



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

ACN: 625 237 658

**Annual Financial Report
For The Year Ended 30 June 2020**

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

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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

Your directors present their report on the consolidated group for the year ended 30 June 2020.

Directors

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

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

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

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

Michael O'Keeffe (Non-Executive Director) BAppSc

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

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

Former directorships (last 3 years): None.

Peter Ruse (Executive Director) BCom, GradCertAppFin

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

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

Former directorships (last 3 years): Plukka Limited.

Company Secretary

Shaun Menezes BCom, LLB

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

Directors Meetings

The following table sets out the number of meetings of the Company's directors held during the year ended 30 June 2020 attended by each director:

	Number Eligible to Attend	Number Attended
Gary Lawler	3	3
Michael O'Keeffe	3	3
Peter Ruse	3	3

Principal Activities

The principal activity of the consolidated group during the year was the exploration of the Edjudina Gold Project in Western Australia.

Review of Operations

The consolidated loss of the consolidated group for the year amounted to \$1,190,892 (2019: \$564,224).

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY DIRECTORS' REPORT

Edjudina Project

The Edjudina Gold Project is located in the Laverton Gold District of WA, 16km south of the Safari Bore and Deep South Deposits. Numerous other major gold deposits are all within 70km, including AngloGold Ashanti's Sunrise Dam >10 Moz gold mine, Saracen Mineral Holdings (ASX: SAR) >2 Moz Carosue Dam gold mine and Matsa Resources (ASX: MAT) >0.5 Moz Red October gold mine (Figure 1).

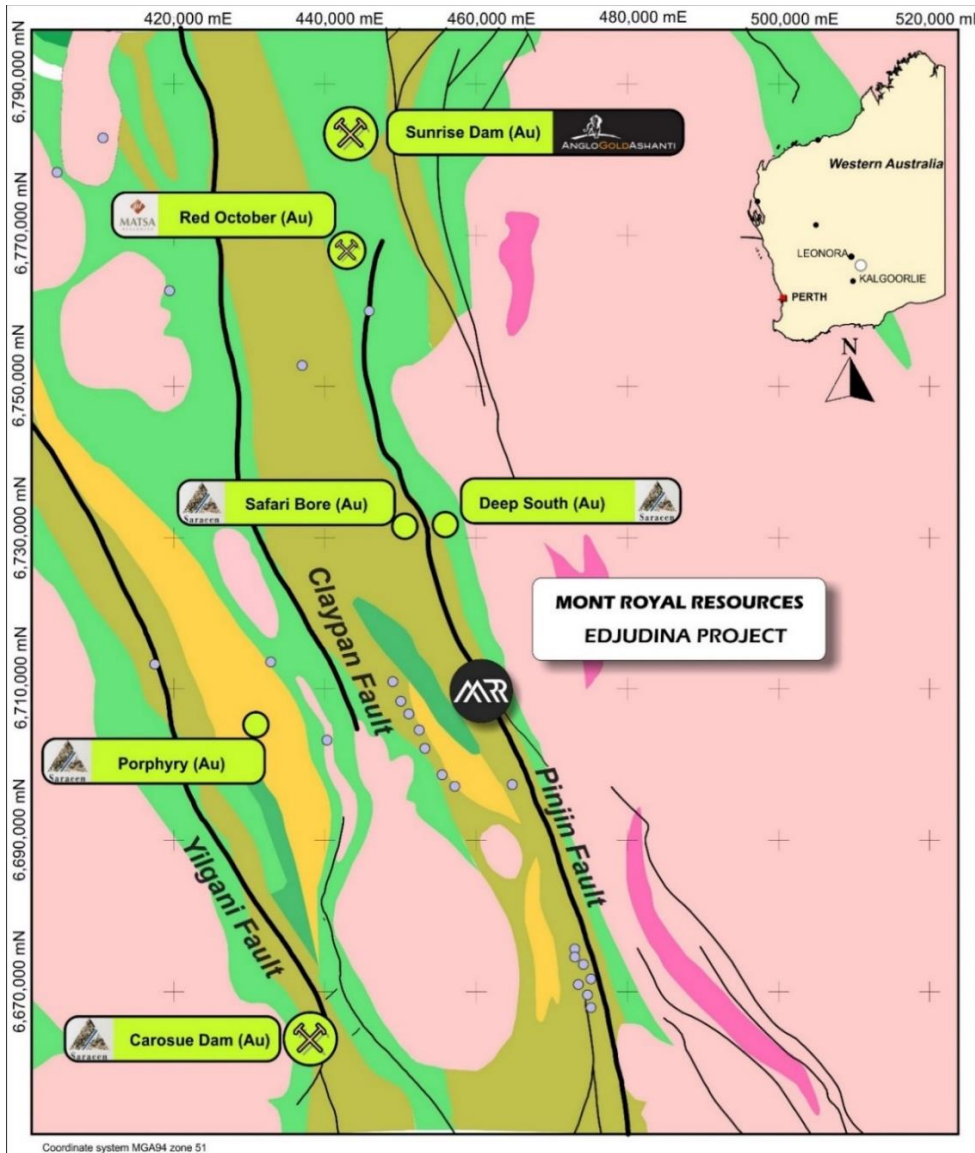


Figure 1: Location of the Edjudina Project

A drill campaign was completed within the September 2019 quarter and subsequent activities have been focussed on analysing all information received from the program inclusive of immobile element fingerprinting of lithostratigraphy as well as strain and alteration mapping. Review of historic exploration was also completed with the identification of a historic soils program reported in 2014, that confirms the orientation and location of the Pinjin Fault.

A comprehensive desk top analysis and technical review of the results of its air core drill program for the purpose of determining whether any follow-up exploration work or activities are required was undertaken in early 2020. The results of the review do not in the Board's view justify the further expenditure of funds on this project. Accordingly, in April 2020, the Board has decided to cease any further exploration program at Edjudina. The Company however, retains ownership of the Edjudina Project.

Corporate

The Company continues to search for new opportunities in the resources sector which could demonstrate capacity to add long term shareholder value. The directors believe that the Company's strong cash reserves will allow the Company to fund new opportunities in the resources sector.

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY

DIRECTORS' REPORT

Significant Changes in the State of Affairs

On 12 November 2019, 1,674,880 fully paid ordinary shares were released from escrow.

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

Events Subsequent to the End of the Reporting Period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

No matters or circumstances have arisen since the end of the year 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 years.

Likely Developments and Expected Results of Operations

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

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 year.

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 year as a result of the exercise of an option over unissued shares or interests.

Directors' Interests in Shares and Options of the Company

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

	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

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY DIRECTORS' REPORT

Corporate Governance

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

Indemnification of Officers

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

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

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

Indemnification of Auditors

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

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

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 9.

Non-Audit Services

There were no fees paid or payable to BDO Audit (WA) Pty Ltd for non-audit services during the year ended 30 June 2020.

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

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

Remuneration Policy

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

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

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

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

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

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

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

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

- Commencement date: 26 March 2018
- Term: no fixed
- Fixed remuneration: \$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
- 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.

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

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

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

Performance-based remuneration

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

Key management personnel compensation

Details of the nature and amount of emolument paid for each director and executive of Mont Royal Resources Limited for the year ended 30 June 2020 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			
Directors	\$	\$	\$	\$	\$	\$	\$	\$	%
2020									
G Lawler	60,000	-	-	5,700	-	-	-	65,700	-
M O'Keeffe	45,662	-	-	4,338	-	-	-	50,000	-
P Ruse	85,000	-	-	-	-	-	-	85,000	-
Total	190,662	-	-	10,038	-	-	-	200,700	-
2019									
G Lawler ⁽¹⁾	30,000	-	-	2,850	-	29,603	-	62,453	47
M O'Keeffe ⁽²⁾	22,831	-	-	2,169	-	56,446	-	81,446	69
P Ruse ⁽³⁾	115,351	-	-	-	-	29,603	-	144,954	20
Total	168,182	-	-	5,019	-	115,652	-	288,853	

Notes:

(1) Appointed 15 October 2018

(2) Appointed 9 October 2018

(3) Appointed 26 March 2018

Remuneration Options

During the year ended 30 June 2020, no options were issued as part of director remuneration (2019: 4,000,000).

During the year ended 30 June 2020 and 2019, no remuneration options were forfeited, expired or exercised by the directors.

Shareholdings by Directors

2020	Balance 01/07/19 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/20 (No. of Shares)
G Lawler	700,000	-	-	-	700,000
M O'Keeffe	2,150,000	-	-	-	2,150,000
P Ruse	1,150,240	-	-	-	1,150,240
Total	4,000,240	-	-	-	4,000,240

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

Options Holdings by Directors

2020	Balance 01/07/19 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Acquired	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/20 (No. Options)
G Lawler	1,000,000	-	-	-	-	1,000,000
M O'Keeffe	2,000,000	-	-	-	-	2,000,000
P Ruse	1,000,000	-	-	-	-	1,000,000
Total	4,000,000	-	-	-	-	4,000,000

End of remuneration report (audited).

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Peter Ruse
Executive Director
17 September 2020

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 2020, 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, 17 September 2020

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$ (26/03/18 – 30/06/19)
Interest revenue		41,981	4,541
Expenses			
Corporate	3	(640,124)	(507,128)
Initial Public Offering		-	(61,637)
Exploration expenditure impaired	7	(592,749)	-
Loss before tax		(1,232,873)	(564,224)
Income tax expense		-	-
Loss for the period		(1,190,892)	(564,224)
Other comprehensive income		-	-
Total comprehensive loss for the period attributable to the members		(1,190,892)	(564,224)
Loss per share attributable to the shareholders of the Company arises from:			
Basic and diluted loss per share (cents per share)	17	(3.16)	(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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,617,919	4,555,801
Other receivables		9,485	56,696
Prepayments		14,361	20,520
TOTAL CURRENT ASSETS		<u>3,641,765</u>	<u>4,633,017</u>
NON-CURRENT ASSETS			
Exploration and evaluation expenditure	7	-	353,129
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>353,129</u>
TOTAL ASSETS		<u>3,641,765</u>	<u>4,986,146</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	72,780	226,269
TOTAL CURRENT LIABILITIES		<u>72,780</u>	<u>226,269</u>
TOTAL LIABILITIES		<u>72,780</u>	<u>226,269</u>
NET ASSETS		<u>3,568,985</u>	<u>4,759,877</u>
EQUITY			
Issued capital	9	5,208,448	5,208,448
Reserves	10	115,653	115,653
Accumulated losses		(1,755,116)	(564,224)
TOTAL EQUITY		<u>3,568,985</u>	<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 YEAR ENDED 30 JUNE 2020

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

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
Consolidated Group				
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
Balance at 30 June 2019	5,208,448	115,653	(564,224)	4,759,877

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 YEAR ENDED 30 JUNE 2020

		2020	2019
		\$	\$
	Note		(26/3/18 – 30/06/19)
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		41,696	4,541
Payments to suppliers and employees		(569,130)	(458,227)
Net cash used in operating activities	11	<u>(527,434)</u>	<u>(453,686)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation expenditure		(410,448)	(128,426)
Net cash used in investing activities		<u>(410,448)</u>	<u>(128,426)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
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>-</u>	<u>5,137,912</u>
Net increase/(decrease) in cash held		(937,882)	4,555,800
Cash and cash equivalents at the beginning of the period		4,555,801	1
Cash and cash equivalents at 30 June	5	<u>3,617,919</u>	<u>4,555,801</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 YEAR ENDED 30 JUNE 2020

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 year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 17 September 2020.

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 2019. The adoption of these new and revised standards and interpretations did not have any effect on the financial position or performance of the Group.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting year ended 30 June 2020. The Directors have not early adopted any of these new or amended standards or interpretations. The Directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

(e) Revenue recognition

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

(f) Cash and cash equivalents

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

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

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

(g) Other receivables

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

(h) Income tax

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

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

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

(i) Other taxes

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

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

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

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

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

(j) Exploration and evaluation expenditure

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

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

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

(k) Share based payments

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

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

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

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

(l) Trade and other payables

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

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

(m) Employee leave benefits

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

(n) Loans and borrowings

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

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

(o) 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.

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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FOR THE YEAR ENDED 30 JUNE 2020

(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.

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.

Key estimate: Coronavirus (COVID-19) pandemic

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

3. CORPORATE EXPENSES

	2020	2019
	\$	\$
Corporate expenses consist of:		
- Directors' fees	200,700	173,201
- Compliance expenses	180,098	98,106
- Share based payments	-	123,153
- Other	259,326	112,668
Total corporate expenses	640,124	507,128

4. INCOME TAX EXPENSE

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

	2020	2019
	\$	\$
Loss before income tax	(1,190,892)	(564,224)
Income tax calculated at 27.5%	(327,495)	(155,162)
Add back:		
IPO expenses	-	16,950
Share based payment	-	33,867
Accruals	(123)	5,908
Capital raising costs	(28,715)	(28,715)
Future income tax benefit not brought to account	356,333	127,152
Income tax expense	-	-

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	2020	2019
	\$	\$
Deferred tax assets:		
Capital raising costs	86,145	114,859
Accruals	5,785	2,333
Carry forward tax losses	481,534	125,201
	<u>573,464</u>	<u>242,393</u>
Deferred tax liabilities:		
Capitalised exploration costs	-	(97,111)
	<u>-</u>	<u>(97,111)</u>
Net deferred tax asset position not brought to account	<u>(573,464)</u>	<u>(145,282)</u>
Total	<u>-</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank and on hand	<u>3,617,919</u>	<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

	2020	2019
	\$	\$
Balance at the beginning of the year	353,129	-
Exploration and evaluation expenditure incurred during the year	239,620	353,129
Exploration and evaluation expenditure impaired during the year	(592,749)	-
Balance at the end of the year	<u>-</u>	<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.

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

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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8. TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Current		
Trade payables and accruals	72,780	226,269

9. ISSUED CAPITAL

(a) Issued Capital

	2020	2019
	\$	\$
37,690,275 fully paid ordinary shares	5,208,448	5,208,448

(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 ⁽¹⁾	600,000	\$0.10	60,000
	Share based payment ⁽¹⁾	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	37,690,275		5,208,448
30/06/2020	Closing balance	37,690,275		5,208,448

⁽¹⁾ 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 2020 (2019: Nil).

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

	2020	2019
	\$	\$
75,000 shares issued for services rendered	-	7,500

10. RESERVES

(a) Share based payments reserve

	2020	2019
	\$	\$
Share based payments reserve	115,653	115,653

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(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	4,000,000	\$115,653		
30/06/2020	Closing balance	4,000,000	\$115,653		

(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

	2020 \$	2019 \$
Loss for the period	(1,190,892)	(564,224)
Share based payment expense	-	123,153
Exploration expenditure impaired	592,749	-
Movement in assets and liabilities:		
(Increase)/Decrease in other receivables	47,211	(56,696)
(Increase)/Decrease in other assets	6,159	(20,520)
Increase/(Decrease) in trade and other payables	17,339	64,601
Net cash used in operating activities	(527,434)	(453,686)

(b) Non-cash investing and financing activities

During the year, \$353,129 of capitalised exploration and evaluation expenditure was written-off which related to the prior year as disclosed in note 7. There were no other non-cash investing and financing activities during the year ended 30 June 2020.

Other than share-based payment transactions disclosed in note 9 and 12, there were no non-cash investing and financing activities during the year ended 30 June 2019.

12. SHARE BASED PAYMENTS

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

	Note	2020 \$	2019 \$
Options granted during the year	10(a)	-	115,653
Shares issued for consultancy services	9(d)	-	7,500
Share based payment expense		-	123,153

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2019	Number of Options 2019
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	\$0.30	4,000,000
Exercisable at 30 June	\$0.30	4,000,000

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

The options outstanding at 30 June 2020 have an exercise price of between \$0.25 and \$0.35 and a weighted average remaining contractual life of 1.8 years.

The following table lists the inputs to the models used for the valuation of the options issued during FY2019:

	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

13. CONTINGENT LIABILITIES, LEASE COMMITMENTS AND CONTINGENT ASSETS

As at 30 June 2020 there were no contingent liabilities or contingent assets.

(a) Exploration commitments

At 30 June 2020, the Group has the following commitments relating to exploration expenditure incurred in prospecting the licensed area of the group's tenements.

	2020 \$	2019 \$
Within one year	45,000	45,000
After one year but not more than five years	45,000	90,000
Longer than five years	-	-
	90,000	135,000

14. RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

a. Subsidiaries

Interests in subsidiaries are set out in note 6.

b. Key management personnel

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

c. Transactions with related parties:

There were no transactions with related parties during the year ended 30 June 2020.

During the period ended 30 June 2019, 4,000,000 options were issued to directors. Disclosures relating to share based payments are set out in note 12.

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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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:

	Consolidated 2020	Consolidated 2019
	\$	\$
Short term employee benefits	200,700	173,201
Share based payments	-	115,652
Aggregate compensation	<u>200,700</u>	<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.

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.

2020	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
Financial Assets				
- Cash and cash equivalents	617,919	-	617,919	-
- Deposits held	-	3,000,000	3,000,000	1.29
Total Financial Assets	<u>617,919</u>	<u>3,000,000</u>	<u>3,617,919</u>	1.29
Financial Liabilities				
- Trade creditors	(49,700)	-	(49,700)	-
Total Financial Liabilities	<u>(49,700)</u>	<u>-</u>	<u>(49,700)</u>	-
Net Financial Assets / (Liabilities)	<u>568,219</u>	<u>3,000,000</u>	<u>3,568,219</u>	

2019	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
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	<u>1,055,801</u>	<u>3,500,000</u>	<u>4,555,801</u>	

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
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2019	Non Interest Bearing \$	Floating Interest Rate \$	Total \$	Weighted Average Effective Interest Rate %
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 2020, 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 \$4,198 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 2020 from around 0.8% to 0.72% (10% increase: 0.88%) representing a 8 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.

	2020 \$	2019 \$
Contracted maturities of liabilities at 30 June		
Payables		
- less than 30 days	49,070	202,114

(c) Net fair values

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

17. LOSS PER SHARE

	2020 \$	2019 \$
Basic and diluted loss per share (cents)	(3.16)	(4.61)
Loss used in calculating basic and diluted loss per share	(1,190,892)	(564,224)
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	37,690,275	12,230,117

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.

MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

19. AUDITOR'S REMUNERATION

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

	2020	2019
	\$	\$
Amounts paid or payable to BDO Audit (WA) Pty Ltd for:		
Audit services	30,965	21,000
Non-audit services		
- Investigating Accountant's Report	-	14,075
	<u>30,965</u>	<u>35,075</u>

20. EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not significantly impacted the entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

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

	2020	2019
	\$	\$
Current assets	3,633,517	4,633,017
Total assets	3,633,517	4,986,147
Current liabilities	59,092	226,269
Total liabilities	59,092	226,269
Issued capital	5,208,448	5,208,448
Reserves	115,653	115,653
(Accumulated losses)/Retained earnings	(1,749,675)	(564,224)
Loss of the parent entity	(840,462)	(564,224)
Total comprehensive loss of the parent entity	(840,462)	(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**

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 2020 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards 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
17 September 2020

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

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

Carrying Value of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of the exploration and evaluation asset is disclosed in Note 7. The asset was impaired to nil during the year.</p> <p>The asset was required to be assessed for impairment indicators in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. A trigger for impairment testing was identified which resulted in the Group recognising an impairment charge as disclosed in Note 7.</p> <p>This area was deemed to be a key audit matter because the assessment to determine whether an impairment charge is necessary involves significant judgements by management in relation to the fair value of the exploration and evaluation asset.</p> <p>The Group's accounting policy with respect to Exploration and Evaluation assets is disclosed in Note 2 (j) and Note 2 (r).</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Holding discussions with management to obtain an understanding of the process they undertook in determining a trigger for impairment was present; • Assessing the basis for determining the fair value of the exploration and evaluation asset; and • Assessing the adequacy of the related disclosures in Notes 2 (j), 2 (r) and 7 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, 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 at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 8 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Mont Royal Resources Limited, for the year ended 30 June 2020, 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

17 September 2020

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

QUOTED SECURITIES

ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 11 SEPTEMBER 2020:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 – 1,000	13	2,406	0.01%
1,001 - 5,000	120	415,812	1.10%
5,001 - 10,000	84	709,403	1.88%
10,001 - 100,000	205	7,773,354	20.62%
100,001+	79	28,789,300	76.38%
	501	37,690,275	100.00%

The number of shareholdings held in less than marketable parcels is 16.

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

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

	NAME	NO OF ORDINARY SHARES HELD	% OF ISSUED SHARE CAPITAL
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,727,899	7.24%
	BNP PARIBAS NOMINEES PTY LTD HUB24		
2	CUSTODIAL SERV LTD <DRP A/C>	1,170,000	3.10%
3	HIGH PEAKS CAPITAL PTY LTD	1,000,240	2.65%
	METECH SUPER PTY LTD <METECH NO2 SUPER		
4	A/C>	1,000,000	2.65%
	QUARTZ MOUNTAIN MINING PTY LTD <BASS		
5	FAMILY A/C>	850,000	2.26%
	PROSPECT AG TRADING PTY LTD <O'KEEFFE		
6	FAMILY A/C>	845,000	2.24%
	PROSPECT AG TRADING PTY LTD <O'KEEFFE		
7	FAMILY A/C>	805,000	2.14%
	MR GEOFFREY JOHN FENNELL & MRS CARMEL		
8	ANN FENNELL <GEMICA SUPER FUND A/C>	800,000	2.12%
	FLUE HOLDINGS PTY LTD <BROMLEY		
9	SUPERANNUATION A/C>	750,000	1.99%
10	DR SALIM CASSIM	725,000	1.92%
11	CENTREPEAK RESOURCES PTY LTD	715,175	1.90%
12	MR ANDREW GRANTON BROWN	710,000	1.88%
13	KERO INVESTMENTS PTY LTD	700,000	1.86%
	PARCENT HOLDINGS PTY LTD <G K LAWLER		
13	SUPER FUND A/C>	700,000	1.86%
14	SML CONTRACTING PTY LTD	550,000	1.46%
15	BJS ROBB PTY LTD	525,000	1.39%
16	CITYSIDE INVESTMENTS PTY LTD	500,000	1.33%
16	OCEAN VIEW W A PTY LTD	500,000	1.33%
16	MR ANTHONY MICHAEL MALYNIK <EJM A/C>	500,000	1.33%
	EASTBOURNE DP PTY LTD <O'KEEFFE SUPER		
16	FUND A/C>	500,000	1.33%
	ZIMBALI NOMINEES PTY LTD <ZIMBALI FAMILY		
17	A/C>	475,000	1.26%
18	NATIONAL NOMINEES LIMITED <DB A/C>	392,964	1.04%
	MR JOHN ANTHONY DELLA BOSCA & MRS JONINA		
	GUDBJORG DELLA BOSCA <JA & JG DELLA BOSCA		
19	S/F A/C>	350,000	0.93%
	CLEL NOMINEES PTY LIMITED <GREYLING FAMILY		
20	TR A/C>	310,000	0.82%
	Totals	18,101,278	48.03%

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

ASX ADDITIONAL INFORMATION *(continued)*

QUOTED SECURITIES *(continued)*

ORDINARY FULLY PAID SHARES *(continued)*

(iii) VOTING RIGHTS

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

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

(iv) SUBSTANTIAL SHAREHOLDERS

Name

Ordinary Shares

	No.	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,727,899	7.24%
MICHAEL O'KEEFFE / PROSPECT AG TRADING PTY LTD / EASTBOURNE DP PTY LTD	2,150,000	5.70%
	<u>4,877,899</u>	<u>12.94%</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**

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 (3rd edition) published by the ASX Corporate Governance Council.

The 2020 corporate governance statement was approved by the Board on 17 September 2020 and is current as at 17 September 2020. 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/.