Canterbury Resources Limited and Controlled Entities

ABN 59 152 189 369

Consolidated report for the half-year ended 31 December 2019

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Directors' report
31 December 2019

The directors of Canterbury Resources Limited submit the half-year report of the consolidated entity ("the group") consisting of Canterbury Resources Limited ("the company") and the entities it controlled at the end of, or during the half-year ended 31 December 2019. The directors report as follows:

Information about the directors

The names of the directors of the company during or since the end of the financial period are:

Name

John Ernest Douglas Anderson	
Grant Alan Craighead	
Ross Earle Moller	
Michael Matthew Erceg	
Gary Noel Fallon	Resigned 12 February 2020
Robyn Watts	Appointed 12 February 2020

Company secretary

Ms Veronique Morgan-Smith, Solicitor, and Mr Ross Earle Moller held the position of co-company secretaries of Canterbury Resources Limited during the reporting period.

Principal activity

The principal activity of the group is participation in mineral exploration projects, with tenements currently held in Queensland, Papua New Guinea and Vanuatu. The group primarily targets prospects with potential to host large scale copper and/or gold deposits.

There were no significant changes in the group's activities during the period.

Review of operations

During the half year the company continued to advance its portfolio of exploration properties in the Southwest Pacific region, covering areas prospective for porphyry copper-gold systems and epithermal gold-silver systems.

In PNG the company holds licences covering three projects; Bismarck (40%), Ekuti Range (100%) and Ipi River (100%). Subsequent to half-year end, the company applied for a new tenement covering the Wamum project.

The Bismarck Project on Manus Island is the subject of a Farm-In and Joint Venture ("JV") with Rio Tinto Exploration (PNG) Limited ("Rio Tinto PNG") which is earning an equity interest by completing staged exploration programs. Recent geochemical and geochronological analysis of surface samples has added to evidence for buried porphyry copper-gold targets. Re-prioritisation of drill targets is ongoing.

At Ekuti Range, a four-hole scout drilling program was completed at the Ekoato prospect in mid-2019 with encouraging results that provide evidence of a fertile copper-gold porphyry mineralisation system. In addition, a new prospect was outlined at Yalua, defined by coincident anomalous surface geochemistry, favourable geology and a magnetic anomaly.

The Ipi River project re-assessment of historical data has reaffirmed the presence of induced polarisation anomalies associated with near-surface copper mineralisation.

In Queensland, the company completed a five-hole diamond drilling program (~2,070m) testing the central portion of the Briggs copper porphyry, encountering very broad intervals of low-grade copper mineralisation, plus several higher-grade features.

Directors' report

31 December 2019

Results of operations

The loss of the group after providing for income tax amounted to $577,696 for the half-year ended 31 December 2019 (half-year ended 31 December 2018: loss $587,252).

Changes in the state of affairs

There was no significant change in the state of affairs of the group during the reporting period.

Subsequent events

Since the half-year ended 31 December 2019, the company issued 2,415,000 shares from a Share Purchase Plan priced at $0.20 per new share, raising $483,000.

Other than as noted above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the activities, or the state of affairs of the group in future financial years.

Dividends

In respect of the half-year ended 31 December 2019, no dividend was paid (half-year ended 31 December 2018: nil).

Commitments for expenditure

In order to maintain the company's tenements in good standing with the relevant authorities, the company incurs exploration expenditure under the terms of each licence. The indicative minimum exploration expenditure requirement for FY20 is approximately $1.8 million, of which approximately $0.8 million is covered by JV partners. This is a pro rata estimate, based on annualised licence terms, converted to AUD at current exchange rates.

Environmental regulation

The Manager Exploration reports to the Board on all significant safety, health and environmental incidents. The Board also has a Risk Committee which has oversight of the safety, health and environmental performance of the group.

The activities of the group are subject to environmental regulation under the jurisdiction of the countries in which those activities are conducted, including Australia, Papua New Guinea and Vanuatu. Each tenement is subject to environmental regulation as part of their granting. Each site is also required to also manage their environmental obligations in accordance with group policies.

The group has internal reporting systems. Environmental incidents are reported and assessed according to their environmental consequence and environmental authorities are notified where required and remedial action is undertaken.

Directors' report
31 December 2019

Climate change

The group's exploration activities are assessed as having relatively low energy intensity, producing low exposure to climate change risks related to the transition to a lower carbon economy.

Exploration activities may be carried out at sites that are vulnerable to physical climate impacts. Extreme weather events have the potential to damage infrastructure and disrupt or delay field activities. The group is adapting its site-specific operating plans to ensure that this risk factor is considered.

Indemnification of Officers and Auditors

During the half-year, the company paid a premium in respect of a contract insuring the directors of the group, the group secretary, and all executive officers of the group and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The group has not otherwise, during or since the end of the half-year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the group or of any related body corporate against a liability incurred as such an officer or auditor.

Auditor's independence declaration

The auditor's independence declaration is included after this report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

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Grant Craighead
Director
Dated: 13 March 2020

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Canterbury Resources Limited and Controlled Entities

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2019 there have been:

a. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

BDJ Partners

....

Anthony J Dowell
Partner

11 March 2020

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Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2019

	Note	Consolidated Half-year ended 31 Dec 2019	31 Dec 2018
		$	$
Revenue	4	1,096	29,087
Finance income - interest income		10,894	-
Administration expenses		(232,503)	(134,390)
Corporate costs		(160,191)	(36,039)
Consultancy		(37,241)	(142,000)
Depreciation and amortisation expense		(12,442)	(1,614)
IPO Costs		-	(271,284)
Travel expense		(4,818)	(6,996)
Insurance		(7,703)	(3,454)
Registration fees		-	(9,200)
Share based payment expense		(106,755)	-
Finance cost - interest expense		(1,994)	-
Other expenses		(26,039)	(11,362)
Loss before tax		(577,696)	(587,252)
Income tax expense		-	-
Loss for the half-year		(577,696)	(587,252)
Other comprehensive income for the half-year			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the half-year		(577,696)	(587,252)
Total comprehensive loss attributable to:			
Owners of the parent		(577,696)	(587,252)
Loss per share			
From continuing operations:			
Basic (cents per share)	5	(0.0071)	(0.0103)
Diluted (cents per share)	5	(0.0071)	(0.0103)

The accompanying notes form part of these financial statements.

Canterbury Resources Limited and Controlled Entities
ABN 59 152 189 369

Consolidated statement of financial position
As at 31 December 2019

	Note	Consolidated 31 Dec 2019 $	Consolidated 30 June 2019 $
Assets			
Current assets			
Cash and cash equivalents	6	567,919	2,865,787
Trade and other receivables	7	134,071	100,315
Other current assets	8	30,764	8,293
Total current assets		732,754	2,974,395
Non-current assets			
Property, plant and equipment	9	39,739	45,620
Right of use assets	10	27,581	-
Intangible assets	11	2,778,326	2,718,341
Capitalised exploration and development expenditure	12	7,925,731	5,579,474
Other assets	8	14,017	10,442
Total non-current assets		10,785,394	8,353,877
Total assets		11,518,148	11,328,272
Liabilities			
Current liabilities			
Trade and other payables	13	682,920	699,199
Provisions		9,821	-
Lease liabilities	14	12,977	-
Total current liabilities		705,718	699,199
Non-current liabilities			
Lease liabilities	14	14,963	-
Total non-current liabilities		14,963	-
Total liabilities		720,681	699,199
Net assets		10,797,467	10,629,073
Equity			
Issued capital	15	13,253,883	12,614,548
Reserves	16	296,417	189,662
Retained earnings		(2,752,833)	(2,175,137)
Total equity		10,797,467	10,629,073

The accompanying notes form part of these financial statements.

Canterbury Resources Limited and Controlled Entities
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Consolidated statement of changes in equity
For the half-year ended 31 December 2019

	Share capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2018	4,571,544	117,600	(1,159,965)	3,529,179
Loss for the half-year	-	-	(587,252)	(587,252)
Total comprehensive loss for the year	-	-	(587,252)	(587,252)
Transactions with owners:				
Shares issues during the half-year	2,028,791	-	-	2,028,791
Balance at 31 December 2018	6,600,335	117,600	(1,747,217)	4,970,718
Balance at 1 July 2019	12,614,548	189,662	(2,175,137)	10,629,073
Loss for the half-year	-	-	(577,696)	(577,696)
Total comprehensive loss for the half-year	-	-	(577,696)	(577,696)
Transactions with owners:				
Shares issues during the half-year	639,335	-	-	639,335
Share based payment	-	106,755	-	106,755
Balance at 31 December 2019	13,253,883	296,417	(2,752,833)	10,797,467

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows
for the half-year ended 31 December 2019

	Note	Consolidated Half-year ended 31 Dec 2019 $	31 Dec 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(532,229)	(271,836)
Interest received		10,894	-
Other income		1,096	-
Net cash used in operating activities		(520,239)	(271,836)
Cash flows from investing activities			
Payments for exploration expenditure		(2,454,939)	(715,349)
Net cash used in investing activities		(2,454,939)	(715,349)
Cash flows from financing activities			
Capital raising costs		-	(3,000)
Proceeds from issue of shares		634,460	831,791
Proceeds from share subscriptions		50,000	-
Repayment of lease liabilities		(6,203)	-
Interest paid - leases		(947)	-
Net cash generated by financing activities		677,310	828,791
Net decrease in cash and cash equivalents		(2,297,868)	(158,411)
Cash and cash equivalents at the beginning of the half-year		2,865,787	171,088
Cash and cash equivalents at the end of the half-year	6	567,919	12,674

The accompanying notes form part of these financial statements.

1. General information

Canterbury Resources Limited (the "company") is a public company incorporated in Australia. The address of its registered office and principal place of business is as follows:

Suite 108
55 Miller St
Pyrmont NSW 2009

The principal activity of the group during the period was exploration for minerals.

These consolidated financial statements and notes represent Canterbury Resources Limited and controlled entities ("'consolidated group" or "group").

2. Significant accounting policies

(a) Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue by the directors on 13 March 2020.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. 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.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2019 annual financial report for the financial year ended 30 June 2019, except for the accounting policy on leases described below which has changed as a result of the adoption of AASB 16 *Leases*. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) Application of new and revised Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current reporting period

The group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

Notes to the financial statements
for the half-year ended 31 December 2019

2. Significant accounting policies

(c) Application of new and revised Accounting Standards (cont'd)

Impact of the application of AASB *16 Leases*

In the current year, the company has applied AASB 16 Leases, which is effective for reporting periods that begin on or after 1 January 2019.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of AASB 16 for the company is 1 January 2019.

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in AASB 117 and Interpretation 4.

Impact on lease accounting

<u>Former operating leases</u>
AASB 16 changes how the company accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.
Applying AASB 16, for all leases, the company:
• Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
• Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
• Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

2. Significant accounting policies

(c) Application of new and revised Accounting Standards (cont'd)

Financial impact of initial application of AASB 16

The tables below show the amount of adjustment for each financial statement line item affected by the application of AASB 16 for the current and prior years.

	31 Dec 2019
	$
Impact on profit or loss	
Impact on profit for the half-year	
Increase in depreciation of right-of-use asset	(6,561)
Increase in finance costs	(947)
Decrease in administration expenses	7,250
(Decrease) in profit for the half-year	(258)

	1 Jul 2019	**AASB 16 adjustments**	**1 Jul 2019 adjusted**
	$	**$**	**$**
Impact on assets, liabilities and equity as at 1 July 2019			
Right-of-use assets	-	34,142	34,142
Net impact on total assets	-	34,142	34,142
Lease liabilities	-	34,142	34,142
Net impact on total liabilities	-	34,142	34,142

For tax purposes the company receives tax deductions in respect of the right-of-use assets and the lease liabilities in a manner consistent with the accounting treatment.

The company as a lessee:

The application of AASB 16 to leases previously classified as operating leases under AASB 117 resulted in the recognition of right-of-use assets of $34,142 and lease liabilities of $34,142. It also resulted in a decrease in administration expenses of $7,250 and an increase in depreciation of $6,561 and interest expense of $947.

2. Significant accounting policies (cont'd)

(c) Application of new and revised Accounting Standards (cont'd)

Other pronouncements adopted for the first time in the current period

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

The company has adopted the amendments included in AASB 2008-1 for the first time in the current year. The Standard include amendments to four Standards:

• *AASB 112 Income Taxes* – The amendments clarify that the company should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the company originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits;

• *AASB 123 Borrowing Costs* – The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings

Interpretation 23 Uncertainty over Income Tax Treatments

The company has adopted Interpretation 23 for the first time in the current year. Interpretation 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the company to:

• Determine whether uncertain tax positions are assessed separately or as a company;
• Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
– If yes, the company should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings;
– If no, the company should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business	1 January 2020	31 December 2020
AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material	1 January 2020	31 December 2020
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020	31 December 2020
AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*	1 January 2020	31 December 2020
AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*	1 January 2020	31 December 2020

2. Significant accounting policies (cont'd)

(d) Going concern basis

The consolidated net loss of the group, after tax was $577,696 for the half-year ended 31 December 2019 (31 December 2018: loss $587,252, with cash outflows from operating activities of $520,239 (2018: cash outflow $271,836); and a working capital surplus of $27,036 (2018: working capital deficit $1,047,116).

This financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors are aware of the fact that future development and administration activities are constrained by available cash assets and believe future identified cashflows are sufficient to fund the short term working capital and forecasted exploration requirements of the company.

The Directors are confident of securing funds as and when necessary to meet the company's obligations as and when the fall due and consider the adoption of the going concern basis to be appropriate in the preparation of these financial statements. Should the fund raising be unsuccessful, it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due.

(e) Exploration and development expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decisions to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

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

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

(f) Leases

The group as lessee

The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2. Significant accounting policies (cont'd)

(f) Leases (cont'd)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy (as outlined in the financial report for the annual reporting period.

2. Significant accounting policies (cont'd)

(f) Leases (cont'd)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(g) Share based payments

Employee share option plan

The company operates an employee share option plan for employees and contractors of the group. In accordance with the provisions of the plan, as approved by the shareholders at a previous annual general meeting in 2013, eligible employees may be granted options to purchase parcels of ordinary shares.

Each employee share option converts into one ordinary share of the company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The option carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The options granted expire on their expiry date, or one month after the resignation of the employee, whichever is the earlier.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of group's accounting policies, which are described in Note 2, the directors of the group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

There have been no assumptions concerning the future or other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements
for the half-year ended 31 December 2019

	Consolidated Half-year ended	
	31 Dec 2019	31 Dec 2018
4. Revenue		
Sundry income	1,096	29,087
	1,096	29,087
5. Loss per share		
Basic loss per share		
From continuing operations	(0.0071)	(0.0103)
Diluted loss per share		
From continuing operations	(0.0071)	(0.0103)

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

Loss used in the calculation of basic and diluted loss per share	(577,696)	(587,252)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	81,699,501	56,897,172

	Consolidated Half-year ended	
	31 Dec 2019	30 Jun 2019
6. Cash and cash equivalents		
Current		
Cash at bank	567,919	355,494
Term deposit	-	2,510,293
	567,919	2,865,787
7. Trade and other receivables		
Current		
Other receivables	15,007	18,203
Goods and Services Tax receivable	119,064	82,112
	134,071	100,315

There were no debtor balances that indicated the need to be provided for, for the half-year ended 31 December 2019 (half-year ended 2018: nil). There are no expected credit losses (ECL) for receivables for the year ended 31 December 2019 (2018: nil).

8. Other assets		
Current		
Prepayments	4,158	8,293
Security deposit	26,606	-
	30,764	8,293
Non-current		
Security deposit	14,017	10,442

Notes to the financial statements
for the half-year ended 31 December 2019

9. Plant and equipment

	Plant and equipment at cost $	Website development at cost $	Computer hardware at cost $	Motor vehicles at cost $	Total $
Half-year 31 December 2019					
Cost					
Balance at 1 July 2019	2,973	15,000	5,662	30,560	54,195
Additions	-	-	-	-	-
Balance at 31 December 2019	2,973	15,000	5,662	30,560	54,195
Accumulated depreciation					
Balance at 1 July 2019	(2,004)	(5,816)	(253)	(502)	(8,575)
Depreciation expense	(73)	(1,148)	(902)	(3,758)	(5,881)
Balance at 31 December 2019	(2,077)	(6,964)	(1,155)	(4,260)	(14,456)
Net book value 31 December 2019	**896**	**8,036**	**4,507**	**26,300**	**39,739**
Year-ended 30 June 2019					
Cost					
Balance at 1 July 2018	2,973	15,000	-	-	17,973
Additions	-	-	5,662	30,560	36,222
Balance at 30 June 2019	2,973	15,000	5,662	30,560	54,195
Accumulated depreciation					
Balance at 1 July 2018	(1,796)	(3,021)	-	-	(4,817)
Depreciation expense	(208)	(2,795)	(253)	(502)	(3,758)
Balance at 30 June 2019	(2,004)	(5,816)	(253)	(502)	(8,575)
Net book value 30 June 2019	**969**	**9,184**	**5,409**	**30,058**	**45,620**

10. Right of use assets

	Office leases at cost $	Total $
Half-year 31 December 2019		
Cost		
Balance at 1 July 2019	-	-
Right of use asset recognised	34,142	34,142
Balance at 31 December 2019	34,142	34,142
Accumulated depreciation		
Balance at 1 July 2019	-	-
Depreciation expense	(6,561)	(6,561)
Balance at 31 December 2019	(6,561)	(6,561)
Net book value 31 December 2019	**27,581**	**27,581**

Notes to the financial statements
for the half-year ended 31 December 2019

	Consolidated Half-year ended	
	31 Dec 2019	**30 Jun 2019**
11. Intangible assets		
Non-current		
Goodwill on acquisitions	2,778,326	2,718,341

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The directors have assessed that there is no impairment, and that there are no indications that would warrant impairment considerations more frequently than yearly.

12. Capitalised exploration and development expenditure		
Non-current		
Balance at the beginning of the period	5,579,474	1,835,396
Additions	2,406,242	3,745,882
Write-offs	-	(1,804)
Other movements	(59,985)	-
Balance at the end of the period	7,925,731	5,579,474

The exploration expenditure capitalised by the group ending 31 December 2019, is dependent on successful development and commercial exploitation, or alternatively, on the sale of the respective areas of interest. as been assessed and the Directors believe there is no impairment and that there were no indicators that would warrant consideration of impairment.

	Consolidated Half-year ended	
	31 Dec 2019	**30 Jun 2019**
13. Trade and other payables		
Unsecured – at amortised cost		
Trade payables (i)	23,627	28,061
Sundry payables and accrued expenses	609,293	671,138
Share subscriptions	50,000	-
	682,920	699,199

(i) Trade payables are non-interest bearing and are normally settled on 30 days end of month terms.

14. Lease liabilities		
Current		
Lease liabilities	12,977	-
Non-current		
Lease liabilities	14,963	-

15. Issued capital

	Consolidated Half-year ended 31 Dec 2019 $	30 Jun 2019 $
84,908,197 fully paid ordinary shares (30 June 2019: 81,508,197)	13,253,883	12,614,548

The company issued the following additional shares:

- 3,200,000 shares at a value of $0.20 from a share placement, raising $640,000 (before costs).
- 200,000 options were exercised at a value of $0.20 per option, raising $40,000.

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary share capital

	Consolidated 31 Dec 2019		Consolidated 30 Jun 2019	
	Number of shares	$	Number of shares	$
Balance at the beginning of the period	81,508,197	12,614,548	49,805,769	4,571,544
Shares issued during the period	3,400,000	639,335	31,702,428	8,043,004
Balance at the end of the period	84,908,197	13,253,883	81,508,197	12,614,548

16. Reserves

	Consolidated Half-year ended 31 Dec 2019 $	30 Jun 2019 $
Share based payments (i)	224,355	117,600
Foreign currency translation	72,062	72,062
	296,417	189,662

(i) The share-based payments reserve records the value of options issued to directors, employees and consultants as part of the remuneration for their services.

17. Operating segment

The group operates in one reporting segment being the mining of minerals.

18. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of incorporation	Ownership interest	
		31 Dec 2019	30 June 2019
		%	%
Canterbury Exploration Pty Ltd	Australia	100	100
Capella Ventures Pty Ltd	Australia	100	100
Capella Vanuatu Ltd	Vanuatu	100	100
Canterbury Resources (PNG) Ltd	Papua New Guinea	100	100
Finny Ltd	Papua New Guinea	100	100

19. Key management personnel

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

20. Fair value measurements

There are no financial assets or financial liabilities that are measured at fair value at the end of the reporting period.

The were no transfers between level 1,2, and 3 for recurring fair value measurements during the half-year. The carrying amount of other financial assets or financial liabilities recorded in the consolidated financial statements approximate their fair values.

21. Events after the reporting period

Since the half-year ended 31 December 2019, the company issued 2,415,000 shares from a Share Purchase Plan priced at $0.20 per new share, raising $483,000.

Other than as noted above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or might significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in subsequent financial years.

Directors' declaration

The directors declare that:

(a) 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; and

(b) 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 giving a true and fair view of the financial position and performance of the group as at 31 December 2019.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001.*

On behalf of the Directors

Grant Craighead
Director
Dated: 13 March 2020

Independent Auditor's Review Report

To the members of Canterbury Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Canterbury Resources Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Canterbury Resources Limited (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 gives a true and fair view and 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2019 and its 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 consolidated entity, 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.

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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 company, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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 Canterbury Resources Limited is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

Going Concern

We draw attention to Note 2(d) "Going concern basis" which states that the directors are investigating options to raise additional funds. Should the fund raising be unsuccessful, it would indicate a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern and the consolidated entity's ability to pay its debts as and when they fall due. Our conclusion is not modified in respect of this matter.

BDJ Partners

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Anthony J Dowell
Partner

Dated 13 March 2020