Canterbury Resources Limited and Controlled Entities

ABN 59 152 189 369

Consolidated report for the half-year ended 31 December 2020

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31 December 2020

Directors' report (cont'd)
31 December 2020

The directors of Canterbury Resources Limited submit the half-year report of the consolidated entity ("the group") consisting of Canterbury Resources Limited ("the company") and the entities it controlled at the end of, or during the half-year ended 31 December 2020. The directors report as follows:

Information about the directors

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

Name

John Ernest Douglas Anderson
Grant Alan Craighead
Ross Earle Moller
Michael Matthew Erceg
Robyn Watts

Company secretary

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

Principal activity

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

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

Review of operations

During the half year the company continued to advance its portfolio of exploration properties in the Southwest Pacific region, covering areas that are prospective for large scale porphyry copper-gold systems and epithermal gold-silver systems. Field activities were constrained during the period by the impact of COVID-19.

In PNG the company holds licences covering three projects; Bismarck (40%), Ekuti Range (100%) and Wamum (100%).

The Bismarck Project on Manus Island is the subject of a Farm-In and Joint Venture ("JV") with Rio Tinto Exploration (PNG) Limited ("Rio Tinto PNG") which is earning an equity interest by completing staged exploration programs. No field activities were undertaken during the period due to restrictions and precautions related to COVID-19. A resumption of activities is planned in 2021.

At Ekuti Range, a sampling program was completed testing potential extensions of the narrow, high-grade Otibanda and Waikanda Au-CU lodes. Follow-up geophysics and drilling is planned. In addition, core from the 2019 Ekoato drilling program is being shipped to Queensland for further detailed assessment.

At the Wamum Project, the company undertook a detailed assessment of historical exploration data and completed maiden Mineral Resource estimates for two significant deposits with combined contained metal content of 3.16Moz AU and 762Kt Cu:

- Idzan Creek: 137.3Mt at 0.53g/t Au and 0.24% Cu
- Wamum Creek: 141.5Mt at 0.18g/t Au and 0.31% Cu

Core from drilling at the Idzan Creek and Wamum Creek deposits is being shipped to Queensland for further detailed assessment.

Directors' report (cont'd)
31 December 2020

Review of operations

At the Biggs Project in Queensland, the company drilling has outlined a Mineral Resource of 142.8Mt at 0.29% copper at the Central Porphyry zone. The company proposes further drilling, aimed at testing potential depth and strike extensions of the very large mineralisation system.

A binding Term Sheet has been signed for the sale of the company's Vanuatu assets.

Due to the impact of COVID-19, during the half-year the group was eligible to receive a 'JobKeeper' subsidy for its employees of $79,800.

Results of operations

The loss of the group after providing for income tax amounted to $1,010,807 for the half-year ended 31 December 2020 (half-year ended 31 December 2019: loss $577,696).

Changes in the state of affairs

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

Subsequent events

On 5 February 2021, the PNG Mineral Resources Authority granted EL2658 (Wamum Project) to the company. The tenement covers two large scale copper-gold deposits at Idzan Creek and Wamum Creek.

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

Dividends

In respect of the half-year ended 31 December 2020, no dividend was paid (half-year ended 31 December 2019: nil).

Environmental regulation

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

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

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

Directors' report (cont'd)
31 December 2020

Commitments for expenditure

In order to maintain the company's tenements in good standing with the relevant authorities, the company incurs exploration expenditure under the terms of each licence. The indicative minimum exploration expenditure requirement for FY21 is approximately $1.62 million, of which approximately $1.19 million is covered by JV partners. This is a pro rata estimate, based on annualised licence terms, converted to AUD at current exchange rates.

Climate change

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

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

Indemnification of Officers and Auditors

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

Auditor's independence declaration

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

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

On behalf of the Directors

……………………………………………………
Grant Craighead
Director
Dated: 12 March 2021

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

I declare that, to the best of my knowledge and belief during the half year ended 31 December 2020 there have been:

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

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

BDJ Partners

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Anthony J Dowell
Partner

11 March 2021

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Canterbury Resources Limited and Controlled Entities

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Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2020

	Note	Half-year ended 31 Dec 2020 $	31 Dec 2019 $
Revenue	4(a)	-	1,096
Other income	4(b)	79,800	-
Finance income - interest income		18	10,894
Administration expenses		(48,370)	(232,503)
Employee benefits expense		(181,100)	-
Corporate costs		(167,391)	(160,191)
Consultancy		(16,560)	(37,241)
Depreciation and amortisation expense		(11,004)	(12,442)
Impairment of capitalised expenditure		(569,466)	-
Travel expense		-	(4,818)
Insurance		(14,313)	(7,703)
Share based payment expense		(57,722)	(106,755)
Finance cost - interest expense		(565)	(1,994)
Other expenses		(24,134)	(26,039)
Loss before tax		(1,010,807)	(577,696)
Income tax expense		-	-
Loss for the half-year		(1,010,807)	(577,696)
Other comprehensive income for the half-year			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(12,137)	-
Total comprehensive loss for the half-year		(1,022,944)	(577,696)
Total comprehensive loss attributable to:			
Owners of the parent		(1,022,944)	(577,696)
Loss per share			
From continuing operations:			
Basic (cents per share)	5	(0.0099)	(0.0071)
Diluted (cents per share)	5	(0.0099)	(0.0071)

The accompanying notes form part of these financial statements.

Canterbury Resources Limited and Controlled Entities
ABN 59 152 189 369

Consolidated statement of financial position
As at 31 December 2020

	Note	31 Dec 2020	30 June 2020
		$	$
Assets			
Current assets			
Cash and cash equivalents	6	1,389,146	67,902
Trade and other receivables	7	114,886	204,312
Other current assets	8	4,075	30,181
Total current assets		1,508,107	302,395
Non-current assets			
Property, plant and equipment	9	30,185	34,628
Right-of-use assets	10	14,459	21,020
Intangible assets	11	2,736,145	2,736,145
Capitalised exploration and development expenditure	12	7,984,637	8,163,919
Other non-current assets	8	10,942	10,442
Total non-current assets		10,776,368	10,966,154
Total assets		12,284,475	11,268,549
Liabilities			
Current liabilities			
Trade and other payables	13	217,406	655,811
Provisions	14	18,967	21,428
Lease liabilities	15	13,777	13,371
Total current liabilities		250,150	690,610
Non-current liabilities			
Provisions	14	6,852	-
Lease liabilities	15	1,186	8,177
Total non-current liabilities		8,038	8,177
Total liabilities		258,188	698,787
Net assets		12,026,287	10,569,762
Equity			
Issued capital	16	16,158,630	13,736,883
Reserves	17	263,602	218,017
Accumulated losses		(4,395,945)	(3,385,138)
Total equity		12,026,287	10,569,762

The accompanying notes form part of these financial statements.

Canterbury Resources Limited and Controlled Entities
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Consolidated statement of changes in equity
For the half-year ended 31 December 2020

	Share capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2019	12,614,548	189,662	(2,175,137)	10,629,073
Loss for the half-year	-	-	(577,696)	(577,696)
Total comprehensive loss for the half-year	-	-	(577,696)	(577,696)
Transactions with owners:				
Contributions of equity, net of transaction costs	639,335	-	-	639,335
Share based payment	-	106,755	-	106,755
Balance at 31 December 2019	13,253,883	296,417	(2,752,833)	10,797,467
Balance at 1 July 2020	13,736,883	218,017	(3,385,138)	10,569,762
Loss for the half-year	-	-	(1,010,807)	(1,010,807)
Total comprehensive loss for the half-year	-	-	(1,010,807)	(1,010,807)
Foreign currency translation	-	(12,137)	-	(12,137)
Transactions with owners:				
Contributions of equity, net of transaction costs	2,421,747	-	-	2,421,747
Options issued during the half-year	-	57,722	-	57,722
Balance at 31 December 2020	16,158,630	263,602	(4,395,945)	12,026,287

The accompanying notes form part of these financial statements.

Canterbury Resources Limited and Controlled Entities
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Consolidated statement of cash flows
for the half-year ended 31 December 2020

	Note	Half-year ended 31 Dec 2020 $	Half-year ended 31 Dec 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(438,330)	(532,229)
Interest received		18	10,894
Finance costs		(565)	(947)
Receipt of Government grant and subsidies		147,652	-
Other receipts		-	1,096
Net cash used in operating activities		(291,225)	(521,186)
Cash flows from investing activities			
Refund of security deposits		25,606	-
Payments for exploration expenditure		(766,162)	(2,454,939)
Net cash used in investing activities		(740,556)	(2,454,939)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		2,371,747	634,460
Proceeds from share subscriptions		-	50,000
Repayment of lease liabilities		(6,585)	(6,203)
Net cash generated by financing activities		2,365,162	678,257
Net effect of foreign exchange		(12,137)	-
Net increase/(decrease) in cash and cash equivalents		1,333,381	(2,297,868)
Cash and cash equivalents at the beginning of the half-year		67,902	2,865,787
Cash and cash equivalents at the end of the half-year	6	1,389,146	567,919

The accompanying notes form part of these financial statements.

1. General information

Canterbury Resources Limited (the "company") is a public company incorporated in Australia.

The address of its registered office and principal place of business is as follows:

Suite 301
55 Miller St
Pyrmont NSW 2009

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

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

2. Significant accounting policies

(a) Statement of compliance

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

The financial statements were authorised for issue by the directors on 12 March 2021.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2020. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

2. Significant accounting policies

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

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

The group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period. Except as described below, there has been no material impact of these changes on the group's accounting policies.

Other pronouncements adopted for the first time in the current period

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

These amendments are intended to address concerns that the wording in the definition of 'material' was different in the Conceptual Framework for Financial Reporting, AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The amendments address these concerns by:
• Replacing the term 'could influence' with 'could reasonably be expected to influence'.
• Including the concept of 'obscuring information' alongside the concepts of 'omitting' and 'misstating' information in the definition of material.
• Clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework.
• Aligning the definition of material across IFRS Standards and other publications.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

Makes amendments to various Accounting Standards and other pronouncements to support the issue of the revised Conceptual Framework for Financial Reporting.

Some Accounting Standards and other pronouncements contain references to, or quotations from, the previous versions of the Conceptual Framework. This Standard updates some of these references and quotations so they refer to the Conceptual Framework issued by the AASB In June 2019, and also makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

Amends AASB 1054 *Australian Additional Disclosures* to add a requirement for entities that intend to be compliant with IFRS standards to disclose the information required by AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (specifically paragraphs 30 and 31) for the potential effect of each IFRS pronouncement that has not yet been issued by the AASB.

Notes to the consolidated financial statements for the half-year ended 31 December 2020

2. Significant accounting policies (cont'd)

(c) Application 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 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current* and AASB 2020-*6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date*	1 January 2023	31 December 2023
AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*	1 January 2021	31 December 2021
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022	31 December 2022

2. Significant accounting policies (cont'd)

(d) Government grants

JobKeeper subsidy
In response to the global pandemic COVID-19, the Australian Government has offered a financial stimulus for not for profit organisations and other organisations, such as JobKeeper. 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.

(e) Going concern

The consolidated net loss of the group, after tax was $1,010,807 for the half-year ended 31 December 2020 (31 December 2019: loss $577,696), with cash outflows from operating activities of $291,225 (2019: cash outflow $521,186); and a working capital surplus of $1,257,957 (June 2020: working capital deficit $388,215).

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 are confident the group will be able to raise funds as and when necessary 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.

The group has a cash balance of $1,053,838, at the date of signing the financial statements (12 March 2021), to meet its expenses over the next twelve months.

2. Significant accounting policies (cont'd)

(f) 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.

(g) Leases

<u>The group as lessee</u>
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 by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

2. Significant accounting policies (cont'd)

(g) Leases (cont'd)

The group as lessee (cont'd)
Lease payments included in the measurement of the lease liability comprise:

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

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

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

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

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

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

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

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

2. Significant accounting policies (cont'd)

(g) Leases (cont'd)

The group as lessee (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.

(h) 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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of group's accounting policies, which are described in Note 2, the directors of the group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment
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.

	Half-year ended	
	31 Dec 2020	**31 Dec 2019**
4. Revenue and other income		
(a) Revenue		
Sundry income	-	1,096
	-	1,096
(b) Other income		
Government Grants		
JobKeeper subsidy (i)	79,800	-
	79,800	-

(i) During the half-year ended 31 December 2020, the group was eligible to receive JobKeeper subsidy for its employees.

5. Loss per share

Basic loss per share		
From continuing operations	(0.0099)	(0.0071)
Diluted loss per share		
From continuing operations	(0.0099)	(0.0071)

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

Loss used in the calculation of basic and diluted loss per share	(1,010,807)	(577,696)
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	102,515,405	81,699,501

	Half-year ended	
	31 Dec 2020	**30 June 2020**
6. Cash and cash equivalents		
Current		
Cash at bank	1,389,146	67,902
7. Trade and other receivables		
Current		
Other receivables	13,950	87,654
Goods and Services Tax receivable	100,936	116,658
	114,886	204,312

There were no debtor balances that indicated the need to be provided for, for the half-year ended 31 December 2020 (half-year ended 2019: nil). There are no expected credit losses (ECL) for receivables for the half-year ended 31 December 2020 (2019: nil).

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for the half-year ended 31 December 2020

	Half-year ended 31 Dec 2020	30 June 2020
8. Other assets		
Current		
Security deposit	4,075	30,181
Non-current		
Security deposit	10,942	10,442

9. Plant and equipment

	Plant and equipment	Website development	Computer hardware -	Motor vehicles -	Total
	$	$	$	$	$
Half-year 31 December 2020					
Cost					
Balance at 1 July 2020	2,973	15,000	5,662	30,560	54,195
Additions	-	-	-	-	-
Balance at 31 December 2020	2,973	15,000	5,662	30,560	54,195
Accumulated depreciation					
Balance at 1 July 2020	(2,144)	(7,969)	(1,906)	(7,548)	(19,567)
Depreciation expense	(62)	(879)	(626)	(2,876)	(4,443)
Balance at 31 December 2020	(2,206)	(8,848)	(2,532)	(10,424)	(24,010)
Net book value 31 December 2020	**767**	**6,152**	**3,130**	**20,136**	**30,185**
Year-ended 30 June 2020					
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**

	Half-year ended 31 Dec 2020	30 June 2020
10. Right-of-use assets		
Right-of-use - at cost	34,143	34,143
Accumulated depreciation	(19,684)	(13,123)
	14,459	21,020

Notes to the consolidated financial statements for the half-year ended 31 December 2020

	Half-year ended	
	31 Dec 2020	**30 June 2020**
11. Intangible assets		
Non-current		
Goodwill on acquisition	2,736,145	2,736,145

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

12. Capitalised exploration and development expenditure		
Non-current		
Balance at the beginning of the period	8,163,919	5,579,474
Additions	390,184	2,987,685
Impairment/write-offs	(569,466)	(403,240)
Balance at the end of the period	7,984,637	8,163,919

The recoverability of exploration expenditure capitalised by the group during the half-year ending 31 December 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 $569,466 was recorded with respect to tenements in Papua New Guinea and Vanuatu that are being relinquished.

	Half-year ended	
	31 Dec 2020	**30 June 2020**
13. Trade and other payables		
Unsecured – at amortised cost		
Trade payables (i)	-	85,767
Sundry payables and accrued expenses	217,406	520,044
Share subscriptions	-	50,000
	217,406	655,811

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

14. Provisions		
Current		
Employee benefits	18,967	21,428
Non-current		
Employee benefits	6,852	-
15. Lease liabilities		
Current		
Lease liabilities	13,777	13,371
Non-current		
Lease liabilities	1,186	8,177

16. Issued capital

	Half-year ended 31 Dec 2020 $	30 June 2020 $
111,865,197 fully paid ordinary shares (30 June 2020: 87,323,197)	16,158,630	13,736,883

The company issued the following additional shares:

- 24,542,000 shares at a value of $0.10 from a share placement, raising $2,454,200 (before costs).

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

Movement in ordinary share capital

	31 Dec 2020		30 June 2020	
	Number of shares	$	Number of shares	$
Balance at the beginning of the period	87,323,197	13,736,883	81,508,197	12,614,548
Shares issued during the period	24,542,000	2,421,747	5,815,000	1,122,335
Balance at the end of the period	111,865,197	16,158,630	87,323,197	13,736,883

17. Reserves

	Half-year ended 31 Dec 2020 $	30 June 2020 $
Share based payments (i)		
Opening balance	148,755	117,600
Options issued	57,722	106,755
Options expired	-	(75,600)
Closing balance	206,477	148,755
Foreign currency translation reserve		
Opening balance	69,262	72,062
Foreign currency translation	(12,137)	(2,800)
Closing balance	57,125	69,262
Total reserves	263,602	218,017

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

18. Operating segment

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

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.

18. Operating segment (cont'd)

December 2020	Vanuatu $	Papua New Guinea $	Australia $	Total $
Revenue	-	-	-	-
Other revenue	-	-	79,800	79,800
Debt forgiveness	156,146	-	-	156,146
Employee benefits expense	-	-	(181,100)	(181,100)
Corporate costs	-	-	(167,391)	(167,391)
Depreciation and amortisation expense	-	-	(11,004)	(11,004)
Impairment of capitalised expenditure	(96,652)	(472,814)	-	(569,466)
Loss on debt settlement	-	-	(156,146)	(156,146)
Share based payment expense	-	-	(57,722)	(57,722)
EBIT	65,845	(490,517)	(585,588)	(1,010,260)
Finance income	-	-	18	18
Finance expense	-	-	(565)	(565)
Profit/(loss) before income tax	65,845	(490,517)	(586,135)	(1,010,807)
Income tax	-	-	-	-
Profit/(loss) for the year	65,845	(490,517)	(586,135)	(1,010,807)
Assets				
Segment assets (a)	822	5,835,129	6,448,524	12,284,475
Total assets	822	5,835,129	6,448,524	12,284,475
Liabilities				
Segment liabilities	-	76,627	181,561	258,188
Total liabilities	-	76,627	181,561	258,188

(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	822	5,835,129	6,448,524	12,284,475
Increase/(decrease) in non-current assets	-	305,807	84,377	390,184

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for the half-year ended 31 December 2020

18. Operating segment (cont'd)

December 2019	Vanuatu $	Papua New Guinea $	Australia $	Total $
Revenue	-	-	-	-
Other revenue	849	247	10,894	11,990
Employee benefits expense	-	-	(167,816)	(167,816)
Corporate costs	-	(1,731)	(158,460)	(160,191)
Depreciation and amortisation expense	-	-	(12,442)	(12,442)
Share based payment expense	-	-	(106,755)	(106,755)
EBIT	(3,914)	(11,530)	(571,152)	(586,596)
Finance income	-	-	10,894	10,894
Finance expense	-	-	(1,994)	(1,994)
Loss before income tax	(3,914)	(11,530)	(562,252)	(577,696)
Income tax	-	-	-	-
Loss for the year	(3,914)	(11,530)	(562,252)	(577,696)
June 2020				
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 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	30,465	6,075,998	5,162,086	11,268,549
Increase/(decrease) in non-current assets	(272,501)	1,214,628	1,711,612	2,653,739

19. 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	
		31 Dec 2020	30 June 2020
		%	%
Canterbury Exploration Pty Ltd	Australia	100	100
Capella Ventures Pty Ltd	Australia	100	100
Capella Vanuatu Ltd	Vanuatu	100	100
Canterbury Resources (PNG) Ltd	Papua New Guinea	100	100
Finny Ltd	Papua New Guinea	100	100

20. Key management personnel

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

21. Fair value measurements

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

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

22. Events after the reporting period

On 5 February 2021, the PNG Mineral Resources Authority granted EL2658 (Wamum Project) to the company. The tenement covers two large scale copper-gold deposits at Idzan Creek and Wamum Creek.

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

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the group as at 31 December 2020.

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

On behalf of the Directors

Grant Craighead
Director
Dated: 12 March 2021

Independent Auditor's Review Report

To the members of Canterbury Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Canterbury Resources Limited and controlled entities (the consolidated entity), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of the consolidated entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

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

BDJ Partners

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Anthony J Dowell
Partner

Dated 12 March 2021