

# **Mount Rommel Mining Limited**

**ABN 89 005 583 031**

## **Half-year Financial Report - 31 December 2014**

# **Mount Rommel Mining Limited**

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**31 December 2014**

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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 2014 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.

**Mount Rommel Mining Limited**  
**Corporate directory**  
**31 December 2014**

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 National Stock Exchange of Australia (NSX code: MMT and MMTPA)

**Mount Rommel Mining Limited**  
**Directors' report**  
**31 December 2014**

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 at the end of, or during, the half-year ended 31 December 2014.

**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 Rodney K Bradshaw (Non-executive Director)

**Principal activities**

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

- Through the work of 4D Resources, the Company continues with the plant up-grade at Glenfine. At the time of this report, the up-grade work nears completion. At Allendale, exploration work was brought to a close by Government direction. Matters remain in abeyance, the Government position being undefined. In November, the Company was advised of the grant to it of EL 5492, across the entire Clunes Goldfield. Trial geophysics at Clunes, north of Creswick's Creek, took place following the grant of EL 5492. No further geophysics is planned for the present. In January, 2015, the Company commenced what became a 6 hole core drilling program, the initial results of which are regarded as very satisfactory. Core evaluation is incomplete at the time of this report. Available information has been released to NSX. In the period to 30 June 2015, field work activities will be continued at both Clunes and Glenfine.

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$155,186 (31 December 2013: \$9,791).

No change during the period.

**Significant changes in the state of affairs**

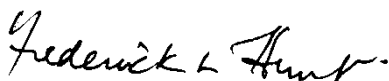
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

**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



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Frederick Hunt  
Director

16 March 2015  
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 2014 there have been:

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

*MSI Ragg Weir*

**MSI RAGG WEIR**  
Chartered Accountants

*[Signature]*

**L.S. WONG**  
Partner

Melbourne: *16 March 2015*



**Mount Rommel Mining Limited**  
**Consolidated Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2014**

		<b>Consolidated</b>	
		<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>	4	681	782
Other income	5	50,851	100,303
<b>Expenses</b>			
Raw materials and consumables used		-	(1,213)
Administration expenses		(14,341)	(12,303)
Corporate expenses		(47,417)	(57,178)
Depreciation and amortisation expense		(182)	(182)
Exploration and evaluation expenses written off		(104,778)	-
Directors' remuneration		(30,000)	(30,000)
Finance costs		(10,000)	(10,000)
<b>Loss before income tax expense</b>		(155,186)	(9,791)
Income tax expense		-	-
<b>Loss after income tax expense for the half-year attributable to the owners of Mount Rommel Mining Limited</b>		(155,186)	(9,791)
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the half-year attributable to the owners of Mount Rommel Mining Limited</b>		<u>(155,186)</u>	<u>(9,791)</u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share		(0.32)	(0.02)
Diluted earnings per share		(0.32)	(0.02)

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Mount Rommel Mining Limited**  
**Consolidated Statement of financial position**  
**As at 31 December 2014**

		<b>Consolidated</b>	
		<b>31 December</b>	
	<b>Note</b>	<b>2014</b>	<b>30 June 2014</b>
		<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		45,002	11,242
Trade and other receivables		14,037	81,384
Other		87,211	81,319
Total current assets		<u>146,250</u>	<u>173,945</u>
<b>Non-current assets</b>			
Property, plant and equipment		2,691	2,872
Exploration and evaluation	6	2,162,523	2,038,023
Capital works in progress		70,000	70,000
Total non-current assets		<u>2,235,214</u>	<u>2,110,895</u>
<b>Total assets</b>		<u>2,381,464</u>	<u>2,284,840</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		333,566	315,560
Borrowings	7	1,689,200	1,679,200
Total current liabilities		<u>2,022,766</u>	<u>1,994,760</u>
<b>Total liabilities</b>		<u>2,022,766</u>	<u>1,994,760</u>
<b>Net assets</b>		<u>358,698</u>	<u>290,080</u>
<b>Equity</b>			
Issued capital	8	4,267,355	4,043,551
Accumulated losses		<u>(3,908,657)</u>	<u>(3,753,471)</u>
<b>Total equity</b>		<u>358,698</u>	<u>290,080</u>

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

**Mount Rommel Mining Limited**  
**Consolidated Statement of changes in equity**  
**For the half-year ended 31 December 2014**

<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2013	3,832,433	(2,237,649)	1,594,784
Loss after income tax expense for the half-year	-	(9,791)	(9,791)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(9,791)	(9,791)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 8)	61,887	-	61,887
Balance at 31 December 2013	<u>3,894,320</u>	<u>(2,247,440)</u>	<u>1,646,880</u>
<b>Consolidated</b>	<b>Contributed equity \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 July 2014	4,043,551	(3,753,471)	290,080
Loss after income tax expense for the half-year	-	(155,186)	(155,186)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(155,186)	(155,186)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs (note 8)	223,804	-	223,804
Balance at 31 December 2014	<u>4,267,355</u>	<u>(3,908,657)</u>	<u>358,698</u>

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



**Mount Rommel Mining Limited**  
**Consolidated Statement of cash flows**  
**For the half-year ended 31 December 2014**

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers (inclusive of GST)		(102,413)	(87,949)
Other revenue		1,881	1,094
R&D tax incentive received		49,651	98,778
		<u>(50,881)</u>	<u>11,923</u>
Net cash from/(used in) operating activities			
<b>Cash flows from investing activities</b>			
Payments for exploration and evaluation		(139,163)	(103,666)
		<u>(139,163)</u>	<u>(103,666)</u>
Net cash used in investing activities			
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	8	182,247	-
Proceeds received from issue of options	8	35,749	61,887
Proceeds received from issue and non-exercise of options	8	5,808	-
Proceeds from issue of preference shares		-	77,000
Repayments of shareholder loans		-	(2,000)
		<u>223,804</u>	<u>136,887</u>
Net cash from financing activities			
Net increase in cash and cash equivalents		33,760	45,144
Cash and cash equivalents at the beginning of the financial half-year		11,242	2,865
		<u>45,002</u>	<u>48,009</u>
Cash and cash equivalents at the end of the financial half-year			

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

**Note 1. General information**

The financial statements cover Mount Rommel Mining Limited as a consolidated entity consisting of Mount Rommel Mining Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Mount Rommel Mining Limited's functional and presentation currency.

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:

<b>Registered office</b>	<b>Principal place of business</b>
Level 4 100 Albert Road South Melbourne VIC 3205	28 Lawson Crescent Thomastown Victoria 3074

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2015. The directors have the power to amend and reissue the financial statements.

**Note 2. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 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 2014 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 \$3,908,657 (30 June 2014: \$3,753,471) and a net current deficiency, being current assets less current liabilities, of \$1,876,516 at 31 December 2014 (30 June 2014: \$1,820,815). 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 2014 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 stockpiles at Glenfine; and
- the consolidated entity does have 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 may 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.

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 3. Operating segments**

*Identification of reportable operating segments*

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

**Note 4. Revenue**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
Interest	681	782

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>\$</b>	<b>\$</b>
Government grants	49,651	98,778
Donations	1,200	1,525
Other income	50,851	100,303

**Note 6. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation expenditure	844,322	858,367
Development phase	1,318,201	1,179,656
	2,162,523	2,038,023

*Reconciliations*

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

	Exploration and evaluation \$	Development phase \$	Total \$
<b>Consolidated</b>			
Balance at 1 July 2014	858,367	1,179,656	2,038,023
Additions	90,733	138,545	229,278
Write off of assets	(104,778)	-	(104,778)
Balance at 31 December 2014	844,322	1,318,201	2,162,523

**Mount Rommel Mining Limited**  
**Notes to the financial statements**  
**31 December 2014**

**Note 7. Current liabilities - borrowings**

	<b>Consolidated</b>	
	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>\$</b>	<b>\$</b>
Loans from shareholders	1,053,200	1,043,200
Preference shares	636,000	636,000
	<u>1,689,200</u>	<u>1,679,200</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 shall be 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 directors now have the alternative 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. This alternative is not the present intent of the directors.

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.
- are subject to buy-back by Mount Rommel if Mount Rommel has not obtained Mining Approval by the Mining Approval date. In this instance the Preference Shares will be bought back by re-payment of the Application Moneys to the extent to which they have not been expended at that date.

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

**Note 8. Equity - issued capital**

	<b>Consolidated</b>			
	<b>31 December 2014</b>	<b>30 June 2014</b>	<b>31 December 2014</b>	<b>30 June 2014</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	50,456,130	47,668,675	4,267,355	4,043,551
Preference shares - fully paid	640	640	-	-
Options at \$0.20 Exp 31 July 2015	1,220,000	1,220,000	-	-
	<u>51,676,770</u>	<u>48,889,315</u>	<u>4,267,355</u>	<u>4,043,551</u>

*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 2014	47,668,675		4,043,551
Exercise of options	17 December 2014	1,787,455	\$0.06	107,247
Issue of shares	17 December 2014	1,000,000	\$0.08	80,000
Proceeds received from issue of options		-	\$0.02	35,749
Proceeds received from issue and non-exercise of options		-		5,808
Costs of capital raising		-		(5,000)
Balance	31 December 2014	<u>50,456,130</u>		<u>4,267,355</u>

**Note 8. Equity - issued capital (continued)**

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

**Note 9. Equity - dividends**

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

**Note 10. Contingent liabilities**

The company had no contingent liabilities at 31 December 2014 and 30 June 2014. 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 11. Commitments**

The company's commitments have not changed materially from those reported in the 30 June 2014 annual report.

In order to maintain current rights of tenure for tenements, the Company and consolidated entity is required to meet the minimum requirements of the Victorian Department of State Development, Business and Innovation. Where a tenement has pendency under a valid renewal application, expenditure may continue.

**Note 12. Interests in 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	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2014 %	30 June 2014 %
Bonshaw Gold Pty Ltd	Australia	100.00%	100.00%

**Note 13. Events after the reporting period**

The Company issued 800,000 fully paid ordinary shares to Mr Jon Van Til (or his nominee) as approved by shareholders at the Company's Annual General Meeting held on 22 November 2014.

The Company issued 1,076,000 fully paid ordinary shares at \$0.08 (8 cents) per share via a placement to sophisticated and professional investors.

No other matter or circumstance has arisen since 31 December 2014 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 14. Fair value measurement**

The introduction of AASB 13 provided guidance for determining the fair value of assets and liabilities. It did not change when the Company is required to use fair value but, rather, provides guidance on how to determine fair value when fair value is required or permitted. It also expands the disclosure requirements for all assets or liabilities carried at fair value. The Company reviewed its policies for measuring fair values and the application of AASB 13 has not resulted in any change in the fair value measurements of the Company. It is noted that the carrying value in the balance sheet is the same as fair value.

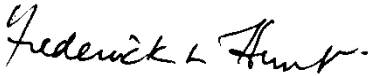
**Mount Rommel Mining Limited**  
**Directors' declaration**  
**31 December 2014**

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 2014 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)(a) of the Corporations Act 2001.

On behalf of the directors



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Frederick Hunt  
Director

16 March 2015  
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 2014, 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 2014 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 \$1,053,200 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 2014 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 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 \$3,908,657 and a net current asset deficiency of \$1,876,516 at 31 December 2014. 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*

**MSI RAGG WEIR**  
Chartered Accountants

*L.S. Wong*

**L.S. WONG**  
Partner

Melbourne: 16 March 2015