



ABN 62 610 855 064

Interim Financial Report
For the half year ended 31 December 2020

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Corporate directory

Directors

Peter Bowler	Independent Non-Executive Director, Chairman
Greg Barrett	Independent Non-Executive Director
Paul Payne	Independent Non-Executive Director
Rob Watkins	Managing Director

Company Secretary

Greg Barrett

Corporate Details

Carnaby Resources Limited (ABN 62 610 855 064)

Issued capital 117,820,637 Fully Paid Ordinary shares

Registered Office

78 Churchill Avenue

Subiaco, WA 6008

Telephone: +61 8 9429 0800

Internet: www.carnabyresources.com.au

Share Registry

Computershare Investor Services Pty Ltd

452 Johnston Street

Abbotsford, VIC 3067

Telephone: +61 3 9415 5000

Stock Exchange Listing

ASX Ltd

ASX code: CNB

Auditor

Grant Thornton Audit Pty Ltd

Level 43

153 – 158 St Georges Terrace

Perth, WA 6000

Telephone: +61 8 9480 2000

Directors' Report

For the six months ended 31 December 2020

The directors present their report together with the consolidated interim financial statements of the Carnaby Resources Limited (the "Company" or "Carnaby") Group, being the Company and its subsidiaries, for the six months ended 31 December 2020 (the "period") and the auditor's review report thereon.

Directors

The directors of the Company at any time during or since the end of the period are as set out below. Directors were in office for the entire period unless otherwise stated.

Mr Peter Bowler	Independent Non-Executive Director, Chairman
Mr Robert Watkins	Managing Director
Mr Greg Barrett	Independent Non-Executive Director
Mr Paul Payne	Independent Non-Executive Director

Financial performance

The Company's net profit after tax attributable to the shareholders for the half year to 31 December 2020 was \$2,145,123 (31 December 2019 loss: \$2,185,300). The Company's net assets increased by \$7,327,825 (30 June 2020 decreased: \$744,749). The Company's cash position as at 31 December 2020 was \$7,928,088 (30 June 2020: \$1,099,313).

Corporate

Mr Greg Barrett was appointed as Company Secretary during the period and Mr Ben Larkin resigned.

During the period, the Company raised a total of \$5 million comprised of \$2.65 million (Tranche 1) and a further \$350,000 received from director participation (Tranche 2) which was approved by shareholders at the general meeting in October 2020. Concurrently, the Company raised \$2 million from an over-subscribed Share Purchase Plan (SPP) (refer ASX announcement 9 September 2020).

Review of operations

During the period, the Company announced the sale of the Tailings Dam and Historical ROM Pad stockpiles at the Tick Hill Project in Mt Isa, Queensland which contains Probable Ore Reserves of 410,900t @ 1.35 g/t producing 17,800 ounces for approximately \$6 million (refer ASX announcement 3 August 2020). Consideration received comprises \$4 million in staged cash payments plus a 5% NSR Royalty.

The Company also aggressively expanded its presence in the highly prospective Malina Basin province during the period with acquisitions made resulting in a total ground holding in the region of 442 km².

Exploration efforts continued with a primary focus on the Tick Hill Project in Mt Isa, Queensland as well as the newly acquired and highly prospective Malina Basin Project named Strelley, located in Western Australia's Pilbara region. Subsequent to the end of the period, on 27 January 2021 the Company announced at Strelley the identification of two main corridors of gold mineralisation at the Stockade, Gibraltar and Palisade prospects which are over 4 km in strike and sparsely drilled. It was announced that RC drilling at Tick Hill into the north wall of the pit has confirmed the high-grade extension of the Tick Hill main lode.

The Company has also conducted a widely spaced first pass reconnaissance mapping and sampling program at both Malmac West and Malmac East tenements. Results, which subsequently released in February 2021, have outlined Copper-Nickel-Gold soil anomalies at each of the two tenements.

Given the jurisdictions in which the Company operates, the general impact of the continuing COVID-19 pandemic has been minimal during the period.

Tick Hill Project, Queensland

Tick Hill Project Mineral Resources Update

Despite the aforementioned sale of the Tailings Dam and Historical ROM Pad stockpiles, Carnaby has retained 100% ownership of Tick Hill and all remaining Mineral Resources and Ore Reserves, including the Tick Hill Open Pit, which contains

Directors' Report

a Probable Ore Reserve of 48,000 t @ 6.53 g/t for 10,200 gold ounces and PFS Production Mill Feed of 63,300 t @ 6.1 g/t for 12,500 gold ounces. The Company continues negotiations regarding the development, profit share or sale of the Tick Hill open pit project. A single diamond drill hole was completed at Tick Hill deeps in December 2020.

Tick Hill Project resource definition

Main Lode

New high grade RC drill results have confirmed that the Tick Hill Main Lode extends 20m into the north wall of the historical open pit that produced 180,000oz @ 18.1 g/t from a 70m deep open pit (refer ASX announcement 27 January 2021).

The drilling intersected high grade gold mineralisation hosted in laminated lode including:

CBC037 1m @ 12.45 g/t gold from 82m

CBC038 1m @ 7.95 g/t gold from 92m

CBC033 3m @ 2.30 g/t gold from 85m

Drilling closer to the historical north pit wall edge, where higher gold grades and wider zones of gold mineralisation are present in historical grade control results was not possible due to restricted available drill platforms. Importantly the results have confirmed that the high-grade gold mineralisation in historical grade control results does continue 20m into the north pit wall.

The North pit wall extension forms part of the mineral inventory for the Tick Hill open pit cutback and the results released subsequent to the period have further de-risked the open pit cutback project. The Tick Hill open pit cutback is forecast to produce 63,300t @ 6.1 g/t for 12,500oz generating pre-tax cashflows of ~\$15M at AISC of A\$1,190/oz (refer ASX announcement 5 June 2020). Carnaby is actively pursuing development options for the Tick Hill open pit cutback and is completing additional permitting requirements. A decision to mine and / or agreement to divest part or all of the open pit cutback project is continuing to be evaluated and discussed with 3rd parties.

Hangingwall Lode

The Tick Hill Hangingwall Lode is an ancillary lode, sub-parallel to the Main Lode. It is located approximately 5 m to 15 m away from the Main Lode stoped areas with results announced on 1 October 2019 confirming the presence of unmined high-grade gold mineralisation associated with the Hangingwall Lode.

Greater Duchess Copper Gold Project

The Duchess Copper Gold Project lies to the North of the Tick Hill Gold Project on a land holding of approximately 323 km² with multiple undeveloped copper rich Iron Oxide Copper Gold (IOCG) and epigenetic Tick Hill style gold targets over a 50 km corridor.

The tenement package includes the historical Duchess Copper-Gold Mine which produced approximately 205,000 tonnes at 12.5% copper from 1900-1940. Duchess provides the potential to define high-grade, shallow open-pitatable resources adjacent to existing railway infrastructure.

Carnaby intersected high grade and shallow copper mineralisation at the Mount Birnie Prospect in 2019 with drill results including 3m @ 9.3% Cu, 1.0 g/t Au and 2m @ 9.5% Cu within 17m @ 3.1% Cu and 6m @ 4.4% Cu within 15m @ 2.10% Cu.

The Nil Desperandum prospect is a standout copper-gold target with broad and high-grade copper mineralisation present over a 1.5 km strike not drilled since the 2007 Global Financial Crisis (refer ASX announcement 17 February 2021). Results include:

ND010 20m @ 2.4 % copper

ND012 52m @ 1.0 % copper inc 24 m @ 1.5 % copper

NDR017 50m @ 1.1 % copper inc 19 m @ 2.3 % copper

NDR021 6m @ 5.2% copper and 0.84 g/t gold

Follow up ground geophysics and drilling will be completed in 2021 in response to the above results.

Directors' Report

Malina Basin Projects

Strelley

In July 2020, the Company acquired the Strelley Project which lies approximately 70 km northeast of De Grey Mining Ltd's (ASX: DEG) Hemi gold discovery.

The Project includes ELA45/5614 pegged and owned 100% by Carnaby covering 39 km² and E45/4638 acquired from Lithium Power International (LPI) (ASX: LPI). Carnaby owns 100% of the gold rights on E45/4638 and all other minerals excluding lithium, caesium, tantalum and tin, which are retained by LPI.

First pass aircore and RC drilling programs were completed at Strelley in December 2020. The aim of the first pass drill programs was to scope out the Tabba Tabba and Berghaus Shear Zone structural pathways for evidence of broad mineralised trends beneath the shallow sand cover.

The average depth of holes across the aircore program was 30m with transported cover averaging approximately 15m. The majority of the aircore drilling was completed at 80m hole spacing and 320 to 640m traverses. At this extremely wide hole spacing and shallow hole depth, the aircore drilling program was designed to target secondary gold anomalism and define broad geochemical trends for future follow up infill drilling.

The drilling has successfully identified two main corridors of gold mineralisation at Stockade / Gibraltar and at Palisade, both of which are over 4 km in strike and sparsely drilled. Followed up drilling programs are planned to commence in February 2021.

Mount Grant

During the period, a high-resolution aeromagnetic survey was completed at Mount Grant. Results from the survey highlighted several new "Hemi style" intrusion targets along the main granite greenstone contact that is interpreted to represent the northern continuation of the Tabba Tabba Shear Zone (refer ASX announcement 26 October 2020).

The Mount Grant tenement is completely overlain by alluvial cover and is unexplored for gold mineralisation. The intrusion style targets identified represent distinct bullseye targets for first pass drill testing and form a pipeline of prospects that will be tested with drilling in the future.

Pardoo

The Pardoo exploration license application covers 110 km² along a significant structural trend that is overlain by alluvial cover and is previously unexplored for gold mineralisation. Several distinct intrusion type targets have been identified within the tenement which form a pipeline of prospects that will be tested with drilling in the future.

Goldsworthy

The Goldsworthy tenement application contains approximately 4 km strike of unexplored granite / greenstone contact along the interpreted eastern extension of the Tabba Tabba Shear Zone. The Tabba Tabba Shear Zone is considered to be a fertile structure for gold mineralisation. Systematic exploration of the Goldsworthy tenement will be completed in due course.

Big Hill

The Big Hill project is favourably located on the Berghaus Shear Zone considered to be a major structural corridor northeast of the Hemi gold discovery owned by De Grey Mining Ltd. Minimal historical exploration has been completed on the tenement. On ground exploration at Big Hill will commence in the 2021 field season.

Other Western Australian Projects

Malmac West

The Malmac West tenement covers 438 km² of Stanley Fold Belt rocks located on the northern edge of the Yilgarn craton located 200 km east of the Degruusa copper-gold deposit and the 7.5 Moz Plutonic gold deposit. The Stanley Fold Belt rocks are bounded to the north by a major crustal scale growth fault named the Salvation Fault.

The Company, as announced on 9 February 2021, has completed a first pass reconnaissance sampling program on broad 2 to 4 km spaced traverses comprising 48 rock chip samples and 111 soil samples at 500m spacing being analysed.

The results of this work have outlined a 6 km long Copper-Nickel-Gold anomaly named "Salvation" and include results up to 1380 ppm copper and 489 ppm Nickel reported from lab analysis of rock chip samples. Elevated gold results of up to

Directors' Report

7.2 ppb gold in soils was also recorded from samples taken at Salvation. The 489 ppm Ni rock chip result was sourced from a weathered and altered pillow basalt outcrop of mafic volcanic rocks potentially equivalent to the Narracoota Volcanics in the Byrah Basin. The little-known pillow basalt unit is not recorded in any government publications or geological maps and has only been noted in a single historical exploration report by Geopeko in 1984 who mapped the pillow basalt occurrence. The presence of pillow basalt in the Troy Creek Bed rocks of the Stanley Fold Belt is a key geological criterion for the potential formation of Volcanic Hosted Massive Sulphide (VHMS) similar to the Degruusa copper-gold deposit and underlies the previously overlooked and emerging potential at Malmac.

A structural review of the Malmac area has also been completed by structural specialist Dr Brett Davis who highlights a complex structural setting dominated by an inferred thrust duplex setting that is also considered to be prospective for orogenic gold mineralisation.

Malmac East

The Malmac East tenements are situated on the South East extension of the major crustal scale Salvation Fault. As announced 9 February 2021, first pass reconnaissance mapping and sampling on broad 2 to 4 km spaced traverses totalling of 175 soils samples were submitted for Ultrafine analysis covering a suite of 52 elements including gold analysed at trace level detection limit.

The soil sampling has outlined a 15 km long copper-nickel-gold soil anomaly named "Oolgahroo" which appears to be coincident with the Salvation Fault. With very low background levels, the anomaly is coherent with maximum values for Cu, Ni and Au of 73.8 ppm, 55 ppm and 3.3 ppb respectively. The sample spacing over Oolgahroo was extremely broad with 4 km spaced lines and samples taken every 500m along the lines. Follow up exploration is being planned for the 2021 field season.

Carnaby plans to progress the early-stage exploration results at Malmac with further low-cost soil sampling, mapping and rock chip sampling and will consider using geophysics to further refine drill targets during the 2021 field season.

Swedish Project - Lainejaur

Divestment of the remaining Scandinavian project, Lainejaur, is being sought to allow the Company to focus on its Australian projects. The Company owns permits related to the Lainejaur Nickel-Cobalt Project, which contains a nickel, copper and cobalt Inferred Mineral Resource (refer ASX announcement 12 February 2018).

Subsequent events

Other than as disclosed in this Directors' Report, there have been no other events subsequent to balance date which would have a material effect on the Group's interim financial report.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 23 and forms part of the directors' report for the six months ended 31 December 2020.

This report is made with a resolution of the directors:



Rob Watkins

Managing Director

Dated at Perth, this 15th day of March 2021

Competent persons and cautionary statements

Competent Persons Statement

The information in this document that relates to the Tick Deposit Mineral Resources is based upon information compiled by Mr Paul Tan. Mr Tan is a full-time employee and security holder of the Company and a Member of the AusIMM. Mr Tan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Tan consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

The information in this document that relates to exploration results and the Tailings Dam Mineral Resources is based upon information compiled by Mr Robert Watkins. Mr Watkins is a Director and security holder of the Company and a Member of the AusIMM. Mr Watkins has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Watkins consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

The information in this report that relates to the Lainejaur Project Nickel, Copper & Cobalt Mineral Resources is based upon information compiled by Mr Paul Payne, an employee of Payne Geological Services Pty Ltd, and a Director and security holder of the Company. Mr Payne is a Fellow of the AusIMM and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Payne consents to the inclusion in the report of the matters based upon the information in the form and context in which it appears.

Previously Released ASX Material References relating to this Report include:

Greater Duchess Copper Gold Project Exploration Update, 17 February 2021

Malmac Exploration Update, 9 February 2021

Compelling Strelley and Tick Hill Drill Results, 27 January 2021

New Targets Identified by Mallina Basin Aeromagnetic Survey, 26 October 2020

\$3 Million Placement & \$1 Million Share Purchase Plan, 9 September 2020

Sale of Tick Hill Stockpiles for \$6M, 3 August 2020

Tick Hill Gold Project PFS Results and Maiden Ore Reserve, 5 June 2020

Tick Hill Project drill results up to 6 m @ 8.5 g/t gold, 1 October 2019

High Grade Nickel-Cobalt Resource Estimate at Lainejaur, 12 February 2018

Disclaimer

References have been made in this Interim Financial Report to certain ASX announcements, including references regarding exploration results and mineral resources. For full details, refer to said announcement on said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and the mentioned announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Exploration Target(s) or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent persons and cautionary statements

Forward looking statements

This report may contain certain forward looking statements and projections regarding:

- estimated, resources and reserves;
- planned production and operating costs profiles;
- planned capital requirements; and
- planned strategies and corporate objectives.

Such forward looking statements/projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of the Company. The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved. The Company does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward-looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws.

Consolidated interim financial statements

Consolidated interim statement of financial position

As at 31 December 2020

	<i>Note</i>	Dec 2020 \$	Jun 2020 \$
Assets			
Cash and cash equivalents	<i>5</i>	7,928,088	1,099,313
Restricted cash	<i>6</i>	388,000	388,000
Prepayments		123,130	116,723
Trade and other receivables		963,746	37,723
Total current assets		9,402,964	1,641,759
Trade and other receivables Non-Current		400	-
Exploration and evaluation assets	<i>7</i>	4,425,121	4,140,379
Property, plant and equipment	<i>8</i>	34,878	24,288
Right of use assets	<i>10</i>	20,573	31,794
Total non-current assets		4,480,972	4,196,461
Total assets		13,883,936	5,838,220
Liabilities			
Trade and other payables	<i>9</i>	1,099,056	382,740
Lease liabilities	<i>10</i>	22,353	24,848
Employee benefits		29,184	17,135
Total current liabilities		1,150,593	424,723
Lease liabilities	<i>10</i>	-	9,103
Employee benefits		1,124	-
Provisions		382,948	382,948
Total non-current liabilities		384,072	392,051
Total liabilities		1,534,665	816,774
Net assets		12,349,271	5,021,446
Equity			
Share capital	<i>11</i>	17,042,136	11,885,025
Reserves		2,233,361	2,207,770
Accumulated losses		(6,926,226)	(9,071,349)
Total equity		12,349,271	5,021,446

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.

Consolidated interim financial statements

Consolidated interim statement of profit or loss and other comprehensive income

For the six months ended 31 December 2020

	<i>Note</i>	Dec 2020 \$	Dec 2019 \$
Revenue from Sale of Tick Hill Tailings		4,000,000	-
Interest received		14,136	21,400
Government grants and other income		58,968	-
Administrative expenses		(311,989)	(257,294)
Project exploration and evaluation expenses		(1,586,788)	(1,800,739)
Share based payment expense		(25,591)	(144,962)
Results from operating activities		2,148,736	(2,181,595)
Finance expense		(3,613)	(3,705)
Net finance expense		(3,613)	(3,705)
Total comprehensive profit/(loss) for the year		2,145,123	(2,185,300)

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.

Consolidated interim financial statements

Consolidated interim statement of changes in equity

For the six months ended 31 December 2020

	Share capital \$	Accumulated losses \$	Translation reserve \$	Share option reserve \$	Total equity \$
Balance at 1 July 2020	11,885,025	(9,071,349)	(28,486)	2,236,256	5,021,446
Total comprehensive income for the period					
Loss for the period	-	2,145,123	-	-	2,145,123
Total comprehensive profit for the period	-	2,145,123	-	-	2,145,123
Transactions with owners recorded directly in equity					
Contributions by and distributions to owners					
Issue of ordinary shares	5,277,256	-	-	-	5,277,256
Equity transaction costs	(258,445)	-	-	-	(258,445)
Conversion of share options	138,300	-	-	-	138,300
Share based payments	-	-	-	25,591	25,591
Total contributions by and distributions to owners	5,157,111	-	-	25,591	5,182,702
Balance as at 31 December 2020	17,042,136	(6,926,226)	(28,486)	2,261,847	12,349,271

	Share capital \$	Accumulated losses \$	Translation reserve \$	Share option reserve \$	Total equity \$
Balance at 1 July 2019	11,885,025	(5,948,263)	(28,846)	1,898,637	7,806,553
Total comprehensive income for the period					
Loss for the period	-	(2,185,300)	-	-	(2,185,300)
Other comprehensive income					
Foreign currency translation differences	-	-	-	-	-
Total other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the period	-	(2,185,300)	-	-	(2,185,300)
Transactions with owners recorded directly in equity					
Contributions by and distributions to owners					
Share based payments	-	-	-	144,962	144,962
Total contributions by and distributions to owners	-	-	-	144,962	144,962
Balance as at 31 December 2019	11,885,025	(8,133,563)	(28,846)	2,043,599	5,766,215

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.

Consolidated interim financial statements

Consolidated interim statement of cash flows

For the six months ended 31 December 2020

	<i>Note</i>	Dec 2020 \$	Dec 2019 \$
Cash flow from operating activities			
Proceeds from sale of Tick Hill tailings		3,250,000	-
Payments to suppliers and employees		(311,767)	(278,172)
Payments for exploration expenditure		(967,395)	(1,472,677)
Net cash from / (used in) operating activities		1,970,838	(1,750,849)
Cashflow from investing activities			
Interest received		11,353	27,839
Payments for property, plant and equipment and mineral properties		(46,322)	(8,741)
Net cash from / (used in) investing activities		(34,969)	19,098
Cashflow from financing activities			
Proceeds from issue of share capital		5,026,221	-
Share issue costs		(258,445)	-
Proceeds from exercise of options		138,300	-
Transfers to restricted cash		-	(373,000)
Payments for lease liabilities		(13,170)	-
Net cash from / (used in) financing activities		4,892,906	(373,000)
Net increase / (decrease) in cash and cash equivalents		6,828,775	(2,104,751)
Cash and cash equivalents at the beginning of the period		1,099,313	4,041,363
Cash and cash equivalents 31 December	<i>5</i>	7,928,088	1,936,612

The notes on pages 14 to 18 are an integral part of these consolidated interim financial statements.

Notes to the consolidated interim financial statements

1. Reporting entity

Carnaby Resources Limited (the "Company") is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The consolidated interim financial statements of the Company as at and for the period from 1 July 2020 to 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The nature of the operations and principal activities of the Group are as described in the Directors' Report.

2. Statement of compliance

The consolidated interim financial statements are a general-purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual report of the Group as at and for the year ended 30 June 2020 and public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the Corporations Act.

The consolidated interim financial statements were approved by the Board of Directors on 15th March 2021.

3. Basis of preparation

a) Accounting policies

Except as described below, the accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial report as at and for the year ended 30 June 2020.

b) AASB 15 Revenue from Contracts with Customers

The group has applied "AASB15 Revenue from Contracts with Customers for the first time for reporting period commencing 1 July 2020.

To determine whether to recognise revenue, the Group follows a five-step method established by AASB 15: 1. Identifying the contract with a customer; 2. Identifying the performance obligation in the contract; 3. Determining the transaction price; 4. Allocating the transaction price to the performance obligations in the contract; and 5. Recognise revenue when/as performance obligations are satisfied.

Revenue is recognised, based on the transaction price allocated to the performance obligation, after consideration of the terms of the contract and customary business practices and control of the asset passes to the customer. The transaction price is the amount of the consideration that the Group expects to be entitled to receive in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties (ie sales taxes and duties). The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both.

4. Operating segments

The Group now operates in one segment being 'Australian mineral exploration' which is the Group's strategic business unit.

We ceased operations in Scandinavia during the period. Figures have been disclosed for comparative purpose.

	Scandinavia	Australia	Total
Information about reportable segment profit/(loss)	\$	\$	\$
6 months ended 31 December 2020			
Revenue from Sale of Tick Hill Tailings	-	4,000,000	4,000,000
Depreciation and amortisation	-	(369)	(369)
Reportable segment profit/(loss) before income tax	-	2,413,212	2,413,212
6 months ended 31 December 2019			
Depreciation and amortisation	-	(224)	(224)
Reportable segment (loss)/profit before income tax	(2,093)	(1,798,647)	(1,800,740)

Notes to the consolidated interim financial statements

	Dec 2020	Dec 2019
	\$	\$
Reconciliation of reportable segment profit/(loss)		
Total profit/(loss) for reportable segments	2,413,212	(1,800,740)
Unallocated amounts		
- Corporate income	73,104	21,400
- Corporate expenses	(341,193)	(405,960)
Consolidated profit/(loss) before tax	2,145,123	(2,185,300)

Information about reportable segment assets, liabilities and capital expenditure	Scandinavia	Australia	Total
	\$	\$	\$
6 months ended 31 December 2020			
Reportable segment assets	-	4,558,410	4,558,410
Reportable segment liabilities	-	(1,415,288)	(1,415,288)
Reportable segment capital expenditure	-	288,872	288,872
12 months ended 30 June 2020			
Reportable segment assets	-	4,269,537	4,269,537
Reportable segment liabilities	-	(639,471)	(639,471)
Reportable segment capital expenditure	-	4,269,537	4,269,537

	Dec 2020	Jun 2020
	\$	\$
Reconciliation of reportable segment assets and liabilities		
Total assets for reportable segments	4,558,410	4,269,537
Unallocated amounts		
- Corporate assets	9,325,526	1,568,683
Consolidated assets	13,883,936	5,838,220
Total liabilities for reportable segments	(1,415,288)	(639,471)
Unallocated amounts		
- Corporate liabilities	(119,377)	(177,304)
Consolidated liabilities	(1,534,665)	(816,775)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of activities earning revenue. Segment assets are based on the geographical location of assets.

	Revenues	Non-current assets	Revenues	Non-current assets
	Dec 2020	Dec 2020	Dec 2019	Dec 2019
	\$	\$	\$	\$
Australia	4,000,000	4,480,972	-	4,197,649
Unallocated amounts	73,104	-	21,400	-
Balance at the end of the period	4,073,104	4,480,972	21,400	4,197,649

5. Cash and cash equivalents

	Dec 2020	Jun 2020
	\$	\$
Bank balances	7,928,088	1,099,313
Cash and cash equivalents	7,928,088	1,099,313

Notes to the consolidated interim financial statements

6. Restricted cash

	Dec 2020	Jun 2020
	\$	\$
Restricted cash	388,000	388,000

Restricted cash comprises cash held in term deposits issued in the Company's name which have been used to provide security for:

- (i) a \$373,000 bank guarantee facility ("Facility"). The Facility allows the Company to issue bank guarantees in satisfaction of its Queensland state government environmental surety obligations; and
- (ii) a \$15,000 credit card facility.

7. Exploration and evaluation assets

	Dec 2020	Jun 2020
	\$	\$
Cost		
Opening balance	4,140,379	4,081,025
Other acquisitions	284,742	59,354
Balance at the end of the period	4,425,121	4,140,379

8. Property, plant and equipment

	Plant & equipment	Office equipment	Total
	\$	\$	\$
31 December 2020			
Cost			
Opening balance	12,435	29,236	41,671
Additions	10,000	3,288	13,288
Balance at 31 December 2020	22,435	32,524	54,959
Depreciation			
Opening balance	(768)	(16,615)	(17,383)
Depreciation	(369)	(2,329)	(2,698)
Balance at 31 December 2020	(1,137)	(18,944)	(20,081)
Carrying amount			
Opening balance	11,667	12,621	24,288
Balance at 31 December 2020	21,298	13,580	34,878
30 June 2020			
Cost			
Opening balance	12,435	20,495	32,930
Additions	-	8,741	8,741
Balance at 30 June 2020	12,435	29,236	41,671
Depreciation			
Opening balance	(344)	(11,097)	(11,441)
Depreciation	(424)	(5,518)	(5,942)
Balance at 30 June 2020	(768)	(16,615)	(17,383)
Carrying amount			
Opening balance	12,091	9,398	21,489
Balance at 30 June 2020	11,667	12,621	24,288

Notes to the consolidated interim financial statements

9. Trade and other payables

	Dec 2020	Jun 2020
	\$	\$
Trade and other payables	957,356	300,303
Accruals	141,700	82,437
Balance at the end of the period	1,099,056	382,740
Current	1,099,056	382,740
Balance at the end of the period	1,099,056	382,740

10. Leases

This note provides information regarding leases where the Group is the lessee. The Group's right of use assets in relation to its leases are as follows:

	Dec 2020	Jun 2020
	\$	\$
Right of use assets		
Property	20,573	31,794
Balance at the end of the period	20,573	31,794

The Group has recognised depreciation expense of \$11,221 in respect of right of use assets during the period.

The Group's lease liabilities in relation to its leases are as follows:

	Dec 2020	Jun 2020
	\$	\$
Lease liabilities		
Current	22,353	24,848
Non-current	-	9,103
Balance at the end of the period	22,353	33,951

11. Issued Capital

	Dec 2020	June 2020	Dec 2020	June 2020
Ordinary share capital	shares	shares	\$	\$
On issue at the beginning of the period	95,983,335	95,983,335	11,885,025	11,885,025
Issued in respect of exploration and evaluation assets	1,933,239	-	251,036	-
Issued for cash	16,754,066	-	5,026,220	-
Options exercised	3,150,000	-	138,300	-
Equity transaction costs	-	-	(258,445)	-
On issue at the end of the period (net of transaction costs)	117,820,640	95,983,335	17,042,136	11,885,025

12. Share-based payments

Share Options

The Group has an established share option plan ("ESOP") that entitles employees to purchase shares in the Company. The objective of the plan is to assist in the recruitment, reward, retention and motivation of eligible persons in the Group. Under the plan, the Board may issue eligible employees with options to acquire shares in the future at an exercise price fixed by the Board on grant of options.

All Share Options issued under the ESOP are subject to the ESOP terms and conditions as disclosed in the Company's 2020 Annual Report.

Notes to the consolidated interim financial statements

Share Options Exercised during the period:

During the period, the following unlisted options were exercised in accordance with their terms:

- 23 October 2020 – 250,000 @ \$0.16, 30/6/2022
- 27 October 2020 – 600,000 @ \$0.16, 30/6/2022
- 4 November 2020 – 2,000,000 @ \$0.001, 31/11/2020
- 9 November 2020 – 300,000 @ \$0.001, 31/11/2020

Share Options lapsed during the period:

During the period, the following unlisted options lapsed in accordance with their terms:

- 4 November 2020 - 400,000 @ \$0.12, 30/06/2023
- 31 December 2020 - 750,000 @ \$0.50, 31/12/2020 & 750,000 @ \$0.65, 31/12/2020

13. Subsequent events

As of 6 January 2021, the estimated rehabilitation cost (ERC) relating to Environmental Authority EPML00820613, which encompasses the Tick Hill Project, was revised down \$50,095 by the Queensland government from \$372,948 to \$322,853. This decision applies until 6 July 2022.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Directors' declaration

1. In the opinion of the directors of Carnaby Resources Limited ("the Company"):
 - (a) the consolidated interim financial statements and notes 1 to 13 that are contained within are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Robert Watkins
Managing Director

Dated at Perth, this 15^h day of March 2021

Independent Auditor's Review Report

To the Members of Carnaby Resources Limited

Report on the review of the half-year-financial report

Conclusion

We have reviewed the accompanying half-year financial report of Carnaby Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Carnaby Resources Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Carnaby Resources Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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.

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 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 15 March 2021

Auditor's Independence Declaration

To the Directors of Carnaby Resources Limited

In accordance with the requirements of *section 307C* of the *Corporations Act 2001*, as lead auditor for the review of Carnaby Resources Limited for the half-year ended 31 December 2020, 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 D Dewhurst
Partner – Audit & Assurance

Perth, 15 March 2021