MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY

ACN: 625 237 658

Financial Report For The Period Ended
15 November 2018

MONT ROYAL RESOURCES LIMITED
AND ITS CONTROLLED ENTITY

ABN: 50 145 842 995

CONTENTS	**Page**

Your directors present their report on the consolidated group for the period ended 15 November 2018.

Directors

The names, qualifications and experience of the directors in office at any time during, or since the end of, the period are as follows. Directors have been in office since the start of the period (26 March 2018) to the date of this report unless otherwise stated.

Gary Lawler (Non-Executive Chairman, appointed 15 October 2018) BA, LLB, LLM(Hons)
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. He has held Board positions with Dominion Mining Limited and Riversdale Mining Limited and is currently a Director of Champion Iron Limited(ASX/TSX), Cartier Iron Corporation(CSE) and Riversdale Resources Limited (unlisted).

Peter Ruse (Executive Director, appointed 26 March 2018) BCom, GradCertAppFin
Mr Ruse is a finance professional with over 10 years extensive experience in Equity Funds Management and Private/Institutional Wealth Management specialising in Mining/Minerals and Industrial related sectors. Peter is also a non-executive director of Plukka Limited.

Michael O'Keeffe (Non-Executive Director, appointed 9 October 2018) BAppSc
Mr O'Keeffe is a metallurgist and currently the Executive Chairman and CEO 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).

Company Secretary

Shaun Menezes (appointed 6 August 2018) BCom, LLB
Mr Menezes is an accounting and finance professional with over 17 years experience. He has worked in the capacity of Company Secretary and Chief Financial Officer of Alliance Mineral Assets Limited (2017 to present), Mount Magnet South Limited (2014-2016), Company Secretary for Sterling Plantations Limited (2013 to present), Group Commercial Manager for Mount Gibson Iron Limited (2011-2013), and prior to that was with Ernst & Young (1999-2011) and was an Executive Director prior to his departure.

Directors Meetings

The were no directors meetings held during the period ended 15 November 2018.

Principal Activities

The principal activity of the consolidated group during the period was the review of mining exploration projects for acquisition. No significant change in the nature of these activities occurred during the period.

Review of Operations

The consolidated loss of the consolidated group for the financial period after providing for income tax amounted to $236,181.

Significant Changes in the State of Affairs

On 11 April 2018, the Company issued 6,000,000 fully paid ordinary to raise $60,000.

On 9 November 2018, the Company changed its status to a public company limited by shares.

On 12 November 2018, the Company issued 6,000,000 fully paid ordinary shares to raise $600,000.

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

Events Subsequent to the End of the Reporting Period

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial periods.

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 financial periods have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid or declared since the start of the financial period.

Options

4,000,000 options over issued shares were granted during the period and which remain outstanding at the date of this report. These options have not been formally issued as at the date of this report.

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

Indemnification of Officers

The Company has, during or since the financial period, 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.

Indemnification of Auditors

To the extent permitted by law, the parent entity has agreed to indemnify the auditors, BDO, 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 during or since the financial period.

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 period.

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 4.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors

Peter Ruse
Executive Director
19 December 2018

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF MONT ROYAL RESOURCES LTD

As lead auditor of Mont Royal Resources Ltd for the period ended 15 November 2018, 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 Ltd and the entity it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 19 December 2018

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 15 NOVEMBER 2018

	Note	2018 $ (26/03/18 – 15/11/18)
Corporate	3	(209,134)
Initial Public Offering		(27,047)
Loss before tax		(236,181)
Income tax expense		-
Loss for the period		(236,181)
Other comprehensive income		-
Total comprehensive loss for the period attributable to the members		(236,181)

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 ENTITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 15 NOVEMBER 2018

	Note	2018 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5	587,300
Trade and other receivables		1,831
TOTAL CURRENT ASSETS		589,131
NON-CURRENT ASSETS		
Other Assets	7	50,000
TOTAL NON-CURRENT ASSETS		50,000
TOTAL ASSETS		639,131
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	8	123,159
TOTAL CURRENT LIABILITIES		123,159
TOTAL LIABILITIES		123,159
NET ASSETS		515,973
EQUITY		
Issued capital	9	629,001
Reserves	10	123,153
Accumulated losses		(236,181)
TOTAL EQUITY		515,973

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 15 NOVEMBER 2018

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
Consolidated Group				
Balance at 26 March 2018	1	-	-	1
Loss for the period	-	-	(236,181)	(236,181)
Total comprehensive loss for the period	-	-	(236,181)	(236,181)
Equity transactions:				
Issue of fully paid ordinary shares	660,000	-	-	660,000
Capital raising costs	(31,000)	-	-	(31,000)
Share based payments	-	123,153	-	123,153
Balance at 15 November 2018	**629,001**	**123,153**	**(236,181)**	**515,973**

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

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 15 NOVEMBER 2018

	Note	2018 $ (26/3/18 – 15/11/18)
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees		(62,701)
Net cash used in operating activities		(62,701)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for acquisition of project		(10,000)
Net cash used in investing activities		(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		660,000
Proceeds from borrowings		10,000
Repayment of borrowings		(10,000)
Net cash provided by financing activities		660,000
Net increase in cash held		587,299
Cash and cash equivalents at incorporation		1
Cash and cash equivalents at 15 November	**5**	**587,300**

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

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 entity Mont Royal Exploration Australia Pty Ltd (together 'Consolidated Group', 'Group').

The Group is principally engaged in the business of mineral exploration in Australia. The registered office and principal place of business of the Company is, Level 1, 22 Stirling Highway, Nedlands, WA 6009.

The consolidated financial statements of the Group for the period from 26 March 2018 to 15 November 2018 were authorised for issue in accordance with a resolution of the directors on 19 December 2018.

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 Group is in Australian dollars.

(b) Statement of compliance

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 – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a for-profit, private sector entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

(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 2018. 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 period ended 15 November 2018. 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 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 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) Trade and other receivables

Trade receivables, which generally have 30 – 120 day terms, are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

Other receivables are recognised and carried at the nominal amount due.

(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.

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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

(k) Share based payments

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 fair value of the options granted excluded the impact of any non-market vesting condition (for example, profitability and sale growth targets). Non-market vesting conditions are included in assumption about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

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.

Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognized.

(o) 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.

(p) 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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

Key estimate: 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.

3. CORPORATE EXPENSES

	2018 $
Corporate expenses consist of:	
- Directors' fees	60,315
- Share based payments	123,153
- Other	25,666
Total corporate expenses	209,134

4. INCOME TAX EXPENSE

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

	2018 $
Loss before income tax	236,181
Income tax calculated at 27.5%	64,950
Add back:	
Capital raising costs	(27,047)
Share based payment	(123,153)

Future income tax benefit not brought to account	(85,250)
Income tax expense	-

5. CASH AND CASH EQUIVALENTS

	2018 $
Cash at bank and on hand	587,300

6. INVESTMENT IN SUBSIDIARY

Interests are held in the following subsidiary company:

Name	Principal Activity	Country of Incorporation	Ownership Interest
Mont Royal Exploration Australia Pty Ltd	Mineral Exploration	Australia	100%

7. OTHER ASSETS

	2018 $
Balance at the end of the period	50,000

The asset acquisition costs incurred during the period includes a $10,000 deposit up front which has been paid and capitalised with the obligation to pay the additional $40,000 arising upon the completion of the pre-IPO raising, therefore this balance has also been accrued for but not yet paid.

8. TRADE AND OTHER PAYABLES

	2018 $
Current	
Trade payables and accruals	123,159

9. ISSUED CAPITAL

(a) Issued Capital

	2018 $
12,000,100 fully paid ordinary shares	629,001

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

Date	Details	No. of Shares	Issue Price	$
26/03/2018	Opening balance	100	$0.01	1
11/04/2018	Seed capital raising	6,000,000	$0.01	60,000
12/11/2018	Pre-IPO capital raising	6,000,000	$0.10	600,000
	Less: Capital raising costs			(31,000)
15/11/2018	Closing balance	12,000,100		629,001

10. RESERVES

(a) Share based payments reserve

	2018 $
Share based payments reserve	123,153

(b) Movement in options

Date	Details	No. of Unlisted Options	Fair Value of Options Granted	Exercise Price	Expiry Date
26/03/2018	Opening balance	-			
2/11/2018	Director options – Class A	1,500,000	$48,546	$0.25	31/01/2022
	Director options – Class B	1,250,000	$35,528	$0.30	31/01/2022
	Director options – Class C	1,250,000	$31,578	$0.35	31/01/2022
15/11/2018	Closing balance	4,000,000	$115,653		

(c) Shares issued to consultant

	2018 $
75,000 shares to be issued to consultant for geological services	7,500

(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.

11. SHARE BASED PAYMENTS

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2018	Number of Options 2018
Outstanding at incorporation	-	-
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Granted during the period	$0.30	4,000,000
Issued during the period	-	-
Outstanding at 15 November	$0.30	4,000,000
Exercisable at 15 November	-	-

The options outstanding at 15 November 2018 have an exercise price of between $0.25 and $0.35 and a weighted average remaining contractual life of 3.2 years.

The following table lists the inputs to the models used for the valuation of the options issued during the period:

	Class A	Class B	Class C
Number of options	1,500,000	1,250,000	1,250,000
Fair value at measurement date (cents)	3.2	2.8	2.5
Dividend yield (%)	Nil	Nil	nil
Expected volatility (%)	80	80	80

Risk free rate (%)	1.5	1.5	1.5
Expected life of option	3.22	3.22	3.22
Share price (cents)	10	10	10
Exercise price (cents)	25	30	35
Model used	Black-scholes	Black-scholes	Black-scholes

12. CONTINGENT LIABILITIES, LEASE COMMITTMENTS AND CONTINGENT ASSETS

As at 15 November 2018 there were no contingent liabilities, lease commitments or contingent assets.

13. 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 14.

c. Transactions with related parties:
During the current period 4,000,000 options were issued to directors. Disclosures relating to share based payments are set out in note 11.

14. 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:

	Consolidated 2018 $
Directors' remuneration	60,315
Other key management salaries	3,000
Share based payments	115,652
Aggregate compensation	178,967

15. FINANCIAL RISK MANAGEMENT

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

The carrying amount for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

	Note	**2018 $**
Financial assets		
Cash and cash equivalents	5	587,300
Total financial assets		**587,300**
Financial liabilities		
Trade and other payables	8	123,159
Total financial liabilities		**123,159**

16. EVENTS AFTER THE REPORTING PERIOD

There have been no other events subsequent to the financial period end that will affect the results as disclosed in this report.

17. INFORMATION RELATING TO MONT ROYAL RESOURCES LIMITED (PARENT)

	2018 $
Current assets	589,131
Total assets	639,131
Current liabilities	123,159
Total liabilities	123,159
Issued capital	629,001
Reserves	123,153
(Accumulated losses)/Retained earnings	(236,181)
Loss of the parent entity	(236,181)
Total comprehensive loss of the parent entity	(236,181)

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Mont Royal Resources Limited, the directors of the Company declare that:

In the opinion of the directors:

(a) the financial statements and notes of the Company and the Consolidated Group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and the Consolidated Group's financial positions as at 15 November 2018 and of their performance for the period ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company and the consolidated group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Peter Ruse
Executive Director
19 December 2018

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INDEPENDENT AUDITOR'S REPORT

To the members of Mont Royal Resources Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mont Royal Resources Ltd (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 15 November 2018, 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 period 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 Mont Royal Resources Ltd, is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 15 November 2018 and of its financial performance for the period ended on that date; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 (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.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, 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 – Reduced Disclosure Requirements 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:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth, 19 December 2018