

CANNINDAH RESOURCES LIMITED

ABN 35 108 146 694

**HALF YEAR FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

CANNINDAH RESOURCES LIMITED

DIRECTORS' REPORT

Your Directors submit their report for the half year ended 31 December 2015.

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
John Hamilton – Non- executive Director
Adam Colrain – Non- executive Director

Review of Operations

The loss for the consolidated entity for the half year ended 31 December 2015 was \$529,575 (2014: \$262,703). The loss for the year includes capitalised and current year exploration expenditure written off of \$221,388 (2014: \$49,292).

Exploration Activities

During the six month period to 31 December 2015 the Company continued to advance its flagship Mt Cannindah Project a large high level "porphyry style" Cu-Mo-Au mineralised system. Exploration work during the period focussed on further areas of interest within the mining leases and tenements including the Little Wonder-Midway-Cannindah East prospects, North Mt Cannindah, Apple Tree, Lifesaver / Monument / Dunno, Mt Theodore and Barrimoon. These activities included:

- Identification of near surface gold structure at Little Wonder to Cannindah East;
- 50m of trenching at Appletree prospect 1m from surface;
- Confirmation by rock chip sampling of large scale mineralisation at Barrimoon structure untested at depth and kilometres in length;
- Geophysical surveying over new ground outlining new area of interest in the Kalpower intrusions;
- Separate copper and gold systems identified at the Lifesaver prospect;
- Exploration target estimates developed across numerous areas of interest outlining significant further potential with more exploration.

The work also involved analysis of current and previous exploration work conducted by the Company and earlier explorers in the region and the development of new hypotheses to be tested in further exploration activities.

Strategy

At the Annual General Meeting held on 24 November 2015, the Company announced a change in strategy towards other sectors of interest. In line with the strategy the Company continues to investigate and evaluate new opportunities that take advantage of improved market sentiment enjoyed by companies that have exposure to improving Chinese domestic consumer markets.

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 10 March 2015, the Company entered into a \$2m secured loan facility with a private investor (the Lender) to fund the company's ongoing exploration and administration costs. Under the terms of the agreement the Company may elect to extend the facility for 2 further periods of 12 months each. On 18 January 2016, the Company provided the Lender with a notice of its intention to extend the repayment date for a further 12 months to March 2017.

At 31 December 2015, the Company had undrawn lending capacity of \$1,030,704 which is sufficient to meet the Company's needs for the next 12 months. Accordingly, the Directors believe that the Company continues to be a going concern and that it will be able to pay its debts as and when they fall due for a period of 12 months from the date of this report.

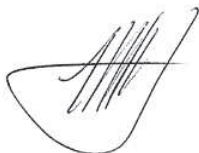
Subsequent Events

No matters or circumstances have arisen since 31 December 2015, 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*.



T.J. Pickett
Executive Chairman
Gold Coast
11 March 2016

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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 2015, 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, 11 March 2016

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CANNINDAH RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
for the half year ended 31 December 2015

	Note	Consolidated	
		2015	2014
		\$	\$
Revenue			
Revenue	2	236	6,543
Expenses			
Employee benefits expense		(102,650)	(66,663)
Exploration & evaluation expenditure w/off		(221,388)	(49,292)
Depreciation and amortisation expense		(4,888)	(4,888)
Administrative expenses		(149,388)	(148,403)
Finance Expenses		(51,497)	-
Loss before income tax expense		(529,575)	(262,703)
Income tax expense		-	-
Profit / (Loss) attributable to members of the company		(529,575)	(262,703)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income / (loss) for the year attributable to the members of the company		(529,575)	(262,703)
Basic earnings and diluted earnings per share (cents per share)		(0.57)	(0.33)

The accompanying notes form part of this financial report

CANNINDAH RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015

	Note	Consolidated 31 December 2015 \$	30 June 2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	112,628	33,055
Trade and other receivables		34,062	30,748
Total Current Assets		146,690	63,803
NON CURRENT ASSETS			
Financial assets		84,746	84,746
Plant and equipment		3,470	8,358
Exploration and evaluation expenditure		3,498,737	3,520,131
Total non-Current Assets		3,586,953	3,613,235
TOTAL ASSETS		3,733,643	3,677,038
CURRENT LIABILITIES			
Trade and other payables		353,981	327,046
Provisions		33,906	26,158
Total Current Liabilities		387,887	353,204
NON-CURRENT LIABILITIES			
Borrowings		969,296	417,799
Total Non-Current Liabilities		969,296	417,799
TOTAL LIABILITIES		1,357,183	771,003
NET ASSETS		2,376,460	2,906,035
EQUITY			
Contributed equity		46,149,552	46,149,552
Share option reserve		395,614	395,614
Accumulated losses		(44,168,706)	(43,639,131)
TOTAL EQUITY		2,376,460	2,906,035

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 2015

	Note	Consolidated			Total
		Share Capital	Share Option Reserve	Accumulated Losses	
		\$	\$	\$	\$
2014					
Balance at 1 July 2014		45,993,552	395,614	(42,935,307)	3,453,859
Loss attributable to members of the company		-	-	(262,703)	(262,703)
Balance at 31 December 2014		45,993,552	395,614	(43,198,010)	3,191,156
2015					
Balance at 1 July 2015		46,149,552	395,614	(43,639,131)	2,906,035
Loss attributable to members of the company		-	-	(529,575)	(529,575)
Balance at 31 December 2015		46,149,552	395,614	(44,168,706)	2,376,460

The accompanying notes form part of this financial report

CANNINDAH RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
for the half year ended 31 December 2015

	Note	Consolidated 2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		236	6,543
Payments to suppliers and employees		(275,427)	(241,911)
Net cash provided by (used in) operating activities		(275,191)	(235,367)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation expenditure		(145,236)	(216,902)
Net cash provided by (used in) investing activities		(145,236)	(216,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from borrowings		500,000	-
Net cash provided by (used in) financing activities		500,000	-
Net increase / (decrease) in cash and cash equivalents during the period		79,573	(452,269)
Cash and cash equivalents at beginning of period		33,056	636,947
Cash and cash equivalents at end of period	3	112,628	184,678

The accompanying notes form part of this financial report

CANNINDAH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2015

1. Basis of Preparation and Accounting Policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *“Interim Financial Reporting”* and the *Corporations Act 2001*. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting standards.

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 2015, 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 2015 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 10 March 2015, the Company entered into a \$2m secured loan facility with a private investor (the Lender) to fund the company’s ongoing exploration and administration costs. Under the terms of the agreement the Company may elect to extend the facility for 2 further periods of 12 months each. On 18 January 2016, the Company provided the Lender with a notice of its intention to extend the repayment date for a further 12 months in accordance with the terms of the facility. At 31 December 2015, the Company had undrawn lending capacity of \$1,030,704 which is sufficient to meet the Company’s needs for the next 12 months. Accordingly, the Directors believe that the Company continues to be a going concern and that it will be able to pay its debts as and when they fall due for a period of 12 months from the date of this report.

Consolidated	
Half year ended 31 December 2015	Half year ended 31 December 2014
\$	\$

2. Revenue and other income

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

Revenue

Interest received from other persons	236	6,543
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CANNINDAH RESOURCES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the half year ended 31 December 2015

3. Cash and Cash Equivalents

	Consolidated	
	31 December 2015	30 June 2015
	\$	\$
Cash at bank and on hand	112,628	33,055

4. Expenditure Commitments and Contingent Liabilities

The Company is in negotiation with the Queensland Government over the quantum of an environmental levy payable on its Mt Cannindah mining leases. At 31 December 2015, the Company has accrued the pro rata amount of the levy payable at that date. The Company will continue to accrue the levy at the amount of approximately \$8,850 per month until the matter is resolved. The maximum levy that may become payable including the pro rata amount accrued at 31 December 2015 is \$106,221.50.

The Company intends to partially rehabilitate works to the old mine sites on the Company's Mt Cannindah mining leases. The potential cost of these intended works is estimated at \$40,000.

On 18 January 2016, the Company provided the Lender with a notice of its intention to extend the repayment date for a further 12 months to March 2017. Pursuant to the Loan Agreement the Company will be required to pay an extension fee being the greater of \$200,000 or the 20 day VWAP of 12 million shares at that time. This fee may be paid by the issue of a further 12 million shares in lieu of a cash payment,

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

5. Subsequent Events

Other than as disclosed in these financial statements, no matters or circumstances have arisen since 31 December 2015, 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.

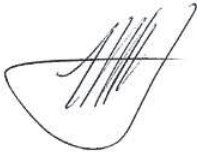
CANNINDAH RESOURCES LIMITED

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 2015 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
11 March 2016



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cannindah Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 statement or description of accounting policies, other selected explanatory notes, and the director's declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Director's Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the Corporations Act 2001. As the auditor of Cannindah Resource Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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 Australian professional accounting bodies.

Conclusion

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 present fairly, in all material respects, the financial position of the entity as at 31 December 2015, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M S Bell
Partner - Audit & Assurance

Brisbane, 11 March 2016