

Early Briggs results highlight the upside potential

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. Initial assay results from drilling at the Briggs project are to hand and point to extensive mineralisation well outside the current 'resource envelope'. Follow-up work is about to commence to support the progress of Briggs to a scoping study stage. The commencement of a scoping study is a critical path item to deliver material value accretion on a success case. Notwithstanding weather and COVID-related delays, the remainder of 2022 could see tangible progress on resource definition and partnering across the portfolio, particularly in PNG. Through high working interests, the company has strong leverage to success. The increasing global demand for metals, particularly copper, should provide ready financing options, in a post-COVID, growth economy.

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 1 exploration opportunities, define the commercial opportunity and seek partnerships to provide funding at the project level. Through partnering, the company is aiming to finance evaluation activity with the Briggs and Bismarck projects funded. Working assets is the critical path to value accretion, particularly in the current bullish copper market.

Briggs evaluation is continuing with supportive early results

The evaluation work at Briggs is continuing with the company releasing first assay results confirming widespread mineralisation across more than 1,500m with copper grades >0.1% and selected values ranging up to 0.5%. The drilling results correlate well with the surface geochemical anomaly supporting the geochem as an indicator of prospectivity at depth. It is worth highlighting that a number of holes ended in mineralisation indicating additional potential below the extent of the drilling data, which already extends beyond the limits of the current resource envelope. It's likely an updated mineral resource assessment could deliver a material expansion to the ascribed 142.8Mt @ 0.29% copper in the Central Porphyry target. The company plans to conduct further soil sampling to better define the extent of the geochemical anomaly ahead of follow-up drilling across the entire strike length anticipated to commence in May. CBY will be carried by Alma Metals (ASX:ALM) through a farm-in arrangement of up to \$16mn (to earn 70%).

Valuation is \$0.42/share at the mid-point

Our valuation remains unchanged with a risk NAV of A\$52mn (A\$0.42/share at the mid-point) to the portfolio against a **reference share price of A\$0.085/share**. It's worth highlighting that our valuation benchmarks and weightings are subject to significant change through exploration and evaluation activity. Building on the initial positive results at Briggs could materially enhance and upgrade the economic potential of the project and support the commencement of a scoping study, providing a mechanism to close the current discount and reset the share price base. We suggest that CBY represents an undervalued play, with strong upside as a copper opportunity given the leverage of the portfolio to the metal, particularly via the Briggs asset in Queensland. The next 12-24 months could deliver transformational upside based on material increases and upgrades to existing resources across the portfolio, with a likely return to the field in PNG and initial activity at Peenam.

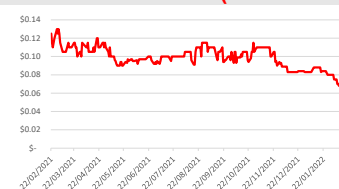
Metals Exploration

22nd February 2022

Share Details

ASX code	CBY
Share price (22-Feb)	\$0.085
Market capitalisation	\$10.5M
Shares on issue	123M
Cash (as at 31-Dec)	\$0.74M
Free float	~53.7%

Share Performance (12 months)



Upside Case

- Partnering options can be secured more rapidly and on better terms than expected
- Next phase drilling results at Briggs support a material upgrade in resource tonnages presaging the commencement of an initial scoping study
- Successful outcomes catalyse accelerated pre-development options

Downside Case

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

Board of Directors

Grant Craighead	Managing Director/
John Anderson	Chairman
Michael Erceg	Executive Director
Ross Moller	Non-Executive Director
Robin Watts	Non-Executive Director

Company Contact

Grant Craighead +61 2 9392 8015
goraighead@canterburyresources.com.au

RaaS Contacts

Andrew Williams	+61 417 880 680 andrew.williams@raasgroup.com
Finola Burke	+61 414 354 712 finola.burke@raasgroup.com

Briggs Data Points To Upside Potential...And Bigger Is Better

As noted in our previous update note (3-Feb), the initial drilling results from the Briggs copper project in Queensland have been very encouraging.

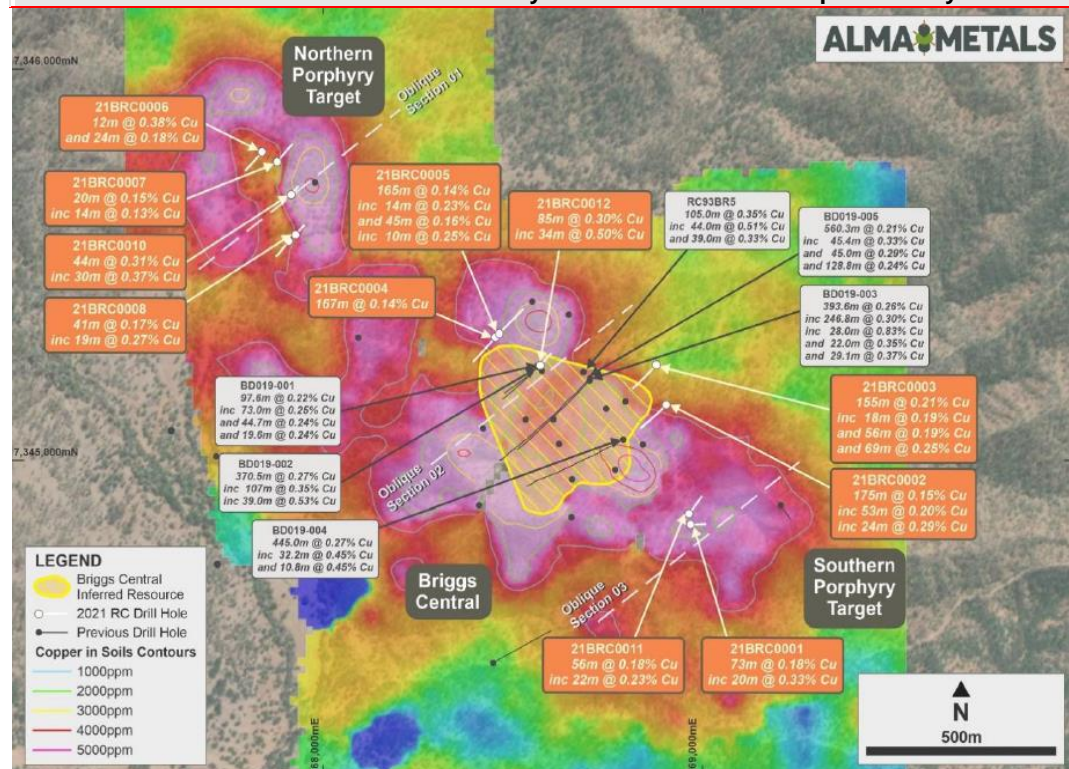
The company has released the first assay data with results confirming mineralisation over greater than 1,500m along a surface geochemical anomaly mapped at over 2,000 x 750m, at copper grades >0.1% with selected values ranging up to 0.5%.

Importantly, the drilling data demonstrates a strong correlation with the geochemical signature and as an indicator of prospectivity at depth, also evident during deep diamond drilling completed in 2019.

Equally significantly, several holes confirmed elevated copper grades in volcanic sediments immediately adjacent to the Briggs Granodiorite, as well as in zones of highly intense quartz veining. These settings represent important targets for delineating higher grade components of the deposit.

All the data taken within context supports a significant extension of the mineralisation potential well beyond that included in the current mineral resource envelope which underpins the current Inferred Resource of 142.8Mt @ 0.29% associated with the Central Porphyry.

Exhibit 1: The extension of mineralisation beyond the resource envelope is readily evident



The next phase of work will commence imminently with an expansion of soil sampling to better define the surface extent of the geochemical anomaly and provide the platform for another round of drilling, expected to commence in early May.

Drilling will also evaluate the deeper mineralisation potential likely supporting the commencement of an initial scoping study in the latter half of this year.

Metallurgical evaluation is also underway. Preliminary testing by Canterbury in 2021 returned very high copper flotation recoveries across all rock types.

Capital works will be funded by Alma Metals (ASX:ALM) under the terms of its partnering agreement, with Alma having the option to acquire up to 70% of the Briggs project for the staged expenditure (out to Jul-2031) of up to \$15.25mn.

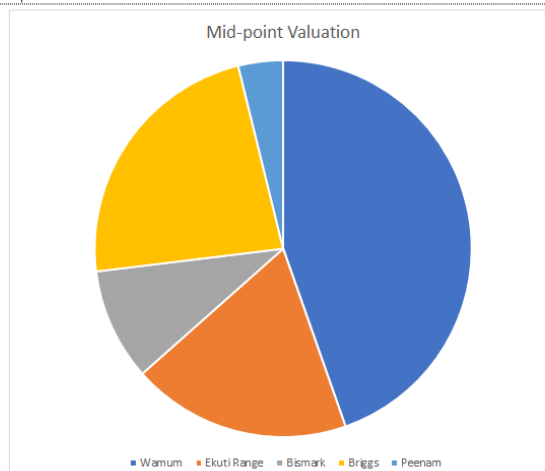
Exhibit 2: Financial Summary

CANTERBURY RESOURCES			CBY				
YEAR END			Jun				
NAV	A\$	\$0.42 at the mid-point					
SHARE PRICE	A\$	\$0.085					
MARKET CAP	A\$M	10.5					
ORDINARY SHARES	M	123.2					
OPTIONS	M	5.4					
COMMODITY ASSUMPTIONS		FY20	FY21	FY22f	FY23f	2024f	
Gold			1,819	1,811	1,843	1,863	
Copper			4.51	4.40	4.41	4.34	
AUD			0.7474	0.7289	0.7273	0.7264	
RATIO ANALYSIS		FY20	FY21	FY22f	FY23f	2024f	
Shares Outstanding	M	87	120	126	126	126	
EPS (pre sig items)	A\$ cps	(0.02)	(0.01)	(0.01)	(0.00)	(0.00)	
EPS (post sig items)	A\$ cps	(0.01)					
PER (pre sig items)	x						
OCFPS	A\$ cps	(0.01)	(0.01)	(0.01)	0.00	(0.00)	
CFR	x						
DPS	A\$ cps						
Dividend Yield	%						
BVPS	A\$ cps					9.3	
Price/Book	x					0.0x	
ROE	%					-3%	
ROA	%					-2%	
(Trailing) Debt/Cash	x						
Interest Cover	x						
Gross Profit/share	A\$ cps						
EBITDAX	A\$M	156	104	450	1,150	54,515	
EBITDAX Ratio	%						
EARNINGS		A\$000s	FY20	FY21	FY22f	FY23f	2024f
Revenue			6				
Cost of sales			0				
Gross Profit			6	0	0	0	0
Other revenue							
Other income			161	104	450	1,150	900
Exploration written off							
Finance costs			(3)	(1)	(15)	(15)	(15)
Impairment			(403)	(569)			
Other expenses			(1,050)	(1,220)	(1,182)	(1,181)	(1,181)
EBIT			(1,297)	(1,310)	(732)	(31)	(280)
Profit before tax			(1,288)	(1,312)	(747)	(46)	(295)
Taxes							
NPAT Reported			(1,288)	(1,312)	(747)	(46)	(295)
Underlying Adjustments			406				
NPAT Underlying			(882)	(1,312)	(747)	(46)	(295)
CASHFLOW		A\$000s	FY20	FY21	FY22f	FY23f	2024f
Operational Cash Flow			(877)	(792)	(715)	50	(200)
Net Interest			13	(23)	(15)	(15)	(15)
Taxes Paid							
Other							
Net Operating Cashflow			(864)	(815)	(730)	35	(215)
Exploration			(3,069)	(1,049)	(300)	(150)	(150)
PP&E							
Development							
Net Asset Sales/other			(18)				
Net Investing Cashflow			(3,087)	(1,049)	(300)	(150)	(150)
Dividends Paid							
Net Debt Drawdown			(14)				
Equity Issues/(Buyback)			1,122	2,372	1,000	0	0
Other			50				
Net Financing Cashflow			1,158	2,358	1,000	0	0
Net Change in Cash			(2,793)	494	(30)	(115)	(365)
BALANCE SHEET		A\$000s	FY20	FY21	FY22f	FY23f	2024f
Cash & Equivalents			68	546	512	397	32
PP&E			35	52	28	0	0
Exploration & Development			8,164	8,171	8,471	8,621	8,771
Total Assets			11,269	11,898	12,248	12,452	12,158
Debt			22	34	10	10	10
Total Liabilities			699	230	210	460	460
Total Net Assets/Equity			10,570	11,668	12,038	11,992	11,698
Net Cash/(Debt)			46	512	502	387	22
Gearing (dn/(dn+e))			na	na	na	na	na

na = not applicable

priced close of trading 2-Feb

PRODUCTION	FY20	FY21	FY22f	FY23f	2024f	
Product						
TOTAL						
Ave Unit Production Cost						
Ave Unit Revenue						
Operating Margin						
RESERVES & RESOURCES						
	Indicated			Inferred		
	Mt	Au	Cu	Mt	Au	
		g/t	%		g/t	
Idzan creek				137.3	0.53	0.24%
Wamum Creek				141.5	0.18	0.31%
Briggs				142.8		0.29%
	Au			278.8	0.35	
	Cu			421.6		0.28%
Contained Metal						
Idzan creek					Koz	Kt
					2,340	330
Wamum Creek					819	439
Briggs						414
	Au				3,158	
	Cu					1,182
EQUITY VALUATION						
	A\$M			Acps		
	Low	Mid	High	Low	Mid	High
PNG						
Wamum	\$15	\$23	\$31	\$0.12	\$0.19	\$0.25
Ekuti Range	\$9	\$10	\$12	\$0.07	\$0.08	\$0.09
Bismark	\$5	\$5	\$5	\$0.04	\$0.04	\$0.04
Old						
Briggs	\$10	\$12	\$23	\$0.08	\$0.10	\$0.19
Peenam	\$2	\$2	\$2	\$0.02	\$0.02	\$0.02
Net Cash/(debt)		\$2				
Corporate costs		(\$2)				
	\$41	\$52	\$72	\$0.33	\$0.42	\$0.58
Issued capital	123 mn shares					



Source: RaaS estimates; Company data for actuals

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.

This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS

BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
 - Securities
- deal on behalf of retail and wholesale clients in relation to
 - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application form if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.

We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below. BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been commissioned by Canterbury Resources Ltd and prepared and issued by RaaS Advisory Pty Ltd. RaaS Advisory has been paid a fee to prepare this report. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report. This research is issued in Australia by RaaS Advisory and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than \$50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise. The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend. Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable. Copyright 2022 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.