

Mount Rommel Mining Limited
ACN 005 583 031

Financial Statements
for the year ended

30 June 2010

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CORPORATE DIRECTORY

Board of Directors

Frederick L Hunt (Executive Director, Chairman)
Hamish Hunt (Non-Executive Director)
Carl E Layden (Non-Executive Director)
Rodney K Bradshaw (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
108 Power Street
Hawthorn Vic 3122

Stock Exchange Listing

Mount Rommel Mining Limited is listed on the
National Stock Exchange of Australia. (NSX Code: MMT)

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REVIEW OF OPERATIONS

Summary

Progress at Glenfine did not proceed as anticipated: the actual reason for delay remains an unknown. Early in July 2010, a set of Work Plan documents as lodged (the third) appeared to generally meet the Department requirements for content, but not format. After meetings with Departmental Officers in August, the re-arranged documents were then accepted and (subsequently) were circulated by DPI to other State agencies. As at 27th September, the review by those agencies has not concluded.

ACHIEVEMENTS

There were three “milestones”, recording events of value to the Company. These were –

1. 11th November, 2009 Advice from Department of Primary Industries that EL 3821, Allendale, had been renewed, the term of licence to now expire 26th February, 2012.
2. 12th May, 2010 Clunes MIN 5391 was registered for renewal to 18th March, 2014. The Work Plan to continue development through drilling was registered 10th August, 2010.
3. 18th June, 2010 Advice was received from Heritage Victoria that Mount Rommel's “permit to disturb” at Glenfine was renewed to expire 18th June, 2012.

COMMENT ON CURRENT EVENTS

The Victorian Government procedures associated with mining approvals appears out of step with both commerce and the regulation of industry by other agencies.

The very protracted procedure undertaken to gain an endorsed Work Plan, Glenfine, has had the effect of substantially increasing the holding costs for the Company. These costs have been borne by those responding to the final call, the partly paid shares, or those who purchased pre-issued shares available on 30th June, 2010, or by other private contributions. No new shares were issued.

At an informal meeting of members, 18th September, 2010, it became evident that those present were not in favour of any Company proposal to issue new shares, at this time of rising gold prices. The present position is that Directors are circulating information to members, as to a means by which members may support the Company on a private basis.

THE YEAR AHEAD

The gold price appears to be strengthening, and has reached A\$44 per gram. The consensus of opinion expressed by members is to continue to focus the effort of the Company on permitting operations at Glenfine. There remains no ability to predict with any certainty the date when Departmental Officers give “endorsed” status to the Work Plan documents of the Company.

MOUNT ROMMEL MINING LIMITED
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DIRECTORS' REPORT

The Directors of Mount Rommel Mining Limited submit herewith the annual financial report for the financial year ended 30 June 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

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

DIRECTORS

Mr Frederick L Hunt	Executive Director, Chairman	
Qualifications	MIE Aust, CPEng, MAusIMM	
Experience	Over 35 years operating practice in mining sector.	
Special Responsibilities	Director of prospect development.	
Directorships in listed entities	None	
Interests in Shares and options	Fully Paid Ordinary Shares	2,585,812
	Options expiring 31 August 2011 at 20 cents	100,000
	Fully Paid Redeemable Preference Share	5
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 Carl E Layden	Non-Executive Director (appointed 2 July 2010)	
Qualifications	ABSM Ap. Geology, MAusIMM, MGSA	
Experience	<p>Carl Layden was a founding Director of the Company when it became "public" in 2003. After some time Carl stepped away from the Director's role, but maintained an active interest in the progress of the Company.</p> <p>Carl was the person responsible for the underground routines so necessary to produce gold daily at the Wattle Gully mine, near Chewton. Skills learnt in that way are invaluable today. He also brings to this Board his subsequent experience (past) at Board level with a number of ASX listed companies.</p>	
Directorships in listed entities	None	
Interests in Shares and options	Fully Paid Ordinary Shares	599,150
	Fully Paid Redeemable Preference Share	1

MOUNT ROMMEL MINING LIMITED
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DIRECTORS' REPORT (CONT'D)

Mr Rodney K Bradshaw Non-Executive Director (appointed 2 July 2010)

Qualifications Bachelor of Mechanical Engineering

Experience Rod Bradshaw is known to be an experienced professional Engineer, with skills in mechanical design, project engineering and project management. His breadth of expertise covers numerous manufacturing processes.

Directorships in listed entities None

Interests in Shares and options Fully Paid Ordinary Shares Nil

Mr John G Miedecke Non-Executive Director (resigned 31 March 2010)

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 is based in Hobart and operates an environmental and engineering consultancy.

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 19 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 2010 and the number of meetings attended by each Director. During the financial year 5 board meetings were held.

Director	Full Meetings of Directors	
	Held	Attended
Mr Frederick L Hunt	5	5
Mr Hamish Hunt	5	3
Mr John G Miedecke (resigned 31 March 2010)	3	3

DIRECTORS' REPORT (CONT'D)

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
Listed Options (B)	923,333	\$0.20	31 August 2011

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

During August 2010 all option holders agreed to an extension to the expiry date for the options to 31 August 2011.

PRINCIPAL ACTIVITIES

In this financial year the principal activities of the Company were the gaining of a 5 year renewal for MIN5391, Clunes, the approval of a renewal for Exploration Licence 3821, Allendale and the progressive submissions of Work Plan drafts for Glenfine.

OPERATING RESULTS

The consolidated loss of Mount Rommel Mining Limited and Controlled Entity after providing for income tax was \$183,945 (2009: \$285,000).

REVIEW OF OPERATIONS

During the financial year, progress towards approvals for Glenfine (MIN 5492) became difficult to evaluate. In July 2010, a revised Work Plan document was lodged which later became the basis for a revision acceptable to officers of the Department of Primary Industries.

DIVIDENDS

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

ACHIEVEMENTS AND DEVELOPMENTS

Glenfine

The Department of Primary Industries (DPI) has under review a Work Plan to treat:

- about 40,000 tonnes of sand, and
- the likely recoverable grade is of the order 2.5 g/t gold.

The Directors continue to find that DPI is not fully aware of the mix of approvals necessary before site works could commence. The Company awaits the outcome of the review of its Work Plan document by various State Agencies.

Allendale

In-fill ground gravity geophysics was carried out in April 2010. The assessment of the data resulted in definition of linear anomaly spatially related to the sub-basaltic ridge defined by drilling on the previous year. This anomaly warrants probing – work is deferred for the present.

Clunes

A new Work Plan for development drilling has been registered.

DIRECTORS' REPORT (CONT'D)

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.

Details of Remuneration for Year Ended 30 June 2010

The remuneration for each Director and each of the 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 (2) \$	Superannuation Contribution \$	Shares Received as Compensation \$	Options Received as Compensation \$	Total \$
Mr F L Hunt ⁽¹⁾	80,000	-	-	-	80,000
Mr H Hunt	20,000	-	-	-	20,000
Mr J Miedecke	15,000	-	-	-	15,000
Ms M Leydin	13,900	-	-	-	13,900
	128,900	-	-	-	128,900

⁽¹⁾ Mr Hunt received consulting fees during the period. Refer to Note 22 for further details.

⁽²⁾ Included in short term benefits to Directors is \$10,500 that has been accrued but not yet paid and \$20,000 worth of shares to be issued to Directors as remuneration.

Options Issued as Part of Remuneration for the Year Ended 30 June 2010

There were no options issued as part of remuneration for the year ended 30 June 2010.

Shares Issued as Part of Remuneration for the Year Ended 30 June 2010

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.

DIRECTORS' REPORT (CONT'D)

REMUNERATION REPORT (CONT'D)

Shares Issued as Part of Remuneration for the Year Ended 30 June 2010 (Cont'd)

	Number of Shares allotted	Value of Shares Allotted at allotment date \$	Total Remuneration Represented by Shares %
Directors			
Mr F L Hunt	-	-	-
Mr H Hunt	-	-	-
Mr J Miedecke ⁽¹⁾	225,000	22,500	150.00%
Ms M Leydin	-	-	-
	225,000	22,500	

⁽¹⁾ 150,000 ordinary shares issued to Mr J Miedecke represented compensation for prior financial years not yet issued. 75,000 ordinary shares were issued as Director fees for the current financial year and are represented in salaries, fees and commissions.

The shares were issued to John Miedecke at \$0.10 per share being the issue price per prospectus.

Details of Remuneration for Year Ended 30 June 2009

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⁾	80,000	-	-	-	80,000
Mr H Hunt	20,000	-	-	-	20,000
Mr J L Venter	-	-	-	-	-
Mr J Miedecke	20,000	-	-	-	20,000
Ms M Leydin	25,099	-	-	-	25,099
	145,099	-	-	-	145,099

⁽¹⁾ Mr Hunt received consulting fees during the period. Refer to Note 22 for further details.

⁽²⁾ Included in short term benefits to Directors is \$50,000 that has been accrued but not yet paid.

Options Issued as Part of Remuneration for the Year Ended 30 June 2009

There were no options issued as part of remuneration for the year ended 30 June 2009.

Shares Issued as Part of Remuneration for the Year Ended 30 June 2009

There were no shares issued as part of remuneration for the year ended 30 June 2009.

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.

DIRECTORS' REPORT (CONT'D)

INDEMNIFICATION OF OFFICERS AND AUDITORS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of the Court under Section 327 of the Corporations Act 2001 to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

- During the financial year 492 redeemable preference shares were issued through the Company's May 2009 replacement Offer Information Statement.
- On 30 January 2010 the Company issued 741,000 ordinary shares in consideration for the final call of partly paid shares.
- On 1 April 2010 the Company issued 225,000 ordinary shares to John Miedecke in accordance with the prescribed remuneration arrangements for Directors. This issue was the total issued to J.G. Miedecke for his 27 months service to the company as a Non-executive Director.

AFTER BALANCE DATE EVENTS

There has not been any matter or circumstance, other than that referred to in Note 27, 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 in Victoria. Every effort is being made to establish operating rights, Glenfine, through the statutory procedures of state government.

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 2010.

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

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 2010.

DIRECTORS' REPORT (CONT'D)

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.

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

Frederick L Hunt
Director

30 September 2010

**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 2010 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

L.S. WONG
Partner

Melbourne: *30 September 2010*

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

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) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 3 to the financial statements;
- c) in the Directors' opinion, that attached financial statements and the notes thereto, are in accordance with accounting standards and give a true and fair view of the financial position and performance of the Company; and
- d) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

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

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

Frederick L Hunt
Director

30 September 2010

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

We have audited the accompanying financial report of Mount Rommel Mining Limited (the company) and Mount Rommel Mining Limited and controlled entities (the consolidated entity), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cashflows 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 financial 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 designing, implementing 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.

**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 2010 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

L.S. WONG
Partner

Melbourne *30 September 2010*

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group 2010 \$	2009 \$
Other Revenue	5	494	2,143
Administrative expenses		(25,625)	(51,018)
Corporate costs		(81,749)	(124,953)
Finance costs		(97)	(23,135)
Exploration and evaluation expenses written off		-	(3,962)
Directors remuneration		(75,000)	(82,000)
Depreciation		(1,968)	(2,075)
Loss Before Income Tax	6	(183,945)	(285,000)
Income tax expense	7	-	-
Loss for the year		<u>(183,945)</u>	<u>(285,000)</u>
Other comprehensive income		-	-
Total comprehensive income for the period		<u>(183,945)</u>	<u>(285,000)</u>
Loss attributable to			
Members of the Company		<u>(183,945)</u>	<u>(285,000)</u>
Total comprehensive income attributable to			
Members of the Company		<u>(183,945)</u>	<u>(285,000)</u>
		Cents per Share	Cents per Share
Loss per Share			
Basic Loss per share	25	(0.48)	(0.72)
Diluted Loss per share	25	(0.48)	(0.72)

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010

	Note	Consolidated Group 2010 \$	2009 \$
Current Assets			
Cash and cash equivalents	10	58,407	130,223
Trade and other receivables	11	2,594	9,241
Other current assets	12	28,299	10,750
Total Current Assets		<u>89,300</u>	<u>150,214</u>
Non-Current Assets			
Property, plant and equipment	13	4,594	4,744
Capital works in progress	14	70,000	-
Other non-current assets	15	2,304,520	2,124,540
Total Non-Current Assets		<u>2,379,114</u>	<u>2,129,284</u>
Total Assets		<u>2,468,414</u>	<u>2,279,498</u>
Current Liabilities			
Trade and other payables	16	83,025	107,428
Borrowings	17	110,000	118,182
Total Current Liabilities		<u>193,025</u>	<u>225,610</u>
Non-current Liabilities			
Other non-current liabilities	18	493,000	168,000
Total Non-current Liabilities		<u>493,000</u>	<u>168,000</u>
Total Liabilities		<u>686,025</u>	<u>393,610</u>
Net Assets		<u>1,782,389</u>	<u>1,885,888</u>
Equity			
Issued Capital	19	3,289,166	3,208,720
Accumulated losses		<u>(1,506,777)</u>	<u>(1,322,832)</u>
Equity attributable to owners of the Company		<u>1,782,389</u>	<u>1,885,888</u>
Total Equity		<u>1,782,389</u>	<u>1,885,888</u>

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Consolidated Group		
	Issued Capital	Accumulated (Losses)	Total
CONSOLIDATED	\$	\$	\$
At 1 July 2008	3,025,933	(1,037,832)	1,988,101
Loss for the period	-	(285,000)	(285,000)
Total comprehensive income for the year	-	(285,000)	(285,000)
Issue of Shares	182,787	-	182,787
At 30 June 2009	3,208,720	(1,322,832)	1,885,888

At 1 July 2009	3,208,720	(1,322,832)	1,885,888
Loss for the period	-	(183,945)	(183,945)
Total comprehensive income for the year	-	(183,945)	(183,945)
Issue of Shares	82,800	-	82,800
Capital raising costs	(2,354)	-	(2,354)
At 30 June 2010	3,289,166	(1,506,777)	1,782,389

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	Consolidated Group	
		2010	2009
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(192,276)	(178,738)
Interest received		494	2,143
		<u> </u>	<u> </u>
Net cash used in operating activities	23	<u>(191,782)</u>	<u>(176,595)</u>
Cash flows from investing activities			
Exploration expenditure		(179,980)	(134,929)
Payment for property, plant and equipment		(71,818)	-
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(251,798)</u>	<u>(134,929)</u>
Cash flows from financing activities			
Proceeds from the issue of shares		60,300	82,787
Payments for share issue costs		(2,354)	-
Proceeds from offer information statement		317,000	168,000
Proceeds from shareholder loan		-	90,000
Repayment of shareholder loan		(2,500)	
Repayment to related parties		(682)	(7,020)
		<u> </u>	<u> </u>
Net cash flows from financing activities		<u>371,764</u>	<u>333,767</u>
Net Increase/(Decrease) in Cash Held		(71,816)	22,243
Cash and cash equivalents at beginning of the financial year		<u>130,223</u>	<u>107,980</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>58,407</u></u>	<u><u>130,223</u></u>

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. General Information

Mount Rommel Mining Limited (the "Company") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the National Stock Exchange. The addresses of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the Company are described in the Director's Report.

2. Adoption of new and revised Accounting Standards

2.1 Standards and Interpretations affecting amounts reported in the current period

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

AASB 101 Presentation of Financial Statements (as revised in September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

AASB 101 (September 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The amendments to AASB 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

Amendments to AASB 107 Statement of Cash Flows (adopted in advance of effective date of 1 January 2010)

The amendments (part of AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2008-1 Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations

The amendments clarify the definition of vesting conditions for the purposes of AASB 2, introduce the concept of 'non-vesting' conditions, and clarify the accounting treatment for cancellations.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. None of these is expected to have a significant effect on the Group's financial statements in the period of initial application.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<i>AASB 2009-05 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i>	1 January 2010	30 June 2011
<i>AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues</i>	1 February 2010	30 June 2011
<i>AASB 124 Related Party Disclosures (revised December 2009), AASB 2009-12 Amendments to Australian Accounting Standards</i>	1 January 2011	30 June 2012
<i>AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9</i>	1 January 2013	30 June 2014

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

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 30 September 2010.

3.2 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.

3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.
All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

3.4 Revenue recognition

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

3.4.1 Interest Revenue

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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 on initial recognition.

3.5 Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

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 equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

3.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.6.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

3.6.3 Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Additional information on accounting policies shall be included where the entity has other material tax balances not covered by the above analysis, such as in relation to tax deductible share-based payments.

3.7 Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straightline method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation</i>
Plant and equipment	40%

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3.8 Financial Assets

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

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) 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.

3.8.1 Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3.8.2 Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.9 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 within operating cash flows.

3.10 Exploration and evaluation

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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 development.

3.11 Development

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs together with any forecast future capital expenditure necessary to develop proved and probable reserves are amortised over the estimated economic life of the mine on a units-of-production basis.

Changes in factors such as estimates of proved and probable reserves that affect unit-of production calculations are dealt with on a prospective basis.

3.12 Cash and Cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amount of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at date of acquisition.

3.13 Impairment of assets

At each reporting date or more frequently if events or changes in circumstances indicate a possible impairment, 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 largely 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 (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 excluding goodwill (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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3.14 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.1.1 Estimation of useful lives of Plant and Equipment

The estimation of useful lives of plant and equipment has been based on historical experience as well as manufacturers' warranties (for plant and equipment). Adjustments to useful lives are made when considered necessary and reviewed at each balance date as stated in Note 3.7.

4.1.3 Tax losses

The Company has not recognised a deferred tax asset with regard to unused tax losses and other temporary differences, as it has not been determined whether the Company will generate sufficient taxable income against which the unused tax losses and other temporary differences can be utilised.

4.2 Going concern

The company has accumulated losses of \$1,506,777 and a net current asset deficiency of \$103,725 at 30 June 2010. Notwithstanding the above, the directors believe that the company will be successful in its future operations and has accordingly prepared the financial report on the going concern basis. The directors are of the opinion that no asset is likely to be realised for an amount less than that recorded in the financial report at 30 June 2010 and as such no adjustment have been made to the financial report relating to the recoverability of assets and classification of the assets and liabilities that might be necessary should the company not continue as a going concern.

The directors have based their opinion on the following:

- the company will be able to obtain continuing support from shareholders to fund its future operations.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated Group	
	2010	2009
	\$	\$
5. REVENUE		
Non-operating activities		
Interest revenue - other entities	<u>494</u>	<u>2,143</u>
6. 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	<u>-</u>	<u>3,962</u>
Employee benefits expenses		
Directors fees	45,000	52,000
Equity settled share based payments ⁽¹⁾	<u>30,000</u>	<u>30,000</u>
	<u>75,000</u>	<u>82,000</u>
⁽¹⁾ \$20,000 of this amount has yet to be issued to Directors.		
Interest paid on shareholders loan	-	22,500
Interest paid on director related loan	<u>-</u>	<u>635</u>
	<u>-</u>	<u>23,135</u>
Depreciation	<u>1,968</u>	<u>2,075</u>
Finance Costs	<u>97</u>	<u>23,135</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated Group	
	2010	2009
	\$	\$
7. INCOME TAX EXPENSE		
(a) The components of tax expense comprise:		
Current Tax	-	-
Deferred Tax	-	-
	<u>-</u>	<u>-</u>
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:	(183,945)	(285,000)
Prima Facie Tax payable on Profit from ordinary activities before income tax at 30% (2009 30%)	(55,184)	(85,500)
Add Tax effect of:		
- Other timing differences	75	15,075
- Equity Raising Costs Written-Off	451	12,902
- Exploration Expenditure Written-Off	-	1,189
	<u>(54,658)</u>	<u>(56,334)</u>
Less Tax effect of:		
- Capitalised deductible exploration expenditure	(54,143)	(70,479)
- Equity raising costs not recognised	(13,207)	(12,975)
	<u>(122,008)</u>	<u>(139,788)</u>
Add: Income tax losses carried forward not taken up as a benefit	<u>122,008</u>	<u>139,788</u>
Income Tax Expense/(Benefit)	<u>-</u>	<u>-</u>
- Tax Losses	1,125,062	1,003,054
- Timing Differences	(715,388)	(648,565)
	<u>409,674</u>	<u>354,489</u>

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 realised.

(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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8. KEY MANAGEMENT PERSONNEL COMPENSATION

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

Mr F Hunt	Chairman, Executive Director
Mr H Hunt	Non-Executive Director
Mr J Miedecke	Non-Executive Director (resigned 31 March 2010)
Ms M Leydin	Company Secretary

b) Key Management Personnel Compensation for 2009 and 2010

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

	Consolidated Group	
	2010	2009
	\$	\$
Short-term employment benefits ⁽¹⁾	128,900	145,099
Post employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	-
	128,900	145,099

⁽¹⁾ Included in short term benefits to Directors is \$10,500 that has been accrued but not yet paid and \$20,000 worth of shares to be issued to Directors as remuneration.

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

c) Option holding by Key Management Personnel

	Balance	Granted as	Options		Balance	
	1.7.2009	Compensation	Exercised/ Lapsed	Purchased	30.6.2010	Total Vested
Mr F Hunt	100,000	-	-	-	100,000	100,000
Mr H Hunt	-	-	-	-	-	-
Mr J Miedecke	-	-	-	-	-	-
Ms M Leydin	-	-	-	-	-	-
	100,000	-	-	-	100,000	100,000

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

8. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	Balance 1.7.2008	Granted as Compensation	Options Exercised/ Lapsed	Purchased	Balance 30.6.2009	Total Vested
Mr F Hunt	100,000	-	-	-	100,000	100,000
Mr H Hunt	-	-	-	-	-	-
Mr J Venter	-	-	-	-	-	-
Mr J Miedecke	-	-	-	-	-	-
	100,000	-	-	-	100,000	100,000

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

d) Share holdings by Key Management Personnel

	Balance 1.7.2009	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.2010
Mr F Hunt	2,585,812	-	-	-	2,585,812
Mr H Hunt	841,339	-	-	-	841,339
Mr J Miedecke ⁽¹⁾	50,000	225,000 ⁽²⁾	-	-	275,000
Ms M Leydin	-	-	-	-	-
	3,477,151	225,000	-	-	3,702,151

⁽¹⁾ Resigned as a Director 31 March 2010

⁽²⁾ These shares were issued in accordance with the company's prospectus dated February 2006.

	Balance 1.7.2008	Received as Remuneration	Options Exercised	Net Change Other	Balance 30.6.2009
Mr F Hunt	2,585,812	-	-	-	2,585,812
Mr H Hunt	841,339	-	-	-	841,339
Mr J Venter	-	-	-	-	-
Mr J Miedecke	50,000	-	-	-	50,000
	3,477,151	-	-	-	3,427,151

Consolidated Group
2010 **2009**
\$ **\$**

9. AUDITORS REMUNERATION

Auditing or reviewing the financial report:

- MSI Ragg Weir	14,750	15,000
Offer Information Statement		
- MSI Ragg Weir	-	7,000
	14,750	22,000

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated Group	
	2010	2009
	\$	\$
10. CASH AND CASH EQUIVALENTS		
Cash at bank	33,269	105,574
Short term deposits	25,138	24,649
	<u>58,407</u>	<u>130,223</u>
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	<u>58,407</u>	<u>130,223</u>
11. TRADE AND OTHER RECEIVABLES		
GST receivable	<u>2,594</u>	<u>9,241</u>
12. OTHER CURRENT ASSETS		
Prepayments	3,049	5,750
Inventory	20,250	-
Security bonds	5,000	5,000
	<u>28,299</u>	<u>10,750</u>
13. PROPERTY PLANT AND EQUIPMENT		
Freehold land - at cost ⁽¹⁾	2,600	2,600
Plant and equipment	7,007	5,189
Less: Accumulated Depreciation	(5,013)	(3,045)
	1,994	2,144
Property, plant and equipment	<u>4,594</u>	<u>4,744</u>
⁽¹⁾ Purchase of 2 tenant in common interests (Clunes)		
<i>Movement in Carrying Value</i>		
Carrying amount at beginning of the year	4,744	6,819
Additions	1,818	-
Depreciation expense	(1,968)	(2,075)
Carrying amount at end of the year	<u>4,594</u>	<u>4,744</u>
14. CAPITAL WORKS IN PROGRESS		
Capital works in progress - at cost	<u>70,000</u>	<u>-</u>

Capital works in progress relates to plant and machinery in construction at 30 June 2010.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Consolidated Group
2010 **2009**
\$ **\$**

15. OTHER NON-CURRENT ASSETS

Costs carried forward in respect of areas of interest in:

- exploration and evaluation stage	1,950,466	1,900,737
- development phase	354,054	223,803
	<u>2,304,520</u>	<u>2,124,540</u>

Reconciliation of deferred exploration and evaluation costs

Balance at beginning of year	1,900,737	1,893,573
Current year expenditure	49,729	234,929
Reallocation to development phase expenditure	-	(223,803)
Write-off during the year	-	(3,962)
	<u>1,950,466</u>	<u>1,900,737</u>

Reconciliation of deferred development costs

Balance at beginning of year	223,803	-
Current year expenditure	130,251	-
Reallocation from exploration phase expenditure	-	223,803
Write-off during the year	-	-
	<u>354,054</u>	<u>223,803</u>

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

16. TRADE AND OTHER PAYABLES

Current

Trade Payables	22,775	41,538
<i>Amounts payable to:</i>		
- Key management personnel ⁽¹⁾	50,500	50,000
Sundry payables and accrued expenses	9,750	15,890
	<u>83,025</u>	<u>107,428</u>

⁽¹⁾ Total amount payable inclusive of Director's fees and equity based remuneration accrued for the financial year.

17. BORROWINGS

Current

Loans from key management personnel (a)	-	5,682
Loans from shareholders (b)	110,000	112,500
	<u>110,000</u>	<u>118,182</u>

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

(b) Amounts repayable to shareholders. Interest was charged on the loan amount from shareholders at 25%. No interest was charged for the year ended 30 June 2010.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Consolidated Group
2010 **2009**
\$ **\$**

18. OTHER NON-CURRENT LIABILITIES

Offer Information Statement monies received

493,000 168,000

Consolidated Group
2010 **2009**
\$ **\$**

19. ISSUED CAPITAL

39,127,089 fully paid ordinary shares (2009: 38,161,089)

3,289,166 3,208,720

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

	No. of Shares	\$
Balance at 1 July 2008	37,143,389	3,025,933
Issue of shares	800,000	100,000
Issue of shares from exercise of options	217,700	27,212
Transfer of partly paid share balance	-	55,575
Balance 30 June 2009	38,161,089	3,208,720
Issue of shares	741,000	37,050
Issue of shares to Directors	225,000	22,500
Monies received for the issue of shares ⁽¹⁾	-	23,250
Capital raising costs	-	(2,354)
Balance 30 June 2010	39,127,089	3,289,166

⁽¹⁾ This amount represents monies received for the shares issued on 1 July 2010 as detailed in Note 27.

Partly Paid Ordinary Shares

During the previous year 741,000 options with an exercise price of 12.5 cents and expiry date of 28 August 2008 were converted to partly paid ordinary shares. During the reporting period the partly paid shares were converted into fully paid ordinary shares following payment of the final call:

	No. of Shares	\$
Balance at 1 July 2009	741,000	-
5 cent call on partly paid shares	-	37,050
Transfer to issued capital	(741,000)	(37,050)
Balance at 30 June 2010	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(c) Listed options

Mount Rommel Mining Limited has the following listed options on issue at 30 June 2010:

- (i) 923,333 options at an exercise price of \$0.20 exercisable on or before 31 August 2010.

	2010 No.	2009 No.
Balance at beginning of the financial year	923,333	1,094,083
Lapsed during the year	-	(174,750)
Granted during the financial year	-	-
Balance at end of the financial year	923,333	923,333

The Options entitle the holder to subscribe for one ordinary share in Mount Rommel Mining Limited upon the payment of \$0.20. The options were to lapse at 5.00pm (AEST) on 31 August 2010. The options are transferable. The options carry neither rights to dividends nor voting rights. During August 2010, all options were extended for another year to 31 August 2011.

(d) Terms and Conditions of Issued Capital

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 Group
	2010
	\$
	2009
	\$

20. COMMITMENTS FOR EXPENDITURE

(a) Exploration Tenements - Commitments for Expenditure

In order to maintain current rights of tenure for tenements, the Company and consolidated group is required to meet the minimum requirements requirements of the Victorian Department of Primary Industries. Where a tenement has pendency under a valid renewal application, expenditure may continue. The expenditure is not provided in the accounts and are payable:

Not later than one year	29,000	-
Later than one year but not later than five	-	-
Later than five years	-	-
	29,000	-

(b) Operating Lease Commitments

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

Not later than one year	-	4,400
Later than one year but not later than five	-	-
Later than five years	-	-
	-	4,400

During the previous year the Company acquired a core shed lease which was a non-cancellable lease with a one year term, with rent payable monthly in advance. The Company did not renew the lease in the current financial year.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21. SEGMENT INFORMATION

The Group has adopted AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker is the board. In contrast, the predecessor Standard (AASB 114 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risk and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

Upon the adoption of AASB 8, there has been no change to the reportable segments. The Group has therefore not changed any reporting for the previous corresponding period. Mount Rommel Mining Limited operates in the exploration and development of minerals within Australia. The Company's activities are therefore classified as one business segment.

22. 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 entity, Bonshaw Gold Pty Ltd.

Transactions with Director Related Entities

During the year the Company paid Mr Fred Hunt \$60,000 (2009: \$60,000) for consulting services in relation to licence renewal (MIN 5391 Clunes) and for submissions to DPI with respect to work plans (Glenfine) and term extensions (Allendale).

During the financial year loans payable to Frederick L Hunt were settled.

	Consolidated Group	
	2010	2009
	\$	\$
Loan from Frederick L Hunt	-	5,682
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.	-	635
Rent paid to BHM Stainless Group Pty Ltd	9,000	9,000

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.

BHM Stainless Group Pty Ltd also received \$70,000 for the production of mining plant and properties fabricated during the financial year, on normal financial terms.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Consolidated Group	
2010	2009	
\$	\$	

23. NOTES TO THE STATEMENT OF CASH FLOWS

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

Operating Profit/(Loss) after income tax	(183,945)	(285,000)
Non-Cash Activities:		
Exploration cost written off	-	3,962
Shared based payments	5,000	-
Interest on Directors loan	-	635
Interest on shareholder loan	-	22,500
Depreciation	1,968	2,075
Changes in net assets:		
(Increase)/Decrease in trade and other receivables	9,348	3,507
(Increase)/Decrease in inventory	(20,250)	
Increase/(Decrease) in payables	<u>(3,903)</u>	<u>75,726</u>
Net Cash used in operating activities	<u>(191,782)</u>	<u>(176,595)</u>

Guarantee Facilities

The company currently has no financial guarantee facilities in place.

Non-cash finance and investing activities

There were no non-cash financing and investing activities during the year.

During the previous financial year the Company issued 800,000 fully paid ordinary shares in consideration for services rendered by a third party at Glenfine. The value of the debts settled in consideration for these share issues was \$100,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24. FINANCIAL RISK MANAGEMENT

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

The main purpose of these financial instruments is to finance the consolidated group's operations. The consolidated group 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 group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the consolidated group'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.

24.1 Cash flow interest rate risk

The consolidated group'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 group 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 group 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 group'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 30% higher or lower with all other variables held constant as a sensitivity analysis.

The consolidated group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the consolidated group 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24. FINANCIAL RISK MANAGEMENT (CONT'D)

Consolidated Group

	Note	Float Interest Rate		Fixed Interest Rate		Non-Interest Bearing		Total Carrying Amount		Interest Rate Risk Sensitivity			
		2010	2009	2010	2009	2010	2009	2010	2009	-30%	-40%	+30%	+40%
		\$	\$	\$	\$	\$	\$	\$	\$	2010	2009	2010	2009
Financial Assets													
Cash at bank	10	58,407	130,223	-	-	-	-	58,407	130,223	(641)	(2,292)	641	2,292
Trade and other Receivables	11	-	-	-	-	2,594	9,241	2,594	9,241	-	-	-	-
Other Current Assets	12	-	-	-	-	5,000	10,750	5,000	10,750	-	-	-	-
Total		58,407	130,223	-	-	7,594	19,991	66,001	150,214	(641)	(2,292)	641	2,292
Weighted average interest rate													
		3.66%	4.40%										
Financial Liabilities													
Trade and other payables	16	-	-	-	-	83,025	107,428	83,025	107,428	-	-	-	-
Borrowings	17	-	-	110,000	118,182	-	-	110,000	118,182	-	-	-	-
Total		-	-	110,000	118,182	83,025	107,428	193,025	225,610	-	-	-	-
Weighted average interest rate													
		16.75%	16.75%										
Net Financial assets (liabilities)		58,407	130,223	(110,000)	(118,182)	(75,431)	(87,437)	(127,024)	(75,396)	(641)	(2,292)	641	2,292

A sensitivity of 30% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 30% sensitivity would move short term interest rates at 30 June 2010 from 3.66% to 4.76% representing a 110 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24. FINANCIAL RISK MANAGEMENT (CONT'D)

24.2 Liquidity risk

The consolidated group 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 Group 2010	2009
Contracted maturities of receivables for the year ended 30 June 2010:	\$	\$
Receivable:		
- less than 6 months	2,594	9,241
- 6 to 12 months	-	-
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	<u>2,594</u>	<u>9,241</u>

Financial Liabilities

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

	Consolidated Group 2010	2009
Contracted maturities of payables year ended 30 June 2010:	\$	\$
Payable:		
- less than 6 months	83,025	107,428
- 6 to 12 months	110,000	118,182
- 1 to 5 years	-	-
- later than 5 years	-	-
Total	<u>193,025</u>	<u>225,610</u>

24.3 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 group has no financial assets where carrying amount exceeds net fair values at balance date.

The consolidated group's trade and other receivables at reporting date are detailed in Note 11 and comprise GST input tax credits refundable by the ATO.

The credit risk on financial assets of the consolidated group which have been recognised on the Statement of Financial Position is generally the carrying amount.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

24. FINANCIAL RISK MANAGEMENT (CONT'D)

24.4 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 2009 and no dividends are expected to be paid in 2010.

The current intention is to incur debt funding on behalf of the Company by way of on-going loan arrangements with shareholders.

The consolidated group 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.

25. LOSS PER SHARE

	2010 Cents Per Share	2009 Cents Per Share
Basic earnings/(loss) per share	<u>(0.48)</u>	<u>(0.72)</u>
Diluted earnings/(loss) per share	<u>(0.48)</u>	<u>(0.72)</u>

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

Earnings (i)	<u>(183,945)</u>	<u>(285,000)</u>
	2010 No	2009 No
Weighted average number of ordinary shares (ii)	<u>38,501,363</u>	<u>37,845,560</u>
(i) Earnings are the same as profit after tax in the statement of comprehensive income.		
(ii) Weighted average number of shares used in the calculation of diluted earnings per share.	<u>38,501,363</u>	<u>37,845,560</u>

Diluted Earnings Per Share

The rights to 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 to options are non-dilutive as the exercise price was significantly higher than the Company's share price as at 30 June 2010.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

26. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership Interest	
		2010 %	2009 %
<u>Parent Entity</u>			
Mount Rommel Mining Limited	Australia		
<u>Subsidiaries</u>			
Bonshaw Gold Pty Ltd	Australia	100	100

27. AFTER REPORTING 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 group, the results of those operations, or the state of affairs of the consolidated entity in future financial years other than:

- On 1 July 2010 Frederick L Hunt provided Mount Rommel Mining with 279,500 fully paid ordinary shares for nil consideration from existing holdings. The Directors of Mount Rommel Mining accepted the shares, which were registered in the name of the Company, then were sold off at a price of 9 cents per share (which was the market price at 22 September 2010) as required by the constitution of the Company. The funds raised were utilised for payments of invoices during July 2010. There were 23 unrelated purchases of those shares.

28. CONTINGENT LIABILITIES

No contingent liabilities existed at the reporting date. Under tenement obligations, the consolidated group is required to rehabilitate each area worked to a state in accordance with the approved worked plan.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place since the last quarter of the 2010 financial year. These Corporate Governance practices comply with the NSX Practice Note #14 Corporate Governance disclosure in annual reports 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 NSX 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 (normally 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. In
- 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. From July 2010 the Board has four Directors, of which only two are 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 2010.

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 NSX Practice Note #14 Corporate Governance disclosure in annual reports 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.