

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

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

31 December 2010

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

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Stock Exchange Listing		
Mount Rommel Mining Limited is listed		
on the National Stock Exchange of Australia.		
NSE Code: MMT		

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT

The Directors of Mount Rommel Mining Limited submit herewith the half yearly financial report for the period ended 31 December 2010. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Name

Mr Frederick L Hunt	Executive Director, Chairman
Mr Hamish Hunt	Non Executive Director
Mr Carl E Layden	Non Executive Director (appointed 2 July 2010)
Mr Rodney K Bradshaw	Non Executive Director (appointed 2 July 2010)

PRINCIPAL ACTIVITIES

The principal activity of the Company during the greater part of the financial period was the progressive submissions of Work Plan drafts for Glenfine and continuing exploration work on the Company's other tenements.

OPERATING RESULTS

The consolidated loss for the half year of Mount Rommel Mining Limited and Controlled Entity after providing for income tax was \$260,757 (2009: \$115,314).

REVIEW OF OPERATIONS

In the second half of calendar year 2010 the Company progressed activities in several ways, as follows:

- at Glenfine, it gave assistance to Melbourne University Honors degree student E. Willrow, undertaking a geophysical study of the Pitfield Plains, Victoria, with a focus on the Glenfine South mine. This study is complete.
- for the Glenfine Project, the Company gained Endorsed Work Plan status for its intended activity, and subsequently made application for Planning Permit P10-352. This process remained in progress at year-end.
- at Allendale, the Company continued petrological studies of dumps material, confirming that quartz from the old Richardson's Freehold No.1 mine shaft has been subjected to extreme stress. This evidence led to further field geophysics. A CSAMT survey by the Adelaide-based geophysical contractors Zonge took place between 14 and 18 December 2010, in the land north of Stag Road. This program was completed with satisfactory results.
- also in December, and again in January 2011, the Company gave assistance to a Melbourne University Masters degree student engaged in providing a framework for better appreciation of the ground gravity data available in the area local to Stag Road. This program is still continuing.

In the first Quarter of calendar year 2011, the Company was issued with a Planning Permit for works proposed at Glenfine.

The Directors of the Company are currently preparing for a final review of Work Plan documentation, as is required by the regulatory section, the Department of Primary Industries, Victoria. In this regard, the Company obtained a renewal of its necessary licence to purchase and use chemicals, issued 8 March 2011. This licence permits the operation of the mini-plant at Thomastown.

The Directors anticipate increasing levels of field activity at Glenfine, beginning early in May.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

AFTER BALANCE DATE EVENTS

On 4 March 2011, the Company announced that Planning Permit Application No. P10-352 had been dealt with under the provisions of the *Planning and Environment Act 1987*. A Planning Permit for the use and development of the land for mining (gold extraction from tailings) was issued in favour of the Company on 2 March 2011.

The Permit originates with the Golden Plains Shire and applies to Glenfine Road, Werneth, Victoria, 3352, where the Company holds MIN 5492.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at Page 5.

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

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

Frederick L Hunt
Director

18 March 2011

**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 half year ended 31 December 2010 there have been:

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

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne: 18 March 2011

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' DECLARATION

In the Directors' opinion:

- a) the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the financial half-year ended on that date; and
- c) 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.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Frederick L Hunt
Director

MELBOURNE,

18 March 2011

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Mount Rommel Mining Limited and controlled entities (the consolidated entity), which comprises the consolidated condensed statement of financial position as at 31 December 2010, and the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including; giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Mount Rommel Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Matters relating to electronic publication of the reviewed financial report

This review report relates to the financial report of Mount Rommel Mining Limited and controlled entities for the half year ended 31 December 2010 included in the website of Mount Rommel Mining Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the reviewed financial report to confirm the information contained in this website version of the financial report

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne 18 March 2011

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2010

	Consolidated entity	
	Half-year	Half-year
	ended 31	ended 31
	December	December
	2010	2009
	\$	\$
Continuing Operations		
Other Revenue	10,854	5
Administrative expenses	(21,810)	(24,852)
Corporate costs	(47,774)	(49,346)
Finance costs	(33,750)	(97)
Exploration and evaluation expenses written off	(126,728)	(486)
Directors remuneration	(41,100)	(39,500)
Depreciation	(449)	(1,038)
Loss before income tax expense	(260,757)	(115,314)
Income tax expense	-	-
Loss for the year	(260,757)	(115,314)
Other comprehensive income net of tax	-	-
Total comprehensive income	(260,757)	(115,314)
	Cents per	Cents per
	Share	Share
Loss per Share		
Basic Loss per share	(0.66)	(0.30)
Diluted Loss per share	(0.66)	(0.30)

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

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Consolidated entity	
	31 December	30 June 2010
	2010	
	\$	\$
Current Assets		
Cash and cash equivalents	44,205	58,407
Trade and other receivables	329	2,594
Inventories	20,250	20,250
Other current assets	6,981	8,049
Total Current Assets	71,765	89,300
Non-Current Assets		
Property, plant and equipment	4,145	4,594
Capital works in progress	70,000	70,000
Other non-current assets	2,242,283	2,304,520
Total Non-Current Assets	2,316,428	2,379,114
Total Assets	2,388,193	2,468,414
Current Liabilities		
Trade and other payables	108,221	83,025
Borrowings	736,440	110,000
Total Current Liabilities	844,661	193,025
Non-current Liabilities		
Other non-current liabilities	-	493,000
Total Non-current Liabilities	-	493,000
Total Liabilities	844,661	686,025
Net Assets	1,543,532	1,782,389
Equity		
Issued Capital	3,311,066	3,289,166
Accumulated losses	(1,767,534)	(1,506,777)
Total Equity	1,543,532	1,782,389

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

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Issued Capital	Accumulated losses	Total
CONSOLIDATED ENTITY	\$	\$	\$
At 1 July 2009	3,208,720	(1,322,832)	1,885,888
Loss for the period	-	(115,314)	(115,314)
Total comprehensive loss for the period	-	(1,438,146)	(1,438,146)
Issue of Shares	18,525	-	18,525
At 31 December 2009	3,227,245	(1,438,146)	1,789,099
At 1 July 2010	3,289,166	(1,506,777)	1,782,389
Loss for the period	-	(260,757)	(260,757)
Total comprehensive loss for the period	-	(1,767,534)	(1,767,534)
Issue of Shares	21,900	-	21,900
At 31 December 2010	3,311,066	(1,767,534)	1,543,532

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

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	CONSOLIDATED ENTITY	
	Half-year	Half-year
	ended 31	ended 31
	December	December
	2010	2009
	\$	\$
Cash flows from operating activities		
Receipts from customers	11,940	-
Payments to suppliers and employees	(69,752)	(132,305)
Interest received	-	5
	<u>-</u>	<u>5</u>
Net cash used in operating activities	<u>(57,812)</u>	<u>(132,300)</u>
Cash flows from investing activities		
Exploration expenditure	(57,980)	(111,532)
Payment for mine properties	-	(70,000)
	<u>-</u>	<u>(70,000)</u>
Net cash used from investing activities	<u>(57,980)</u>	<u>(181,532)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	1,900	18,525
Proceeds from offer information statement	-	207,200
Proceeds from shareholder loan	99,690	-
Repayment of borrowings	-	(7,403)
Repayment to related parties	-	-
	<u>-</u>	<u>-</u>
Net cash flows from financing activities	<u>101,590</u>	<u>218,322</u>
Net Increase/(Decrease) in Cash Held	(14,202)	(95,510)
Cash and cash equivalents at beginning of the financial period	<u>58,407</u>	<u>130,223</u>
Cash and cash equivalents at the end of the financial period	<u>44,205</u>	<u>34,713</u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134: *Interim Financial Reporting*. Compliance with AASB134 ensured compliance with International Financial Reporting Standard IAS34: *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and, therefore, cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the Annual Financial Report of Mount Rommel Mining Limited as at 30 June 2010. It is also recommended that the half-year financial report be considered together with any public announcements made by Mount Rommel Mining Limited and controlled entities during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the Corporation Act 2001.

Basis of preparation accounting policies

The condensed consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of selected 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 and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2010 annual financial report for the financial year ended 30 June 2010, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 their operations and effective for the current reporting period.

New and revised standards

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 their operations and effective for the current reporting period.

Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial period. The half-year financial period refers to 1 July 2010 to 31 December 2010.

Going Concern

The company has accumulated losses of \$1,767,534 and a net current asset deficiency of \$772,896 at 31 December 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 31 December 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 basis that the company will be able to obtain continuing support from shareholders to fund its future operations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

2. SEGMENT INFORMATION

The company operates predominately as an explorer for mineralisation within Australia.

The group has adopted AASB 8 Operating Segments with effect from 1 January 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 board reviews the company as a whole in the business segment of gold exploration within Australia. This segment reporting was previously reported under AASB 114 as Primary Reporting – Business Segments and its segment analysis has been continued for the current half-year.

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 gold exploration industry within Australia.

3. ISSUE OF EQUITY SECURITIES

During the half year 31 December 2010 period the following share and option issues have taken place:

Shares

- 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.

During the previous half year ended 31 December 2009 the following share and option issues took place:

Shares

- The Company issued a call of \$0.025 on 741,000 partly paid shares raising \$18,525.

Options

- On 29 August 2009 923,333 options expiring 31 August 2009 were extended to 31 August 2010 and 174,750 options lapsed.

4. BUSINESS COMBINATIONS

Name of Entity	Country of Incorporation	Ownership Interest	
		31 December 2010 %	31 December 2009 %
Parent Entity			
Mount Rommel Mining	Australia		
Subsidiaries			
Bonshaw Gold Pty Ltd	Australia	100%	100%

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

5. COMMITMENTS

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 Department of Primary Industries, Victoria. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment.

The Company has met all of its commitments of expenditure on the tenements it holds.

6. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the financial year the following significant event occurred:

- On 4 March 2011, the Company announced that Planning Permit Application No. P10-352 had been dealt with under the provisions of the *Planning and Environment Act 1987*. A Planning Permit for the use and development of the land for mining (gold extraction from tailings) was issued in favour of the Company on 2 March 2011.

The Permit originates with the Golden Plains Shire and applies to Glenfine Road, Werneth, Victoria, 3352, where the Company holds MIN 5492.

7. CONTINGENT LIABILITIES

No contingent liabilities existed at the reporting date. Under tenement licences the consolidated entity is required to rehabilitate each licence area to a fair and reasonable state, prior to closing exploration works.

8. RELATED PARTY TRANSACTIONS

Transactions with Director Related Entities

During the half-year the consolidated entity paid related entities of Mr Hamish Hunt \$5,909 in respect of consultation services provided for income generating services.

During the previous half-year the consolidated entity paid related entities of Mr Hamish Hunt \$75,000 for design, drawn specifications and partial fabrication of the process plant intended for operations at Glenfine MIN 5492, subject to permitting.

MOUNT ROMMEL MINING LIMITED
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NSX Additional Information

Summary of results for previous financial years

Below is a summary of financial results for the past five financial periods of the consolidated group. All figures shown below have been taken from audited consolidated financial statements for the financial years ended 30 June 2010 of the relevant period.

	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$
Financial Results					
Total Revenue	494	2,143	8,146	9,689	5,472
Total Expenses	<u>(184,439)</u>	<u>(287,143)</u>	<u>(356,103)</u>	<u>(382,671)</u>	<u>(79,782)</u>
Loss before tax	(183,945)	(285,000)	(347,957)	(372,982)	(74,310)
Income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the year	<u>(183,945)</u>	<u>(285,000)</u>	<u>(347,957)</u>	<u>(372,982)</u>	<u>(74,310)</u>
Dividends paid	Nil	Nil	Nil	Nil	Nil
Loss per share					
Basic loss per share	(0.48)	(0.72)	(1.01)	(1.44)	(0.44)
Diluted loss per share	(0.48)	(0.72)	(1.01)	(1.44)	(0.04)

Below is a summary of the Statement of financial position of the consolidated entity for the past five years:

	2010	2009	2008	2007	2006
	\$	\$	\$	\$	\$
Current assets	89,300	150,214	131,478	136,263	350,709
Non-current assets	2,379,114	2,129,284	1,900,392	1,628,646	1,034,742
Total assets	<u>2,468,414</u>	<u>2,279,498</u>	<u>2,031,870</u>	<u>1,764,909</u>	<u>1,385,451</u>
Current liabilities	193,025	225,610	43,769	169,032	174,141
Non-current liabilities	493,000	168,000	-	-	-
Total liabilities	<u>686,025</u>	<u>393,610</u>	<u>43,769</u>	<u>169,032</u>	<u>174,141</u>
Shareholder's equity	<u>1,782,389</u>	<u>1,885,888</u>	<u>1,988,101</u>	<u>1,595,877</u>	<u>1,211,310</u>

Top 10 Shareholders

Below is a listing of the Top 10 shareholders of the Company as at 30 June 2010:

SHAREHOLDER	HOLDING	%
Frederick L Hunt	2,585,814	6.61%
Jaffalite Pty Ltd	1,981,350	5.06%
Coombra Beach Pty Ltd <Wangary Super Fund A/C>	1,737,275	4.44%
Sinclair Exploration Pty Ltd	1,253,440	3.20%
Coombra Beach Pty Ltd	1,040,000	2.66%
Mr Stephen J Pearce	903,140	2.31%
Mulsan Engineering Pty Ltd	750,000	1.92%
Medusa Nominees Pty Ltd	688,000	1.76%
Mr Carl E Layden	599,150	1.53%
West Coast Projects Pty Ltd	575,000	1.47%
Total	12,113,169	30.96%
Total shares on issue as at 30 June 2010	39,127,089	100.00%