



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

**ACN: 625 237 658**

**Annual Financial Report**

**For The Period Ended 30 June 2019**

**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**

Level 8, 2 Bligh Street  
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  
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**STOCK EXCHANGE**

ASX Limited (Australian Securities Exchange)  
ASX Code: MRZ

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# MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY

## DIRECTORS' REPORT

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Your directors present their report on the consolidated group for the period ended 30 June 2019.

### 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), 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, appointed 9 October 2018) 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), EHR Resources Limited.

Former directorships (last 3 years): None.

*Peter Ruse (Executive Director, appointed 26 March 2018) 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: Plukka Limited.

Former directorships (last 3 years): None.

### Company Secretary

*Shaun Menezes (appointed 6 August 2018) 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 period ended 30 June 2019 attended by each director:

	Number Eligible to Attend	Number Attended
Gary Lawler	4	4
Michael O'Keeffe	4	4
Peter Ruse	4	4

### Principal Activities

The principal activity of the consolidated group during the period was the acquisition and exploration of the Edjudina Gold Project in Western Australia. 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 amounted to \$564,224.

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

## Edjudina Project

On 3 December 2018, the Company completed the acquisition of the Edjudina Project for the following consideration:

- A cash payment of \$50,000 as reimbursement of development expenditure; and
- The issue of 600,000 performance rights, which vested and converted to shares upon completion of the IPO in May 2019.

### Geophysics and Interpretation

In June 2019, the sub-audio magnetics survey (SAM) was completed within the southern portion of the tenement package, where limited historic drilling has been completed. The drill holes that do exist in this area are sparse and largely ineffectual. The survey covered an area of 16.1km<sup>2</sup>, consisted of 233-line km's of data and was recorded on 75m line spacing.

Multiple anomalies have been generated, with the highest priority targets interpreted to be related to the regionally significant Pinjin Fault Corridor. The geophysical signature associated with this structure can be traced for over 6km within E39/1992 and in places is coincident with de-magnetization of the host lithology, potentially representing zones of alteration and gold deposition.

Interpretation of the EQMMR, TMI and TFEM data sets was completed by the Company's internal technical team and integrated into the regional geological model. 10 targets were identified and ranked, with 9 targets (ES1-9) interpreted to have a spatial relationship to the Pinjin fault and/or secondary splays.

A single conductor (EC10) with a strong TFEM response has been identified within felsic volcanoclastics and may represent a polymetallic sulphide body. The highest priority targets are interpreted to be at the intersection between the Pinjin Fault and the multiple lithological contacts.

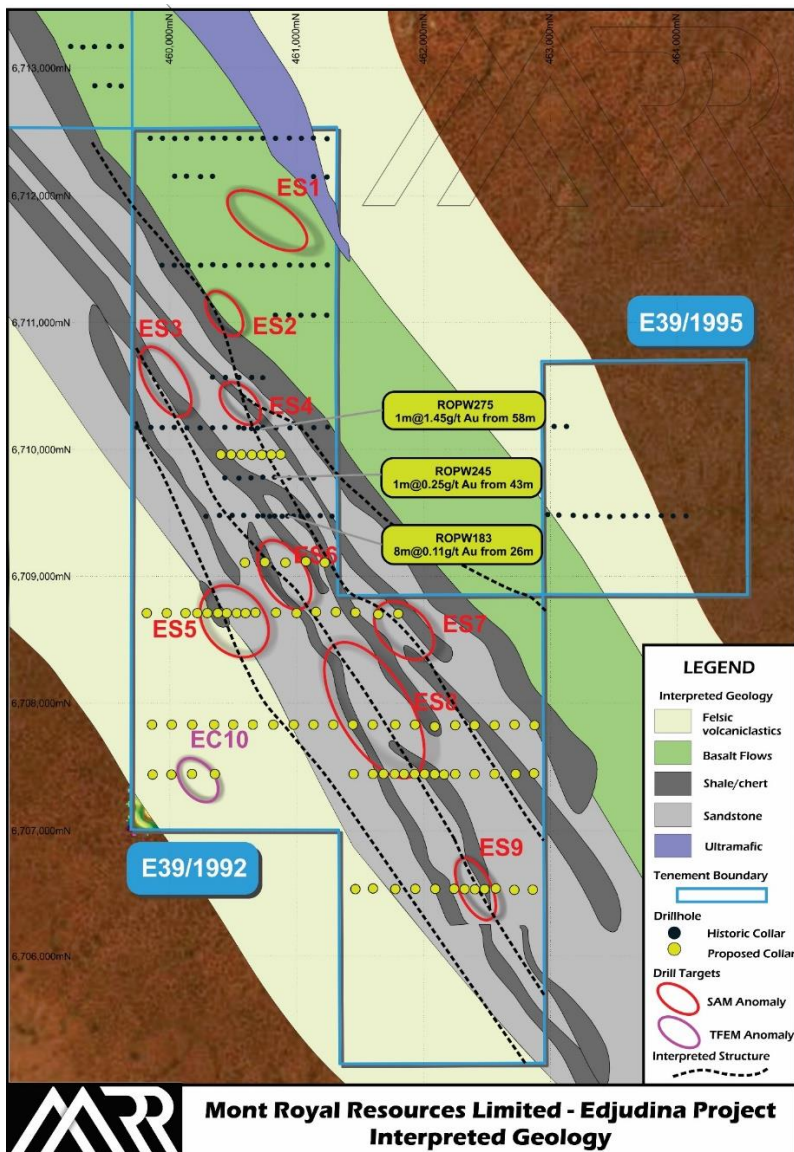


Figure 1: Interpretive geology with targets highlighted in red (EQMMR anomaly) and pink (TFEM anomaly).

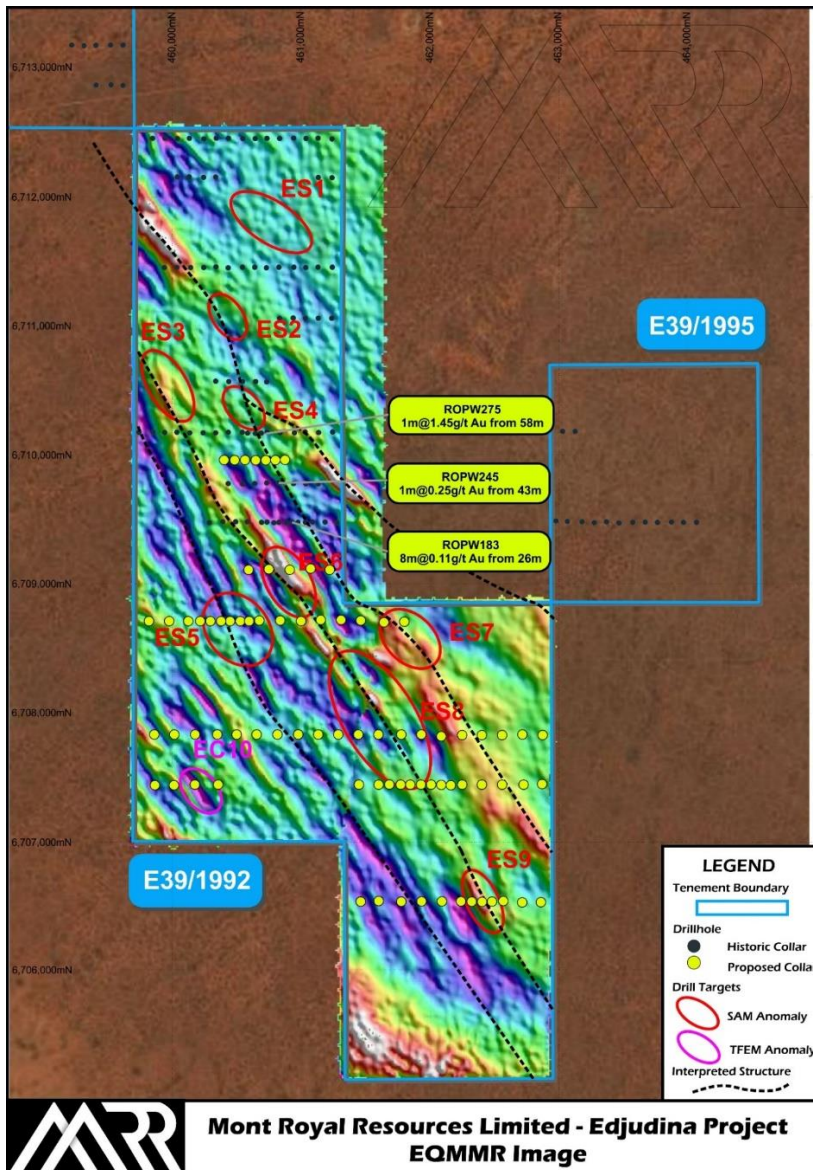


Figure 2: Results of the Sub-Audio Magnetics (SAM) survey shown above.  
EQMMR displayed with identified targets highlighted in red and TFEM anomaly in pink.

#### Drilling program July/August 2019

Following the SAM target generation exercise, the 6 highest ranked targets were identified for a proposed follow-up AC drill program. Ranking was based on proximity to the Pinjin Fault Corridor, intersection of interpreted structures with geological contacts, and zones of broad de-magnetisation within the host lithology. Defined targets have the potential to host lode-style gold mineralisation.

The southern half of tenement E39/1992 has been largely overlooked by previous explorers due to a perceived deepening of transported overburden. As a result, parts of E39/1992 have never been subject to any modern exploration. Results from the SAM survey has confirmed the continuation of the Pinjin Fault Corridor within this area of no previous exploration, with proposed drilling planned to test several km-scale targets. The Pinjin Fault Corridor is the interpreted host structure at Deep South and Safari Bore Deposits, both discovered in the late 1980's and located approximately 17km to the north of the 100% owned Edjudina Project.

Proposed drilling will also be designed to follow-up historic gold intersections of 1m@1.45g/t Au from 58m (ROPW275), 1m@0.25g/t Au from 43m (ROPW245) and 8m@0.11g/t Au from 26m (ROPW183). These intersections have been logged within shales and felsic sandstones associated with minor shearing.

The drill program will use all generated data to refine the local and regional geological and structural models. Multi-element geochemistry will also be used to better understand the alteration and fluid pathway systems and how they interact with geological and structural complexities. The maiden 6,000m AC drill program began in the last week of July.



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

### Aircore Drilling Program – Phase 1

A total of 74 AC holes for 4,168m was completed with intersected geology consisting of felsic volcanoclastics ( $\pm$  chlorite  $\pm$  sericite  $\pm$  pyrite), chlorite schist, shale ( $\pm$  pyrite) and ultramafic ( $\pm$  talc  $\pm$  chlorite). All lithologies had associated quartz veining throughout, however a greater intensity of veining was observed proximal to the interpreted position of the Pinjin Fault.

Completed metres was less than the planned metreage due to difficult ground conditions effecting penetration rates. The poor daily metreage rates were largely a result of cemented ferruginous layers and indurated gravel horizons within the transported overburden. The resistant layers, often separated by water laden clays resulted in the drilling method alternating between AC hammer and AC blade resulting in both lost time and increased costs per metre.

All composite samples have been received at the laboratory in Perth with initial results to be returned in the near future.

### Edjudina Geology

The geology of the Edjudina Project consists of supracrustal sequences, comprising metamorphosed sedimentary and volcanic rocks in greenstone belts of lower greenschist to mid-upper amphibolite facies adjacent to regional granitoid and migmatitic gneisses. The area is almost entirely covered by transported material consisting of colluvium, subordinate laterite, alluvium, dunes and playas lake clays. The greenstone and granitoids are dominated by north–north westerly trending folds, and parallel fault zones that commonly mark apparent truncations of the lithostatigraphy.

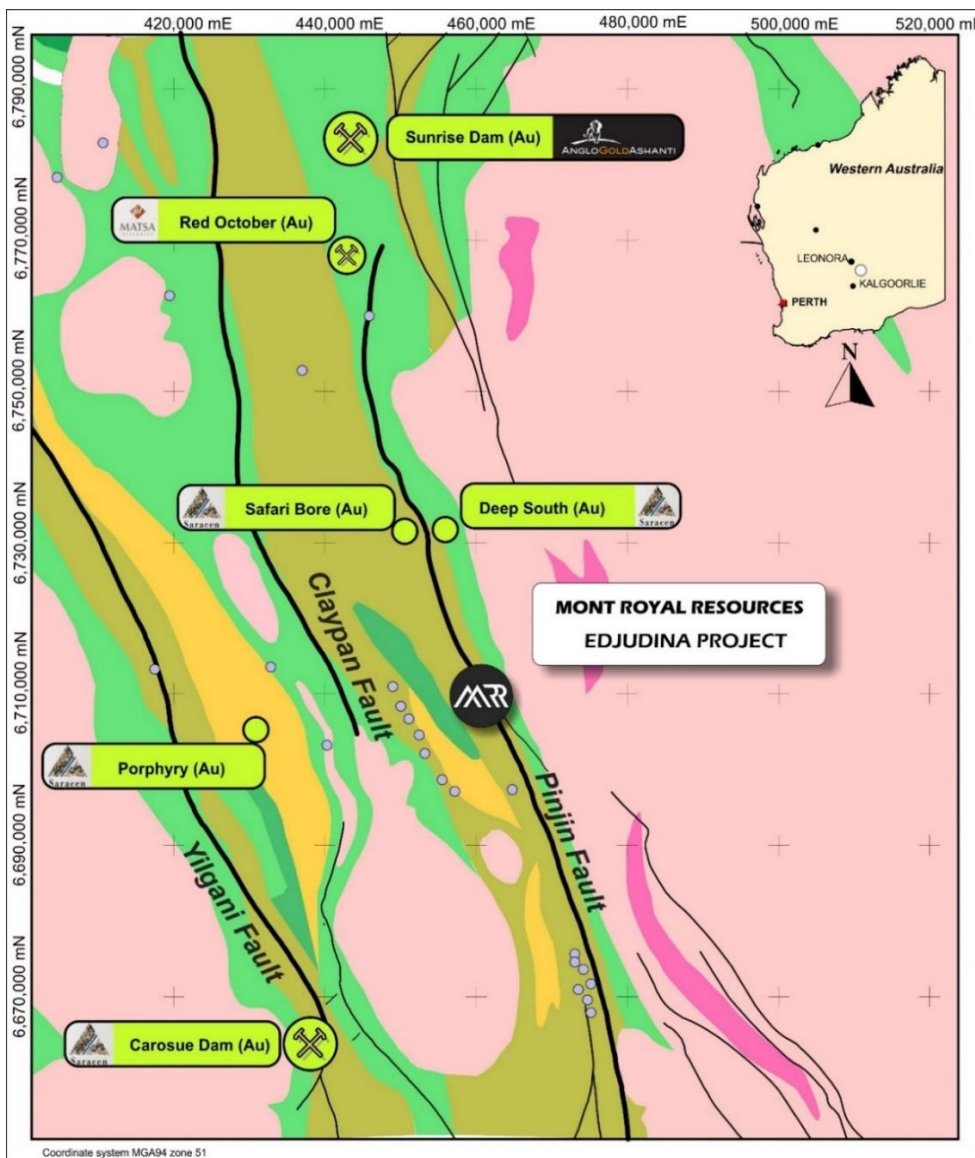


Figure 3: Location of the Edjudina Project

### Corporate

The Company was incorporated on 26 March 2018 and following two pre-IPO capital raisings totalling \$660,000, the Company successfully listed on the ASX following an IPO raising of \$5 million on 7 May 2019.

# MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY

## DIRECTORS' REPORT

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### Significant Changes in the State of Affairs

The Company was incorporated on 26 March 2018 and therefore the consolidated financial statements of the Group are for the period from incorporation to 30 June 2019.

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.

On 2 January 2019, the Company issued 75,000 fully paid ordinary shares as compensation for services rendered.

On 1 May 2019, the Company issued 25,000,000 fully paid ordinary shares to raise \$5,000,000 as part of an IPO and listed on the ASX on 7 May 2019. As part of the IPO, the Company also issued the following fully paid ordinary shares on 1 May 2019:

- 600,000 shares to Centrepeak Resources Group ("CRG") on conversion of Performance Rights originally issued as purchase consideration for the Edjudina Project that automatically converted into shares on IPO; and
- 15,175 shares to CRG to compensate for the reimbursement of development expenditure accrued by CRG on the Edjudina Project prior to its sale to the Company.

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 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 is subject to environmental regulations under the laws of the Commonwealth of Australia and Western Australia related to exploration 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 financial period.

### Options

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

Security Description	Number of Securities
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 period as a result of the exercise of an option over unissued shares or interests.



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

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**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:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
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 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.

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 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 11.

**Non-Audit Services**

The aggregate amount of fees paid or payable to BDO Audit (WA) Pty Ltd for non-audit services during the period ended 30 June 2019 are as follows:

	<b>\$</b>
Investigating Accountant's Report	14,075

The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**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.

Non-executive directors were issued with long-term incentive options during the period that was not dependent on the satisfaction of a performance condition as it was determined that this was appropriate to attract the quality of directors required by the Company.

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: \$85,000 per annum
- Long-term incentive options:
  - Class A: 500,000 options at an exercise price of \$0.25, expiring 7 May 2022
  - Class B: 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

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

- Termination for cause: no notice period
- Termination without cause: no notice period

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 period ended 30 June 2019 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>	\$	\$	\$	\$	\$	\$	\$	\$	%
G Lawler <sup>(1)</sup>	30,000	-	-	2,850	-	29,603	-	62,453	47
M O'Keeffe <sup>(2)</sup>	22,831	-	-	2,169	-	56,446	-	81,446	69
P Ruse <sup>(3)</sup>	115,351	-	-	-	-	29,603	-	144,954	20
<b>Total</b>	<b>168,182</b>	<b>-</b>	<b>-</b>	<b>5,019</b>	<b>-</b>	<b>115,652</b>	<b>-</b>	<b>288,853</b>	

Notes:

(1) Appointed 15 October 2018

(2) Appointed 9 October 2018

(3) Appointed 26 March 2018

**Remuneration Options**

During the period ended 30 June 2019, 4,000,000 options were issued as part of director remuneration. Refer Note 12 for details of option valuation.

During the period ended 30 June 2019, no remuneration options were forfeited, expired or exercised by the directors.

**Shareholdings by Directors**

2019	Balance 26/03/18 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/19 (No. of Shares)
G Lawler	-	-	-	700,000	700,000
M O'Keeffe	-	-	-	2,150,000	2,150,000
P Ruse	100	-	-	1,150,140	1,150,240
<b>Total</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>4,000,140</b>	<b>4,000,240</b>

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

**Options Holdings by Directors**

<b>2019</b>	<b>Balance 26/03/18 (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 30/06/19 (No. Options)</b>
G Lawler	-	1,000,000 <sup>(1)</sup>	-	-	-	1,000,000
M O'Keeffe	-	2,000,000 <sup>(1)</sup>	-	-	-	2,000,000
P Ruse	-	1,000,000 <sup>(1)</sup>	-	-	-	1,000,000
<b>Total</b>	<b>-</b>	<b>4,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,000,000</b>

<sup>(1)</sup> All options granted are vested and exercisable.

End of remuneration report (audited).

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Peter Ruse  
Executive Director  
25 September 2019

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

As lead auditor of Mont Royal Resources Limited for the period ended 30 June 2019, 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 entity it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 25 September 2019

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

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	Note	2019 \$ (26/03/18 – 30/06/19)
Interest revenue		4,541
<b>Expenses</b>		
Corporate	3	(507,128)
Initial Public Offering		(61,637)
<b>Loss before tax</b>		(564,224)
Income tax expense		-
<b>Loss for the period</b>		(564,224)
Other comprehensive income		-
<b>Total comprehensive loss for the period attributable to the members</b>		(564,224)
Profit / (Loss) per share attributable to the shareholders of the Company arises from:		
Basic and diluted loss per share (cents per share)	17	(4.61)

*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 30 JUNE 2019**

	Note	2019 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	5	4,555,801
Other receivables		56,696
Prepayments		20,520
<b>TOTAL CURRENT ASSETS</b>		<u>4,633,017</u>
<b>NON-CURRENT ASSETS</b>		
Exploration and evaluation expenditure	7	353,129
<b>TOTAL NON-CURRENT ASSETS</b>		<u>353,129</u>
<b>TOTAL ASSETS</b>		<u>4,986,146</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	8	226,269
<b>TOTAL CURRENT LIABILITIES</b>		<u>226,269</u>
<b>TOTAL LIABILITIES</b>		<u>226,269</u>
<b>NET ASSETS</b>		<u>4,759,877</u>
<b>EQUITY</b>		
Issued capital	9	5,208,448
Reserves	10	115,653
Accumulated losses		(564,224)
<b>TOTAL EQUITY</b>		<u>4,759,877</u>

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

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
<b>Consolidated Group</b>				
Balance at 26 March 2018	1	-	-	1
Loss for the period	-	-	(564,224)	(564,224)
Total comprehensive loss for the period	-	-	(564,224)	(564,224)
Equity transactions:				
Issue of fully paid ordinary shares	5,730,535	-	-	5,730,535
Capital raising costs	(522,088)	-	-	(522,088)
Share based payments	-	115,653	-	115,653
<b>Balance at 30 June 2019</b>	<b>5,208,448</b>	<b>115,653</b>	<b>(564,224)</b>	<b>4,759,877</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 ENTITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

	Note	2019 \$ (26/3/18 – 30/06/19)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received		4,541
Payments to suppliers and employees		(458,227)
Net cash used in operating activities	11	<u>(453,686)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for exploration and evaluation expenditure		(128,426)
Net cash used in investing activities		<u>(128,426)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares		5,660,000
Payments for share issue costs		(522,088)
Proceeds from borrowings		10,000
Repayment of borrowings		(10,000)
Net cash provided by financing activities		<u>5,137,912</u>
Net increase in cash held		4,555,800
Cash and cash equivalents at incorporation		<u>1</u>
<b>Cash and cash equivalents at 30 June</b>	5	<u><b>4,555,801</b></u>

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

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 30 JUNE 2019**

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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 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 8, 2 Bligh Street, Sydney NSW 2000.

The consolidated financial statements of the Group for the period from 26 March 2018 to 30 June 2019 were authorised for issue in accordance with a resolution of the directors on 25 September 2019.

**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 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 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 30 June 2019. 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.

**AASB 16 Leases**

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating

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costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019, but the impact of its adoption is likely to be immaterial.

**(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 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

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- 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.

**(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.



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**(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) 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.

**(q) 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.

**(r) 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 12.

*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**

	<b>2019</b>
	<b>\$</b>
Corporate expenses consist of:	
- Directors' fees	173,201
- Compliance expenses	98,106
- Share based payments	123,153
- Other	112,668
<b>Total corporate expenses</b>	<b>507,128</b>

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**4. INCOME TAX EXPENSE**

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

	<b>2019</b> <b>\$</b>
Loss before income tax	(564,224)
Income tax calculated at 27.5%	(155,162)
Add back:	
IPO expenses	16,950
Share based payment	33,867
Accruals	5,908
Capital raising costs	(28,715)
Future income tax benefit not brought to account	127,152
<b>Income tax expense</b>	<b>-</b>
Deferred tax assets:	
Capital raising costs	114,859
Accruals	2,333
Carry forward tax losses	125,201
	<u>242,393</u>
Deferred tax liabilities:	
Capitalised exploration costs	(97,111)
	<u>(97,111)</u>
Net deferred tax asset position not brought to account	<u>(145,282)</u>
Total	<u>-</u>

**5. CASH AND CASH EQUIVALENTS**

	<b>2019</b> <b>\$</b>
Cash at bank and on hand	<u>4,555,801</u>

**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. EXPLORATION AND EVALUATION EXPENDITURE**

	<b>2019</b> <b>\$</b>
Balance at the beginning of the period	-
Exploration and evaluation expenditure incurred during the period	353,129
Balance at the end of the period	<u>353,129</u>

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.

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**8. TRADE AND OTHER PAYABLES**

	<b>2019</b>
	<b>\$</b>
<b>Current</b>	
Trade payables and accruals	<u>226,269</u>

**9. ISSUED CAPITAL**

**(a) Issued Capital**

	<b>2019</b>
	<b>\$</b>
37,690,275 fully paid ordinary shares	<u>5,208,448</u>

**(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
02/01/2019	Share based payment	75,000	\$0.10	7,500
01/05/2019	Conversion of performance rights <sup>(1)</sup>	600,000	\$0.10	60,000
	Share based payment <sup>(1)</sup>	15,175	\$0.20	3,035
	IPO capital raising	25,000,000	\$0.20	5,000,000
	Less: Capital raising costs			(522,088)
30/06/2019	Closing balance	<u>37,690,275</u>		<u>5,208,448</u>

<sup>(1)</sup> These shares were issued as vendor shares for the acquisition of the Edjudina tenements and have been capitalised to exploration and evaluation expenditure.

**(c) Capital risk management**

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

No dividends will be paid in 2019.

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.

**(d) Shares issued to consultant**

	<b>2019</b>
	<b>\$</b>
75,000 shares issued for services rendered	7,500

**10. RESERVES**

**(a) Share based payments reserve**

	<b>2019</b>
	<b>\$</b>
Share based payments reserve	<u>115,653</u>

**(b) Movement in options**

Date	Details	No. of Unlisted Options	Fair Value of Options Granted	Exercise Price	Expiry Date
26/03/2018	Opening balance	-			
21/12/2018	Director options – Class A	1,500,000	\$48,546	\$0.25	7/05/2022
	Director options – Class B	1,250,000	\$35,528	\$0.30	7/05/2022
	Director options – Class C	1,250,000	\$31,579	\$0.35	7/05/2022
30/06/2019	Closing balance	<u>4,000,000</u>	<u>\$115,653</u>		

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**(c) 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. NOTES TO STATEMENT OF CASH FLOWS**

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

	<b>2019</b> <b>\$</b>
Loss for the period	(564,224)
Share based payment expense	123,153
Movement in assets and liabilities:	
(Increase)/Decrease in other receivables	(56,696)
(Increase)/Decrease in other assets	(20,520)
Increase/(Decrease) in trade and other payables	64,601
Net cash used in operating activities	<u>(453,686)</u>

**(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 period ended 30 June 2019.

**12. SHARE BASED PAYMENTS**

The share based payment expense during the period is as follows:

	<b>Note</b>	<b>2019</b> <b>\$</b>
Options granted during the year	10(a)	115,653
Shares issued for consultancy services	9(d)	7,500
Share based payment expense		<u>123,153</u>

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

	<b>Weighted average exercise price 2019</b>	<b>Number of Options 2019</b>
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 30 June	<u>\$0.30</u>	<u>4,000,000</u>
Exercisable at 30 June	<u>\$0.30</u>	<u>4,000,000</u>

The options outstanding at 30 June 2019 have an exercise price of between \$0.25 and \$0.35 and a weighted average remaining contractual life of 2.8 years.

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

	<b>Class A</b>	<b>Class B</b>	<b>Class C</b>
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

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

As at 30 June 2019 there were no contingent liabilities or contingent assets.

**(a) Exploration commitments**

At 30 June 2019, the Group has the following commitments relating to exploration expenditure incurred in prospecting the licensed area of the group's tenements.

	<b>2019</b> <b>\$</b>
Within one year	45,000
After one year but not more than five years	90,000
Longer than five years	-
	<u>135,000</u>

**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:*

During the current period 4,000,000 options were issued to directors. Disclosures relating to share based payments are set out in note 12.

**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</b> <b>2019</b> <b>\$</b>
Short term employee benefits	173,201
Share based payments	115,652
Aggregate compensation	<u>288,853</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.

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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>Non Interest Bearing \$</b>	<b>Floating Interest Rate \$</b>	<b>Total \$</b>	<b>Weighted Average Effective Interest Rate %</b>
	<b>2019</b>	<b>2019</b>	<b>2019</b>	<b>2019</b>
Financial Assets				
- Cash and cash equivalents	1,055,801	-	1,055,801	-
- Deposits held	-	3,500,000	3,500,000	1.95
Total Financial Assets	1,055,801	3,500,000	4,555,801	
Financial Liabilities				
- Trade creditors	(202,114)	-	(202,114)	-
Total Financial Liabilities	(202,114)	-	(202,114)	-
Net Financial Assets / (Liabilities)	853,687	3,500,000	4,353,687	

*Interest rate sensitivity*

At 30 June 2019, 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 \$6,825 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 2019 from around 1.25% to 1.13% (10% increase: 1.39%) representing a 12 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>2019 \$</b>
Contracted maturities of liabilities at 30 June	
Payables	
- less than 30 days	202,114

**(c) Net fair values**

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



**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
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**17. LOSS PER SHARE**

	<b>2019</b> <b>\$</b>
Basic and diluted loss per share (cents)	(4.61)
Loss used in calculating basic and diluted loss per share	(564,224)
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	<u>12,230,117</u>

**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 entity are employed in exploration activities relating to minerals in Australia.

**19. AUDITOR'S REMUNERATION**

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

	<b>2019</b> <b>\$</b>
Amounts paid or payable to BDO Audit (WA) Pty Ltd for:	
Audit services	21,000
Non-audit services	
- Investigating Accountant's Report	14,075
	<u>35,075</u>

**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)**

	<b>2019</b> <b>\$</b>
Current assets	4,633,017
Total assets	4,986,147
Current liabilities	226,269
Total liabilities	226,269
Issued capital	5,208,448
Reserves	115,653
(Accumulated losses)/Retained earnings	(564,224)
Loss of the parent entity	(564,224)
Total comprehensive loss of the parent entity	(564,224)

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 ENTITY**

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**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 Consolidated Group 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 2019 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  
25 September 2019

## 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 subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 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 2019 and of its financial performance for the period 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 (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.

## Accounting for Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of exploration and evaluation expenditure represents a significant asset of the Group and judgement is applied in considering whether facts and circumstances indicate that the exploration expenditure should be tested for impairment. As a result, the asset was required to be assessed for impairment indicators in accordance with AASB 6: Exploration for and Evaluation of Mineral Resources. In particular whether facts and circumstances indicate that the capitalised exploration and evaluation expenditure should be tested for impairment.</p> <p>Refer to notes 1 (j), 1 (r) and 7 of the financial report for a description of the accounting policy, the significant estimates and judgements and disclosures applied to exploration and evaluation assets.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;</li> <li>• Holding discussions with management with respect to the status of the ongoing exploration programmes in the respective areas of interest and assessing the Group's cash flow budget for the level of budgeted spend on exploration projects;</li> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;</li> <li>• Considering whether any facts of circumstances existed to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in Notes 1 (j), 1 (r) and 7 of 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 period ended 30 June 2019, 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:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.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 period ended 30 June 2019.

In our opinion, the Remuneration Report of Mont Royal Resources Limited, for the period ended 30 June 2019, 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



Jarrad Prue

Director

Perth, 25 September 2019

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

**QUOTED SECURITIES**

**ORDINARY FULLY PAID SHARES**

**(i) DISTRIBUTION OF SHAREHOLDERS AS AT 23 SEPTEMBER 2019:**

<b>SPREAD OF HOLDINGS</b>	<b>NO. OF HOLDERS</b>	<b>NO. OF SHARES</b>	<b>PERCENTAGE OF ISSUED CAPITAL %</b>
1 – 1,000	9	2,420	0.01%
1,001 - 5,000	36	119,535	0.32%
5,001 - 10,000	42	401,884	1.07%
10,001 - 100,000	198	8,757,041	23.23%
100,001+	76	28,409,395	75.38%
	<b>361</b>	<b>37,690,275</b>	<b>100.00%</b>

The number of shareholdings held in less than marketable parcels is 12.

**(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.	ILWELLA PTY LTD	2,250,000	5.97%
2.	MR MARIO GIOSUE FRANCO & MRS IMMACOLATA FRANCO <THE MARIO FRANCO S/F A/C>	1,100,000	2.92%
3.	HIGH PEAKS CAPITAL PTY LTD	1,000,240	2.65%
4.	METECH SUPER PTY LTD <METECH NO2 SUPER A/C>	1,000,000	2.65%
5.	MOUTIER PTY LTD <JB PENSION FUND A/C>	875,000	2.32%
5.	MR GEOFFREY JOHN FENNELL & MRS CARMEL ANN FENNELL <GEMICA SUPER FUND A/C>	875,000	2.32%
6.	QUARTZ MOUNTAIN MINING PTY LTD <BASS FAMILY A/C>	850,000	2.26%
7.	PROSPECT AG TRADING PTY LTD <O'KEEFFE FAMILY A/C>	845,000	2.24%
8.	PROSPECT AG TRADING PTY LTD <O'KEEFFE FAMILY A/C>	805,000	2.14%
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	736,724	1.95%
10.	CENTREPEAK RESOURCES PTY LTD	715,175	1.90%
11.	PARCENT HOLDINGS PTY LTD <G K LAWLER SUPER FUND A/C>	700,000	1.86%
11.	KERO INVESTMENTS PTY LTD	700,000	1.86%
11.	DR SALIM CASSIM	700,000	1.86%
12.	CHIFLEY PORTFOLIOS PTY LIMITED <DAVID HANNON A/C>	600,000	1.59%
13.	BJS ROBB PTY LTD	525,000	1.39%
14.	EASTBOURNE DP PTY LTD <O'KEEFFE SUPERANNUATION A/C>	500,000	1.33%
14.	FLUE HOLDINGS PTY LTD <BROMLEY SUPERANNUATION A/C>	500,000	1.33%
14.	OCEAN VIEW W A PTY LTD	500,000	1.33%
15.	ZIMBALI NOMINEES PTY LTD <ZIMBALI FAMILY A/C>	475,000	1.26%
16.	MEESHA INVESTMENTS PTY LTD <HENRY FAMILY A/C>	400,000	1.06%
17.	RESOURCEFUL INVESTMENT PTY LTD	375,000	1.00%
18.	MOUTIER PTY LTD <JB PENSION FUND A/C>	350,000	0.93%
18.	MR JOHN ANTHONY DELLA BOSCA & MRS JONINA GUDBJORG DELLA BOSCA <JA & JG DELLA BOSCA S/F A/C>	350,000	0.93%
19.	BUDWORTH CAPITAL PTY LTD <ROLLING HILLS CAPITAL A/C>	342,500	0.91%
20.	FARRIS CORPORATION PTY LTD <THE PETER FARRIS SUPER A/C>	337,500	0.90%
		<b>18,407,139</b>	<b>48.84%</b>

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

	<b>No.</b>	<b>%</b>
ILWELLA PTY LTD	2,250,000	5.97%
MICHAEL O'KEEFFE / PROSPECT AG TRADING PTY LTD / EASTBOURNE DP PTY LTD	2,150,000	5.70%
	<u>4,400,000</u>	<u>11.67%</u>

**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 ENTITY  
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 (3<sup>rd</sup> edition) published by the ASX Corporate Governance Council.

The 2019 corporate governance statement was approved by the Board on 25 September 2019 and is current as at 25 September 2019. 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/).