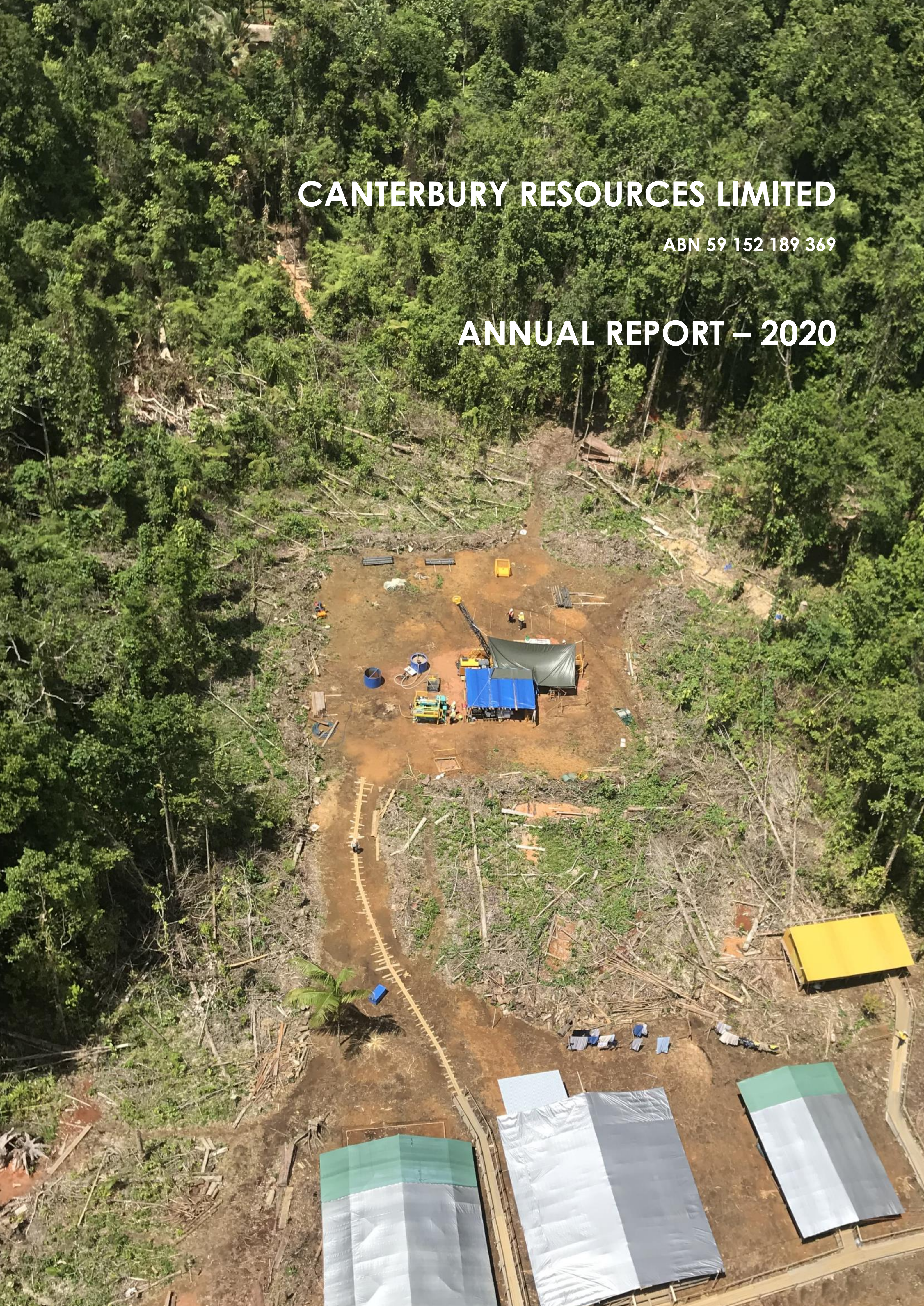
CANTERBURY RESOURCES LIMITED

ABN 59 152 189 369

ANNUAL REPORT – 2020



Corporate Directory

Board of Directors

John Anderson	Non-Executive Chairman
Grant Craighead	Managing Director
Michael Erceg	Executive Director
Ross Moller	Non-Executive Director
Robyn Watts	Non-Executive Director

Company Secretaries

Ross Moller

Veronique Morgan-Smith

Registered Office

Suite 108, 55 Miller Street,

Pyrmont, NSW 2009

Telephone: +61 2 9392 8020

Website: canterburyresources.com.au

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 8, 124 Walker Street, North Sydney, NSW 2060

PO Box 1664, North Sydney, NSW 2059

Solicitors

Dentons Australia Limited

77 Castlereagh Street Sydney, NSW 2000

Broker

Canaccord Genuity (Australia) Limited

ASX Code: CBY

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Chairman's Report

Dear Fellow Shareholder

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

The financial year to 30 June 2020 has been both exciting and turbulent. During the period we have made pleasing progress on multiple fronts and have further enriched our asset portfolio. However, we have also been impacted by the COVID-19 pandemic temporarily disrupting field activities.

An important achievement was a successful drilling campaign at the Briggs copper prospect in Queensland where broad, low-grade intervals of copper mineralisation were encountered. The program focussed on the Central Porphyry zone and culminated in the estimation of an initial Mineral Resource of 142.8Mt at 0.29% copper.

Planning of follow-up drilling, aimed at substantially increasing resources, is well advanced. Targets include strong zones of copper mineralisation evident on the eastern margin of the Central Porphyry and scout drilling of strike extensions into the Northern and Southern porphyry systems, where sparse historic drilling has indicated widespread copper mineralisation.

We also completed a scout drilling program at the Ekoato prospect in PNG during the year, testing porphyry related copper-gold mineralisation. A high-grade result of 18.0m at 6.23g/t Au, 13.0g/t Ag and 0.18% Cu from 164m down hole was recorded in EK004. This result is in a shear zone that hosts artisanal gold workings at surface, further highlighting the potential of the system. Follow-up drilling options are being assessed, including at other high-grade gold-copper mineralised shear zones within the broader Ekuti Range project, such as Otibanda.

Elsewhere within the Ekuti Range tenements a significant copper-molybdenum-gold prospect has been generated at Yalua, where a broad soil geochemical anomaly is coincident with mapped quartz veins, an outcropping dioritic intrusion and a magnetic anomaly. Assessment of a scout drilling program is in progress.

At the Bismarck Project in PNG, joint venture partner Rio Tinto has been sole-funding and exploring buried copper-gold porphyry targets. Technical challenges during the recent drilling program have led to a reprioritisation of targets and consideration of alternative operating structures, which is ongoing.

Elsewhere in PNG, we have applied for a strategically significant tenement at Wamum, which adjoins the major Wafi-Golpu copper-gold project owned by Newcrest and Harmony Gold. At Wafi-Golpu the JV partners are currently seeking a Mining Lease ahead of potential development. Canterbury's application area includes the Idzan Creek and Wamum deposits where substantial copper-gold mineralisation has been broadly delineated by historic explorers and Canterbury has used this data to generate initial Mineral Resource estimates containing 2.7Moz gold and 569kt copper – dramatically boosting the Company's resource inventory. An infill and strike extension program is proposed at Idzan Creek once the tenement is granted.

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 landowners and joint venture partners.

We look forward to achieving further progress in 2021, once our field activities are fully reactivated.

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 activities over the coming year.

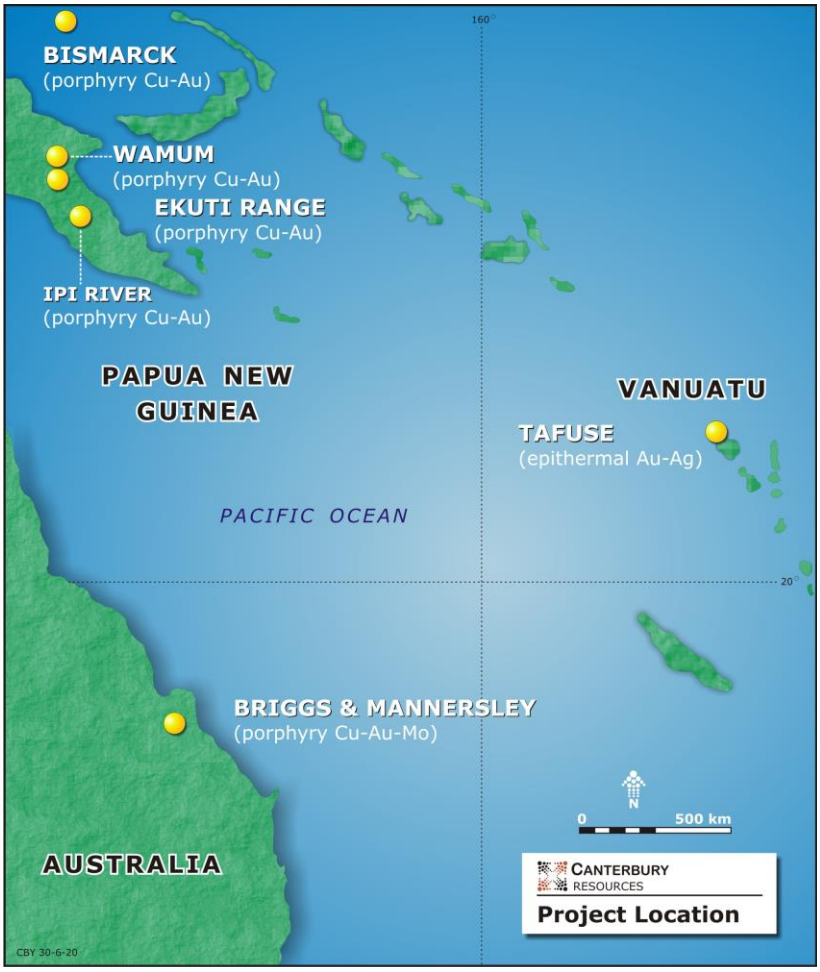
Yours sincerely,
John Anderson

Chairman

Review of Operations

INTRODUCTION

Canterbury is a junior resource company that explores potential large-scale copper-gold projects in proven mineral belts throughout the southwest Pacific region. Since our formation in 2013 we have generated an exciting portfolio of porphyry copper-gold and epithermal gold-silver projects in Papua New Guinea, eastern Australia and Vanuatu.



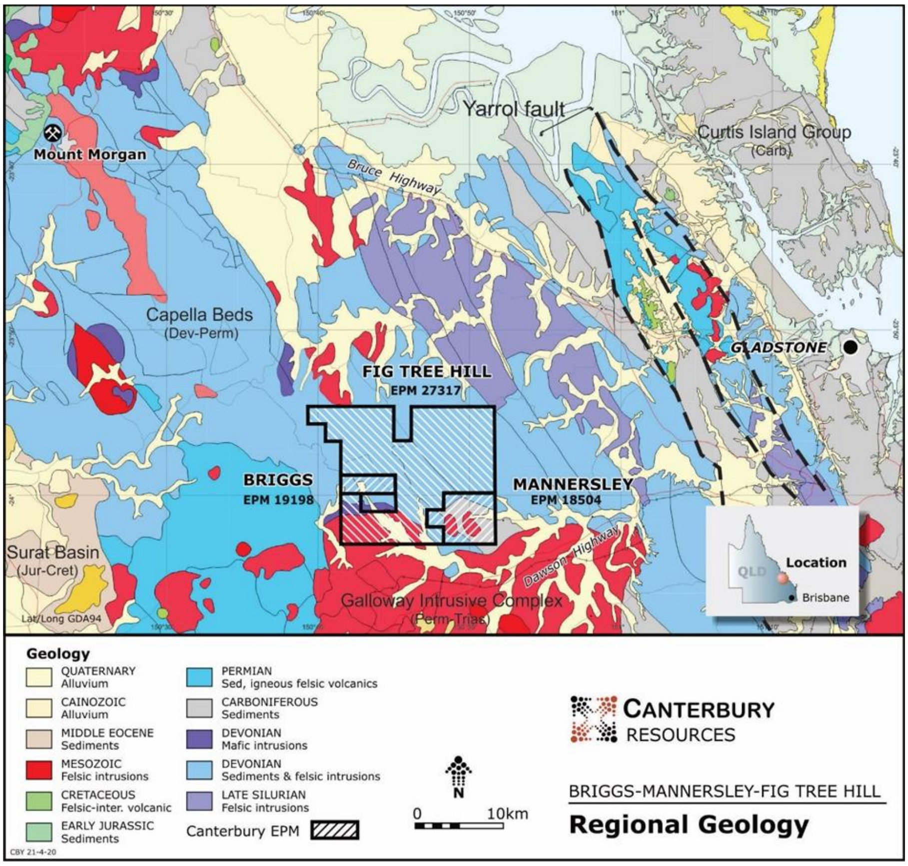
Following our successful IPO on the ASX in early 2019 (ASX: CBY) we have undertaken drilling programs at several projects, with an early highlight being the delineation of a significant Mineral Resource at the Briggs copper project in Queensland. In parallel, we have continued to enhance our asset portfolio, adding tenements when strategic opportunities arise. This has included a tenement covering the Wamum and Idzan Creek deposits in PNG where large gold-copper resources have been broadly outlined by historic explorers.

While COVID-19 has constrained the ability to undertake field programs in 2020, we look forward to recommencing high-impact drill programs in 2021.

QUEENSLAND

▲ Briggs, Mannersley & Fig Tree Hill Projects (CBY 100%)

The Briggs, Mannersley and Fig Tree Hill tenements (CBY 100%) are in central Queensland, inland from Gladstone, at the southern end of the northwest-southeast trending Mt Morgan structural belt. Mt Morgan was a high-grade mining operation and 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 also enhanced by its accessibility to critical infrastructure, including power, transport, industrial services and skilled labour.



At the Briggs prospect, historic mapping and shallow drilling identified widespread disseminated copper mineralisation associated with at least three large intrusive centres (Northern, Central and Southern zones) that outcrop along a ~2km northwest-southeast oriented mineralised corridor.

During FY20, Canterbury completed a diamond drilling program at the Central Porphyry zone, broadly outlining a large, coherent and continuous body of low-grade copper mineralisation centred on and adjacent to a granodiorite porphyry stock. Following completion of the program an Inferred Mineral Resource estimate was completed, comprising 142.8Mt at 0.29% copper (at 0.2% copper cut-off grade).

Higher grade features are evident in the Briggs deposit and will be tested in future infill and extension drilling programs. Major targets, with potential to host substantial additional copper mineralisation, include a putative high-grade core of the system at depth, strong zones of copper mineralisation in the contact zone between the granodiorite porphyry and volcanoclastic units on both the eastern and western margins of the system, high-grade mineralization within and adjacent to quartz zones in the granodiorite porphyry, and Northern and Southern porphyry systems immediately along strike of the Central Porphyry where widespread copper mineralization has been encountered in sparse historic drilling.

PAPUA NEW GUINEA

▲ Ekuti Range Project (CBY 100%)

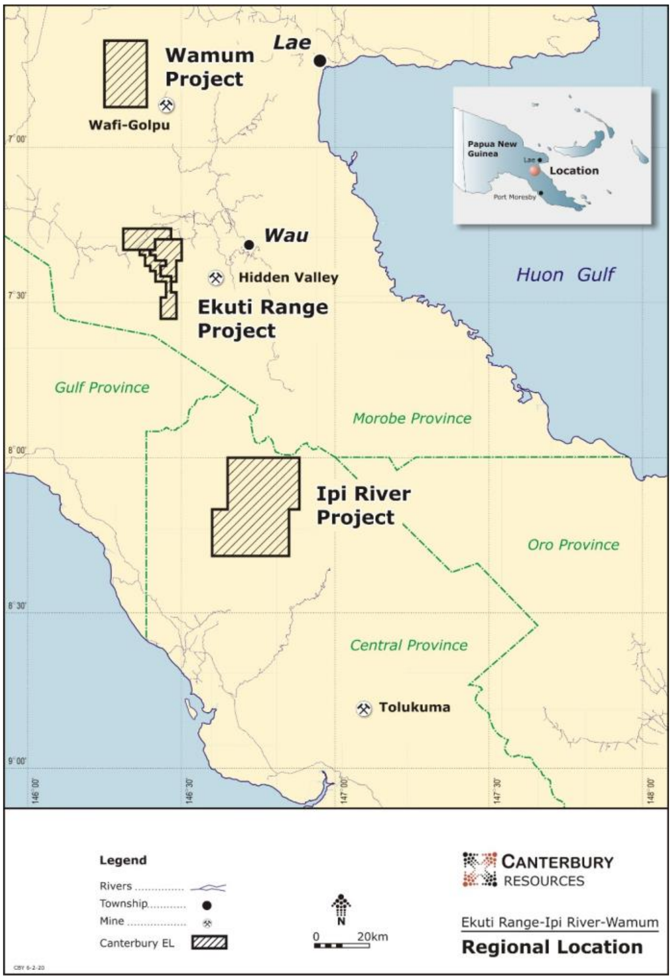
The Ekuti Range Project in Morobe Province is in a well-endowed metallogenic belt that hosts world class epithermal and porphyry style deposits, including Harmony Gold's Hidden Valley gold mine (FY20 production ~157koz gold) and the Newcrest/Harmony Gold's Wafi-Golpu project (2019 Mineral Resources 26Moz gold, 8.6Mt copper). The tenements are ~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 has been exploring at the Ekuti Range Project since 2014 and has undertaken multiple programs, covering mapping, sampling, petrology, geophysical interpretation and drilling. Two related styles of mineralisation are evident within the tenements; narrow, high grade epithermal gold-copper lodes (e.g. Otibanda) and large-scale porphyry copper-molybdenum-gold systems (e.g. Ekoato, Yalua).

During 2019 Canterbury completed a scout drilling program at Ekoato with encouraging results. EK004 intersected 18.0m at 6.23g/t Au, 13.0g/t Ag and 0.18% Cu in a structural feature that appears to link to artisanal gold workings at surface. These structures are interpreted to represent conduits for mineralising fluids emanating from a putative buried intrusive.

The high-grade nature of the mineralisation encountered and the observed down-hole geology provide strong evidence of a fertile copper-gold porphyry mineralisation system.

Planning of the next phase of exploration continues and will consider further drilling at both Ekoato and Otibanda, plus scout drilling at the Yalua prospect where a broad 1km^2 soil geochemical anomaly (copper and molybdenum) is coincident with quartz sulphide (pyrite and chalcopyrite) stockwork veins, an outcropping dioritic intrusion and a magnetic anomaly.



▲ Wamum Project (CBY 100%)

In early 2020 Canterbury lodged an application over known copper-gold porphyry related mineralisation systems northwest of the major Wafi-Golpu Project in Morobe Province. This further strengthens the Company's interests in the region.

Early work by Canterbury, utilising data from historic drilling, has demonstrated the existence of two large, coherent copper-gold deposits at Idzan Creek and Wamum. Inferred Mineral Resource estimates have been completed containing a combined 2.6 Moz gold and 569kt copper.

The Mineral Resource estimate for Idzan Creek is 103.6Mt at 0.65g/t Au & 0.28% Cu (at a 0.3g/t Au cut-off) and at Wamum is 96.3Mt at 0.15g/t Au & 0.29% Cu (at a 0.2% Cu cut-off).

Once the tenement is granted a program of infill and extension drilling will be completed to further define and extend the Idzan Creek resource.

▲ 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.

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

The Bismarck Project covers a large porphyry copper and gold province on central Manus Island, PNG. Rio Tinto Exploration (PNG) Limited is currently managing and sole-funding exploration under a Farm-In and Joint Venture Agreement.

Manus Island has undergone extensive exploration over the past 50 years, although an economic deposit is yet to be discovered. Recent efforts have focused on areas of extensive lithocap in the south of the Bismarck Project area, where buried porphyry systems and potential late stage metal-rich ore zones are targeted.

Drilling by Rio Tinto was testing several copper-gold targets. However, the program was terminated prematurely after encountering adverse ground conditions and unsatisfactory progress. Review of the drilling approach is ongoing, along with consideration of alternate operating structures.

VANUATU

▲ **Santo 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, 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 New Zealand, which have supported gold-silver-base metal production since the mid-1800s and have produced more than 10Moz gold.

During FY20 Canterbury completed surface mapping and sampling at the Tafuse prospect, confirming epithermal style gold-silver-basemetal mineralisation within an 800m by 250m alteration envelope within volcanics that are intensely hydrofractured and argillically altered.

OUTLOOK

Canterbury is continuing to build a broad portfolio of potential large-scale copper-gold projects in proven mineral belts throughout the southwest Pacific region. Our strategy involves selectively and opportunistically acquiring projects in favorable settings and steadily advancing them towards the high impact drill testing phase – at which point we introduce joint venture partners in order to defray risk and cost.

The current COVID-19 environment has constrained field activities in 2020. Nevertheless, high-impact drilling programs have been generated at Idzan Creek, Briggs, Bismarck and Ekuti Range, and the Company has commenced discussions with potential joint venture partners to support the next phase of activity. We look forward to implementing a series of significant drilling programs in 2021 and beyond. In parallel, field assessment is resuming at our earlier stage projects, with the aim of generating additional drill targets.

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.

The information in this report that relates to the Estimation of Mineral Resources, has been prepared by Mr Geoff Reed, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Consulting Geologist of Bluespoint Mining Services. Mr Reed has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition). Mr Reed consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

Review of Operations

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.

TENEMENT INFORMATION (as at 30 September 2020)

Tenement	Location	Project	Status	Interest
EPM 19198	SE Queensland	Briggs *	Granted	100%
EPM 18504	SE Queensland	Mannersley *	Granted	100%
EPM 27317	SE Queensland	Fig Tree Hill	Granted	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 2658	Morobe Province, PNG	Wamum	Application	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 1851	Santo, Vanuatu	Santo	Granted	100%
Santo 2	Santo, Vanuatu	Santo	Application	100%

* Subject to a 1% NSR and other 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

CORPORATE GOVERNANCE STATEMENT 2020

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 responsibilities of the Board are set down in Canterbury's Board Charter, which is available in Canterbury's Policies handbook along with all of its Charters and Policies, and is located at www.canterburyresources.com.au/about-us/corporate-governance.

The Board has endorsed most of the ASX Corporate Governance Council Principles and Recommendations (4th edition, issued in February 2019) ("ASX Recommendations"). The Corporate Governance Statement and the extent to which Canterbury complies with the Recommendations can be found at www.canterburyresources.com.au/about-us/corporate-governance.

The ASX Recommendations are guidelines, not prescriptions. During the financial year 2019-2020, the Corporate Governance Committee has examined Canterbury's corporate governance practices and the progress towards a review of its practice compared to the best practice principles proposed by the ASX Corporate Governance Council as set out in the 4th edition.

Canterbury is mindful that, in light of its size and operations, there may be some rare instances where it has considered that compliance is not practicable and that this is the most practical and cost-effective manner to manage and direct Canterbury at that point in time.

Canterbury's Corporate Governance Committee has reviewed the ASX Recommendations as existing at the end of the financial year 2019-2020, and the Board, following the Corporate Governance Committee's recommendations, approved Canterbury's Corporate Governance Statement current at 30 June 2020. In many cases, following the transition from the 3rd edition to the 4th edition, Canterbury was already achieving the new standards required. In other cases Canterbury has considered other arrangements to enable compliance. In rare instances, Canterbury has determined not to meet the standards set out in the ASX Recommendations, largely due to that ASX Recommendation being considered by the Board to be unduly onerous and costly for a company of its size.

The Board's reasoning for any departure from the ASX Recommendations, the extent of Canterbury's compliance with the ASX Recommendations, and any alternative governance practices adopted in lieu of the ASX Recommendations during the year are further detailed below. Except as set out here, the Board does not anticipate that the Company will depart from the ASX Recommendations for the near future, however, it may do so if it considers that such a departure is reasonable. Compliance will be reviewed by Canterbury's Governance Committee at the end of next financial year.

Board Committees

The Board has established five Committees to assist it in fulfilling its responsibilities, being:

- Audit Committee;
- Corporate Governance Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

Each of these Committees has the responsibilities described in their Committee Charters (which have been prepared having regard to the ASX Recommendations) that were adopted by the Board and can be found in the document "Canterbury Resources Policies" on Canterbury's website at www.canterburyresources.com.au/about-us under Corporate Governance. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities.

Canterbury Policies

Canterbury has also adopted the following policies, codes and charters, which are available on Canterbury's website at www.canterburyresources.com.au:

Company Code of Conduct

The Company's Code of Conduct sets out Canterbury's responsibilities to shareholders, the financial community, customers, suppliers, the general community and individuals, and guides Canterbury's compliance with legal and other obligations.

Codes regarding company standards in terms of behaviour

This document, which includes the parts entitled "Our People", "Governments and Communities", "Third Party Relationship" and "Bullying and Harassment" sets out the various principles which Canterbury expect its personnel to comply with while being a part of Canterbury or representing Canterbury. It can be found in the document "Canterbury Resources Policies" on Canterbury's website at www.canterburyresources.com.au/about-us under Corporate Governance.

Securities Trading Policy

The Securities Trading Policy restricts the Directors, executives, employees and some contractors from dealing with Canterbury's shares at times when the market may not be fully informed as to Canterbury's activities. When they are in possession of unpublished price-sensitive information, Directors, executives, employees and some contractors may not trade in Canterbury's securities. In addition, they cannot trade during designated Blackout or Closed Periods. The policy explains how insider trading laws affect the dealings of Directors, executives, employees and contractors in Canterbury's shares.

This policy can be found in the document "Canterbury Resources Policies" on Canterbury's website at www.canterburyresources.com.au/about-us under Corporate Governance .

Market Disclosure Policy

The Market Disclosure Policy describes reporting lines and decision-making processes that are designed to ensure that Canterbury complies with its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act; and Canterbury's practices for ensuring effective communication with its shareholders and the market, sets out the standards, protocols and law relating to disclosure of Canterbury's information, and sets out the requirements expected from all Directors, senior management, employees and contractors for complying with Canterbury's policy on disclosure of price-sensitive information.

This policy can be found in the document "Canterbury Resources Policies" on Canterbury's website at www.canterburyresources.com.au/about-us under Corporate Governance.

Diversity and Inclusion Policy

The Diversity and Inclusion Policy sets out Canterbury's commitment to promoting diversity amongst its personnel, at management level and within the Canterbury group of companies as a whole.

This policy can be found in the document "Canterbury Resources Policies" on Canterbury's website at www.canterburyresources.com.au/about-us under Corporate Governance.

Whistleblower Protection Policy

Canterbury is committed to conducting its global business activities with integrity and supporting an internal culture of honest, ethical and socially responsible behaviour. Canterbury recognises that a whistleblower protection policy is an important element in detecting corrupt, illegal or other undesirable conduct and accordingly, to ensure these objectives are achieved, the Company encourages the reporting of any actual or suspected instances of illegal, unethical, fraudulent or undesirable conduct involving Canterbury and its operations.

Creating a supportive environment where our people feel safe to Speak Up is one of Canterbury's core values and underpins our workplace culture.

This policy can be found in the document "Canterbury Resources Policies" on Canterbury's website at www.canterburyresources.com.au/about-us under Corporate Governance.

Compliance with Fourth Edition of the ASX Corporate Governance Council's Principles and Recommendations

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 (4th edition, issued in February 2019). The Corporate Governance Statement current at 30 June 2020 can be found at www.canterburyresources.com.au/about-us/corporate-governance.

Skills Matrix

Canterbury is a junior explorer operating in Australia, Papua-New Guinea and Vanuatu.

The Board is comprised of experienced professionals with a variety of professional backgrounds relevant for Canterbury's operations and size.

The Board considers that individually and collectively, the Directors have an appropriate mix of skills, experience and expertise to enable it to define Canterbury's strategic objectives, approve strategies developed by management and monitor the execution of those strategies.

To guide the assessment of the skills and experience of non-executive directors and to identify any gaps in the collective skills of the Board, the Board uses the skills matrix over the page. This matrix also shows the Board's current assessment of its skills coverage.

SKILLS MATRIX		COLLECTIVE RESULT
Profile Information	Number of directors	5
	Proportion men/women on the Board	4/1
	Independent/non-independent	3/2
	Completed AICD course or a course from similar professional body (corporate governance)	4
Leadership	Leadership experience in resource exploration industry including ability to have a vision for what is possible and the drive to achieve it	3

	Skills and experience in developing and monitoring business strategy	5
	Ability to clearly articulate the company's vision, values and strategies both internally to the business, the stakeholder groups, and externally to business networks and the market	5
Industry	Technical and project management skills in resource exploration	3
	Experience and strong skills in assessing, valuing and understanding resource assets	3
	Managing OHS Risk in a mining environment, particularly remote locations	3
Commercial & Financial	Business and commercial skills in the successful oversight of exploration businesses including finding, managing and selling assets	4
	Capital raising skills preferably in the high risk exploration sector including ability to market to and develop strong networks with the investment community	4
	Skills and experience in commodity financing	3
Governance	Skills and experience in good governance and compliance, in particular with regard to ASX Listing Rules and the ASIC legal framework	4
	Qualifications and experience to chair and participate in the Audit Committee including experience consolidating accounts multi-national subsidiaries and complex joint venture arrangements	3
	Skills and experience to chair the Remuneration and Nomination Committee	4
	Skills and experience to chair and participate on the Risk Management Committee in the Resources sector including creating risk, safety and compliance frameworks	5

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 2020. 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 (resigned 12 February 2020)
Michael Matthew Erceg: Executive Director
Robyn Watts: Non-Executive Director (appointed 12 February 2020)

Information about the directors

At the date of this report there are six senior executives comprising four males and two females.
The six senior executives include five directors and one company secretary.

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) – 975,331 Options (Escrowed) under ESOP expiring 30 June 2021 – 125,000 Options (Un-Escrowed) – under ESOP expiring 30 June 2022 – 150,000

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) – 535,832 Options (Un-Escrowed) – under ESOP expiring 30 June 2022 – 150,000

Directors' report

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) – 2,552,183 Options (Escrowed) under ESOP expiring 30 June 2021 – 125,000 Options (Un-Escrowed) – under ESOP expiring 30 June 2022 – 150,000

Michael Matthew Erceg - BSc, MSc, Dip Min Econ, MAIG, RPGeo Executive Director	
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) – 265,832 Options (Escrowed) under ESOP expiring 30 June 2021 – 125,000 Options (Un-Escrowed) – under ESOP expiring 30 June 2022 – 150,000

Directors' report

Information about the directors (cont'd)

Gary Noel Fallon - BAppSc, MSEG, GAICD Non-Executive Director (resigned 12 February 2020)	
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 2021 – 125,000 Options (Un-Escrowed) – under ESOP expiring 30 June 2022 – 150,000

Robyn Watts Non-Executive Director (appointed 12 February 2020)	
Experience and expertise	Robyn is an experience Chair and Non-Executive Director of ASX and private company boards, which followed a 25+ year executive career as a CEO, across a diverse range of sectors including telecommunications, retail, media, entertainment and education sectors. Robyn's experience is characterised by companies with robust growth strategies involving significant M&A, business transformation and turnaround, capital raising, strategic planning, development of digital capability and customer engagement and international business activity. Her ASX experience also includes Governance and Compliance, Remuneration and Nomination (Chair); and Audit and Risk Committees. Robyn has a strong background both professionally and personally in Papua New Guinea over 35 years. This has given her experience in dealing with government, local landowner groups and traditional cultures.
Other current directorships	None
Former directorships in last 3 years	Vita Group Ltd Fantastic Holding Ltd
Special responsibilities	None
Interests in Canterbury shares and options	None

Company secretary information
Véronique 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.

Directors' report

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 2020 was $1,285,601(2019: loss $1,015,172).

The net assets of the group decreased by $59,311 from $10,629,073 at 30 June 2019 to $10,569,762 at 30 June 2020, principally due to the group's loss for the year of 1,285,601 partially offset by an increase in issued capital of $1,122,335.

Dividends

There were no dividends paid or declared for the period ended 30 June 2020 (2019: 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

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the company considered that the financial effects of COVID-19 on the group's consolidated financial statements cannot be reasonably estimated for future financial periods. However, the directors consider that the general economic impacts arising from COVID-19 are expected to have a negative impact on certain sections of the operations. The economic effects arising from the COVID-19 outbreak are expected to affect the consolidated results of the group for the full year of 2021.

Other than as noted above, there was no significant change in the state of affairs of the group during the financial year.

Review of operations

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

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

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

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

Directors' report

Review of operations (cont'd)

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

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

On 30 March 2020, the Australian Federal Government announced the "JobKeeper" program, which broadly comprises a wage subsidy to help businesses keep staff employed during the COVID-19 pandemic. During the year ended 30 June 2020, the group was eligible to receive JobKeeper subsidy to the amount of $50,250, for its employees.

Due to the impact of COVID-19 on the groups operational cash flow, during the year, the group was eligible to receive a 'cash flow boost' of $100,000, as a waiver of the whole, or part, of the PAYG liability.

Commitments for expenditure

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. The indicative minimum exploration expenditure requirement for FY21 is approximately $2.1 million, of which approximately $1.3 million is covered by partners under JV agreements. This is a pro-rata estimate, based on annualised licence terms, converted to AUD at current exchange rates. Applications have been submitted to relevant authorities to reduce these amounts in FY21 due to COVID 19 restrictions.

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	13	13	1	1	3	3	2	2	2	2	-	-
J Anderson	13	13	1	1	-	-	2	2	2	2	-	-
G Craighead	13	13	1	1	-	-	-	-	2	2	-	-
G Fallon	7	7	-	-	3	1	2	2	-	-	-	-
M Erceg	13	10	1	1	-	-	-	-	2	2	-	-
R Watts	6	6	1	1	3	2	-	-	2	2	-	-

Events since the end of the financial year

Subsequent to year end, the following events have arisen:

- On 27 July 2020, the company undertook a Private Placement (PP) of 5.3 million fully paid ordinary shares at 10 cents per share raising $530,000.
- On 22 September 2020, the company undertook a Share Purchase Plan (SPP) for eligible shareholders registered as at 20 July 2020, providing the opportunity to apply for up to $30,000 of new shares at 10 cents per new share. The SPP and an associated shortfall facility raised $1,899,200.
- A total of 1,103,333 of the new shares being issued under the PP and SPP are subject to shareholder approval.
- On 26 August, the company announced maiden Mineral Resources estimates for the Idzan Creek and Wamum deposits containing a combined 2.7Moz gold and 579kt copper. The deposits lie within the Wamum Project application (EL2658) in PNG.

Directors' report

Events since the end of the financial year (cont'd)

Other than as noted above, there have been no other events subsequent to 30 June 2020 that are likely, in the director's opinion, 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 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 1,200,000 options issued to the directors or senior management.

Remuneration report (audited)

This remuneration report for the year ended 30 June 2020 outlies the remuneration arrangement of the group 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 group and the group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Details of key management personnel

Directors

John Anderson	Non-Executive Chairman
Grant Craighead	Managing Director
Gary Fallon (resigned 12 February 2020)	Non-Executive Director
Ross Moller	Non-Executive Director and Co-company Secretary
Michael Erceg	Executive Director
Robyn Watts (appointed 12 February 2020)	Non-Executive Director

Remuneration report (audited) (cont'd)

Remuneration philosophy

The objectives of the group'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 result 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 group's limited financial resources.

Fees and payments to the group'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 group's executive and non-executive directors, senior executives and officers are entitled to receive options under the group's employee share option scheme.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the group's earnings and movements in shareholder wealth for the five years to June 2020. As the table indicates, earnings have varied significantly over the past five financial years, due to the nature of activities. It has been the focus of the Board of Directors to attract and retain management personnel essential to continue the group's participation in mineral exploration projects.

	30 June 2020 $	30 June 2019 $	30 June 2018 $	30 June 2017 $	30 June 2016 $
Revenue	6,004	36,398	20,508	89,497	40
Net loss before tax	(1,285,601)	(1,015,172)	(627,181)	(136,612)	(69,208)
Net loss after tax	(1,285,601)	(1,015,172)	(627,181)	(136,612)	(69,208)
Share price at end of year ($)	0.13	0.29	NA*	NA*	NA*
Basic and diluted loss per share (cents per share)	(0.0153)	(0.0150)	(0.0118)	(0.0043)	(0.0025)

*The company was admitted to the official list of the ASX in 2019, with official quotation of its ordinary fully paid shares commencing on 7 March 2019. As such, information for 2016, 2017 and 2018 is not available.

Remuneration of directors is set by reference to payments made by other companies of similar size and industry, and by reference to the skills and experience of directors. Fees paid to Non-Executive Directors are not linked to the performance of the group. This policy may change once the exploration phase is complete and the group is generating revenue. At present the existing remuneration policy is not impacted by the group's performance including earnings and changes in shareholder wealth (e.g. changes in share price) with the exception of incentive options issued to directors, subject to shareholder approval.

Directors' report

Remuneration report (audited) (cont'd)

Remuneration of key management personnel

2020	Short-term employee benefits		Post-employment benefits	Share based payments	
Directors	**Salary and directors' fees**	**Consulting fees**	**Superannuation**	**Options**	**Total**
	$	**$**	**$**	**$**	**$**
R E Moller	65,000	34,140	-	13,344	112,484
J E D Anderson	68,493	-	6,507	13,344	88,344
GA Craighead	262,557	17,500	24,925	13,344	318,326
GN Fallon*	44,520	-	4,229	13,344	62,093
M Erceg	-	165,000	-	13,344	178,344
R Watts**	22,687	-	2,155	-	24,842
	463,257	**216,640**	**37,816**	**66,720**	**784,433**

*Resigned 12 February 2020
**Appointed 12 February 2020

2019	Short-term employee benefits		Post-employment benefits	Share based payments	
Directors	**Salary and directors' fees**	**Consulting fees**	**Superannuation**	**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**

No performance-based remuneration was paid in 2020 (2019: 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 apportioned 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 2020, the Chairman's fee was set at $75,000 per annum and NED fees at $65,000 per annum.

Service agreements

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

For the year to 30 June 2020, the Managing Director's remuneration was set at $300,000 per annum inclusive of superannuation, (2019: $240,000 per annum plus GST). There were no termination payments.

For the year to 30 June 2020, the Executive Director's remuneration was set at $1,200 per day, plus GST (2019: $1,200 per day, plus GST).

Directors' report

Remuneration report (audited) (cont'd)

Transactions with associates of directors

There were no transactions with associates of directors.

Number of shares held by key management personnel

The number of shares in the company held during the financial year by each director and other members of key management personnel of the group, is set out below:

	No of shares				
Ordinary shares	**Balance at the beginning of the year**	**Received as part of remuneration**	**Additions**	**Disposals**	**Balance at the end of the year**
Director					
R E Moller	2,362,500	-	10,000	-	2,372,500
J E D Anderson	2,775,000	-	137,000	-	2,912,000
GA Craighead	7,371,586	-	185,256	-	7,556,842
GN Fallon*	3,103,571	-	150,000	-	3,253,571
M Erceg	665,000	-	50,000	-	715,000
R Watts**	-	-	-	-	-
	16,277,657	-	532,256	-	16,809,913

*Resigned 12 February 2020
**Appointed 12 February 2020

Employee share option plan

The group operates an employee share option plan for employees and contractors of the group. In accordance with the provisions of the plan, employees may be granted options to purchase parcels of ordinary shares at specified exercise prices.

Each employee share option converts into one ordinary share of the group on exercise. No amounts are paid or payable by the recipient on receipt of the option. The option carries 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**
CBY05	20/02/2018	$0.40	30/06/2021	20/02/2018
CBY06	28/11/2019	$0.35	30/06/2022	28/11/2019

There has been no alteration of the terms and conditions of the above share-based payment arrangements since the grant date.

Remuneration report (audited) (cont'd)

Employee share option plan (cont'd)

Details of share-based payments granted as compensation to key management personnel during the current financial year:

		During the financial year			
	Option series	No. granted	No. vested	% of grant vested	% of grant forfeited
Director					
R E Moller	CBY06	150,000	150,000	100	-
J E D Anderson	CBY06	150,000	150,000	100	-
GA Craighead	CBY06	150,000	150,000	100	-
GN Fallon	CBY06	150,000	150,000	100	-
M Erceg	CBY06	150,000	150,000	100	-
R Watts	CBY06	-	-	-	-

During the year, the following key management personnel exercised options that were granted to them as part of their compensation. Each option converts into one ordinary share of Canterbury Resources Limited.

	No. of options exercised	No. of ordinary shares of the company	Amount paid	Amount unpaid
Director				
R E Moller	-	-	-	-
J E D Anderson	-	-	-	-
GA Craighead	-	-	-	-
GN Fallon	-	-	-	-
M Erceg	-	-	-	-
R Watts	-	-	-	-

The following table summarises the value of options granted and exercised during the financial year, in relation to options granted to key management personnel as part of their remuneration:

	Value of options granted at the grant date (i)	Value of options exercised at the exercise date (ii)
Director		
R E Moller	13,344	-
J E D Anderson	13,344	-
GA Craighead	13,344	-
GN Fallon	13,344	-
M Erceg	13,344	-
R Watts	-	-

(i) The value of options granted during the financial year is calculated as at the grant date using a Black-Scholes model. This grant date value is allocated to remuneration of key management personnel on a straight-line basis over the period from grant date to vesting date.

This concludes the remuneration report, which has been audited.

Directors' report

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 2020 (2019: 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: 25 September 2020

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 20120, 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

……………………………………………….
Anthony Dowell
Partner

24 September 2020

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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 2020

	Note	2020	2019
		$	$
Revenue	3(a)	6,004	36,398
Other income	3(b)	150,250	-
Finance income - interest income	4	10,894	28,496
Other losses	4	(4,900)	(1,480)
IPO expenses		-	(282,147)
Administration expenses		(133,489)	(202,372)
Employee benefits expense	4	(342,092)	-
Corporate costs		(307,129)	(172,833)
Consultancy		(52,637)	(361,127)
Depreciation and amortisation expense	4	(24,115)	(3,758)
Impairment of capitalised expenditure		(403,240)	(1,804)
Insurance		(21,017)	(13,500)
Share based payment expense		(106,755)	-
Finance cost	4	(2,753)	-
Other expenses		(54,622)	(41,045)
Loss before tax		(1,285,601)	(1,015,172)
Income tax benefit	5	-	-
Loss for the year		(1,285,601)	(1,015,172)
Attributable to:			
Owners of the company		(1,285,601)	(1,015,172)
Other comprehensive income			
Item that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(2,800)	72,062
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		(2,800)	72,062
Total comprehensive loss for the year		(1,288,401)	(943,110)
Total comprehensive loss attributable to:			
Owners of the company		(1,288,401)	(943,110)
Basic loss per share (cents per share)	6	(0.0153)	(0.0150)
Diluted loss per share (cents per share)	6	(0.0153)	(0.0150)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position
as at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	21(a)	67,902	2,865,787
Trade and other receivables	7	204,312	100,315
Other current assets	8	30,181	8,293
Total current assets		302,395	2,974,395
Non-current assets			
Property, plant and equipment	9	34,628	45,620
Right-of-use asset	10	21,020	-
Intangible assets	11	2,736,145	2,718,341
Capitalised exploration and development expenditure	12	8,163,919	5,579,474
Other assets	8	10,442	10,442
Total non-current assets		10,966,154	8,353,877
Total assets		11,268,549	11,328,272
Liabilities			
Current liabilities			
Trade and other payables	13	655,811	699,199
Provisions	14	21,428	-
Lease liabilities	15	13,371	-
Total current liabilities		690,610	699,199
Non-current liabilities			
Lease liabilities	15	8,177	-
Total non-current liabilities		8,177	-
Total liabilities		698,787	699,199
Net assets		10,569,762	10,629,073
Equity			
Issued capital	16	13,736,883	12,614,548
Reserves	17	218,017	189,662
Accumulated losses	18	(3,385,138)	(2,175,137)
Total equity		10,569,762	10,629,073

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2020

	Issued capital $	Reserves $	Accumulated losses $	Total $
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
Balance at 1 July 2019	12,614,548	189,662	(2,175,137)	10,629,073
Loss for the year	-	-	(1,285,601)	(1,285,601)
Foreign currency translation	-	(2,800)	-	(2,800)
Total comprehensive loss for the year	-	(2,800)	(1,285,601)	(1,288,401)
Transactions with owners of the company:				
Shares issued during the year (net of share issue costs)	1,122,335	-	-	1,122,335
Options issued during the year	-	106,755	-	106,755
Options expired during the year	-	(75,600)	75,600	-
Balance at 30 June 2020	13,736,883	218,017	(3,385,138)	10,569,762

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Interest received		13,991	28,496
Interest expense		(1,047)	-
Other receipts		6,004	39,707
Receipt of Government grant and subsidies		68,548	-
Payments to suppliers and employees		(951,421)	(1,052,339)
Net cash used in operating activities	21(b)	(863,925)	(984,136)
Cash flows from investing activities			
Payment of costs for acquisition of Finny Limited		(17,804)	-
Payments for property, plant and equipment		-	(36,222)
Payments for exploration and development expenditure		(3,068,791)	(3,200,724)
Payment for deposit		(500)	-
Net cash used in investing activities		(3,087,095)	(3,236,946)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		1,122,335	6,843,739
Proceeds from share subscriptions		50,000	-
Repayment of lease liabilities		(12,594)	-
Interest paid - leases		(1,706)	-
Net cash generated by financing activities		1,158,035	6,843,739
Net effect of foreign exchange		(4,900)	72,062
Net (decrease)/increase in cash and cash equivalents		(2,797,885)	2,622,657
Cash and cash equivalents at the beginning of the year		2,865,787	171,068
Cash and cash equivalents at the end of the year	21(a)	67,902	2,865,787

The accompanying notes form part of these financial statements.

Notes to the consolidated financial statements for the year ended 30 June 2020

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 the company and its controlled entities ("the group").

2. Significant accounting policies

Statement of compliance

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 comprise the consolidated financial statements of the group.

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

The financial statements were authorised for issue by the directors on 25 September 2020.

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 'Share-based payments', leasing transactions that are within the scope of AASB 16 'Leases', and measurements that have some similarities to fair value but are not fair value, such as 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) 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.

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

2. Significant accounting policies (cont'd)

(b) Business combinations (cont'd)

- 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.

Support services
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) Government grants

COVID-19 Cash Boost
Government grants in the scope of AASB 120 are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate.

The cash flow boost is effectively a waiver of the whole, or part, of the PAYG liability, the amount of the 'payment' is recognised as a reduction in the PAYG liability and grant income. The condition for receiving the grant is that PAYG has been withheld, the reduction in PAYG liability and corresponding grant income is recognised when salaries are paid. The group has determined it has met the criteria to be entitled to the cash boost, and have recorded $100,000 as other income.

JobKeeper subsidy
In response to the global pandemic Covid 19, the Australian Government has offered financial stimulus for not for profit organisations and other organisations, such as Job Keeper. The payment is made to the employer, and administered through the tax system. The JobKeeper payment is not subject to GST. This income is recognised in the period in which the related expenses are incurred.

2. Significant accounting policies (cont'd)

(e) Leases

The group as lessee
The group assesses whether a contract is or contains a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees.

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy (as outlined in the financial report for the annual reporting period.

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

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

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

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

(f) 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.

<u>Current tax</u>
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.

<u>Deferred tax</u>
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.

2. Significant accounting policies (cont'd)

(f) Taxation (cont'd)

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.

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.

(g) 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.

(h) 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 diminishing value 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.

2. Significant accounting policies (cont'd)

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

Depreciation is calculated on a diminishing value 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%
Right of use assets	Useful life or shorter of lease term

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.

(i) 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.

2. Significant accounting policies (cont'd)

(j) 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.

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.

(k) 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.

Notes to the consolidated financial statements
for the year ended 30 June 2020

2. Significant accounting policies (cont'd)

(l) 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.

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.

<u>Classification of financial assets</u>
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.

<u>Amortised cost and effective interest method</u>
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.

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.

<u>Impairment of financial assets</u>
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.

2. Significant accounting policies (cont'd)

(l) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)
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.

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.

2. Significant accounting policies (cont’d)

(l) Financial instruments (cont’d)

Financial liabilities (cont’d)

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.

(m) 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.

(n) 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 consolidated financial statements, transactions in currencies other than the group’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.

2. Significant accounting policies (cont'd)

(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.

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 (h) 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.

Deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as it is probable that future taxable amounts will be available to utilise those temporary differences. Further, the company has determined that it is not probable that it will derive sufficient taxable income in the near future to recover the tax losses and as a result they have not been recognised as deferred tax assets in the 2020 financial period.

Provision for rehabilitation
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.

2. Significant accounting policies (cont'd)

(p) Share based payments

Employee share option plan
The group operates an employee share option for employees and contractors of the group. In accordance with the provisions of the plan, employees may be granted options to purchase parcels of ordinary shares at specified exercise prices.

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Each employee share option converts into one ordinary share of the group on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options 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.

(q) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:
• its assets, including its share of any assets held jointly;
• its liabilities, including its share of any liabilities incurred jointly;
• its revenue from the sale of its share of the output arising from the joint operation;
• its share of the revenue from the sale of the output by the joint operation; and
• its expenses, including its share of any expenses incurred jointly.

The group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.

2. Significant accounting policies (cont'd)

(r) Going concern

The consolidated net loss of the group, after tax was $1,285,601 for the year ended 30 June 2020 (2019: loss $1,105,172), with cash outflows from operating activities of $863,925 (2019: cash outflow $984,136); and a working capital deficit of $388,215 (2019: working capital surplus $2,275,196).

With respect to the impact of COVID-19, the group's operating activities were impacted from the period March 2020 (when the virus impacted Australia) to May 2020 (when restrictions started to lift and full trade commenced again through all channels within Government guidelines and restrictions). Despite the impact of COVID-19, the directors believe the group is a going concern. 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 group.

The directors have reached the conclusion that based on all available facts and information currently available, there are reasonable grounds to believe that the group will be able to pay its debts as an when they become due and payable and is a going concern. In reaching this conclusion, the directors had regard to the following:

- the company undertook a Private Placement (PP) of 5.3 million fully paid ordinary shares at 10 cents per share raising $530,000.
- the company undertook a Share Purchase Plan (SPP) for eligible shareholders registered as at 20 July 2020, providing the opportunity to apply for up to $30,000 of new shares at 10 cents per new share. The SPP and an associated shortfall facility raised $1,899,200. A total of $1,103,333 of the new shares being issued under the PP and SPP are subject to shareholder approval.

The group has a cash balance of $1,944,635 as of the date of this report to meet its expenses over the next twelve months.

(s) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director has been identified as the CODM.

The board has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which is led by the CODM (Chief Operating Decision Maker), consists of the Managing Director as well as the remainder of the executive committee consisting of the lead decision maker in each region.

(t) 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. Except as described below, there has been no material impact of these changes on the group's accounting policies.

2. Significant accounting policies (cont'd)

(t) 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 AASB *16 Leases*

AASB 16 Leases ("AASB 16") introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of AASB 16 on the group's financial statements is described below.

The date of initial application of AASB 16 for the group is 1 July 2019.

The group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated.

Impact of the new definition of a lease

The group has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 and Interpretation 4 will continue to be applied to those contracts entered or modified before 1 July 2019.

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

Impact on lease accounting

Former operating leases
AASB 16 changes how the group accounts for leases previously classified as operating leases under AASB 117, which were off balance sheet.

Applying AASB 16, for all leases, the group:
a) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Financial impact of initial application of AASB 16

Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenses' in profit or loss.

Notes to the consolidated financial statements for the year ended 30 June 2020

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards (cont'd)

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

Impact on lease accounting (cont'd)

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

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

The below outlines the reconciliation of operating lease commitments at the end of the financial reporting year ended 30 June 2019 to the lease liability recognised in the statement of financial position after initial application of AASB 16.

	1July 2019
	$
Operating lease commitments disclosed at 30 June 2019	344,732
Short-term leases recognised on a straight-line basis as an expense	(307,790)
Total nominal lease liabilities at 1 July 2019	36,942
Discounting using the group's weighted-average incremental borrowing rate of 7.6%	(2,800)
Lease liabilities recognised as at 1 July 2019	34,142

Other pronouncements adopted for the first time in the current year

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

The group has adopted the amendments to AASB 128 'Investments in Associates and Joint Ventures' for the first time in the current year. The amendment clarifies that AASB 9 'Financial Instruments', including its impairment requirements, applies to other financial instruments in an associate or joint venture to which the equity method is not applied. These include long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture. The group applies AASB 9 to such long-term interests before it applies AASB 128. In applying AASB 9, the group does not take account of any adjustments to the carrying amount of long-term interests required by AASB 128 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with AASB 128).

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards (cont'd)

Other pronouncements adopted for the first time in the current year (cont'd)

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

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

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

• AASB 11 Joint Arrangements - The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the group does not remeasure its previously held interest in the joint operation.

Interpretation 23 Uncertainty over Income Tax Treatments

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

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

The adoption of Interpretation 23 has not had an impact on the group's tax position. The group does not have uncertainty over its income tax treatments.

2. Significant accounting policies (cont'd)

(t) Adoption of new and revised Accounting Standards (cont'd)

Standards and Interpretations in issue not yet effective

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-10 *Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,* AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and* AASB 2017-5 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*	1 July 2022	30 June 2023
AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*	1 July 2020	30 June 2021
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
AASB 2019-3 *'Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform'*	1 July 2020	30 June 2021
AASB 2019-5 *'Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia'*	1 July 2020	30 June 2021
AASB 2020-1 *'Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current'*	1 July 2022	30 June 2023
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 July 2022	30 June 2023
AASB 2020-4 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions*	1 July 2020	30 June 2021

Notes to the consolidated financial statements for the year ended 30 June 2020

	2020 $	2019 $
3. Revenue and other income		
(a) Revenue		
Support services	-	33,003
Sundry income	6,004	3,395
	6,004	36,398
(b) Other income		
Government Grants		
JobKeeker subsidy (i)	50,250	-
Government grant - cash boost (ii)	100,000	-
	150,250	-

(i) On 30 March 2020, the Australian Federal Government announced the "JobKeeper" program, which broadly comprises a wage subsidy to help businesses keep staff employed during the COVID-19 pandemic. During the year ended 30 June 2020, the group was eligible to receive JobKeeper subsidy for its employees.

(ii) Due to the impact of COVID-19 on the group's operational cash flow, during the year, the group received a 'cash flow boost' as a waiver of the whole, or part, of the PAYG liability.

	2020 $	2019 $
4. Loss for the year		
Loss for the year has been arrived at after (charging)/crediting the following items of income and expense:		
Other (losses)/gains:		
Net unrealised foreign exchange loss	(4,900)	(366)
Net realised foreign exchange loss	-	(1,114)
	(4,900)	(1,480)
Finance income:		
Interest income	10,894	28,496
Employee benefits expense:		
Post-employment benefits expense	(39,868)	-
Other employee benefits expense	(302,224)	-
	(342,092)	-
Depreciation expense:		
Depreciation expense - property, plant and equipment	(10,992)	(3,758)
Depreciation expense - right-of-use assets	(13,123)	-
	(24,115)	(3,758)
Finance costs:		
Interest - lease liabilities	(1,706)	-
Interest - other	(1,047)	-
	(2,753)	-

5. Income tax		
Income tax benefit		
Tax benefit comprises of:		
Current tax benefit	-	-
Deferred tax benefit	-	-
	-	-

	2020	2019
	$	$
5. Income tax (cont'd)		
The prima facie income tax expense in the consolidated statement of profit or loss and other comprehensive income is as follows:		
Loss before income tax from continuing operations	(1,285,601)	(1,015,172)
Income tax benefit calculated at 27.5% (2019: 27.5%)	(353,540)	(279,172)
Effect of unrecognised and unused tax losses and deductible temporary differences	353,540	279,172
Income tax benefit attributable to loss	-	-

The income tax benefit attributable to the loss is not recognised as the group considers it is not 100% probable that future taxable amounts will be available to utilise the losses.

	2020	2019
	$	$
6. Loss per share		
Basic loss per share		
From continuing operations	(0.0153)	(0.0150)
Diluted loss per share		
From continuing operations	(0.0153)	(0.0150)

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

	2020	2019
	$	$
Loss used in the calculation of basic and diluted loss per share	(1,285,601)	(1,015,172)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share (a)	84,254,485	67,688,483

(a) During the year ended 30 June 2020 the potential ordinary shares associated with the employee share option plan as set out in Note 2 are anti-dilutive and are 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 16 are anti-dilutive, and have not been included in the weighted average number of ordinary shares for the purposes of diluted earnings per share.

	2020	2019
	$	$
7. Trade and other receivables		
Current		
Other receivables	87,654	18,203
Goods and Services Tax receivable	116,658	82,112
	204,312	100,315

The group has considered the impact of COVID 19 on expected credit losses (ECL) for other receivables and note there is no material impact.

	2020 $	2019 $
8. Other assets		
Current		
Prepayments	-	8,293
Rental security deposits	30,181	-
	30,181	8,293
Non-current		
Rental security deposit	10,442	10,442
	10,442	10,442

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 $
2020					
At cost					
Balance at 1 July 2019	2,973	15,000	5,662	30,560	54,195
Additions	-	-	-	-	-
Balance at 30 June 2020	2,973	15,000	5,662	30,560	54,195
Accumulated depreciation					
Balance at 1 July 2019	(2,004)	(5,816)	(253)	(502)	(8,575)
Depreciation expense	(140)	(2,153)	(1,653)	(7,046)	(10,992)
Balance at 30 June 2020	(2,144)	(7,969)	(1,906)	(7,548)	(19,567)
Net book value 30 June 2020	829	7,031	3,756	23,012	34,628

	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)
Net book value 30 June 2019	969	9,184	5,409	30,058	45,620

Notes to the consolidated financial statements for the year ended 30 June 2020

	2020 $	2019 $
10. Right-of-use assets		
At 30 June		
Cost	34,143	-
Accumulated depreciation	(13,123)	-
	21,020	-

11. Intangible assets		
Non-current		
Goodwill on acquisition of Finny Limited (i)	2,736,145	2,718,341
	2,736,145	2,718,341

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

(i) The increase in goodwill of $17,804 is with respect to the stamp duty on Finny limited share transfers in Papua New Guinea, which was paid in the current year.

	2020 $	2019 $
12. Capitalised exploration and development expenditure		
Non-current		
Balance as at 1 July	5,579,474	1,835,396
Expenditure during the year	2,987,685	3,745,882
Impairment/write-offs	(403,240)	(1,804)
Balance as at 30 June	8,163,919	5,579,474

The recoverability of the exploration expenditure capitalised by the group during the year ending 30 June 2020, is dependent on successful development and commercial exploitation, or alternatively, on the sale of the respective areas of interest.

During the current year, an impairment of $403,240 was recorded with respect to two tenements in Vanuatu that are being relinquished.

	2020 $	2019 $
13. Trade and other payables		
Current		
Unsecured – at amortised cost		
Trade payables (i)	85,767	28,061
Share subscriptions	50,000	-
Sundry payables and accrued expenses	520,044	671,138
	655,811	699,199

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

	2020 $	2019 $
14. Provisions		
Current		
Employee benefits	21,428	-
15. Lease liabilities		
Current		
Lease liabilities	13,371	-
Non-current		
Lease liabilities	8,177	-

The total cash outflow for repayment of leases amount to $12,594.

The operating lease relates to 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.

	2020 $	2019 $
16. Issued capital		
87,323,197 fully paid ordinary shares (2019: 81,508,197)	13,736,883	12,614,548

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

Movements in issued capital

	2020		2019	
	No of shares	$	No of shares	$
Balance at the beginning of the year	81,508,197	12,614,548	49,805,769	4,571,544
Shares issued during the year	5,815,000	1,122,335	31,702,428	8,043,004
Balance at the end of the year	87,323,197	13,736,883	81,508,197	12,614,548

During the year, the company issued the following additional shares:
- 3,200,000 shares at a value of $0.20 from a share placement, raising $640,000 (before costs);
- 200,000 shares were issued for $40,000 following the exercise of $0.20 options;
- 2,415,000 shares from share purchase plan were issued at a value of $0.20 per share, raising $483,000;
- Share issue costs during the year amounted to $40,655.

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

Notes to the consolidated financial statements
for the year ended 30 June 2020

	2020 $	2019 $
17. Reserves		
Share based payments (i)		
Opening balance	117,600	117,600
Options issued	106,755	-
Options expired	(75,600)	-
Closing balance	148,755	117,600
Foreign currency translation reserve		
Opening balance	72,062	-
Foreign currency translation	(2,800)	72,062
Closing balance	69,262	72,062
Total reserves	218,017	189,662

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

	2020 $	2019 $
18. Accumulated losses		
Balance at the beginning of the year	(2,175,137)	(1,159,965)
Options expired	75,600	-
Loss for the year	(1,285,601)	(1,015,172)
Balance at the end of the year	(3,385,138)	(2,175,137)

	2020 $	2019 $
19. Commitments for expenditure		
Tenement expenditure (i)	2,100,000	1,000,000

(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. The indicative minimum exploration expenditure requirement for FY21 is approximately $2.1 million, of which approximately $1.3 million is covered by partners under JV agreements. This is a pro-rata estimate, based on annualised licence terms, converted to AUD at current exchange rates. Applications have been submitted to relevant authorities to reduce these amounts in FY21 due to COVID 19 restrictions.

20. 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 2020 (2019: nil).

Notes to the consolidated financial statements
for the year ended 30 June 2020

21. 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:

	2020 $	2019 $
(a) Reconciliation of cash		
Cash at bank	67,902	355,494
Term deposits	-	2,510,293
	67,902	2,865,787

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

	2020 $	2019 $
Loss for the year	(1,285,601)	(1,015,172)
Depreciation expense	24,115	3,758
Net foreign exchange loss	4,900	-
Impairment of capitalised exploration expenditure	403,240	-
Share based payments	106,755	-
Lease liability interest expense	1,706	-
Movements in working capital:		
Increase in trade and other receivables	(103,997)	(93,815)
Increase in other assets	4,718	(1,125)
(Decrease)/increase in trade and other payables	(41,189)	122,218
Increase in trade and other payables	21,428	-
Net cash flows used in operating activities	(863,925)	(984,136)

	2020 $	2019 $
22. 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 lease relates to 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.

In the current period, as a result of the adoption of AASB 16 Leases, the group's non-cancellable operating leases have been recognised on the consolidated statement of financial position as lease liabilities. Refer to Note 15.

	2020 $	2019 $
23. Auditors' remuneration		
Audit of the financial statements	40,000	32,000

The auditor of Canterbury Resources Limited is BDJ Partners.

BDJ Partners did not provide non-audit services to the group during the year ended 30 June 2020 (2019: nil).

Notes to the consolidated financial statements for the year ended 30 June 2020

24. 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 2020 %	Ownership interest 2019 %
Canterbury Exploration Pty Ltd	Australia	100	100
Capella Ventures Pty Ltd	Australia	100	100
Capella Vanuatu Ltd	Vanuatu	100	100
Canterbury Resources (PNG) Ltd	Papua New Guinea	100	100
Finny Limited	Papua New Guinea	100	100

25. 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.

Statement of financial position	2020 $	2019 $
Assets		
Current assets	135,571	2,831,468
Non-current assets	10,870,844	8,038,947
Total assets	11,006,415	10,870,415
Liabilities		
Current liabilities	179,750	83,574
Non-current liabilities	8,177	-
Total liabilities	187,927	83,574
Equity		
Issued capital	13,736,883	12,614,548
Reserves	148,755	189,662
Accumulated losses	(3,067,150)	(2,017,369)
Total equity	10,818,488	10,786,841
Total comprehensive loss	(1,197,443)	(953,071)

Contingent liabilities
The parent entity had no contingent liabilities at 30 June 2020 (2019: nil).

Capital commitments - property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 (2019: 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.

26. Key management personnel disclosures

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

JED Anderson
GA Craighead
GN Fallon (resigned 12 February 2020)
RE Moller
ME Erceg
R Watts (appointed 12 February 2020)

Key management personnel compensation

Remuneration of key management personnel

2020	Short-term employee benefits		Post-employment benefits	Share based payments	
Directors	Salary and directors' fees	Consulting fees	Super-annuation	Options	Total
	$	$	$	$	$
R E Moller	65,000	34,140	-	13,344	112,484
J E D Anderson	68,493	-	6,507	13,344	88,344
GA Craighead	262,557	17,500	24,925	13,344	318,326
GN Fallon	44,520	-	4,229	13,344	62,093
M Erceg	-	165,000	-	13,344	178,344
R Watts	22,687	-	2,155	-	24,842
	463,257	**216,640**	**37,816**	**66,720**	**784,433**

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**

No performance-based remuneration was paid in 2020 (2019: nil).

27. 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 26.

(c) *Subsidiaries*
Interests in subsidiaries are set out in note 24.

27. Related party transactions (cont'd)

(d) *Shared based payments*
Shared based payments are set out in note 29.

(e) *Transactions with associates of key management personnel*

	2020 $	2019 $
Amounts recognised as expense		
Office overheads (i)	-	256,056

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

Effective 1 July 2019, Mr Craighead was employed as the full time Managing Director of the company.

(f) *Joint operation*
The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of a joint operation. These have been incorporated in the consolidated financial statements under the appropriate classifications. The joint operation is material to the group.

Name of entity	Country of incorporation	JV Ownership interest	
		2020 %	2019 %
Finny Limited (i)	Papua New Guinea	40%	40%

(i) Finny Limited has a farm-in and Joint Venture (JV) 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.

28. Operating segments

Identification of four reportable operating segments
The Chief Operating Decision Maker (CODM) has restructured the reporting structures into 3 reportable segments representing business operating segments for management, reporting and allocation of resources purposes. Operating segments have been identified based on financial information that is regularly reviewed by the CODM.

The group aggregates two or more operating segments into a single reportable operating segment when the group has assessed and determined the aggregated operating segments share similar economic and geographical characteristics.

The group has the following reportable segments:
- Australia
- Vanuatu
- Papua New Guinea

28. Operating segments (cont'd)

The performance of each segment forms the basis of all reporting to the CODM. The steering committee primarily uses Earnings Before Interest and Tax (EBIT) to assess the performance of a segment. It will also review the assets and working capital of each segment on a regular basis. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

In reporting the EBIT to the steering committee, results for the normal operations of the segment separately show reporting of non-recurring events.

Accounting policy for operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

2020	**Vanuatu $**	**Papua New Guinea $**	**Australia $**	**Total $**
Revenue	849	5,155	-	6,004
Other revenue	-	-	150,250	150,250
Debt forgiveness	(343,260)	-	343,260	-
Employee benefits expense	-	-	342,092	342,092
Corporate costs	-	3,113	304,016	307,129
Depreciation and amortisation expense	-	-	24,115	24,115
Impairment of capitalised expenditure	403,240	-	-	403,240
Share based payment expense	-	-	106,755	106,755
EBIT	(67,762)	(19,672)	(1,206,308)	(1,293,742)
Finance income	-	-	10,894	10,894
Finance expense	-	-	(2,753)	(2,753)
Loss before income tax	(67,762)	(19,672)	(1,198,167)	(1,285,601)
Income tax	-	-	-	-
Loss for the year	(67,762)	(19,672)	(1,198,167)	(1,285,601)
Assets				
Segment assets (a)	30,465	6,075,998	5,162,086	11,268,549
Total assets	**30,465**	**6,075,998**	**5,162,086**	**11,268,549**
Liabilities				
Segment liabilities	-	419,857	278,930	698,787
Total liabilities	**-**	**419,857**	**278,930**	**698,787**

(a) Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

	Vanuatu $	**Papua New Guinea $**	**Australia $**	**Total $**
Segment assets	30,465	6,075,998	5,162,086	11,268,549
Additions to non-current assets	(272,501)	1,214,628	1,711,612	2,653,739

Notes to the consolidated financial statements for the year ended 30 June 2020

2019	Vanuatu $	Papua New Guinea $	Australia $	Total $
Revenue	-	-	-	-
Other revenue	-	-	36,398	36,398
IPO expenses	-	-	282,147	282,147
Corporate costs	-	1,815	171,018	172,833
Depreciation and amortisation expense	-	-	3,758	3,758
Impairment of capitalised expenditure	-	1,804	-	1,804
EBIT	(4,467)	(286,180)	(753,021)	(1,043,668)
Finance income	-	-	28,496	28,496
Loss before income tax	(4,467)	(286,180)	(724,525)	(1,015,172)
Income tax	-	-	-	-
Loss for the year	(4,467)	(286,180)	(724,525)	(1,015,172)
Assets				
Segment assets	365,152	4,821,646	6,141,474	11,328,272
Total assets	**365,152**	**4,821,646**	**6,141,474**	**11,328,272**
Liabilities				
Segment liabilities	113	449,042	250,044	699,199
Total liabilities	113	449,042	250,044	699,199

(a) Segment assets

Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

	Vanuatu $	Papua New Guinea $	Australia $	Total $
Segment assets	365,152	4,821,646	6,141,474	11,328,272
Additions to non-current assets	18,345	3,432,421	326,816	3,777,582

29. Employee share option plan

The group operates an employee share option plan for employees and contractors of the group. In accordance with the provisions of the plan, employees may be granted options to purchase parcels of ordinary shares at specified exercise prices.

Each employee share option converts into one ordinary share of the group on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options 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
CBY05	20/02/2018	$0.40	30/06/2021	20/02/2018
CBY06	28/11/2019	$0.35	30/06/2022	28/11/2019

These options were valued based on the Black-Scholes option pricing model, the value of the options was assessed using the annual volatility of returns on the shares over a period of time.

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

Status*	ESOP (unlisted)	Non-ESOP (unlisted)	Total
At beginning of period	2,200,000	5,000,000	7,200,000
Granted during period	1,200,000	-	1,200,000
Forfeited during period	(1,200,000)	-	(1,200,000)
At end of period	2,200,000	5,000,000	7,200,000

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

The weighted average share price at the date of exercise for share options exercised during the period was $0.22.
The options outstanding at 30 June 2020 had a weighted average exercise price of $0.40 and $0.35, and a weighted average remaining contractual life of 3.2 years and 2.6 years respectively. In 2020, options were granted on 28 November 2019. The aggregate of the estimated fair values of the options granted on this date is $106,755.

The inputs into the Black-Scholes model are as follows:

	2020 $	2019 $
Weighted average share price	0.22	-
Weighted average exercise price	0.35	-
Expected volatility	86.89%	-
Expected life	2.6 years	-
Risk-free rate	0.29%	-

Expected volatility was determined by calculating the historical volatility of the group's share price over the previous 1.5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

30. 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 2019.

The capital structure of the group consists of cash and bank balances (note 21) and equity of the group (comprising issued capital, reserves and accumulated losses as detailed in notes 16 to 18).

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.

(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:

2020	Weighted average interest rate %	Floating interest amount $	Fixed maturing in 1 yr to 5 yrs $	Non-interest bearing $	Total $
Financial assets					
Cash	0.00	-	-	67,902	67,902
Trade and other receivables	0.00	-	-	204,312	204,312
Total assets		**-**	**-**	**272,214**	**272,214**
Financial liabilities					
Trade and other payables	0.00	-	-	655,811	655,811
Total liabilities		-	-	**655,811**	**655,811**

Notes to the consolidated financial statements for the year ended 30 June 2020

30. Financial instruments (cont'd)

Capital management (cont'd)

2019	Weighted average interest rate %	Floating interest amount $	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		**2,510,293**	-	**373,697**	**2,883,990**
Financial liabilities					
Trade and other payables	0.00	-	-	28,061	28,061
Total liabilities		-	-	**28,061**	**28,061**

(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.

2020

	Carrying amount $	+0.5% interest rate profit & loss $	-0.5% interest rate profit & loss $
Cash at bank	67,902	340	(340)
	67,902	340	(340)
Tax charge of 27.5%		(94)	94
Post tax profit increase/(decrease)		246	(246)

2019

	Carrying amount $	+0.5% interest rate profit & loss $	-0.5% interest rate profit & loss $
Cash at bank	355,494	1,777	(1,777)
Cash on short term deposit	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)

30. Financial instruments (cont'd)

Capital management (cont'd)

(a) Market risk (cont'd)

(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:

	2020 $	2019 $
Cash at bank	27,936	60,815
Net exposure	27,936	60,815

Sensitivity analysis

2020	Carrying amount AUD$	+10% VUV&KNA/AUD profit & loss AUD$	-10% VUV&KNA/AUD profit & loss AUD$
Cash at bank	27,936	140	(140)
	27,936	140	(140)
Tax charge of 27.5%		(39)	39
Post tax profit increase/(decrease)		101	(101)

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)
	60,815	6,082	(6,082)
Tax charge of 27.5%		(1,673)	1,673
Post tax profit increase/(decrease)		4,409	(4,409)

30. Financial instruments (cont'd)

Capital management (cont'd)

(b) Credit risk

Credit risk arises principally from the group's trade and other 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. The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The group has considered the impact of COVID 19 on expected credit losses (ECL) for receivables and note there is no material impact.

In determining the recoverability of a trade receivable, the local management considers any change in the credit quality of these financial assets from the date credit was granted up to the reporting date. The directors have assessed for any expected credit losses under AASB 9 and believe that there is no further credit provision required. Management does not expect any material loss from non-performance by counterparties on credit granted during the financial year under review that has not been provided for.

(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.

2020		**Contractual cash flows**			
	Carrying amount	**< 6 months**	**6-12 months**	**> 12 months**	**On demand**
	$	**$**	**$**	**$**	**$**
Financial assets					
Cash	67,902	67,902	-	-	-
Trade and other receivables	204,312	204,312	-	-	-
Total assets	272,214	272,214	-	-	-
Financial liabilities					
Trade and other payables	655,811	655,811	-	-	-
Lease liabilities	21,548	-	13,371	8,177	
Total liabilities	677,359	655,811	13,371	8,177	-
Net maturity	(405,145)	(383,597)	(13,371)	(8,177)	-

30. Financial instruments (cont'd)

Capital management (cont'd)

(c) Liquidity risk (cont'd)

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	-	-	-

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

31. Fair value measurements

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

The were no transfers between level 1,2, and 3 for recurring fair value measurements during the year.

The carrying amount of other financial assets or financial liabilities recorded in the consolidated financial statements approximate their fair values.

32. Other information

In accordance with Listing Rule 4.10.19, the group 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.

33. Events after the reporting period

Subsequent to year end, the following events have arisen:

- On 27 July 2020, the company undertook a Private Placement (PP) of 5.3 million fully paid ordinary shares at 10 cents per share raising $530,000.
- On 22 September 2020, the company undertook a Share Purchase Plan (SPP) for eligible shareholders registered as at 20 July 2020, providing the opportunity to apply for up to $30,000 of new shares at 10 cents per new share. The SPP and an associated shortfall facility raised $1,899,200.
- A total of 1,103,333 of the new shares being issued under the PP and SPP are subject to shareholder approval.
- On 26 August, the company announced maiden Mineral Resources estimates for the Idzan Creek and Wamum deposits containing a combined 2.7Moz gold and 579kt copper. The deposits lie within the Wamum Project application (EL2658) in PNG.

Other than as noted above, there have been no other events subsequent to 30 June 2020 that are likely, in the director's opinion, 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, 25 September 2020

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 2020, 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 2020 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.

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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 $10.9 million Refer to Notes 11 and 12	
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 2020 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 2020.

In our opinion, the Remuneration Report of Canterbury Resources Limited for the year ended 30 June 2020 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

BDJ Partners

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Anthony Dowell
Partner

25 September 2020

Shareholder information

Per ASX Listing Rule 4.10 (current at 25/09/2020)

1. **Equity**

Number of securities	Type
86,911,662	Fully paid ordinary shares - quoted
23,850,202	Fully paid ordinary shares - 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
1,200,000	Unquoted options expiring on 30 June 2022 with an exercise price of $0.35 - unrestricted

2. **Substantial holders**

Holder Name	Holding Balance	% Issued Capital
Mr Duncan John Hardie	7,944,256	7.17%
Gage Resources Pty Ltd <Craighead Super Fund A/C>	6,056,842	5.47%

3. **Small parcels**

At the prevailing market price of $0.15 per share at 23 September 2020, there were 40 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	1,567	0.00%
1,001 - 5,000	53	185,082	0.17%
5,001 - 10,000	105	827,578	0.75%
10,001 - 100,000	190	7,559,380	6.82%
Above 100,000	152	102,188,257	92.26%
Totals	**511**	**110,761,864**	**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	2	125,000	1.74%
Above 100,000	13	7,075,000	98.26%
Totals	**15**	**7,200,000**	**100.00%**

6. 20 largest shareholders

Position	Holder Name	Holding	% IC
1	Mr Duncan John Hardie	7,944,256	7.17%
2	Gage Resources Pty Ltd <Craighead Super Fund A/C>	6,056,842	5.47%
3	James Sinton Spence	5,444,444	4.92%
4	Netwealth Investments Limited <Wrap Services A/C>	3,803,741	3.43%
5	Fallon Nominees Pty Ltd <Fallon Family A/C>	3,253,571	2.94%
6	Icekins Pty Ltd <John Anderson S/F A/C>	3,212,000	2.90%
7	Travel Systems Pty Ltd <Moller Family Super Fund A/C>	2,372,500	2.14%
8	St Jude Exploration Pty Ltd <The McGee Family Super A/C>	2,275,000	2.05%
9	Mr Anthony Williamson	2,002,000	1.81%
10	Armada Trading Pty Ltd	2,000,000	1.81%
11	Mr David John Kelso	1,763,158	1.59%
12	Dr Susan Messner & Mr William Callender <Susan M Messner P/L Ret A/C>	1,670,000	1.51%
13	Moller Corporation Ltd	1,600,000	1.44%
14	Sandford Super Pty Ltd <G&K Sandford S/F A/C>	1,600,000	1.44%

Shareholder information

6. 20 largest shareholders (cont'd)

Position	Holder Name	Holding	% IC
15	Gage Resources Pty Ltd <Craighead Family A/C>	1,500,000	1.35%
16	Yucaja Pty Ltd <The Yoegiar Familiy A/C>	1,490,000	1.35%
17	Hanson RJL Pty Ltd <Hanson Super Fund A/C>	1,475,000	1.33%
18	Girdis Superannuation Pty Ltd <Girdis Super Fund>	1,384,000	1.25%
19	Mr Lindsay George Dudfield & Mrs Yvonne Sheila Doling Dudfield <Lg Dudfield Pens Fund A/C>	1,365,033	1.23%
20	Honeystash Pty Ltd <Honeypot A/C>	1,277,472	1.15%
	Total	**53,489,017**	**48.29%**

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 (4th edition, issued in February 2019). The Corporate Governance Statement current at 30 June 2020 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 (resigned 12 February 2020)

Michael Matthew Erceg
Executive Director

Robyn Watts
Non-Executive Director (appointed 12 February 2020)

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