

**Mount Rommel Mining Limited**  
**ABN 89 005 583 031**

**Annual Report - 30 June 2012**

## **Mount Rommel Mining Limited**

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**30 June 2012**

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**Mount Rommel Mining Limited**  
**Corporate directory**  
**30 June 2012**

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	Level 4 100 Albert Road South Melbourne VIC 3205
Principal place of business	28 Lawson Crescent Thomastown VIC 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)

## **REPORT OF DIRECTORS**

This year the Company activities at both Glenfine and Allendale satisfactorily advanced both projects.

For the Glenfine Project, three dates record the beginning of real progress –

- 14<sup>th</sup> November, 2011  
On this day the mandatory “As Constructed” site documentation was delivered to the -Department of Primary Industries.
- 18<sup>th</sup> November, 2011  
The authors of the Site documentation package were unofficially advised that inspectors had visited the site and were satisfied with Glenfine site construction.
- 12<sup>th</sup> December, 2011  
The Company received written approval as to the construction of site works at Glenfine, enabling the movement to site of components, the processing plant, and its establishment there.

The aggregate cost to shareholders in respect of works at or for Glenfine to 31/12/2011 has been \$802,333. A further \$216,830 has been expended to 30/6/2012, in bringing the two pre-constructed pachuca tanks to site, the erection of same, related pipe works, and operating trials.

The figure of \$802,333 includes the value of cash and shares of \$120,000 paid to 27<sup>th</sup> Yeneb Pty Ltd., as agreed with that Company in consideration for the recognition of a prospective value at this site (there being no title to enable gold extraction from the site at that time).

In large measure, the costs associated with Glenfine development in 2009 and 2010 can be attributed to the convoluted procedures pertaining to work permits and approvals in the State of Victoria, all precursors to extraction of gold.

Turning now to the future –

1. Trials of plant and equipment were ongoing in the early months of year 2012.
2. Friday, 25<sup>th</sup> August, 2012, may be regarded as something of a milestone : that day marked the completion of 3 steady days of plant operation, where activated carbon charged to the plant was satisfactorily recovered ; that is, plant product became available for gold extraction and recovery. (This carbon product has been forwarded to a laboratory in Perth, for recovery and test work.)
3. Investigative analysis (ongoing, incomplete at the time of writing) strongly indicated that the pumping rate through the existing plant should be scaled up to more rapidly pass the oxidised sands, No. 1 stockpile, through the air-agitation process. This scale-up is proceeding.
4. The Directors are also presently investigating various means to further leach “residue” sands – i.e. to re-treat consequentially those “wastes” available after by air agitation treatment in pachucas, and to carry out such re-treatment at the Glenfine site, as part of the program to clean sands of entrained minerals.

Test work on a 1 tonne Glenfine sand parcel is under way at a metallurgical laboratory.

Thus : the Glenfine plant is operational, and is suited to batch processing as authorised.

**Mount Rommel Mining Limited**  
**Review of operations**  
**30 June 2012**

At Allendale, the planned field investigative activity could not commence until after a determination by the State Mining Warden, who on 8<sup>th</sup> March, 2012, enabled access to Lot 21, south of Stag Road. Thereafter CSAMT surveys to achieve sequential traverses were completed north and south of Stag Road. The field work took place in April and June 2012. This work concludes the intensive ground geophysical coverage through that part of EL 3821 south and upstream of the gold-enriched section of the Kingston Park, etc., deep lead mines circa 1875.

The resulting data is currently being compiled for the Company by independent geophysicist, Mr. H. Rutter, as part of the interpretation of currently available data.

**Mount Rommel Mining Limited**  
**Directors' report**  
**30 June 2012**

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 2012.

**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)  
Rodney K. Bradshaw (Non-executive Director)

**Principal activities**

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

- The completion 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, recommended 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 \$196,004 (30 June 2011: \$306,953).

**Significant changes in the state of affairs**

On 12 September 2011, the company issued 171,983 fully paid shares following the conversion of 171,983 options exercisable at \$0.20 (20 cents) per option raising \$34,397.

On 17 April 2012, the company issued 1,200,000 fully paid shares at an issue price of \$0.05 (5 cents) per shares raising \$60,000.

On 5 June 2012, the company issued 500,000 fully paid shares at an issue price of \$0.09 (9 cents) per share raising \$45,000.

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**

No matter or circumstance has arisen since 30 June 2012 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 2012.

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

## Mount Rommel Mining Limited

### Directors' report

30 June 2012

#### 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: 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: Mr Layden was a founding Director of the Company when it became "public" in 2003. After some time Mr Layden stepped away from the Director's role, but maintained an active interest in the progress of the Company.  
Mr Layden 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

**Mount Rommel Mining Limited**  
**Directors' report**  
**30 June 2012**

'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 20 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 2012, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Frederick L Hunt	4	4
Hamish Hunt	2	4
Carl Layden	3	4
Rodney Bradshaw	3	4

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.



**Mount Rommel Mining Limited**  
**Directors' report**  
**30 June 2012**

*Voting and comments made at the company's 2011 Annual General Meeting ('AGM')*

The company received 96% of 'for' votes in relation to its remuneration report for the year ended 30 June 2011. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

**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.

2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees **	Bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
Name	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Mr H Hunt	20,000	-	-	-	-	-	20,000
Mr C Layden	20,000	-	-	-	-	-	20,000
Mr R Bardshaw	20,000	-	-	-	-	-	20,000
<i>Executive Directors:</i>							
Mr F Hunt*	80,000	-	-	-	-	-	80,000
<i>Other Key Management Personnel:</i>							
Ms M Leydin	11,710	-	-	-	-	-	11,710
	<u>151,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,710</u>

\* Mr Hunt received administration fees amounting to \$60,000 over and above his directors fees for the financial year. The administration fees are capitalised under Glenfine exploration costs.

\*\* Included in short-term benefits is \$40,000 worth of shares accrued but yet to be issued to the directors.

\*\*\* All amounts noted for other directors above have yet to be paid as at the end of the financial year.

**Mount Rommel Mining Limited**  
**Directors' report**  
**30 June 2012**

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 \$
<i>Non-Executive Directors:</i>							
Mr H Hunt	10,000	-	-	-	-	-	10,000
Mr C Layden	10,000	-	-	-	-	-	10,000
Mr R Bardshaw	10,000	-	-	-	-	-	10,000
<i>Executive Directors:</i>							
Mr F L Hunt *	60,000	-	-	-	-	-	60,000
<i>Other Key Management Personnel:</i>							
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 capitalised under Glenfine exploration costs.

\*\* 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 2012.

*Options*

There were no options issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2012.

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 2012.

***This concludes the remuneration report, which has been audited.***

**Mount Rommel Mining Limited**  
**Directors' report**  
**30 June 2012**

**Shares issued on the exercise of options**

The following ordinary shares of Mount Rommel Mining Limited were issued during the year ended 30 June 2012 on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
Various	\$0.20	171,983

**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



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Frederick L Hunt  
Director


28 September 2012  
Melbourne


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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 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**  
Chartered Accountants

  
**I.L. JENKINS**  
Partner

Melbourne  2012

**Mount Rommel Mining Limited**  
**Statement of comprehensive income**  
**For the year ended 30 June 2012**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Revenue</b>	5	4,837	11,643
<b>Expenses</b>			
Corporate expenses		(77,664)	(78,084)
Directors remuneration		(80,000)	(40,000)
Depreciation and amortisation expense	6	(364)	(630)
Exploration expenditure written off		-	(120,217)
Interest on shareholder loan (carried forward)		(20,000)	(45,000)
Administration		(22,813)	(34,665)
<b>Loss before income tax expense</b>		(196,004)	(306,953)
Income tax expense	7	-	-
<b>Loss after income tax expense for the year attributable to the owners of Mount Rommel Mining Limited</b>		(196,004)	(306,953)
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the owners of Mount Rommel Mining Limited</b>		(196,004)	(306,953)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	29	(0.49)	(0.78)
Diluted earnings per share	29	(0.49)	(0.78)

*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 2012**

Note	Consolidated	
	2012	2011
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	8 10,991	47,762
Trade and other receivables	9 5,812	15,325
Other current assets	10 77,467	106,731
Total current assets	<u>94,270</u>	<u>169,818</u>
<b>Non-current assets</b>		
Property, plant and equipment	11 3,600	3,964
Exploration and evaluation	12 2,976,886	2,449,184
Capital works in progress	13 70,000	70,000
Total non-current assets	<u>3,050,486</u>	<u>2,523,148</u>
<b>Total assets</b>	<u>3,144,756</u>	<u>2,692,966</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	14 232,827	129,430
Borrowings	15 1,471,200	1,066,200
Total current liabilities	<u>1,704,027</u>	<u>1,195,630</u>
<b>Total liabilities</b>	<u>1,704,027</u>	<u>1,195,630</u>
<b>Net assets</b>	<u>1,440,729</u>	<u>1,497,336</u>
<b>Equity</b>		
Issued capital	16 3,450,463	3,311,066
Accumulated losses	<u>(2,009,734)</u>	<u>(1,813,730)</u>
<b>Total equity</b>	<u>1,440,729</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 year ended 30 June 2012**

	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Consolidated</b>			
Balance at 1 July 2010	3,289,166	(1,506,777)	1,782,389
Loss after income tax expense for the year	-	(306,953)	(306,953)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(306,953)	(306,953)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of shares	21,900	-	21,900
Balance at 30 June 2011	<u>3,311,066</u>	<u>(1,813,730)</u>	<u>1,497,336</u>
	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Consolidated</b>			
Balance at 1 July 2011	3,311,066	(1,813,730)	1,497,336
Loss after income tax expense for the year	-	(196,004)	(196,004)
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	(196,004)	(196,004)
<i>Transactions with owners in their capacity as owners:</i>			
Issue of shares	139,397	-	139,397
Balance at 30 June 2012	<u>3,450,463</u>	<u>(2,009,734)</u>	<u>1,440,729</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 year ended 30 June 2012**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		-	11,939
Payments to suppliers and employees (inclusive of GST)		(65,586)	(146,092)
Interest received		4,837	789
		<u>          </u>	<u>          </u>
Net cash used in operating activities	27	<u>(60,749)</u>	<u>(133,364)</u>
<b>Cash flows from investing activities</b>			
Payments for security deposits		-	(79,500)
Exploration and site remediation expenditure		(500,419)	(237,881)
		<u>          </u>	<u>          </u>
Net cash used in investing activities		<u>(500,419)</u>	<u>(317,381)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	16	139,397	21,900
Proceeds from shareholder loans		385,000	418,200
		<u>          </u>	<u>          </u>
Net cash from financing activities		<u>524,397</u>	<u>440,100</u>
Net decrease in cash and cash equivalents		(36,771)	(10,645)
Cash and cash equivalents at the beginning of the financial year		47,762	58,407
		<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the financial year	8	<u>10,991</u>	<u>47,762</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**  
**30 June 2012**

**Note 1. 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*  
Level 4  
100 Albert Road  
South Melbourne VIC 3205

*Principal place of business*  
28 Lawson Crescent  
Thomastown VIC 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 28 September 2012. The directors have the power to amend and reissue the financial report.

**Note 2. 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 significant 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 2011. 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 consolidated entity being classed as Tier 2 continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2.

**Note 2. Significant accounting policies (continued)**

*AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made 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 instruments; 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 amendments from 1 July 2011. The amendments made 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.

**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, as appropriate for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

**Note 2. Significant accounting policies (continued)**

*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 3.

**Going concern**

The consolidated entity has accumulated losses of \$2,009,734 and a net current asset deficiency of \$1,609,757 at 30 June 2012 (2011: \$1,025,812). Notwithstanding the above, the directors believe that the consolidated entity 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 2012 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 consolidated entity not continue as a going concern.

The directors have based their opinion on the following:

- the consolidated entity anticipates gold recovery from its findings at Glenfine.
- the consolidated entity does have continuing support from shareholders to fund its future operations.

In the event the group is unable to meet the repayment of shareholder borrowings, the group 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 2. 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 2012 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 parent 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 parent 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.

*Sale of goods*

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

*Rendering of services*

Rendering of services revenue from computer maintenance fees is recognised by reference to the stage of completion of the contracts.

Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably estimated, revenue is only recognised to the extent of the recoverable costs incurred to date.

**Note 2. Significant accounting policies (continued)**

*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.

*Rent*

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

*Other revenue*

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

**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 the adjustment recognised for 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.

**Note 2. Significant accounting policies (continued)**

**Property, plant and equipment**

Land and buildings are shown at cost, less subsequent depreciation and impairment for buildings. Increases in the carrying amounts arising on revaluation of land and buildings are credited to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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.

**Inventories**

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value.

**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**

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 are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Note 2. Significant accounting policies (continued)**

**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.

**Issued capital**

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.

**Business combinations**

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

**Note 2. Significant accounting policies (continued)**

**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.

**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 2012. 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.

*(i) 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 2. Significant accounting policies (continued)**

(ii) AASB 9 Financial Instruments Amendments to Australian Accounting Standards (effective from 1 January 2013)

In December 2010 the AASB issued a revised AASB 9 Financial Instruments. It is effective for accounting periods on or after 1 January 2013. This amends the requirements for classification and measurement of financial assets. On initial analysis this standard will have no impact on the Group's financial statements.

(iii) AASB 10: Consolidated Financial Statements

In August 2011 the Australian Accounting Standards Board issued AASB 10 to replace parts of AASB127: Consolidated and Separate Financial Statements (March 2008 as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. This standard will have no impact on the Group's financial statements because the Group retains one hundred per cent ownership of all current investees.

(iv) AASB 11 Joint Arrangements

In August 2011 the Australian Accounting Standards Board issued AASB 11 to replace AASB131: Interests in Joint Ventures (July 2004 as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed). This standard will have no impact on the Group's financial statements as at the 30th of June 2012 as at that time the Group is not a party to any joint arrangement.

(v) AASB 12 Disclosure of Interests in Other Entities

In August 2011 the Australian Accounting Standards Board issued AASB 12. AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This standard will only affect disclosures and will have no other impact on the Group's financial statements.

(vi) AASB 13 Fair Value Measurement and Amendments to AASB 2011-8 Amendments to Australian

Accounting Standards arising from AASB 13 (effective 1 January 2013) In September 2011 the Australian Accounting Standards Board issued AASB 13, it defines fair value, sets out in a single Standard a framework for measuring fair value and requires disclosures about fair value measurements. On initial analysis this standard will have no impact on the Group's financial statements.

**Note 3. 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.

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

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 finite 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.

*Goodwill and other indefinite life intangible assets*

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

*Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**Note 4. 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.

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 5. Revenue**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Other revenue</i>		
Interest revenue	4,837	789
Other revenue	-	10,854
	<u>4,837</u>	<u>10,854</u>
Revenue	<u><u>4,837</u></u>	<u><u>11,643</u></u>

**Note 6. Expenses**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	<u>364</u>	<u>630</u>
<i>Exploration expenses</i>		
Exploration expenses written off	<u>-</u>	<u>120,217</u>
<i>Employee benefits expenses</i>		
Directors fees*	<u>80,000</u>	<u>40,000</u>
<i>Finance costs</i>		
Interest on shareholder loan	<u>20,000</u>	<u>45,000</u>

\* As at 30 June 2012 there was an outstanding amount payable to Directors of \$80,000 which included both cash and shares payable (30 June 2011: \$30,500).

**Mount Rommel Mining Limited**  
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**Note 7. Income tax expense**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(196,004)	(306,953)
Tax at the statutory tax rate of 30%	(58,801)	(92,086)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Accrued expenses	18,873	7,707
Exploration expenditure written off	-	36,065
Capitalised deductible exploration expenditure	(155,014)	(82,464)
Equity raising costs written-off	(3,782)	(4,046)
	(198,724)	(134,824)
Less: income tax losses not taken up as a benefit	198,724	134,824
Income tax expense	-	-

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Tax Losses	1,458,607	1,259,883
Timing differences	(898,047)	(758,125)
Total deferred tax assets not recognised	560,560	501,758

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 deductability 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 8. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	10,991	47,762

**Mount Rommel Mining Limited**  
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**Note 9. Current assets - trade and other receivables**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
GST receivable	<u>5,812</u>	<u>15,325</u>

**Note 10. Current assets - other current assets**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Prepayments	-	1,981
Inventory	20,250	20,250
Security bonds	<u>57,217</u>	<u>84,500</u>
	<u>77,467</u>	<u>106,731</u>

**Note 11. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Freehold land - at cost	<u>2,600</u>	<u>2,600</u>
	<u>2,600</u>	<u>2,600</u>
Plant and equipment - at cost	7,007	7,007
Less: Accumulated depreciation	<u>(6,007)</u>	<u>(5,643)</u>
	<u>1,000</u>	<u>1,364</u>
	<u>3,600</u>	<u>3,964</u>

*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 \$
<b>Consolidated</b>			
Balance at 1 July 2010	2,600	1,994	4,594
Depreciation expense	<u>-</u>	<u>(630)</u>	<u>(630)</u>
Balance at 30 June 2011	2,600	1,364	3,964
Depreciation expense	<u>-</u>	<u>(364)</u>	<u>(364)</u>
Balance at 30 June 2012	<u>2,600</u>	<u>1,000</u>	<u>3,600</u>

**Mount Rommel Mining Limited**  
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**Note 12. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Exploration expenditure	1,957,723	1,874,482
	<u>1,957,723</u>	<u>1,874,482</u>
Development phase	1,019,163	574,702
	<u>1,019,163</u>	<u>574,702</u>
	<u>2,976,886</u>	<u>2,449,184</u>

*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 \$
<b>Consolidated</b>			
Balance at 1 July 2010	1,950,466	354,054	2,304,520
Expenditure during the year	44,233	220,648	264,881
Impairment of assets	<u>(120,217)</u>	<u>-</u>	<u>(120,217)</u>
Balance at 30 June 2011	1,874,482	574,702	2,449,184
Expenditure during the year	<u>83,241</u>	<u>444,461</u>	<u>527,702</u>
Balance at 30 June 2012	<u>1,957,723</u>	<u>1,019,163</u>	<u>2,976,886</u>

**Note 13. Non-current assets - Capital works in progress**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Capital works in progress	<u>70,000</u>	<u>70,000</u>

Capital works in progress relate to plant and machinery under construction at 30 June 2012. During the financial year all other plant and machinery required for works at Glenfine were supplied by commercial hire or contractors.

**Mount Rommel Mining Limited**  
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**Note 14. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Trade payables	83,976	53,489
Key management personnel	137,692	75,941
Sundry payables and accrued expenses	11,159	-
	<u>232,827</u>	<u>129,430</u>

Refer to note 18 for further information on financial instruments.

**Note 15. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Loans from shareholders	978,200	573,200
Offer information statement monies received	493,000	493,000
	<u>1,471,200</u>	<u>1,066,200</u>

Interest of \$20,000 was charged on loans from shareholders during the year (2011: \$45,000). The majority of the loan amounts noted above are special arrangements whereby these amounts will be repaid through amounts of gold when Glenfine comes into production. The above balance of loans from shareholders includes an amount of \$162,500 which will be paid back in cash and not through this arrangement.

In order to achieve early completion of CSAMT, two shareholders provided further loan funds which are included in the above amounts.

**Note 16. Equity - issued capital**

	<b>Consolidated</b>		<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	41,278,572	39,406,589	3,450,463	3,311,066
Preference shares - fully paid	492	492	-	-
	<u>41,279,064</u>	<u>39,407,081</u>	<u>3,450,463</u>	<u>3,311,066</u>

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
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**Note 16. Equity - issued capital (continued)**

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>No of shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 July 2010	39,127,089		3,289,166
Resale of shares		<u>279,500</u>	\$0.08	<u>21,900</u>
Balance	30 June 2011	39,406,589		3,311,066
Conversion of Options	12 September 2011	171,983	\$0.20	34,397
Issue of Shares	17 April 2012	1,200,000	\$0.05	60,000
Issue of Shares	5 June 2012	<u>500,000</u>	\$0.09	<u>45,000</u>
Balance	30 June 2012	<u><u>41,278,572</u></u>		<u><u>3,450,463</u></u>

*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 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, with priority over ordinary shareholders.

Preference shares do not have any voting rights.

*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 for the current financial year.

**Note 17. Equity - dividends**

There were no dividends paid, recommended 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 2012 and 2011, this risk is not material. As such no sensitivity analysis 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 entity manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring budgeted and actual cash flows.

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 18. Financial instruments (continued)**

*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.

<b>Consolidated - 2012</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	83,976	-	-	-	83,976
Other payables	-	11,159	-	-	-	11,159
Payables to key management personnel	-	137,692	-	-	-	137,692
Loans from shareholders	-	815,700	-	-	-	815,700
Offer information statement monies received	-	493,000	-	-	-	493,000
<i>Interest-bearing - fixed rate</i>						
Loans from shareholders	-	162,500	-	-	-	162,500
Total non-derivatives		<u>1,704,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,704,027</u>
<b>Consolidated - 2011</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables		53,489	-	-	-	53,489
Payables to key management personnel	-	75,941	-	-	-	75,941
Loans from shareholders	-	418,200	-	-	-	418,200
Offer information statement monies received	-	493,000	-	-	-	493,000
<i>Interest-bearing - fixed rate</i>						
Loans from shareholders	-	155,000	-	-	-	155,000
Total non-derivatives		<u>1,195,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,195,630</u>

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

**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.

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**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:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	<u>151,710</u>	<u>94,100</u>

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

*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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<b>2012</b>					
<i>Ordinary shares</i>					
Mr F Hunt	2,585,812	-	-	-	2,585,812
Mr H Hunt	841,339	-	-	-	841,339
Mr C Layden	599,150	-	-	-	599,150
	<u>4,026,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,026,301</u>
<b>2011</b>					
<i>Ordinary shares</i>					
Mr F Hunt	2,585,812	-	-	-	2,585,812
Mr H Hunt	841,339	-	-	-	841,339
Mr C Layden*	599,150	-	-	-	599,150
	<u>4,026,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,026,301</u>

\* Appointed on 2 July 2010 (shares held at time of appointment).

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 19. Key management personnel disclosures (continued)**

*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:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<b>2012</b>					
<i>Options over ordinary shares</i>					
Mr F Hunt	100,000	-	-	(100,000)	-
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>
	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<b>2011</b>					
<i>Options over ordinary shares</i>					
Mr F Hunt	100,000	-	-	-	100,000
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
			Vested and exercisable	Vested and unexercisable	Vested at the end of the year
<b>2011</b>					
<i>Options over ordinary shares</i>					
Mr F Hunt			100,000	-	100,000
			<u>100,000</u>	<u>-</u>	<u>100,000</u>

*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:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services - MSI Ragg Weir</i>		
Audit or review of the financial statements	<u>15,300</u>	<u>15,150</u>

**Note 21. Contingent liabilities**

The consolidated entity had no contingent liabilities at 30 June 2012 and 2011. Under tenement obligations, the consolidated entity is required to rehabilitate each area worked to a state in accordance with the approved work plan.

**Note 22. Commitments**

In order to maintain current rights of tenure for tenements, the Company and consolidated entity 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.

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**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:

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Payment for other expenses:		
Rent paid to BMH Stainless Group Pty Ltd (an entity related to Hamish Hunt)*	-	9,000
Fees paid for administration to Mr Fred Hunt	60,000	50,000
Consulting fees for Glenfine project paid to 4D Resources Pty Ltd (an entity related to Hamish Hunt)	113,636	-
Fees paid to Melanie Leydin	11,710	4,100
Other transactions:		
Payments to Skye Chemicals Pty Ltd for consulting fees in relation to income generated	-	6,909
Directors fees payable to Hamish Hunt	20,500	10,500
Directors fees payable to Fred Hunt	10,000	10,000
Directors fees payable to Rodney Bradshaw	20,000	10,000
Directors fees payable to Carl Layden	20,000	10,000
Shares to be issued to Directors (amount in dollars)	60,000	20,000

\* During the 2011 the Company accrued an amount of \$6,750 not yet paid for rent of an office.

Hamish Hunt is a director and shareholder in BHM Stainless Steel Group Pty Ltd, 4D Resources 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 current and previous financial years.

During the current and previous financial years the Company paid Mr Fred Hunt \$60,000 (2011: \$50,000) 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).

Amounts noted above as payable to directors have been accrued at the end of the financial year.

*Receivable from and payable to related parties*

Refer to amounts payable to related parties as noted above.

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 23. Related party transactions (continued)**

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Current borrowings:		
Loan from shareholders	1,471,200	1,066,200

Details as in Note 15.

**Note 24. Parent entity information**

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

*Statement of comprehensive income*

	<b>Parent</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(196,004)</u>	<u>(306,953)</u>
Total comprehensive income	<u>(196,004)</u>	<u>(306,953)</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Total current assets	<u>94,766</u>	<u>170,312</u>
Total assets	<u>3,144,757</u>	<u>2,692,965</u>
Total current liabilities	<u>1,704,027</u>	<u>1,195,629</u>
Total liabilities	<u>1,704,027</u>	<u>1,195,629</u>
Equity		
Issued capital	3,450,463	3,311,066
Accumulated losses	<u>(2,009,733)</u>	<u>(1,813,730)</u>
Total equity	<u>1,440,730</u>	<u>1,497,336</u>

*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.

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 24. Parent entity information (continued)**

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, 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 2:

Name of entity	Country of incorporation	Equity holding	
		2012 %	2011 %
Bonshaw Gold Pty Ltd	Australia	100.00	100.00

**Note 26. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2012 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	
	2012 \$	2011 \$
Loss after income tax expense for the year	(196,004)	(306,953)
Adjustments for:		
Depreciation and amortisation	364	631
Exploration expenditure written off	-	120,217
Non cash interest	20,000	45,000
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	9,513	(12,731)
Decrease in other operating assets	1,981	1,068
Increase in trade and other payables	103,397	19,404
Net cash used in operating activities	<u>(60,749)</u>	<u>(133,364)</u>

**Note 28. Non-cash investing and financing activities**

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

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**30 June 2012**

**Note 29. Earnings per share**

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Mount Rommel Mining Limited	<u>(196,004)</u>	<u>(306,953)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>39,849,709</u>	<u>39,406,589</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>39,849,709</u>	<u>39,406,589</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.49)	(0.78)
Diluted earnings per share	(0.49)	(0.78)



**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 statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 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



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Frederick L Hunt  
Director

28 September 2012  
Melbourne

**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, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

**Directors' Responsibility for the Financial Report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 2, the directors also state, in accordance with Accounting Standard AASB 101: 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. Those 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 company's preparation 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 entity'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 qualified audit opinion.

**Independence**

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

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

**Basis for Qualified Opinion**

The limited human resources within the Company have made it not practicable for the Company to establish usual internal controls over shareholder loans received prior to their entry in the accounting records. Accordingly, our audit relating to shareholder loans of \$978,200 was limited to the amounts as recorded in the financial statements.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

- a. the financial report of Mount Rommel Mining Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

**Emphasis of matter**

We draw attention to Note 2 of the financial report regarding the ability of the consolidated entity to continue as a going concern. The financial report indicates that the consolidated entity has accumulated losses of \$2,009,734 and a net current asset deficiency of \$1,609,757 at 30 June 2012 (2011: \$1,025,812). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report

**Report on the Remuneration Report**

We have audited the remuneration report included in pages 8 to 10 of the directors' report for the year ended 30 June 2012. The directors of the consolidated entity 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 2012 complies with s 300A of the Corporations Act 2001.



**MSI RAGG WEIR**  
Chartered Accountants



**I.L. JENKINS**  
Partner

Melbourne: 28<sup>th</sup> September 2012

**Mount Rommel Mining Limited**  
**Shareholder information**  
**30 June 2012**

The shareholder information set out below was applicable as at 25 September 2012.

**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	189
100,001 and over	86
	<hr/>
	314
	<hr/>
Holding less than a marketable parcel	-
	<hr/>

**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 % of total shares issued
Number held	
Coombra Beach Pty Ltd <Wangary Sper Fund A/C>	3,132,275 7.37
Frederick L Hunt	2,585,814 6.08
Jaffalite Pty Ltd	1,991,350 4.69
Mr Graeme L Daw & Mrs Georgina A Daw <Flamena Jan STF Pension>	1,933,940 4.55
Sinclair Exploration Pty Ltd	1,253,440 2.95
John F Van Til	1,180,000 2.78
Mulsan Engineering Pty Ltd	750,000 1.76
Sajada Securities Pty Ltd	746,880 1.76
Peter F Vincent & Jennifer AJ Vincent <PF & JAJ Vincent S/Fund>	708,400 1.67
Medusa Nominees Pty Ltd <Compass Super Fund A/C>	700,000 1.65
Mr Carl E Layden	599,150 1.41
West Coast Projects Pty Ltd <B R Hawley Super Fund A/C>	555,000 1.31
BHM Stainless Steel Group Pty Ltd	527,340 1.24
Mr David M Levestam & MRs Vaierie Levestam <The Levestam Super Fund>	525,000 1.24
Mr William R A Henderson	500,938 1.18
Mr Lyle Acworth <Acworth Family S/F A/C>	500,000 1.18
Peter Braun	487,800 1.15
Mr Allan D Main	486,250 1.14
Mr Robert S Aughton & Mrs Ida Aughton	433,000 1.02
Mr John F Van Til	412,500 0.97
	<hr/>
	20,009,077 47.10
	<hr/>

*Unquoted equity securities*

There are no unquoted equity securities.

**Mount Rommel Mining Limited**  
**Shareholder information**  
**30 June 2012**

**Substantial holders**

Substantial holders in the company are set out below:

	<b>Ordinary shares</b>	
	<b>% of total</b>	
	<b>Number held</b>	<b>shares issued</b>
Coombra Beach Pty Ltd <Wangary Sper Fund A/C>	3,132,275	7.37
Frederick L Hunt	2,585,814	6.08

**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.

**Mount Rommel Mining Limited**  
**Corporate Governance Statement**  
**30 June 2012**

This statement outlines the main Corporate Governance practices that were in place since the last quarter of the 2012 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](http://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.

**Mount Rommel Mining Limited**  
**Corporate Governance Statement**  
**30 June 2012**

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.

**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](http://www.mountrommel.com).

**ADDITIONAL NSX INFORMATION**

Below is a summary of information, in the form of a comparative table, of the results of the assets and liabilities of the group, for the last five financial years under Rule 6.9(9):

		2008	2009	2010	2011	2012
<b>Gross Revenue</b>	<b>\$'000</b>	8,146	2,143	494	11,643	4,837
<b>Net profit before tax</b>	<b>\$'000</b>	(347,957)	(285,000)	(183,945)	(306,953)	(196,004)
<b>Total assets</b>	<b>\$'000</b>	2,031,870	2,279,498	2,468,414	2,692,966	3,144,756
<b>Total liabilities</b>	<b>\$'000</b>	43,769	393,610	686,025	1,195,630	1,704,027
<b>Shareholders' funds</b>	<b>\$'000</b>	1,988,101	3,289,166	3,208,720	3,311,066	3,450,463
<b>Earnings per share</b>	<b>Cents</b>	(1.01)	(0.72)	(0.48)	(0.78)	(0.49)
<b>Dividends per share</b>	<b>Cents</b>	N/A	N/A	N/A	N/A	N/A
<b>Net tangible assets per share</b>	<b>Cents</b>	\$0.05	\$0.05	\$0.05	\$0.04	\$0.04
<b>Price Earnings Ratio</b>	<b>N/A</b>	N/A	N/A	N/A	N/A	N/A