Mount Rommel Mining Limited
and Controlled Entities
ACN 005 583 031

Financial Statements
for the year ended

30 June 2008

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CORPORATE DIRECTORY

Board of Directors

Frederick L Hunt (Executive Director, Chairman)

Hamish Hunt (Non-Executive Director)

John G Miedecke (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 1

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

The year 2006/2007 produced encouraging results from drilling at Clunes. Numerous intervals on assay were found to carry gold at levels indicative of commercial operations. In the year now finished, Directors put in place a program to enable the mining of waste sands (Glenfine) as a means to finance ongoing investigation at Clunes. At Allendale, a portion of the SE area of the licence was probed for the first time, with mixed results. Allendale – 12km SE of Clunes – remains one of the places in Victoria most likely to reveal future gold resources.

ACHIEVEMENTS AND DEVELOPMENTS

The Company purpose is directed towards constructing a gold mine at Clunes, on the site of the former Port Phillip mine.

Clunes is a community of about 1,000 people, who generally have little knowledge of mining activities. Those who live in Clunes today are at least two generations removed from the time of active gold mining in Victoria. Directors seek to bridge gaps in appreciation by meeting with interested members of the community, and this process has begun.

Constructing works for mine opening will involve a substantial future fundraising effort, which will be successful where the Company is able to clearly explain the risks of the endeavour, as well as potential rewards. There are always contingent costs (and risks) attached to re-opening dormant workings. These are best mitigated by maximum prior understanding of the underground situation, to be achieved here by continued drilling from surface.

Directors believe that sharing the progressive revelations about underground characteristics and gold deposition with the local community is an important aspect of eventual acceptance of industry in a rural town.

The cost to gain additional knowledge sufficient to underpin the fundraising of construction dollars is likely to be of the order $1 million. Directors believe this money continues to be “high risk” for shareholders, with no certainty of recovery through future mine developments. For this reason, and because the drilling results in 2006/2007 demonstrated MIN 5391 at Clunes warrants continued probing, Directors propose to source necessary funds by mining waste sands at Glenfine, MIN 5492.

The gold resource in the sands at Glenfine has been shown to be repeatedly quantifiable. The financial risk to activity is thus limited to operational factors, which should be resolvable, so as to be commercial.

OTHER FACTORS RELEVANT TO PROGRESS OF THE COMPANY

The Company was unsuccessful in its attempts to have government administrators review what are regarded as invalid applications at Clunes. However, the Chairman, acting as a tenant-in-common landowner, has managed to encourage the Minister of Resources to institute a Section 98 Warden’s Inquiry, the draft report of which was provided for comment on 7th August, 2008.

The Company has been contesting what it believes are invalid applications by others at Clunes since December 2003. The draft report sets out a sorry saga of events which have wasted time, money, and energy, better spent on the primary purpose of the *Mineral Resources Sustainable Development Act*.

The Inquiry is expected to hand to the Minister its findings in September or October 2008. What happens then is something of an unknown.

THE YEAR AHEAD

Glenfine – Reach beyond the present impasse with the purchaser of Glenfine sands, to enable site access, and progress sands treatment for gold.

Clunes – Respond to the Warden's Inquiry.

– Progressively re-examine the available WMC core and assay data for Clunes in the light of new drill data of the Company.

The area of the former Port Phillip mine where Mount Rommel has its particular interests, has already produced gold at the good average grade of about 12 grams per tonne, that average for 1.3 million tonnes treated.

It is important to remind ourselves that these Clunes mines were still producing gold when shut down (27 October, 1893) so as to attempt a financial reconstruction of the several separate companies working on Clunes Goldfield. This attempt failed when London owners preferred closure. Between 25 October and 13 December, 1895, the government voided all then-standing mine leases, leaving behind a field known to have been incompletely worked.

– Begin the technical reporting of Clunes for government agencies, so as to support applications for intended construction works approvals.

Allendale – Defer continuation of this interesting program.

The data of direct relevance today is that combination of information available through the various drilling programs since 1996 up to the recent work by Stag Road. It can be seen that there are two lines of mineralisation, only one of which appears to carry pervasive evidence of arsenic associated with structural weakness, as seen by intrusive dykes, and gold.

Ballarat West – This application was rejected. The experience of this procedure will be provided to any party seeking to question the present administrative policy which fails to enable competition in known gold field areas.

Research – This activity has continued for some time. The purpose has been to collate the many first-hand (public records of) observations made underground at the time of discovery, generally limited to those within the old Mining District of Ballarat. This work is about the establishment of past facts useful to exploration today.

Archive work has as its purpose the prospect that the plunge direction of the ore shoots may have been mis-read in earlier times and includes –

- reassessment of assay records of different types, available for the WMC holes;

- re-examination (in light of all new data) of WMC cored holes retained in storage at Allendale – especially what intervals were not assayed.

DIRECTORS' REPORT

The Directors of Mount Rommel Mining Limited submit herewith the annual financial report for the financial year ended 30 June 2008. 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 Options expiring 31 August 2009 at 20 cents	2,585,814 100,000
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	841,339
Mr John G Miedecke	Non-Executive Director (appointed 14 January 2008)	
Qualifications	MIE Aust, Dip.CE., Dip.Nat.Res., Dip. Env.St.	
Experience	John Miedecke is a civil and environmental engineer with over 30 years experience in the mining industry within Australia and internationally. He was a founding director of Beaconsfield Gold NL in 1993 and was involved with the reopening of the gold mine and bringing the mine into production. He resigned in 2003 after the Company was re-listed after falling into receivership. He is based in Hobart and operates an environmental and engineering consultancy.	
Directorships in listed entities	None	
Interests in Shares and options	Fully Paid Ordinary Shares	50,000
Mr Johannes L Venter	Non-Executive Director (resigned 31 December 2007)	
Qualifications	Chartered Accountant	
Experience	Extensive Experience in providing business, financial management and taxation advice to private and public organisations.	
Directorships in listed entities	None	

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 2008 and the number of meetings attended by each Director. During the financial year 10 board meetings were held.

Director	Full Meetings of Directors	
	Held	Attended
Mr Frederick L Hunt	10	10
Mr Hamish Hunt	10	7
Mr John G Miedecke	6	6
Mr Johannes L Venter	4	3

There were no Board meetings held in the intervening period 28 December 2007 to 18 January 2008.

Share options on issue at year end or exercised during the year:

Details of unissued ordinary shares of the Company under option at the date of this report are as follows:

Item	Number of Shares under option	Exercise Price of options	Expiry Date of Options
Unlisted Options (A)	-	$0.125[1]	28 August 2008
Unlisted Options (B)	1,094,083	$0.20	31 August 2009

[1] The exercise price of these options were reduced from $0.20 to $0.125 effective 28 August 2008.

The holder of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company.

During the year and up to the date of this report 1,094,083 options (B) were issued under the company's rights issue.

During the year and up to the date of this report 983,700 options (A) were exercised. 741,000 of these options were converted to party paid shares of $0.05.

During the year and up to the date of this report 4,904,968 options (A) lapsed.

DIRECTORS' REPORT (CONT'D)

PRINCIPAL ACTIVITIES

The activities of the Company during the financial period was supervised environmental drilling at Clunes; shallow tube sampling to evaluate gold in tailings sands at Glenfine, and exploratory probe drilling of a geophysical anomaly at Stag Road, Allendale.

All named exploration and mining licences held and operated on by Mount Rommel Mining Ltd. are covered for Public Liability insurance to $10 million, in accord with mandatory requirements. This cover does not extend to Bonshaw Gold Pty. Ltd. The present cover continues to a renewal date of 1 February, 2009.

OPERATING RESULTS

The consolidated loss of Mount Rommel Mining Limited and Controlled Entity after providing for income tax was $347,957 (2007: $372,982).

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.

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

DIRECTORS' REPORT (CONT'D)

Details of Remuneration for Year Ended 30 June 2008

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]	70,000	-	10,000	-	80,000
Mr H Hunt	10,000	-	10,000	-	20,000
Mr J L Venter	7,500	-	10,000	-	17,500
Mr J Miedecke	2,500	-	-	-	2,500
Ms M Leydin	26,700	-	-	-	26,700
	116,700	**-**	**30,000**	**-**	**146,700**

[1] Mr Hunt also received fees for geoscience services. Refer to Note 16 for further details.

Options Issued as Part of Remuneration for the Year Ended 30 June 2008

There were no options issued as part of remuneration for the year ended 30 June 2008.

Shares Issued as Part of Remuneration for the Year Ended 30 June 2008

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	100,000	10,000	12.50
Mr H Hunt	100,000	10,000	50.00
Mr J L Venter	100,000	10,000	57.15
Mr J Miedecke	-	-	-
	300,000	**30,000**	

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:

DIRECTORS' REPORT (CONT'D)

	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 (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**

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.

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**	

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.

DIRECTORS' REPORT (CONT'D)

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 5,998,820 shares to raise $756,340 (before costs)
- Included in the above share issues were the exercise of Series 2 options expiring 31 August 2009.

AFTER BALANCE DATE EVENTS

There has not been any matter or circumstance, other than that referred to in Note 23, that has arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

FUTURE DEVELOPMENTS

Directors seek to minimise the uncertainty inherently associated with gold development. At Clunes, the Company seeks clarification of rights to access freehold adjoining MIN5391 for work related purposes.. By continuing to base each program of work on gold assay data at Glenfine, 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 2008.

The Company holds an approval from Heritage Victoria for 'consent to disturb' as a first step in the exploratory development at Clunes.

NON-AUDIT SERVICES

The Directors are satisfied that were it required, the provision of non-audit services, during any year by the auditor (or by another person or firm on the auditor's behalf) would be 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 30 June 2008.

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

Frederick L Hunt
Director

11 September 2008

msi RAGG WEIR
Chartered Accountants

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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 2008 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

MSI RAGG WEIR
Chartered Accountants

L.S. WONG
Partner

Melbourne: 11 September 2008

DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements and notes, as set out on pages 15 to 42 and the remuneration disclosures on page 7 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 2008 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

Frederick L Hunt
Director

11 September 2008

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

Report on the financial report

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 2008, 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, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS. The directors are also responsible for the remuneration disclosures contained in the directors' report in accordance with Corporations Regulations 2001.

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 and the remuneration disclosures in the directors' report.

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

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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 2008 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

MSI RAGG WEIR
Chartered Accountants

L.S. WONG
Partner

Melbourne 11 September 2008

INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Other Revenue	2	8,146	9,689	8,146	9,689
Administrative expenses		(70,365)	(51,020)	(70,365)	(51,020)
Corporate costs		(88,364)	(133,594)	(88,364)	(133,594)
Finance costs		(3,073)	(7,900)	(3,073)	(7,900)
Exploration and evaluation expenses written off		(73,331)	(160,157)	(4,304)	(160,157)
Directors' remuneration		(120,000)	(30,000)	(120,000)	(30,000)
Depreciation		(970)	-	(970)	-
Write off of subsidiary receivable		-	-	(69,027)	-
Loss before income tax	3	**(347,957)**	**(372,982)**	**(347,957)**	**(372,982)**
Income tax expense	4	-	-	-	-
Loss after income tax		**(347,957)**	**(372,982)**	**(347,957)**	**(372,982)**

Earnings Per Share:

	Note	Cents per share	Cents per share
Basic loss per share	22	(1.01)	(1.44)
Diluted loss per share	22	(1.01)	(1.44)

The accompanying notes form part of these financial statements.

BALANCE SHEET
AS AT 30 JUNE 2008

	Note	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Current Assets					
Cash and cash equivalents	7	107,980	89,852	107,970	89,842
Trade and other receivables	8	10,998	46,411	10,998	46,411
Other current assets	9	12,500	-	12,500	-
Total Current Assets		131,478	136,263	131,468	136,253
Non Current Assets					
Property, plant and equipment	10	6,819	-	6,819	-
Other financial assets	11	-	-	505	19,675
Other non-current assets	12	1,893,573	1,628,646	1,893,078	1,608,981
Total Non-Current Assets		1,900,392	1,628,646	1,900,402	1,628,656
Total Assets		2,031,870	1,764,909	2,031,870	1,764,909
Current Liabilities					
Trade and other payables	13	31,702	117,756	31,702	117,756
Borrowings	14	12,067	51,276	12,067	51,276
Total Current Liabilities		43,769	169,032	43,769	169,032
Net Assets		1,988,101	1,595,877	1,988,101	1,595,877
Equity					
Issued Capital	15	3,025,933	2,285,752	3,025,933	2,285,752
Accumulated losses		(1,037,832)	(689,875)	(1,037,832)	(689,875)
Total Equity		1,988,101	1,595,877	1,988,101	1,595,877

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008

	Attributable to equity holders of the parent		
CONSOLIDATED	Issued Capital $	Retained Earnings $	Total $
At 1 July 2006	1,528,203	(316,893)	1,211,310
Loss for the period	-	(372,982)	(372,982)
Total recognised 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**

At 1 July 2007	2,285,752	(689,875)	1,595,877
Less for the period	-	(347,957)	(347,957)
Total recognised income and expense for the year	2,285,752	(1,037,832)	1,247,920
Exercise of Options	5,000	-	5,000
Issue of Shares	751,340	-	751,340
Costs of Capital Raising	(16,159)	-	(16,159)
At 30 June 2008	**3,025,933**	**(1,037,832)**	**1,988,101**

PARENT ENTITY	Issued Capital	Retained Earnings	Total
At 1 July 2006	1,528,203	(316,893)	1,211,310
Loss for the period	-	(372,982)	(372,982)
Total recognised 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**

At 1 July 2007	2,285,752	(689,875)	1,595,877
Loss for the period	-	(347,957)	(347,957)
Total recognised income and expense for the year	2,285,752	(1,037,832)	1,247,920
Exercise of Options	5,000	-	5,000
Issue of Shares	751,340	-	751,340
Costs of Capital Raising	(16,159)	-	(16,159)
At 30 June 2008	**3,025,933**	**(1,037,832)**	**1,988,101**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2008

	Note	CONSOLIDATED ENTITY 2008 $	2007 $	PARENT ENTITY 2008 $	2007 $
Cash Flows From Operating Activities					
Receipts from customers		-	-	-	-
Payments to suppliers and employees		(313,014)	(152,829)	(313,014)	(152,829)
Interest received		8,146	9,689	8,146	9,689
Net cash used in operating activities	19	(304,868)	(143,140)	(304,868)	(143,140)
Cash Flows From Investing Activities					
Exploration expenditure		(338,258)	(754,060)	(288,401)	(734,395)
Payments to subsidiaries		-	-	(49,857)	(19,170)
Payments for subsidiaries		-	-	-	(505)
Payment for property, plant and equipment		(7,789)	-	(7,789)	-
Net cash used in investing activities		(346,047)	(754,060)	(346,047)	(754,070)
Cash Flows From Financing Activities					
Proceeds from the issue of shares		721,341	725,666	721,341	725,666
Payment of transaction costs		(16,160)	(4,403)	(16,160)	(4,403)
Repayment to related parties		(36,138)	(75,000)	(36,138)	(75,000)
Proceeds from exercise of options		5,000	-	5,000	-
Net cash provided by financing activities		674,043	646,263	674,043	646,263
Net Increase (Decrease) in Cash Held		23,128	(250,937)	23,128	(250,947)
Cash and cash equivalents at the beginning of the financial year		89,852	340,789	89,842	340,789
Reclassification from cash and cash equivalents to other current assets		(5,000)	-	(5,000)	-
Cash and cash equivalents at the end of the financial year	7	107,980	89,852	107,970	89,842

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

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.

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 11 September 2008.

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.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2008.

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 Group has also adopted the following standards as listed below which impacted on the Group's financial statements with respect to disclosure.

- AASB101 'Presentation of Financial Statements (revised October 2006)'
- AASB7 'Financial Instruments Disclosure'.

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.

(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 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.

<u>Loans and receivables</u>

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.

<u>Impairment of financial assets</u>

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 others 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.

(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.

(k) Standards and Interpretations issued not yet effective

At the date of authorization of the financial report, the Standards and Interpretation listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognized in the financial report, but will change the disclosures presently made in relation to the Group and the company's financial report:

• ASB 101 'Presentation of Statements' (revised September 2007)	Effective for annual reporting periods beginning on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

• AASB 123 'Borrowing Costs (revised)	Effective for annual reporting periods Beginning on or after 1 January 2009
• AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation	Effective for annual reporting periods beginning on or after 1 January 2009

The potential effect of the initial application of the expected issue of an Australian equivalent accounting standard to the following Standard has not yet been determined:

• IFRS 3 'Business Combinations' and IAS 27 'Separate and Consolidated Financial Statements'	Effective for annual reporting periods beginning on or after 1 July 2009

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
2. REVENUE				
Non-operating activities				
Interest revenue – other entities	8,146	9,689	8,146	9,689

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
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	73,331	160,157	4,304	160,157
Employee benefits expense				
Directors fees	90,000	15,000	90,000	15,000
Equity settled share based payments	30,000	15,000	30,000	15,000
	120,000	30,000	120,000	30,000
Write off of subsidiary loan receivable	-	-	69,027	-
Interest paid on director related loan	3,073	7,900	3,073	7,900

4. INCOME TAX EXPENSE

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
a) The components of Tax Expense comprise:				
Current Tax	-	-	-	-
Deferred Tax	-	-	-	-
	-	**-**	**-**	**-**
b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:	**(347,957)**	**(372,982)**	**(347,957)**	**(372,982)**
Prima Facie Tax Payable on Profit from ordinary activities before income tax at 30% (2006 30%)	(104,384)	(111,895)	(104,384)	(111,895)
Add tax effect of:				
- Various Permanent Differences	-	-	20,708	48,047
- Other timing differences	2,925	-	2,925	-
- Intercompany Loan Write-Off	20,708	-	-	-
- Exploration Expenditure Written Off	21,999	48,047	1,291	-
	(58,752)	(63,848)	(79,460)	(63,848)
Less tax effect of:				
- Capitalised Deductible Exploration Expenditure	(101,477)	(226,070)	(86,520)	(220,319)
- Equity raising costs not recognised	(10,395)	(9,425)	(10,395)	(9,425)
	(170,624)	(299,343)	(176,375)	(293,592)
Add: Income tax losses carried forward not taken up as a benefit	170,624	299,343	176,375	293,592
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.

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
- Tax losses	863,266	692,642	863,266	686,891
- Timing Differences	(593,979)	(507,032)	(593,979)	(501,281)
	269,287	185,610	269,287	185,610

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 John G Miedecke (Appointed 14 January 2008)	Non-Executive Director
Mr J Venter (Resigned 31 December 2007)	Non-Executive Director

b) Key Management Personnel Compensation for 2007 and 2008

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

	Consolidated		Parent	
	2008 $	**2007 $**	**2008 $**	**2007 $**
Short-term employment benefits	90,000	15,000	90,000	15,000
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share based payments	30,000	15,000	30,000	15,000
	120,000	**30,000**	**120,000**	**30,000**

Refer to the Remuneration Report contained within the Directors Report for details of remuneration per director

c) Option holding by Key Management Personnel

	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**

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008**

	Balance 1/07/2007	Granted as Remuneration	Options Exercised/ Lapsed	Purchased	Balance 30/06/2008	Total Vested
Mr F Hunt	-	-	-	100,000	-	100,000
Mr H Hunt	270,600	-	(270,600)	-	-	-
Mr J Venter	-	-	-	-	-	-
Mr J Miedecke	-	-	-	-	-	-
	270,600	**-**	**(270,000)**	**100,000**	**-**	**100,000**

	Total Exercisable	Total Unexercisable
Mr F Hunt	100,000	-
Mr H Hunt	-	-
Total	**100,000**	**-**

d) Share holdings by Key Management Personnel

	Balance 1/07/2006	Received as Remuneration	Options Exercised	Net Change Other[(2)]	Balance 30/06/2007
Mr F Hunt	1,807,450	97,619	-	180,745	2,085,814
Mr H Hunt	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**

	Balance 1/07/2007	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2008
Mr F Hunt	2,085,814	100,000	-	400,000[(2)]	2,585,814
Mr H Hunt	741,339	100,000	-	-	841,339
Mr J Venter	97,619	100,000	-	(197,619) [(1)]	-
Mr J Miedecke	50,000	-	-	-	50,000
	2,974,772	**300,000**	**-**	**202,381**	**3,477,153**

(1) resigned as a Director 31 December 2007
(2) These shares were purchased in accordance with the company's prospectus dated February 2006.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008**

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
6. AUDITORS REMUNERATION				
Auditing or reviewing the financial report:				
- Moore Stephens (SA)	-	23,000	-	23,000
- MSI Ragg Weir	14,500	9,000	14,500	9,000
Independent Accountants Report				
- Moore Stephens (SA)	-	-	-	-
	14,500	**32,000**	**14,500**	**32,000**
7. CASH AND CASH EQUIVALENTS				
Cash at bank	85,032	64,056	85,022	64,046
Short term deposits	22,948	25,796	22,948	25,796
	107,980	**89,852**	**107,970**	**89,842**
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	107,980	89,852	107,970	89,842
8. TRADE AND OTHER RECEIVABLES				
GST receivable	**10,998**	**46,411**	**10,998**	**46,411**
9. OTHER CURRENT ASSETS				
Prepayments	7,500	-	7,500	-
Security bonds	5,000	-	5,000	-
	12,500	**-**	**12,500**	**-**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008

10. PROPERTY PLANT AND EQUIPMENT

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
Freehold land – at cost [1]	2,600	-	2,600	-
Office equipment	5,189	-	5,189	-
Less: Accumulated depreciation	(970)	-	(970)	-
	4,219	-	4,219	-
Property, plant and equipment	**6,819**	**-**	**6,819**	**-**

[1] Purchase of 2 tenant in common interests (Clunes)

Movement in Carrying Value

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Opening Carrying Value	-	-	-	-
Additions	7,789	-	7,789	-
Depreciation	(970)	-	(970)	-
Closing Carrying Value	**6,819**	**-**	**6,819**	**-**

11. OTHER FINANCIAL ASSETS

	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Investments carried at cost				
Non-Current				
Investments in subsidiaries	-	-	505	505
Loans carried at amortised cost:				
Non-Current				
Loans to Subsidiaries	-	-	-	19,170
	-	-	505	19,675
Disclosed in the financial statements as:				
Current other financial assets	-	-	-	-
Non-current other financial assets	-	-	505	19,675
	-	**-**	**505**	**19,675**

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$

12. OTHER NON-CURRENT ASSETS

Costs carried forward in respect of areas of interest in exploration and evaluation phase	**1,893,573**	**1,628,646**	**1,893,078**	**1,608,981**
Reconciliation of deferred exploration and evaluation costs				
Balance at beginning of year	1,628,646	1,034,742	1,608,981	1,034,742
Current year expenditure	338,258	754,061	288,401	734,396
Write-off during the year	(73,331)	(160,157)	(4,304)	(160,157)
Sale of tenements	-	-	-	-
Balance at end of year	**1,893,573**	**1,628,646**	**1,893,078**	**1,608,981**

Recoverability of the carrying amount of exploration assets is dependent upon the successful exploration and sale of resources.

Capitalised cost of $338,258 (2007: $754,061) have been included in consolidated cash flows from investing activities in the cash flow statement.

13. TRADE AND OTHER PAYABLES

Current				
Unsecured liabilities				
Trade payables	21,952	108,756	21,952	108,756
Accrued expenses	9,750	9,000	9,750	9,000
	31,702	**117,756**	**31,702**	**117,756**

14. BORROWINGS

Current				
Loans from key management personnel (a)	**12,067**	**51,276**	**12,067**	**51,276**

(a) Amounts repayable to Director. Interest is being charged on the outstanding loan balance at 8.5% per annum calculated on the daily balance.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$
15. CONTRIBUTED EQUITY				
37,143,389 fully paid ordinary shares (2007: 31,144,569)	3,025,933	2,285,752	3,025,933	2,285,752

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	$	No. of Shares	$
Balance at 1 July 2006	22,546,906	1,462,993	22,546,906	1,462,993
Issue of shares upon final call of partly paid shares	1,304,200	32,605	1,304,200	32,605
Transfer of partly paid share balance	-	65,210	-	65,210
Issue of shares	4,790,763	479,077	4,790,763	479,077
Issue of shares from exercise of options	2,502,700	250,270	2,502,700	250,270
Less: Costs of capital raising	-	(4,403)	-	(4,403)
Balance at 30 June 2007	**31,144,569**	**2,285,752**	**31,144,569**	**2,285,752**
Issue of shares	5,973,820	751,340	5,973,820	751,340
Exercise of options	25,000	5,000	25,000	5,000
Less: costs of capital raising	-	(16,159)	-	(16,159)
Balance 30 June 2008	**37,143,389**	**3,025,933**	**37,143,389**	**3,025,933**

(b) Partly paid ordinary shares

	No. of Shares	$	No. of Shares	$
Balance at 1 July 2006	1,304,200	65,210	22,546,906	1,462,993
Final call on partly paid shares and transfer to fully paid ordinary shares	(1,304,200)	(65,210)	1,304,200	32,605
Balance at 30 June 2007	**-**	**-**	-	65,210

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008

(c) Listed options

Mount Rommel Mining Limited has the following listed options on issue at 30 June 2008:

(i) 4,603,918 options at an exercise price of $0.20 exercisable on or before 28 August 2008.

	2008 No.	2007 No.
Balance at beginning of the financial year	5,888,668	11,777,336
Exercised during the financial year – Series 1	(25,000)	(2,502,700)
Lapsed during the financial year – Series 1	(1,259,750)	(3,385,968)
Balance at end of the financial year	**4,603,918**	**5,888,668**

The Options entitle 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 August 2008. The options are transferable. The options carry neither rights to dividends nor voting rights.

(ii) 1,094,803 options at an exercise price of $0.20 exercisable on or before 31 August 2009

	2008 No.	2007 No.
Balance at beginning of the financial year	-	-
Granted during the financial year	1,094,083	-
Balance at end of the financial year	**1,094,083**	**-**

The Options entitle 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 31 August 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.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008	2007	2008	2007
	$	$	$	$

16. COMMITMENTS FOR EXPENDITURE

(a) 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:

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Not later than one year *	18,000	58,500	18,000	58,500
Later than one year but not later than five	37,800	34,800	37,800	34,800
Later than five years	-	-	-	-
	55,800	93,300	55,800	93,300

**Refers to Tourello (renewed 28 February 2008)*

Commitments for expenditure relating to EL 3821 of $19,800 p.a. for one year (to 26 February 2009) has been met by the cost of recent drilling.

Commitments for MIN 5391 of $15,000 has been met by drilling in current year.

Commitments for expenditure on MIN 5492 for year 2008 have been exceeded as at 30 June 2008.

(b) Operating Lease Commitments

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

	Consolidated 2008 $	Consolidated 2007 $	Parent 2008 $	Parent 2007 $
Not later than one year	4,400	-	4,400	58,500
Later than one year but not later than five	-	-	-	34,800
Later than five years	-	-	-	-
	4,400	-	4,400	93,300

Core shed – The core shed lease was a non-cancellable lease with a one year term, with rent payable monthly in advance. Rental provisions within the lease agreement require the minimum lease payments to be increased in accordance with the review of "rent to market" on the date specified in the rental agreement. The present rental is $585 per month. Other rented facilities to be terminated within calendar year 2008.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008**

17. SEGMENT REPORTING

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

18. 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 11.

Transactions with Director Related Entities

During the year the Company paid Mr Fred Hunt $60,000 (2007: $43,045) for Geo-science services in relation to license compliance and technical drawings.

Transactions with Director Related Entities

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Loan from Frederick L Hunt	12,067	51,276	12,067	51,276
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.	3,073	7,900	3,073	7,900
Rent paid to BHM Stainless Group Pty Ltd	9,000	5,400	9,000	5,400
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.				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008

19. NOTES TO THE STATEMENT OF CASH FLOWS

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2008 $	2007 $	2008 $	2007 $
Reconciliation of Operating Profit/(Loss) After Income Tax to Net Cash Flows From Operating Activities:				
Operating Profit/(Loss) after income tax	(347,957)	(372,982)	(347,957)	(372,982)
Non-Cash Activities:				
Share Based Payments	30,000	36,286	30,000	36,286
Exploration cost written off	73,331	160,157	4,304	160,157
Write-off of intercompany receivable	-	-	69,027	-
Interest on Directors loan	3,073	7,899	3,073	7,899
Depreciation	970	-	970	-
Changes in net assets:				
(Increase)/Decrease in trade receivables	27,913	(36,491)	27,913	(36,491)
Increase/(Decrease) in payables	(92,198)	61,991	(92,198)	61,991
Net Cash used in operating activities	**(304,868)**	**(143,140)**	**(304,868)**	**(143,140)**

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 300,000 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 $30,000.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The consolidated entity's principal financial instruments comprise cash and cash equivalents.

The main purpose of these financial instruments is to finance the consolidated entity's operations. The consolidated entity has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the consolidated entity's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated entity's financial instruments are cash flow interest rate risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

(a) Cash flow interest rate risk

The consolidated entity's exposure to the risks of changes in market interest rates relates primarily to the consolidated entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the consolidated entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The consolidated entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the parent entity and consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The consolidated entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated entity continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Consolidated Entity

Consolidated Entity	Note	Float Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
										-10%		+10%	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets													
Cash at bank	7	107,980	89,852	-	-	-	-	107,980	89,852	(571)	(490)	571	490
Trade and other receivables	8	-	-	-	-	10,998	46,411	10,998	46,411	-	-	-	-
Other current assets	9	-	-	-	-	12,500	-	12,500	-	-	-	-	-
Total		**107,980**	**89,852**	**-**	**-**	**23,498**	**46,411**	**131,478**	**136,263**	**(571)**	**(490)**	**571**	**490**
Weighted average interest rate		6.12%	5.27%										
Financial Liabilities													
Trade and other payables	13	-	-	-	-	31,702	117,756	31,702	117,756	-	-	-	-
Borrowings	14	-	-	12,067	51,276	-	-	12,067	51,276				
Total		**-**	**-**	**12,067**	**51,276**	**31,702**	**117,756**	**43,769**	**169,032**	**-**	**-**	**-**	**-**
Weighted average interest rate		8.0%	8.0%										
Net Financial Assets (liabilities)		**107,980**	**89,852**	**(12,067)**	**(51,276)**	**(8,204)**	**(71,345)**	**87,709**	**(32,769)**	**(571)**	**(490)**	**571**	**490**

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Parent Entity	Note	Float Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
										-10%		+10%	
		2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Financial Assets													
Cash at bank	7	107,970	89,842	-	-	-	-	107,970	89,842	(571)	(490)	571	490
Trade and other receivables	8	-	-	-	-	10,998	46,411	10,998	46,411	-	-	-	-
Other current assets	9	-	-	-	-	12,500	-	12,500	-	-	-	-	-
Total		**107,970**	**89,842**	**-**	**-**	**23,498**	**46,411**	**131,468**	**136,253**	**(571)**	**(490)**	**571**	**490**
Weighted average interest rate		6.12%	5.27%										
Financial Liabilities													
Trade and other payables	13	-	-	-	-	31,702	117,756	31,702	117,756	-	-	-	-
Borrowings	14	-	-	12,067	51,276	-	-	12,067	51,276				
Total		**-**	**-**	**12,067**	**51,276**	**31,702**	**117,756**	**43,769**	**169,032**	**-**	**-**	**-**	**-**
Weighted average interest rate		8.0%	8.0%										
Net Financial Assets (liabilities)		**107,970**	**89,842**	**(12,067)**	**(51,276)**	**(8,204)**	**(71,345)**	**87,699**	**(32,779)**	**(571)**	**(490)**	**571**	**490**

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% sensitivity would move short term interest rates at 30 June 2008 from 6.72% to 7.40% representing a 68 basis points shift. This would represent two to three increases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move down than up in the coming period.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Liquidity risk

The consolidated entity manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows.

Financial Assets

The following tables detail the Company's and the Groups expected maturity for its non-derivative financial assets.

	Consolidated		Parent	
Contracted maturities of receivables:	2008 $	2007 $	2008 $	2007 $
Receivable:				
-less than 6 months	10,998	46,411	10,998	46,411
-6-12 months	-	-	-	-
-1-5 years	-	-		
- later than 5 years	-	-	-	-
Total	**10,998**	**46,411**	**10,998**	**46,411**

Financial Liabilities

The following tables the Company's and the Groups remaining contractual maturity for its non-derivative financial liabilities.

	Consolidated		Parent	
Contracted maturities of payables year ended 30 June 2008:	2008 $	2007 $	2008 $	2007 $
Payable:				
-less than 6 months				
-6 to 12 months	31,702	117,756	31,702	117,756
-1 to 5 years	-	-	-	-
-later than 5 years	-	-	-	-
Total	**31,702**	**117,756**	**31,702**	**117,756**

(c) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The consolidated entity has no financial assets where carrying amount exceeds net fair values at balance date.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

The consolidated entity's receivables at balance date are detailed in Note 8 and comprise GST input tax credits refundable by the ATO. The balance of receivables comprises amounts receivable from related parties and prepayments.

The credit risk on financial assets of the economic entity which have been recognised on the Balance Sheet is generally the carrying amount.

(d) Capital Risk Management

When managing capital, management's objectives is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2007 and no dividends are expected to be paid in 2008.

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The consolidated entity is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

21. (LOSS) PER SHARE

	2008 Cents Per Share	2007 Cents Per Share
Basic (loss) per share	(1.01)	(1.44)
Diluted (loss) per share	(1.01)	(1.44)

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows

	2008	2007
Earnings (i)	(347,957)	(372,982)
	2008 No	**2007 No**
Weighted average number of ordinary shares (ii)	34,347,605	25,841,640
(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.	40,221,587	35,607,065

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 2008.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 30 JUNE 2008**

22. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership Interest 2008 %	2007 %
Parent Entity			
Mount Rommel Mining Limited	Australia		
Subsidiaries			
Bonshaw Gold Pty Ltd	Australia	100	100

23. AFTER BALANCE DATE EVENTS

There has not been any matter or circumstance that has arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years other than:

- 3,645,218 series (A) options lapsed on 28 August 2008.
- 217,700 series (A) options were exercised at $0.125 raising $27,212.50 and shares will be issued in consideration for this option exercise.
- 741,000 series (A) options were exercised at $0.05 raising $37,050.00 and partly paid shares will be issued in consideration for this option exercise.

24. CONTINGENT LIABILITIES

No contingent liabilities existed at the reporting date except under tenement licenses where the consolidated entity is required to rehabilitate each license area to its original state prior to any exploration works.

Under a heads of agreement dated February 2008, third parties have agreed to assist the company in obtaining a mining license over a gold resource in Rockwood, Victoria.

In consideration for this assistance the company has agreed to pay the parties $10,000 cash upon the successful granting of the title and also to issue $100,000 worth of non-escrowed shares at a deemed share price of $0.125 upon signing and lodgment of the application.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place since the last quarter of the 2008 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

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

A review was undertaken during the year ended 30 June 2008.

In line with the transition of the company towards onsite development, Mr J L Venter withdrew and Mr J G Miedecke was appointed.

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.