

Mount Rommel Mining Limited

ACN 005 583 031

Half-year Financial Report - 31 December 2011

Mount Rommel Mining Limited
Corporate directory
31 December 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 Service 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 Limited shares are listed on the National Stock Exchange (NSX code : MMT)

Mount Rommel Mining Limited
Directors' report
31 December 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 half-year ended 31 December 2011.

Directors

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

Mr Frederick L Hunt (Executive Director, Chairman)
Mr Hamish Hunt (Non-executive Director)
Mr Carl E Layden (Non-executive Director)
Mr Rodney K Bradshaw (Non-executive Director)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- The completion of the Work Plan procedures for Glenfine, and continuing exploration on the Allendale tenement. No field work took place at Clunes.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$111,688 (31 December 2010: \$260,757).

The Directors elected to bring together the components of the Glenfine plant under a procedure to ensure minimum outlays, rather than speed in construction. The result is that periods of work have been followed by suspended activity - all of which is now coming to a close.

Glenfine, MIN 5492

Cyanide plants in the initial years of operations comprised cylindrical flat bottom vats. Experiments during the decade 1895 to 1905 brought about the introduction of tall tanks with conical bottom sections. Tanks of this design were known as "B & M" (Brown & McMicken) tanks in New Zealand, where they were developed by F.C. Brown and others. In Mexico, successes in cyaniding silver- bearing tailings occurred in year 1905 at Pachuca, and those successes were attributed to this tank design. The place name "pachuca" became the descriptive name for this form of tank. Internal modifications in various mining centres continued to improve the precious metal recoveries from batteries of Brown or Pachuca tanks.

Two pachuca tanks, with new modifications, have been fabricated for use at Glenfine. The lower parts are in position on concrete foundations at site. These are almost ready for commissioning. The intention is to work these so as to eventually achieve a through-put of 200 tonnes per work day.

The total plant at Glenfine is to comprise two sections : the two pachuca tanks plus load-in arrangements make up one part, and the other part is equipment on a pontoon - being floated 8 March, 2012.

The pontoon protects certain equipment, the floated location saving space at site.

Work is proceeding towards commissioning anticipated to begin in the third week of March, 2012.

Allendale, E.L. 3821

The proposed program for this Exploration Licence comprises further CSAMT geophysics north and south of Stag Road, and west of Gray's Road. The extent of coverage under this intended program is subject to the outcome of a Warden's Hearing in relation to access. The Hearing is scheduled for 8 March 2012, at Ballarat.

Clunes, MIN 5391.

No change during the period.

Mount Rommel Mining Limited
Directors' report
31 December 2011

Significant changes in the state of affairs

During the half-year the company issued 171,983 fully paid ordinary shares on the conversion of options at an issue price of \$0.20 (20 cents) raising \$34,397.

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

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Frederick L. Hunt', is written over a light blue rectangular background.

Frederick Hunt
Director

15 March 2012
Melbourne

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

We declare that, to the best of our knowledge and belief, during the half year ended 31 December 2011 there have been:

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

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

[Signature]

L.S. WONG
Partner

Melbourne: *15 March 2012*

Mount Rommel Mining Limited
Financial report
For the half-year ended 31 December 2011

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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
Suite 304
22 St Kilda Road
St Kilda
Victoria 3182

Principal place of business
28 Lawson Crescent
Thomastown
Victoria 3074

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 15 March 2012. The directors have the power to amend and reissue the financial report.

Mount Rommel Mining Limited
Statement of comprehensive income
For the half-year ended 31 December 2011

		Consolidated	
	Note	31/12/11	31/12/10
		\$	\$
Revenue	3	-	10,854
Expenses			
Administraion expenses		(16,312)	(21,810)
Corporate expenses		(45,194)	(47,774)
Depreciation and amortisation expense	4	(182)	(449)
Exploration and evaluation expenses written off		-	(126,728)
Directors' remuneration		(40,000)	(41,100)
Finance costs	4	(10,000)	(33,750)
Loss before income tax expense		(111,688)	(260,757)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Mount Rommel Mining Limited		(111,688)	(260,757)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Mount Rommel Mining Limited		<u>(111,688)</u>	<u>(260,757)</u>
		Cents	Cents
Basic earnings per share	12	(0.28)	(0.66)
Diluted earnings per share	12	(0.28)	(0.66)

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 31 December 2011

Note	Consolidated	
	31/12/2011	30/06/11
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	18,148	47,762
Trade and other receivables	37,467	15,325
Other	106,731	106,731
Total current assets	<u>162,346</u>	<u>169,818</u>
Non-current assets		
Property, plant and equipment	3,782	3,964
Exploration and evaluation	5 2,687,170	2,449,184
Capital works in progress	70,000	70,000
Total non-current assets	<u>2,760,952</u>	<u>2,523,148</u>
Total assets	<u>2,923,298</u>	<u>2,692,966</u>
Liabilities		
Current liabilities		
Trade and other payables	149,053	129,430
Borrowings	1,354,200	1,066,200
Total current liabilities	<u>1,503,253</u>	<u>1,195,630</u>
Total liabilities	<u>1,503,253</u>	<u>1,195,630</u>
Net assets	<u>1,420,045</u>	<u>1,497,336</u>
Equity		
Contributed equity	6 3,345,463	3,311,066
Accumulated losses	(1,925,418)	(1,813,730)
Total equity	<u>1,420,045</u>	<u>1,497,336</u>

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 half-year ended 31 December 2011

	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 half-year, net of tax	-	-	-
Loss after income tax expense for the half-year		(260,757)	(260,757)
Total comprehensive income for the half-year	-	(260,757)	(260,757)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	21,900	-	21,900
Balance at 31 December 2010	<u>3,311,066</u>	<u>(1,767,534)</u>	<u>1,543,532</u>
	Contributed equity \$	Accumulated Losses \$	Total equity \$
Consolidated			
Balance at 1 July 2011	3,311,066	(1,813,730)	1,497,336
Other comprehensive income for the half-year, net of tax	-	-	-
Loss after income tax expense for the half-year		(111,688)	(111,688)
Total comprehensive income for the half-year	-	(111,688)	(111,688)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	34,397	-	34,397
Balance at 31 December 2011	<u>3,345,463</u>	<u>(1,925,418)</u>	<u>1,420,045</u>

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 half-year ended 31 December 2011

		Consolidated	
	Note	31/12/11	31/12/10
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	11,940
Payments to suppliers (inclusive of GST)		<u>(104,024)</u>	<u>(69,752)</u>
		<u>(104,024)</u>	<u>(57,812)</u>
Net cash used in operating activities		<u>(104,024)</u>	<u>(57,812)</u>
Cash flows from investing activities			
Payments for exploration and evaluation	5	<u>(237,987)</u>	<u>(57,980)</u>
Net cash used in investing activities		<u>(237,987)</u>	<u>(57,980)</u>
Cash flows from financing activities			
Proceeds from issue of shares	6	34,397	1,900
Proceeds from shareholder loans		<u>278,000</u>	<u>99,690</u>
Net cash from financing activities		<u>312,397</u>	<u>101,590</u>
Net decrease in cash and cash equivalents		(29,614)	(14,202)
Cash and cash equivalents at the beginning of the financial half-year		<u>47,762</u>	<u>58,407</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>18,148</u></u>	<u><u>44,205</u></u>

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

Mount Rommel Mining Limited
Notes to the financial statements
31 December 2011

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Going Concern

The company has accumulated losses of \$1,925,418 and a net current asset deficiency of \$1,340,907 at 31 December 2011. 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 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 basis that the company will be able to obtain continuing support from shareholders to fund its future operations and the current advanced state of preparedness at Glenfine.

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.

Note 2. 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 3. Revenue

	Consolidated	
	31/12/11	31/12/10
	\$	\$
<i>Other revenue</i>		
Other revenue	-	10,854
Revenue	-	10,854

Mount Rommel Mining Limited
Notes to the financial statements
31 December 2011

Note 4. Expenses

	Consolidated	
	31/12/11	31/12/10
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	<u>182</u>	<u>449</u>
<i>Directors' remuneration</i>		
Directors' remuneration*	<u>40,000</u>	<u>41,000</u>
<i>Finance costs</i>		
Interest on shareholder loans	<u>10,000</u>	<u>33,750</u>

*The amounts noted as Directors' remuneration for the current half-year period are accruals made in lieu of payments made, these amounts have yet to be paid.

Note 5. Non-current assets - exploration and evaluation

	Consolidated	
	31/12/2011	30/06/11
	\$	\$
Exploration and evaluation A - at cost	<u>1,884,837</u>	<u>1,864,482</u>
	<u>1,884,837</u>	<u>1,864,482</u>
Development phase	<u>802,333</u>	<u>584,702</u>
	<u>802,333</u>	<u>584,702</u>
	<u><u>2,687,170</u></u>	<u><u>2,449,184</u></u>

Note 6. Equity - contributed

	Consolidated		Consolidated	
	31/12/2011	30/06/11	31/12/2011	30/06/11
	Shares	Shares	\$	\$
Ordinary shares - fully paid	39,578,572	39,406,589	3,345,463	3,311,066
Preference shares - fully paid	<u>492</u>	<u>492</u>	<u>-</u>	<u>-</u>
	<u><u>39,579,064</u></u>	<u><u>39,407,081</u></u>	<u><u>3,345,463</u></u>	<u><u>3,311,066</u></u>

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2011	39,406,589		3,311,066
Exercise of options	12 September 2011	<u>171,983</u>	<u>\$0.20</u>	<u>34,397</u>
Balance	31 December 2011	<u><u>39,578,572</u></u>		<u><u>3,345,463</u></u>

Mount Rommel Mining Limited
Notes to the financial statements
31 December 2011

Note 6. Equity - contributed (continued)

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.

Preference shares

Preference shares entitle the holder to the right to a cumulative dividend of 1.5% per annum payable only if Mount Rommel is both profitable and the profits are derived from the Glenfine Project.

The Preference shares do not carry any rights to participate in future issues of shares or options. They do carry the same rights to vote as ordinary shares. The amount raised through the issue of redeemable preference shares has been accounted for in current liabilities on the face of the Balance Sheet.

Note 7. Equity - dividends

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

Note 8. Contingent liabilities

The company had no contingent liabilities at 31 December 2011. Under tenement licences the consolidated entity is required to rehabilitate each licence area to a fair and reasonable state, prior to closing exploration works.

Note 9. Commitments

The company's commitments have not changed materially since the last reporting period.

Note 10. Related party transactions

Parent entity

Mount Rommel Mining Limited is the parent entity.

Transactions with related parties

During the previous 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 current half-year Mr Fred Hunt received \$30,000 in respect of administration and services rendered. This amount has been capitalised under Glenfine development costs.

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

There were no loans to or from related parties at the reporting date.

Terms and conditions

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

Mount Rommel Mining Limited
Notes to the financial statements
31 December 2011

Note 11. Events after the reporting period

No matter or circumstance has arisen since 31 December 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 12. Earnings per share

	Consolidated	
	31/12/11	31/12/10
	\$	\$
Loss after income tax attributable to the owners of Mount Rommel Mining Limited	<u>(111,688)</u>	<u>(260,757)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>39,509,967</u>	<u>39,404,589</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>39,509,967</u>	<u>39,404,589</u>
	Cents	Cents
Basic earnings per share	(0.28)	(0.66)
Diluted earnings per share	(0.28)	(0.66)

Mount Rommel Mining Limited
Directors' declaration

In the directors' opinion:

- 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;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Frederick Hunt
Director

15 March 2012
Melbourne

**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 (the company), which comprises the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 company 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;

- (i) giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report. A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

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

Independence

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

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 2011 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

[Signature]

L.S. WONG
Partner

Melbourne 15 March 2012