



# **MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**

**ACN: 625 237 658**

**Annual Financial Report  
For The Year Ended 30 June 2021**

**CORPORATE DIRECTORY**

**BOARD OF DIRECTORS**

Gary Lawler (Non-Executive Chairman)  
Michael O'Keeffe (Non-Executive Director)  
Peter Ruse (Executive Director)

**COMPANY SECRETARY**

Shaun Menezes

**REGISTERED OFFICE AND PRINCIPAL BUSINESS OFFICE**

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Sydney NSW 2000

Telephone: (+61 2) 8651 7800

**SHARE REGISTRY**

Automic Registry Services  
Level 2  
267 St Georges Terrace  
Perth WA 6000

Investor Enquiries: 1300 288 664

**AUDITOR**

BDO Audit (WA) Pty Ltd  
Level 1, 38 Station Street  
Subiaco WA 6008

Telephone: (+61 8) 6382 4600  
Facsimile: (+61 8) 6382 4601

**STOCK EXCHANGE**

ASX Limited (Australian Securities Exchange)  
ASX Code: MRZ

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## MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

### DIRECTORS' REPORT

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Your directors present their report on the consolidated group for the year ended 30 June 2021.

#### Directors

The names, qualifications and experience of the directors in office at any time during, or since the end of, the year are as follows. Directors have been in office since the start of the year to the date of this report unless otherwise stated.

*Gary Lawler (Non-Executive Chairman) BA, LLB, LLM(Hons), ASIA, Master of Laws (Applied Laws)(Wills & Estates)*  
Mr Lawler is a career lawyer having practiced for over 40 years primarily as a corporate/ mergers and acquisitions lawyer. During his years of practice, Mr Lawler has been a partner in several large Sydney based law firms and is currently a Senior Adviser at Ashurst Australia. Mr Lawler brings a wealth of legal and business experience to the Board.

Other current directorships: Champion Iron Limited(ASX/TSX).

Former directorships (last 3 years): Cartier Iron Corporation(CSE) and Riversdale Resources Limited (unlisted).

*Michael O'Keeffe (Non-Executive Director) BAppSc*

Mr O'Keeffe is a metallurgist and currently the Executive Chairman of Champion Iron Limited. His vast knowledge of the mining industry and its issues and his extensive experience managing large companies have given him an impressive track record of achievements. Mr O'Keeffe was previously Executive Chairman of Riversdale Mining Limited (2004-2011), Managing Director of Glencore Australia Limited (1995-2004) and Mount Isa Mines (1975-1994).

Other current directorships: Champion Iron Limited(ASX/TSX), Burgundy Diamond Mines Limited.

Former directorships (last 3 years): None.

*Peter Ruse (Executive Director) BCom, GradCertAppFin*

Mr Ruse is a finance professional with over 12 years of extensive experience in Equity Funds Management and Private/Institutional Wealth Management specialising in Mining/Minerals and Industrial related sectors. Mr Ruse has extensive private and public equity market experience as a former Executive Director/Portfolio Manager of ALR Investments Pty Limited, a Western Australian family office investment company.

Other current directorships: Gunsynd PLC (AIM-LSE).

Former directorships (last 3 years): Plukka Limited.

#### Company Secretary

*Shaun Menezes BCom, LLB*

Mr Menezes is an accounting and finance professional with over 20 years experience. He has worked in the capacity of Company Secretary and Chief Financial Officer of a number of ASX and SGX listed companies, held a senior management role within an ASX 200 listed company and was an executive director at a leading international accounting firm. He is a member of the Governance Institute of Australia and the Chartered Accountants Australia and New Zealand.

#### Directors Meetings

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2021 attended by each director:

	Number Eligible to Attend	Number Attended
Gary Lawler	6	6
Michael O'Keeffe	6	6
Peter Ruse	6	6

#### Principal Activities

The principal activity of the consolidated group during the year was the farm-in to and exploration of the Wapatik Gold-Copper Project in Quebec, Canada.

#### Review of Operations

The consolidated loss of the consolidated group for the year amounted to \$701,414 (2020: \$1,190,892).

# MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES

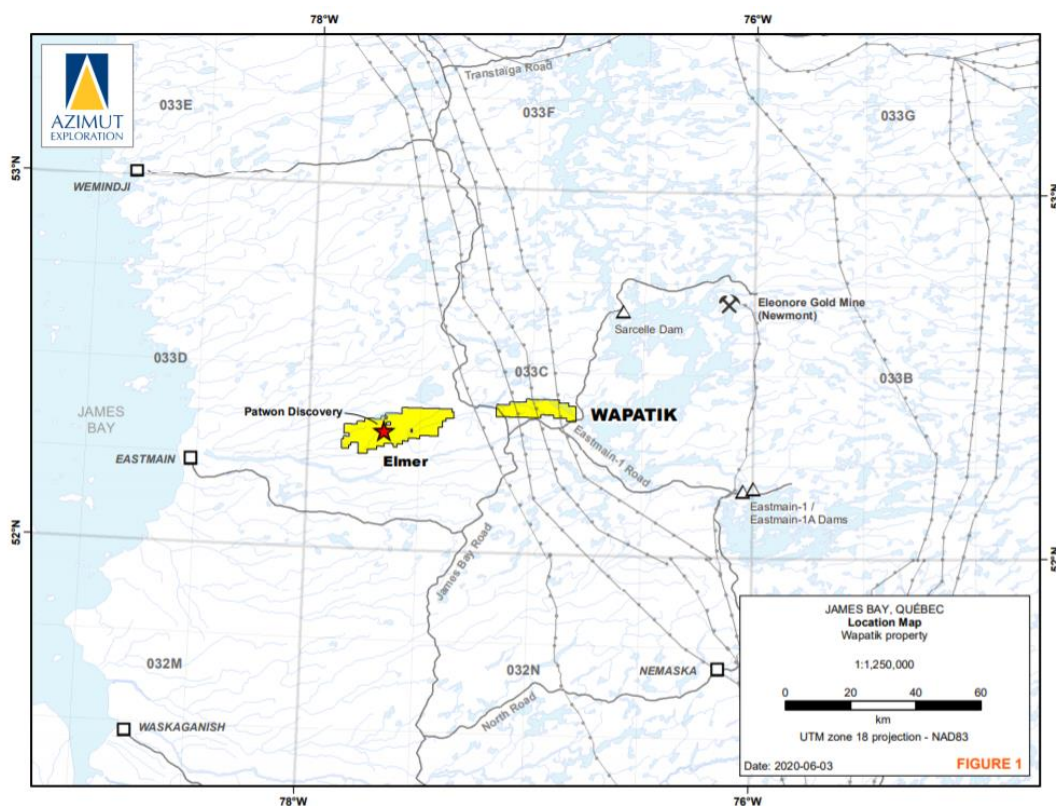
## DIRECTORS' REPORT

### Wapatik Gold-Copper Project

On 22 September 2020, the Company announced that it had entered into a binding JV option agreement ("Agreement") with Azimut Exploration Inc. ("Azimut") (TSXV: AZM), to earn-in up to 70% of the Wapatik Gold-Copper Project ("Project"), located in James Bay area, of Quebec, Canada.

The Wapatik Gold Copper Project consists of 220 claims totalling 115sq/km in continuous tenure. The Project is located in the James Bay-Eeyou Istchee region, in the lower Eastmain Greenstone belt, part of the La Grande Sub-province of the Archean Superior Province, which has been subject to significant exploration activity.

The region is host to the Éléonore gold mine (Newmont Corporation NEM.US) and recent Patwon discovery/Elmer property (Azimut Exploration AZM.TSX) ("Azimut"). Azimut consolidated the tenure following the Patwon discovery located 13km west of Wapatik.



### Transaction Structure

The 70% earn-in is comprised of two earn-in options as described below (together, the "Transaction").

**First option:** Mont Royal has an exclusive option to earn a 50% interest (the "First Option"): by making cash payments to Azimut aggregating C\$80,000; and by funding not less than C\$4,000,000 in exploration expenditures on the Project (the "First Option Earn-In Expenditures"), of which the first C\$600,000 ("Initial Commitment") constitutes a firm commitment of Mont Royal. Subsequent to the Initial Commitment, Mont Royal has the right not to proceed with the First Option. The First Option is set out below:

Period	Minimum First Option Earn-In Expenditures	Cash Payments
At the latest on the first (1 <sup>st</sup> ) anniversary of the Effective Date	C\$600,000	C\$20,000
At the latest on the second (2 <sup>nd</sup> ) anniversary of the Effective Date	C\$800,000	C\$20,000
At the latest on the third (3 <sup>rd</sup> ) anniversary of the Effective Date	C\$1,200,000	C\$20,000
At the latest on the fourth (4 <sup>th</sup> ) anniversary of the Effective Date	C\$1,400,000	C\$20,000
<b>Total</b>	<b>C\$4,000,000</b>	<b>C\$80,000</b>

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

Second Option: Mont Royal has an exclusive option to earn up to an additional 20% earned interest, for an aggregate of up to 70% earned interest (the "Second Option"), subject to Mont Royal:

- (a) providing Azimut with a preliminary economic assessment with respect to the Project (the "PEA") at the latest on the third (3rd) anniversary of the Second Option Election Notice (the "Second Option Period") (subject to a potential 3-year extension);
- (b) making cash payments to Azimut aggregating C\$120,000; and
- (c) by funding not less than \$3,000,000 in exploration expenditures on the Project (the "Second Option Earn-In Expenditures") in accordance with the following schedule:

<b>Period</b>	<b>Minimum Second Option Earn-In Expenditures</b>	<b>Cash Payments</b>
At the latest on the first (1 <sup>st</sup> ) anniversary of the Second Option Election Notice	C\$1,000,000	C\$40,000
At the latest on the second (2 <sup>nd</sup> ) anniversary of the Second Option Election Notice	C\$1,000,000	C\$40,000
At the latest on the third (3 <sup>rd</sup> ) anniversary of the Second Option Election Notice	C\$1,000,000	C\$40,000
<b>Total</b>	<b>C\$3,000,000</b>	<b>C\$120,000</b>

If Mont Royal decides not to exercise this additional option, it must pay Azimut \$50,000 in cash as final payment in respect of the First Option.

The period within which Mont Royal must provide Azimut with the PEA may be extended for three (3) subsequent consecutive periods of one (1) year each upon Mont Royal paying Azimut the sum of C\$100,000 per each such extension year and funding Second Option Earn-In Expenditures of at least C\$1,000,000 per each such extension year.

First Option Earn-In Expenditures exceeding the aggregate amounts of C\$4,000,000 in the First Option Period shall be credited to the Second Option Period and accounted as Second Option Earn-In Expenditures. Any claim renewal costs incurred by Azimut with respect to the Project during the Second Option Period will be accounted as Second Option Earn-In Expenditures.

Following the exercise and completion of the Second Option, Mont Royal will hold an aggregate of 70% earned interest in the Project. During the Second Option Period, transfers of all or part of its interest in the Project by Azimut shall be subject to a 30 days right of first refusal in favour of Mont Royal.

Shareholder approval for the transaction was obtained on 9 November 2020 at the Company's Annual General Meeting.

The exploration program in 2021 consists of:

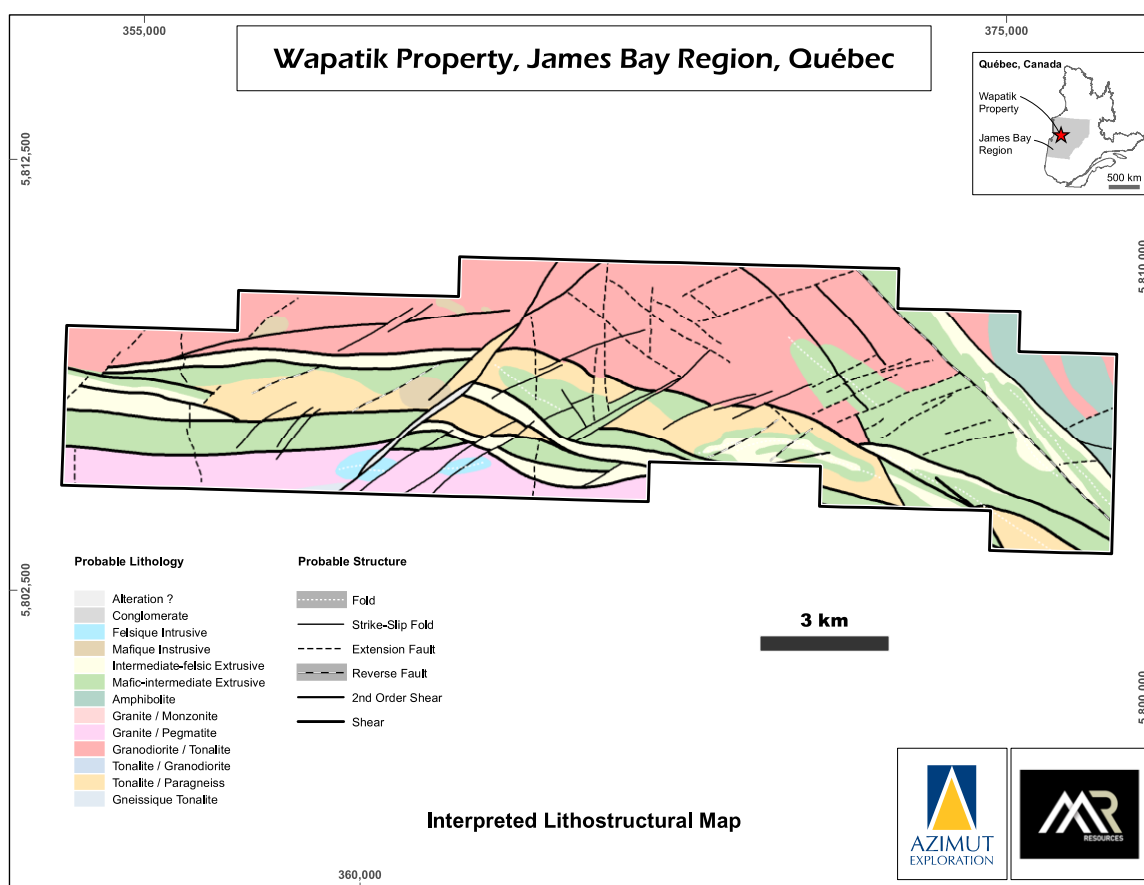
- A very high-resolution airborne magnetic survey totalling 5,116 line-kilometre on 25-metre spaced lines, covering the entire Project, which is now complete;
- A structural study supported by the results of the magnetic survey and remote sensing data, which is nearly finished;
- Systematic till sampling survey to start as soon as field conditions allow; and
- Focused prospecting to assess target zones during the Canadian summer.

During the period, a very high-resolution magnetic survey was successfully completed across the entire 115sq/km in continuous tenure at the Project without incident. The results from the survey exhibit an outstanding resolution of the magnetic anomalies on the property. The data has undergone detailed interpretation by the technical team at Azimut and final results have provided a better geological understanding to highlight prospective areas for ongoing fieldwork programs.

A lithostructural interpretation was completed based on the high-resolution magnetic survey which has provided a lithostructural synthesis map covering the entire study area to optimize the exploration approach by:

- Defining the probable structural architecture of the study area from the interpretation of remote sensing data, geophysical data and available field data.
- Interpreting the probable lithological assemblages of an intrusive or extrusive nature and of felsic or mafic composition, exhumed by the interpreted fault systems.

# MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES DIRECTORS' REPORT



The study area is marked by Archean rocks that have undergone multiple phases of deformation. Shear zones define an important East-West corridor on Wapatik that apparently contains felsic and mafic assemblages.

Potential orogenic gold mineralization may be associated with a transpression episode and the associated dextral shears. The shear-bounded E-W corridor mentioned above is to be preferentially investigated as well as the edges of interpreted intrusions.

*Note: Transpression is caused by oblique convergence of rock masses and is characterized by strike-slip deformation and vertical thickening in the crust. It is observed at regional scales along plate boundaries and more locally as restraining bends in strike-slip fault zones. Transpressional regimes are widespread in orogenic belts and give rise to complex strain patterns (1)*

This new higher fidelity lithostructural map will now serve to plan the upcoming follow-up field activities.

In June 2021, a systematic till sampling survey and focussed prospecting to assess target zones commenced.

## Significant Changes in the State of Affairs

On 7 January 2021, 186,440 fully paid ordinary shares were issued to consultants for services rendered.

On 7 May 2021, 4,665,845 fully paid ordinary shares and 4,000,000 director options were released from escrow.

Other than stated above, no significant changes in the consolidated group's state of affairs occurred during the year.

## Events Subsequent to the End of the Reporting Period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

## Likely Developments and Expected Results of Operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

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### **Environmental Regulation**

The consolidated group is subject to environmental regulations under the laws of the countries in which it undertakes exploration activities and ensures that it complies with all applicable regulations when carrying out exploration works.

### **Dividends**

No dividends were paid or declared since the start of the year.

### **Options**

The Company has the following options on issue as at the date of the Directors' Report.

<b>Security Description</b>	<b>Number of Securities</b>
Options exercisable at \$0.25 expiring 7 May 2022	1,500,000
Options exercisable at \$0.30 expiring 7 May 2022	1,250,000
Options exercisable at \$0.35 expiring 7 May 2022	1,250,000

#### *Unissued shares*

As at the date of this report, there were 4,000,000 unissued ordinary shares under options.

Option holders do not have any right, by virtue of the options, to participate in any share issue of the Company or any related body corporate.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

### **Directors' Interests in Shares and Options of the Company**

As at the date of this report, the directors' interest in shares and options of the Company were:

	<b>Number of Ordinary Shares</b>	<b>Number of Options over Ordinary Shares</b>
Gary Lawler	700,000	1,000,000
Michael O'Keeffe	2,150,000	2,000,000
Peter Ruse	1,150,240	1,000,000

### **Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's corporate governance statement is contained in the annual report.

### **Indemnification of Officers**

The Company has, during or since the end of the year, in respect of any person who is or has been an officer of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

Premiums paid are not disclosed because disclosure is prohibited by the insurance contract.

### **Indemnification of Auditors**

To the extent permitted by law, the parent entity has agreed to indemnify the auditors, BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify BDO Audit (WA) Pty Ltd during or since year-end.

### **Proceedings on Behalf of Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The company was not a party to any such proceedings during the year.



**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES  
DIRECTORS' REPORT**

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**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 page 11.

**Non-Audit Services**

There were no fees paid or payable to BDO Audit (WA) Pty Ltd for non-audit services during the year ended 30 June 2021.

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**  
**REMUNERATION REPORT (AUDITED)**

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This report outlines the remuneration arrangements in place for directors and executives of the Company.

**Remuneration Policy**

The remuneration policy of the Company has been designed in order to ensure that the Company is able to attract and retain executives and Directors who will create value for shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant directors' time, commitment and responsibility.

The Board's policy for determining the nature and amount of remuneration for board members and other senior executives of the Group is as follows:

The remuneration policy setting out the terms and conditions of any executive director was developed by the Board.

All senior executives will be subject to an annual performance evaluation against an established set of performance targets which are aligned to overall business goals and the Company's requirement of the position. Performance pay components of executives' packages are dependent on the outcome of the evaluation.

Remuneration packages for executive directors and other senior executives include an appropriate balance of fixed remuneration and performance-based remuneration. Fixed remuneration takes into account the Company's obligations at law and labour market conditions, and is relative to the scale of the Company's business.

Non-executive directors are remunerated by way of cash fees, superannuation contributions and non-cash benefits in lieu of fees (such as salary sacrifice into superannuation or equity). Levels of fixed remuneration for non-executive directors reflect the time commitment and responsibilities of the role. Non-executive directors do not receive performance-based remuneration as it may lead to bias in their decision-making and compromise their objectivity.

Remuneration and other terms of employment for the executive director and other senior executives have been formalised in service agreements as follows:

The Company has entered into an executive service agreement with executive director, Mr Peter Ruse. The terms of the service agreement are set out as follows:

- Commencement date: 26 March 2018
- Term: no fixed
- Fixed remuneration: \$120,000 per annum (revised 1 January 2021)
- Long-term incentive options:
  - Class A: 500,000 options at an exercise price of \$0.25, expiring 7 May 2022
  - Class B: 250,000 options at an exercise price of \$0.30, expiring 7 May 2022
  - Class C: 250,000 options at an exercise price of \$0.35, expiring 7 May 2022
- Termination for cause: no notice period
- Termination without cause: three month notice period

The Company has entered into an agreement with non-executive chairman, Mr Gary Lawler. The terms of the agreement are set out as follows:

- Commencement date: 15 October 2018
- Term: no fixed
- Fixed remuneration: \$65,700 per annum
- Long-term incentive options:
  - Class A: 500,000 options at an exercise price of \$0.25, expiring 7 May 2022
  - Class B: 250,000 options at an exercise price of \$0.30, expiring 7 May 2022
  - Class C: 250,000 options at an exercise price of \$0.35, expiring 7 May 2022
- Termination for cause: no notice period
- Termination without cause: no notice period

The Company has entered into an agreement with non-executive director, Mr Michael O'Keeffe. The terms of the agreement are set out as follows:

- Commencement date: 9 October 2018
- Term: no fixed
- Fixed remuneration: \$50,000 per annum
- Long-term incentive options:
  - Class A: 500,000 options at an exercise price of \$0.25, expiring 7 May 2022
  - Class B: 750,000 options at an exercise price of \$0.30, expiring 7 May 2022
  - Class C: 750,000 options at an exercise price of \$0.35, expiring 7 May 2022
- Termination for cause: no notice period
- Termination without cause: no notice period

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**  
**REMUNERATION REPORT (AUDITED)**

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by shareholders from time to time which current stands at \$400,000 per annum.

The Board undertakes an annual review of its performance and may exercise discretion in relation to approving incentives, bonuses and options.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

**Performance-based remuneration**

The Company currently has no performance-based remuneration component built into director and executive remuneration packages.

**Key management personnel compensation**

Details of the nature and amount of emolument paid for each director and executive of Mont Royal Resources Limited for the year ended 30 June 2021 are set out below:

	Primary Benefits			Post Employment		Share Based Payments	Other Benefits	TOTAL	Options Based
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Options			
<b>Directors</b>	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2021</b>									
G Lawler	60,000	-	-	5,700	-	-	-	65,700	-
M O'Keeffe	45,662	-	-	4,338	-	-	-	50,000	-
P Ruse	102,500	-	-	-	-	-	-	102,500	-
<b>Total</b>	<b>208,162</b>	<b>-</b>	<b>-</b>	<b>10,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,200</b>	
<b>2020</b>									
G Lawler	60,000	-	-	5,700	-	-	-	65,700	-
M O'Keeffe	45,662	-	-	4,338	-	-	-	50,000	-
P Ruse	85,000	-	-	-	-	-	-	85,000	-
<b>Total</b>	<b>190,662</b>	<b>-</b>	<b>-</b>	<b>10,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,700</b>	<b>-</b>

**Remuneration Options**

During the year ended 30 June 2021, no options were issued as part of director remuneration.

During the year ended 30 June 2021 and 2020, no remuneration options were forfeited, expired or exercised by the directors.

**Shareholdings by Directors**

2021	Balance 01/07/20 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/21 (No. of Shares)
G Lawler	700,000	-	-	-	700,000
M O'Keeffe	2,150,000	-	-	-	2,150,000
P Ruse	1,150,240	-	-	-	1,150,240
<b>Total</b>	<b>4,000,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000,240</b>

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**  
**REMUNERATION REPORT (AUDITED)**

**Options Holdings by Directors**

<b>2021</b>	<b>Balance 01/07/20 (No. Options)</b>	<b>Granted as Remuneration (No. Options)</b>	<b>No. of Options Acquired</b>	<b>No. of Options Exercised</b>	<b>Net Change Other (No. Options)</b>	<b>Balance 30/06/21 (No. Options)</b>
G Lawler	1,000,000	-	-	-	-	1,000,000
M O'Keeffe	2,000,000	-	-	-	-	2,000,000
P Ruse	1,000,000	-	-	-	-	1,000,000
<b>Total</b>	<b>4,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000,000</b>

End of remuneration report (audited).

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Peter Ruse  
Executive Director  
27 July 2021

## **DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MONT ROYAL RESOURCES LIMITED**

As lead auditor of Mont Royal Resources Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mont Royal Resources Limited and the entities it controlled during the year.



**Jarrad Prue**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 27 July 2021

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Interest revenue		8,776	41,981
<b>Expenses</b>			
Corporate	3	(703,034)	(640,124)
Exploration expenditure expensed		(7,156)	-
Exploration expenditure impaired	7	-	(592,749)
<b>Loss before tax</b>		(710,190)	(1,232,873)
Income tax expense		-	-
<b>Loss for the year</b>		<b>(701,414)</b>	<b>(1,190,892)</b>
<b>Other comprehensive income</b>			
Exchange difference on translation of foreign controlled entities		6,969	-
<b>Total comprehensive loss for the year attributable to the members</b>		<b>(694,445)</b>	<b>(1,190,892)</b>
Loss per share attributable to the shareholders of the Company arises from:			
Basic and diluted loss per share (cents per share)	17	(1.86)	(3.16)

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

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,468,619	3,617,919
Other receivables		7,457	9,485
Prepayments		17,970	14,361
<b>TOTAL CURRENT ASSETS</b>		<u>2,494,046</u>	<u>3,641,765</u>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure	7	461,861	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>461,861</u>	<u>-</u>
<b>TOTAL ASSETS</b>		<u>2,955,907</u>	<u>3,641,765</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	26,367	72,780
<b>TOTAL CURRENT LIABILITIES</b>		<u>26,367</u>	<u>72,780</u>
<b>TOTAL LIABILITIES</b>		<u>26,367</u>	<u>72,780</u>
<b>NET ASSETS</b>		<u><b>2,929,540</b></u>	<u><b>3,568,985</b></u>
<b>EQUITY</b>			
Issued capital	9	5,263,448	5,208,448
Reserves	10	122,622	115,653
Accumulated losses		(2,456,530)	(1,755,116)
<b>TOTAL EQUITY</b>		<u><b>2,929,540</b></u>	<u><b>3,568,985</b></u>

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

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Consolidated Group</b>				
Balance at 1 July 2020	5,208,448	115,653	(1,755,116)	3,568,985
Loss for the year	-	-	(701,414)	(701,414)
Other comprehensive income	-	6,969	-	6,969
Total comprehensive loss for the year	-	6,969	(701,414)	(694,445)
<i>Equity transactions</i>				
Share based payments	55,000	-	-	55,000
<b>Balance at 30 June 2021</b>	<b>5,263,448</b>	<b>122,622</b>	<b>(2,456,530)</b>	<b>2,929,540</b>

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Consolidated Group</b>				
Balance at 1 July 2019	5,208,448	115,653	(564,224)	4,759,877
Loss for the year	-	-	(1,190,892)	(1,190,892)
Total comprehensive loss for the year	-	-	(1,190,892)	(1,190,892)
<b>Balance at 30 June 2020</b>	<b>5,208,448</b>	<b>115,653</b>	<b>(1,755,116)</b>	<b>3,568,985</b>

*The above consolidated statement of change in equity should be read in conjunction with the accompanying notes.*



**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Interest received		8,776	41,696
Payments to suppliers and employees		(703,186)	(569,130)
Net cash used in operating activities	11	(694,410)	(527,434)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration and evaluation expenditure		(454,890)	(410,448)
Net cash used in investing activities		(454,890)	(410,448)
Net increase/(decrease) in cash held		(1,149,300)	(937,882)
Cash and cash equivalents at the beginning of the year		3,617,919	4,555,801
<b>Cash and cash equivalents at 30 June</b>	5	<b>2,468,619</b>	<b>3,617,919</b>

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

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**1. CORPORATE INFORMATION**

Mont Royal Resources Limited is a public company limited by shares incorporated on 26 March 2018 and domiciled in Australia.

These consolidated financial statements and notes represent Mont Royal Resources Limited and its controlled entities Mont Royal Exploration Australia Pty Ltd and Mont Royal Resources Canada Inc. (together 'Consolidated Group', 'Group').

The Group is principally engaged in the business of mineral exploration in Canada. The registered office and principal place of business of the Company is, Level 8, 2 Bligh Street, Sydney NSW 2000.

The consolidated financial statements of the Group for the year ended 30 June 2021 were authorised for issue in accordance with a resolution of the directors on 26 July 2021.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

Both the functional and presentation currency of the Company is in Australian dollars.

**(b) Statement of compliance**

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS).

**(c) Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Mont Royal Resources Limited at the end of the reporting period. A controlled entity is any entity over which Mont Royal Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the group during the period, the financial performance of those entities are included only for the period of the period that they were controlled. Details of controlled entities are contained in Note 6.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

**(d) New accounting standards and interpretations**

The Group has adopted all new accounting standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning 1 July 2020. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Group.

*Accounting standards and interpretations issued but not yet effective*

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting year ended 30 June 2021. The Directors have not early adopted any of these new or amended standards or interpretations. The Directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

**(e) Revenue recognition**

*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 assets.

**(f) Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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cash and which are subject to insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

**(g) Other receivables**

Other receivables are recognised and carried at amortised cost, less any allowance for expected credit losses.

**(h) Income tax**

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(i) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

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

**(j) Exploration and evaluation expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**(k) Share based payments**

Equity settled share-based compensation benefits are provided to employees (directors). The costs of equity-settled transactions are measured at fair value on grant date. The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Upon the exercise of options, the balance of the share-based payments reserve relating to these options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

**(l) Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Employee leave benefits**

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

**(n) Loans and borrowings**

All loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

**(o) Foreign Currency Transactions and Balances**

*Functional and presentation currency*

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. All figures presented in the financial report have been rounded to the nearest dollar.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

*Controlled entities*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed. The functional currency of the subsidiary incorporated in the Canada (refer Note 6) is the Canadian Dollar (CAD).

**(p) Contributed equity**

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

**(q) Earnings/(Loss) per share**

*(i) Basic Earnings/(Loss) per share*

Basic earnings/(loss) per share is determined by dividing the operating profit/(loss) after income tax attributable to members of Mont Royal Resources Limited by the weighted average number of ordinary shares outstanding during the financial year.

*(ii) Diluted Earnings/(Loss) per share*

Diluted earnings/(loss) per share adjusts the amounts used in the determination of basic earnings/(loss) per share by taking into account unpaid amounts on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

**(r) Asset acquisition**

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date.

**(s) Critical accounting judgements and estimates**

The preparation of financial statements requires the use of certain critical accounting judgements and estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements except for the following:

*Key estimate: Share-based payments*

The Company initially measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and condition of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

*Key judgement: Capitalised Exploration Expenditure*

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to mining assets.

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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*Key judgement: Coronavirus (COVID-19) pandemic*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

**3. CORPORATE EXPENSES**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Corporate expenses consist of:		
- Directors' fees	218,200	200,700
- Compliance expenses	231,768	180,098
- Share based payments	55,000	-
- Other	198,066	259,326
<b>Total corporate expenses</b>	<b>703,034</b>	<b>640,124</b>

**4. INCOME TAX EXPENSE**

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax	(701,414)	(1,190,892)
Income tax calculated at 30%	(210,424)	(327,495)
Add back:		
Share based payment	16,500	-
Accruals	589	(123)
Capital raising costs	(31,325)	(28,715)
Adjustments in respect of income tax of previous year	33,133	-
Future income tax benefit not brought to account	191,527	356,333
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Deferred tax assets:		
Capital raising costs	93,976	86,145
Accruals	6,900	5,785
Carry forward tax losses	673,061	481,534
	<b>773,937</b>	<b>573,464</b>

Deferred tax liabilities:		
Capitalised exploration costs	(138,558)	-
	<b>(138,558)</b>	<b>-</b>

Net deferred tax asset position not brought to account	(635,379)	(573,464)
<b>Total</b>	<b>-</b>	<b>-</b>

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	2,468,619	3,617,919

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**6. INVESTMENT IN SUBSIDIARIES**

Interests are held in the following subsidiary companies:

Name	Principal Activity	Country of Incorporation	Ownership Interest 2021	Ownership Interest 2020
Mont Royal Exploration Australia Pty Ltd	Mineral Exploration	Australia	100%	100%
Mont Royal Resources Canada Inc <sup>1</sup>	Mineral Exploration	Canada	100%	Nil

<sup>1</sup> Incorporated 3 August 2020

**7. EXPLORATION AND EVALUATION EXPENDITURE**

	2021 \$	2020 \$
Balance at the beginning of the year	-	353,129
Exploration and evaluation expenditure incurred during the year	461,861	239,620
Exploration and evaluation expenditure impaired during the year	-	(592,749)
Balance at the end of the year	461,861	-

The value of the exploration tenements carried forward is dependent upon:

- (a) The continuance of the Consolidated Entity's rights to tenure of the area of interest;
  - (b) The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or alternatively by their sale.

Exploration and evaluation expenditure was impaired in 2020 as the Company decided to cease any further exploration programs on the Edjudina Project.

**8. TRADE AND OTHER PAYABLES**

	2021 \$	2020 \$
<b>Current</b>		
Trade payables and accruals	26,367	72,780

**9. ISSUED CAPITAL**

**(a) Issued Capital**

	2021 \$	2020 \$
37,866,715 (2020: 37,690,275) fully paid ordinary shares	5,263,448	5,208,448

**(b) Movement in ordinary share capital of the Company:**

Date	Details	No. of Shares	\$
01/07/2019	Opening balance	37,690,275	5,208,448
30/06/2020	Closing balance	37,690,275	5,208,448
07/01/2021	Issue of shares to consultants	186,440	55,000
30/06/2021	Closing balance	37,866,715	5,263,448

**(c) Capital risk management**

The Company does not have a defined share buy-back plan.

No dividends will be paid in 2021 (2020: Nil).

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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There is no current intention to incur further debt funding on behalf of the Company as on-going expenditure will be funded via cash reserves or equity.

The Company is not subject to any externally imposed capital requirements.

**10. RESERVES**

**(a) Share based payments reserve**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Share based payments reserve	115,653	115,653

**(b) Foreign currency translation reserve**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Foreign currency translation reserve	6,969	-

**(c) Movement in options**

Date	Details	No. of Unlisted Options	Fair Value of Options Granted
01/07/2020	Opening balance	4,000,000	\$115,653
30/06/2021	Closing balance	4,000,000	\$115,653

**(d) Nature and purpose of reserves**

*Share based payments reserve*

The share based payments reserve is the value of equity benefits provided to directors, employees and consultants by the Company as part of their remuneration.

*Foreign currency translation reserve*

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiary accounts

**11. NOTES TO STATEMENT OF CASH FLOWS**

**(a) Reconciliation of loss after income tax to net cash from operating activities**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Loss for the year	(701,414)	(1,190,892)
Share based payment expense	55,000	-
Exploration expenditure impaired	-	592,749
Movement in assets and liabilities:		
(Increase)/Decrease in other receivables	2,028	47,211
(Increase)/Decrease in other assets	(3,609)	6,159
Increase/(Decrease) in trade and other payables	(46,415)	17,339
Net cash used in operating activities	(694,410)	(527,434)



**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**(b) Non-cash investing and financing activities**

Other than share-based payment transactions disclosed in note 9 and 12, there were no non-cash investing and financing activities during the year ended 30 June 2021.

During 2020, \$592,749 of capitalised exploration and evaluation expenditure was written-off which related to the prior year as disclosed in note 7. There were no other non-cash investing and financing activities during the year ended 30 June 2020.

**12. SHARE BASED PAYMENTS**

The share based payment expense during the period was \$55,000. This related to the issue of 186,440 shares to consultants as payment for services rendered based on the fair value of services received.

There were no options forfeited, exercised, expired, granted or issued during the year ended 30 June 2021 or 30 June 2020. As at 30 June 2021 and 30 June 2020, there were 4,000,000 options outstanding and exercisable with a weighted average exercise price of \$0.30.

The options outstanding at 30 June 2021 have an exercise price of between \$0.25 and \$0.35 and a weighted average remaining contractual life of 0.8 years.

**13. CONTINGENT LIABILITIES, LEASE COMMITMENTS AND CONTINGENT ASSETS**

As at 30 June 2021 there were no contingent liabilities or contingent assets.

**(a) Exploration commitments**

At 30 June 2021, the Group has the following commitments relating to exploration expenditure incurred in prospecting the licensed area of the group's tenements.

	2021 \$	2020 \$
Within one year	45,000	45,000
After one year but not more than five years	-	45,000
Longer than five years	-	-
	45,000	90,000

**(b) Earn-in to Wapatik Gold-Copper Project**

On 22 September 2020, the Company announced that it had entered into a binding JV option agreement ("Agreement") with Azimut Exploration Inc. ("Azimut") (TSXV: AZM), to earn-in up to 70% of the Wapatik Gold-Copper Project ("Project"). The 70% earn-in is comprised of two earn-in options. The first option is described below.

First option: Mont Royal has an exclusive option to earn a 50% interest (the "First Option"): by making cash payments to Azimut aggregating C\$80,000; and by funding not less than C\$4,000,000 in exploration expenditures on the Project (the "First Option Earn-In Expenditures"), of which the first C\$600,000 ("Initial Commitment") constitutes a firm commitment of Mont Royal. Subsequent to the Initial Commitment, Mont Royal has the right not to proceed with the First Option. The First Option is set out below:

Period	Minimum First Option Earn-In Expenditures	Cash Payments
At the latest on the first (1 <sup>st</sup> ) anniversary of the Effective Date	C\$600,000	C\$20,000
At the latest on the second (2 <sup>nd</sup> ) anniversary of the Effective Date	C\$800,000	C\$20,000
At the latest on the third (3 <sup>rd</sup> ) anniversary of the Effective Date	C\$1,200,000	C\$20,000
At the latest on the fourth (4 <sup>th</sup> ) anniversary of the Effective Date	C\$1,400,000	C\$20,000
<b>Total</b>	<b>C\$4,000,000</b>	<b>C\$80,000</b>

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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**14. RELATED PARTY TRANSACTIONS**

The Group's main related parties are as follows:

*a. Subsidiaries*

Interests in subsidiaries are set out in note 6.

*b. Key management personnel*

Disclosures relating to key management personnel are set out in note 15.

*c. Transactions with related parties:*

There were no transactions with related parties during the year ended 30 June 2021 (30 June 2020: Nil).

**15. KEY MANAGEMENT PERSONNEL DISCLOSURES**

*Compensation:*

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

	<b>Consolidated 2021 \$</b>	<b>Consolidated 2020 \$</b>
Short term employee benefits	218,200	200,700
Aggregate compensation	<u>218,200</u>	<u>200,700</u>

**16. FINANCIAL RISK MANAGEMENT**

The Group's financial instruments consistent mainly of deposits with banks, and accounts receivable and payables.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments is cash flow interest rate risk and liquidity risk. Other minor risks are either summarised below or disclosed at Note 9 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

**(a) Cash flow interest rate risk**

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group does not have a formal policy in place to mitigate such risks.

The following table sets out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. There were no fixed interest rate financial assets or liabilities held by the Group.

<b>2021</b>	<b>Non Interest Bearing \$</b>	<b>Floating Interest Rate \$</b>	<b>Total \$</b>	<b>Weighted Average Effective Interest Rate %</b>
Financial Assets				
- Cash and cash equivalents	468,618	-	<b>468,618</b>	-
- Deposits held	-	2,000,000	<b>2,000,000</b>	0.35%
Total Financial Assets	<u>468,618</u>	<u>2,000,000</u>	<u><b>2,468,618</b></u>	0.35%
Financial Liabilities				
- Trade creditors	(867)	-	<b>(867)</b>	-
Total Financial Liabilities	<u>(867)</u>	<u>-</u>	<u><b>(867)</b></u>	-

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
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<b>2021</b>	<b>Non Interest Bearing \$</b>	<b>Floating Interest Rate \$</b>	<b>Total \$</b>	<b>Weighted Average Effective Interest Rate %</b>
Net Financial Assets / (Liabilities)	467,751	2,000,000	<b>2,467,751</b>	0.35%
<b>2020</b>	<b>Non Interest Bearing \$</b>	<b>Floating Interest Rate \$</b>	<b>Total \$</b>	<b>Weighted Average Effective Interest Rate %</b>
Financial Assets				
- Cash and cash equivalents	617,919	-	<b>617,919</b>	-
- Deposits held	-	3,000,000	<b>3,000,000</b>	1.29
Total Financial Assets	617,919	3,000,000	<b>3,617,919</b>	1.29
Financial Liabilities				
- Trade creditors	(49,700)	-	<b>(49,700)</b>	-
Total Financial Liabilities	(49,700)	-	<b>(49,700)</b>	-
Net Financial Assets / (Liabilities)	568,219	3,000,000	<b>3,568,219</b>	

*Interest rate sensitivity*

At 30 June 2021, if interest rates had changed by 10% during the entire year with all other variables held constant, profit/(loss) for the year and equity would have been \$877 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% decrease sensitivity would move short term interest rates at 30 June 2021 from around 0.35% to 0.32% (10% increase: 0.38%) representing a 3 basis points shift. This would represent one decrease which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move down than up in the coming period.

Based on the sensitivity analysis, only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

**(b) Liquidity risk**

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

	<b>2021 \$</b>	<b>2020 \$</b>
Contracted maturities of liabilities at 30 June		
Payables		
- less than 30 days	867	49,700

**(c) Net fair values**

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

**(d) Credit Risk**

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The Group's maximum exposure to credit risk at reporting date in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position. The majority of cash and cash equivalents is held with one Australian Bank which has an AA- long-term credit rating from Standard and Poor's.

Wherever possible, the Group trades only with recognised, credit worthy third parties. There are no significant concentrations of credit risk within the Group. Since the Group trades only with recognised third parties, there is no requirement for collateral.

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**17. LOSS PER SHARE**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Basic and diluted loss per share (cents)	(1.86)	(3.16)
Loss used in calculating basic and diluted loss per share	(701,414)	(1,190,892)
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	37,779,664	37,690,275

**18. SEGMENT INFORMATION**

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separate identifiable business segments.

The operations and assets of Mont Royal Resources Limited and its controlled entities are employed in exploration activities relating to minerals in Canada.

**19. AUDITOR'S REMUNERATION**

The auditor of Mont Royal Resources Limited is BDO Audit (WA) Pty Ltd.

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Amounts paid or payable to BDO Audit (WA) Pty Ltd for: Audit services	42,475	30,965

**20. EVENTS AFTER THE REPORTING PERIOD**

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

**21. INFORMATION RELATING TO MONT ROYAL RESOURCES LIMITED (PARENT)**

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Current assets	2,487,827	3,633,517
Total assets	2,942,718	3,633,517
Current liabilities	20,267	59,092
Total liabilities	20,267	59,092
Issued capital	5,263,448	5,208,448
Reserves	115,653	115,653
Accumulated losses	(2,456,650)	(1,749,675)
Loss of the parent entity	(701,415)	(840,462)
Total comprehensive loss of the parent entity	(701,415)	(840,462)

The parent entity has not entered into any guarantees, in relation to the debts of its subsidiary.

The parent entity has not entered into any commitments for expenditure as at the end of the financial year.

**MONT ROYAL RESOURCES LIMITED  
AND ITS CONTROLLED ENTITIES**

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**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Mont Royal Resources Limited, I state that:

1. In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Group for the financial year ended 30 June 2021 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated Group's financial positions as at 30 June 2021 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(c); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and the chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2021.

On behalf of the Board



Peter Ruse  
Executive Director  
27 July 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Mont Royal Resources Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mont Royal Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Carrying Value of Exploration and Evaluation Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As disclosed in Note 7 to the financial report, the carrying value of the exploration and evaluation asset represents a significant asset of the Group.</p> <p>The Group's accounting policies and significant judgements applied to capitalised exploration and evaluation expenditure are detailed in Notes 2(j) and 7 of the financial report.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> ('AASB 6'), the recoverability of exploration and evaluation expenditure requires significant judgement by management in determining whether there are any facts and circumstances that exist to suggest the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing whether rights to tenure of the Group's area of interest remained current at balance date;</li> <li>Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition criteria of AASB 6;</li> <li>Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;</li> <li>Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>Considering whether any facts or circumstances existed to suggest impairment testing was required; and</li> <li>Assessing the adequacy of the related disclosures in Notes 2(j) and 7 to the Financial Report.</li> </ul>



### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.





A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### **Opinion 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 2021.

In our opinion, the Remuneration Report of Mont Royal Resources Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 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.

**BDO Audit (WA) Pty Ltd**

BDO  


**Jarrad Prue**

Director

Perth, 27 July 2021

**MONT ROYAL RESOURCES LIMITED  
AND ITS CONTROLLED ENTITIES  
ASX ADDITIONAL INFORMATION**

**QUOTED SECURITIES**

**ORDINARY FULLY PAID SHARES**

**(i) DISTRIBUTION OF SHAREHOLDERS AS AT 21 JULY 2021:**

<b>SPREAD OF HOLDINGS</b>	<b>NO. OF HOLDERS</b>	<b>NO. OF SHARES</b>	<b>PERCENTAGE OF ISSUED CAPITAL %</b>
1 – 1,000	18	3,915	0.01%
1,001 - 5,000	139	449,634	1.19%
5,001 - 10,000	93	786,772	2.08%
10,001 - 100,000	185	7,436,628	19.63%
100,001+	77	29,199,766	77.09%
	<b>512</b>	<b>37,876,715</b>	<b>100.00%</b>

The number of shareholdings held in less than marketable parcels is 59.

**(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:**

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

	<b>NAME</b>	<b>NO OF ORDINARY SHARES HELD</b>	<b>% OF ISSUED SHARE CAPITAL</b>
1	PROSPECT AG TRADING PTY LTD <O'KEEFFE FAMILY A/C>	1,650,000	4.36%
2	MR ANTHONY MICHAEL MALYNIAK <EJM A/C>	1,600,000	4.22%
3	DR SALIM CASSIM	1,100,000	2.90%
4	HIGH PEAKS CAPITAL PTY LTD	1,000,240	2.64%
5	METECH SUPER PTY LTD <METECH NO2 SUPER A/C>	1,000,000	2.64%
6	QUARTZ MOUNTAIN MINING PTY LTD <BASS FAMILY A/C>	850,000	2.24%
7	FLUE HOLDINGS PTY LTD <BROMLEY SUPERANNUATION A/C>	810,000	2.14%
8	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	800,000	2.11%
9	MR GEOFFREY JOHN FENNELL & MRS CARMEL ANN FENNELL <GEMICA SUPER FUND A/C>	755,175	1.99%
10	CITYSIDE INVESTMENTS PTY LTD	750,000	1.98%
11	MR ANDRE SZARUKAN & MS ROSE BRANISKA <THE A & R SUPER FUND A/C>	742,152	1.96%
12	MR ANDREW GRANTON BROWN	710,000	1.87%
13	SML CONTRACTING PTY LTD	700,000	1.85%
14	BAGBO PTY LTD	642,637	1.70%
15	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	635,237	1.68%
16	PARCENT HOLDINGS PTY LTD <G K LAWLER SUPER FUND A/C>	600,000	1.58%
17	BJS ROBB PTY LTD	525,000	1.39%
18	MR JAMES OWEN STROGUSZ & MRS MALGORZATA STROGUSZ	500,000	1.32%
18	OCEAN VIEW W A PTY LTD	500,000	1.32%
18	EZR SYSTEMS PTY LTD	500,000	1.32%
18	EASTBOURNE DP PTY LTD <O'KEEFFE SUPER FUND A/C>	500,000	1.32%
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	482,782	1.27%
20	PELTON CAPITAL PTY LTD	400,000	1.06%
	<b>Totals</b>	<b>17,753,223</b>	<b>46.87%</b>

**MONT ROYAL RESOURCES LIMITED  
AND ITS CONTROLLED ENTITIES  
ASX ADDITIONAL INFORMATION**

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**ASX ADDITIONAL INFORMATION (*continued*)**

**QUOTED SECURITIES (*continued*)**

**ORDINARY FULLY PAID SHARES (*continued*)**

**(iii) VOTING RIGHTS**

Article 15 of the Constitution specify that on a show of hands every member present in person, by attorney or by proxy shall have:

- (a) for every fully paid share held by him one vote; and
- (b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

**(iv) SUBSTANTIAL SHAREHOLDERS**

**Name**

**Ordinary Shares**

**No.**

**%**

MICHAEL O'KEEFFE / PROSPECT AG TRADING PTY  
LTD / EASTBOURNE DP PTY LTD

2,150,000

5.70%

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2,150,000

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5.70%

**UNQUOTED SECURITIES**

**(a) UNLISTED OPTIONS ON ISSUE**

Options exercisable at \$0.25 expiring 7 May 2022	1,500,000
Options exercisable at \$0.30 expiring 7 May 2022	1,250,000
Options exercisable at \$0.35 expiring 7 May 2022	1,250,000

**MONT ROYAL RESOURCES LIMITED  
AND ITS CONTROLLED ENTITIES  
CORPORATE GOVERNANCE STATEMENT**

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Mont Royal Resources Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Mont Royal Resources Limited has its corporate governance practices against the Corporate Governance Principles and Recommendations (4<sup>th</sup> edition) published by the ASX Corporate Governance Council.

The 2021 corporate governance statement was approved by the Board on 26 July 2021 and is current as at 27 July 2021. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at [www.montroyalres.com/corporate-governance/](http://www.montroyalres.com/corporate-governance/).