Mount Rommel Mining Limited
ABN 89 005 583 031

Annual Report - 30 June 2011

Mount Rommel Mining Limited
Corporate directory
30 June 2011

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
Principal place of business	28 Lawson Crescent Thomastown Victoria 3074
Share register	Link Market Services Limited Level 9 333 Collins Street Melbourne Victoria 3000 Telephone: (03) 9615 9908
Auditor	MSI Ragg Weir Level 2 108 Power Street Hawthorn Victoria 3122
Stock exchange listing	Mount Rommel Mining Limited shares are listed on the National Stock Exchange (NSX code: MMT)

REVIEW OF OPERATIONS

This Report covers the result of work undertaken in the year ending 30 June 2011, and events which took place in the two following months.

For the purposes of record, on the 2 December 2010, the Company lodged an application for a Planning Permit for proposed works at the Glenfine site.

The grant of Planning Permit P10-352, and subsequent registration of a Work Authority (5 April, 2011), enabled the commencement of preparatory earthworks at site in mid-May, 2011.

Site earthworks and other pre-processing activities, all as set out in the approved Work Plan, were completed on 1 September 2011. Those works comprise:

1. building two stockpiles of aged tailings,
2. building the TSF pond, sufficient to retain the necessary water supply,
3. excavating below natural surface that space needed to permanently hold clean sands, being the process plant discharge - minimum 10,000 tonnes capacity.
4. provision of an independent water supply, at all times sufficient for process plant operations.

In addition, during this entire period of site activity, the Directors ensured reasonable attention was given to satisfying interim site environmental obligations.

On completion of all the above activities, a contractor was invited to quote to supply and place the concrete foundation for the designed process plant.

The future processing plant on-site direction is by law only possible by persons holding a licence to handle poisons, as issued by the Victorian Department of Health. For that reason, the Company will be obliged to contract out the processing of the aged tailings to a licenced operator.

The Directors intend to bill the operator of the processing plant for the availability to that plant of a fully permitted site, the access to aged unmineralised tailings for the present controlled solely by the Company, the feed water, and the capacity to discharge at site either clean or mineralised but unwanted process wastes.

The processing plant operator is to be requested to meet this bill by delivery of fine gold to the Perth Mint, for the credit of the Company. This gold will be in a form enabling the Company to redeem Preference shares, etc., as held by any individual Member of the Company, without the Directors themselves handling physical gold.

In the year ahead, the Directors intend to recommence the investigation of Clunes, MIN 5391, for which Work Plans were approved. Further work at Allendale is also under consideration.

Frederick L Hunt

Frederick L Hunt
Executive Chairman

Mount Rommel Mining Limited
Directors' report
30 June 2011

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Mount Rommel Mining Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2011.

Directors
The following persons were directors of Mount Rommel Mining Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

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

Principal activities
During the financial year the principal continuing activities of the consolidated entity consisted of:
- The completition of the Work Plan procedures for Glenfine, and continuing exploration work on the Allendale tenement. No field work took place at Clunes.

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $306,953 (30 June 2010: $183,945).

Refer to the separate review of operations preceeding this directors report.

Significant changes in the state of affairs
On 1 July 2010 the Company acquired 279,500 fully paid ordinary shares and sold them, realising $21,900.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 12 September 2011, the Company announced that 171,983 options exercisable by 31 August 2011 at an exercise price of $0.20 per option had been exercised, raising $34,397 and 751,350 options had expired. The remaining 751,350 options expired unexercised.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report. The directors believe that progress at the Glenfine site is proceeding towards gold production in the manner specified by the several regulator authorities.

Environmental regulation
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 2011.

The Company holds an approval from Heritage Victoria for 'consent to disturb' as necessary for gold recovery from Glenfine.

Information on directors

Name:	Mr Frederick L Hunt
Title:	Executive Director, Chairman
Qualifications:	MIE Aust, CPEng, MAusIMM
Experience and expertise:	Over 35 years operating practice in mining sector.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Not applicable
Interests in shares:	2,585,812 fully paid ordinary shares 5 fully paid redeemable preference shares
Interests in options:	Nil

Name:	Mr Hamish Hunt
Title:	Non-Executive Director
Qualifications:	B.Ap.Sc.Ap.Chem., MRACI.
Experience and expertise:	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.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil.
Special responsibilities:	Not applicable
Interests in shares:	841,339 fully paid ordinary shares
Interests in options:	None

Name:	Mr Carl E Layden
Title:	Non-Executive Director (appointed 2 July 2010)
Qualifications:	ABSM Ap. Geology, MAusIMM, MGSA
Experience and expertise:	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. 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.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Not applicable
Interests in shares:	599,150 fully paid ordinary shares
Interests in options:	None

Name:	Mr Rodney K Bradshaw
Title:	Non-Executive Director (appointed 2 July 2010)
Qualifications:	Bachelor of Mechanical Engineering
Experience and expertise:	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.
Other current directorships:	Nil
Former directorships (in the last 3 years):	Nil
Special responsibilities:	Not applicable
Interests in shares:	None
Interests in options:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretary
Ms Melanie Leydin is a Chartered Accountant and is a Registered Company Auditor.

She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer.

In the course of her practice she audits listed and unlisted public companies involved in the resources industry. Her practice also involves outsourced company secretarial and accounting services to public companies in the resources sector. This involves preparation of statutory financial statements, annual reports, half year reports, stock exchange announcements and quarterly ASX reporting and other statutory requirements.

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 on the Australian Stock Exchange.

Meetings of directors
The number of meetings of the company's Board of Directors held during the year ended 30 June 2011, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Frederick L Hunt	5	5
Hamish Hunt	5	5
Carl Layden	5	5
Rodney Bradshaw	3	5

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)
The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

A Principles used to determine the nature and amount of remuneration

The Board policy is to remunerate Non-Executive Directors and the Chairman 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. 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.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Mount Rommel Mining Limited are set out in the following tables.

2011	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr H Hunt	10,000	-	-	-	-	-	10,000
Mr C Layden	10,000	-	-	-	-	-	10,000
Mr R Bardshaw	10,000	-	-	-	-	-	10,000
Executive Directors:							
Mr F Hunt	60,000	-	-	-	-	-	60,000
Other Key Management Personnel:							
Ms M Leydin	4,100	-	-	-	-	-	4,100
	94,100	-	-	-	-	-	94,100

* Mr Hunt received for administration fees amounting to $50,000 over and above his directors fees for the financial year. The administration fees are capitilised under Glenfine exploration costs.

** All equity settled payments noted above were accrued and not issued to directors during the financial year.

2010	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Mr H Hunt	10,000	-	-	-	-	10,000	20,000
Mr J Miedecke	5,000	-	-	-	-	10,000	15,000
Executive Directors:							
Mr F L Hunt *	70,000	-	-	-	-	10,000	80,000
Other Key Management Personnel:							
Ms M Leydin	13,900	-	-	-	-	-	13,900
	98,900	-	-	-	-	30,000	128,900

* Mr Hunt received for administration fees amounting to $60,000 over and above his directors fees for the financial year of which $50,000 has been capitalised under Glenfine exploration costs.

** 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.

*** All equity settled payments noted above were accrued and not issued to directors during the financial year.

C Service agreements

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

The company has no employees and no employment contracts. The directors are remunerated as per the remuneration policy.

D Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2011.

Options
There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2011.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2011.

This concludes the remuneration report, which has been audited.

Shares issued on the exercise of options
There were no shares of Mount Rommel Mining Limited issued on the exercise of options during the year ended 30 June 2011.

Indemnity and insurance of officers
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. 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.

Indemnity and insurance of auditor
The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of MSI Ragg Weir
There are no officers of the company who are former audit partners of MSI Ragg Weir.

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 on the following page.

Auditor
MSI Ragg Weir continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Frederick L Hunt

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Frederick L Hunt
Director

30 September 2011
Melbourne

MSI RAGG WEIR
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF MOUNT ROMMEL MINING LIMITED
AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. WONG
Partner

Melbourne: 30 September 2011

Mount Rommel Mining Limited
Financial report
For the year ended 30 June 2011

Contents

General information

The financial report covers Mount Rommel Mining Limited as a consolidated entity consisting of Mount Rommel Mining Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Mount Rommel Mining Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Mount Rommel Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	*Principal place of business*
Suite 304	28 Lawson Crescent
22 St Kilda Road	Thomastown
St Kilda	Victoria 3074
Victoria 3182	

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 30 September 2011. The directors have the power to amend and reissue the financial report.

Mount Rommel Mining Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Revenue	4	11,643	494
Expenses			
Corporate expenses		(78,084)	(81,749)
Directors remuneration		(40,000)	(75,000)
Depreciation and amortisation expense	5	(630)	(1,968)
Exploration expenditure written off		(120,217)	-
Interest on shareholder loan (carried forward)		(45,000)	-
Administration		(34,665)	(25,625)
Finance costs	5	-	(97)
Loss before income tax expense		(306,953)	(183,945)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Mount Rommel Mining Limited		(306,953)	(183,945)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Mount Rommel Mining Limited		(306,953)	(183,945)
		Cents	**Cents**
Basic earnings per share	29	(0.78)	(0.48)
Diluted earnings per share	29	(0.78)	(0.48)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Mount Rommel Mining Limited
Statement of financial position
As at 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Assets			
Current assets			
Cash and cash equivalents	7	47,762	58,407
Trade and other receivables	8	15,325	2,594
Other current assets	9	106,731	28,299
Total current assets		169,818	89,300
Non-current assets			
Property, plant and equipment	10	3,964	4,594
Exploration and evaluation	11	2,449,184	2,304,520
Capital works in progress	12	70,000	70,000
Total non-current assets		2,523,148	2,379,114
Total assets		2,692,966	2,468,414
Liabilities			
Current liabilities			
Trade and other payables	13	129,430	83,025
Borrowings	14	1,066,200	110,000
Total current liabilities		1,195,630	193,025
Non-current liabilities			
Other non-current liabilities	15	-	493,000
Total non-current liabilities		-	493,000
Total liabilities		1,195,630	686,025
Net assets		1,497,336	1,782,389
Equity			
Contributed equity	16	3,311,066	3,289,166
Accumulated losses		(1,813,730)	(1,506,777)
Total equity		1,497,336	1,782,389

The above statement of financial position should be read in conjunction with the accompanying notes

Mount Rommel Mining Limited
Statement of changes in equity
For the year ended 30 June 2011

	Contributed equity $	Accumulated losses $	Total equity $
Consolidated			
Balance at 1 July 2009	3,208,720	(1,322,832)	1,885,888
Other comprehensive income for the year, net of tax	-	-	-
Loss after income tax expense for the year	-	(183,945)	(183,945)
Total comprehensive income for the year	-	(183,945)	(183,945)
Transactions with owners in their capacity as owners:			
Issue of shares	82,800	-	82,800
Capital raising costs	(2,354)	-	(2,354)
Balance at 30 June 2010	3,289,166	(1,506,777)	1,782,389

	Contributed equity $	Accumulated losses $	Total equity $
Consolidated			
Balance at 1 July 2010	3,289,166	(1,506,777)	1,782,389
Other comprehensive income for the year, net of tax	-	-	-
Loss after income tax expense for the year	-	(306,953)	(306,953)
Total comprehensive income for the year	-	(306,953)	(306,953)
Transactions with owners in their capacity as owners:			
Issue of shares	21,900	-	21,900
Balance at 30 June 2011	3,311,066	(1,813,730)	1,497,336

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mount Rommel Mining Limited
Statement of cash flows
For the year ended 30 June 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		11,939	-
Payments to suppliers and employees (inclusive of GST)		(146,092)	(192,276)
Interest received		789	494
Net cash used in operating activities	27	(133,364)	(191,782)
Cash flows from investing activities			
Payments for property, plant and equipment	10	-	(71,818)
Payments for security deposits		(79,500)	-
Exploration and site remediation expenditure		(237,881)	(179,980)
Net cash used in investing activities		(317,381)	(251,798)
Cash flows from financing activities			
Proceeds from issue of shares	16	21,900	60,300
Share issue transaction costs		-	(2,354)
Proceeds from offer information statement (Preference Shares)		-	317,000
Proceeds from shareholder loans		418,200	-
Repayment to related parties		-	(682)
Payment of interest on shareholder loans		-	(2,500)
Net cash from financing activities		440,100	371,764
Net decrease in cash and cash equivalents		(10,645)	(71,816)
Cash and cash equivalents at the beginning of the financial year		58,407	130,223
Cash and cash equivalents at the end of the financial year	7	47,762	58,407

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions
The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

AASB 1053 Application of Tiers of Australian Accounting Standards
The consolidated entity has early adopted AASB 1053 from 1 July 2010. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements.

The following entities are required to apply Teir 1 reporting requirements (ie. full IFRS):
- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Teir 2 entities.

AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
The consolidated entity has applied AASB 2010-4 from 1 January 2011. These amendments were a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards
The consolidated entity has applied AASB 2010-5 from 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

Note 1. Significant accounting policies (continued)

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Going concern
The company has accumulated losses of $1,813,730 and a net current asset deficiency of $1,025,812 at 30 June 2011 (2010: $103,725). 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 2011 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 able to obtain continuing support from shareholders to fund its future operations.

In the event the Company is unable to meet the repayment of shareholder borrowings, the Company will issue shares as consideration for the repayable amounts or make alternative agreements with shareholders.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 24.

Note 1. Significant accounting policies (continued)

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mount Rommel Mining Limited ('company' or 'parent entity') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Mount Rommel Mining Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Note 1. Significant accounting policies (continued)

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and under and over provision in prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any provision for impairment.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2.5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 1. Significant accounting policies (continued)

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset’s fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Contributed equity
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Mount Rommel Mining Limited, 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 elements in ordinary shares issued during the financial 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 1. Significant accounting policies (continued)

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments, 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010-7 Amendments to Australian Accounting Standards arising from AASB 9
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase I of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. To be classified and measured at amortised cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognised in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013. These amendments make numerous amendments to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities in preparing general purpose financial statements. Even though it qualifies as a Tier 2, the consolidated entity will not adopt these amendments for reduced disclosure.

Note 1. Significant accounting policies (continued)

AASB 124 Related Party Disclosures (December 2009)
This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

AASB 2010-8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel (KMP). The adoption of these amendments from 1 July 2013 will remove the duplication of relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation and AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements
AASB 2011-5 is applicable to annual reporting periods beginning on or after 1 July 2011 and AASB 2011-6 on or after 1 July 2013. These amendments extend relief from consolidation, the equity method and proportionate consolidation where the ultimate or intermediate parent applies not-for-profit Aus paragraphs in Australian IFRSs as adopted in Australia, or Australian Accounting Standards – Reduced Disclosure Requirements (RDR). The adoption of these amendments from 1 July 2011 and 1 July 2013 respectively will not have impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation assets
At each reporting period the directors review the carrying amount of each area of interest with reference to the indicators of impairment outlined in AASB 6 - Exploration for and Evaluation of Mineral Resources.

The fair value of financial instruments classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

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.

Note 3. Operating segments

Identification of reportable operating segments
The consolidated entity is organised into one operating segment : exploration for base and precious metals in Australia. The operating segment is based on the internal reports that reviewed by the Directors (who are identified as Chief Decision Makers) in assessing performance and allocation of resources.

Note 4. Revenue

	Consolidated	
	2011	2010
	$	$
Other revenue		
Interest revenue - other entities	-	494
Other revenue	11,643	-
Revenue	11,643	494

Note 5. Expenses

	Consolidated	
	2011	**2010**
	$	**$**
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	630	1,968
Exploration expenses		
Exploration expenses written off	120,217	-
Employee benefits expenses		
Directors fees*	40,000	45,000
Equity settled share based payments**	-	30,000
Total spare	40,000	75,000
Finance Costs		
Finance costs	-	97
Finance costs		
Interest on shareholder loan	45,000	-

* As at 30 June 2011 there was an outstanding amount payable to Directors of $30,500.
** There were no equity settled payments or transactions that took place during the financial year. All amounts stated above are in relation to accrued amounts.

Note 6. Income tax expense

	Consolidated	
	2011	**2010**
	$	**$**
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(306,953)	(183,945)
Tax at the Australian tax rate of 30%	(92,086)	(55,184)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other timing differences	-	75
Equity raising costs written-off	-	451
Accrued expeneses	4,707	-
Exploration expenditure written off	36,065	-
Capitalised deductible exploration expenditure	(79,464)	-
Equity raising costs written-off	(4,046)	-
	(134,824)	(54,658)
Capitalised deductible exploration expenditure	-	(54,143)
Equity raising costs not recognised	-	(13,207)
Less: income tax losses not taken up as a benefit	134,824	122,008
Income tax expense	-	-

	Consolidated	
	2011	**2010**
	$	**$**
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax Losses	1,259,883	1,125,062
Timing differences	(758,125)	(715,388)
Total deferred tax assets not recognised	501,758	409,674

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.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2011	2010
	$	$
Cash at bank	47,762	58,407

Note 8. Current assets - trade and other receivables

	Consolidated	
	2011	2010
	$	$
GST receivable	15,325	2,594

Note 9. Current assets - other current assets

	Consolidated	
	2011	2010
	$	$
Prepayments	1,981	3,049
Inventory	20,250	20,250
Security bonds	84,500	5,000
	106,731	28,299

Note 10. Non-current assets - property, plant and equipment

	Consolidated	
	2011	2010
	$	$
Freehold land - at cost	2,600	2,600
	2,600	2,600
Plant and equipment - at cost	7,007	7,007
Less: Accumulated depreciation	(5,643)	(5,013)
	1,364	1,994
	3,964	4,594

Note 10. Non-current assets - property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Freehold Land $	Plant & Equipment $	Total $
Consolidated			
Balance at 1 July 2009	2,600	2,145	4,745
Additions	-	1,817	1,817
Depreciation expense	-	(1,968)	(1,968)
Balance at 30 June 2010	2,600	1,994	4,594
Depreciation expense	-	(630)	(630)
Balance at 30 June 2011	2,600	1,364	3,964

Note 11. Non-current assets - exploration and evaluation

	Consolidated 2011 $	2010 $
Exploration and evaluation stage	1,864,482	1,950,465
	1,864,482	1,950,465
Development phase	584,702	354,055
	584,702	354,055
	2,449,184	2,304,520

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration costs $	Development costs $	Total $
Consolidated			
Balance at 1 July 2009	1,900,737	223,803	2,124,540
Expenditure during the year	49,729	130,251	179,980
Balance at 30 June 2010	1,950,466	354,054	2,304,520
Expenditure during the year	44,233	220,648	264,881
Impairment of assets	(120,217)	-	(120,217)
Balance at 30 June 2011	1,874,482	574,702	2,449,184

Note 12. Non-current assets - Capital works in progress

	Consolidated	
	2011	2010
	$	$
Capital works in progress	70,000	70,000

Capital works in progress relate to plant and machinery in construction at 30 June 2011.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2011	2010
	$	$
Trade payables	53,489	22,775
Key management personnel *	75,941	50,500
Sundry payables and accrued expenses	-	9,750
	129,430	83,025

Refer to note 18 for detailed information on financial instruments.

Note 14. Current liabilities - borrowings

	Consolidated	
	2011	2010
	$	$
Loans from shareholders	573,200	110,000
Offer information statement monies received	493,000	-
	1,066,200	110,000

Interest of $45,000 was charged loans from shareholders during the year (2010 : nil)

Note 15. Non-current liabilities - Other non-current liabilities

	Consolidated	
	2011	2010
	$	$
Offer information statement monies received	-	493,000

Note 16. Equity - contributed

	Consolidated 2011 Shares	Consolidated 2010 Shares	Consolidated 2011 $	Consolidated 2010 $
Ordinary shares - fully paid	39,406,589	39,127,089	3,311,066	3,289,166

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2009	38,161,089		3,227,245
Call on partly paid shares	1 February 2010	741,000	$0.03	18,525
Issue of shares to directors	15 May 2011	225,000	$0.10	22,500
Monies received on issue of shares	30 June 2010	-	$0.00	23,250
Cost of capital raising		-	$0.00	(2,354)
Balance	30 June 2010	39,127,089		3,289,166
Resale of shares	1 July 2010	279,500	$0.08	21,900
Balance	30 June 2011	39,406,589		3,311,066

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2010 report.

Note 17. Equity - dividends

There were no dividends paid or declared during the current or previous financial year.

Note 18. Financial instruments

Financial risk management objectives
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.

Market risk

Price risk
The consolidated entity is not exposed to any significant price risk.

Interest rate risk
The consolidated entity's main interest rate risk arises from its cash holdings. Given the level of cash held at 30 June 2011 and 2010, this risk is not material. As such no sensitivity analyis has been included in these financial statements.

Credit risk
Credit risk is managed on a consolidated entity basis. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity's receivable is in relation to GST collected which does not provide any risk of default.

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

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2011	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	53,488	-	-	-	53,488
Payables to key management personnel	-	75,942	-	-	-	75,942
Total non-derivatives		129,430	-	-	-	129,430

Note 18. Financial instruments (continued)

Consolidated - 2010	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables		22,775	-	-	-	22,775
Other payables	-	9,750	-	-	-	9,750
Payables to key management personnel	-	50,500	-	-	-	50,500
Total non-derivatives		83,025	-	-	-	83,025

The cash flows in the maturity analysis above are not expected to occur significantly earlier than disclosed.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 19. Key management personnel disclosures

Directors
The following persons were directors of Mount Rommel Mining Limited during the financial year:

Mr F Hunt (Executive Director, Chairman)
Mr H Hunt (Non-Executive Director)
Mr C Layden (Non-Executive Director)
Mr R Bradshaw (Non-Executive Director)

Other key management personnel
The following person also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Ms M Leydin (Company Secretary)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2011 $	**2010 $**
Short-term employee benefits	94,100	98,900
Share-based payments	-	30,000
	94,100	128,900

All share based payments noted above were accrued during the current and previous financial year and have not been issued to directors.

Note 19. Key management personnel disclosures (continued)

Shareholding

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2011	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr F Hunt	2,585,812	-	-	-	2,585,812
Mr H Hunt	841,339	-	-	-	841,339
Mr C Layden *	-	-	-	599,150	599,150
	3,427,151	-	-	599,150	4,026,301

* appointed on 2 July 2010 (shares held at time of appointment)

2010	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr F Hunt	2,585,812	-	-	-	2,585,812
Mr H Hunt	841,339	-	-	-	841,339
Mr J Miedecke *	50,000	225,000	-	-	275,000
	3,477,151	225,000	-	-	3,702,151

* Resigned as a Director 31 March 2010.

Option holding

The number of options over ordinary shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

2011	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr F Hunt	100,000	-	-	-	100,000
	100,000	-	-	-	100,000

2011	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
Mr F Hunt	100,000	-	100,000
	100,000	-	100,000

2010	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Mr F Hunt	100,000	-	-	-	100,000
	100,000	-	-	-	100,000

Note 19. Key management personnel disclosures (continued)

2010	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
Mr F Hunt	100,000	-	100,000
	100,000	-	100,000

Related party transactions
Related party transactions are set out in note 23.

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by MSI Ragg Weir, the auditor of the company, and its related practices:

	Consolidated	
	2011	**2010**
	$	**$**
Audit services - MSI Ragg Weir		
Audit or review of the financial report	15,150	14,750

Note 21. Contingent liabilities

The consolidated entity had no contingent liabilities at 30 June 2011 and 2010. Under tenement obligations, the consolidated group is required to rehabilitate each area worked to a state in accordance with the approved work plan.

Note 22. Commitments for expenditure

	Consolidated	
	2011	**2010**
	$	**$**
Exploration Tenements - Commitments for Expenditure		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	29,000

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.

Note 23. Related party transactions

Parent entity
Mount Rommel Mining Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Key management personnel
Disclosures relating to key management personnel are set out in note 19 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2011	**2010**
	$	**$**
Payment for other expenses:		
Rent paid to BMH Stainless Group Pty Ltd (an entity related to Hamish Hunt)*	9,000	9,000
Fees paid for administration to Mr Fred Hunt	50,000	60,000
Other transactions:		
Payments to BMH Stainless Group Pty Ltd for production and fabrication of mining plant.	-	70,000
Payments to Skye Chemicals Pty Ltd for consulting fees in relation to income generated	6,909	-

* During the financial year the Company accrued an amount of $6,750 not yet paid for rent of an office.

Hamish Hunt is a director and shareholder in both the companies BHM Stainless Steel Group Pty Ltd and Skye Chemicals Pty Ltd that received income in relation to the provision of administration services, offices and consulting work to the company during the financial year.

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

During the current and previous financial years 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).

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2011	**2010**
	$	**$**
Current borrowings:		
Loan from shareholders	1,066,200	110,000

Note 23. Related party transactions (continued)

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 24. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of comprehensive income

	Parent	
	2011	**2010**
	$	**$**
Loss after income tax	(306,953)	(183,946)
Total comprehensive income	(306,953)	(183,946)

Statement of financial position

	Parent	
	2011	**2010**
	$	**$**
Total current assets	170,312	89,795
Total assets	2,692,965	2,468,415
Total current liabilities	1,195,629	193,025
Total liabilities	1,195,629	686,025
Equity		
Contributed equity	3,311,066	3,289,168
Accumulated losses	(1,813,730)	(1,506,778)
Total equity	1,497,336	1,782,390

Contingent liabilities
Refer to Note 21 for details of the parent entity's contingent liabilities.

Capital commitments - Property, plant and equipment
All capital commitments disclosed in Note 22 relate to the parent.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment.

Note 25. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding 2011 %	Equity holding 2010 %
Bonshaw Gold Pty Ltd	Australia	100.00	100.00

Note 26. Events occurring after the reporting date

On 12 September 2011, the Company announced that 171,983 options exercisable by 31 August 2011 at an exercise price of $0.20 per option had been exercised, raising $34,397 and 751,350 options had expired. The remaining 751,350 options expired unexercised.

No other matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 27. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2011 $	Consolidated 2010 $
Loss after income tax expense for the year	(306,953)	(183,945)
Adjustments for:		
Depreciation and amortisation	631	1,968
Share-based payments	-	5,000
Exlporation expenditure written off	120,217	-
Non cash interest	45,000	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(12,731)	9,348
Increase in inventories	-	(20,250)
Decrease in other operating assets	1,068	-
Increase/(decrease) in trade and other payables	19,404	(3,903)
Net cash used in operating activities	(133,364)	(191,782)

Note 28. Non-cash investing and financing activities

The company did not enter into any non-cash financing activities during the year.

Note 29. Earnings per share

	Consolidated	
	2011	**2010**
	$	**$**
Loss after income tax attributable to the owners of Mount Rommel Mining Limited	(306,953)	(183,945)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	39,406,589	38,501,363
Weighted average number of ordinary shares used in calculating diluted earnings per share	39,406,589	38,501,363
	Cents	**Cents**
Basic earnings per share	(0.78)	(0.48)
Diluted earnings per share	(0.78)	(0.48)

Mount Rommel Mining Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Frederick L Hunt
Director

30 September 2011
Melbourne

msi RAGG WEIR
Chartered Accountants

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

Report on the financial report

We have audited the accompanying financial report of Mount Rommel Mining Limited ("the company") and Mount Rommel Mining Limited and controlled entities (the consolidated group), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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.

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 group's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Mount Rommel Mining Limited and controlled entities is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2011 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 Note1.

Report on the Remuneration Report

We have audited the Remuneration Report included in page 7of the report of the directors for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Mount Rommel Mining Limited for the year ended 30 June 2011 complies with s 300A of the Corporations Act 2001.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. WONG
Partner

Melbourne 30 September 2011

Mount Rommel Mining Limited
Shareholder information
30 June 2011

The shareholder information set out below was applicable as at 29 September 2011.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	1
1,001 to 5,000	13
5,001 to 10,000	25
10,001 to 100,000	187
100,001 and over	88
	314
Holding less than a marketable parcel	-

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
Coombra Beach Pty Ltd <Wangary Sper Fund A/C>	2,882,275	7.28
Frederick L Hunt	2,585,814	6.53
Jaffalite Pty Ltd	1,991,350	5.03
Sinclair Exploration Pty Ltd	1,253,440	3.17
Peter F Vincent & Jennifer AJ Vincent <PF & JAJ Vincent S/Fund>	958,400	2.42
Worpam Pty Ltd <G S Johnston Family A/C>	879,940	2.22
Mulsan Engineering Pty Ltd	750,000	1.89
Medusa Nominees Pty Ltd <Compass Super Fund A/C>	700,000	1.77
Mr Carl E Layden	599,150	1.51
West Coast Projects Pty Ltd <B R Hawley Super Fund A/C>	575,000	1.45
Sajada Securities Pty Ltd	546,880	1.38
BHM Stainless Steel Group Pty Ltd	527,340	1.33
Mr David M Levestam & MRs Vaierie Levestam <The Levestam Super Fund>	525,000	1.33
John F Van Til <JVT Investment>	500,000	1.26
Mr Lyle Acworth <Acworth Family S/F A/C>	500,000	1.26
Mr Allan D Main	486,250	1.23
Peter Braun	427,800	1.08
Mr John F Van Til	412,500	1.04
Mr Robert S Aughton & Mrs Ida Aughton	393,000	0.99
Leslie J Bradley	388,500	0.98
	17,882,639	45.15

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders
There are no substantial holders in the company.

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

CORPORATE GOVERNANCE STATEMENT

This statement outlines the main Corporate Governance practices that were in place since the last quarter of the 2011 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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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.

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 2011.

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.