CANTERBURY RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN: 59 152 189 369

Financial Report For The Year Ended 30 June 2014

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CANTERBURY RESOURCES LIMITED ABN: 59 152 189 369
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Your directors present their report on the consolidated group for the financial year ended 30 June 2014.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Ross Earle Moller (Non- Executive Director and Company Secretary) Bcom Grad, Dip AppCorpGov CA ACIS NZICA ICSA
John Ernest Douglas Anderson Bcom, MBA, GAICD (Non-Executive Chairman)
Grant Alan Craighead (Executive Director)- BSc, MAusIMM, GAICD
Gary Noel Fallon BAppSc, MSEG, GAICD (Non-Executive Director)
Stephen Bartrop (Non- Executive Director) BSc (Hons), Grad Dip Sec Inst., PhD, MAusIMM, MSEG, GAICD
Veronique Morgan-Smith (Company Secretary) solicitor (Aus), Avocat (Fr), LLB Hons (UK), LLM (Fr), Dip (Aus)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

During the year the Group continued to build its portfolio of gold and copper exploration properties in the SW Pacific region. An important step was the formation of a PNG subsidiary Kilcoo Limited ("Kilcoo") which applied for two exploration licences in the Morobe Province covering epithermal and porphyry copper-gold prospects. The first tenement, EL2302, was granted in February 2014 and reconnaissance sampling and mapping has reaffirmed the presence of narrow high grade gold-copper mineralisation hosted within shear zones at the Otibanda, Waikanda and Ekoato prospects. In addition, the Kopekio area has been identified as representing the upper parts of a porphyry system that is prospective for a near surface bulk tonnage copper-gold mineralisation. In Vanuatu, further mapping and sampling has been undertaken on our Malekula tenements, enhancing the understanding of controls on mineralisation, and additional applications have been submitted covering similar prospects on the neighbouring island of Santo.

The results of the operations of the consolidated entities during the financial year were as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Net loss after income tax	(143,105)	(113,393)

Significant Changes in the State of Affairs

There was no significant change in the state of affairs of the consolidated entity and parent entity other than that referred to in the financial statements or notes thereto.

Post Balance Date Events

There were no events subsequent to balance date which require disclosure in these accounts.

Principal Activities

For the year under review, the principal activity of the consolidated entity and parent entity (the Group) was exploration for minerals.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director.
There were a total of 11 meetings of Canterbury Resources Ltd during the year.

	Meetings Attended
J Anderson	9
G Craighead	11
G Fallon	9
R Moller	10
S Bartrop	11
Veronique Morgan-Smith (Secretary appointed 26th November 2013)	5

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director

John Anderson

Dated this day of 2014

CANTERBURY RESOURCES LIMITED ABN: 59 152 189 369
AND CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF
THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF CANTERBURY RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of:

(i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Name of Firm ______________________

Name of Partner [Insert Partner's name]

Date 11/12/2014

Address ______________________

CANTERBURY RESOURCES LIMITED ABN: 59 152 189 369
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Revenue and other income	3	8,029	3,449
Administration expenses		(27,902)	(5,798)
Corporate Costs		(59,752)	(21,499)
Consultancy		(18,000)	
Depreciation expense		(335)	(17)
Exploration expense		(33,259)	(13,440)
Marketing expense		(799)	-
Rental expense		-	(8,210)
Share based payment expense			(52,626)
Travel expense		(1,645)	(14,440)
Insurance		(3,522)	-
Registration Fees		(1,657)	-
Other expenses		(4,263)	(812)
Loss before income tax		(143,105)	(113,393)
Tax (expense)/income	4	-	-
Loss for the year		(143,105)	(113,393)
			-
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
		-	-
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
		-	-
Items that have been reclassified to profit or loss			
		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income for the year		(143,105)	(113,393)
Loss attributable to:			
Members of the parent entity		(143,105)	(113,393)
		(143,105)	(113,393)
Total comprehensive income attributable to:			
Members of the parent entity		(143,105)	(113,393)
		(143,105)	(113,393)

The accompanying notes form part of these financial statements.

CANTERBURY RESOURCES LIMITED ABN: 59 152 189 369
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated Group 2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	143,385	542,493
Trade and other receivables	8	5,286	27,110
Other assets	9	6,961	2,396
TOTAL CURRENT ASSETS		155,632	571,999
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,331	1,817
Other assets	9	434,619	78,708
TOTAL NON-CURRENT ASSETS		435,950	80,525
TOTAL ASSETS		591,582	652,524
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	26,148	13,985
TOTAL CURRENT LIABILITIES		26,148	13,985
NON-CURRENT LIABILITIES			
Trade and other payables	12	-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		26,148	13,985
NET ASSETS		565,434	638,539
EQUITY			
Issued capital	13	769,800	699,800
Reserves		56,836	56,836
Retained earnings		(261,202)	(118,097)
TOTAL EQUITY		565,434	638,539

The accompanying notes form part of these financial statements.

CANTERBURY RESOURCES LIMITED ABN: 59 152 189 369
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Equity	Reserves	Accumulated Losses	Total
		$	$	$	$
Consolidated Group					
Balance at 1 July 2012		20,000		(4,704)	15,296
Shares issued during the year		120,000			120,000
Funds received from personal placement offer		567,000			567,000
Share issue costs		(7,200)			(7,200)
Share based payments			56,836		56,836
Other Comprehensive income					-
(Loss) for the year				(113,393)	(113,393)
Balance at 30 June 2013		699,800	56,836	(118,097)	638,539
					-
Balance at 1 July 2013		699,800	56,836	(118,097)	638,539
Shares issued during the year		70,000			70,000
(Loss) for the year				(143,105)	(143,105)
Total transactions with owners and other transfers		-	-	(143,105)	(143,105)
Balance at 30 June 2014		769,800	56,836	(261,202)	565,434

CANTERBURY RESOURCES LIMITED ABN: 59 152 189 369
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		7,976	3,449
Payments to suppliers and employees		(136,840)	(55,596)
Net cash provided by/(used in) operating activities	Note 22(a)	(128,864)	(52,147)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Plant and Equipment		-	(1,834)
Payments for Exploration expenditure		(312,885)	(19,443)
Net cash provided by/(used in) investing activities		(312,885)	(21,277)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		70,000	60,000
Funds received from personal placement offer		-	547,000
Advance of loans to subsidiaries		(27,359)	(60,597)
Share issue costs		-	(7,200)
Net cash provided by/(used in) financing activities		42,641	539,203
Net increase/(decrease) in cash held		(399,108)	465,779
Cash and cash equivalents at beginning of financial year		542,493	14,920
Cash acquired on acquisition of Capella Ventures Pty Ltd		-	61,794
Cash and cash equivalents at end of financial year	7	143,385	542,493

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Canterbury Resources Limited and Controlled Entity (the 'consolidated group' or 'group'). Canterbury Resources Limited is a company limited by shares, incorporated and domiciled in Australia.

The separate financial statements and notes of Canterbury Resources Limited have been presented within this financial report as an individual parent entity ('Parent Entity').

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the Parent (Canterbury Resources Limited) and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has"&" the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'Non-controlling Interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside the profit and loss when the tax relates to items that are recognised outside the profit and loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Fair Value of Assets and Liabilities

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

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

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

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

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

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

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note 1(x) for further details relating to the change in the inventory valuation accounting policy.

(e) Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Borrowing costs, foreign currency movements and holding charges incurred after development is completed are expensed. Profits are brought to account on the signing of an unconditional contract of sale if significant risks and rewards and effective control over the land are passed on to the buyer at this point.

(f) Construction Contracts and Work in Progress

Construction work in progress is measured at cost, plus profit recognised to date, less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised at the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(j) for details of impairment).

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost i*s calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method.*

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments. Accordingly, such interests are accounted for on a cost basis.

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

— the likelihood of the guaranteed party defaulting during the next reporting period;
— the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
— the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where 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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(k) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not in control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Upon the associate subsequently making profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(l) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a Joint Venture and accounted for using the equity method. Refer to Note 1(k) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(m) Intangibles Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(n) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each group entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

— Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
— Income and expenses are translated at average exchange rates for the period.
— Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position via other comprehensive income. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(p) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(q) 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(r) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue relating to construction activities is detailed at Note 1(f).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

(s) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(i) for further discussion on the determination of impairment losses.

(t) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(u) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(w) Comparative Figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

(x) New and amended accounting policies adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013.

- *AASB 10: Consolidated Financial Statements;*
- *AASB 12: Disclosure of Interests in Other Entities; and*
- *AASB 127: Separate Financial Statements.*

AASB 10 provides a revised definition of 'control' and may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous Accounting Pronouncements.

The Group has applied these Accounting Standards with retrospective effect in accordance with their transition requirements. The Group has:

- presented quantitative information of the comparative period reflecting the adoption of AASB 10; and
- with respect to any previously unconsolidated investee that is a business, measured the assets, liabilities and non-controlling interests as if the investee had been consolidated in accordance with the applicable version of AASB 3: Business Combinations from the date when the Group gained control of the investee. When the date that control was obtained was earlier than the beginning of the immediately preceding period, the Group recognises, as an adjustment to equity at the beginning of the comparative period, any difference between:
  - the amount of assets, liabilities and non-controlling interests recognised; and
  - the previous carrying amount of the Group's involvement with the investee.

The Group assessed its interests in other entities and concluded that its accounting for the arrangements under AASB 10 would not change from the Group's accounting for its interests in other entities under AASB 127. Nevertheless, AASB 12 requires enhanced disclosures regarding interests in subsidiaries, which are provided in Note 18.

Employee benefits

The Group adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The Group has applied these Standards retrospectively in accordance with AASB 108 and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. Previously, annual leave satisfied the definition of short-term employee benefits and therefore the leave liability was measured on an undiscounted basis at the amounts expected to be paid when the liability is settled. However, under AASB 119 (September 2011), as the Group expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the following 12 month period, obligations for annual leave entitlements meet the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

The effects of the adjustments required for each period presented are set out in the table below. Note, however, that these changes do not impact the classification of leave entitlements between current and non-current liabilities in the statement of financial position. The change in accounting policy had no material impact on the parent entity's separate financial statements.

Obligations for termination benefits are now recognised at the earlier of:

- the date when the entity can no longer withdraw an offer of termination benefits; and
- when the entity recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits.

Furthermore, obligations for termination benefits are now required to be accounted for in accordance with the requirements for post-employment benefits when the benefits are an enhancement to post-employment benefits. Otherwise, the benefits are to be accounted for in accordance with the requirements for short-term or long-term employee benefits, depending on whether they are expected to be settled wholly before 12 months after the end of the reporting period. Previously, the Group had recognised obligations for termination benefits only when it was demonstrably committed to a termination program, which would involve the Group having a detailed formal plan for the termination program without a realistic possibility of withdrawal. In addition, the Group had accounted for obligations for termination benefits in accordance with the requirements applicable to obligations for other long-term employee benefits.

As at 30 June 2014, the Group recognised no provisions for termination benefits (2013: nil). Accordingly, adoption of the changes to termination benefits in AASB 119 (September 2011) and AASB 2011-10 did not have a material impact on the amounts recognised in the Group's financial statements.

Inventories

The Group voluntarily changed its accounting policy relating to the measurement of inventories for the financial year ending 30 June 2014. Inventories were previously recognised by the Group on a first-in, first-out (FIFO) basis in accordance with AASB 102: Inventories. The Group has now elected to assign costs to inventories on the basis of weighted average costs. This change has been implemented as management is of the opinion that the weighted average basis will provide more relevant information, and result in a more accurate carrying amount of inventory at the end of each reporting period.

The table below provides a summary of the amounts of the adjustments for each financial statement line item affected by the adoption of the weighted average cost method for inventories for the annual reporting period ending 30 June 2014, as well as the comparative periods ending 30 June 2013 and 30 June 2012. The change in accounting policy had no material impact on the parent entity's separate financial statements.

(y) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates

(i) *Impairment – general*

The group assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at the end of the reporting period.

Key judgments

(i) *Subsidiaries*

The Group assessed its interests in other entities and concluded that its accounting for the arrangements under AASB 10: Consolidated Financial Statements would not change from the Group's accounting for its interests in other entities under AASB 127: Consolidated and Separate Financial Statements.

(ii) *Joint Arrangements*

The Group assessed its interests in its joint arrangements and concluded that its accounting for the arrangements under AASB 11: Joint Arrangements would not change from the Group's accounting for the arrangements under AASB 131: Interests in Joint Ventures.

(z) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

— AASB 9: Financial Instruments (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although, the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

— Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).
Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group's financial statements.

— AASB 2013-3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).
This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group's financial statements.

— AASB 2013-4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).
AASB 2013-4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group's financial statements.

— AASB 2013-5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).
AASB 2013-5 amends AASB 10: Consolidated Financial Statements to define an 'investment entity' and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group's financial statements.

Note 2 Parent Company Information

Parent Company Information

The following information has been extracted from the books and records of the parent company and has been prepared in accordance with accounting standards.

	2014	2013
STATEMENT OF FINANCIAL POSITION		
ASSETS	$	$
Current assets	**519,345**	591,442
Non current assets	**69,242**	61,819
TOTAL ASSETS	**588,587**	653,261
LIABILITIES		
Current liabilities	**(2,329)**	(13,505)
Non current liabilities		
TOTAL LIABILITIES	**(2,329)**	(13,505)
EQUITY		
Issued capital	**769,800**	699,800
Reserves	**56,836**	56,836
Accumulated losses	**(235,720)**	(116,880)
TOTAL EQUITY	**590,916**	639,756
STATEMENT OF COMPREHENSIVE INCOME		
Total loss	**(127,078)**	(112,176)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(127,078)**	(112,176)

Guarantees

Canterbury Resources Ltd has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities

At 30 June 2014, Canterbury Resources Ltd had no contingent liabilities.

Contractual commitments

At 30 June 2014, Canterbury Resources Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment.

Note 3 Revenue and Other Income

	Note	Consolidated Group 2014 $	2013 $
— interest received			
— other persons		8,029	3,449
Total interest revenue on financial assets not at fair value through profit or loss		8,029	3,449
Total other revenue		8,029	3,449
Total revenue		8,029	3,449

Note 4 Income Tax

	Consolidated Group 2014 $	2013 $
Income Tax Expense		
The Prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:		
Loss for year before income	(143,105)	(113,393)
Income Tax Benefit calculated at 30%	(42,932)	(34,018)
Temporary differences and tax losses not recognised	(42,932)	34,018
Income tax benefit attributable to loss		-

	Balance Sheet 2014 $	Balance Sheet 2013 $	Income Statement 2014 $	Income Statement 2013 $
Deferred Tax Assets				
Accruals	3,000	3,000	3,000	3,000
Capital Raising	1,380	432	474	432
Revenue tax losses available for offset against future tax income	154,623	14,455	140,168	13,211
Deferred tax assets not recognised	(159,003)	(17,887)	(143,642)	(16,643)
	-	-	-	-

Note 5 Loss per share

	2014 $	2013 $
Basic loss per share (cents per share)	(0.74)	(3.24)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share.	19,437,644	3,495,890
Diluted loss per share (cents per share)	(0.74)	(3.24)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share.	19,437,644	3,495,890
The loss per share is calculated using the net comprehensive income/(loss) for the year.	(143,105)	(113,393)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 6 Auditors' Remuneration

	Consolidated	
AUDITORS' REMUNERATION	**2014** **$**	**2013** **$**
Renumeration of BDJ Partners for:		
Audit and review of the financial report	10,000	12,900
Total auditors remuneration	10,000	12900

Note 7 Cash and Cash Equivalents

		Consolidated Group	
		2014	2013
CURRENT	**Note**	$	$
Cash at bank and on hand		38,183	142,493
Short-term bank deposits		105,202	400,000
		143,385	542,493

Note 8 Trade and Other Receivables

		Consolidated Group	
		2014	2013
	Note	$	$
CURRENT			
Other receivables (net amount of GST Payable)		2,329	5,476
VAT Paid		1,021	-
Other receivables		1,634	21,634
Loans to employees		302	-
Total current trade and other receivables		5,286	27,110

Note 9 Other Assets

	Consolidated Group	
	2014 $	2013 $
CURRENT		
Prepayments	6,908	-
Interest receivable	53	2,396
	6,961	2,396
NON-CURRENT		
Advance- Canterbury Resources Limited	27,358	-
Exploaration and Evalution Phase	391,593	78,708
Deferred Exploration Costs	15,668	-
	434,619	78,708

Note 10 Property, Plant and Equipment

	Consolidated Group 2014 $	2013 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	1,675	1,834
Accumulated depreciation	(344)	(17)
	1,331	1,817
Total property, plant and equipment	1,331	1,817

(a) Movements in carrying amounts

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 & Equipment $	Low Cost Assets $	Total $
Consolidated Group:			
Balance at 1 July 2012	-	-	-
Additions	1,675	159	1,834
Depreciation expense	(10)	(7)	(17)
Carrying amount at 30 June 2013	1,665	152	1,817
Additions			
Written off		(152)	
Depreciation expense	(334)		
Carrying amount at 30 June 2014	1,331	-	1,817

Note 11 Exploration Expenditure

EXPLORATION EXPENDITURE	**Consolidated 2014 $**	**2013 $**
Exploration expenditure	407,261	78,708
Movement		
Opening Balance	78,708	-
Additions	328,553	19,443
Acquired on acquisition of subsidiary		59,265
Amounts written off		
Closing Balance	407,261	78,708

Note 12 Trade and Other Payables

	Note	Consolidated Group 2014 $	2013 $
CURRENT			
Unsecured liabilities			
Trade payables		-	3,505
Sundry payables and accrued expenses		25,668	10,480
Other Creditors		480	-
		-	-
	12(a)	26,148	13,985

(a) Financial liabilities at amortised cost classified as trade and other payables

	2014 $	2013 $
Trade and other payables		
— total current	26,148	13,985
Financial liabilities as trade and other payables	26,148	13,985

Note 13 Issued Capital

	Consolidated Group 2014 $	2013 $
20,740,000 fully paid ordinary shares (2013: 8,000,000)	777,000	140,000
Personal Placement Offer	-	567,000
Less share issue costs	(7,200)	(7,200)
	769,800	699,800

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

Movement in ordinary share capital of Canterbury Resources Limited	**2014 Number of shares**	**2014 $**	**2013 Number of shares**	**2013 $**
Balance at beginning of year	8,000,000	132,800	200,000	20,000
Canterbury Resources Limited share issued during year	12,740,000	637,000		
Issued on incorporation				
Issued to directors			3,000,000	60,000
Acquisition of Capella Ventures			3,000,000	60,000
	20,740,000	769,800	6,200,000	140,000
Transaction costs relating to share issues				(7,200)
	20,740,000	769,800	6,200,000	132,800

For the purpose of these disclosures, the Group considers its capital to comprise its ordinary share capital, and accumulated retained earnings. Neither the share based payments reservce nor the translation reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

Note 14 Options

	Expiry Date	Exercise Price	Number on issue 30 June 2013	Granted during year	Lapsed during year	Exercised during year	Number on issue 30 June 2014
Unlisted							
	30.06.2018	0.09	2,700,000	500,000	-	-	3,200,000
	Total option on issue		-		-	-	3,200,000

Note 15 Reserves

	Consolidated 2014 $	2013 $
Share based payments	56,836	56,836

Share based payments

	2014	2013
Balance at beginning of financial year	56,836	
Value of options issued during year to:		
Directors, employees and consultants		52,626
In payment for services rendered		4,210
Balance at end of financial year	56,836	56,836

Nature and purpose of reserve
The share based payments reserve records the value of options issued to Director, employees and consultants as part of the remuneration for their services

Note 16 Accumulated Losses

	Consolidated 2014 $	2013 $
Balance at beginning of financial year	(118,097)	(4,704)
Net loss for year	(143,105)	(113,393)
Other comprehensive income/ (loss) for year		
Balance at end of financial year	(261,202)	(118,097)

Note 17 Share Based Payments

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated 2014 $	2013 $
Expense arising from equit-settled share-based payment transactions		
Options granted during year		
Directors and consultants	-	52,626
In payment for services rendered	-	4,210
Options exercised during year	-	-

(b) Details of share-based payments

Options granted during the year vested on the date of grant.

The fair value of the options granted during the year is estimated using the Black & Scholes or the Cox Ross Rubinstein binomial valuation methodology taking into account the terms and conditions under which the options are granted.

The contractual life of the options issued is 5 years.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 4.0 years.

The weighted average far value of options granted during the year was $0.09.

The range of exercise prices for options outstanding at the end of the year was $0.09 to $0.09

The following table shows the inputs to the Black & Scholes or the Cox Ross Rubinstein binomial model in respect of options granted during the year.

	2013
Value of Underlying Stock	0.050
Exercise Price	0.090
Dividend Yield	0.00%
Volatility (per Year)	85.40%
Risk free rate	3.12%
Maturity	30/06/2018
Pricing Date	22/03/2013

The options issued are on an equity settled basis. There are no cash settlement alternatives.

Summary of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the year:

	2013 Number	2013 WAEP
Outstanding at the beginning of the year		0.0000
Granted during the year	2,700,000	0.0900
Forfeited during the year		0.0000
Exercised during the year		0.0000
Expired during the year		0.0000
Outstanding at the end of the year	2,700,000	0.0900
Exercisable at the end of the year	2,700,000	

Note 18 Particulars Relating to Controlled Entities

Name of Entity	Country of Incorporation	Ownership interest 2014 %	Ownership interest 2013 %
CONTROLLED ENTITY			
Canterbury Exploration Pty Ltd	Australia	100	100
Capella Ventures Pty Ltd	Australia	100	100
Capella Vanuatu Ltd	Vanuata	100	100
Kilcoo Ltd	Papua New Guinea	100	100

Note 19 Key Management Personnel Disclosures

KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) The directors of Canterbury Resources Limited during the year were:

JED Anderson
GA Craighead
GN Fallon
RE Moller
S Bartrop

(b) Other key management personnel

All key management personnel of the consolidated entity are the directors of Canterbury Resources Limited

(c) Remuneration of Directors and Executives

Details of Directors' remuneration of the year ended 30 June 2014

	Short term benefits		Post employment benefits	Equity based benefits			
	Salary	**Directors' Fees**	**Consulting Fees**	**Superannuation**	**Options**	**Total**	**Performance related**
	$	$	$	$	$	$	%
JED Anderson	**-**	**-**	**-**	**-**	**-**	**-**	**0.00%**
GA Craighead	**-**	**-**	**-**	**-**	**-**	**-**	**0.00%**
GN Fallon	**-**	**-**	**20,196**	**-**	**-**	**20,196**	**0.00%**
RE Moller	**-**	**-**	**21,615**	**-**	**-**	**21,615**	**0.00%**
S Bartrop	**-**	**-**	**-**	**-**	**-**	**-**	**0.00%**
	-	**-**	**41,811**	**-**	**0**	**41,811**	

Details of Directors' remuneration of the year ended 30 June 2013

	Short term benefits		Post employment benefits	Equity based benefits			
	Salary	**Directors' Fees**	**Consulting Fees**	**Superannuation**	**Options**	**Total**	**Performance related**
	$	$	$	$	$	$	%
JED Anderson	-	-	-	-	10,525	10,525	100.00%
GA Craighead	-	-	4,800	-	10,525	15,325	68.70%
GN Fallon	-	-	-	-	10,525	10,525	100.00%
RE Moller	-	-	2,925	-	10,525	13,450	78.30%
S Bartrop	-	-	-	-	-	-	0.00%
	-	-	7,725	-	42,100	49,825	

No Loans have been made from the company to key management personnel

(d) Transactions with associates of directors

	Consolidated 2014	2013
OFFICE OVERHEADS	%	%

Mr Craighead and Mr Bartrop, directors of the company, are directors of, and have a significant financial interest in, Breakaway Mining Services Pty Limited, a company that provided technical and office overhead services to the Company during the year. These services were provided under normal commercial terms and conditions.

Office Overheads	109,650	8,210

Note 20 Related Party Disclosures

(a) Directors

The directors of Canterbury Resources Limited during the year were:
JED Anderson
GA Craighead
GN Fallon
RE Moller
S Bartrop

(b) Remuneration of directors and key management personnel

Details of remuneration of directors are diclosed in Note 19 to the financial statements

At 30 June 2014 there were no key management personnel other that directors.

(c) Equity interest in related parties

Equity interests in the Controlled Entities

Details of the percentage of ordinary shares held in the Controlled Entities are disclosed in Note 18 to the financial statements.

Note 21 Financial Instruments Disclosures

(a) Capital Management

The Group considers its capital to comprise its ordinary share capital and accumulated losses.

The Groups ordinary shares are classifies as equity instruments. The Group is not subject to any externally imposes capital requirements.

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 makig 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 opertational and strategic objectives.

(b) Financial instrument risk exposure and management

In common with all other business, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those ricsks and the methods used to measure them.

Further quantative information in respect of these risks is present throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(c) Principal financial intruments

The principal financial instruments used by the Group, from which financial instrument risks arise, are as follows:

cash at bank;
trade and other receivables;
trade and other payables;

(d) General objectives, policies and processes

The Board has overall responsibility of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Gorup's finance function.

The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possinle without unduly affecting the Group's competiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk

Credit risk arises principally from the Group's trade receivables. It is the risk that the counterpart fails to discharge its obilgation in respect of the instrument

Other receivables
Other receivables comprise the receivable in respect of GST receivable.

(ii) Liquidity risk

Liquidity risk arises from the Group's management of working with capital and finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficent cash to allow it to meet its liabilites 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 sufficent liquid resources to meet its obligations under all resonably 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 payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., trade receivables). These assets are considered in the Group's overall liquidity risk.

		Contractual Cash Flows				
Maturity Analysis - Consolidated - 2014	**Carrying Amount $**	**< 6 mths $**	**6-12 mths $**	**On demand * $**	**1-3 years $**	**>3 years $**
Financial Assets						
Cash at bank and on hand	38,183	38,183				
Cash on short term deposits	105,202	105,202				
Other receivables	3,350	3,350				
TOTAL	146,735	146,735				
Financial Liabilities						
Trade and other payables	480	480				
TOTAL	480	480				
NET MATURITY	146,255	146,255				

		Contractual Cash Flows				
Maturity Analysis - Consolidated - 2013	**Carrying Amount $**	**< 6 mths $**	**6-12 mths $**	**On demand * $**	**1-3 years $**	**>3 years $**
Financial Assets						
Cash at bank and on hand	142,493	142,493				
Cash on short term deposits	400,000	400,000				
Other receivables	5,476	5,476				
TOTAL	547,969	547,969				
Financial Liabilities						
Trade and other payables	13,985	13,985				
TOTAL	13,985	13,985				
NET MATURITY	533,984	533,984				

(i) Interest rate risk

The company'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:

Consolidated - 2014	**NOTE**	**WEIGHTED AVERAGE INTEREST RATES**	**FLOATING INTEREST RATES**	**FIXED MATURING IN 1 YEAR TO 5 YEARS**	**NON-INTEREST BEARING**	**TOTAL**
Financial Assets						
Cash		0.00%		38,183		38,183
Term deposits		4.00%	105,202			105,202
Receivables		0.00%			5,286	5,286
Total Assets			105,202	38,183	5,286	148,671
Financial Liabilities						
Payables		0.00%			480	480
Total Liabilities					480	480
Net financial assets (liabilities)						
Consolidated - 2013						
Financial Assets						
Cash		0.00%			142,493	142,493
Term Deposits		4.00%	400,000			400,000
Receivables		0.00%			27,110	27,110
Total Assets			400,000		169,603	569,603
Financial Liabilities						
Payables		0.00%			13,985	13,985
Total Liabilities					13,985	13,985
Net financial assets (liabilities)			400,000		155,618	555,618

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.

		Consolidated	
Consolidated - 2014	Carrying amount	+0.5% interest rate Profit & Loss	-0.5% interest rate Profit & Loss
Cash at bank	38,183	191	(191)
Cash on short term deposit	105,202	526	(526)
	143,385	717	(717)
Tax charge of 30%		(215)	215
Post tax profit increase / (decrease)		502	(502)

Sensitivity Analysis		**Consolidated**	
Consolidated - 2013	Carrying amount	+0.5% interest rate Profit & Loss	-0.5% interest rate Profit & Loss
Cash at bank	142,493	713	(713)
Cash on short term deposit	400,000	2,000	(2,000)
	542,493	2,713	(2,713)
Tax charge at 30%		(814)	814
Post tax profit increase / (decrease)		1,899	(1,899)

(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.

	Consolidated	
The Group's exposure to foreign currency risk, which arises out of its investments in Vanuatu, is as follows:	**2014**	**2013**
Cash at bank	4,408	46,721
Exploration expenditure capitalised	201,928	14,692
Loans to controlled entities	(254,270)	(71,578)
Net Exposure	(47,934)	(10,165)

Sensitivity Analysis - 2014

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the balance sheet date.
The below analysis assumes all other variables remain constant.

		+10% VUV/AUD	-10% VUV/AUD
Consolidated	Carrying amount AUD	Profit & Loss AUD$	Profit & Loss AUD$
Cash at bank	4,408	441	(441)
Exploration expenditure capitalised	201,928	20,193	(20,193)
Loans to controlled entities	(254,270)	(25,427)	25,427
	(47,934)	(4,793)	4,793
Tax charge of 30%		1,438	(1,438)
Post tax profit increase / (decrease)		(3,355)	3,355

(iii) **Accounting policies**

Accounting policies in relation to financial assets and liabilities and share capital are contained in Note 1.

Note 22 Cash Flow Information

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net & outstanding overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the related items in the statement of financial position as follows:

	Consolidated Group 2014 $	2013 $
Cash at bank and on hand and on deposit	143,385	542,493
	143,385	542,493

(b) Non cash transactions

Acquisition of Capella Ventures Pty Limited	-	60,000
Expenses paid by issue of options	-	4,210

(c) Reconciliation of Cash Flow from operations with Profit (Loss) from ordinary activities after income tax

	Consolidated Group 2014	2013
Total comprehensive income (loss) after income tax	(143,105)	(113,393)
Non-cash flows included in profit and loss		
Depreciation	334	17
Loss on assets written off	152	-
Option expense		56,836
Changes in assets and Liabilities		
(Increase)/Decrease in receivables	21,825	(7,196)
(Increase)/Decrease in other current assets	11,103	(2,396)
(Increase)/Decrease in trade creditors	(3,505)	3,505
(Increase)/Decrease in other creditors and accruals	(15,668)	10,480
	(128,864)	**(52,147)**

Note 23 Additional Company Information

Principal Registered Office and Principal Place of Business
Suite 505
35 Lime Street
SYDNEY NSW 2000

Note 24 Commitments for expenditure

a) Tenement Expenditure

In order to maintain the companies tenement in good standing with the various mining departments, the company will be required to incur exploration expenditure under the terms of each licence.

	2014	**2013**
Annual Expenditure requirement	346,144	92,540

Note 25 Going concern basis

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

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

The Directors are confident of securing funds as and when necessary to meet the company's obligations as and when they fall due, and consider the adoption of the going concern basis to be appropriate in the preperation of these financial statements.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Canterbury Resources Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with international financial reporting standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group.

2. 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.

Director ______________________________

John Anderson

Dated this day of 2014

CANTERBURY RESOURCES LIMITED ABN: 59 152 189 369
AND CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CANTERBURY RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Canterbury Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Canterbury Resources Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

a. the financial report of Canterbury Resources Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

b. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Name of Firm: ____________________

Name of Partner: ____________________

Address:

Dated this day of 2014