

3<sup>rd</sup> December 2021

# Canterbury Resources Limited

## Settles highly-prospective Cu-Au tenement acquisition

Canterbury Resources Limited (ASX:CBY) is a junior minerals explorer established in 2011, listed in 2019 and assessing large-scale copper-gold plays in the south-west Pacific region. The company has a number of active projects in PNG and Queensland. Another piece of the puzzle has been put in place with the company settling the acquisition of the Peenum tenement from Neillkins Pty Ltd for the issue of three million ordinary shares in CBY, escrowed for 12 months. With drilling well under way on the Briggs Project, the company is set to deliver material progress on a growing portfolio of Cu-Au porphyry plays in Queensland with the potential for significant value accretion. The surge towards renewables highlights the re-rating opportunities inherent in the metals markets and in particular, for the next generation of copper developments, where commodity prices are robust and expected to remain so across the cycle. The investment proposition is strongest in the early resource definition phases, commensurate with the higher risk of exploration and appraisal. Working assets is the critical path forward to share price re-rating and Briggs could be progressed to a scoping study by mid-2022.

### Business model

Canterbury is a junior minerals explorer established with the aim of generating early-stage opportunities for Cu-Au in the south-west Pacific region, including northern Australia. The strategy is to identify tier-one exploration opportunities, define the commercial opportunity and seek partnerships to provide funding at the project level. With the addition of the Peenum property and continuing activity at Briggs (fully funded), the company is proactively building the portfolio and working assets. This is the critical path to value accretion and price discovery.

### Peenum adds opportunity

The company has settled its acquisition of the Peenum tenement (EPM 27756) from Neillkins Pty Ltd for the consideration of three million ordinary shares in CBY. Management considers the area to be strongly prospective for potentially large-scale Cu-Au porphyry deposits, overlooked by earlier phases of exploration, based on their evaluation of available physical and geophysical data. The company intends to evaluate and high-grade mineralisation targets via the running of new geochemical and geophysical surveys, to be integrated into existing data sets ahead of a drilling campaign. Initial field works could be undertaken by in 2Q'22 assuming no change in COVID restrictions, which continue to potentially impact the timing and completion of work programmes as planned. With Briggs drilling well under way, the Queensland portfolio could deliver potentially material upside over 2022.

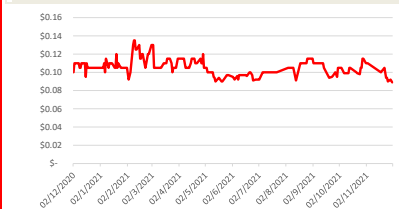
### Valuation

We model a risked NAV of A\$52mn to the portfolio (A\$0.42/share at the mid-point after the increase in issued capital) against a **reference price of A\$0.089/share**. It's worth highlighting that our valuation benchmarks and weightings are subject to significant change through exploration and evaluation activity. Positive drilling results at Briggs could materially enhance and upgrade the economic potential of the project, providing a mechanism to close the current discount and reset the share price base. Additional activity across other parts of the portfolio could also support a re-rating. Canterbury represents an undervalued play, with significantly strong upside to a strengthening copper demand story. The next 12-24 months could deliver transformational upside based on material increases and upgrades to existing resources.

#### Share Details

ASX code	CBY
Share price (intraday)	\$0.089
Market capitalisation	\$10.9M
Shares on issue	123M
Cash as at 30-Sep (est)	~\$1.2M
Free float	~38%

#### Share Price Performance (12 months)



#### Upside Case

- Partnering options can be secured more rapidly and on better terms than expected
- Drilling results at Briggs exceed expectations, particularly with respect to increasing the resource tonnages and grades
- Successful outcomes catalyse accelerated pre-development options

#### Downside Case

- Delays in securing partners also defers next-phase evaluation and growth options
- Drilling results in particular fail to meet expectations
- COVID issues continue to negatively impact the timing and resumption of in-field activities

#### Catalysts

- Briggs results to hand through early 2022 underpin the path to a scoping study of grades and tonnages
- Results from the clay sampling campaign at Bismarck (Manus Island) underpin planning on next-phase drilling

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## FINANCIAL SERVICES GUIDE

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