

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

**Financial Report
for the half-year ended**

31 December 2007

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

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Facsimile: 613 9529 8057	Notes to and Forming Part of the Financial Statements	13
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Solicitor		
Menzies & Partners		
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Stock Exchange Listing		
Mount Rommel Mining Limited is listed		
on the National Stock Exchange of Australia.		
NSE Code: MMT		

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT

The Directors of Mount Rommel Mining Limited submit herewith the half yearly financial report for the period ended 31 December 2007. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Name

Mr Frederick L Hunt	Executive Director, Chairman
Mr Hamish Hunt	Non Executive Director
Mr Johannes L Venter	Non Executive Director (resigned 31 December 2007)
Mr John G Miedecke	Non Executive Director (appointed 14 January 2008)

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 for the half year of Mount Rommel Mining Limited and Controlled Entity after providing for income tax was \$111,532 (2006: \$200,189).

REVIEW OF OPERATIONS

SUMMARY

The Company is working towards development of Clunes as the ongoing centre for its growing activities. Decisions to increase investment in this site naturally follow on from the location of gold (in unmined veins within the host rocks of the historic Port Phillip gold mine) and the subsequent proof of the availability of industrial quality water there.

The Company is yet to lodge its Environmental Management Plan, although collecting information for that purpose.

The work of exploration at other areas is continuing, albeit at a lesser rate.

Achievements and Developments

CLUNES (MIN 5391)

To finance the above, Directors published an Offer Information Statement (OIS) – date of issue 22nd November, 2007. On page 23 of that Offer, Directors indicated that the intended program would be varied in approach, depending on the take-up of the Offer.

The level of desired activity was indicated to be 20,000 tonnes through a plant during year 1, or a calendar year beginning during 2008. This objective remains.

ALLENDALE (EL 3821)

The OIS describes in detail what portion of the licence area had been selected for ongoing work. This intention was unchanged at year-end, and recommencement of activity awaited renewal of this licence for a further term.

On 28th February, 2008, EL 3821 was renewed to expire 26th February, 2009, for the current area of approximately 23 sq. km. There are no carried forward expenditure obligations on this licence.

The Treatment Plant at Clunes

The estimates of cost for this plant were variable, depending on various constraints, and costs of up to \$1,200,000 were stated in the recent OIS.

The rapidly changing gold price brings with it a need to amend the approach to gold recovery, through a treatment plant built to take advantage of a sure water source. As a result, the items included in the estimates published in the OIS are being assessed anew.

Other Exploration Activities

No change at this time.

Bonshaw Gold Pty. Ltd. ("Bonshaw")

In the half year to 31st December, 2007, the application by Bonshaw for a waiver by the Minister to the need for the consent of the holder of the related exploration licence (then Ballarat Goldfields N.L.) was refused – letter dated 8th November, 2007, relating to application MIN 5470 made 17th November, 2006.

This matter involved considerable correspondence between Solicitors for the Company, and the (various) delegates acting for the Minister. The fundamental point at issue was not resolved through these written interchanges. Directors were closely involved in assisting Solicitors in the preparation of answers given in correspondence.

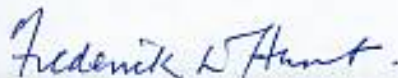
On 7th December, 2007, Bonshaw again made application for this space, but the character of the application was changed to reflect the increased knowledge about this location, brought about through the developments taking place in year 2007.

At the time of preparation of this Report, Bonshaw has provided (at the request of the Delegate of the Minister) further particulars about the application, now numbered 5488.

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 5.

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



Frederick L Hunt
Director

13th March 2008

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

As lead auditor for the review of Mount Rommel Mining Limited for the half year ended 31 December 2007, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2007 there have been:

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

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

[Signature]

L.S. WONG
Partner

Melbourne: *13* March 2008

DIRECTORS' DECLARATION

The Directors declare that:

- a) 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;
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and giving a true and fair view of the financial position as at 31 December 2007 and performance of the consolidated entity for the half year ended on that date.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors,



Frederick L Hunt
Director

MELBOURNE,

13th March 2008

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Mount Rommel Mining Limited and controlled entities (the consolidated entity), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 31 December 2007 or from time to time during the financial year.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including; giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Mount Rommel Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of Mount Rommel Mining Limited at the same date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any other matter that makes us believe that the half-year financial report of Mount Rommel Mining Limited and its controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne 13 March 2008

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2007

	CONSOLIDATED ENTITY	
	Half year ended 31 December 2007 \$	Half year ended 31 December 2006 \$
Other Revenue	1,154	5,355
Administrative expenses	(28,118)	(128,511)
Corporate costs	(52,209)	(38,500)
Finance costs	(1,368)	(5,031)
Exploration and evaluation expenses written off	(15,991)	-
Directors' remuneration	(15,000)	(30,000)
Other expenses	-	(3,502)
Loss before income tax	(111,532)	(200,189)
Income tax expense	-	-
Loss attributable to members of the parent entity	(111,532)	(200,189)
Earnings Per Share:		
Overall operations:	Cents per share	Cents per Share
Basic loss per share	(0.35)	(0.83)
Diluted loss per share	(0.29)	(0.57)

This statement is to be read in conjunction with the notes to the financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	CONSOLIDATED ENTITY	
	31 December	30 June
	2007	2007
	\$	\$
Current Assets		
Cash and cash equivalents	268,941	89,852
Trade and other receivables	9,562	46,411
Other current assets	5,000	-
Total Current Assets	283,503	136,263
Non Current Assets		
Other non-current assets	1,718,114	1,628,646
Total Non-Current Assets	1,718,114	1,628,646
Total Assets	2,001,617	1,764,909
Current Liabilities		
Trade and other payables	71,033	117,756
Borrowings	21,611	51,276
Total Current Liabilities	92,644	169,032
Net Assets	1,908,973	1,595,877
Equity		
Issued Capital	2,710,380	2,285,752
Accumulated losses	(801,407)	(689,875)
Total Equity	1,908,973	1,595,877

This statement is to be read in conjunction with the notes to the financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED	Attributable to equity holders of the parent		
	Issued Capital	Retained Earnings	Total
At 1 July 2006	1,528,204	(316,894)	1,211,310
Loss for the period	-	(200,189)	(200,189)
Issue of Shares	153,525	-	153,525
Costs of Capital Raising	(4,403)	-	(4,403)
At 31 December 2006	1,677,326	(517,083)	1,160,243

At 1 July 2007	2,285,752	(689,875)	1,595,877
Loss for the period	-	(111,532)	(111,532)
Issue of Shares	181,650	-	181,650
Funds Received for Shares to be Issued	242,978		242,978
At 31 December 2007	2,710,380	(801,407)	1,908,973

This statement is to be read in conjunction with the notes to the financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	CONSOLIDATED ENTITY	
	Half year ended 31 December 2007 \$	Half year ended 31 December 2006 \$
Cash Flows From Operating Activities		
Payments to suppliers and employees	(107,937)	(91,383)
Interest received	1,154	5,355
	<hr/>	<hr/>
Net cash used in operating activities	(106,783)	(86,028)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payments for exploration expenditure	(105,459)	(280,661)
Payments for subsidiaries (net of cash acquired)	-	(505)
	<hr/>	<hr/>
Net cash used in investing activities	(105,459)	(281,166)
	<hr/>	<hr/>
Cash Flows From Financing Activities		
Proceeds from the issue of shares	424,628	153,525
Payment of capital raising costs	-	(4,403)
Repayment to related parties	(28,297)	-
Proceeds from related parties	-	5,031
	<hr/>	<hr/>
Net cash provided by financing activities	396,331	154,153
	<hr/>	<hr/>
Net Increase (Decrease) in Cash Held	184,089	(213,041)
Cash and cash equivalents at the beginning of the financial year	89,852	340,789
	<hr/>	<hr/>
Reclassification from cash and cash equivalents to other current assets	(5,000)	-
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	268,941	127,748
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This statement is to be read in conjunction with the notes to the financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

2. SEGMENT INFORMATION

Mount Rommel Mining Limited operates in the mineral exploration industry within Australia.

The principal activity of the Company during this half year period was –

- at Clunes Collection of samples, month-to-month, in the water quality evaluation assessment, to provide background data for the up-coming site management proposals.
- at Allendale Ongoing geophysics, south-east part of EL 3821.

3. ISSUE OF EQUITY SECURITIES

During the half year 31 December 2007 period the following share issues have taken place:

Shares

- The company issued 1,297,500 ordinary shares at an average issue price of \$0.14 raising \$181,650.
- The company received in funds of \$242,977.50 in consideration for shares to be issued subsequent to the half-year end. These shares will be issued under the Company's Offer Information Statement dated 31 October 2007.

During the half-year 31 December 2006 period the following share and option issues took place.

Shares

- The company issued 550,000 ordinary shares at an issue price of \$0.10 raising \$55,000 under an additional prospectus issue.
- The company issued 659,200 options which were then converted to ordinary shares on receipt of an issue price of \$0.10 raising \$65,920.

MOUNT ROMMEL MINING LIMITED
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

4. BUSINESS COMBINATIONS

Name of Entity	Country of Incorporation	Ownership Interest	
		31 December 2007 %	31 December 2006 %
Parent Entity			
Mount Rommel Mining	Australia		
Subsidiaries			
Bonshaw Gold Pty Ltd	Australia	100%	100%

There have been no acquisitions or disposals of subsidiaries during the half year.

5. COMMITMENTS

There have been no significant changes in the commitments for the half-year period.

6. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the financial year the following significant events have occurred:

- In January 2008, the company allotted 1,943,820 ordinary shares under the company's Offer Information Statement dated 31 October 2007. These shares were issued at \$0.125 raising \$242,977.50.
- In January 2008, the company granted 485,957 options at an exercise price of \$0.20 exercisable on or before 31/8/2009 under the company's Offer Information Statement dated 31 October 2007.
- In January 2008 the company allotted 25,000 shares resulting from the exercise of 28 February 2008 options raising \$5,000.
- In February 2008, the company allotted 4,256,320 ordinary shares under the company's Offer Information Statement dated 31 October 2007. These shares were issued at \$0.125 raising \$532,040.
- In February 2008, the company granted 1,064,083 options at an exercise price of \$0.20 exercisable on or before 31/8/2009 under the company's Offer Information Statement dated 31 October 2007.