ABN 59 152 189 369

ASX Code: CBY

CANTERBURY RESOURCES LIMITED

ANNUAL REPORT - 2019

Corporate Directory

Board of Directors

John Anderson	Non-Executive Chairman
Grant Craighead	Managing Director
Michael Erceg	Executive Director
Ross Moller	Non-Executive Director
Gary Fallon	Non-Executive Director

Company Secretary

Ross Moller
Veronique Morgan-Smith

Registered Office

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Pyrmont, NSW 2009
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Email: admin@canterburyresources.com.au

Share Registrar

Automic Group
Level 5, 126 Phillip Street, Sydney NSW 2000
Telephone: +61 2 8072 1400
Website: automicgroup.com.au
Email: hello@automicgroup.com.au

Auditors

BDJ
Level 13, 122 Arthur Street, North Sydney
PO Box 1664, North Sydney, NSW 2059

Solicitors

Dentons Australia Limited
77 Castlereagh Street Sydney, NSW 2000 Australia

Broker

Canaccord Genuity (Australia) Limited

ASX Code: CBY

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Cover photo:

Drilling at the Briggs Project, Queensland

Chairman's Report

Dear Fellow Shareholder

On behalf of your Board of Directors, I am pleased to present the eighth Annual Report to shareholders of Canterbury Resources Limited.

The financial year to 30 June 2019 has been a very important one for the Company. We have made excellent exploration progress at multiple projects and at the same time successfully completed an IPO, raising approximately $6,147,222 to support our ongoing growth.

Following the IPO the Company was admitted to the official list of the ASX, under the ticker code CBY, with official quotation of ordinary fully paid shares commencing on 7 March 2019.

Listing on the ASX has been an important milestone as it provides improved access to risk capital for the Company and the IPO capital raising has already been a catalyst for an expansion and acceleration of our exploration and resource delineation programs. These activities provide high leverage for shareholders under a success scenario.

Significantly, following the IPO, we have commenced drilling programs at several projects and have generated positive early results. We are particularly encouraged by progress at the Briggs Project in Queensland where very broad intervals of copper mineralisation are being encountered in ongoing drilling and we are on track to complete an initial resource estimate for this deposit during the coming year.

In parallel, recent results from scout drilling at the Ekoato prospect in Papua New Guinea have included a high-grade result that demonstrates the fertility of this copper-gold porphyry mineralisation system. Planning for the next phase of exploration has commenced.

We are also achieving pleasing progress at some of our earlier stage, greenfield prospects in Papua New Guinea and Vanuatu, with a transition into a scout drilling phase anticipated at several prospects in the not too distant future.

At the Bismarck Project, technical challenges have been a catalyst for a review and re-prioritizing of drilling activities, and joint venture partner Rio Tinto is assessing a possible resumption of drilling in 2020.

I would like to take this opportunity to thank my fellow Directors and consultants who have worked diligently on the Company's activities over the past year, as well as our wide range of stakeholders including land owners and joint venture partners.

Canterbury has entered an exciting period as an emerging resource company. On behalf of your Board I would like to thank all shareholders for their support, and I look forward to reporting the results of our exploration and resource delineation activities over the coming year.

Yours sincerely,

John Anderson

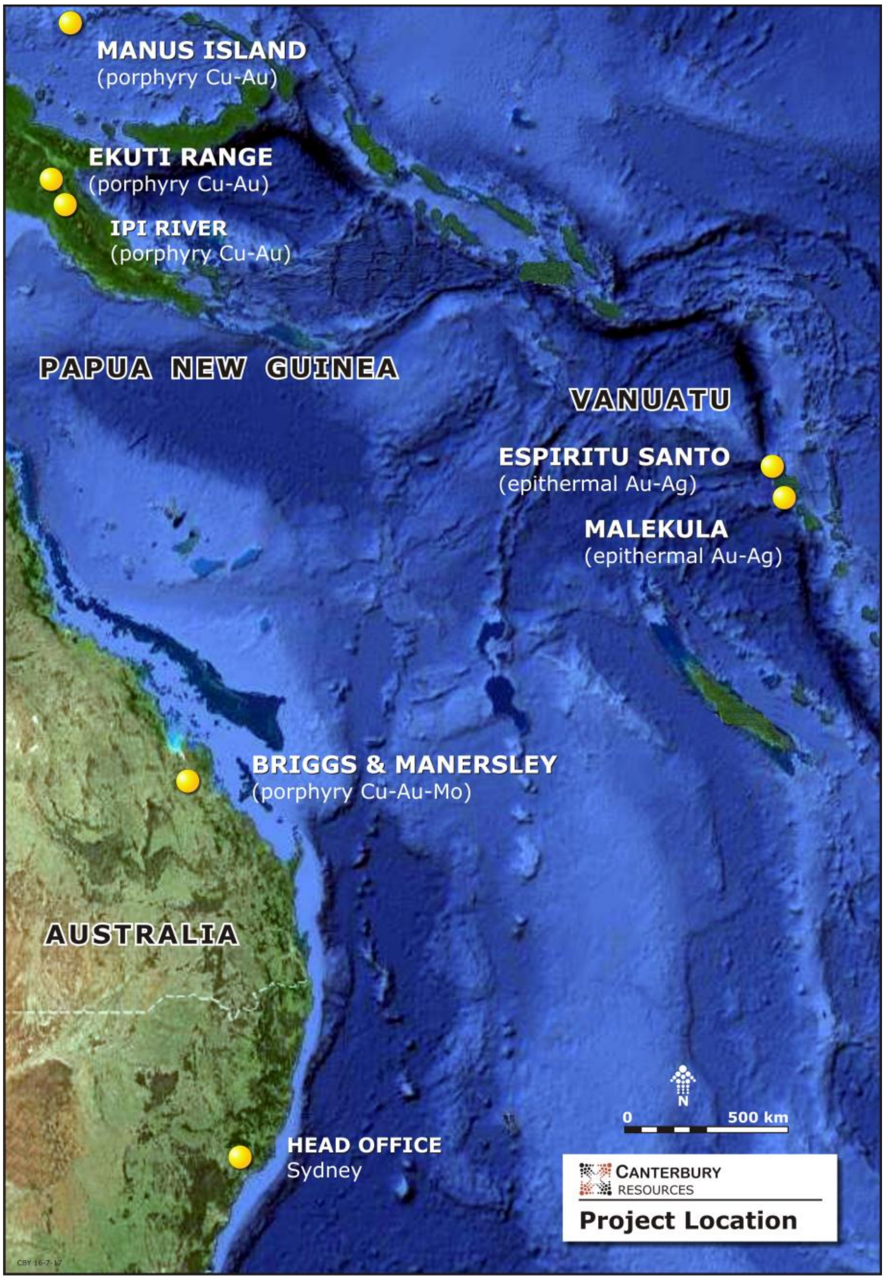
Chairman

Review of Operations

INTRODUCTION

Canterbury is a Sydney based mineral exploration company that was formed in 2011 with the aim of creating shareholder value by generating, exploring and monetising potential large scale copper-gold projects in proven mineral belts throughout the southwest Pacific region – a region that hosts numerous world-class copper and gold deposits, such as Ok Tedi, Grasberg, Panguna (Bougainville), Lihir and Cadia.

We have steadily built a portfolio of porphyry copper-gold and epithermal gold-silver deposits projects at various stages of advancement, throughout Papua New Guinea, eastern Australia and Vanuatu, and our experienced management team includes resource professionals with a strong track record of exploration and operational success in these regions.



Review of Operations

QUEENSLAND

▲ ***Briggs& Mannersley Projects* (CBY 100%)**

The Briggs and Mannersley projects are located in south east Queensland inland from Gladstone, at the southern end of the northwest-southeast trending Mt Morgan structural belt. The high-grade Mt Morgan mine produced around 8Moz of gold and 350,000t of copper before its closure in 1989. The potential to delineate an economic project in this region is enhanced by its accessibility to critical infrastructure, including power, transport, industrial services and skilled labour.

The Briggs and Mannersley tenements were acquired from Rio Tinto Exploration Pty Limited ("Rio Tinto") in early 2017 and Rio Tinto retains a 1% Net Smelter Royalty, plus certain claw-back rights in the event of a major resource being delineated. Canterbury recently lodged an application (EPM27317 Fig Tree Hill) surrounding the Briggs and Mannersley tenements, which significantly expands our holdings in the region.

At the Briggs porphyry prospect, historic mapping and shallow drilling has identified three large intrusive centres (Northern, Central and Southern zones) that outcrop along a ~2km northwest-southeast oriented mineralised corridor. Limited historical drilling has outlined broad intercepts of low grade disseminated copper mineralisation, often overlain by a higher-grade supergene enriched copper blanket.

In June 2019 Canterbury commenced a diamond drilling program focused on a ~500m strike length of the Central Porphyry Zone. The holes are designed to systematically test potential depth extensions of the known mineralisation, with the objectives of quantifying a near-surface resource and providing vectors for locating a higher-grade core of the system, which is speculated to occur associated with a causative intrusion (porphyry).

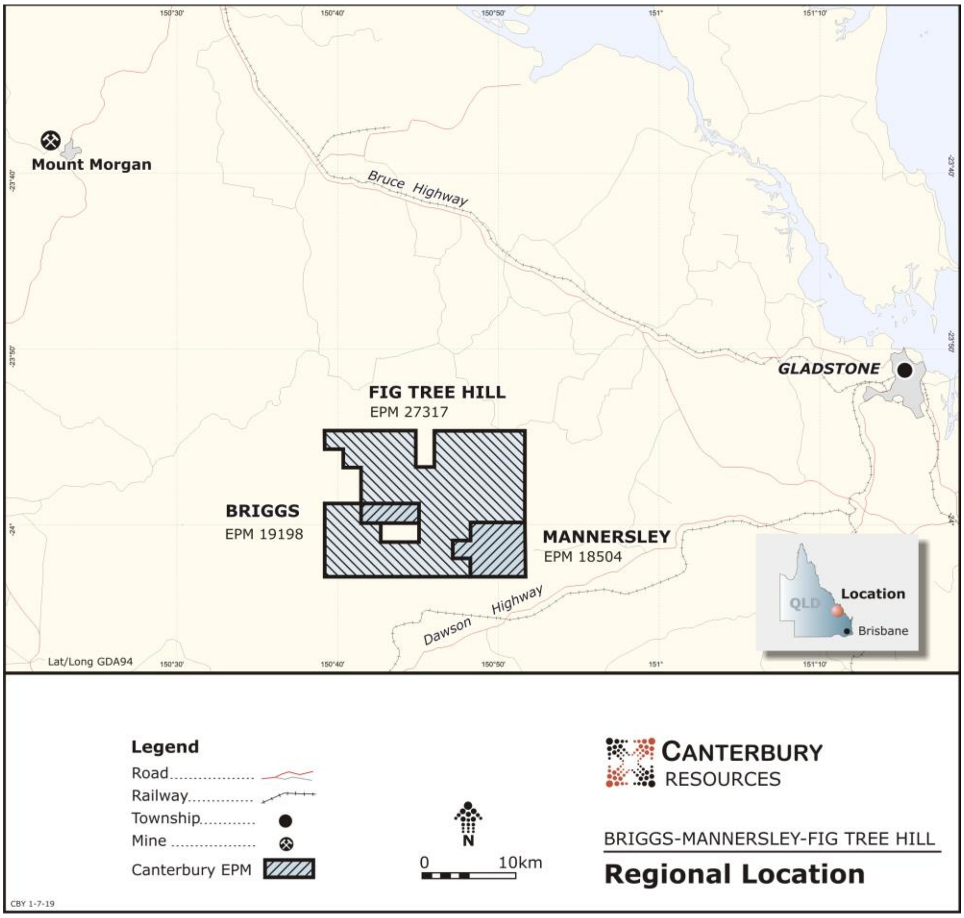


Figure 1 Queensland Projects, Location Plan

Whilst the 2019 drill program is still in the early phase, initial results and visual observations of drill core are very encouraging and strongly support Canterbury's objective of quantifying a significant near-surface resource in the not too distant future.

Figure 2 Briggs BD019-003, Chalcopyrite (Copper) Mineralisation in Quartz Zone

PAPUA NEW GUINEA

▲ Ekuti Range Project (CBY 100%)

The Ekuti Range Project is in a well-endowed metallogenic belt that hosts world class epithermal and porphyry style deposits, including the Hidden Valley gold mine (2017 Mineral Resources 8Moz gold) and the Wafi-Golpu project (2017 Mineral Resources 26Moz gold, 8.8Mt copper). The tenements have reasonable access to infrastructure, being ~20km southwest of the regional towns of Wau and Bulolo and ~80km southwest of the port city of Lae. The Menyamya Road, which links to Lae, crosses the northwestern portion of the tenements.

Canterbury established a base in the region in 2014, and since then has undertaken multiple investigative programs, including mapping, sampling, petrology, geophysical interpretation and drilling. Whist historical explorers directed much of their effort at assessment of outcropping narrow, high grade copper-gold lodes around Otibanda, Canterbury has redirected its efforts at discovery of large-scale porphyry systems. Results have been encouraging, with widespread mineralisation encountered across multiple prospects.

During 2019 a four-hole scout drilling program was completed at the Ekoato porphyry copper-gold prospect. The drilling intersected broad zones of hydrothermal brecciation in several holes – a feature that was not widely

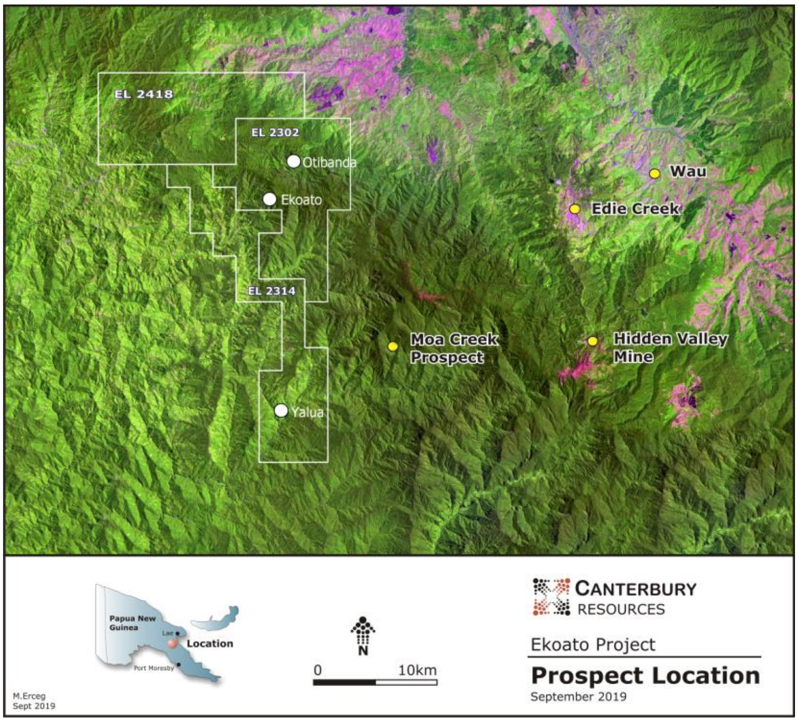


Figure 3 Ekuti Range Project Location Plan

observed at surface. Fine pyrrhotite (Fe-sulphide) and chalcopyrite (Cu-sulphide) were observed throughout the hydrothermal breccia zones. The interpretation is that economic grades may be developed in the upper parts of the intrusion (porphyry) and in the overlying metasediments within a brecciated carapace.

Fault zones, which are being worked at surface for free-gold by artisanal miners, appear to have been conduits for mineralising fluids emanating from the putative buried intrusive and one hole, EK004, intersected 18.0m at 6.23g/t Au, 13.0g/t Ag and 0.18% Cu from 164m through one of these fault zones. This high-grade mineralisation and the observed down-hole geology provide strong evidence of a fertile copper-gold porphyry mineralisation system.

Planning for a follow-up program is in progress, along with planning for a potential scout drilling phase at the Yalua prospect located towards the southern end of Canterbury's tenements. At Yalua a recent soil sampling program has identified a broad 1km^2 soil geochemical anomaly (copper and molybdenum) which is coincident with mapped quartz sulphide (pyrite and chalcopyrite) stockwork veins, an outcropping dioritic intrusion and a magnetic anomaly. The prospect has never been drilled.

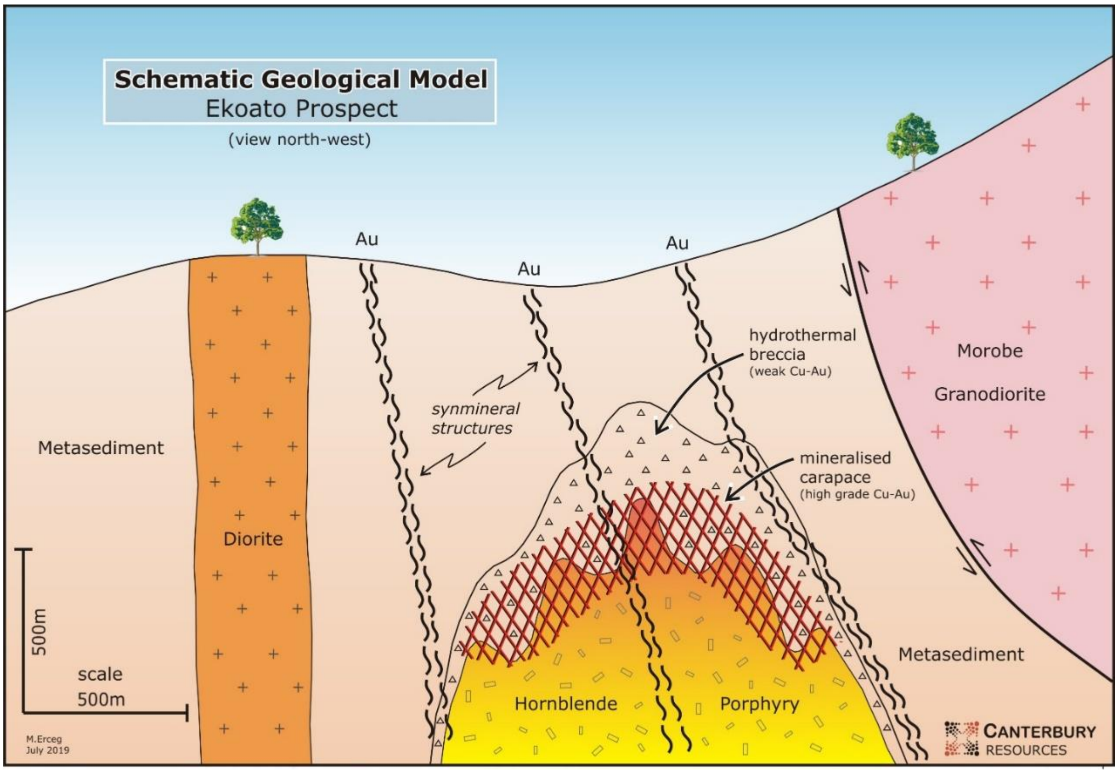


Figure 4 Schematic Geological Model - Ekoato Prospect

▲ **Bismarck Project (CBY 40%, Rio Tinto 60%)**

The Bismarck Project on central Manus Island in northern PNG, covers a large porphyry copper and gold province. In 2016 Rio Tinto Exploration (PNG) Limited entered into a Farm-In and Joint Venture Agreement with the right to earn equity in, and potentially acquire, the Project. Under the joint venture, Rio Tinto is currently sole-funding a Stage-2 exploration phase aimed at increasing its interest to 80%.

The region has undergone extensive early stage exploration over the past 50 years, however historical drilling is yet to discover any economic deposits. Nevertheless, multiple mineralisation styles have been recognised, including gold bearing low-sulphidation epithermal quartz veins, low-grade porphyry-style copper mineralisation and potential high-sulphidation copper-gold systems associated with extensive areas of silica-alunite lithocap.

Figure 5 Bismarck Hole BISM0001

Recognition of extensive lithocap in the southeast of the project has had important implications for ongoing exploration for porphyry mineralisation. Lithocaps, defined as zones of advanced argillic alteration, may form above porphyry systems and may host late stage metal-rich ore zones. Fertile lithocaps may also vector to concealed sizeable porphyry copper-gold deposits at depth.

In late 2018 Rio Tinto commenced a drilling program aimed at testing several buried porphyry copper-gold targets that they identified during 2017. The targets are principally based on geophysical anomalies, with some supporting surface geochemical anomalism. Unfortunately, the drilling encountered adverse ground conditions and unsatisfactory drilling progress. As a result of these difficulties, Rio Tinto paused their program in early-mid 2019 and initiated a review of the drilling approach, as well as a re-prioritisation of drill targets. This review is ongoing.

▲ Ipi River Project (CBY 100%)

The Ipi River Project, located 150km north-northwest of Port Moresby, contains multiple historical porphyry copper-gold and epithermal gold-silver prospects, including the Ipi River porphyry copper-gold prospect where limited historical drilling has demonstrated the existence of a fertile porphyry copper-gold system.

Canterbury continues to acquire and reassess historical data for the region, including drill core and geophysical (IP) survey data. This geophysical data has recently been re-processed, and interpretation indicates the presence of several strong IP anomalies that appear to be associated with significant near-surface copper mineralisation. Two drill holes from Petromin's activities in the late 2000's intersected broad zones of low-grade copper mineralisation on the margins of the IP zone. Planning has commenced for a reconnaissance assessment program.

Review of Operations

VANUATU

▲ **Santo and Malekula Projects (CBY 100%)**

Vanuatu has been subjected to sporadic historical exploration, which has recognized widespread epithermal gold-silver and porphyry copper-gold mineralization. On Espiritu Santo and Malekula, the geology, structural setting and styles of mineralisation are regarded as being analogous to the gold and base metal deposits of the Hauraki province in the Coromandel Peninsular of New Zealand, which have supported gold-silver-base metal production since the mid-1800s and have produced more than 10Moz gold.

During 2019 Canterbury's focus shifted to the Tafuse prospect on Santo, where epithermal style gold-silver-basemetal mineralisation occurs within an 800m by 250m alteration envelope within volcanics that are intensely hydrofractured and argillically altered. Land access negotiations were successfully completed with assistance from the Vanuatu Mines Department and an initial program of surface mapping and sampling was completed in mid-2019. Results are awaited.

OUTLOOK

Canterbury's near-term strategy is centered on further assessment of its portfolio of potential large-scale copper-gold projects in proven mineral belts throughout the southwest Pacific region. Many of our technical and financial resources will be directed at the more advanced projects, Briggs and Ekuti Range, where exploration results have been particularly encouraging. This is expected to include undertaking a maiden resource estimate for the Briggs copper deposit following completion of the current drilling program. In parallel, we will continue assessment at our earlier stage projects, with the aim of generating attractive drill targets. In addition, our joint venture partner at the Bismarck Project, Rio Tinto, is currently assessing opportunities for a resumption of drilling in 2020.

Declaration and JORC Compliance:

The technical information in this report which relates to Exploration Results is based on information compiled by Mr Michael Erceg, MAIG RPGeo. Mr Erceg is an Executive Director of Canterbury Resources Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Erceg consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

Forward Looking Statements:

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "potential(s)"and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

Schedule of Tenements

TENEMENT INFORMATION (as at 30 June 2019)

Tenement	Location	Project	Status	Interest at Period End
EPM 19198	SE Queensland	Briggs *	Granted	100%
EPM 18504	SE Queensland	Mannersley *	Granted	100%
EPM 27317	SE Queensland	Fig Tree Hill	Application	100%
EL 2302	Morobe Province, PNG	Ekuti Range	Granted	100%
EL 2314	Morobe Province, PNG	Ekuti Range	Granted	100%
EL 2418	Morobe Province, PNG	Ekuti Range	Granted	100%
EL 2509	Central Province, PNG	Ipi River	Granted	100%
EL 2378	Manus Island, PNG	Bismarck **	Granted	40%
EL 2390	Manus Island, PNG	Bismarck **	Granted	40%
PL 1836	Malekula, Vanuatu	Malekula	Granted	100%
PL 1837	Malekula, Vanuatu	Malekula	Granted	100%
PL 1851	Santo, Vanuatu	Santo	Granted	100%
Malekula 3	Malekula, Vanuatu	Malekula	Application	100%
Malekula 4	Malekula, Vanuatu	Malekula	Application	100%
Malekula 5	Malekula, Vanuatu	Malekula	Application	100%
Santo 2	Santo, Vanuatu	Santo	Application	100%

* Subject to 1% NSR and certain claw back rights in favour of Rio Tinto Exploration Pty Ltd

** Subject to a Joint Venture and Farm-In Agreement with Rio Tinto Exploration (PNG) Limited which is currently sole-funding exploration to earn an 80% JV interest

Directors' report

The directors of Canterbury Resources Limited submit the annual 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 financial year ended 30 June 2019. The directors report as follows:

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless noted otherwise:

John Ernest Douglas Anderson - Non-Executive Chairman
Grant Alan Craighead - Managing Director
Ross Earle Moller - Non - Executive Director and Company Secretary
Gary Noel Fallon - Non-Executive Director
Michael Matthew Erceg - Executive Director (appointed 6 March 2019)

Information about the directors

At the date of this report there are six senior executives comprising five males and one female.

John Ernest Douglas Anderson - BCom, MBA, GAICD Non-Executive Chairman	
Experience and expertise	John has +40 years' experience in banking, investment banking and general consulting in Australia and Chile. He has held positions of Managing Director or Chairman with several public and private companies in Australia, and as a Director of mining companies in Chile. John has experience in general financing and capital raisings, developing and implementing business plans for new and existing entities, and taking companies from IPO through to operations. In ASX listed companies, in the capacity of director, managing director or chairman, John has been a member of audit, remuneration and finance committees, and was Chairman of Anchor Resources Ltd from IPO through to the sale of controlling interest in 2011. John was appointed to the Canterbury Board in 2011.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Chairman
Interests in Canterbury shares and options	Ordinary shares (Escrowed) – 2,236,669 Ordinary shares (Un-Escrowed) – 675,331 Options (Escrowed) under ESOP expiring 30 June 2020 – 150,000 Options (Escrowed) under ESOP expiring 30 June 2021 – 125,000

Ross Earle Moller - BCom, Dip AppCorpGov, CA ANZ, AGIA, ICSA, GAICD Non - Executive Director and Company Secretary	
Experience and expertise	Ross is a Chartered Accountant and Chartered Secretary and brings +30 years' experience in providing corporate advisory and secretarial services to a range of listed and unlisted companies. He has expertise in financial management, corporate governance and strategic planning, as well as commercial and legal risk issues. Ross is based in Singapore and is an Executive Director of a Management Consultancy business that operates across the Asia-Pacific region.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	None
Interests in Canterbury shares and options	Ordinary shares (Escrowed) – 1,836,668 Ordinary shares (Un-Escrowed) – 525,832

Information about the directors (cont'd)

Grant Alan Craighead - BSc, MAusIMM, GAICD Managing Director	
Experience and expertise	Grant is a geologist with +40 years' experience in the exploration, mining and financial sectors. This includes eight years as Manager Geology with Elders Resources NZFP Ltd and five years as a resource analyst at Macquarie Bank. During his period with Elders, he was directly associated with exploration and development successes including Red Dome, Selwyn, Wafi-Golpu, Glendell, Narama and Kidston. He was a co-founder of Anchor Resources Ltd and its Managing Director during the sale of controlling interest in 2011. He is also a co-founder and executive director of Breakaway Investment Group, a financial company that provides private equity and advisory services in the resource sector.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Managing Director
Interests in Canterbury shares and options	Ordinary shares (Escrowed) – 5,004,659 Ordinary shares (Un-Escrowed) – 2,366,927 Options (Escrowed) under ESOP expiring 30 June 2021 – 125,000

Michael Matthew Erceg - BSc, MSc, Dip Min Econ, MAIG, RPGeo Executive Director (appointed 6 March 2019)	
Experience and expertise	Michael is a geologist with 40 years' experience in mineral exploration, mine development and operations in New Zealand, Australia, Papua New Guinea, Vanuatu, the Philippines and China. He is a specialist in southwest Pacific porphyry copper-gold and epithermal gold-silver systems, and has a strong understanding of their geological, geochemical, geophysical and alteration footprints. He has extensive experience in managing remote area reconnaissance and advanced exploration programs, including an ability to readily adapt to culturally diverse environments and work effectively with local professional staff. During his career he has made significant direct contribution to the discovery and/or delineation of the Red Dome, Northwest Mungana, Wafi-Golpu, Ok Tedi, New Holland underground and Murrawombie/Larsens/Northeast ore bodies.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	Manager Exploration
Interests in Canterbury shares and options	Ordinary shares (Escrowed) – 449,168 Ordinary shares (Un-Escrowed) – 215,832 Options (Escrowed) under ESOP expiring 30 June 2020 – 150,000 Options (Escrowed) under ESOP expiring 30 June 2021 – 125,000

Directors' report

Information about the directors (cont'd)

Gary Noel Fallon - BAppSc, MSEG, GAICD Non-Executive Director	
Experience and expertise	Gary is a geophysicist with 35 years' of mineral and coal exploration experience. He is Director and principal consultant to Geophysical Resources and Services (GRS), a geophysical contracting and consulting company. He has extensive experience in precious, base metal and coal exploration and mining projects, focusing on the application of geophysical techniques to operating mines. Prior to co-founding GRS, he worked for Scintrex Consulting, Whim Creek Consolidated, Dominion Mining and MIM Exploration, providing exposure to both open cut and underground metalliferous and coal mining operations. Gary was a co-founder of Anchor Resources Ltd and a Director at the time of the sale of controlling interest in 2011.
Other current directorships	None
Former directorships in last 3 years	None
Special responsibilities	None
Interests in Canterbury shares and options	Ordinary shares (Escrowed) – 2,461,907 Ordinary shares (Un-Escrowed) – 641,664 Options (Escrowed) under ESOP expiring 30 June 2020 – 150,000 Options (Escrowed) under ESOP expiring 30 June 2021 – 125,000

Company secretary information

Veronique Morgan-Smith - LLB Hons (UK), MBDE (Fr), CAPA (Fr), Law Dip. (Aus)
Company Secretary and In-House Legal Counsel

Véronique was appointed as Company Secretary and In-House legal Counsel in November 2013. She has +18 years' experience as a corporate transactions lawyer, both in major international law firms and in-house, as an Australian solicitor and a French avocat d'affaires. She has advised multinational companies and smaller businesses from start-up through to domestic and cross-border transactions and joint-ventures in various legal systems, including Australia, France, the UK, the US, Hong Kong, OHADA Africa, South Africa and various Pacific Islands. Her broad practice has focused on mining and mineral resources in recent years, and she acts as the company secretary of several private and public companies. Véronique uses her varied legal expertise to assist the Board in corporate governance and compliance matters, capital raisings and corporate transactions.

At the date of this report, there are six senior executives comprising five males and one female.

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 year.

Financial result

The consolidated loss of the group after providing for income tax for the year ended 30 June 2019 was $1,015,172 (2018: loss $627,181).

The net assets of the group rose by $7,099,894 from $3,529,179 at 30 June 2018 to $10,629,073 at 30 June 2019, principally due to the group's loss for the year of $1,015,172 offset by an increase in issued capital of $8,043,004.

Dividends

There were no dividends paid or declared for the period ended 30 June 2019 (2018: nil). The directors have not made any recommendations for payment of dividends in respect of the financial year.

Significant changes in the state of affairs

During the year Canterbury Resources Limited completed an Initial Public Offering (IPO) raising $6,147,222.30 and was admitted to the official list of the ASX under the ticker code CBY, with official quotation of its ordinary fully paid shares commencing on 7 March 2019.

Review of operations

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

The company also completed an IPO for listing on the ASX, raising approximately $6.15 million (before costs) at share price of $0.30 per share, and commenced trading on the ASX on 7 March 2019 under the ticker code CBY.

In Papua New Guinea, Canterbury holds three projects that are prospective for porphyry related copper-gold mineralisation; Ekuti Range, Bismarck and Ipi River.

Within the 100% owned Ekuti Range Project, a four-hole (~1.200m) scout drilling program was completed at the Ekoato prospect, testing an extensive area of surface gold and copper mineralisation. Encouraging results were achieved, with the drilling encountering broad breccia zones interpreted to have formed above a fertile porphyry-style mineralisation system. Structural zones appear to have been conduits for mineralising fluids emanating from the putative buried intrusive (porphyry), with drill hole EK004 recorded a high-grade result of 18.0m at 6.23g/t Au, 13.0g/t Ag and 0.18% Cu through one of these zones.

The Bismarck Project (CBY 40%) on Manus Island is the subject of a Farm-In and Joint Venture ("JV") with Rio Tinto Exploration (PNG) Limited ("RTX PNG") whereby RTX PNG has the right to earn an equity interest by completing various obligations under staged exploration programs. RTX PNG has entered the Stage 2 exploration phase whereby it can increase its JV interest from 60% to 80%. A drilling program commenced in late 2018 testing large, buried porphyry copper-gold targets and was paused after encountering adverse ground conditions. RTX PNG is examining opportunities to achieve a better drilling performance, with the timing for a recommencement of drilling under consideration.

The Ipi River Project (CBY 100%) was granted during the year and covers a known mineralised porphyry copper-gold system. The company is acquiring and interpreting historical exploration data ahead of commencement of field activities.

At the Briggs & Mannersley Project (CBY 100%; subject to 1% NSR and certain claw-back rights in favour of Rio Tinto Exploration Pty Limited) in Queensland, a diamond drilling program commenced in June 2019, designed to further assess the resource potential in the central portion of the Briggs porphyry copper deposit. This includes testing a for a potential higher-grade core of this large system.

In Vanuatu, a third tenement has been granted that covers the Tafuse epithermal gold-silver prospect on Espiritu Santo (CBY 100%). An initial program of mapping and sampling is planned in the near term aimed at defining potential drill targets.

Directors' report

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.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors).

			Committee									
	Board Meetings		Risk		Audit		Remuneration		Governance		Nomination	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R Moller	11	11	2	1	2	2	2	2	1	1	-	-
J Anderson	11	10	2	2	-	-	2	2	1	1	-	-
G Craighead	11	11	2	2	-	-	-	-	1	1	-	-
G Fallon	11	10	2	2	2	2	2	2	1	1	-	-
M Erceg	4	4	2	2	-	-	-	-	1	1	-	-

Events since the end of the financial year

There has not arisen in the interval between the end of the financial 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.

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.

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.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the remuneration report section of this directors' report. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the group.

Share options granted to directors and senior management

During the year, there were no options issued to the directors or senior management.

<u>Remuneration report (audited)</u>

This remuneration report for the year ended 30 June 2019 outlies the remuneration arrangement of the company and the group in accordance with the requirements of the *Corporations Act 2001* (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the company and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of key management personnel

Details of KMP including the top five remunerated executives of the group are set out below.

Directors

John Anderson	Non-Executive Chairman
Grant Craighead	Managing Director
Gary Fallon	Non-Executive Director
Ross Moller	Non-Executive Director and Co-company Secretary
Michael Erceg	Executive Director - appointed 6 March 2019

Remuneration philosophy

The objectives of the company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The Board believes that executive remuneration satisfies the following key criteria:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency
- capital management.

These criteria results in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long term incentives in line with the company's limited financial resources.

Fees and payments to the company's non-executive directors and senior executives reflect the demands which are made on, and the responsibilities of, the directors and senior management. Such fees and payments are reviewed annually by the Board. The company's executive and non-executive directors, senior executives and officers are entitled to receive options under the company's employee share option scheme.

Directors' report

Remuneration report (audited) (cont'd)

Remuneration of key management personnel

2019	Short-term employee benefits		Post-employment benefits	Share based payments	
Directors	**Salary and directors' fees**	**Consulting fees**	**Super-annuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**
R E Moller	45,000	8,400	-	-	53,400
J E D Anderson	58,500	68,400	-	-	126,900
GA Craighead	-	240,000	-	-	240,000
GN Fallon	41,096	-	5,205	-	46,301
M Erceg	-	21,000	-	-	21,000
	144,596	**337,800**	**5,205**	**-**	**487,601**

2018	Short-term employee benefits		Post-employment benefits	Share based payments	
Directors	**Salary and directors' fees**	**Consulting fees**	**Super-annuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**
R E Moller	22,500	-	-	5,250	27,750
J E D Anderson	22,500	42,600	-	5,250	70,350
GA Craighead	-	122,727	-	5,250	127,977
GN Fallon	20,566	-	2,603	5,250	28,419
	65,566	**165,327**	**2,603**	**21,000**	**254,496**

No performance based remuneration was paid in 2019 (2018: nil).

The performance and remuneration of directors and senior executives is reviewed annually.

Non-executive director remuneration arrangements

Directors are entitled to remuneration out of the funds of the company but the remuneration of the non-executive directors ("NED") may not exceed in any year the amount fixed by the company in general meeting for that purpose. The aggregate remuneration of the NEDs has been fixed at a maximum of $250,000 per annum to be appointed among the NEDs in such a manner as the Board determines. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as directors.

For the year to 30 June 2019, the Chairman's fee was set at $54,000 per annum and NED fees at $45,000 per annum.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in employment contracts and contractor agreements. Details of these agreements are set out below.

For the year to 30 June 2019, the managing director's remuneration was set at $240,000 per annum, plus GST (2018: $20,000 per month plus GST; for a contract term of 36 months. There were no termination payments.

Mr Erceg was appointed as an Executive Director on 6 March 2019, and his remuneration was set at $1,200 per day, plus GST.

Remuneration report (cont'd)

Transactions with associates of directors

G Craighead is a director of, and has a significant financial interest in, Breakaway Mining Services Pty Ltd, a company that provided technical and office services to the company during the year. These services were provided under normal commercial terms and conditions, and fees totalled $256,056 in FY19 ($197,838 in FY18).

Employee share option plan

The company operates an employee share option plan for employees and contractors of the consolidated entity. 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 at an exercise price of $0.40 per ordinary share.
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.

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

Options Series	Grant date	Exercise Price	Expiry date	Vesting date
CBY03A	26/02/2016	$0.20	30/06/2019	26/02/2016
CBY04	28/03/2017	$0.25	30/06/2020	28/03/2017
CBY05	20/02/2018	$0.40	30/06/2021	20/02/2018

Proceedings on behalf of company

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

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

Future developments

Disclosure of information regarding likely developments in the operations of the group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the group. Accordingly, this information has not been disclosed in this report.

Indemnification of Officers and Auditors

During the financial 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 financial 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.

Non-audit services

The group's auditor, BDJ Partners did not provide non-audit services to the group during the year ended 30 June 2019 (2018: Nil).

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.298(2) of the *Corporations Act 2001.*

On behalf of the Directors

Director: ....
Grant Craighead
Dated: 30 September 2019

Auditor's Independence Declaration

To the directors of Canterbury Resources Limited

As engagement partner for the audit of Canterbury Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

BDJ Partners

……………………………………………
Greg Cliffe
Partner
24 September 2019

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Canterbury Resources Limited and Controlled Entities
ABN 59 152 189 369

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019

	Note	2019	2018
		$	$
Revenue	3	36,398	20,508
Finance income - interest income	4	28,496	-
Other gains and (losses)	4	(1,480)	-
IPO expenses		(282,147)	-
Administration expenses		(202,372)	(140,328)
Corporate costs		(172,833)	(100,193)
Consultancy		(361,127)	(249,353)
Depreciation and amortisation expense	4	(3,758)	(3,546)
Exploration expense		(1,804)	(66,204)
Travel expense		(7,131)	(7,439)
Insurance		(13,500)	(14,002)
Registration fees		-	(3,540)
Share based payment expense		-	(42,000)
Other expenses		(33,914)	(21,084)
Loss before tax		(1,015,172)	(627,181)
Income tax benefit	5	-	-
Loss for the year		(1,015,172)	(627,181)
Attributable to:			
Owners of the company		(1,015,172)	(627,181)
Other comprehensive income for the year		72,062	-
Total comprehensive loss for the year		(943,110)	(627,181)
Total comprehensive loss attributable to:			
Owners of the company		(943,110)	(627,181)
Basic loss per share (cents per share)	6	(0.0150)	(0.0118)
Diluted loss per share (cents per share)	6	(0.0150)	(0.0118)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position
as at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	16(a)	2,865,787	171,068
Trade and other receivables	7	100,315	6,500
Other current assets	8	8,293	7,168
Total current assets		2,974,395	184,736
Non-current assets			
Property, plant and equipment	9	45,620	13,157
Intangible assets	10	2,718,341	2,718,341
Capitalised exploration and development expenditure	11	5,579,474	1,835,396
Other assets	8	10,442	9,401
Total non-current assets		8,353,877	4,576,295
Total assets		11,328,272	4,761,031
Liabilities			
Current liabilities			
Trade and other payables	12	699,199	1,231,852
Total current liabilities		699,199	1,231,852
Total liabilities		699,199	1,231,852
Net assets		10,629,073	3,529,179
Equity			
Issued capital	13	12,614,548	4,571,544
Reserves	14	189,662	117,600
Accumulated losses	15	(2,175,137)	(1,159,965)
Total equity		10,629,073	3,529,179

The accompanying notes form part of these financial statements.

Canterbury Resources Limited and Controlled Entities

ABN 59 152 189 369

Consolidated statement of changes in equity
for the year ended 30 June 2019

	Issued capital $	Reserves $	Accumulated losses $	Total $
Balance at 1 July 2017	2,019,720	132,436	(570,088)	1,582,068
Loss for the year	-	-	(627,181)	(627,181)
Total comprehensive loss for the year	-	-	(627,181)	(627,181)
Transactions with owners of the company:				
Shares issued during the year	2,551,824	-	-	2,551,824
Losses introduced	-	-	(19,532)	(19,532)
Share based payment	-	42,000	-	42,000
Allocation of share options	-	(56,836)	56,836	-
Balance at 30 June 2018	4,571,544	117,600	(1,159,965)	3,529,179
Balance at 1 July 2018	4,571,544	117,600	(1,159,965)	3,529,179
Loss for the year	-	-	(1,015,172)	(1,015,172)
Foreign currency translation	-	72,062	-	72,062
Total comprehensive income/(loss) for the year	-	72,062	(1,015,172)	(943,110)
Transactions with owners of the company:				
Shares issued during the year (net of share issue costs)	8,043,004	-	-	8,043,004
Balance at 30 June 2019	12,614,548	189,662	(2,175,137)	10,629,073

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Interest received		28,496	-
Other receipts		39,707	20,508
Payments to suppliers and employees		(1,052,339)	(584,444)
Net cash used in operating activities	16(b)	(984,136)	(563,936)
Cash flows from investing activities			
Payments for property, plant and equipment		(36,222)	(15,663)
Payments for exploration and development expenditure		(3,200,724)	(418,356)
Net cash used in investing activities		(3,236,946)	(434,019)
Cash flows from financing activities			
Proceeds from issue of shares		6,843,739	945,825
Net cash generated by financing activities		6,843,739	945,825
Net effect of foreign exchange		72,062	-
Net increase/(decrease) in cash and cash equivalents		2,622,657	(52,130)
Cash and cash equivalents at the beginning of the year		171,068	223,198
Cash and cash equivalents at the end of the year	16(a)	2,865,787	171,068

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 Street
Pyrmont NSW 2009

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.

These consolidated financial statements and notes represent Canterbury Resources Limited ("the company") and its controlled entities (the "group").

2. Significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the group.
For the purposes of preparing the consolidated financial statements, the company is a for-profit entity.

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. Accounting Standards include Australian Accounting Standards ('AAS'). Compliance with AAS ensures that the financial statements and notes of the group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 30 September 2019.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 'Inventories' or value in use in AASB 136 'Impairment of Assets'

2. Significant accounting policies (cont'd)

The principal accounting policies are set out below.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and the entities controlled by the company (its subsidiaries) made up to 30 June each year. Control is achieved when the company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company. Total comprehensive income of the subsidiaries is attributed to the owners of the company. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

(b) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

2. Significant accounting policies (cont'd)

(b) Business combinations (cont'd)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 '*Income Taxes'* and AASB 119 '*Employee Benefits*' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 '*Share-based Payment'* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations'* are measured in accordance with that Standard.

Where the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

(c) Revenue recognition

Revenue is measured based on the consideration to which the group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a service to a customer.

The group recognises operating revenue from the provision of support services. Such services are recognised as a performance obligation satisfied at a point in time.

(d) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The group as lessee</u>
Assets held under finance leases are initially recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2. Significant accounting policies (cont'd)

(e) Taxation

The company is part of a tax-consolidated group under Australian taxation law, of which Canterbury Resources Limited is the head entity. As a result, Canterbury Resources Limited is subject to income tax through its membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Canterbury Resources Limited have agreed to pay a tax equivalent payment to or from the head entity equal to the tax liability or asset assumed by the head entity for that period as noted above. Such amounts are reflected in amounts receivable from or payable to the head entity. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such 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.

2. Significant accounting policies (cont'd)

(e) Taxation (cont'd)

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

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

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(**g) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is calculated on a straight-line basis so as to write off the cost or revalued amount of each fixed asset over its estimated useful life, as follows to its estimated residual value.

Class of property, plant and equipment	Depreciation rate
Plant and equipment	15%
Website development costs	25%
Computer hardware	33.33%
Motor vehicles	25%

2. Significant accounting policies (cont'd)

(g) Property, plant and equipment (cont'd)

Depreciation rates and methods shall be reviewed at least annually and, where changed, shall be accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(h) 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.

(i) Impairment of assets (excluding goodwill)

At the end of each reporting period, the group reviews the carrying amounts of its tangible 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). When it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

2. Significant accounting policies (cont'd)

(i) Impairment of assets (excluding goodwill) (cont'd)

Recoverable amount is the higher of fair value less costs of disposal 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(k) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost.

Classification of financial assets
Debt instruments that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
• 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.

The group's financial assets at amortised cost includes trade receivables.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets
The group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

2. Significant accounting policies (cont'd)

(k) Financial instruments (cont'd)

Financial assets (cont'd)

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets
The entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

Financial liabilities, including trade and other payables, are initially measured at fair value, net of transaction costs.

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derecognition
The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2. Significant accounting policies (cont'd)

(l) 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 consolidated 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 within operating cash flows.

(m) Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of the group are expressed in Australian dollars ('$'), which is the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity.

(n) Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(o) Critical accounting judgments and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors 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.

2. Significant accounting policies (cont'd)

(o) Critical accounting judgments and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment
As described at (g) above, the group reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

Impairment testing
Goodwill is evaluated for impairment annually or whenever certain triggering events or circumstances, that would more likely than not reduce the fair value of a reporting unit below its carrying amount, are identified. Events or circumstances that might indicate an interim evaluation is warranted include, among other things, unexpected adverse business conditions, macro and reporting unit specific economic factors (for example, interest rate and foreign exchange rate fluctuations, and loss of key personnel), supply costs, unanticipated competitive activities, and acts by governments and courts.

Capitalised exploration and development expenditure
Exploration, evaluation and development expenditures incurred 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.

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 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.

(p) Share based payments

Employee share option plan
Canterbury Resources Limited operates an employee share option plan for employees and contractors of the consolidated entity. 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 at an exercise price of $0.40 per ordinary share.
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.

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

2. Significant accounting policies (cont'd)

(p) Share based payments (cont'd)

Employee share option plan (ESOP) (cont'd)

Options Series	Grant date	Exercise Price	Expiry date	Vesting date
CBY03A – ESOP OPTIONS	26/02/2016	$0.20	30/06/2019	26/02/2016
CBY04 – ESOP OPTIONS	28/03/2017	$0.25	30/06/2020	28/03/2017
CBY05 – ESOP OPTIONS	20/02/2018	$0.40	30/06/2021	20/02/2018

These options were valued based on the Cox Ross Rubenstein option pricing model, the value of the options was assessed using the annual volatility of returns based on the daily share price history pf CooperMoly (a comparable company as it is a PNG focussed copper exploration company) for a period of 12 months immediately proceeding and including the measurement date on Australian Stock exchange ("ASX").

The table below summarises the total options movement for the year, including ESOP and non-ESOP:

Status*	ESOP (unlisted)	Non-ESOP (unlisted)	Totai
At beginning of period	3,350,000	6,812,725	10,162,725
Granted during period	-	5,000,000	5,000,000
Forfeited during period	795,000	4,631,427	5,426,427
Exercised during period	355,000	2,181,298	2,536,298
At end of period	2,200,000	5,000,000	7,200,000

*Irrespective of any restrictions applicable to those options under ASX requirements.

(q) Going concern basis

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 cash flows 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.

(r) Adoption of new and revised Accounting Standards

Amendments to Accounting Standards that are mandatorily effective for the current year

In the current year, 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 its operations and effective for the current annual reporting period. There has been no material impact of these changes on the group's accounting policies.

2. Significant accounting policies (cont'd)

(r) Adoption of new and revised Accounting Standards (cont'd)

Amendments to Accounting Standards that are mandatorily effective for the current year (cont'd)

Impact of the application of AASB 15 *Revenue from Contracts with Customers*

The group has adopted AASB 15 '*Revenue from Contracts with Customers'* and AASB 2014-5 *'Amendments to Australian Accounting Standards arising from AASB 15'* from 1 July 2018. AASB 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 has replaced past revenue recognition guidance including AASB 118 *Revenue,* AASB 111 *Construction Contracts* and the related Interpretations.

The core principle of AASB 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The directors of the group have assessed that the only performance obligation is from the provision of support services and accordingly, revenue will be recognised for this performance obligation at the point in time when services are rendered. This is similar to the current identification of separate revenue components under AASB 118.

The group has implemented the modified retrospective method of transition to AASB 15. The adoption of AASB 15 has not resulted in any material impact on comparative figures. As such, comparatives have not been restated.

The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the group.

Impact of the application of AASB 9 *Financial Instruments*

In the current year, the group has applied AASB 9 *Financial Instruments* and the related consequential amendments to other AASB Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives. The group has assessed that restatement will not have a material impact and has elected not to restate comparatives in respect of the classification and measurement of financial instruments.

Additionally, the group adopted consequential amendments to AASB 7 *Financial Instruments: Disclosures* that were applied to the disclosures for 2018 and to the comparative period.

AASB 9 introduced new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

2. Significant accounting policies (cont'd)

(r) Adoption of new and revised Accounting Standards (cont'd)

Amendments to Accounting Standards that are mandatorily effective for the current year (cont'd)

Impact of the application of AASB 9 *Financial Instruments* (cont'd)

Details of these new requirements as well as their impact on the group's financial statements are described below.

Classification and measurement of financial assets
The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of AASB 9) is 1 July 2018. Accordingly, the group has applied the requirements of AASB 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018.

All recognised financial assets that are within the scope of AASB 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost.

The directors of the group reviewed and assessed the group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had the following impact on the group's financial assets as regards their classification and measurement:

Classification and measurement of financial liabilities
The group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the company's financial liabilities.

Impairment of financial assets
In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, AASB 9 requires the group to recognise a loss allowance for expected credit losses on trade receivables.

In particular, AASB 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. AASB 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

2. Significant accounting policies (cont'd)

(r) Adoption of new and revised Accounting Standards (cont'd)

Amendments to Accounting Standards that are mandatorily effective for the current year (cont'd)

Impact of the application of AASB 9 *Financial Instruments* (cont'd)

The financial assets are assessed to have low credit risk. As such, the group assumes that the credit risk on these financial instruments has not increased significantly since initial recognition. The group applies the simplified approach and recognises lifetime ECL for these assets.

Given the nature and profile of the group's customer base reflecting a low credit risk, the directors have assessed that the application of AASB 9 did not result in any material ECL for trade receivables.

General hedge accounting
The application of the AASB 9 hedge accounting requirements has had no other impact on the results and financial position of the group for the current and/or prior years.

Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial statements, the group has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 *Leases*	1 July 2019	30 June 2020
AASB 2018-*1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*	1 July 2019	30 June 2020
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	1 July 2020	30 June 2021
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 July 2020	30 June 2021
Interpretation 23 *Uncertainty over Income Tax Treatments*	1 July 2019	30 June 2020

Impact of adoption of *AASB 16 Leases*

AASB 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. AASB 16 will supersede the current lease guidance including AASB 117 Leases and the related interpretations when it becomes effective. AASB 16 will be effective for annual years beginning on or after 1 July 2019. Early application is permitted, provided the new revenue standard, AASB 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as AASB 16.

The directors do not anticipate that the application of AASB 16 in the future will have a material impact on amounts reported in respect of the group's lease arrangements. However, it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the group undertakes a detailed review.

	2019 $	2018 $
3. Revenue		
Support services	33,003	-
Exploration reimbursement	-	20,508
Sundry income	3,395	-
	36,398	20,508

4. Loss for the year

Loss for the year has been arrived at after (charging)/crediting the following items of income and expense:

	2019 $	2018 $
Other (losses)/gains:		
Net unrealised foreign exchange loss	(366)	-
Net realised foreign exchange loss	(1,114)	-
	(1,480)	-
Finance income:		
Interest income	28,496	-
Depreciation expense	(3,758)	(3,546)

5. Income tax

Income tax benefit

	2019 $	2018 $
Tax benefit comprises of:		
Current tax benefit	-	-
Deferred tax benefit	-	-
	-	-

The prima facie income tax expense in the consolidated statement of profit or loss and other comprehensive income is as follows:

	2019 $	2018 $
Loss before income tax from continuing operations	(1,015,172)	(627,181)
Income tax benefit calculated at 27.5% (2018: 27.5%)	(279,172)	(172,475)
Effect of previously unrecognised and unused tax losses and deductible temporary differences	279,172	172,475
Income tax benefit attributable to loss	-	-

	2019 Cents per share	2018 Cents per share
6. Loss per share		
Basic loss per share		
From continuing operations	(0.0150)	(0.0118)
Diluted loss per share		
From continuing operations	(0.0150)	(0.0118)

6. Loss per share (cont'd)

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

	2019 $	2018 $
Loss used in the calculation of basic and diluted loss per share	(1,015,172)	(627,181)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (a)	67,688,483	34,436,252

(a) During the year ended 30 June 2019 the potential ordinary shares associated with the employee share option plan as set out in Note 2 are anti-dilutive and therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share. The potential ordinary shares associated with the Performance Rights, as set out in Note 13 are anti-dilutive, and have not been included in the weighted average number of ordinary shares for the purposes of diluted earnings per share

	2019 $	2018 $
7. Trade and other receivables		
Current		
Other receivables	18,203	6,500
Goods and Services Tax receivable	82,112	-
	100,315	6,500
8. Other assets		
Current		
Prepayments	8,293	7,168
Non-current		
Tenements	10,442	7,597
Consultancy fee	-	1,804
	10,442	9,401

9. Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and equipment $	Website development $	Computer hardware $	Motor vehicles $	Total $
2019					
At 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)

9. Property, plant and equipment (cont'd)

	Plant and equipment $	Website development $	Computer hardware $	Motor vehicles $	Total $
2018					
At cost					
Balance at 1 July 2017	2,973	-	-	-	2,973
Additions	-	15,000	-	-	15,000
Balance at 30 June 2018	2,973	15,000	-	-	17,973
Accumulated depreciation					
Balance at 1 July 2017	(1,270)	-	-	-	(1,270)
Depreciation expense	(526)	(3,020)	-	-	(3,546)
Balance at 30 June 2018	(1,796)	(3,020)	-	-	(4,816)
Net book value 30 June 2018	1,177	11,980	-	-	13,157
Net book value 30 June 2019	969	9,184	5,409	30,058	45,620

	2019 $	2018 $
10. Intangible assets		
Non-current		
Goodwill on acquisition of Finny Limited	2,718,341	2,718,341

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

11. Capitalised exploration and development expenditure		
Non-current		
Balance as at 1 July	1,835,396	1,364,316
Additions	3,745,882	537,284
Write-offs	(1,804)	(66,204)
Balance as at 30 June	5,579,474	1,835,396

The exploration expenditure capitalised by the group ending 30 June 2019, is dependent on successful development and commercial exploitation, or alternatively, on the sale of the respective areas of interest.

	2019 $	2018 $
12. Trade and other payables		
Current		
Unsecured		
Trade payables (i)	28,061	17,781
Sundry payables and accrued expenses	671,138	1,214,071
	699,199	1,231,852

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

13. Issued capital

81,508,197 fully paid ordinary shares (2018: 49,805,769)	12,614,548	4,571,544

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

Movements in issued capital

	2019		2018	
	No of shares	$	No of shares	$
Balance at the beginning of the year	49,805,769	4,571,544	35,293,246	2,019,720
Shares issued during the year	31,702,428	8,043,004	14,512,523	2,551,824
Balance at the end of the year	81,508,197	12,614,548	49,805,769	4,571,544

On 17 July 2018, the company completed the contingent consideration component of the Finny Limited transaction via the issue of 6,000,000 shares. This fully completed all payments under the terms of the Finny Limited acquisition.

The company issued the following additional shares:

- 1,388,889 shares at a value of $0.225 as part of a personal placement offer, raising $312,500,
- 865,750 shares from the conversion of $0.20 options, raising $173,150,
- 500,000 shares from the conversion of $0.20 options, raising $100,000,
- 71,500 shares from the conversion of $0.20 options, raising $14,300,
- 150,000 shares from the conversion of $0.25 options, raising $37,500,
- 415,000 shares from the conversion of $0.20 options, raising $83,000
- 820,548 shares from the conversion of $0.20 options, raising $164,110,

The company released a fourth supplementary prospectus dated 12 February 2019 and a fifth supplementary prospectus dated 28 February 2019.

The offer under the company's prospectus closed on 20 February 2019 and the company issued 20,490,741 fully paid ordinary shares at an issue price of $0.30 per share for a total capital raising of$6,147,222.30.

In addition, 1,000,000 fully paid ordinary shares were issued to Canaccord at an issue price of $0.30 per share (in lieu of $300,000, ex-GST, of broking fees).

	2019	2018
	$	$
14. Reserves		
Share based payments (i)	117,600	174,436
Options exercised	-	(56,836)
Foreign currency translation	72,062	-
	189,662	117,600

(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.

15. Accumulated losses

	2019 $	2018 $
Balance at the beginning of the year	(1,159,965)	(570,088)
Options exercised	-	56,836
Losses introduced	-	(19,532)
Loss for the year	(1,015,172)	(627,181)
Balance at the end of the year	(2,175,137)	(1,159,965)

16. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

(a) Reconciliation of cash

	2019 $	2018 $
Cash at bank	355,494	171,068
Term deposits	2,510,293	-
	2,865,787	171,068

(b) Reconciliation of loss for the year to net cash flows from operating activities

	2019 $	2018 $
Loss for the year	(1,015,172)	(627,181)
Depreciation expense	3,758	3,546
Non-cash share based payments	-	(42,000)
Movements in working capital:		
(Increase) in trade and other receivables	(93,815)	-
(Increase) in other assets	(1,125)	(571)
(Decrease)/increase in trade and other payables	122,218	18,270
Net cash flows used in operating activities	984,136	(563,936)

17. Commitments for expenditure

Tenement expenditure (i)	1,000,000	1,671,202

(i) In order to maintain the group's tenements in good standing with the relevant mining authorities, the group will be required to incur exploration expenditure under the terms of each exploration licence. This is a pro-rata estimate based on the terms for EPM 18504 and EPM 19198 in Queensland, PL1836, PL1837 and PL1851 in Vanuatu, and EL2302, EL2314, EL2418, EL2509, EL2378 and EL2390 in PNG, converted to AUD at current exchange rates.

	2019 $	2018 $
18. Lease commitments		
Non-cancellable operating lease commitments		
Not later than 1 year	329,002	-
Later than 1 year and not later than 5 years	15,730	-
	344,732	-

The operating leases relate to:

(i) the lease of a camp site in Papua New Guinea for a term of 12 months, with an expiry date of 15 April 2020. At the end of the lease term, there is an option to renew the lease on a month by month basis.

(ii) the sub-lease of the company's office space at Pyrmont, NSW, for a term of 24 months, with an expiry date of 17 February 2021. At the end of the lease term, there is an option to renew the lease for a further one year.

19. Contingent liabilities and contingent assets

In the opinion of the directors, the group did not have any contingent liabilities or contingent assets at 30 June 2019 (2018: nil).

	2019 $	2018 $
20. Auditors' remuneration		
Audit of the financial statements	32,000	16,000
Investigating accountants report for inclusion in the company's prospectus:		
Preparation	-	10,000
Revision	-	7,500
	32,000	33,500

The auditor of Canterbury Resources Limited is BDJ Partners.

21. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name of entity	Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
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

Notes to the consolidated financial statements
for the year ended 30 June 2019

22. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the group.

	2019 $	2018 $
Statement of financial position		
Assets		
Current assets	2,831,468	191,806
Non-current assets	8,038,947	4,761,046
Total assets	10,870,415	4,952,852
Liabilities		
Current liabilities	83,574	1,255,944
Non-current liabilities	-	-
Total liabilities	83,574	1,255,944
Equity		
Issued capital	12,614,548	4,571,544
Reserves	189,662	117,600
Accumulated losses	(2,017,369)	(992,236)
Total equity	10,786,841	3,696,908
Total comprehensive loss	(953,071)	(545,981)

Contingent liabilities
The parent entity had no contingent liabilities at 30 June 2019 (2018: nil).

Capital commitments - property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2019 (2018: nil).

Guarantees
The parent entity has not entered into any guarantees, in the current or previous financial year, with respect to the debts of its subsidiaries.

23. Key management personnel disclosures

Directors
The following persons were directors of the group during the financial year:

JED Anderson
GA Craighead
GN Fallon
RE Moller
ME Erceg (appointed 6 March 2019)

Notes to the consolidated financial statements for the year ended 30 June 2019

23. Key management personnel disclosures (cont'd)

Key management personnel compensation

Remuneration of key management personnel

2019	**Short-term employee benefits**		**Post-employment benefits**	**Share based payments**	
Directors	**Salary and directors' fees**	**Consulting fees**	**Super-annuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**
R E Moller	45,000	8,400	-	-	53,400
J E D Anderson	58,500	68,400	-	-	126,900
GA Craighead	-	240,000	-	-	240,000
GN Fallon	41,096	-	5,250	-	46,301
M Erceg	-	21,000	-	-	21,000
	144,596	**337,800**	**5,250**	**-**	**487,601**

2018	**Short-term employee benefits**		**Post-employment benefits**	**Share based payments**	
Directors	**Salary and directors' fees**	**Consulting fees**	**Super-annuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**
R E Moller	22,500	-	-	5,250	27,750
J E D Anderson	22,500	42,600	-	5,250	70,350
GA Craighead	-	122,727	-	5,250	127,977
GN Fallon	20,566	-	2,603	5,250	28,419
	65,566	**165,327**	**2,603**	**21,000**	**254,496**

No performance based remuneration was paid in 2019 (2018: nil).

Transactions with associates of key management personnel

	2019	**2018**
	$	**$**
Amounts recognised as expense		
Office overheads (i)	256,056	197,838

(i) Mr Grant Craighead, a director of the company, has a significant financial interest in Breakaway Mining Services Pty Limited. Breakaway Mining Services Pty Limited provides technical and office overhead services to the company during the year. These services were provided under normal commercial terms and conditions.

The company entered into a services contract with Gage Resources Pty Limited (as trustee for Craighead Family Trust), dated 23 April 2018, for the services of Mr Grant Craighead as Managing Director of the company, for a term of 36 months, starting on 1 January 2018,. This term is automatically renewable unless terminated by 6 months written notice. The annual remuneration was $240,000 (plus GST).

23. Key management personnel disclosures (cont'd)

Transactions with associates of key management personnel

The contract is a related party contract as Gage Resources Pty Limited, as trustee for Craighead Family Trust, is an entity controlled by Mr Grant Craighead who is one of its two directors.

On 1 July 2019, this contract was terminated and Mr Craighead was employed as a Managing Director and as an employee of the company.

24. Related party transactions

(a) *Parent entity*

The parent entity within the group is Canterbury Resources Limited.

(b) *Key management personnel*

Disclosures relating to key management personnel are set out in note 23.

(c) *Subsidiaries*

Interests in subsidiaries are set out in note 21.

(d) *Joint Venture*

Finny Limited has a farm-in and Joint Venture agreement with Rio Tinto. Where Rio Tinto has earnt 60% Joint Venture interest by sole-funding $5million of exploration, and is currently increasing to 80% by sole-funding the next $12.5 million, plus meeting various technical milestones.

(e) *Shared based payments*

Shared based payments are set out in note 23.

25. Operating segment

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

26. 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 at an exercise price of $0.40 per ordinary share.

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.

26. Employee share option plan (cont'd)

Terms and conditions of share-based payment arrangements affecting remuneration of key management personnel in the current financial year or future financial years:

Options Series	Grant date	Exercise price	Expiry date	Vesting date
CBY03A	26/02/2016	$0.20	30/06/2019	26/02/2016
CBY04	28/03/2017	$0.25	30/06/2020	28/03/2017
CBY05	20/02/2018	$0.40	30/06/2021	20/02/2018

27. Financial instruments

Capital management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of its equity balance.

In managing its capital, the group's primary objective is to ensure its continued ability to maintain its operations and provide a platform to enable a return for its equity shareholders to be made when successful commercial operations are achieved. In order to achieve this objective, the group seeks to maximise its fund raising to provide sufficient funding to enable the group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, or reduction of debt, the group considers not only its short-term position but also its long-term operational and strategic objectives.

The group's overall strategy remains unchanged from 2018.

The capital structure of the group consists of cash and bank balances (note 16) and equity of the group (comprising issued capital, reserves and accumulated losses as detailed in notes 13 to 15).

The group is not subject to any externally imposed capital requirements.

(a) Market risk

The group's activities expose it primarily to the financial risks of changes in interest rates and foreign currency.

There has been no change to the group's exposure to market risks or the manner in which these risks are managed and measured.

27. Financial instruments (cont'd)

Capital management (cont'd)

(a) Market risk (cont'd)

(i) Interest rate risk management

The group's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2019	Weighted average interest rate %	Floating interest rate $	Fixed maturing in 1 yr to 5 yrs $	Non-interest bearing $	Total $
Financial assets					
Cash	0.00	355,494	-	-	355,494
Term deposits	1.95	2,510,293	-	-	2,510,293
Trade and other receivables	0.00	-	-	18,203	18,203
Total assets		**2,865,787**	-	**18,203**	**2,883,990**
Financial liabilities					
Trade and other payables	0.00	-	-	28,061	28,061
Total liabilities		-	-	**28,061**	**28,061**

2018	Weighted average interest rate %	Floating interest rate $	Fixed maturing in 1 yr to 5 yrs $	Non-interest bearing $	Total $
Financial assets					
Cash	0.00	171,068	-	-	171,068
Trade and other receivables	0.00	-	-	6,500	6,500
Total assets		**171,068**	-	**6,500**	**177,568**
Financial liabilities					
Trade and other payables	0.00	-	-	-	-
Total liabilities		-	-	-	-

27. Financial instruments (cont'd)

Capital management (cont'd)

(a) Market risk (cont'd)

(i) Interest rate risk management (cont'd)

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance sheet date. The analysis assumes all other variables remain constant.

2019

	Carrying amount $	+0.5% interest rate profit & loss $	-0.5% interest rate profit & loss $
Cash at bank			
Cash on short term deposit	355,494	1,777	(1,777)
	2,510,293	12,551	(12,551)
	2,865,787	14,328	(14,328)
Tax charge of 27.5%		(3,940)	3,940
Post tax profit increase/(decrease)		10,388	(10,388)

2018

	Carrying amount $	+0.5% interest rate profit & loss $	-0.5% interest rate profit & loss $
Cash at bank	171,068	855	(855)
Tax charge of 27.5%		(235)	235
Post tax profit increase/(decrease)		620	(620)

(ii) Currency risk

The group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the group.

The group's exposure to foreign currency risk, which arises out of its investments in Vanuatu and Papua New Guinea, is as follows:

	2019 $	2018 $
Cash at bank	60,815	1,490
Exploration expenditure capitalised	5,579,474	343,260
Net exposure	5,640,289	344,750

27. Financial instruments (cont'd)

Capital management (cont'd)

(a) Market risk (cont'd)

(ii) Currency risk (cont'd)

Sensitivity analysis

2019

	Carrying amount AUD$	+10% VUV&KNA/AUD profit & loss AUD$	-10% VUV&KNA/AUD profit & loss AUD$
Cash at bank	60,815	6,082	(6,082)
Capitalised exploration and development expenditure	5,579,474	557,947	(557,947)
	5,640,289	564,029	(564,029)
Tax charge of 27.5%		(155,108)	155,108
Post tax profit increase/(decrease)		408,921	(408,921)

2018

	Carrying amount AUD$	+10% VUV&KNA/AUD profit & loss AUD$	-10% VUV&KNA/AUD profit & loss AUD$
Cash at bank	1,490	149	(149)
Capitalised exploration and development expenditure	343,260	34,326	(34,326)
	344,750	34,475	(34,475)
Tax charge of 27.5%		(9,481)	9,481
Post tax profit increase/(decrease)		24,994	(24,994)

27. Financial instruments (cont'd)

Capital management (cont'd)

(b) Credit risk

Credit risk arises principally from the group's trade receivables. It is the risk that the counterpart fails to discharge its obligation in respect of the instrument. Ongoing credit evaluation is performed on the financial condition of trade and other receivables. The group does not have significant concentration of credit risk with respect to any single counter party or company of counter parties.

(c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for the management of the group's short medium and long-term funding and liquidity management requirements. The group manages liquidity risk by maintaining a reputable credit risk profile, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows,

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days. The Board receives cash flow projections in a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The group does not have any financing facilities in place and does not have a bank overdraft.

Maturity analysis of financial assets and liability based on contractual obligations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade and other payables mainly originate from the financing of assets used in ongoing operations such as, plant, equipment and investments in working capital (e.g. trade receivables). These assets are considered in the group's overall liquidity risk.

2019		**Contractual cash flows**			
	Carrying amount	**< 6 months**	**6-12 months**	**> 12 months**	**On demand**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash	355,494	355,494	-	-	-
Term deposits	2,510,293	2,510,293	-	-	-
Trade and other receivables	18,203	18,203	-	-	-
Total assets	2,883,990	2,883,990	-	-	-
Financial liabilities					
Trade and other payables	28,061	28,061	-	-	-
Total liabilities	28,061	28,061	-	-	-
Net maturity	2,855,929	2,855,929	-	-	-

27. Financial instruments (cont'd)

Capital management (cont'd)

(c) Liquidity risk (cont'd)

Maturity analysis of financial assets and liability based on contractual obligations (cont'd)

2018		**Contractual cash flows**			
	Carrying amount	**< 6 months**	**6-12 months**	**> 12 months**	**On demand**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash	171,068	171,068	-	-	-
Term deposits	-	-	-	-	-
Trade and other receivables	6,500	6,500	-	-	-
Total assets	177,568	177,568	-	-	-
Financial liabilities					
Trade and other payables	-	-	-	-	-
Total liabilities	-	-	-	-	-
Net maturity	177,568	177,568	-	-	-

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

28. Other information

In accordance with Listing Rule 4.10.19, the company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

29. Events after the reporting period

There has not arisen in the interval between the end of the financial 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.

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;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;

(c) 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, and

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

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

Director ....
Grant Craighead

Sydney, 30 September 2019

Independent Auditor's Report

To the members of Canterbury Resources Limited,

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Canterbury Resources Limited (the company and its subsidiaries) ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2019, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(i) giving a true and fair view of the group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 (q) to the financial statements which states that the directors are investigating options to raise additional funds. Should these measures be unsuccessful, it would indicate a material uncertainty which may cast doubt about the Group's ability to continue as a going concern and the Group's ability to pay its debts as and when they fall due. Our opinion is not qualified in respect of this matter.

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Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Intangible Assets and Capitalised Deferred Exploration and Evaluation Expenditure $8.1 million Refer to Notes 10 and 11	
The consolidated entity owns the rights to several exploration licenses in Papua New Guinea, Vanuatu and Queensland. The intangible asset represents goodwill on acquisition of Finny Limited, predominantly relating to the exploration licences held by that company. Expenditure relating to these areas is capitalised and carried forward to the extent they are expected to be recovered through the successful development of the respective area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. This area is a key audit matter due to: • The significance of the balances; • The inherent uncertainty of the recoverability of the amounts involved; and • The substantial amount of audit work performed.	Our audit procedures included amongst others: • Assessing whether any facts or circumstances exist that may indicate impairment of the capitalised assets; • Performing detailed testing of source documents to ensure capitalised expenditure was allocated to the correct area of interest; • Performing detailed testing of source documents to ensure expenditure was capitalised in accordance with Australian Accounting Standards; and • Obtaining external confirmations to ensure the exploration licences are current and accurate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 Group'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 Group to cease to continue as a going concern.

- 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 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.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Canterbury Resources Limited for the year ended 30 June 2019 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDJ Partners

....

Gregory W Cliffe
Partner

30 September 2019

Shareholder information

1. Equity

Number of securities	Type
57,565,004	**Fully paid ordinary shares - quoted**
24,143,193	Fully paid ordinary shares - restricted
300,000	Unquoted options expiring on 30 June 2020 with an exercise price of $0.25 - unrestricted
900,000	Unquoted options expiring on 30 June 2020 with an exercise price of $0.25 - restricted
250,000	Unquoted options expiring on 30 June 2021 with an exercise price of $0.40 - unrestricted
3,750,000	Unquoted options expiring on 30 June 2021 with an exercise price of $0.40 - restricted
1,000,000	Unquoted options expiring on 30 June 2021 with an exercise price of $0.45 - restricted
1,000,000	Unquoted options expiring on 30 June 2021 with an exercise price of $0.50 - restricted

2. Substantial holders

Holder Name	Holding Balance	% Issued Capital
Mr Duncan John Hardie	6,464,913	7.91%
Gage Resources Pty Ltd <Craighead Super Fund A/C>	5,871,586	7.19%
James Sinton Spence	5,444,444	6.66%

3. Small parcels

At the prevailing market price of $0.245 per share at 27 September 2019, there were 26 shareholders with less than a marketable parcel of $500.

4. Voting rights

There are no restrictions on voting rights. At a general meeting of the company every person who is or was the registered holder of a share at the time prescribed for that purpose in the notice convening the meeting ("Eligible Member") is entitled to vote in person, by proxy or representative. Each Eligible Member has one vote on a show of hands and each Eligible Member has one vote per share, or a fraction of a vote on a partly paid share, on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. A member is not entitled to vote if there are any calls or other sum outstanding on his or her shares. If a share is held jointly and more than one member votes in respect of that share, only the vote of the member whose name appears first in the register of members will be counted.

Option holders have no voting rights until the options are exercised.

There are no current on-market buy-back (LR 4.10.18).

Shareholder information

5. Distribution Schedule

a. Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	11	1,773	0.00%
1,001 - 5,000	31	89,358	0.11%
5,001 - 10,000	106	811,541	0.99%
10,001 - 100,000	125	5,248,363	6.42%
100,001 - 9,999,999,999	81	75,557,162	92.47%
Totals	**354**	**81,708,197**	**100.00%**

b. Options

Holding Ranges	Holders	Total Units	% Issued Options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 - 9,999,999,999	12	7,200,000	100.00%
Totals	**12**	**7,200,000**	**100.00%**

6. 20 largest shareholders

Position	Holder Name	Holding	% IC
1	Mr Duncan John Hardie	6,464,913	7.91%
2	Gage Resources Pty Ltd <Craighead Super Fund A/C>	5,871,586	7.19%
3	James Sinton Spence	5,444,444	6.66%
4	Mr Anthony Williamson	3,131,112	3.83%
5	Fallon Nominees Pty Ltd <Fallon Family A/C>	3,103,571	3.80%
6	Icekins Pty Ltd <John Anderson S/F A/C>	2,912,000	3.56%
7	Merrill Lynch (Australia) Nominees Pty Limited	2,500,000	3.06%
8	Netwealth Investments Limited <Wrap Services A/C>	2,416,000	2.96%
9	Travel Systems Pty Ltd <Moller Family Super Fund A/C>	2,362,500	2.89%
10	St Jude Exploration Pty Ltd <The McGee Family Super A/C>	2,250,000	2.75%
11	Armada Trading Pty Ltd	2,000,000	2.45%
12	Mr Duncan John Hardie	1,766,126	2.16%
13	Moller Corporation Ltd	1,600,000	1.96%

Shareholder information

6. <u>20 largest shareholders (cont'd)</u>

Position	Holder Name	Holding	% IC
14	Gage Resources Pty Ltd <Craighead Family A/C>	1,500,000	1.84%
15	Dr Susan Messner & Mr William Callender <Susan M Messner P/L Ret A/C>	1,323,333	1.62%
16	HSBC Custody Nominees (Australia) Limited	1,311,383	1.61%
17	Hanson RJL Pty Ltd <Hanson Super Fund A/C>	1,266,666	1.55%
18	Big Art Investments Pty Ltd	1,200,000	1.47%
19	Breakaway Investment Group Pty Limited	1,165,609	1.43%
20	Mr Lindsay George Dudfield & Mrs Yvonne Sheila Doling Dudfield <Lg Dudfield Pens Fund A/C>	1,065,033	1.30%
	Total	**50,654,276**	**61.99%**
	Total issued capital	**81,708,197**	**100.00%**

CORPORATE GOVERNANCE STATEMENT

Canterbury is committed to implementing high standards of corporate governance. The Board of Directors is responsible for corporate governance, and has the authority to determine, all matters relating to the strategic direction, policies, practices, management goals and operations of Canterbury. It also monitors the business and affairs of Canterbury on behalf of the Shareholders by whom they are elected and to whom they are accountable. The Board has endorsed most of the ASX Corporate Governance Council Principles and Recommendations (3rd edition, issued on 27 March 2014). The Corporate Governance Statement current at 30 June 2019 can be found at www.canterburyresources.com.au/about-us/corporate-governance.

Corporate directory

Board and Management
John Ernest Douglas Anderson
Non-Executive Chairman

Grant Alan Craighead
Managing Director

Ross Earle Moller
Non - Executive Director and Company Secretary

Gary Noel Fallon
Non-Executive Director

Michael Matthew Erceg
Executive Director (appointed 6 March 2019)

Veronique Morgan-Smith
Company Secretary and In-House Legal Counsel

Registered Office & Principal Place of Business
Suite 108
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Email: admin@canterburyresources.com.au
Web: www.canterburyresources.com.au

Auditors
BDJ Partners
Level 8, 124 Walker Street
North Sydney NSW 2060

Share Registry
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

Securities Exchange Listing
The Company is listed on the Australian Securities Exchange Ltd (“ASX”)
Home Exchange: Sydney, New South Wales
ASX Code: CBY