



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

**ACN: 625 237 658**

**Financial Report  
For the Half Year Ended  
31 December 2019**

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# MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY

ABN: 50 145 842 995

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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 half year ended 31 December 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 for the entire period unless otherwise stated.

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

## Principle 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 after providing for income tax amounted to \$271,255 (2018: \$258,298).

### *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 3).

#### *Completed Air Core Drilling Program*

Following the completion of the geophysical survey in July 2019, 6 high-priority targets were identified and tested by a first-pass aircore ("AC") program. Ranking of these targets 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.

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.

The first-pass drilling tested approximately 10km of prospective Archaean greenstone, centred on targets identified from the Company's initial sub-audio magnetics (SAM) survey. Multiple low-level anomalies were generated that support historic intersections. Best results included 5m@84ppb Au (EDAC026) and 1m@74ppb Au (EDAC014)

#### *Multi-element geochemistry*

Bottom of hole multi-element geochemistry results were evaluated, and an updated geological interpretation was completed. Investigation of alteration geochemistry and strain mapping was also completed, highlighting the bulk of the Au anomalies are proximal to geological boundaries or where mineralised structures jog from one geological contact to the next, changing the mineralised trend from north-west to north-south (Figure 1).

More geological detail has been extracted from the drill data, inclusive of identification of dacitic and andesitic clastic units. These units appear to host many of the Au anomalies generated and are only tested by wide-spaced drilling to the south.

Alteration mapping was also completed on all bottom of hole samples, with multiple samples showing weak sericite alteration. Importantly, the alteration trend shows a similar orientation to the associated quartz veining and overall anomalous gold trend in drilling (Figure 1).

Following the drill campaign, 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.

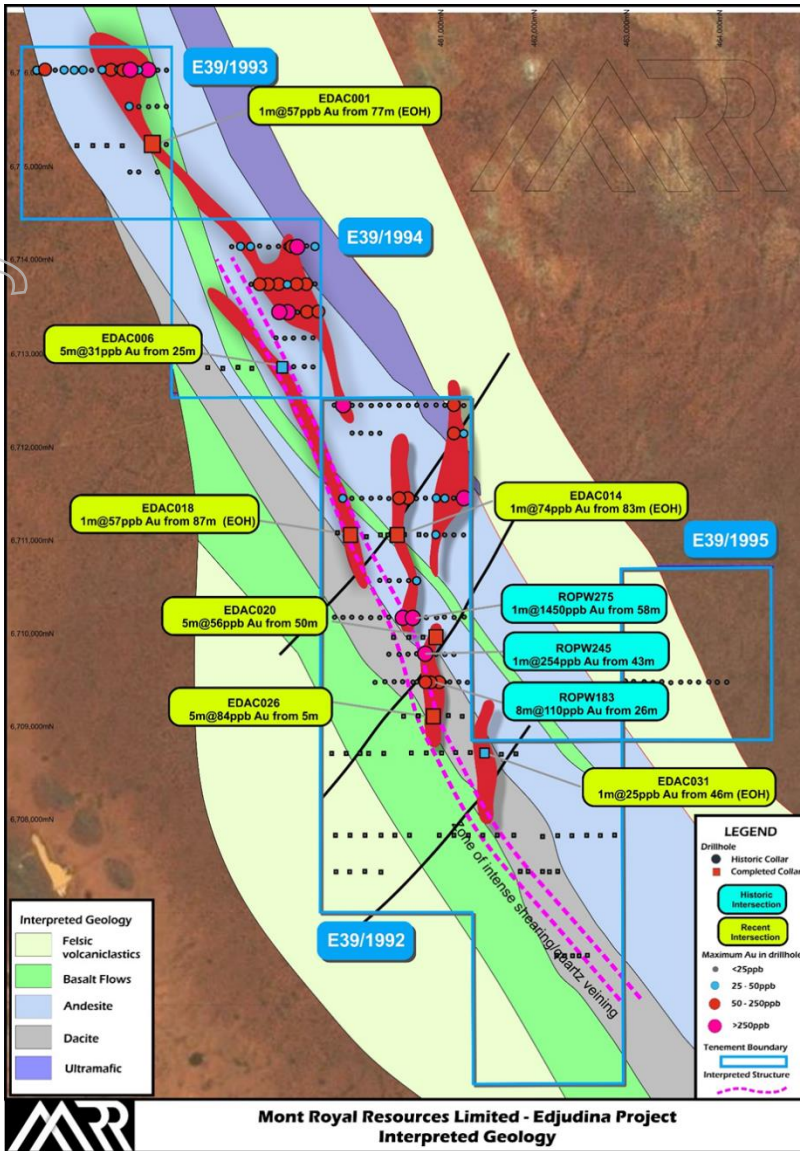


Figure 1: Interpretive geology with historic and recent drill intersections

### Yule River Project

During the half year, the Company relinquished the option to acquire the Yule River project from Centrepeak Resources Group ("CRG").

### Significant Changes in the State of Affairs

There were no significant changes in the consolidated group's state of affairs occurred during the financial period.

### Events Subsequent to the End of the Reporting Period

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

### 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 5.

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

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Signed in accordance with a resolution of the Directors.

On behalf of the Directors



Peter Ruse  
Executive Director  
13 March 2020

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

As lead auditor for the review of Mont Royal Resources Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 13 March 2020

**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

	Note	31 December 2019 \$	31 December 2018
Interest income		26,269	-
Corporate Exploration expensed		(297,183)	(230,579)
Listing expenses		(341)	-
		-	(27,719)
<b>Loss before tax</b>		<u>(271,255)</u>	<u>(258,298)</u>
Income tax expense		-	-
<b>Loss for the period</b>		<u>(271,255)</u>	<u>(258,298)</u>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period attributable to the members</b>		<u>(271,255)</u>	<u>(258,298)</u>
		<b>Cents</b>	<b>Cents</b>
Basic and diluted loss per share (cents per share)	2	(0.72)	(3.40)

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

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**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	31 December 2019 \$	30 June 2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,952,059	4,555,801
Trade and other receivables		16,269	56,696
Prepayments		5,618	20,520
<b>TOTAL CURRENT ASSETS</b>		<u>3,973,946</u>	<u>4,633,017</u>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure		567,760	353,129
<b>TOTAL NON-CURRENT ASSETS</b>		<u>567,760</u>	<u>353,129</u>
<b>TOTAL ASSETS</b>		<u>4,541,706</u>	<u>4,986,146</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		53,084	226,269
<b>TOTAL CURRENT LIABILITIES</b>		<u>53,084</u>	<u>226,269</u>
<b>TOTAL LIABILITIES</b>		<u>53,084</u>	<u>226,269</u>
<b>NET ASSETS</b>		<u>4,488,622</u>	<u>4,759,877</u>
<b>EQUITY</b>			
Issued capital	4	5,208,448	5,208,448
Reserves	5	115,653	115,653
Accumulated losses		(835,479)	(564,224)
<b>TOTAL EQUITY</b>		<u>4,488,622</u>	<u>4,759,877</u>

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

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**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Consolidated Group</b>				
Balance at 1 July 2019	5,208,448	115,653	(564,224)	4,759,877
Loss for the period	-	-	(271,255)	(271,255)
Total comprehensive loss for the period	-	-	(271,255)	(271,255)
<b>Balance at 31 December 2019</b>	<b>5,208,448</b>	<b>115,653</b>	<b>(835,479)</b>	<b>4,488,622</b>

	<b>Issued Capital \$</b>	<b>Reserves \$</b>	<b>Accumulated Losses \$</b>	<b>Total \$</b>
<b>Consolidated Group</b>				
Balance at 1 July 2018	60,001	-	(19,164)	40,837
Loss for the period	-	-	(258,298)	(258,298)
Total comprehensive loss for the period	-	-	(258,298)	(258,298)
Equity transactions:				
Issue of fully paid ordinary shares	600,000	-	-	600,000
Capital raising costs	(31,000)	-	-	(31,000)
Share based payments	-	123,153	-	123,153
<b>Balance at 31 December 2018</b>	<b>629,001</b>	<b>123,153</b>	<b>(277,462)</b>	<b>474,692</b>

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

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**MONT ROYAL RESOURCES LIMITED AND ITS CONTROLLED ENTITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2019**

	31 December 2019	31 December 2018
	\$	\$
<b>Note</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest received	26,066	-
Payments to suppliers and employees	(245,780)	(118,774)
Net cash used in operating activities	<u>(219,714)</u>	<u>(118,774)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for acquisition of project	(384,028)	(62,800)
Net cash used in investing activities	<u>(384,028)</u>	<u>(62,800)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	-	600,000
Proceeds from borrowings	-	10,000
Repayment of borrowings	-	(10,000)
Net cash provided by financing activities	<u>-</u>	<u>600,000</u>
Net increase/(decrease) in cash held	(603,742)	418,426
Cash and cash equivalents at the beginning of the period	4,555,801	53,636
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b> <u>3,952,059</u>	<u>472,062</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 HALF-YEAR ENDED 31 DECEMBER 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The interim consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standards IAS 34: Interim Financial Reporting.

It is recommended that this consolidated interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2019 and any public announcements made by Mont Royal Resources Limited and its controlled entity during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

The interim consolidated financial report does not include full disclosures of the type normally included in annual financial reports.

The interim consolidated financial report has been prepared on an accruals basis and is based on historical costs, cost is based on the fair value of the consideration given in exchange for assets.

**(b) Statement of compliance**

The interim financial statements were authorised for issue on 13 March 2020.

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

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

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

*Standards and Interpretations applicable to 31 December 2019*

In the period ended 31 December 2019, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies. A number of new or amended accounting standards became applicable for the current reporting period for which the Group had adopted:

- AASB 16 Leases

*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 31 December 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.

**2. EARNINGS PER SHARE**

The following reflects the income and data used in the calculations of basic and diluted earnings/(loss) per share:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Loss per share (cents)	(0.72)	(3.40)
Loss used in calculating basic and diluted loss per share	271,255	258,298
	<b># shares</b>	<b># shares</b>
Weighted average number of ordinary shares used in calculating basic loss per share:	37,690,275	7,595,845

**MONT ROYAL RESOURCES LIMITED  
AND ITS CONTROLLED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**3. CASH AND CASH EQUIVALENTS**

	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Cash at bank and on hand	3,952,059	4,555,801

**4. ISSUED CAPITAL**

**(a) Issued Capital**

	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Fully paid ordinary shares	5,208,448	5,208,448

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

<b>Date</b>	<b>Details</b>	<b>No. of Shares</b>		<b>\$</b>
01/07/2019	Opening balance	37,690,275		5,208,448
31/12/2019	Closing balance	37,690,275		5,208,448
<b>Date</b>	<b>Details</b>	<b>No. of Shares</b>	<b>Issue Price</b>	<b>\$</b>
01/07/2018	Opening balance	6,000,100		60,001
12/11/2018	Pre-IPO capital raising	6,000,000	\$0.10	600,000
	Less: Capital raising costs			(31,000)
31/12/2018	Closing balance	12,000,100		629,001

**5. RESERVES**

**(a) Share based payments reserve**

	<b>31 December 2019</b>	<b>30 June 2019</b>
	<b>\$</b>	<b>\$</b>
Share based payments reserve	115,653	115,653

(b)

**Movement in options**

<b>Date</b>	<b>Details</b>	<b>No. of Unlisted Options</b>	<b>Fair Value of Options Granted</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
01/07/2018	Opening balance	-			
2/11/2018	Director options – Class A	1,500,000	\$48,546	\$0.25	31/01/2022
	Director options – Class B	1,250,000	\$35,528	\$0.30	31/01/2022
	Director options – Class C	1,250,000	\$31,578	\$0.35	31/01/2022
31/12/2018	Closing balance	4,000,000	\$115,653		
31/12/2019	Closing balance	4,000,000	\$115,653		

**(c) Shares issued to consultant**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
75,000 shares to be issued to consultant for geological services	-	7,500

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

*Share based payments reserve*

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

**MONT ROYAL RESOURCES LIMITED  
AND ITS CONTROLLED ENTITY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019**

**6. SHARE BASED PAYMENTS**

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

	Weighted average exercise price 2019	Number of Options 2019	Weighted average exercise price 2018	Number of Options 2018
Outstanding at 1 July	\$0.30	4,000,000	-	-
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 31 December	\$0.30	4,000,000	\$0.30	4,000,000
Exercisable at 31 December	\$0.30	4,000,000	-	-

The options outstanding at 31 December 2019 have an exercise price of between \$0.25 and \$0.35 and a weighted average remaining contractual life of 2.2 years.

The following table lists the inputs to the models used for the valuation of the options issued during the 6 months ended 31 December 2018:

	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

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

As at 31 December 2019 there were no contingent liabilities or contingent assets.

**(a) Exploration commitments**

At 31 December 2019, the Group has the following commitments relating to exploration expenditure incurred in prospecting the licensed area of the group's tenements.

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

**8. FINANCIAL RISK MANAGEMENT**

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

The carrying amounts of the current receivables, current payables and other liabilities are considered to be a reasonable approximation of their fair value.

**9. 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.

**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:

1. In the opinion of the directors:

- (a) the interim 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 31 December 2019 and of their performance for The Half Year Ended on that date; and
  - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;
- (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.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the Corporations Act 2001 for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the board of directors



Peter Ruse  
Executive Director  
13 March 2020

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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mont Royal Resources Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Mont Royal Resources Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

#### Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



## Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO  
*J Prue*

Jarrad Prue

Director

Perth, 13 March 2020