

Mount Rommel Mining Limited

ACN 005 583 031

Half-year Financial Report - 31 December 2012

Mount Rommel Mining Limited
Contents
31 December 2012

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Mount Rommel Mining Limited
Corporate directory
31 December 2012

Directors	Frederick L Hunt (Executive Director, Chairman) Hamish Hunt (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 Service Limited Level 9 333 Collins Street Melbourne Victoria 3000 Telephone : (03) 9615 9908
Auditor	MSI Ragg Weir Level 2 108 Power Street Hawthorn Victoria 3122
Stock exchange listing	Mount Rommel Mining Limited shares are listed on the Australian Securities Exchange (NSX code: MMT and MMTPA)

REVIEW OF ACTIVITIES

This Review of Operations is being written on 15 March, 2013. It includes an assessment of the outcomes of work completed both in the six months to 31 December, 2012, and in the following 10 weeks.

The information is provided in summary form, sufficient to enable investors to appreciate why there is today a high level of interest in the prospects at Allendale, as well as for Glenfine.

ALLENDALE

Creswick is in the Central Goldfields of Victoria, north of the City of Ballarat. Mount Rommel holds EL 3821, situated to the east and north-east of Creswick.

About 5 km. NE of Creswick a monument, on the north side of the road, attests to the place of discovery of the second Golden Era to the goldfields of Creswick district - the years after 1872. In this second Era, some 1.7 million ounces of gold was produced by the working underground of streams buried by basalt lava.

Ever since the close of the last mine workings about year 1909, there has been a general understanding that all this gold eroded into streams meant a bedrock source probably existed -- a prize awaiting discovery.

The purpose behind EL 3821 has always been the location of that prize.

Geophysics

The chief problem in seeking such a prize (especially in lava-covered ground) is to locate and delineate the areas in which ore may be found.

That is, no amount of geophysics over barren ground will find ore.

In the 6 months to 31 December, 2012, geophysics revealed what appears to be prospective ground for gold, and certainly ground worth drilling for mineralization. The majority of this prospective ground lies between Stag Road and Allendale Reservoir Road, so far as is presently known from geophysics. The deep lead mine records indicate a southern known limit to the goldfield some 500 metres south of Allendale Reservoir Road. The southern limit of EL 3821 is a further 500 strike metres south.

In year 1997 Aberfoyle (then in joint venture with Golden Heritage) carried out 7 traverses of CSAMT geophysics, largely over land thought at that time to offer the best prospects for discovery. Those year 1997 traverses cover land to the west and north of that traversed for Mount Rommel in the 6 months to 31 December, 2012.

In February and early March 2013, about 83% of the (archived) geophysics completed by Aberfoyle has been reprocessed for Mount Rommel, in modern terms.

Considering only the good quality 1997 CSAMT data, and that of 2012, it is now possible to illustrate the very clear difference between responses over that ground traversed by Aberfoyle, and that for Mount Rommel in 2012. The year 1997 CSAMT traverses appear positioned on a concept, largely over ground apparently not mineralized.

Structural Deformation

Those engaged in the study of ore deposits have long recognized their close relationship to structural deformation. One good reason why the land south of Stag Road warrants appraisal by drilling is that the detailed geophysics has generated strong indications of structural complexity, in marked contrast to other locations known within EL 3821. An independent consultant has reviewed the contract geophysical data, and confirms the presence of structural complexity at particular locations. The conclusions of that independent consultant were published on NSX on 5 December, 2012.

How drilling positions may be decided

Back-ground data (BHP Open File Reports, 1989 / 1990) describes the specific position of a subtle gold-in-soils "anomaly", extending over 800 strike metres. All of this "anomaly" is located on the east fall of a ridge, not covered by lava, today well within the bounds of EL 3821. The BHP workers believed this "anomaly" to have a local source, percussion drilling it in 4 places. Some of the analyses of samples from that drilling provide enough evidence of local gold to warrant continued exploration interest in the "anomaly".

The geophysics completed in year 2012 suggests the BHP gold-in-soils "anomaly" to be a weak surface manifestation of a deeper, structurally deformed zone a little further west, and now attracting attention.

Drilling in any new area is first intended to find the mineralized ground.

A general proposition observed decades ago (and variously described previously by different authors) comes down to this -- in a metalliferous area, maximum mineralization can be expected within or adjacent to areas of maximum wall pressure (see Wright, L.B., 1930).

The completed geophysics provides a means to bear this proposition in mind when selecting new sites for drilling. In addition, there is a pattern to the data giving indications that mineralization may be associated with sub-horizontal structures. Thus vertical holes, percussion, appears the most effective next step to exploration for mineralized ground.

Funding for percussion drilling

The Directors accept that this drilling should progress in stages. At the time of writing this Review the funds raised by way of Shortfall Applications is not known.

GLENFINE PROJECT

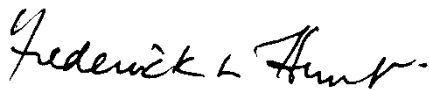
In the Report to 30 June, 2012, Directors reported 3 steady days of plant operation. The plant and water supply at Glenfine is believed to be appropriate for operations intended there.

At the AGM in November there was considerable discussion about the fact that the material being treated is not typical of the Victorian goldfields. The material carrying the gold has a propensity for clogging the surface of the carbon, thus causing gold recovery problems. Trials at plant scale took place from time to time, up to about 8 December, 2012. Analyses from that work indicated that test work should continue, off site at Thomastown, using the small plant. These trials are still continuing, and will be the subject of a separate Report about the end of March, 2013.

CORPORATE

Directors are conscious of the seemingly slow progress in resolution of the Glenfine flow sheet for gold recovery. These repeat trials have explained why the previous attempts at processing these sands have not succeeded -- not apparently chemistry, but the finding of a means to maintain relatively clean carbon faces in the flow, so there is gold take-up to carbon as planned.

In relation to the Ordinary Shares of the Company, any formal report recording the satisfactory cyaniding of sands represents a material advance. Were there to be drilling results indicative of mineralized ground at Allendale, those too could represent a material advance. These two circumstances exist at the moment, with clarification anticipated in the coming Quarter.



Frederick L Hunt
Executive Chariman

Mount Rommel Mining Limited
Directors' report
31 December 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 half-year ended 31 December 2012.

Directors

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

Mr Frederick L Hunt (Executive Director, Chairman)
Mr Hamish Hunt (Non-executive Director)
Mr Carl E Layden (Non-executive Director, resigned 31 January 2013)
Mr Rodney K Bradshaw (Non-executive Director)

Principal activities

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

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$124,176 (31 December 2011: \$111,688).

No change during the period.

Significant changes in the state of affairs

On 31 July 2012 the company issued 1,220,000 ordinary shares at \$0.10 (10 cents) per share, and 61 preference shares at \$1,000 per share to fund working capital. 1,220,000 unlisted options were issued with the ordinary shares, exercisable at \$0.20 (20 cents) on or before 31 July 2015.


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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

On behalf of the directors



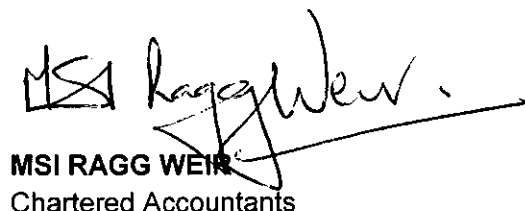
Frederick L Hunt
Director

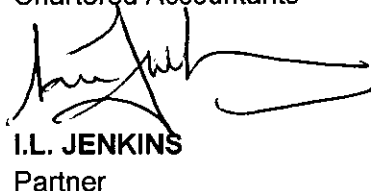
15 March 2013
Melbourne

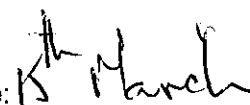
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MOUNT ROMMEL MINING LIMITED**

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2012 there have been:

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


MSI RAGG WEIR
Chartered Accountants


I.L. JENKINS
Partner

Melbourne:  2013

Mount Rommel Mining Limited
Statement of comprehensive income
For the half-year ended 31 December 2012

	Consolidated	
	December	December
	2012	2011
	\$	\$
Revenue		
Other income	10,950	-
Expenses		
Administraion expenses	(11,082)	(16,312)
Corporate expenses	(73,862)	(45,194)
Depreciation and amortisation expense	(182)	(182)
Directors' remuneration	(40,000)	(40,000)
Finance costs	(10,000)	(10,000)
	<u>(124,176)</u>	<u>(111,688)</u>
Loss before income tax expense	(124,176)	(111,688)
Income tax expense	<u>-</u>	<u>-</u>
Loss after income tax expense for the half-year attributable to the owners of Mount Rommel Mining Limited	(124,176)	(111,688)
Other comprehensive income for the half-year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income for the half-year attributable to the owners of Mount Rommel Mining Limited	<u>(124,176)</u>	<u>(111,688)</u>
	Cents	Cents
Basic earnings per share	(0.29)	(0.28)
Diluted earnings per share	(0.29)	(0.28)

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

Mount Rommel Mining Limited
Statement of financial position
As at 31 December 2012

Note	Consolidated	
	December 2012	June 2012
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	9,547	10,991
Trade and other receivables	6,598	5,812
Other	81,709	77,467
Total current assets	<u>97,854</u>	<u>94,270</u>
Non-current assets		
Property, plant and equipment	3,418	3,600
Exploration and evaluation	3,105,920	2,976,886
Capital works in progress	70,000	70,000
Total non-current assets	<u>3,179,338</u>	<u>3,050,486</u>
Total assets	<u>3,277,192</u>	<u>3,144,756</u>
Liabilities		
Current liabilities		
Trade and other payables	225,501	232,827
Borrowings	1,567,200	1,471,200
Total current liabilities	<u>1,792,701</u>	<u>1,704,027</u>
Total liabilities	<u>1,792,701</u>	<u>1,704,027</u>
Net assets	<u>1,484,491</u>	<u>1,440,729</u>
Equity		
Issued capital	3,618,401	3,450,463
Accumulated losses	<u>(2,133,910)</u>	<u>(2,009,734)</u>
Total equity	<u>1,484,491</u>	<u>1,440,729</u>

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

Mount Rommel Mining Limited
Statement of changes in equity
For the half-year ended 31 December 2012

	Contributed equity \$	Accumulated Losses \$	Total equity \$
Consolidated			
Balance at 1 July 2011	3,311,066	(1,813,730)	1,497,336
Loss after income tax expense for the half-year	-	(111,688)	(111,688)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(111,688)	(111,688)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	34,397	-	34,397
Balance at 31 December 2011	<u>3,345,463</u>	<u>(1,925,418)</u>	<u>1,420,045</u>
	Contributed equity \$	Accumulated Losses \$	Total equity \$
Consolidated			
Balance at 1 July 2012	3,450,463	(2,009,734)	1,440,729
Loss after income tax expense for the half-year	-	(124,176)	(124,176)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(124,176)	(124,176)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 4)	167,938	-	167,938
Balance at 31 December 2012	<u>3,618,401</u>	<u>(2,133,910)</u>	<u>1,484,491</u>

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

Mount Rommel Mining Limited
Statement of cash flows
For the half-year ended 31 December 2012

		Consolidated	
		December	December
Note		2012	2011
		\$	\$
Cash flows from operating activities			
	Payments to suppliers (inclusive of GST)	(137,298)	(104,024)
	Other revenue	10,950	-
		<u>(126,348)</u>	<u>(104,024)</u>
Cash flows from investing activities			
	Payments for exploration and evaluation	(129,034)	(237,987)
		<u>(129,034)</u>	<u>(237,987)</u>
Cash flows from financing activities			
	Proceeds from issue of shares	167,938	34,397
	Proceeds from shareholder loans	25,000	278,000
	Proceeds from issue of preference shares	61,000	-
		<u>253,938</u>	<u>312,397</u>
	Net decrease in cash and cash equivalents	(1,444)	(29,614)
	Cash and cash equivalents at the beginning of the financial half-year	10,991	47,762
		<u>9,547</u>	<u>18,148</u>

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2012 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Going Concern

The consolidated entity has accumulated losses of \$2,133,910 and a net current deficiency of \$1,694,847 at 31 December 2012 (30 June 2012: \$1,609,757). Notwithstanding this, 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 31 December 2012 and as such no adjustments have been made to the financial report relating to the recoverability of assets and the 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; and
- the consolidated entity has the continuing support from shareholders to fund its future operations.

In the event the consolidated entity 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.

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 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

Mount Rommel Mining Limited
Notes to the financial statements
31 December 2012

Note 2. Operating segments

Identification of reportable operating segments

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

Note 3. Current liabilities - borrowings

	Consolidated	
	December	June 2012
	2012	2012
	\$	\$
Loans from shareholders	1,013,200	978,200
Preference shares	554,000	493,000
	<u>1,567,200</u>	<u>1,471,200</u>

Loans from shareholders are unsecured, are non interest bearing, and have no definite repayment date. Subject to Mount Rommel achieving gold production from Glenfine, the loans were repayable on the delivery of 1 ounce of gold for every A\$1,000 lent within 24 months of the loan agreement date. As the 24 month period has expired for certain loans, the company now has the added option of repaying the loans by the issue of ordinary shares (at a discount of 20% on the average market price per share in the company over the 30 day period prior to repayment) instead of the delivery of gold as mentioned above.

Preference shares have been issued at a price of \$1,000 each. The preference shares provided to each holder: -

- carry the right to a cumulative dividend of 1.5% per annum, payable only if Mount Rommel is both profitable and the profits are derived from the Glenfine project;
- carry the same voting rights as ordinary shares.
- do not carry any rights to participate in future issues of shares or options.

As the redemption date has passed and no redemption notices received, the liabilities relating to preference shares remain outstanding.

Note 4. Equity - issued capital

	Consolidated		Consolidated	
	December	June 2012	December	June 2012
	2012	2012	2012	2012
	Shares	Shares	\$	\$
Ordinary shares - fully paid	42,498,572	41,278,572	3,618,401	3,450,463
Options at \$0.20 Exp 31 July 2015	1,220,000	-	-	-
	<u>43,718,572</u>	<u>41,278,572</u>	<u>3,618,401</u>	<u>3,450,463</u>

Mount Rommel Mining Limited
Notes to the financial statements
31 December 2012

Note 4. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	No of shares	Issue price	\$
Balance	1 July 2012	41,278,572		3,450,463
Issue of shares	31 July 2012	1,220,000	\$0.10	122,000
Rights issue funds received in advance *	31 July 2012	-		50,000
Issue costs		-		(4,062)
				<u> </u>
Balance	31 December 2012	<u>42,498,572</u>		<u>3,618,401</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.

* Shares were issued under the rights issue on 24 January 2013. See note 8 for details.

Note 5. Equity - dividends

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

Note 6. Contingent liabilities

The company had no contingent liabilities at 31 December 2012 and 30 June 2012. Under tenement licences the consolidated entity is required to rehabilitate each licence area to a fair and reasonable state, prior to closing exploration works.

Note 7. Commitments

The company's commitments have not changed materially from those reported in the 30 June 2012 annual report.

Note 8. Events after the reporting period

The Company issued 2,021,802 fully paid ordinary shares, raising \$202,180 from a Rights Issue on 24 January 2013. There remained a shortfall of 2,228,055 from the Rights Issue, which the Company intends to place to interested shareholders and other investors at the Offer price of \$0.10 over the period ending 10 March 2013.

No other matter or circumstance has arisen since 31 December 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.

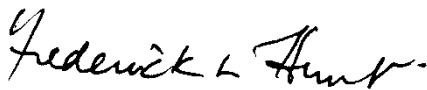
Mount Rommel Mining Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



Frederick L Hunt
Director

15 March 2013
Melbourne

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

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Mount Rommel Mining Limited and controlled entities, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Mount Rommel Mining Limited and controlled entities' financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Mount Rommel Mining Limited and controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Independence

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

Basis for Qualified Conclusion

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 \$1,013,200 was limited to the amounts as recorded in the financial statements.


Qualified Conclusion

Except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, based on our review, which is not an audit, we have not become aware of any other matter that makes us believe that the half-year financial report of Mount Rommel Mining Limited and its controlled entities is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

Emphasis of Matter

We draw attention to Note 1 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 \$2,133,910 and a net current asset deficiency of \$1,694,847 at 31 December 2012 (30 June 2012: \$1,609,757). 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


MSI RAGG WEIR
Chartered Accountants


I.L. JENKINS
Partner

Melbourne: 15th March 2013