



**CANNINDAH RESOURCES LIMITED**

ABN 35 108 146 694

**HALF YEAR FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2017**

# **CANNINDAH RESOURCES LIMITED**

## **DIRECTORS' REPORT**

Your Directors submit their report for the half year ended 31 December 2017.

### **Directors**

The names of the Company's Directors in office during the half year and until the date of this report are set out below. All Directors held office for the whole of the period unless otherwise stated.

Thomas J Pickett – Executive Chairman  
Laurie Johnson – Non- executive Director  
Geoff Missen – Non- executive Director

### **Review of Operations**

The loss for the consolidated entity for the half year ended 31 December 2017 was \$432,245 (2016: \$378,115). Cash on hand at the end of the period was \$132,225 (30 June 2017: \$318,478)

#### **Operating and Financial Activities**

During the six month period to 31 December 2017 the Company focussed its exploration activities on the Piccadilly mining lease. The exploration work included significant sampling and evaluation of the lease area and resulted in the extension of the gold zone previously explored and the encountering of new areas of interest which returned high grade gold results. The work continued at the commencement of the second half with the announcement of the commencement of an initial 7 hole drilling program on the Piccadilly project.

Other activities during the period included:

- On 15 September 2017, the Company announced that it had executed an earn-in agreement with Piccadilly Gold Mine Holdings Limited to gain access to 174.35sq/km surrounding the mining lease at Piccadilly. As a result of this agreement, EPMs 16198 and 18322 came under the operational control of Cannindah Resources.
- On 21 September 2017, the Company announced the execution of an ore purchase agreement with Minjar Gold Pty Ltd the owners of the Pajingo Mine, which is located 231kms by road from the Piccadilly Gold Project. First ore haulage commenced on 10 October 2017 and the ore was processed by Minjar on 21 October 2017. The second batch of ore taken from the Piccadilly project was processed on 20 February 2018. The sale of the ore has provided the Company with immediate cash flow to assist in funding the exploration work at the Piccadilly project.
- In October / November 2017, the Company embarked upon a Share Purchase Plan which together with the placement of part of the shortfall, raised a total of \$329,950 and resulted in the issue of 10,643,545 shares in the Company.

During the period the Company continued to hold discussions with interested parties regarding the Mt Borium Project and the Mt Cannindah Project. At the date of this report no Agreements have been signed.

### **Strategy**

In accordance with its strategy, the Company continues to investigate and evaluate new opportunities within the mining and exploration sector. The company is currently evaluating its options with respect to projects that it may become involved with during the 2018 calendar year.

## Going Concern

As disclosed in the financial statements, the consolidated entity incurred a loss of \$432,245 and had net cash outflows from operating activities of \$180,822 for the six months ended 31 December 2017.

On 9 March 2015, the Company entered into a secured loan facility with a private investor (the Lender) to fund the company's ongoing exploration and administration costs. Under the terms of the loan the facility was due for repayment on 9 March 2018. Prior to and following the due date the Company has been in constant communications with the Lender. The parties continue to investigate a number of options to meet this requirement including potential asset sales, capital raisings and further loan extensions. These discussions are on-going.

The Directors also expect that additional funds will be required for the Company to operate and conduct exploration activities over the next 12 months. It is expected that these funds will be obtained through additional capital raisings and ore sales. In this regard, in February 2018, the Company issued 8 million shares to raise \$168,000 and announced the completion of processing of the second batch of ore from its Piccadilly Project. As a result, the Directors are confident that based on recent experience, the required additional funds can be obtained.

Accordingly, the Directors believe that the going concern basis is the appropriate basis for the preparation of the financial report. If for any reason the consolidated entity is unable to continue as a going concern, it would impact on the consolidated entity's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

## Subsequent Events

On 8 February and 14 February 2018, the Company advised the ASX that it has issued 2 million and 4 million fully paid ordinary shares respectively at 2.8 cents each to raise a total of \$168,000. The funds are to be used to further exploration at the Piccadilly project and for working capital.

Other than as disclosed in the going concern paragraph, no other matters or circumstances have arisen since 31 December 2017, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## Auditor Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

Signed in accordance with a resolution of the Directors pursuant to section 306(3) (a) of the *Corporations Act 2001*.



Thomas J. Pickett  
**Executive Chairman**  
Gold Coast  
16 March 2018

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## Auditor's Independence Declaration to the Directors of Cannindah Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Cannindah Resources Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of 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.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M S Bell  
Partner – Audit & Assurance

Brisbane, 16 March 2018

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**CANNINDAH RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME**  
**for the half year ended 31 December 2017**

	Note	Consolidated 2017 \$	2016 \$
<b>Revenue</b>			
Revenue and other income	2	82,778	861
<b>Expenses</b>			
Employee benefits expense		(92,108)	(107,467)
Exploration & evaluation expenditure w/off		-	(1,273)
Depreciation and amortisation expense		(401)	(401)
Administrative expenses		(221,076)	(130,062)
Finance Expenses		(201,438)	(139,773)
<b>Loss before income tax expense</b>		<b>(432,245)</b>	<b>(378,115)</b>
Income tax expense		-	-
<b>Profit / (Loss) attributable to members of the company</b>		<b>(432,245)</b>	<b>(378,115)</b>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income / (loss) for the year attributable to the members of the company</b>		<b>(432,245)</b>	<b>(378,115)</b>
Basic earnings and diluted earnings per share (cents per share)		(0.37)	(0.38)

The accompanying notes form part of this financial report

**CANNINDAH RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2017**

	Note	Consolidated 31 December 2017 \$	30 June 2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	132,225	318,478
Trade and other receivables		36,988	127,814
<b>Total Current Assets</b>		<b>169,213</b>	<b>446,292</b>
<b>NON CURRENT ASSETS</b>			
Financial assets		83,837	83,837
Plant and equipment		171	572
Exploration and evaluation expenditure		4,533,639	4,158,351
<b>Total non-Current Assets</b>		<b>4,617,647</b>	<b>4,242,760</b>
<b>TOTAL ASSETS</b>		<b>4,786,860</b>	<b>4,689,052</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		318,653	289,443
Provisions		33,173	25,433
Borrowings		2,655,145	2,464,439
<b>Total Current Liabilities</b>		<b>3,006,971</b>	<b>2,779,315</b>
<b>TOTAL LIABILITIES</b>		<b>3,006,971</b>	<b>2,779,315</b>
<b>NET ASSETS</b>		<b>1,779,889</b>	<b>1,909,737</b>
<b>EQUITY</b>			
Contributed equity		47,219,510	46,692,113
Other contributed equity		-	225,000
Share option reserve		395,614	395,614
Accumulated losses		(45,835,235)	(45,402,990)
<b>TOTAL EQUITY</b>		<b>1,779,889</b>	<b>1,909,737</b>

The accompanying notes form part of this financial report

**CANNINDAH RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**for the half year ended 31 December 2017**

	Share Capital \$	Convertible Notes \$	Share Option Reserve \$	Accumulated Losses \$	Total \$
<b>2017</b>					
Balance at 1 July 2017	46,692,113	225,000	395,614	(45,402,990)	<b>1,909,737</b>
Shares issued during the period (net of costs)	302,397	-	-	-	<b>302,397</b>
Convertible notes converted to shares	225,000	(225,000)	-	-	-
Loss attributable to members of the company	-	-	-	(432,245)	<b>(432,245)</b>
<b>Balance at 31 December 2017</b>	<b>47,219,510</b>	<b>-</b>	<b>395,614</b>	<b>(45,835,235)</b>	<b>1,779,889</b>
<b>2016</b>					
Balance at 1 July 2016	46,392,113	-	395,614	(44,605,801)	2,181,926
Loss attributable to members of the company	-	-	-	(378,115)	(378,115)
<b>Balance at 31 December 2016</b>	<b>46,392,113</b>	<b>-</b>	<b>395,614</b>	<b>(44,983,916)</b>	<b>1,803,811</b>

The accompanying notes form part of this financial report

**CANNINDAH RESOURCES LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**for the half year ended 31 December 2017**

	Note	Consolidated 2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
R&D refund received		96,661	
Receipts from customers		82,338	-
Interest received		441	861
Payments to suppliers and employees		(360,261)	(176,005)
Net cash provided by (used in) operating activities		<b>(180,821)</b>	<b>(175,144)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration and evaluation expenditure		(307,829)	(193,764)
Net cash provided by (used in) investing activities		<b>(307,829)</b>	<b>(193,764)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from issue of shares		302,397	-
Net cash provided by (used in) financing activities		<b>302,397</b>	-
Net increase / (decrease) in cash and cash equivalents during the period		(186,253)	(368,908)
Cash and cash equivalents at beginning of period		318,478	413,629
Cash and cash equivalents at end of period	3	<b>132,225</b>	<b>44,721</b>

The accompanying notes form part of this financial report



**CANNINDAH RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the half year ended 31 December 2017**

**1. Basis of Preparation and Accounting Policies**

This general purpose financial report for the interim half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *"Interim Financial Reporting"* and the *Corporations Act 2001*. AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report of Cannindah Resources Limited as at 30 June 2017, together with any public announcements made by Cannindah Resources Limited during the interim reporting period in accordance with the continuous disclosure obligations of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consistent with those of the previous financial period as disclosed in the 30 June 2017 annual report.

**Going Concern**

This report adopts the going concern basis of accounting, which contemplates the realisation of assets and the discharge of liabilities and commitments in the ordinary course of business.

On 9 March 2015, the Company entered into a secured loan facility with a private investor (the Lender) to fund the company's ongoing exploration and administration costs. Under the terms of the loan the facility was due for repayment on 9 March 2018. Prior to and following the due date the Company has been in constant communications with the Lender. The parties continue to investigate a number of options to meet this requirement including potential asset sales, capital raisings and further loan extensions. These discussions are on-going.

The Directors also expect that additional funds will be required for the Company to operate and conduct exploration activities over the next 12 months. It is expected that these funds will be obtained through additional capital raisings and ore sales. In this regard, in February 2018, the Company issued 8 million shares to raise \$168,000 and announced the completion of processing of the second batch of ore from its Piccadilly Project. As a result, the Directors are confident that based on recent experience, the required additional funds can be obtained.

Accordingly, the Directors believe that the going concern basis is the appropriate basis for the preparation of the financial report. If for any reason the consolidated entity is unable to continue as a going concern, it would impact on the consolidated entity's ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the consolidated financial statements.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

**CANNINDAH RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the half year ended 31 December 2017**

	Consolidated Half year ended 31 December 2017 \$	Half year ended 31 December 2016 \$
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**2. Revenue and Other Income**

The following items are relevant in explaining the financial performance for the period:

**Revenue and Other Income**

Sales	82,337	-
Interest received from other persons	441	861
Total revenue and other income	<b>82,778</b>	<b>861</b>

**3. Cash and Cash Equivalents**

	Consolidated 31 December 2017 \$	30 June 2017 \$
Cash at bank and on hand	<b>135,225</b>	318,478

**4. Contributed Equity**

Movements in Contributed Equity during the six months ended 31 December 2017, were as follows:

	No of Shares	\$
<b>Opening balance</b>	<b>110,075,733</b>	<b>46,692,113</b>
Conversion of convertible notes	15,000,000	225,000
Share Purchase Plan at 3.1 cents per share	8,598,384	266,550
Placement at 3.1 cents per share	2,045,161	63,400
Issue costs		(27,553)
<b>Balance at 31 December 2017</b>	<b>135,719,278</b>	<b>47,219,510</b>

**5. Expenditure Commitments and Contingent Liabilities**

There were no other significant changes to the commitments and contingencies disclosed in the most recent annual financial report.

**6. Subsequent Events**

On 8 February and 14 February 2018, the Company advised the ASX that it has issued 2 million and 4 million fully paid ordinary shares respectively at 2.8 cents per share to raise a total of \$168,000. The funds are to be used to further exploration at the Piccadilly project and for working capital.

**CANNINDAH RESOURCES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the half year ended 31 December 2017**

**6. Subsequent Events (continued)**

Other than as disclosed in these financial statements, no matters or circumstances have arisen since 31 December 2017, which significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

# CANNINDAH RESOURCES LIMITED

## DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes:
  - a). comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
  - b. give a true and fair view of the economic entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date.
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.

This declaration is made in accordance with a resolution of the Board of Directors.



Thomas J. Pickett  
**Executive Chairman**  
Gold Coast  
16 March 2017

## Independent Auditor's Review Report to the Members of Cannindah Resources Limited

### Report on the Half Year Financial Report

#### Conclusion

We have reviewed the accompanying half year financial report of Cannindah Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and 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, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Cannindah Resources Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$432,245 during the half year ended 31 December 2017 and, as of that date the Group's current liabilities exceeded its current assets by \$2,837,758. The Company is dependent on the continued support from external financiers in extending the current loan facility, and on other external sources of funding, to provide sufficient levels of working capital for its continued operations. These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### Directors' Responsibility for the Half Year Financial Report

The Directors of 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.

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### 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 half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 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 Cannindah Resources Limited, 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.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M S Bell  
Partner – Audit & Assurance

Brisbane, 16 March 2018