. Preliminary opening – the trenches and the small open pit, for which Heritage Victoria approval has been given (C0565) and for which the DPI Work Plan approval is in progress.
2. Larger scale excavations to follow – the scope of which is anticipated to be of the order 150 metres by 30 metres, and for which there is as yet no approval due to the sequence requirements under the DPI approvals procedures.

The Company has prepared and lodged its Community Engagement Plan (required by legislation since 1 October 2007) to satisfy only Step 1 above. Each stage of mine activity requires lodgement of a revised Plan, and its formal registration by the Mining Registrar at the Victorian Department of Primary Industries.

In order to deal with the excavated material from the preliminary openings, a treatment plant is required to be erected on site. This plant is to be placed within a 20 metre by 20 metre space, and will be required to satisfy all regulatory standards.

For plant operations the excavated material is intended to be fed first into a small crusher, and then a 120 HP ball mill, to create a pumpable slurry which is to pass to a series of processing tanks (4 required).

The plant design presumes sampling will take place either in batches to assess grade (i.e. gold content of a large quantity of excavated material) or as continuous operation, to assess recoverable gold in comparison with cost of operation over a period of time.

The plant design is generally consistent with at least 5 other plants built and operated by D. Wright in Victoria some years ago. These plants all operated at sites privately, and for some extended time. The subsequent results became in some instances the basis for proposals about larger scale mine developments, including underground operations.

There are quite a number of good reasons why it is important to proceed in the above manner at Clunes, which are

1. The Company now has the experience which comes from penetrating this supposedly mined ground with many drill holes. These drilling results are particularly encouraging for the future. The next, most sensible step is to expose as much of the original surface as is practically possible, so that the gold-mineralised zone becomes understood at and near surface. The extraction of this near surface material for exploratory development purposes should take place in advance of any decision to go underground.
2. The size of this property (length 390 metres) means that on-going evaluation by means of drilling is not sensible – the cost would be similar to that for the last 11 holes, or about \$500,000 – and while drilling enables assays, it provides no answer to the relevant question on which development turns – that is : for what cost is how much gold recoverable?

A related question is the need to establish a process time period which maximizes gold recovery at least cost – the bench scale tests indicating the process time might need to differ depending on which variant of gold mineralisation (and there are four recognized variants) is being processed.

For the answers required the availability **on-site** of a treatment plant of the type proposed is the correct approach to on-going development. The Company also needs a plant of this realistic size to enable it to provide answers to achieve approvals for progressive expansion.

3. An **on-site** treatment plant removes a typical cause of concern to local communities, for road haulage is eliminated.

4. An **on-site** treatment plant requires an independent industrial water source. This water exists within MIN 5391 boundaries, as demonstrated through the completed 3 month water sampling program.
5. The Victorian Government has recently enacted legislation – through amendments to the Mineral Resources (Sustainable Development) Act 1990, substitute Section 40 (3) (ii), - which is discussed on page 35 the November 2007 issue of the government publication “Discovery”.

This legislation was made effective 1 October 2007, and introduces new requirements for Work Plans, as part of the approval process. Estimates of the kind prepared for this OIS are thus given another area of uncertainty (unknown Community “requirements”) resolved in this OIS by inclusion as a contingent sum (\$200,000) for un-anticipated works.

Community Engagement Plans are now required to be submitted as part of the Work Plan approval procedure. The draft guidelines for preparation of these “engagement plans” are expected to be available shortly.

Notwithstanding the absence of draft guidelines, the Company has been requested (9 November 2007) to lodge a Community Engagement Plan in accordance with new Regulations. The Company Directors have taken steps in preparation for this new legislation, which is on record, and have lodged the required Plan.

The step by step procedures being proposed in this OIS should enable these new law requirements to be satisfied. Further, the Company continues in the knowledge that Heritage Victoria is supportive of the development of “...a new slice of history...” for the Port Phillip mine at Clunes. This support is demonstrated in the recent issue of the Consent to Disturb approval C0565 by Heritage Victoria, which overcomes planning permit requirements of the Shire of Hepburn for this stage of works.

The Company is proceeding on the basis that approvals for mining (as defined) are unlikely to be sought in Year 2008. The entire thrust of this program is that a period of exploratory development is a necessary and sensible interim phase, and that the relatively large scale of earthworks expected are a function of site geology, incorporating basalt cover to be removed prior to sampling activities.

The projected costs of the establishment of a treatment plant at Clunes is estimated at up to \$1,200,000 as set out below. Clearly, unless the Company raises sufficient and adequate funds for this purpose or enters into a joint venture or other arrangement to enable completion of the development, the proposed development cannot proceed.

Section 4 of the OIS includes an expanded description of items of expense, and Section 7 includes a series of explanatory notes which set out the way in which Directors have agreed to act in relation to the circumstances of less than full subscription.

Members should note that various of the costs detailed below are in the nature of operating rather than capital costs.

Members should also note that no projections of revenue are given from any such development mining are given. Revenues will depend on grade, recovery factors and capital and operating costs as well as the price of gold at the time and it is not possible for the Directors to give any forecasts or projections relating to these matters.

A risk must exist that any such mining operations will not be successful and that no positive net cash flow will be derived from these operations.

Before commencement of construction of the plant and equipment the Company will carry out a limited feasibility study as to probable outcomes from its operations but as at the date hereof, this has not been done, nor will it be done prior to the close of the issue.

Consequently these are risk factors which Applicants should take into account when deciding whether to apply for Shares (and associated new Options).

Construction of Plant at Clunes (MIN 5391)

	Item Cost A\$	Sub Totals A\$
Construct a 5 to 10 tonne per hour (tph) CIP plant and related earthworks:		
- site preparation, to develop water source and work space		
- purchase of itemised components as sourced by D. Wright, to suit construction of a 5 to 10 tph carbon-in-pulp (CIP) treatment plant, as per estimate list provided to Directors		
- construct, fabricate, erect CIP plant over 10 weeks, including labour costs	590,000	590,000
-		
- purchase of carbon chemicals, etc	30,000	
- allowance for power	50,000	
- pumps, water storage, prelim. Tails retention	25,000	105,000
-		
- engineering, survey support	50,000	
- cost accounting	20,000	
- allowance for community related items including appropriate fencing, security, and on-site facilities (preliminary civil works)	35,000	105,000
-		
- provision for un-anticipated government agency requirements, bonds, roadway works, etc		200,000
- earthworks operations, assuming on-going approvals to open up site and develop expanded bulk sampling procedures		200,000
Total		\$1,200,000



Discovery drilling at MIN 5391, Clunes, February 2007

This photograph looks south across land part of which is to be revealed in the preliminary stage of bulk sampling work. The tree at right of photo is growing out of the (backfilled) former Port Phillip South shaft site. The monuments (at far left, on road edge) celebrate the history of this place. The drill rig at centre of photo is at Site 2. The proposed treatment plant is intended to be positioned off to the right of this photo, and not within sight lines of the greater part of Clunes Township, which is in the background of this photo.

ALLENDALE

SUMMARY STATEMENTS

Directors here relate the grounds for belief that the eastern part of EL 3821 is especially prospective for gold in the bedrock. The area of current interest is private land, the owners unchanged since December 1978. The former licence holder (BHP Gold Mines Ltd) withdrew from this area, May 1990 apparently for corporate reasons, and without entry to this private land.

The only ground geophysics carried out in this area (including the private land described above) has been at the direction of Mount Rommel Mining Ltd. In this part of the OIS Directors publish the current opinion of Consultant Geophysicist Mr. H. Rutter, following his very recent review of new geophysical data collected by contractors to the Company. New drilling is proposed.

BACKGROUND TO DEVELOPMENT AT ALLENDALE

In the Clunes, Creswick and other Victorian gold fields, early mining activities were recorded and for many years published by the Victorian Government each Quarter, in the Reports of the Mining Registrars, copies of which are available from the Department of Primary Industries.

From those Reports, and the accounts of other early observers, it was generally known that gold was to be found in the geologically "Oldest" alluvial deposits, being situated on the crests and slopes of spurs; while deposits younger than them would be found in the washdirt of the deep-leads (extending under the basalt), with the most recent deposits being those concentrated detrital residues in the present stream beds. It has been estimated that some 40% of the gold yield of Victoria has been won from the various kinds of alluvial deposits – see hereunder for statistics, year 1871.

In September 1874, the Mining Registrar's report confirms there were extensive hard-rock gold-in-quartz mine developments at Clunes on the north side of Creswick's Creek (the Port Phillip and New North Clunes mines). At this time those mines south of the same creek (the South Clunes and Lothair Companies) worked only the alluvial portions of their claims. Subsequent history shows very extensive quartz reef workings were developed to yield gold in the claims of both South Clunes and Lothair Companies. There is no such subsequent history for the early mines working "alluvials" about Allendale, which makes the Allendale area attractive to modern gold explorers.

Shareholders of Mount Rommel Mining Ltd. have each been provided with a compendium of referenced press reports, years 1873 to 1878, on compact disc, which enables members to gain an insight into the manner that Victoria's largest private gold field was opened up, should they wish to do so. Allendale, later known for its Madame Berry System of leads, became famous for the successful and systematic mining of gold from deep leads covered by basalt lava. Its period of opening (1873 to 1878) coincides with the close of the same type of mining at Redan, Ballarat West, and Sebastopol, and for that reason both funds and skilled workers were readily available for the numerous new mines around Allendale. Its period of prosperity extended for more than 30 years.

After 1879, deep quartz mining began at Redan, in close proximity to the areas previously worked for deep lead gold (i.e. worked in the years 1864 to 1872). Deep lead mining continued in the Allendale/Creswick vicinity until about year 1909.

The normal occupations of the initial shareholders of mining companies working south and south-east of Allendale are to be found published in the *Victorian Government Gazette*, years 1873 to 1878 (etc.), available at the Latrobe Reading Room, State Library of Victoria. The listed occupations give every reason to understand why these individuals were solely interested in working the then Company holdings only for gold won from washdirt.

Generally, it can be shown through the names of shareholders on Company registration records from 1875, that many of the same individuals were involved at both Ballarat and Allendale. It is apparent from the timing of developments that funding for new quartz developments became preferentially directed to mining companies working along the Consols and Guiding Star lines of lode, Redan and Sebastopol. As history also shows (through statements published in contemporary press) the directorates of companies working near Allendale had no intention, generally, of pursuing gold in quartz.

At the end of developments along the Madame Berry System of leads, the aggregate gold output actually exceeded the aggregate of similar mines in the locality Ballarat West, Redan and Sebastopol, and also of all the mines at Clunes.

In more recent times, the unexplained gold provenance of Allendale led to a periodic interest in this location by the larger companies, beginning about 1965, with the WMC-Newmont USA and Anglo American joint venture. Later CRA held this ground (1981 to 1988) as part of the former EL 889, extending north from Nereena (Ballarat).

Dampier Mining Co. Ltd. (a BHP exploration subsidiary) held part of this ground from 1979 to 1980, under EL 657, work then being carried out further south. BHP geologists again returned to the area as BHP Gold Mines Ltd. - see particularly the work on former EL 2258 in 1989-1990 – giving up its licence in May 1990. Formal cancellation of EL 2258 on 22 August 1990 was followed by withdrawal of the BHP Gold Mines Ltd Development Lease Applications 1157 and 1158, in August 1991 – see location plan page 16 of this OIS. The results of work in EL 2258 are available from Open File reports held by the Department

of Primary Industries. There is no record of BHP Gold Mines Ltd exploration on private land north of Stag Road where Mount Rommel carried out its recent geophysical surveys.

The several exploration licence applications of Mount Rommel were successful after overcoming issues then associated with a Ministerial Interim Development Order over the former Creswick Shire. A Ministerial Exemption Area divided the initial area of EL 3821. At present, the licence area has been reduced to 23 graticular sections (approximately 23 square kilometres), and renewed to expire on 26th February, 2008.

The Company has met the licence expenditure and work commitments, and statutory reporting requirements, and therefore Directors anticipate that EL 3821 will be renewed for a further term, at its present size.

OBSERVATIONS AT OTHER GOLD FIELDS, CENTRAL VICTORIA

According to Annual Reports of the Department of Mines, from the first discovery of gold in the Colony of Victoria (year 1851) up to the 31st December 1872 (the time of opening of the gold field at Allendale) the quantity of gold exported and minted was 42,037,326 oz. The Secretary for Mines at the time qualifies those returns, remarking that

“in Victoria it is impossible to state what quantity of gold is raised in any one year....”

The Victorian returns for just year 1871 were –

▪ alluvial gold	698,190 oz (including deep lead gold)
▪ quartz gold	670,770 oz
▪ total	1,368,960 oz

The results for 1871 are consistent with Victorian returns for other years and, on this basis, it is reasonable to accept 40% of gold in Victoria was won from washdirt (the “alluvials”).

At VICMIN 2001, the Third Conference on Developments in Victorian Geology and Mineralisation, held at Ballarat April 2001, the Government geologists who were presenting for the Geological Survey of Victoria (Wohl. K., et al) made two points –

1. *“....Creswick and Clunes occur in the centre of the Victorian golden triangle, which hosts some of the biggest goldfields in the world”, and*
2. *“....the bedrock shielded beneath the basalt remains a greenfields exploration target....”*

Mount Rommel are working to discover gold in bedrock hidden by basalt and below the ancient surface on which gold was won from washdirt.

The Castlemaine gold field is another Central Victorian goldfield initially famous for its alluvial gold production. As an example of what may develop in later years this field also became famous for the hard-rock production of the Wattle Gully gold mine.

“Wattle Gully Gold Mines N.L. was formed in 1933 with a nominal capital of £60,000 in £1 shares. The object of the Company was to prospect the east-dipping strata and associated formations east of the West Wattle Gully anticlinal fold ...”

This clearly stated object gave expression to widely held opinions as to where gold mineralisation is more likely to be found. The above quote is from a report on Wattle Gully Mine, Chewton, by D.E. Thomas et al, government geologists, published in the *Victorian Government Mining and Geological Journal*, July 1938. This mine over 30 years became the best known example of a fault-controlled system of gold-bearing veins, situated within a larger, complex fault zone. Many published works described the specific relationship summarised in the above quotation – see Willman, C.E. (1995) *Castlemaine Goldfield*, G.S.V. Report 106. Both references are available from the offices of the Department of Primary Industries.

The second well-recognised fact about gold mineralisation in Victoria is that it is more frequently found associated with divergence or convergence of fold axes, indicative of structural complexities. In the circumstances of a bedrock covered over with one, two, or three layers of basalt, this kind of guide is simply unavailable to explorers.

An alternative exploration method is being developed by Mount Rommel. This method seeks to establish a sufficient understanding of the area in general, through geophysics and available drilling data, to the point where zones structurally complex might be found associated with east-dipping beds. This is the stage considered already reached in the work completed to date at Allendale.

Another observation common to many Victorian gold fields is that the linear character of a field has quite sharply defined geographic boundaries, east and west. This linear character is well-illustrated at Castlemaine – see Willman, 1995, Figure 27 of G.S.V. Report 106. In the search programs of the Company at Allendale, an objective has been to define the outside east

limits of land to be explored – some definition of which has already been given by the work of miners circa 1873-1878, and more recently by that of BHP Gold Mines Ltd. (as in Open File Reports of former EL 2258).

Another Central Victorian goldfield is at Daylesford, located about 20 kilometres to the east of Allendale. Many years previous to the discovery of the Wattle Gully ore zone, the exploration significance of east-dipping beds and defining boundaries had been carefully described by State government geologist Whitelaw, H.S., in a published report on *The Daylesford Goldfield*", quoted below –

"The importance of accurately delineating the course of the axis of the folds at the surface lies in this : that, though the anticlines are here (Daylesford) of secondary importance as reef channels, yet, so far as mining operations go to prove, they define the western limit of the profitably-auriferous quartz reefs which, up to date, have so far as can be learned, been found only in the east-dipping beds of the anticlines.

If this observation can be confirmed – present knowledge does not warrant a positive conclusion – it means that future profitable mining will be confined to the narrow belts of country bounded on the east by the axis of a syncline, and on the west by the axis of an anticline : and it will follow that the anticline having the widest eastern flank will be known as the main fold."

Whitelaw goes on to observe that along 3 adjacent folds, across an east-west width of about 800 metres, almost the whole of the profitable quartz mining has been carried on at Daylesford. This confined strip of width 800 metres sits within an overall goldfield width of "2 miles". Whitelaw, H.S., carried out his survey of mines and tunnels in Daylesford in the period September 1912 to October 1914, as a government surveyor; assisted by other official surveyors of the State government group. This report was subsequently published as –

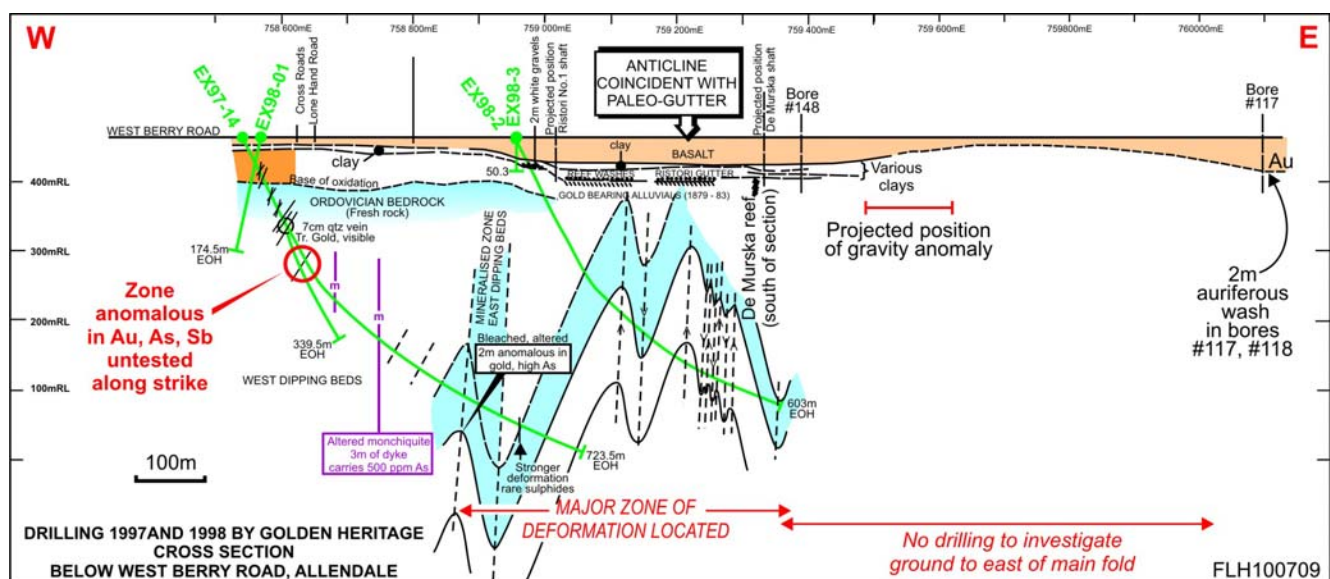
- Whitelaw, H.S. and Baragwanath, W. (Snr) (1923) *The Daylesford Goldfield* – Bull. G.S.V. 42 – Prefatory Note by Baragwanath, W. (Jnr) as Director of the Geological Survey of Victoria.

The above reference is available at the State Library of Victoria (Call #MF288 (No. 42)) with the concepts being confirmed in –

- Baragwanath, W., (1953) *The Daylesford Goldfield*, in Geol. of Aust. Ore Deposits – 5th Emp. Min. Met. Congress Vol. 1, a publication of the Ausl.M.M.

In his 1953 report, Baragwanath confirms that the principal reef channels occur as a series of sub-parallel, steeply dipping reverse faults found consistently to be auriferous only if located in rocks on the eastern side of each of the main anticlines. Thus, in Daylesford, each anticline serves to define the west limit of profitably worked zones or reefs.

At Allendale, as the cross-section hereunder shows, the drilling in 1997 and 1998 went so far as to define anticlines west of the De Murska shaft position. This cross-section makes clear that the entire 800 metres east of the De Murska shaft remains insufficiently explored. It is in this 800 metre wide zone that the intensive ground geophysical coverage has been carried out and completed for the Company, between late August and mid-October 2007. In this way, the Company is charting those parts of EL 3821 which warrant new drilling.



WEST BERRY ROAD DRILL TRAVERSE HOLES EX97-14, 14A, EX98-1, 2, 3

FRAMEWORK FOR GOLD EXPLORATION

The Company is investigating ground considered by many to be highly prospective for new gold-quartz deposits. In this eastern part EL 3821, the rocks worn away over millions of years did leave as residuals washdirt which was worked profitably for its gold content. Nothing but new drilling will determine whether or not, under the lava cover, there is something at Allendale akin to a Ballarat, Clunes or Daylesford hard-rock gold deposit. The most recent task has been to outline where in this south-east part of EL 3821 drilling should occur.

It is typical that the surface expression of steeply dipping auriferous veins is minimal. A relevant example is given in GSV Bulletin 42 (referred to above) as follows –

At Daylesford, the Cornish anticline had its best paying mines between a quarter and half-a-mile south-east of the Post Office.

The credit of discovery the Cornish lodes is given to a Mr. C. Parsons, the find being made in year 1854 when stripping auriferous rain wash (dirt) from the hillside.

Thus, even where there was no lava cover the lodes are not at once evident.

In Amos, M. *History of the Daylesford Goldfield*, as published in the Reports of Mining Registrars for June 1890, it is stated that the historical records of yields “... bring the gold returns from Cornish Hill well up to the £1 million mark ...” (Bulletin 42, page 74), “... and show that profits amounting to a quarter of a million pounds have been divided ...”.

In this Cornish Hill part of Daylesford, with the advantage of an absence of lava cover, later government geologists were able to report on the extent and nature of the Cornish workings at surface. In the Prefatory Note to Bulletin 42 (referred to above) the then Director of the Geological Survey of Victoria, W. Baragwanath, makes these observations –

“The last revival of mining in the (Daylesford) district began about twenty years ago (1905) at a time when all operations had ceased for a period of 5 years. Developments on the Cornish line led to the re-opening of the Ajax and Nuggetty lines, and for many years four (4) of these mines paid dividends regularly.

*Operations along this (Ajax) line proved that, while the early miners had exhausted the outcropping makes of stone, **there exist parallel and recurring underlying formations** which yielded quartz of width, extent and value comparable with that exposed on the surface; and in this group of mines fully a score of “vertical” and “flat” makes have been opened up, none of which came within 200 feet of the surface. Similar conditions in all probability exist on the now idle and abandoned parallel lines through the field ...”*

These kinds of observations apply similarly to Ballarat, Clunes and Daylesford, lending support to the present belief that there ought to be quartz gold underlying the early washdirt workings near Allendale.

It should be noted that in earlier years the Victorian State geologists made a practice of recording and publishing observations made at, and inside, active mine workings. There is no equivalent today, nor do the State acquire geophysical data over known mines or mineralised ground for similar publication.

In its efforts to overcome the lack of mine-scale geophysical data, the disadvantages of lava cover, and some limitations of closer settlement, Mount Rommel Mining Ltd. has progressively developed three sets of new data –

1. the information from drilling at Allendale, Ballarat and Clunes, by all previous explorers;
2. the knowledge from recent drill hole sampling at Clunes, where there were excellent outcomes (as have been reported to NSX by the Company), and
3. a large-scale program of ground gravity geophysical coverage across this district.

No single geophysical survey is adequate : results are given meaning through placement into a pre-existing data set. Given that the area of the Allendale gold field is much the same as that at Ballarat – both 6 kilometres east-west by 8 kilometres north-south – it is not surprising that over the last decade the aggregate expense to collect the above data exceeds \$3 million.

Hence, before a lava-covered location can be nominated for new drilling, a number of geophysical surveys are seen as necessary : these surveys have now been carried out in the south-east part of EL 3821.

All this prior work continues to indicate that –

- the real objective for drilling should become apparent, even under lava cover, as a strip of ground 100 metres or so in width by at least 1,000 metres evident extent, and
- any process of interpretation is advantaged when the Company has the kind of data described above.

Where such an objective emerges in the geophysical data after successive surveys – the present case – it should be investigated by new drilling.

In late August 2007, the opportunity arose to combine the results of new traversing using time-domain dipole-dipole Induced Polarisation with earlier gravity work. The results again directed attention to the area of ground east of the old De Murska shaft, between the disused railway reserve and Stag Road. This area is about 800 metres in width, and has a north-south extent of about two kilometres. The basalt here overlies that portion of Hawkin's Lead where once mined by the Bunyan's and Kingston Park Companies, circa 1875. The results of these recent surveys warrant drilling, the cost of which is included in the Use of Funds table in this OIS, and is part of the purpose of the present Issue.

PRIVATE LAND AT ALLENDALE

The various separate private land boundaries at Allendale have particular significance in terms of gold, and exploration today. For example, modern Induced Polarisation geophysics requires a minimum of interference from powerlines, or from grounded fences. Therefore it is unusual to have the opportunity to apply this method in closer settled areas.

Both today, and in the past, access for either exploration or development relies upon landowner consent.

At the first opening of this gold field (1872 to 1878) each gold mining company operated within distinct freehold boundaries. The washdirt in deep lead channels was removed on a lot-by-lot basis, under separate company names for each allotment. Larger scale mines, the first being the Ristori, just north of the De Murska, operated within fixed portions of a nearly 6,000 acres freehold estate. As reported in Open File data for former EL 2258, the operator of this licence – BHP Gold Mines Ltd. – did not extend its activities into private land north or south of its immediate work area.

The follow-up geophysical surveys completed for the Company in September and October 2007 were only accomplished because of the welcome co-operation of landowners L.A. and E.T. Wright, who own all the freehold containing the former Bunyan's and Kingston Park Company workings. The Directors of the Company have previously made access arrangements to enter land further to the north, including for the purposes of drilling. This land is owned by A.J. Williams, also the owner of the core-shed rented by the Company, at Allendale. These are the environs east of the principal anticline underlying the De Murska-Ristori channel, Allendale.

The Company has made no arrangements to enter the variously owned land south of Stag Road, although this land (for a distance of 2.5 kilometres) is covered by EL 3821.

The Shire of Hepburn Planning Scheme Heritage Overlay controls access to the immediate environs of the shafts of former Kingston Park mine (ref. #930) and former Bunyan's mine (ref. #934) – for locations see plan, page 16 of this OIS. The whole area of interest is within a Rural Conservation Zone in which exploration drilling is an *as of right* use provided normal licence procedures are followed. Correspondence from Heritage Victoria dated 19 November 2007 confirms there are no statutory constraints applicable to the part of EL 3821 being recommended for drilling by H Rutter in this OIS.

GEOPHYSICS

1. GROUND GRAVITY

The Company has developed a network of ground gravity stations in the Ballarat district. Within this network there are several areas in which closer-spaced ground gravity has been used to better delineate prospectivity – for example, Clunes and Allendale. In the south-east part of EL 3821, the ground gravity data compilations are recorded in these unpublished reports –

- Rutter, H., May 1999 *A Report on the Results of Gravity Surveys at Allendale, Victoria* – this for Golden Heritage Mining N.L.
- Rutter, H., June 2006 *A compilation of geophysical data east of Lone Hand Road, Allendale, EL 3821, Victoria* – this for Mount Rommel Mining Ltd.

Subsequent to June 2006, the Company carried out two further ground gravity surveys east of Allendale, viz. –

August 2006 - 130 new stations, and September 2007 - 321 new stations

As a result, there is ground gravity coverage at detail (75m by 25 m grid) extending from the highway (West Berry Road) south to Stag Road (a distance of 2 kilometres) for a width of 1 kilometre. In October 2007, consulting geophysicist Hugh Rutter of Flagstaff GeoConsultants merged the new data into the existing ground gravity data network, to provide the basis for considerations regarding new drilling. An edited part of the overall data is published in this OIS – see following pages.

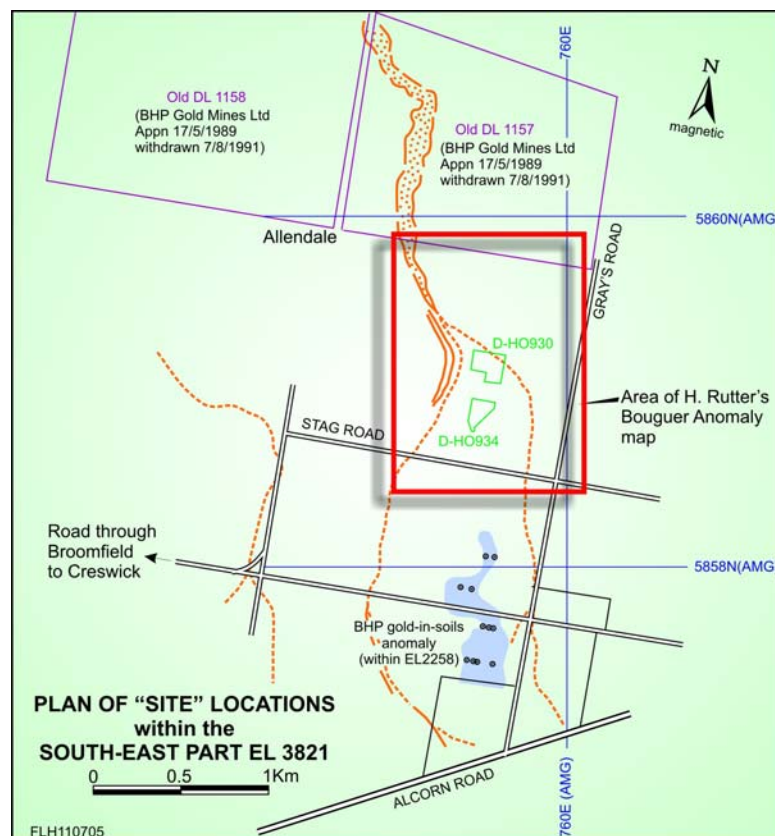
2. TIME DOMAIN INDUCED POLARISATION

In late August 2007, Zonge Engineering and Research Organization (Australia) Pty. Ltd. (Zonge) were contracted to carry out a dipole-dipole Induced Polarisation (DDIP) survey, as two traverses, with station spacing of 100 metres, producing 230 points of data over an aggregate of 4.3 line kilometres.

These two initial traverses were on parallel roads, running east-west, and about 820 metres apart.

In October, a Zonge crew returned to this vicinity, this time completing 2 traverses with station spacing of 100 metres, and 2 intermediate traverses with station spacing of 50 metres, within the private land on the north side of Stag Road, Allendale, owned by L.A. and E.T. Wright.

In this way approximately 400 strike metres have been covered with detail IP, in 4 traverses.



WHY THIS PART OF THE ALLENDALE AREA HAS BEEN NEGLECTED

On 17 June 1986 the North Creswick Mining Site Interim Development Order (IDO) was approved by the Governor in Council and published in the Victorian Government Gazette 18 June 1986. This IDO, also known as the Shire of Creswick Amendment No.8, was controversial in content as evidenced in press accounts of public meetings from that time.

Among the written submissions to the independent Panel considering this IDO, is that from BHP-Utah on behalf of BHP Gold Mines Ltd.. In a little over two pages, this BHP-Utah submission to this Panel makes quite clear the view of this company.... (quote) ".....that the bedrock covered by approximately 50 metres of basalt and sediments within the area affected by amendment No.8 (this IDO) is very likely to contain a major, as yet undiscovered, gold resource of considerable economic importance. As at Ballarat and Bendigo, this potential resource may be present in more than one deposit separated by short distances. It is likely to be found underneath or adjacent to the deep lead..."

BHP-Utah in its submission lists factors it thought not considered in the submission of government agencies, suggesting that the argument for such restrictive land use had not been properly considered by government, going on to offer alternatives, including the withdrawal of the IDO.

On 11 September 2006, Amendment C15 to the shire of Hepburn Planning Scheme was signed into law, replacing parts of the Heritage Overlay describing limits (on plan – see above) where restrictions still apply. Today use is permissible (under EL 3821, in this case) within and around places as designated HO930 & HO934. Thus after 20 years have passed, it is possible to consider the 1986 objective of BHP Gold Mines Ltd. in practical terms, as now seen in the following two pages.



Hugh Rutter Geophysicist
Geof Fethers Geologist
Paul Hamlyn Geologist
Michael Asten Geophysicist
Ross Caughey Geologist
Jovan Silic Geophysicist
Gary Hooper Project Manager

Mount Rommel Mining Ltd.
28 Lawson Crescent,
Thomastown, Vic 3074

7th November 2007

Attention: F. Hunt

Dear Fred,

Re: Recent gravity data from Allendale.

The recent gravity data from Allendale has highlighted an area of low gravity response of 0.15mgls with horizontal dimensions of at least 50m by 100m. The shape of this gravity low within the surrounding higher values is very similar to those seen in the Ballarat area where significant amounts of gold have been mined in the past. It also follows the Binns and Eames* hypothesis which suggests that a gravity low will be produced by the alteration products surrounding an area of potential gold mineralization.

The gravity anomaly is defined on two traverses at the following locations:

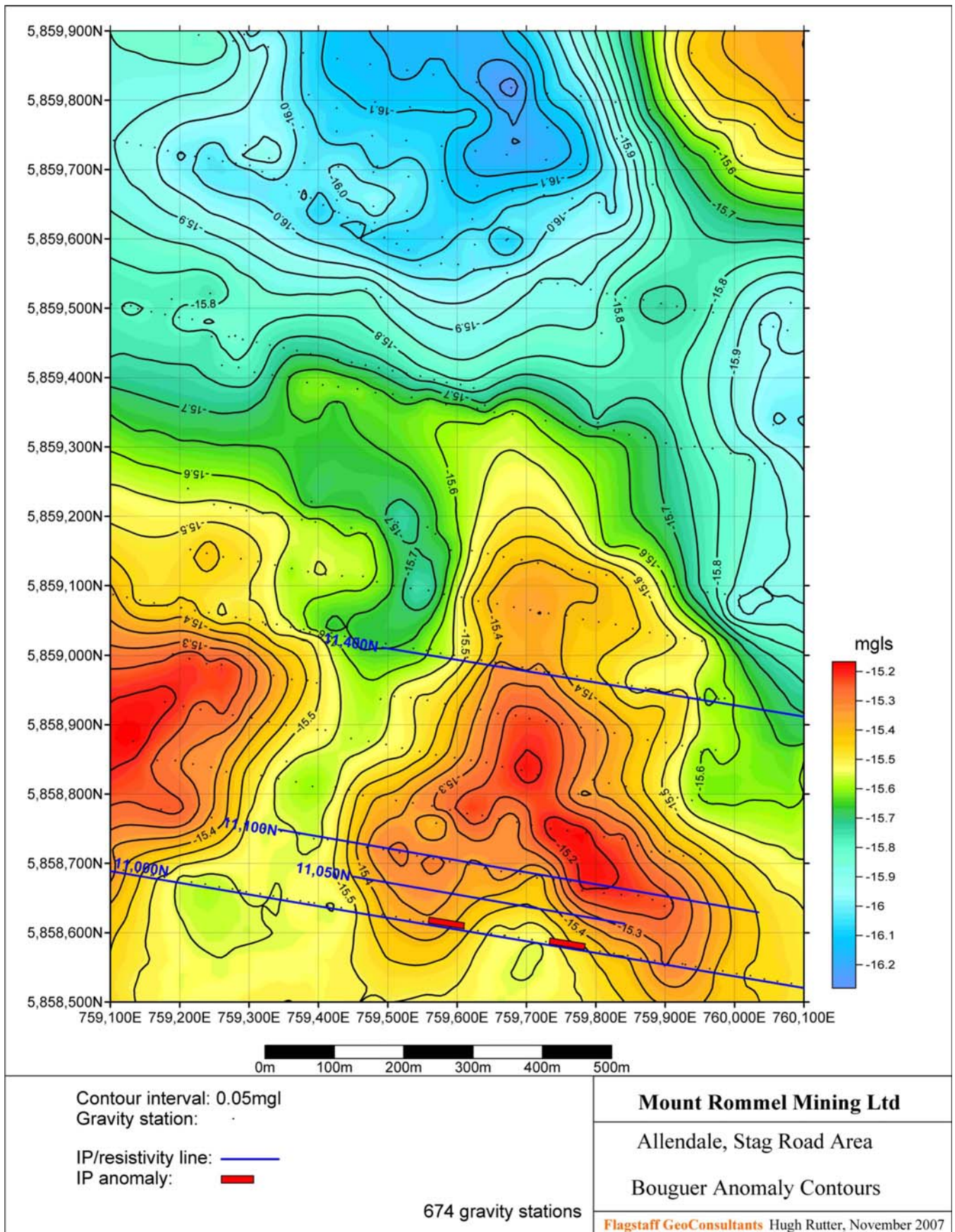
- 759,525E 5,859,195N
- 759,550E 5,859,100N

Initial drill testing is recommended at or between these two locations to a depth of at least 100m in to bedrock to test for gold mineralization. The feature has the potential to extend at least 100m to the south and 200m to the north-west.

Yours sincerely

Hugh Rutter
Consulting Geophysicist

* Binns R.A. and Eames J.C., *Geochemistry of Wall Rocks at the Clunes Gold Deposit*, Victoria, Economic Geology 1989, Vol 24, pp 310 – 319.



SECTION 5

OFFER AND KEY DATES

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: (THE “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 two (2) Shares held on the Record Date to determine entitlements to the Issue at an issue price of 12.5 cents per new Share. Fractional entitlements to Shares will be rounded down to the next whole Share.

For every four (4) Shares applied for, an Applicant may also apply for one (1) New Options. The terms and conditions of the New Options are set out below.

A personalised Entitlement and Acceptance Form which sets out each Member's entitlement to Shares (and New Options) as at the Record Date will accompany this OIS. See below.

SHORTFALL OFFER

A minimum subscription of 10,000 shares will apply to the Shortfall Offer.

The Shortfall Offer is open to all existing shareholders and to any member of the public and pursuant thereto they may apply for Shares (and associated New Options) to the extent of any shortfall under the Entitlements Offer. Applications under 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 (and associated New Options) than the Applicant has applied for.

ENTITLEMENT AND ACCEPTANCE FORMS

Accompanying this OIS and for use only by Members is a separate personalised Entitlement and Acceptance form that sets out the appropriate Member's entitlement to new Shares and associated New Options under this Offer.

GENERAL APPLICATIONS

Attached to and forming part of this OIS is a coloured General Application Form for use by all members of the public and by Members of the Company applying for new Shares (and associated New Options) in excess of their entitlement.

MINIMUM SUBSCRIPTION FOR GENERAL APPLICATIONS

For the public at large, the minimum subscription is an application for 10,000 Shares at an aggregate issue price of \$1,250. 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 22 November 2007 after lodgement with ASIC, (“Opening Date”) which is the date of this OIS, and will close at 5.00 pm AEST on 27 December 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.

TERMS AND CONDITIONS OF OPTIONS OFFERED PURSUANT TO THIS OIS

The terms and conditions of the New Options offered pursuant to both the Entitlements Offer and the Shortfall Offer are as follows: namely the Optionholder will be entitled to subscribe for and be allotted an Ordinary Share in the capital of the Company on the following terms:

- The option shall expire at 5.00pm (AEST) on 31 August 2009 ("Expiry Date").
- The option shall entitle the Optionholder to subscribe for an ordinary share in the capital of the Company. A share issued on the exercise of the option will be a fully paid ordinary share and will rank equally in all respects with the then existing issued ordinary fully paid shares in the capital of the Company from the date of issue and will be subject to the provisions of the constitution of the Company.
- The option may be transferred at any time in accordance with the Corporations Act 2001, the ASTC Market Rules and the Listing Rules.
- The option shall be exercisable at 20 cents ("Exercise Price").
- The Option may be exercisable at any time prior to the Expiry Date by notice of exercise in or to the effect of the form provided to the Option holder by the Company at the time of grant of the Option or otherwise accompanied by payment of the Exercise Price.
- An Option holder has no right to a change in the Exercise Price or to any change to the number of underlying securities over which the option can be exercised.
- An option shall not entitle the holder to participate in new issues of ordinary shares offered to members of the Company during the currency of the option term, unless exercised prior to that new issue.

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 New 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 business days of the closing date of this OIS, apply to NSX for admission of the Shares and New Options 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 and Options the subject of this OIS, the Directors will proceed to allotment thereof 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 (and associated options) 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 securities 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 8 January 2008, unless the Closing Date is varied. Trading is anticipated to commence on or about 8 January 2008.

It is the responsibility of Applicants to determine their allocation of Shares (and associated New Options) prior to dealing in those securities. Any Applicants who sell or otherwise deal in any securities 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 in total.

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.

Costs of the Issue (exclusive of GST)	Amount \$
Printing	5,000
Share Registry, postage and sundry - indicative	4,000
Legal Fees	5,000
Total	\$14,000

SECTION 6

CAPITAL STRUCTURE

Assuming that the Issue is fully subscribed, and assuming that no existing 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:

CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE	
Amount to be raised - maximum	\$2,027,629
Offer price per Share	\$0.125
Existing Capital Structure	
Number of Existing Shares*	32,442,069
Number of existing Options exercisable 28 February 2008 at 20 cents (MMTOA)	5,888,668
Securities Offered for Subscription under this Offer	
Number of Shares being offered under this OIS**	16,221,034
Number of New Options exercisable up to 31 August 2009 being offered under this OIS**	4,055,258
Capital Structure on Completion of the Issue : Assuming full subscription	
Total number of Shares immediately after allotment of new Shares under the Issue (Assuming full subscription)	48,663,103
Total number of existing Options expiring 28 February 2008 exercisable at 20 cents	5,888,668
Total number of New Options expiring 31 August 2009 exercisable at 20 cents	4,055,258

* includes 2,883,250 escrowed shares which rank equally for the purposes of the Offer

** Subject to rounding of entitlements.

SECTION 7

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:

1. Commence the exploratory development program at Clunes, including the building of a variable scale processing plant on site, MIN 5391 – the initial bulk sampling phase.
2. Continue investigations on the east side, EL 3821, Allendale to physically test those places recommended by the consulting Geophysicist to the Company, Mr. H. Rutter as set out in this Offer.
3. Provide funds to meet the necessary insurance, administrative and corporate overheads of the Company, and to sustain renewal of the licences issued to the Company.

Details of the amounts estimated as being applied for each of the above purposes are set out generally in the table below. Members should note that no contribution from possible production is taken into account as that is not certain and will depend on the Company being able to construct and commission the plant and achieve production from it.

Source of Funds:	Available Funds Full Subscription (\$)
Existing Funds as at date of this OIS (22 November 2007)	25,000
Gross Proceeds of the Issue (assumes full subscription)	2,027,629
Total Funds Available: assuming full subscription	2,052,629

Use of Funds: Assuming Full Subscription*	Amount \$
Costs of the Issue	14,000
Clunes – civil works, exploratory development, as set out in Section Four above*	1,200,000
Provision for additional costs of operations at Clunes	300,000
Allendale – preliminary drilling (2 sites) as per recommendation of consulting geophysicist	121,000
infill drilling	87,000
Tourello – geophysics	0
Administration and Corporate- 2008 only: (includes Director's fees; Auditor and related accounting costs; market/share registry expense; Annual report costs, rents and rates; statutory licence reporting to Dept Primary Industries; web site maintenance; insurances and other general expenses)	205,000
Existing funds, additional working capital, contingencies	125,629
Total	2,052,629

*** use of funds for this purpose is, of course contingent on receiving all necessary permits and approvals to construct and operate the plant proposed to be built at Clunes. This figure includes a provision for \$200,000 for unanticipated government agency requirements, consequent expense, and an allowance of a further \$200,000 for ongoing earthworks operations, assuming approvals to open up the site and develop expanded bulk sampling procedures will be on-going.**

Use of Funds : Assuming Less than Full Subscription

The Directors firmly believe it is in the best interests of the Company to evaluate the near-surface mineralised ground at Clunes in a manner which satisfactorily answers practical questions as to gold content. On-site treatment removes various security concerns, and enables development of independence of water supply.

This OIS presents information about forthcoming development proposals which do have the potential to create a marked change in public perceptions of the Company.

As the offer is a Rights Issue there is no minimum subscription and members of the Company have the right, but not the obligation to subscribe.

To the extent members elect not to participate, the shortfall is being made available to members of the public interested in making an application for available shares.

If full subscription is not achieved application of funds will generally be as follows:

1. If less than \$500,000 is raised:

Depending on the actual amount raised, Directors will continue the Clunes program by seeking to construct the treatment plant either on its own behalf or in joint ownership with others by seeking to enter into arrangements to share risks with respect to recovery and treatment of gold from the full 20,000 tonnes proposed to be treated over Year 1. Depending on the amount raised the Company may seek project finance, either in conjunction with joint venture partners or otherwise. In this circumstance, the Directors may also seek to joint venture drilling the prospect in EL 3821 identified in this OIS. Based on this level of funding what is likely to occur in the short term is preliminary (Step 1) bulk sampling as described, together with product transfer to an off-site treatment plant. The extent to which off-site haulage could take place is not known at this time.

2. If between \$500,000 and \$1,000,000 is raised:

Directors will continue the Clunes program on behalf of the Company depending on funding, whether from project finance or through joint venture, and may also initiate a minimal drilling program on EL 3821. It should be noted that the cost of the treatment plant at Clunes includes up to \$400,000 in contingencies and allowances for further work not related to the actual capital cost of the plant or other expenditures necessary to commence operations which total \$800,000. See Section 4 above.

3. Where in excess of \$1,000,000 is raised but less than Full Subscription is achieved:

At Clunes, arrangements will be concluded for the erection of the processing plant, and preparations will be made to commence bulk sampling.

Directors will act promptly to initiate drilling on EL 3821 in January/February 2008, to provide results prior to 28 February 2008.

These observations may be relevant to members –

- The non-participation of each shareholder in this particular offer is a right of choice: to the extent members do not take up their entitlements their holdings will be diluted, and to the extent that shortfall is subscribed for by members of the public, the ownership profile of the Company will change.
- The funds raised by this offer are intended to be used to consolidate those activities of this Company which are important to its progress, and to begin to demonstrate its ability to function as an effective gold miner within a community.

Directors believe that maintaining the balance between exploratory development (based on recent drilling results at MIN 5391, Clunes) and programs of prospecting at another nearby location (e.g. EL 3821) charts the best course for the future of this Company.

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 any obligations set out in various regulatory and other approvals in relation thereto.

Additional geophysics is being considered for Tourello. No amount is allocated for Tourello in the above Use of Funds, and Directors are at this time awaiting notification of licence renewal.

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 operates an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of shares. The Company also operates like registers in relation to options to acquire ordinary shares.

The Company will not issue certificates to Shareholders or Optionholders (together herein called "securityholders"). Securityholders who elect to hold securities on an issuer-sponsored sub-register will be provided with transaction confirmation statements which set out the number of securities allotted to the securityholder under this OIS. For securityholders who elect to hold their securities on a CHESS sub-register, the Company will issue an advice that sets out the number of securities allotted to the securityholder under this OIS. At the end of the month of allotment, CHESS, (acting on behalf) of the Company will provide securityholders with holding statements that confirm the number of shares or New Options held.

The CHESS statements will set out the number of securities 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 dispatched by the Share Registry and will contain the number of securities allotted under the OIS and the Security Holders Reference Number.

A CHESS Statement or Issuer Sponsored Holding Statement will routinely be sent to all holders at the end of any calendar month during which the balance of their holding changes. A securityholder 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 1 in Section 9.

SECTION 8

BUSINESS AND INVESTMENT RISKS

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 Company's assets and this may affect the value of any shares or other securities 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 and other securities fall as well as rise. Many factors affect the price of securities 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 management and on its capacity to manage day-to-day operations. The primary person involved in management of the Company's operations is Mr. Fred Hunt. The Company's future growth may become dependent upon engagement of additional management resources capable of managing and expanding its operations beyond their present status assuming that the Company succeeds in the present phase of operations and moves to development and mining operations.

Contract Risks Generally. The Company operates 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.

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. Importantly a series of regulatory permits and approvals will be needed for the Company to commence any mining operations at Clunes and there is no certainty that all of these permits, approvals will be granted. There could be delays in the grant thereof or they could be granted subject to conditions which are unacceptable to the Company or which increase the cost of any operations. The failure to obtain all requisite permits and approvals would limit, if not stop, any mining operations which might be proposed at Clunes: or for that matter, elsewhere.

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. The regulatory risks referred to above are also related to production risk as, failing grant of satisfactory permits and approvals, production will not be permitted.

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. At present the Company has not attempted to establish any resource or reserves within the meaning of the JORC Code.

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, development or mining 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 judgment 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 by the Department of Primary Industries (DPI) through the issuing of a licence. Each 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 100% owned subsidiary of the Company did lodge an application with DPI for a mining licence (MIN 5470) at Ballarat West. 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 (then Ballarat Goldfields Limited) should be waived. Ballarat Goldfields Limited opposed the grant of the application. The grant or refusal of MIN 5470 has no bearing on this OIS. On 8 November 2007 the application MIN 5470 was refused. The DPI have notified the public generally that this 5Ha area becomes open for applications by any party on 7 December 2007.

The Company also 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. The grant or refusal of EL 4995 in whole or part has no bearing on this OIS. In the event of grant the Directors will have several months to consider the circumstances.

The Company holds and in due course will seek to acquire renew or dispose of 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.

The law provides that where a Company does not act to carry out its Work Programs and comply with mandatory reporting as required by the terms of grant of its exploration tenements then any or all of its tenements could be cancelled, with the Company receiving no compensation. There is no reason to believe such a circumstance exists

Native Title. Native Title does not apply to granted MIN 5391 or the private land surrounding it, nor to EL 3821. At present there are no active native title claims affecting the area of any of the Company's other tenements.

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 9

GENERAL MATTERS

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. At present the Company has no partly paid shares on issue.

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 sub-clause (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 installment. There are not presently any partly paid shares on issue.

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 installments. The Directors make no statement that the Company will be profitable in the foreseeable future and there is no prospect of dividends being paid:

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 is attached to and 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 2007 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

MSI Ragg Weir 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 dispatch 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 2007 all being included herein either expressly or by inference, in the form and context in which references to such audit report are so included.

MSI Ragg Weir 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. MSI Ragg Weir 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.

David Wright, Dip. Met., B.App.Sc.(Met.) - has given and not withdrawn his written consent to be referred to as a metallurgist in the form and context in which he is so referred to in Section Four "Mount Rommel: Activities And Management" under the sub-heading "Testing For Gold Recovery" and further consents to the inclusion herein of the results of metallurgical testing carried out by him in the form and context in which they are disclosed in Section Four and to the statements made therein in relation thereto. David Wright has had no involvement in the preparation of this OIS other than those statements and has not given any professional or other advice in respect of any other part of this OIS. David Wright 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.

Hugh Rutter, B.Sc., M.Sc. D.I.C., F.A.I.G., Hon.ASEG and Flagstaff GeoConsultants Pty. Ltd. have each given and not withdrawn their written consent to be named herein as Independent Geophysicist to 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 Mr Rutter's Independent Geophysicist's report as contained in Section Four "Mount Rommel: Activities And Management" under the sub-heading "Recent IP Geophysics" all being included herein in the form and context in which they are included in Section Four. They each further consent to inclusion herein of references to the unpublished reports by Rutter, H., (May 1999 A Report on the Results of Gravity Surveys at Allendale, Victoria and June 2006 A compilation of geophysical data east of Lone Hand Road, Allendale, EL 3821, Victoria). They consent to all statements relating to Geophysical work carried out by either of them in the form and context in which they occur in Section Four. Neither Mr. Rutter nor Flagstaff GeoConsultants Pty. Ltd have had any involvement in the preparation of this OIS other than the inclusion of that report and references thereto and they have not given any professional or other advice in respect of any other part of this OIS. They do not accept any liability to any person in respect of any false or misleading statements 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, contractor 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, contractor 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 MSI Ragg Weir are the auditor of the Company and have received payment of fees for audit totaling \$10,175 (inclusive of GST) for the period ended 30 June 2007.

All such fees for audit services have been paid by the Company.

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.

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.

"DPI" means Department of Primary Industries

"g/t" means grams per tonne.

"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.

"JORC Code" means the Australasian Institute of Mining and Metallurgy (AusIMM) code for nomenclature of mineralisation and/or reporting of identifiable mineral resources and ore.

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

"NSX" means the National Stock Exchange of Australia.

"New Options" means options to acquire ordinary shares in the capital of the Company to be granted pursuant to the Offer: including both the Entitlements Offer and the Shortfall Offer.

"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.

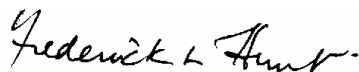
5. DIRECTORS' RESPONSIBILITY STATEMENT

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 22nd day of November 2007.

Signed on behalf of Mount Rommel Mining Limited



Fred Hunt
Chief Executive Officer and Chairman

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

**Financial Statements
for the year ended**

30 June 2007

CORPORATE DIRECTORY

Board of Directors

Frederick L Hunt (Executive Director, Chairman)
Hamish Hunt (Non-Executive Director)
Johannes L Venter (Non-Executive Director)

Company Secretary

Melanie Leydin

Registered Office

Suite 304, 22 St Kilda Road
St Kilda Victoria 3182
Telephone: 613 9692 7222
Facsimile: 613 9529 8057
Website: www.mountrommel.com

Share Registry

Link Market Services Limited
Level 4
333 Collins Street
Melbourne Victoria 3000
Telephone: 613 9615 9908
Facsimile: 613 9615 9921

Auditor

MSI Ragg Weir
Level 2
50 Burwood Road
Hawthorn Vic 3122

Solicitor

Menzies & Partners
Level 9
356 Collins Street
Melbourne Victoria 3000

Stock Exchange Listing

Mount Rommel Mining Limited is listed
on the National Stock Exchange of Australia.

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REVIEW OF OPERATIONS

SUMMARY:

Towards the end of September 2006, the Directors received the first report of analyses from diamond drilling at Clunes. These and similar excellent results were re-checked prior to publication on NSX, the initial results being released on 17 October 2006. Less than one-year later Directors have sufficient encouragement from 11 drill holes to begin to seek those approvals required for the first stage of exploratory development within MIN 5391 at Clunes.

The newly perceived potential at Clunes, and the rapid advancement of growth in exploration knowledge, has generated a need for Directors to adapt to these changing circumstances. This in turn results in:

1. a desire on the part of Directors to pursue exploratory development at Clunes, and to allocate to that purpose the greater part of finance resources available during 2007/2008, and
2. the re-definition of the prospective part of EL 3821, Allendale, leading to new geophysics being undertaken south-east of Allendale.

ACHIEVEMENTS AND DEVELOPMENTS

During the Year to 30 June 2007, shareholders have seen an extraordinary sequence of good drilling results from the work at Clunes.

Any sequence of 11 diamond drill holes, wide-spaced as these were, which produces 23 intersections of commercial interest is remarkable. The facts demonstrate how it is possible to re-discover gold in this basalt covered part of Victoria.

The published analyses of drill core samples can be regarded as providing a realistic framework on which to base on-going development in Year 2007/8, at the historic Port Phillip gold mine at Clunes, covered by MIN 5391.

In the year ahead, the objective is to establish a method of small-scale production and gain community acceptance for a developing project at Clunes. Directors have expressed to authorities their intentions of having regard for the interests of stakeholders other than shareholders, as required under Victorian heritage and mining law.

Bulk sampling at Clunes will require a means to treat and evaluate collected material. Directors have formed the view that these initial trials, and other processing later, should take place on site, MIN 5391, if practicable to do so.

The water requirement for processing is likely to be about 0.65 tonnes water for every 1 tonne of rock treated. Current water shortages at Clunes dictate that the Company has a need to generate its own independent source of water; especially for these indicated volumes of water.

In July 07 the Company commenced a water-evaluation program, by sampling water from 8 boreholes, and at some surface locations. This periodic program is continuing. A water resource does exist some 30 metres below surface, although in part polluted as normally occurs around old workings, which here extend for 3000 metres, and are mostly inter-connected.

The opening up and exposure of the ancient surface (as is being proposed) should facilitate withdrawal of existing standing water below MIN 5391. The concept is to clean up that water to industrial-use quality, and supply same to a treatment plant. The provision of a new local resource of clean industrial water may have benefits to shareholders and other stakeholders alike.

The Directors are of the view that licences will be required to remove, clean-up and produce industrial quality water from the mine workings under Clunes, and under MIN 5391. The expectation is that only one such licence could be granted.

OTHER EXPLORATION ACTIVITIES

At both Allendale and Tourello, exploratory drilling was attempted then aborted for essentially similar reasons. When conditions down-hole are likely to result in excessive expense, it is prudent to cease. In the forth-coming year, other geophysical techniques will be applied at these places, to improve drill-site selection prior to any new (percussion) drilling. Approval for a Variation of Work Plan for EL 3821 was registered 14/6/2007.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT

The Directors of Mount Rommel Mining Limited submit herewith the annual financial report for the financial year ended 30 June 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Details of the Directors of the Company in office at any time during or since the end of the financial year and at the date of this report are:

DIRECTORS

Mr Frederick L Hunt	Executive Director, Chairman		
Qualifications	MIE Aust, CPEng, MAusIMM		
Experience	Over 35 years operating practice in mining sector.		
Special Responsibilities	Director of prospect development.		
Directorships in listed entities	None		
Interests in Shares and options	Fully Paid Ordinary Shares	2,085,814	⁽¹⁾
	Options expiring 28 February 2008 at 20 cents	Nil	
	⁽¹⁾ 1,207,450 fully paid ordinary shares are under escrow until 8 May 2008		
Mr Hamish Hunt	Non-Executive Director		
Qualifications	B.Ap.Sc.Ap.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.		
Directorships in listed entities	None		
Interests in Shares and options	Fully Paid Ordinary Shares	741,339	⁽¹⁾
	Options expiring 28 February 2008 at 20 cents	270,600	
	⁽¹⁾ 541,200 fully paid ordinary shares are under escrow until 8 May 2008		
Mr 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.		
Directorships in listed entities	None		
Interests in Shares and options	Fully Paid Ordinary Shares	97,619	
	Options expiring 28 February 2008 at 20 cents	Nil	

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT (CONT'D)

COMPANY SECRETARY

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

Ms Melanie Leydin	Company Secretary
Qualifications	B.Bus CA
Experience	Ms Leydin is a Chartered Accountant and principal in a chartered accounting firm specialising in audit and company secretarial services. Ms Leydin has 15 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Stock Exchange.

MEETING OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors during the year ended 30 June 2007 and the number of meetings attended by each Director. During the financial year 13 board meetings were held.

Director	Full Meetings of Directors	
	Held	Attended
Mr Frederick L Hunt	13	12
Mr Hamish Hunt	13	13
Mr Johannes L Venter	13	13

PRINCIPAL ACTIVITIES

The principal activity of the Company during the greater part of the financial period was supervised diamond drilling for gold, especially at Clunes.

OPERATING RESULTS

The consolidated loss of Mount Rommel Mining Limited and Controlled Entity after providing for income tax was \$372,982 (2006: \$74,310).

REVIEW OF OPERATIONS

Refer to the Review of Operations preceding this Directors Report.

DIVIDENDS

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

REMUNERATION REPORT

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

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT (CONT'D)

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.

Key Management Personnel Compensation

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated		Parent	
	2007 \$	2006 \$	2007 \$	2006 \$
Short-term employment benefits	15,000	7,500	15,000	7,500
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	15,000	7,500	15,000	7,500
	30,000	15,000	30,000	15,000

The compensation of each member of the key management personnel of the consolidated entity is set out below.

Details of Remuneration for Year Ended 30 June 2007

The remuneration for each Director and each of the five executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

	Short –term employment benefits	Post- employment	Equity		
	Salary, Fees and Commissions	Superannuation Contribution	Shares Received as Compensation	Options Received as Compensation	Total
	\$	\$	\$	\$	\$
Mr F L Hunt ⁽¹⁾	5,000	-	5,000	-	10,000
Mr H Hunt	5,000	-	5,000	-	10,000
Mr J L Venter	5,000	-	5,000	-	10,000
	15,000	-	15,000	-	30,000

⁽¹⁾; Mr Hunt also received fees for Geoscience services and technical drawing services. Refer to Note 16 for further details.

Options Issued as Part of Remuneration for the Year Ended 30 June 2007

There were no options issued as part of remuneration for the year ended 30 June 2007.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT (CONT'D)

Shares Issued as Part of Remuneration for the Year Ended 30 June 2007

Shares are intended to be issued to Directors and executives as part of their remuneration. The shares are not issued based on performance criteria, but are issued to increase goal congruence between Directors and executives and shareholders and to conserve the cash reserves of the Company.

	Number of Shares allotted	Value of Shares Allotted at allotment date \$	Total Remuneration Represented by Shares %
Directors			
Mr F L Hunt	72,619	5,000	50.00
Mr H Hunt	72,619	5,000	50.00
Mr J L Venter	72,619	5,000	50.00
	217,857	15,000	

Details of Remuneration for Year Ended 30 June 2006

The remuneration for each Director and each of the five executive officers of the consolidated entity receiving the highest remuneration during the year was as follows:

	Short –term employment benefits	Post- employment	Equity		
	Salary, Fees and Commissions	Superannuation Contribution	Shares Received as Compensation	Options Received as Compensation	Total
	\$	\$	\$	\$	\$
Directors					
Mr F L Hunt	2,500	-	2,500	-	5,000
Mr H Hunt	2,500	-	2,500	-	5,000
Mr J L Venter	2,500	-	2,500	-	5,000
	7,500	-	7,500	-	15,000

Options Issued as Part of Remuneration for the Year Ended 30 June 2006

There were no options issued as part of remuneration for the year ended 30 June 2006.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

Shares Issued as Part of Remuneration for the Year Ended 30 June 2006

Shares are intended to be issued to Directors and executives as part of their remuneration. The shares are not issued based on performance criteria, but are issued to increase goal congruence between Directors and executives and shareholders and to conserve the cash reserves of the Company.

	Number of Shares allotted	Value of Shares Allotted at allotment date \$	Total Remuneration Represented by Shares %
Directors			
Mr F L Hunt	25,000	2,500	50.00
Mr H Hunt	25,000	2,500	50.00
Mr J L Venter	25,000	2,500	50.00
	75,000	7,500	

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

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.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court under Section 327 of the Corporations Act 2001 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 proceedings during the year.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the State of Affairs during the year, except as follows:

- The Company issued 8,597,663 shares to raise \$761,951 (before costs)
- Included in the above share issues were the exercise of Series 1 options expiring 28 February 2007 and the receipt of the final call of the partly paid shares.

AFTER BALANCE DATE EVENTS

Pursuant to tenders received after 28 June 2007 from shareholders of the Company, Directors issued 1,297,500 fully paid ordinary shares raising \$181,650, as placements at the common date of 31 July 2007, to 15 tenderers.

DIRECTORS' REPORT (CONT'D)

FUTURE DEVELOPMENTS

Directors seek to minimise the uncertainty inherently associated with gold development. At Clunes, the Company seeks approvals for a preliminary stage of bulk sampling. By continuing to base each program of work on gold assay data, Directors seek to progressively position the Company for growth in its scale of operations.

ENVIRONMENTAL AND OTHER REGULATIONS

The economic entity's operations are regulated by environmental regulation under the laws of the State of Victoria. The State of Victoria require the tenement holder to comply with certain terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the entity's tenement conditions, and no such breaches have been notified by any government agencies during the year ended 30 June 2007.

The Company has made an application to Heritage Victoria for consent to disturb as a first step in the exploratory development at Clunes.

NON-AUDIT SERVICES

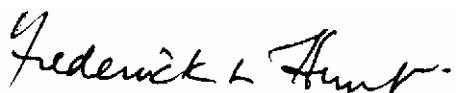
The Directors are satisfied that the provision of non-audit services, during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standards of independence for auditors imposed by the Corporations Act 2001.

There were no non-audit services provided by the Company's auditor during the year to June 2007.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at Page 11.

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



Frederick L Hunt
Director

13 September 2007

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MOUNT ROMMEL MINING LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne:

13 September 2007

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

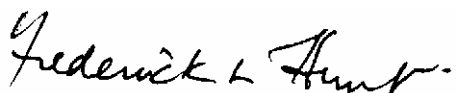
DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements and notes, as set out on pages 15 to 35 and the remuneration disclosures on page 6 to 9:
 - (a) comply with accounting standards and are in accordance with the Corporations Act 2001, and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and performance for the year ended on that date of the company; and
2. The Chief Executive Officer and Chief Finance 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.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Frederick L Hunt
Director

13 September 2007

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MOUNT ROMMEL MINING LIMITED**

We have audited the accompanying financial report of Mount Rommel Mining Limited (the company) and Mount Rommel Mining Limited and controlled entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives (remuneration disclosures) required by Accounting Standard AASB 124: Related Party Disclosures under the heading Remuneration Report of the Directors' Report and not in the finance report.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state that the financial report, comprising the consolidated financial statement and notes, complies with Australian Accounting Standards and International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124: Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MOUNT ROMMEL MINING LIMITED**

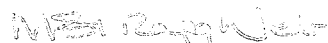
Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- (a) the financial report of Mount Rommel Mining Limited and controlled entities is in accordance with 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 2007 and of their performance for the year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report complies with International Financial Reporting Standards as disclosed in Note 1; and
- (c) the remuneration disclosures contained in the directors' report comply with Accounting Standard AASB 124: Related Party Disclosures.



MSI RAGG WEIR
Chartered Accountants



L.S. WONG
Partner

Melbourne

13 September 2007

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2007	2006	2007	2006
		\$	\$	\$	\$
Other Revenue	2	9,689	5,472	9,689	5,472
Administrative expenses		(51,020)	(49,006)	(51,020)	(49,006)
Corporate costs		(133,594)	-	(133,594)	-
Finance costs		(7,900)	(15,776)	(7,900)	(15,776)
Exploration and evaluation expenses written off		(160,157)	-	(160,157)	-
Directors' remuneration		(30,000)	(15,000)	(30,000)	(15,000)
Loss before income tax	3	(372,982)	(74,310)	(372,982)	(74,310)
Income tax expense	4	-	-	-	-
Loss attributable to members of the parent entity		(372,982)	(74,310)	(372,982)	(74,310)
Earnings Per Share:					
		Cents per share	Cents per share		
Overall operations:					
Basic loss per share	19	(1.44)	(0.44)		
Diluted loss per share	19	(1.44)	(0.44)		

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

BALANCE SHEET
AS AT 30 JUNE 2007

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2007	2006	2007	2006
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	7	89,852	340,789	89,842	340,789
Trade and other receivables	8	46,411	9,920	46,411	9,920
Total Current Assets		<u>136,263</u>	<u>350,709</u>	<u>136,253</u>	<u>350,709</u>
Non Current Assets					
Other financial assets	9	-	-	19,675	-
Other non-current assets	10	1,628,646	1,034,742	1,608,981	1,034,742
Total Non-Current Assets		<u>1,628,646</u>	<u>1,034,742</u>	<u>1,628,656</u>	<u>1,034,742</u>
Total Assets		<u>1,764,909</u>	<u>1,385,451</u>	<u>1,764,909</u>	<u>1,385,451</u>
Current Liabilities					
Trade and other payables	11	117,756	55,765	117,756	55,765
Borrowings	12	51,276	118,376	51,276	118,376
Total Current Liabilities		<u>169,032</u>	<u>174,141</u>	<u>169,032</u>	<u>174,141</u>
Net Assets		<u>1,595,877</u>	<u>1,211,310</u>	<u>1,595,877</u>	<u>1,211,310</u>
Equity					
Issued Capital	13	2,285,752	1,528,203	2,285,752	1,528,203
Accumulated losses		(689,875)	(316,893)	(689,875)	(316,893)
Total Equity		<u>1,595,877</u>	<u>1,211,310</u>	<u>1,595,877</u>	<u>1,211,310</u>

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007

	Attributable to equity holders of the parent		
CONSOLIDATED	Issued Capital	Retained Earnings	Total
At 1 July 2005	920,748	(242,583)	678,165
Loss for the period	-	(74,310)	(74,310)
Total recognized income and expense for the year	920,748	(316,893)	603,855
Issue of Shares	760,138	-	760,138
Costs of Capital Raising	(152,683)	-	(152,683)
At 30 June 2006	1,528,203	(316,893)	1,211,310

At 1 July 2006	1,528,203	(316,893)	1,211,310
Loss for the period	-	(372,982)	(372,982)
Total recognized income and expense for the year	1,528,203	(689,875)	838,328
Exercise of Options	250,270	-	250,270
Issue of Shares	511,682	-	511,682
Costs of Capital Raising	(4,403)	-	(4,403)
At 30 June 2007	2,285,752	(689,875)	1,595,877

PARENT ENTITY	Issued Capital	Retained Earnings	Total
At 1 July 2005	920,748	(242,583)	678,165
Loss for the period	-	(74,310)	(74,310)
Total recognized income and expense for the year	920,748	(316,893)	603,855
Issue of Shares	760,138	-	760,138
Costs of Capital Raising	(152,683)	-	(152,683)
At 30 June 2006	1,528,203	(316,893)	1,211,310

At 1 July 2006	1,528,203	(316,893)	1,211,310
Profit for the period	-	(372,982)	(372,982)
Total recognized income and expense for the year	1,528,203	(689,875)	838,328
Exercise of Options	250,270	-	250,270
Issue of Shares	511,682	-	511,682
Costs of Capital Raising	(4,403)	-	(4,403)
At 30 June 2007	2,285,752	(689,875)	1,595,877

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007

	Note	CONSOLIDATED ENTITY		PARENT ENTITY	
		2007	2006	2007	2006
		\$	\$	\$	\$
Cash Flows From Operating Activities					
Receipts from customers		-	20,580	-	20,580
Payments to suppliers and employees		(152,829)	(73,105)	(152,829)	(73,105)
Interest received		9,689	5,472	9,689	5,472
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash used in operating activities		<u>(143,140)</u>	<u>(47,053)</u>	<u>(143,140)</u>	<u>(47,053)</u>
Cash Flows From Investing Activities					
Exploration expenditure		(754,060)	(31,388)	(734,395)	(31,388)
Payments to subsidiaries		-	-	(19,170)	-
Payments for subsidiaries		-	-	(505)	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash used in investing activities		<u>(754,060)</u>	<u>(31,388)</u>	<u>(754,070)</u>	<u>(31,388)</u>
Cash Flows From Financing Activities					
Proceeds from the issue of shares		725,666	563,800	725,666	563,800
Payment of transaction costs		(4,403)	(122,683)	(4,403)	(122,683)
Repayment to related parties		(75,000)	(71,386)	(75,000)	(71,386)
Proceeds from related parties		-	20,656	-	20,656
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided by financing activities		<u>646,263</u>	<u>390,387</u>	<u>646,263</u>	<u>390,387</u>
Net Increase (Decrease) in Cash Held		<u>(250,937)</u>	<u>311,946</u>	<u>(250,947)</u>	<u>311,946</u>
Cash and cash equivalents at the beginning of the financial year		<u>340,789</u>	<u>28,843</u>	<u>340,789</u>	<u>28,843</u>
Cash and cash equivalents at the end of the financial year		<u><u>89,852</u></u>	<u><u>340,789</u></u>	<u><u>89,842</u></u>	<u><u>340,789</u></u>

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Mount Rommel Mining Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange of Australia.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in changes to the Group's accounting policies.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective:

- | | |
|---|---|
| • AASB 7 'Financial Instruments: Disclosures and consequential amendments to other accounting standards resulting from its issue. | Effective for annual reporting periods beginning on or after 1 January 2007. |
| • AASB 101 'Presentation of Financial Statements' – revised standard | Effective for annual reporting periods beginning on or after 1 January 2007. |
| • Interpretation 10 'Interim Financial Reporting and Impairment'. | Effective for annual reporting periods beginning on or after 1 November 2006. |

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group. The circumstances addressed by Interpretation 10, which prohibits the reversal of certain impairment losses, do not affect either the company's or the Group's previously reported results and accordingly, there will be no impact to these financial statements on adoption of the Interpretation.

The application of AASB 101 (revised), AASB 7 and AASB 2005-10 will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company's and the Group's financial instruments and the objectives, policies and processes for managing capital.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement, which will be the company's annual reporting period beginning on 1 July 2007.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 13 September 2007

Basis of preparation

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2007.

Principals of Consolidation

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

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.

Where controlled entities have entered or left the economic entity during the year, their operational results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the year financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(b) Financial instruments issued by the company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(d) Impairment of assets

At each reporting date, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(e) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(f) Exploration Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

- (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
- (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to exploratory development.

(g) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the company financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed at each balance sheet date for indicators of impairment. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Share-Based Payments

Equity-settled share-based payments with employees and other providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in the Remuneration Report.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

(i) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the present date, no such obligation exists.

MOUNT ROMMEL MINING LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affect both current and future periods.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$	\$	\$	\$
2. REVENUE				
Non-operating activities				
Interest revenue – other entities	9,689	5,472	9,689	5,472
3. PROFIT/(LOSS) FOR THE YEAR				
Profit/(loss) for the year has been arrived at after crediting/(charging) the following gains and losses:				
Exploration expenses				
Exploration expenses written off	160,157	-	160,157	-
Employee benefits expense				
Directors fees	15,000	7,500	15,000	7,500
Equity settled share based payments	15,000	7,500	15,000	7,500
	30,000	15,000	30,000	15,000

MOUNT ROMMEL MINING LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$	\$	\$	\$
4. INCOME TAX EXPENSE				
a) The components of Tax Expense comprise:				
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima Facie Tax Payable on Profit from ordinary activities before income tax at 30% (2006 30%)

(111,895)	(22,293)	(111,895)	(22,293)
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Add tax effect of:				
- Various Permanent Differences	48,047	50,005	48,047	50,005
- Other timing differences	2,700	-	2,700	-
Less tax effect of:				
- Capitalised Deductible Exploration Expenditure	(226,218)	(41,318)	(220,319)	(41,318)
- Deductible Black Hole Expenditure	-	(14,222)	-	(14,222)
- Equity raising costs not recognised	(14,516)	(45,804)	(14,516)	(45,804)
	(301,822)	(73,632)	(295,983)	(73,632)
Add: Income tax losses carried forward not taken up as a benefit	301,822	73,632	295,983	73,632
Income Tax Expense/(Benefit)	-	-	-	-

Future income tax benefits not brought to account. The following benefits will only be realised if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realized.

(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law and

(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit
From the deductions for the losses.

- Tax losses	636,797	334,915	630,897	334,915
- Timing Differences	(451,437)	(261,449)	(445,538)	(261,449)
	185,360	73,466	185,359	73,499

MOUNT ROMMEL MINING LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

5. KEY MANAGEMENT PERSONNEL COMPENSATIONS

- a) Names and positions held of economic and parent entity key management personnel in office at any time during the financial year.

Mr F Hunt	Chairman, Executive Director
Mr H Hunt	Non-Executive Director
Mr J Venter	Non-Executive Director

- b) Key Management Personnel Compensation for 2006 and 2007

Refer to the Remuneration Report contained within the Directors Report.

- b) Option holding by Key Management Personnel

	Balance 1/07/2005	Granted as Remuneration	Options Exercised	Purchased	Balance 30/06/2006	Total Vested
Mr F Hunt	-	-	-	-	-	-
Mr H Hunt	-	-	-	541,200	541,200	541,200
Mr J Venter	-	-	-	-	-	-
	-	-	-	541,200	541,200	541,200

	Total Exercisable	Total Unexercisable
Mr H Hunt	541,200	-
Total	541,200	-

	Balance 1/07/2006	Granted as Remuneration	Options Exercised/ Lapsed	Purchased	Balance 30/06/2007	Total Vested
Mr F Hunt	-	-	-	-	-	-
Mr H Hunt	541,200	-	(270,600)	-	270,600	270,600
Mr J Venter	-	-	-	-	-	-
	541,200	-	(270,600)	-	270,600	270,600

	Total Exercisable	Total Unexercisable
Mr H Hunt	270,600	-
Total	270,600	-

MOUNT ROMMEL MINING LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

c) Share holdings by Key Management Personnel

	Balance 1/07/2005	Received as Remuneration	Options Exercised	Purchased	Balance 30/06/2006
Mr F Hunt ⁽¹⁾	1,207,450	-	-	600,000	1,807,450
Mr H Hunt ⁽²⁾	541,200	-	-	-	541,200
Mr J Venter	-	-	-	-	-
	1,748,650	-	-	600,000	2,348,650

⁽¹⁾ 1,207,450 fully paid ordinary shares are under escrow until 8 May 2008

⁽²⁾ 541,200 fully paid ordinary shares are under escrow until 8 May 2008

	Balance 1/07/2006	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2007
Mr F Hunt ⁽¹⁾	1,807,450	97,619	-	180,745	2,085,814
Mr H Hunt ⁽²⁾	541,200	97,619	-	102,520	741,339
Mr J Venter	-	97,619	-	-	97,619
	2,348,650	292,857	-	283,265	2,924,772

⁽¹⁾ 1,207,450 fully paid ordinary shares are under escrow until 8 May 2008

⁽²⁾ 541,200 fully paid ordinary shares are under escrow until 8 May 2008

CONSOLIDATED ENTITY
2007 2006
\$ \$

PARENT ENTITY
2007 2006
\$ \$

6. AUDITORS REMUNERATION

Auditing or reviewing the financial report:

- Moore Stephens (SA)	23,000	9,000	23,000	9,000
- MSI Ragg Weir	9,000	-	9,000	-
Independent Accountants Report				
- Moore Stephens (SA)	-	7,500	-	7,500
	32,000	16,500	32,000	16,500

7. CASH AND CASH EQUIVALENTS

Bank overdraft	-	(40)	-	(40)
Cash at bank	64,056	633	64,046	633
Short term deposits	25,796	340,196	25,796	340,196
	89,852	340,789	89,842	340,789

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:

Cash and cash equivalents	89,852	340,789	89,842	340,789
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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
ACN 005 583 031

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$	\$	\$	\$
8. TRADE AND OTHER RECEIVABLES				
GST receivable	<u>46,411</u>	<u>9,920</u>	<u>46,411</u>	<u>9,920</u>
9. OTHER FINANCIAL ASSETS				
<u>Investments carried at cost</u>				
Non-Current				
Investments in subsidiaries	-	-	505	-
<u>Loans carried at amortised cost:</u>				
Non-Current				
Loans to Subsidiaries	-	-	19,170	-
	<u>-</u>	<u>-</u>	<u>19,675</u>	<u>-</u>
Disclosed in the financial statements as:				
Current other financial assets	-	-	-	-
Non-current other financial assets	-	-	19,675	-
	<u>-</u>	<u>-</u>	<u>19,675</u>	<u>-</u>
10. OTHER NON-CURRENT ASSETS				
Costs carried forward in respect of areas of interest in exploration and evaluation phase	<u>1,628,646</u>	<u>1,034,742</u>	<u>1,608,981</u>	<u>1,034,742</u>
<i>Reconciliation of deferred exploration and evaluation costs</i>				
Balance at beginning of year	1,034,742	897,015	1,034,742	897,015
Current year expenditure	754,061	137,727	734,396	137,727
Write-off during the year	(160,157)	-	(160,157)	-
Sale of tenements	-	-	-	-
Balance at end of year	<u>1,628,646</u>	<u>1,034,742</u>	<u>1,608,981</u>	<u>1,034,742</u>
Recoverability of the carrying amount of exploration assets is dependent upon the successful exploration and sale of resources.				
Capitalised cost of \$754,061 (2006: \$31,388) have been included in cash flows from investing activities in the cash flow statement.				

MOUNT ROMMEL MINING LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$	\$	\$	\$
11. TRADE AND OTHER PAYABLES				
Current				
<i>Unsecured liabilities</i>				
Trade payables	108,756	8,318	108,756	8,318
Sundry payables and accrued expenses	9,000	32,447	9,000	32,447
- Key management personnel accruals	-	15,000	-	15,000
	117,756	55,765	117,756	55,765

12. BORROWINGS

Unsecured at amortised cost

Current

Loans from key management personnel (a)	51,276	118,376	51,276	118,376
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(a) Amounts repayable to Director. Interest is being charged on the outstanding loan balance at 8.5% per annum calculated on the daily balance.

13. CONTRIBUTED EQUITY

31,144,569 fully paid ordinary shares (2006: 22,546,906)	2,285,752	1,462,993
Nil partly paid shares (2006: 1,304,200)	-	65,210
	2,285,752	1,528,203

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the corporations' law abolished the authorised capital and par value concept in relation to the Share Capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	No. of Shares	\$
(a) Fully paid ordinary shares		
Balance at 1 July 2005	15,171,400	920,748
Share Issues	7,375,506	694,929
Less: Costs of capital raising	-	(152,684)
Balance at 30 June 2006	22,546,906	1,462,993
Balance at 1 July 2006	22,546,906	1,462,993
Issue of shares upon final call of partly paid shares	1,304,200	32,605
Transfer of partly paid share balance	-	65,210
Issue of shares	4,790,763	479,077
Issue of shares from exercise of options	2,502,700	250,270
Less: Costs of capital raising	-	(4,403)
Balance at 30 June 2007	31,144,569	2,285,752

MOUNT ROMMEL MINING LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

(b) Partly paid ordinary shares

	No. of shares	\$
Balance at 1 July 2005	-	-
Issue of partly paid shares at \$0.05	1,304,200	65,210
Balance at 30 June 2006	1,304,200	65,210
Balance at 1 July 2006	1,304,200	65,210
Final call on partly paid shares and transfer to fully paid ordinary shares	(1,304,200)	(65,210)
Balance at 30 June 2007	-	-

(c) Listed options

Mount Rommel Mining Limited has the following listed options on issue at 30 June 2007:

5,888,668 options at an exercise price of \$0.20 exercisable on or before 28/02/2008.

	2007 No.	2006 No.
Balance at beginning of the financial year	11,777,336	-
Granted during the financial year – Series 1	-	5,888,668
Granted during the financial year – Series 2	-	5,888,668
Exercised during the financial year – Series 1	(2,502,700)	-
Lapsed during the financial year – Series 1	(3,385,968)	-
Balance at end of the financial year	5,888,668	11,777,336

Series 1 options entitled the holder to subscribe for one ordinary share in Mount Rommel Mining Limited upon the payment of \$0.10. The options lapsed at 5.00pm (AEST) on 28 February 2007. Series 2 options entitles the holder to subscribe for one ordinary share in Mount Rommel Mining Limited upon the payment of \$0.20. The options will lapse at 5.00pm (AEST) on 28 February 2008. The options are transferable. The options carry neither rights to dividends nor voting rights.

(d) Terms and Conditions of Contributed Equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$	\$	\$	\$
14. COMMITMENTS FOR EXPENDITURE				
Exploration Tenements –				
Commitments for Expenditure				
In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:				
Not later than one year	58,500	34,800	58,500	34,800
Later than one year but not later than five	34,800	19,800	34,800	19,800
Later than five years	-	-	-	-
	<u>93,300</u>	<u>54,600</u>	<u>93,300</u>	<u>54,600</u>

15. SEGMENT REPORTING

The company operated predominately as an explorer for base and precious metals, within Australia.

16. RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Transactions with controlled entities

During the year Mount Rommel Mining Limited, in the normal course of business, entered into transactions with its controlled entities, Bonshaw Gold Pty Ltd.

Aggregate amounts receivable from these entities is included in Note 9.

Transactions with Director Related Entities

During the year the Company paid Mr Fred Hunt \$43,045 for Geo-science services in relation to license compliance and technical drawings.

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

Transactions with Director Related Entities

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2007	2007	2006
	\$	\$	\$	\$
Loan from Frederick L Hunt	51,276	118,376	51,276	118,376
The loan is unsecured with no defined repayment attracting an interest rate of 8.5% p.a. on the daily 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 interest accrued and included in the above balance for the year:	7,900	15,706	7,900	15,706
Rent paid to BHM Stainless Group Pty Ltd	5,400	3,600	5,400	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.

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Operating Profit/(Loss) After Income Tax to Net Cash Flows From Operating Activities:

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2007	2006	2007	2006
	\$	\$	\$	\$
Operating Profit/(Loss) after income tax	(372,982)	(74,310)	(372,982)	(74,310)
Non-Cash Activities:				
Share Based Payments	36,286	-	36,286	-
Exploration cost written off	160,157	-	160,157	-
Interest on Directors loan	7,899	15,706	7,899	15,706
Changes in net assets:				
(Increase)/Decrease in trade receivables	(36,491)	20,579	(36,491)	20,579
Increase in payables	61,991	(9,028)	61,991	(9,028)
Net Cash used in operating activities	(143,140)	(47,053)	(143,140)	(47,053)

Guarantee Facilities

The company currently has no financial guarantee facilities in place.

Non-cash finance and investing activities

During the financial year the Company issued 362,857 fully paid ordinary shares in consideration for services rendered by Directors and other parties. The value of the debts settled in consideration for these share issues was \$36,286.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

18. FINANCIAL INSTRUMENTS

(a) The following tables detail the company's exposure to interest rate risk at 30 June 2007 and 2006

2007	Average Interest Rate (%)	Variable Interest Rate (\$)	Fixed Interest Rate (\$)		Non- Interest Bearing (\$)	Total (\$)
			Maturing < year	Maturing 1.5 years		
Financial Assets						
Cash and term deposits	5.8	88,842	-	-	1,010	89,852
Receivables		-	-	-	46,411	46,411
TOTAL FINANCIAL ASSETS		88,842	-	-	47,421	136,263
Financial Liabilities						
Payables		-	-	-	117,756	117,756
Borrowings	8.5	-	51,276	-	-	51,276
TOTAL FINANCIAL LIABILITY		-	51,276	-	117,756	169,032

2006	Average Interest Rate (%)	Variable Interest Rate (\$)	Fixed Interest Rate (\$)		Non- Interest Bearing (\$)	Total (\$)
			Maturing < year	Maturing 1.5 years		
Financial Assets						
Cash and term deposits	5.4	593	25,796	314,400	-	340,789
Receivables		-	-	-	9,920	9,920
TOTAL FINANCIAL ASSETS		593	25,796	314,400	9,920	350,709
Financial Liabilities						
Payables		-	-	-	55,765	55,765
Directors loan	8.5	-	-	118,376	-	118,376
TOTAL FINANCIAL LIABILITY		-	-	118,376	55,765	174,141

(b) Net Fair Values

The aggregate net fair values of financial assets and liabilities are the same as the carrying amounts.

(c) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted a policy of managing its exposure to credit risk by assessment of the creditworthiness of potential customers and obtaining sufficient collateral or other security where appropriate. The carrying amount of financial assets included in the consolidated accounts represents the exposure of the consolidated entity to credit risk.

(d) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

(e) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

MOUNT ROMMEL MINING LIMITED
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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2007

	2007 Cents Per Share	2006 Cents Per Share
19. (LOSS) PER SHARE		
Basic (loss) per share	<u>(1.44)</u>	<u>(0.44)</u>
Diluted (loss) per share	<u>(1.44)</u>	<u>(0.44)</u>
The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows		
Earnings (i)	<u>(372,982)</u>	<u>(74,310)</u>
	2007 No	2006 No
Weighted average number of ordinary shares (ii)	<u>25,841,640</u>	<u>16,623,661</u>
(i) Earnings are the same as profit after tax in the income statement.		
(ii) The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of shares, used in the calculation of diluted earnings per share.	<u>35,607,065</u>	<u>18,415,652</u>

Diluted Earnings Per Share

The rights of options held by option holders have not been included in the weighted average number of ordinary shares for the purposes of calculating diluted EPS as they do not meet the requirements for inclusion in AASB 133 "Earnings per Share". The rights of options are non-dilutive as the exercise price was significantly higher than the Company's share price as at 30 June 2007.

20. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership Interest	
		2007 %	2006 %
<u>Parent Entity</u>			
Mount Rommel Mining Limited	Australia		
<u>Subsidiaries</u>			
Bonshaw Gold Pty Ltd	Australia	100	50

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place since the last quarter of the 2007 financial year. These Corporate Governance practices comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

ROLE OF THE BOARD

The Board is responsible for ensuring that the Company is managed in a manner which protects and enhances the interests of its shareholders and takes into account the interests of all stakeholders. To fulfill this role, the Board is responsible for setting the strategic directions for the Company, establishing goals for management and monitoring the achievement of these goals.

Because of the limited size of the Company and its financial affairs and operations, the use of separate remuneration and audit committees of the Board of Directors is not considered generally appropriate. All matters that might properly be dealt with by such committees are currently dealt with by the full Board of Directors. Decisions of the Board are, to the extent practicable, unanimous. There were no occasions during the year when decisions were not unanimous.

The company acknowledges that the ASX guidelines for corporate governance require that the Chairman be an independent non executive director, and that at any rate the Chairman and Managing Director roles should not be performed by the same person. Because of the limited size and nature of the Company's activities, this is not considered to be practical or appropriate at the current time. As the Company's activities expand, this policy will be reviewed, with a view to aligning the Company's policies to best practice guidelines.

The Board operates in accordance with the broad principles set out in its charter, which is available from the Corporate Governance section of the company's website at www.mountrommel.com.

COMPOSITION OF THE BOARD

The names and details of the Directors of the Company in office at the date of this Statement are set out in the Director's Report.

The composition of the Board is determined using the following principles:

- Persons nominated as Non-Executive Directors shall be expected to have qualifications, experience and expertise of benefit to the Company and to bring an independent view to the Board's deliberations. Persons nominated as Executive Directors must be of sufficient stature and security of employment to express independent views on any matter.
- All Non-Executive Directors are expected voluntarily to review their membership of the Board from time-to-time taking into account length of service, age, qualifications and expertise relevant to the Company's then current policy and program, together with the other criteria considered desirable for composition of a balanced board and the overall interests of the Company.
- Under the Company's Constitution, the minimum number of Directors is three. At each Annual General Meeting one third of the Directors (excluding the Executive Director) must resign, with Directors resigning by rotation based on the date of their appointment. Directors resigning by rotation may offer themselves for re-election.
- The Company considers that the Board should have at least three Directors (minimum required under the Company's Constitution) and strives to have a majority of independent Directors but acknowledges that this may not be possible at all times due to the size of the Company. Currently the Board has three Directors, of which only one is independent. The number of Directors is maintained at a level which will enable effective spreading of workload and efficient decision making.

The composition of the Board is reviewed on an annual basis to ensure the Board has the appropriate mix of expertise and experience. Where a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities and then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

PERFORMANCE OF DIRECTORS AND MANAGING DIRECTOR

The performance of all Directors, the Board as a whole and the Managing Director is reviewed at least annually in accordance with the Company's Corporate Governance guidelines.

A review was undertaken during the year ended 30 June 2007. The Company appointed Mr Frederick L Hunt as Executive Director/Chairman on 22 February 2002.

CONFLICT OF INTEREST

In accordance with the Corporations Act 2001 and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the Board meeting whilst the item is considered. Details of Directors related entity transactions with the Company and Consolidated Entity are set out in the related parties note in the financial statements.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO COMPANY INFORMATION

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chairman, may seek independent professional advice at the Company's expense. A copy of advice received by the Director is made available to all other members of the Board.

REMUNERATION

The Company's ASX Principles of Good Corporate Governance as adopted is to Remunerate Fairly and Responsibly and part of the remuneration is to be incentive based as considered appropriate by the Board. The Board of Directors maintains remuneration policies which are aimed at attracting and retaining a motivated workforce and management team. The intention is to match the outcomes from the remuneration system with the performance of the Company and ultimately the value received by shareholders on a long-term basis.

As an overall policy, the Company will remunerate in such a way that it:

- motivates Directors and management to pursue the long-term growth and success of the Company within an appropriate control framework; and
- demonstrates a clear relationship between key executive performance and remuneration.

Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. The Board has adopted the following policies of Directors and executives remuneration:

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period is included in the remuneration report, which is contained within the Report of the Directors.

COMPANY WEBSITE

Mount Rommel Mining Limited has made available details of all its Corporate Governance principles, which can be found in the Corporate Governance information section of the Company website at www.mountrommel.com.

Your Guide to the Application Form

Please complete all relevant 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 22 November 2007 issued by Mount Rommel Mining Limited. The OIS will expire on 22 December 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 and thereafter in parcels of 500 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 CHES participant or sponsored by a CHES participant, write your Holder Identification Number (HIN) here. If the name or address recorded on CHES 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" not Mt. 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 27 December 2007 at:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Link Market Services Limited
Level 12, 680 George Street
Sydney New South Wales
(do not use this address for mailing purposes)

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).

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