EQUITY & ROYALTY INVESTMENTS LTD

ABN 56 129 549 435

Annual Report 2019

ANNUAL REPORT
for the financial year ended 30 June 2019

CORPORATE DIRECTORY

Board of Directors

Mr Damian Hicks	Executive Chairman
Mr Ian Gregory	Non-Executive Director & Company Secretary

Auditors

Stantons International
Level 2
1 Walker Avenue
West Perth
Western Australia 6005

Principal Office

Level 11, 216 St Georges Terrace
Perth, Western Australia 6000

Registered Office

Level 11, 216 St Georges Terrace
Perth, Western Australia 6000

Postal Address

PO Box 1227
West Perth
Western Australia 6872

Contact Details

+61 8 9322 3383 (Telephone)
ABN 56 129 549 435

DIRECTORS' REPORT

CHAIRMAN'S LETTER

Dear Shareholders

Equity & Royalty Investments Ltd (ERI or the Company) is a shareholder in Hannans Ltd (Hannans) and Critical Metals Ltd (Critical Metals).

Hannans is focussed on exploration for lithium and nickel in Western Australia. Please visit www.hannans.com for more information, sign up for email news and follow the company on Twitter @Hannans_Ltd.

Critical Metals is focussed on 'urban mining' and exploration in Sweden and Finland. The company has the rights to recycle spent and off-spec lithium ion batteries using a proprietary process and has a portfolio of advanced and greenfields exploration projects.

Our strategy is to continue holding equity investments in both Hannans and Critical Metals to provide both companies with the opportunity to implement their strategies, which we expect will lead to a revaluation of our equity investments. Ultimately, we plan to distribute the value of these investments to our shareholders.

Please consider the ERI audited financial statements and should you have any questions please don't hesitate to contact me.

Kind regards,

Damian Hicks

Damian Hicks
Chairman

DIRECTORS' REPORT

BOARD OF DIRECTORS

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr Damian Hicks
Executive Chairman
(Appointed 5 February 2008)

Mr Hicks is a founding Director of Equity & Royalty Investments Ltd.

Prior to incorporation of the Company, Mr Hicks was a business analyst for three years, worked with law firms for five years and an international chartered accounting firm for one year.

Mr Hicks holds a Bachelor of Commerce (Accounting and Finance) from the University of Western Australia, is admitted as a Barrister and Solicitor of the Supreme Court of Western Australia, holds a Graduate Diploma in Applied Finance & Investment from FINSIA (formerly the Securities Institute of Australia), a Graduate Diploma in Company Secretarial Practice from Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors course.

Mr Ian Gregory
Director & Company Secretary
(Appointed 5 February 2008)

Mr Gregory is a founding Director of Equity & Royalty Investments Ltd.

Mr Gregory holds a Bachelor of Business from Curtin University. Prior to founding his own business in 2005 Mr Gregory was the Company Secretary of Iluka Resources Ltd (6 years), IBJ Australia Bank Ltd Group (12 years) and the Griffin Group of Companies (4 years). Mr Gregory is a past Chairman of the Western Australian branch of the Governance Institute of Australia.

Mr Olof Forslund
Director
(Appointed 5 February 2008, resigned 22 May 2019)

Mr Forslund was a founding Director of Equity & Royalty Investments Ltd.

Mr Forslund is a geophysicist and has extensive international experience in the minerals exploration industry.

Mr Forslund was Regional Manager of the Geological Survey of Sweden's Mineral Resources Information Office in Mala, Sweden and was also a founding shareholder and President of Mala Geoscience between 1994 and 1998.

Unless otherwise stated, the above named Directors held office for the whole of the financial year and up to the date of this report.

At the date of this report, the following table sets out the current Directors' relevant interests in shares of Equity & Royalty Investments Ltd.

	Ordinary Shares	
Director	**Current Holding**	**Net increase/ (decrease)**
Damian Hicks	1,218,576	–
Ian Gregory	1,050,909	–
	2,269,485	–

During and since the end of the financial year no share options were granted to directors as part of their remuneration by Equity & Royalty Investments Ltd.

REMUNERATION REPORT (Unaudited)

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Directors' equity holdings
- F. Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

A. Principles used to determine the nature and amount of remuneration

The whole Board forms the Remuneration Committee. The remuneration policy has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component with the flexibility to offer specific long term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors and executives to manage the Company.

The Directors of the Company have not entered into an employment contract with the Company. It is envisaged that subject to completion of key milestones, including future capital raisings, the Directors will, if necessary, seek shareholder approval for individual Director's employment contract that will reflect past and future services to the Company.

B. Details of remuneration

All key management personnel (as defined in AASB 124 Related Party Disclosures) of Equity & Royalty Investments Ltd did not receive any remuneration or compensation from the Company in 2019 or 2018.

The key management personnel of Equity & Royalty Investments Ltd are the directors as listed on page 4.

C. Service agreements

The Company has a corporate service agreement with Corporate Board Services Pty Ltd (**CBS**) to provide management, financial, company secretary and administrative services from 1 July 2011. Mr Damian Hicks is a director of CBS. There are no monthly fees payable to CBS. One month notice of termination is required.

D. Share-based compensation

Options can be issued to directors and executives as part of their remuneration. The options are not based on performance criteria, but are issued to align the interests of directors, executives and shareholders.

There were no options granted or other share-based compensation issued to directors or executives during the year or in prior year.

E. Directors' equity holdings

(a) Fully paid ordinary shares of Equity & Royalty Investments Ltd

Key management personnel	Balance at 1 July	Granted as remuneration	Received on exercise of options	Net other change	Balance at 30 June
	No.	No.	No.	No.	No.
2019					
Damian Hicks	1,218,576	–	–	–	1,218,576
Ian Gregory	1,050,909	–	–	–	1,050,909
Olof Forslund(i)	5,250,000	–	–	–	5,250,000
	7,519,485	–	–	–	7,519,485
2018					
Damian Hicks	1,218,576	–	–	–	1,218,576
Ian Gregory	1,050,909	–	–	–	1,050,909
Olof Forslund	5,250,000	–	–	–	5,250,000
	7,519,485	–	–	–	7,519,485

Note: (i) Mr Forslund resigned as director on 22 May 2019, the balance shown at 30 June column represents his balance at resignation.

(b) Share options of Equity & Royalty Investments Ltd

Key management personnel did not hold options in the Company in 2019 or 2018.

F. Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to directors or executives during the financial year.

End of Remuneration Report (Unaudited)

Meetings of Directors

The following table sets out information in relation to Board meetings held during the financial year. Due to the scope and size of the Company's operations, no committees were established. Attendances by each director during the year were as follows:

Directors	Board Meetings	Circular Resolutions
Damian Hicks	1	3
Olof Forslund	1	3
Ian Gregory	0	3

PRINCIPAL ACTIVITY

The principal activity of the Company is investment in equities and royalties in companies in the natural resources sectors.

REVIEW OF OPERATIONS

The Company's strategy has been, and remains, holding an investment in Hannans Ltd (listed) and Critical Metals Ltd (unlisted) with the objective of realising gains through capital appreciation and generating an income stream through royalty investments. The Company does not currently hold any royalties. The Company does not currently hold any other listed or unlisted investments and does not currently trade in shares of listed or unlisted companies.

FINANCIAL REVIEW

The Company began the financial year with cash reserves of $956.

During the year, the net administration expenditure incurred by the Company amounted to $40,664 (2018: $19,292), which included fair value loss of other financial assets of $19,702 (2018: nil) and incurred interest expense of $5,066 (2018: $610). This has resulted in an operating loss after income tax for the year ended 30 June 2019 of $40,475 (2018: loss $19,292).

The Company's opening net asset position of $883,205 increased to $915,149 during the year. This is primarily due to the increase of fair value on the investments in Critical Metals Ltd.

As at 30 June 2019, cash and cash equivalents totalled $1,490.

Additional Compliance Statements

Risk Management

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be part of this process, and as such the Board has not established a separate risk management committee. The Board has a number of mechanisms in place to ensure management's objectives and activities are aligned by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

Significant Changes in State of Affairs

Other than those disclosed in this annual report, no significant changes in the state of affairs of the Company occurred during the financial year.

DIRECTORS' REPORT

Significant Events after the Balance Date

No matters or circumstances have arisen since 30 June 2019 that may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results

Equity & Royalty Investments Ltd is a shareholder of Hannans Ltd (ASX:HNR) and a major shareholder of unlisted public company Critical Metals Ltd. The Company expects to maintain its holding in Hannans Ltd and Critical Metals Ltd while continuing its current level of operations. There are no likely developments expected in the Company's operations.

Environmental Regulation and Performance

Equity & Royalty Investments Ltd has no exploration assets and is therefore not subjected to environmental regulations.

Dividends

No dividends were paid or declared during the financial year and no recommendation for payment of dividends has been made.

Options

There are no potential shares to be issued under options outstanding at the date of this report.

Non-Audit Services

During the year, Stantons International or associated entities did not provide any non-audit services to the Company.

Indemnifying Officers or Auditor

During or since the end of the financial year, the Company has not given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums on behalf of the directors.

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 party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included on page 7 of the annual report.

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Damian Hicks
Chairman
Perth, Australia this 24th day of October 2019

INDEPENDENCE DECLARATION TO THE DIRECTORS

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

24 October 2019

Board of Directors
Equity & Royalty Investments Limited
Level 11, 216 St Georges Terrace
PERTH WA 6000

Dear Directors

RE: EQUITY & ROYALTY INVESTMENTS LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Equity & Royalty Investments Limited.

As Audit Director for the audit of the financial statements of Equity & Royalty Investments Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT & CONSULTING PTY LTD
(Trading as Stantons International)
(Authorised Audit Company)

Samir R Tirodkar
Director

DIRECTORS' DECLARATION

The Directors declare that:

- in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and International Financial Reporting Standards as disclosed in note 2 and give a true and fair view of the financial position and performance of the Company for the financial year ended on that date;
- the remuneration disclosures set out in the directors' report comply with Accounting Standards AASB 124 *Related Party Disclosures* and *Corporations Act and Regulations 2001*; and
- the Directors have been given the declarations required by s.295A of the Corporations Act for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Damian Hicks
Chairman
Perth, Australia this 24th day of October 2019

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EQUITY & ROYALTY INVESTMENTS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Equity & Royalty Investments Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year then ended; 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 Company in accordance with the auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year 30 June 2019 but does not include the financial report and our auditor's report thereon.

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

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

Stantons International

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 Company 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 Company 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

Stantons International

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd
Samir

Samir Tirodkar
Director
West Perth, Western Australia
24 October 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue		–	–
Other income		189	–
Finance costs		(5,066)	(610)
Consultants expenses		(14,308)	(16,581)
Fair value loss on other financial assets	9	(19,702)	–
Other expenses		(1,588)	(2,101)
Loss from continuing operations before income tax benefit/expense		**(40,475)**	**(19,292)**
Income tax benefit/(expense)	5	–	–
Loss from continuing operations attributable to members of the parent entity		**(40,475)**	**(19,292)**
Other comprehensive income/(loss) for the year			
Items that are or may be reclassified to profit or loss			
Net change in fair value of other financial assets		–	(60,000)
Net change in fair value of other financial assets transferred to profit and loss		–	–
Total items that are or may be reclassified subsequently to profit or loss		**–**	**(60,000)**
Items that will not be reclassified to profit or loss		–	–
Total other comprehensive loss for the year		**–**	**(60,000)**
Total comprehensive loss for the year		**(40,475)**	**(79,292)**
Net loss attributable to the parent entity		**(40,475)**	**(19,292)**
Total comprehensive loss attributable to the Company		**(40,475)**	**(79,292)**
Loss per share:			
Basic (cents per share)	15	(0.04)	(0.02)

The accompanying notes form part of the financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	21(a)	1,490	956
Other receivables	8	60	201
Other financial assets at fair value through profit or loss	9	1,046,134	987,878
Total current assets		**1,047,684**	**989,035**
Non-current assets			
Other financial assets		–	–
Total non-current assets		**–**	**–**
TOTAL ASSETS		**1,047,684**	**989,035**
Current liabilities			
Other payables	10	76,859	67,720
Borrowings	11	55,676	38,110
Total current liabilities		**132,535**	**105,830**
Non-current liabilities			
Borrowings	11	–	–
Total non-current liabilities		**–**	**–**
TOTAL LIABILITIES		**132,535**	**105,830**
NET ASSETS		**915,149**	**883,205**
Equity			
Contributed equity	12	79,500	79,500
Reserves	13	–	540,000
Accumulated losses	14	835,649	263,705
TOTAL EQUITY		**915,149**	**883,205**

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Attributable to equity holders			
For the year ended 30 June 2019	Contributed equity $	Reserves $	Accumulated losses $	Total Equity $
Balance as at 1 July 2018	79,500	540,000	263,705	883,205
Total comprehensive income				
Loss for the year	–	–	(40,475)	(40,475)
Other comprehensive income	–	–	–	–
Other comprehensive income gain transfer to profit or loss	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	(40,475)	(40,475)
Transfer of fair value reserve of equity instruments designated at FVPL	–	(540,000)	612,419	72,419
Transactions with owners recorded direct to equity				
Issue of shares	–	–	–	–
Shares issue expenses	–	–	–	–
Total transactions with owners	–	–	–	–
Balance as at 30 June 2019	**79,500**	**–**	**835,649**	**915,149**

	Attributable to equity holders			
For the year ended 30 June 2018	Contributed equity $	Reserves $	Accumulated losses $	Total Equity $
Balance as at 1 July 2017	79,500	600,000	282,997	962,497
Total comprehensive income				
Loss for the year	–	–	(19,292)	(19,292)
Other comprehensive income	–	(60,000)	–	(60,000)
Other comprehensive income gain transfer to profit or loss	–	–	–	–
Total comprehensive income/(loss) for the year	–	(60,000)	(19,292)	(79,292)
Transactions with owners recorded direct to equity				
Issue of shares	–	–	–	–
Shares issue expenses	–	–	–	–
Total transactions with owners	–	–	–	–
Balance as at 30 June 2018	**79,500**	**540,000**	**263,705**	**883,205**

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers		(6,616)	(10,185)
Interest received		–	–
Receipt from customers		–	–
Net cash (used in) operating activities	**21(b)**	**(6,616)**	**(10,185)**
Cash flows from investing activities			
Loan advanced to related parties		(5,350)	–
Net cash (used in) investing activities		**(5,350)**	**–**
Cash flows from financing activities			
Proceeds from borrowings		40,000	10,000
Repayment of borrowings		(27,500)	–
Net cash provided by financing activities		**12,500**	**10,000**
Net increase/(decrease) in cash and cash equivalents		**534**	**(185)**
Cash and cash equivalents at the beginning of the financial year		**956**	**1,141**
Cash and cash equivalents at the end of the financial year	**21(a)**	**1,490**	**956**

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

1. General Information

Equity & Royalty Investments Ltd (**Company**) is an unlisted public company, domiciled and incorporated in Australia.

The Company's registered office and its principal place of business are located at Level 11, 216 St Georges Terrace, Perth, Western Australia 6000.

2. Statement of significant accounting policies

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 24 October 2019.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, except as noted below.

(a) Basis of preparation

The financial report has been prepared on an accruals basis and is based on historical cost, except for certain financial assets and liabilities which are carried at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going concern basis of preparation

The financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation and extinguishment of liabilities in the ordinary course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern. The financial statements and notes are prepared under the A-IFRS which comply with the IFRS.

The largest asset held by the Company is the shares held in Hannans Ltd (ASX:HNR) (**Hannans**). At 30 June 2019 the Company is the fourth largest shareholder of Hannans with 60,000,003 ordinary shares valued at $600,000 (at the date of this report the market value of the shares is approximately $960,000). The Company also holds ordinary shares in an unlisted public company, Critical Metals Ltd (**Critical Metals**) which is valued at $440,595. Critical Metals has announced that there are plans to list Critical Metals and the value of the shares may increase when Critical Metals lists on a stock exchange.

On a day-to-day basis the Company has minimal operating expenses and these will be funded through cash at bank, loans from related parties and/or the partial sell down of assets. For these reasons, the Directors are of the opinion that the financial statements can be prepared on a going concern basis.

(b) Adoption of new accounting standards in the current financial year

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2018.

The Company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* which became effective for financial reporting periods commencing on or after 1 January 2018.

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Company has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Company as the Company does not currently have any revenue from customers.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

As a result of adopting AASB 9 Financial Instruments, the Company has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

2. Statement of significant accounting policies (cont'd)

(b) Adoption of new accounting standards in the current financial year (cont'd)

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 July 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification and remeasurement of the following financial instruments:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB139 (i.e. prior to 1 July 2018)	New measurement category under AASB 9 (i.e. from 1 July 2018)
Equity instruments	Available-for-sale financial assets	Financial assets at FVPL
Loans receivable to a director related entity	Loans and receivables at amortised cost	Financial assets at FVPL

The table below shows information relating to the remeasurement following the adoption of AASB 9 for the equity instruments.

	AASB 139 carrying amount at 30 June 2018	Remeasurements	AASB 9 carrying amount at 1 July 2018	Accumulated losses effect on 1 July 2018
Financial assets FVPL				
Available-for-sale financial assets	$147,878	$72,420	$220,298	$72,420
Total	**$147,878**	**$72,420**	**$220,298**	**$72,420**

The revaluation reserve of $540,000 and fair value of the available-for-sale financial assets of $72,420 were recorded in the opening accumulated loses due to the designation of Hannans shares at FVPL on 1 July 2018.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

(d) Employee benefits

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to reporting date.

(e) Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (**FVOCI**); and
- fair value through profit or loss (**FVPL**).

2. Statement of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

Classifications are determined by both:

- the contractual cash flow characteristics of the financial assets; and
- the entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling the financial asset.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI.

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Presentation* and are not held for trading.

Financial assets at fair value through profit or loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value that are recognised in profit or loss.

Impairment

From 1 July 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by AASB, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Comparative information

The Company has applied AASB 9 *Financial Instruments* retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Classification

Until 30 June 2018, the Company classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables; and
- available-for-sale financial assets.

2. Statement of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and re-evaluated this designation at the end of each reporting period.

(f) Financial instruments issued by the Company

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

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

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

(h) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive statement of financial position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

2. Statement of significant accounting policies (cont'd)

(i) Income tax (cont'd)

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associated companies and joint ventures except where the entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the entity intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(j) Operating cycle

The operating cycle of the entity coincides with the annual reporting cycle.

(k) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(l) Presentation and functional currency

The Company operates in Australia and its presentation and functional currency is Australian dollars.

(m) Provisions

Provisions are recognised when the entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(n) Revenue recognition

Dividend and interest revenue

Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

2. Statement of significant accounting policies (cont'd)

(o) Fair value measurement

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Company selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1: Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

2. Statement of significant accounting policies (cont'd)

(o) Fair value measurement (cont'd)

The Company would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or

(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Company recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

(p) New accounting standards and interpretations

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

- *AASB 16: Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

  The main changes introduced by the new Standard are as follows:

  - recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
  - depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
  - inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
  - application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
  - additional disclosure requirements.

  The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application.

  The directors anticipate that the adoption of AASB 16 will not have a material impact on the Company's recognition of leases and disclosures.

- *Other standards not yet applicable*

  There are no other standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting year are:

Key estimates – impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Key judgments – deferred taxation

Deferred tax liabilities are recognised for all taxable temporary differences in accordance with accounting policies. Deferred tax assets are recognised in respect of tax losses only where the tax losses are expected to be recovered. The Company has not recognised any deferred tax assets as the Directors cannot determine with any degree of certainty the probability of using the deferred tax assets arising from tax losses and other temporary differences.

	2019 $	2018 $
4. Loss from operations		
Revenue		
Other interest	189	–
	189	–

	2019 $	2018 $
5. Income taxes		
Income tax recognised in profit or loss		
Tax benefit/(expense) comprises:		
Current tax expense	–	–
Deferred tax benefit/(expense) relating to the origination and reversal of temporary differences	–	–
Total tax benefit/(expense)	–	–
The prima facie income tax expense on pre-tax accounting loss from operations reconciles to the income tax expense in the financial statements as follows:		
Loss from operations	(40,475)	(19,292)
Income tax expense calculated at 27.5% (2018: 27.5%)	(11,131)	(5,305)
Effect of expenses that are not deductible in determining taxable loss	5,418	–
Unused tax losses and temporary differences not recognised as deferred tax assets	5,713	5,305
Effect of deferred tax asset recognised	–	–
Effect of losses utilised	–	–
Income tax attributable to operating loss	–	–

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% (2018: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	2019 $	2018 $
Deferred tax recognised in profit or loss		
The following deferred amounts were charged to income during the year:		
Deferred taxation utilised during the year	–	–
	–	–
Unrecognised deferred tax balances		
The following deferred tax assets and (liabilities) have not been brought to account:		
Tax losses – revenue	13,849	8,439
Tax losses – capital	–	–
Net temporary differences	(5,721)	(110)
	8,128	8,329

In addition to the above at 30 June 2019 the company had unrecognised deferred tax assets of $724,703 (2018: $739,200) from net temporary differences on capital losses.

6. Key management personnel

(a) Details of key management personnel

The Directors of Equity & Royalty Investments Ltd during the year were:

- Damian Hicks
- Ian Gregory
- Olof Forslund (resigned on 22 May 2019)

There were no other key management personnel during the year.

(b) Key management personnel compensation

The key management personnel of the Company did not receive any compensation during the current year (2018: $Nil).

	2019 $	2018 $
7. Remuneration of auditors		
Audit of the financial report	4,500	7,012
	4,500	7,012

The auditor of Equity & Royalty Investments Ltd is Stantons International.

	2019 $	2018 $
8. Other receivables – current		
Goods and services tax (GST)	60	201
	60	201

	2019 $	2018 $
9. Other financial assets at fair value through profit or loss		
Current		
Equity instruments		
Investment in Hannans Ltd (i) 2019: 60,000,003 ordinary fully paid shares (2018: 60,000,003 ordinary fully paid shares)	600,000	840,000
Investment in Critical Metals Ltd (ii) 2019: 2,202,976 ordinary fully paid shares (2018: 2,202,976 ordinary fully paid shares)	440,595	147,878
Loans		
Loans to a related director entity (iii)	5,539	–
	1,046,134	987,878

(i) The investment in Hannans Ltd has been measured and classified as a Tier 1 financial asset which is based on a quoted price in an active market.

(ii) The investment in Critical Metals Ltd (public unlisted company) has been measured and classified as a Tier 1 financial asset valued at fair value at 30 June 2019. The increase in fair value of Critical Metals shares includes $72,420 recorded in the retained earning at 1 July 2018.

(iii) On 15 March 2019 Errawarra Resources Ltd (**Errawarra**), of which Mr Damian Hicks is a Director, received a loan amounting to $5,350. The loan is unsecured. The interest rate on the outstanding loan amount is at 12.5% per annum and the loan repayment date is on 30 June 2020. Refer to note 19(b) for further information.

The loan is carried at its fair value and is measured using a discount cash flow model with inputs that reflect the timing and credit risk of the cash flows (level 3 financial assets). Refer to note 22(h) for further information.

		2019 $	2018 $
10.	**Other payables**		
	Current		
	Accruals	10,000	8,900
	Payables to related party (refer note 19(d))	66,859	58,820
		76,859	67,720
11.	**Borrowings**		
	Current		
	Related party loans (i)	55,676	38,110
		55,676	38,110

(i) The related party loans were executed with Corporate Board Services Pty Ltd and Rock Biz Pty Ltd respectively. Refer to note 19(c) for further details.

12. Contributed equity

	2019		2018	
	No.	**$**	**No.**	**$**
Share capital	100,000,000	79,500	100,000,000	79,500
	100,000,000	79,500	100,000,000	79,500
Movements in ordinary share capital				
Fully paid ordinary shares				
Balance at beginning of financial year	100,000,000	79,500	100,000,000	79,500
Balance at end of financial year	100,000,000	79,500	100,000,000	79,500

Ordinary Shares

Ordinary Shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on shares held. On a show of hands every holder of ordinary shares present at a meeting or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

		2019 $	2018 $
13.	**Reserves**		
	The balance of reserves is made up as follows:		
	Available-for-sale revaluation reserve	–	540,000
	Balance at the beginning of financial year	540,000	600,000
	Available-for-sale financial assets revaluation movement for the year		(60,000)
	Transfer of fair value reserve of equity instruments designated at FVPL (i)	(540,000)	–
	Balance at the end of financial year	–	540,000

(i) The revaluation reserve of $540,000 was recorded in the opening accumulated losses due to the designation of Hannans shares at FVPL on 1 July 2018.

	2019 $	2018 $
14. Accumulated losses		
Balance at the beginning of financial year	263,705	282,997
Loss attributable to members of the entity	(40,475)	(19,292)
Transfer of fair value reserve of equity instruments designated at FVPL	612,419	–
Balance at the end of financial year	835,649	263,705

15. Loss per share

	2019 Cents per share	2018 Cents per share
Basic loss per share:		
From continuing operations	(0.04)	(0.02)
Total basic loss per share	(0.04)	(0.02)

Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic (loss)/profit per share are as follows:

	2019 $	2018 $
Loss	(40,475)	(19,292)

	2019 No.	2018 No.
Weighted average number of ordinary shares for the purposes of basic (loss)/profit per share	100,000,000	100,000,000

16. Commitments for expenditure

As at the reporting date, the Company has no obligation to commit to any fixed expenditure.

17. Contingent liabilities and contingent assets

In the opinion of the Directors, there are no contingent assets or contingent liabilities as at 30 June 2019 and none were incurred in the interval between the year end and the date of this financial report.

18. Segment information

For management purposes the Company is organised into one main operating segment which involves the investment in other companies. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

19. Related party disclosures

(a) Key management personnel remuneration

The key management personnel of Equity & Royalty Investments Ltd did not receive any remuneration or compensation from the Company in 2019 or 2018.

(b) Loan to key management personnel and their related parties

On 15 March 2019 Errawarra Resources Ltd, of which Mr Damian Hicks is a Director, received a loan amounting to $5,350. The loan is unsecured. The interest rate on the outstanding loan amount is at 12.5% per annum and the loan repayment date is on 30 June 2020. The loan is disclosed on note 9 as a non-current financial asset.

(c) Loan from key management personnel and their related parties

Errawarra Resources Ltd, of which Mr Damian Hicks is the Chairman, provided a loan amounting to $27,500 during the prior period, no drawdown was made during the year. The loan was unsecured, non-interest bearing and had no fixed terms of repayment. The loan was fully repaid on 17 August 2018.

Corporate Board Services Pty Ltd (**CBS**), of which Mr Damian Hicks is the Director, provided a loan of $22,500 (2018: $10,000) at an interest rate of 15% per annum. The loan is unsecured. During the year the Company made a total drawdown of $12,500 (2018: $10,000). Interest accrued to 30 June 2019 amounted to $3,484. The Company is currently in negotiation with CBS to extend the repayment of loan to 30 June 2020. The loan is disclosed on note 11 as a borrowing.

In August 2018 Rock Biz Pty Ltd (**Rock Biz**), of which Mr Damian Hicks is the Director, provided a loan of $27,500 at an interest rate of 12.5% per annum. The loan is unsecured. The full loan drawdown of $27,500 was made during the year. Interest accrued to 30 June 2019 amounted to $2,192. The Company is currently in negotiation with Rock Biz to extend the repayment of loan to 30 June 2020. The loan is disclosed on note 11 as a borrowing.

(d) Transactions with other related parties

At 30 June 2019, Equity & Royalty Investments Ltd is the fourth largest shareholder of Hannans Ltd. Mr Damian Hicks is the Executive Director of Hannans Ltd.

Director transactions

Corporate Board Services (**CBS**), of which Mr Damian Hicks is the Director, provided management, financial, company secretary and administrative services amounting to $8,308 (2018: $8,233) during the year. The services provided were on arm's length commercial terms. At 30 June 2019, $66,859 (2018: $58,820) was owing to CBS (refer to note 10).

20. Subsequent events

No matters or circumstances have arisen since 30 June 2019 that may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

	2019 $	2018 $
21. Notes to the statement of cash flows		
(a) Reconciliation of cash and cash equivalents		
For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
Cash and cash at bank	1,490	956
	1,490	956

21. Notes to the statement of cash flows (cont'd)

		2019 $	2018 $
(b)	**Reconciliation of loss for the year to net cash flows from operating activities**		
	Loss for the year	(40,475)	(19,292)
	Interest on loan to related party	(189)	–
	Fair value loss on other financial assets	19,702	–
	(Increase)/decrease in assets:		
	Other receivables	141	(80)
	Increase/(decrease) in liabilities:		
	Interest accrued on borrowings	5,066	610
	Other payables	9,139	8,577
	Net cash used in operating activities	(6,616)	(10,185)

(c) Non–cash financing and investing activities

During the current year, the Company did not enter into any non-cash investing and financing activities which are not reflected in the statement of cash flows.

22. Financial instruments

(a) Financial risk management objectives

The Company manages the financial risks relating to the operations of the Company.

The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes although it holds, at 30 June 2019, shares in a listed and unlisted exploration company. The use of financial derivatives is governed by the Company's Board of Directors.

The Company's activities expose it primarily to the financial risks of changes in interest rates, but at 30 June 2019 it is also exposed to market price risk. The Company does not enter into derivative financial instruments to manage its exposure to interest rate.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(c) Foreign currency risk management

The Company does not transact in foreign currency, hence no exposure to exchange rate fluctuations arise.

22. Financial instruments (cont'd)

(d) Interest rate risk management

The Company is not exposed to interest rate risk as its funds are placed at floating interest rates. The Company was exposed to interest rate risk in 2019, an increase of 1 per cent in interest rates on the loan by Corporate Board Services Pty Ltd and Rock Biz Pty Ltd would have increased equity and profit or loss by $557 and an equal change in the opposite direction would decrease equity and profit or loss by the same amount.

Maturity profile of financial instruments

The following table details the Company's exposure to interest rate risk.

			Fixed maturity dates				
	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1-5 years	5+ years	Non interest bearing	Total
Company	%	$	$	$	$	$	$
2019							
Financial assets:							
Cash and cash equivalents	0.00%	–	–	–	–	1,490	1,490
Receivables		–	–	–	–	60	60
Other financial assets	3.66%	–	5,539	–	–	1,040,595	1,046,134
		–	5,539	–	–	1,042,145	1,047,684
Financial liabilities:							
Other payables		–	–	–	–	76,859	76,859
Borrowings	12.84%	–	55,676	–	–	–	55,676
		–	55,676	–	–	76,859	132,535
2018							
Financial assets:							
Cash and cash equivalents	0.00%	–	–	–	–	956	956
Receivables		–	–	–	–	201	201
Other financial assets		–	–	–	–	987,878	987,878
		–	–	–	–	989,035	989,035
Financial liabilities:							
Other payables		–	–	–	–	67,720	67,720
Borrowings	1.69%	–	10,610	–	–	27,500	38,110
		–	10,610	–	–	95,220	105,830

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored. The Company measures credit risk on a fair value basis.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

22. Financial instruments (cont'd)

(f) Liquidity risk management

The Company manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company does not perform any sensitivity analysis and none is disclosed in the financial statements as the impact would not be material.

(g) Market price risk

Market risk is the potential for profit or loss arising from adverse movements in the level and volatility of equity prices.

The Company's investment subject to price risk is its listed company investment on the Australian Securities Exchange as detailed in note 9. A 10 percent increase at reporting date in the equity prices would increase the market value of the securities by $60,000 (2018: $84,000), and an equal change in the opposite direction would decrease the value by the same amount. The increase/decrease would be reflected in the statement of profit and loss and other comprehensive income as these equity instruments are classified as FVPL. The increase/decrease net of deferred tax would be $43,500 (2018: $60,900).

(h) Fair value of financial instruments

The net fair value of financial assets and liabilities of the Company approximated their carrying amount. The Company has no financial assets and liabilities where the carrying amount exceeds the net fair value at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

	Level 1 $	Level 2 $	Level 3 $	Total $
2019				
Financial assets measured at fair value				
Equity instruments (note 9)	1,040,595	–	–	1,040,595
Loan to a director of related entities (note 9)	–	–	5,539	5,539
Total financial assets recognised at fair value	1,040,595	–	5,539	1,046,134
2018				
Financial assets				
Available-for-sale financial assets (note 9)	840,000	–	147,878	987,878
Total financial assets recognised at fair value	840,000	–	147,878	987,878

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