Research as a Service

Canterbury Resources Limited

Scoping Paper

An explorer in elephant country

Mining and exploration

24th May 2021

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 and is set to resume activity through 2021 to follow up successful drilling programmes undertaken in 2019. CBY has declared initial mineral estimates across three project deposits and is poised to recommence field activity, including a scoping study on the Wamum project; further drilling at Briggs to expand existing resources and reconnaissance drilling of large porphyry targets at Bismarck and Ekuti Range. With multiple drill ready opportunities, the period FY22-FY23 could see tangible progress on resource definition and partnering. Through high working interests, the company has strong leverage to success. The increasing global demand for metals, particularly copper should provide ready financing options.

Scope

This report has been commissioned by Canterbury Resources Limited to present investors with an explanation of the opportunities presented by its Cu-Au exploration strategy and the potential value uplift from 2021-2023 work programmes.

Business model

Canterbury is a junior minerals explorer established with the aim of generating exploration opportunities for Cu-Au in the southwest Pacific region. The strategy is to identify Tier 1 exploration opportunities, define the commercial opportunity and seek partnerships to provide funding at the project level. The Wamum Project will be the asset drawing the most significant focus through 2021, given the pre-development nature of the nearby Wafi-Golpu deposit as a project analogue. Briggs in Queensland is also attracting strong interest in the current bullish copper market.

Back to the exploration business

Subject to COVID restrictions impacting PNG operations and securing partner, CBY has a significant series of work programmes ready to go across its portfolio in FY22-FY23, including a Scoping Study at Wamum; a drilling campaign on Bismarck as the first significant test of the mineralisation model and up to 15 holes at Briggs aiming to materially grow and upgrade the inferred resources already assigned.

Valuation of $0.32-0.55/share

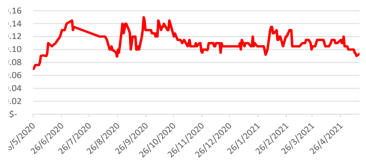
Valuing exploration assets is a subjective exercise, particularly when the resource is cum-evaluation and subject to significant change. We use EV resource metrics determined from a peer group of Cu-Au explorers and developers to assign a 'likely' value to the company as a base estimate, applying discretionary probability weightings to account for potential dilutionary factors as determined by financing outcomes. On this methodology we assign a valuation range of $0.32-0.55/share to CBY on a Cu(eq) basis given the leverage of the asset base to the metals and the potential for the Briggs Project to evolve into a large-scale but low-grade, stand-alone project.

It's worth highlighting that reference ranges, EV benchmarks and weightings are subject to significant change dependent on drilling success as determined by the leveraged exposure CBY holds across its portfolio. The next 12-24 months could deliver transformational upside based on material increases and upgrades to existing resources with speculative upside potential beyond our valuation range.

Share details

ASX Code	CBY
Share price (20 May)	$0.091
Market Capitalisation	$10.2M
Shares on issue	111.9M
Net cash at 31 Mar 2021	$1.0M
Free float	38.0%

Share performance (12 months)



Upside Case

- Partnering options can be secured more rapidly and on better terms than expected
- Drilling results 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.

Board of Directors

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John Anderson	Chairman
Michael Erceg	Executive Director
Ross Moller	Non-Executive Director
Robin Watts	Non-Executive Director

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Canterbury Resources Limited – Chasing big targets

Canterbury Resources Limited (ASX:CBY) is an Australian minerals exploration company, listed in early-2019. The company holds a portfolio of Cu-Au exploration assets in PNG and Queensland, the most advanced being the Wamum Project in PNG in proximity to the Wafi-Golpu copper-gold development which can be considered a working analogue. CBY is poised to return to field activity across its portfolio but the timing and pace of the nominated campaigns is subject to financing (partnering) and the current COVID restrictions impacting PNG operations. Activity across the next 12-24 months is targeting a significant de-risking of the company's existing resources base across its copper-gold plays. Drilling success could underpin material increases in tonnages and grades whilst defining the commercial and economic platform for future development opportunities. Analogue projects point to what could be, particularly in PNG but also at Briggs (Queensland) where mineralisation models highlight the potential for a large-scale but low-grade copper opportunity. The success case has the potential to be transformational in scope.

We have discussed with management, the company's operating and exploration strategies, which we believe offer a somewhat differentiated aspect to the investment story, which seems very pertinent in a post-COVID world of potentially strong global economic growth perhaps underpinning a speculative commodity super cycle.

What we can say with confidence is, there is a recognised supply squeeze emerging in copper…the commodity price is telling us that and with the nominal lead times to new project start-up and constrained production, we could be seeing the start of a prolonged period of strong metal pricing.

Industry confidence in the sustainability of prices and potential returns should translate to increased and accelerated exploration activity for large-scale copper opportunities. CBY should be well placed to benefit under the current economic conditions as *'…an incubator of potential Tier-1 scale Cu-Au projects in the SW Pacific region'*, which already hosts multiple world class discoveries.

We agree with management's assessment that it has accumulated a high-quality portfolio under what we would consider attractive ground-floor entry conditions, leveraging the company's extensive experience, expertise and track record of exploration success in these plays and locations.

We believe CBY will continue to remain active in terms of new asset evaluation…on balance it's likely there will be additions to the portfolio.

Over the last 12-18 months, CBY has already delivered materially enhanced value not currently reflected in the share price, we suggest.

There are always financing issues for junior explorers and management is actively seeking partners in order to offset risk and cost. High initial working interests provide the company with significant financial leverage in this regard.

With tangible (field) activity set to resume as soon as practicable the company could deliver a material upgrade across its portfolio on success. In our view, CBY represents a highly leveraged exposure to the strengthening global Cu-Au thematic.

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NAV range set at $0.32-0.55/share (capitalisation $36-62mn)

As a dominantly exploration play with assets not yet defined by feasibility studies, we value CBY using peer group EV metrics. We consider the use of EV metrics as the most appropriate valuation methodology at this stage, with EV representing relative 'asset value' (adjusted for cash and as ascribed by the market). Using a portfolio approach can set a unit metric range, from which an indicative benchmark can be determined and applied in a valuation sense.

Where necessary, and if applicable, we adjust these nominal values using a discretionary probability weighting (1-risk %), to derive a value per share. The EV benchmark and probability weightings are subject to change as the company delivers key milestones and economic conditions vary.

The assignment of weightings and reference ranges is subjective.

We would highlight the programmes planned across the portfolio over the next 12-18 months, particularly the drilling and scoping study at Wamum, that could materially change the standings of the assets along the development timeline, **with the potential to deliver perhaps significant upside to our current valuation range on success.**

Exhibit 1: CBY NAV – the share price reflects too steep a discount for the works programmes and opportunity set over the forecast period.

A$mn		**Low**	**Mid**	**High**	**Low**	**Mid**	**High**	
Using Cu(eq) metrics								
Wamum		$15	$23	$31				Benchmarked against ASX:HAV whose metrics reflect 'completed' PFS outcome; and ASX:CVV with a project in PFS and in WA
Ekuti Range		$9	$10	$12				Benchmarked against ASX:XAM which is at a pre-PFS stage using a discount to reflect XAM numbers including Indicated volumes.
Bismarck		$5	$5	$5				Nominal only as an early-stage exploration play pending results of drilling through the 'lithocap' and definition of the mineralisation model
Briggs		$8	$11	$15				Using ASX:AML as the reference point – a smaller resource base but better defined with M+I assigned tonnages
Net Cash/(debt)			$1					As of 31-March
Corporate costs			($2)					Assumed running costs higher in post COVID period as activity and on costs increase
TOTAL		**$36**	**$49**	**$62**	**$0.32**	**$0.44**	**$0.55**	
Shares on issue (mn)	112							

Source: RaaS analysis – refer **Exh. 9** for reference metrics

We have valued CBY on EV/unit metrics using a copper equivalence reference as the aspect of the portfolio that most closely reflects where industrial and investing markets focus lies.

CBY emerges as an undervalued play, with significantly strong upside as a copper opportunity given the leverage of the portfolio to the metal via the Briggs asset in Queensland.

We highlight that 'exploration value' is dynamic and subject to significant change (up and down) on evaluation outcomes. Our ascribed value should be a considered as a base case range dependent on direct (drilling and assay) and indirect (geological and geophysical mapping) results to be delivered over the 2021-2022 programmes.

On the balance of probabilities, we consider the upcoming exploration and appraisal data will more likely be positive and indicative corporate interest stronger, particularly on the rebound in global economic growth in a (somewhat) post-COVID operating environment supporting high metals demand.

Ascribing a value to assets at an exploration/pre-development stage is subject to discretionary weightings and assumptions, but that is often the nature of the assessment of small-cap resources stocks.

Valuation Considerations

Valuing exploration plays is by definition a subjective and somewhat arbitrary exercise which is broadly the state of the CBY portfolio. Values can be estimated, usually within a wide range, benchmarking against recent transactions, partnering deals, 'unit' metal values based on development analogues or by extrapolation from peer group EV metrics, overlain with an appropriate risk factor. We have used the latter methodology to assign a NAV to the company we suggest is appropriate for the current stage of exploration.

The nominal value of 'exploration' should also be considered against the stages of work undertaken to date and planned in the forecast period. Assets without activity remain more conceptual irrespective of the implied prospectivity. In this respect asset valuations can also be impacted by timing and financing uncertainties.

We highlight that the values ascribed to early-stage exploration assets are subject to significant change on delivery of exploration results, in both directions and that sometimes values can be higher earlier in the asset evaluation process.

Canterbury has no currently producing assets so will be reliant on equity financing and partnering through the next stages of the evaluation and exploration process.

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A quick SWOT – there is value in the exploration phase

As typical for any resource companies, there are offsetting strengths and weaknesses, opportunities, and threats. Activity is set to pick up through 2021-2022 and the intrinsic value can begin to emerge.

Exhibit 2: SWOT Analysis and Comments

Strengths	Comments
As good an exploration province as can be held.	If you're looking for Tier-1 Cu-Au plays then CBY is in the right geological provinces in association with existing developed(ing) assets as project analogues.
Starting with high working interests (100%) provides leverage and financing options.	Securing high quality partners can provide arms-length 'validation' and funding at the project level.
Multiple exploration opportunities across the portfolio with 'stand-alone' potential.	Not a 'one-project' play…multiple bites at strong exploration targets.
Management is experienced in international operations and project delivery.	Being able to predict and manage operations across borders is a strong operating advantage, particualrly when operating remotely.
Weaknesses	**Comments**
Financing	With no revenue stream the company will be mostly dependent on equity financing which can be difficult for exploration and stay-in-business purposes. Progress on an individual asset may be constrained on a restricted working capital base and partnering may not deliver an optimal 'value' outcome.
At the moment - it's all relatively early-stage exploration.	Realisation of 'value' is dependent on derisking and resource potential - that takes time and capital. Assets may be priced at a discount for prolonged periods particularly if activity is slow.
Securing partners can equate to ceding control…	…particularly if that partner is a major minerals player and the laws of inertia apply. It can be difficult to drive activity if only one party wants to play (and pay).
Opportunities	**Comments**
Metal demand is expected to be cyclically strong through leverage to the post-COVID, global economic recovery.	There's potential for upside risk to metals prices on stronger realised, post COVID economic growth - as go metal prices, asset values inevitably follow.
Small explorers do the heavy lifting on a cost-effective basis which larger companies can struggle to deliver…	Big companies can struggle to evaluate opportunities in a timely and cost-effective manner and in periods of economic slow-down, exploration expenditure is often the first to be cut and acreage relinquished. Smaller, more nimble companies can secure a first-mover advantage.
…that can make smaller explorers attractive as a de-facto exploration arm.	All bigger companies have to do is provide the capital - everything else can be off-balance sheet.
Threats	**Comments**
Price opportunity has downside risk…	**Slower than expected post-COVID global growth.** **A third (fourth?) COVID wave.**
Areas of operation whilst 'stable' are not without risk.	PNG assets have historically priced on the ASX at a discount for sovereign risk reasons. Whilst the resources industry has a long history of success in country, regulatory processes and Government policies are subject to change.
Bigger companies with bigger balance sheets looking for a short-cut.	Small to mid-cap companies with high quality exploration opportunities can be attractive on a M&A basis, particularly if capital remains constrained and market valuations are heavily discounted.
Persisting or returning COVID-19 restrictions.	The virus has not gone! Restrictions on travel and the supply chain can impact the speed of evaluation and project definition.

Source: RaaS analysis

A portfolio of opportunities - Multiple potential Tier 1 assets

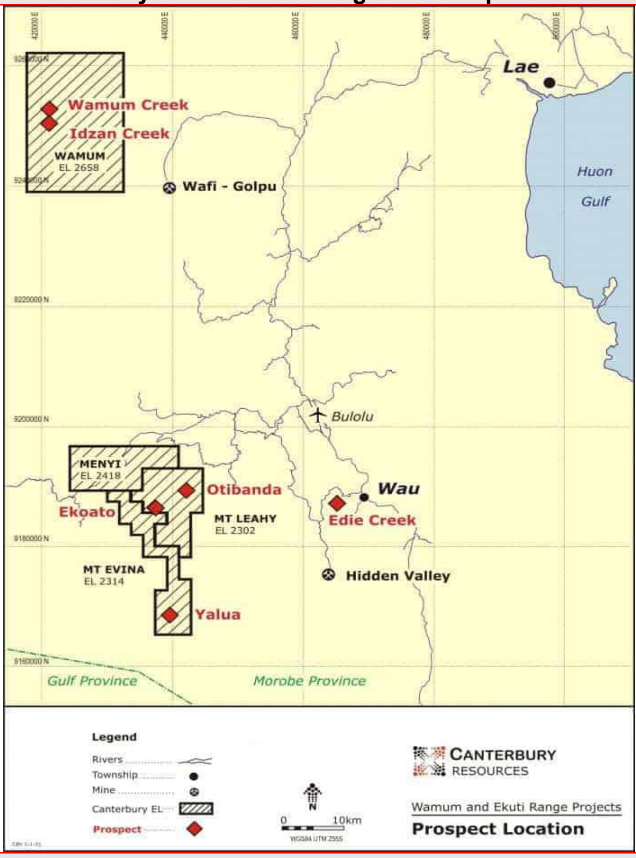
Canterbury has a suite of four cornerstone exploration assets in districts with favourable geology and accessibility. Three of these projects are located in PNG - Ekuti Range and Wamum on the mainland, and Bismarck on Manus Island.

The fourth (Briggs Project) is located in Queensland.

In a world emerging from a COVID related economic slow-down, we should see a return to 'in-ground' activity particularly in the exploration phase. Global pump-priming should underpin a stronger economic growth and continue to drive demand for metals resulting in likely 'stronger-for-longer' commodity prices.

CBY plans to significantly ramp up activity though 2021-2022.

Exhibit 3: Key assets in a strategic mineral province with nearby development analogues



The Ekuti Range and Wamum projects are porphyry and epithermal style deposits in a magmatic arc setting.

Importantly the tenements are located in reasonable proximity to the Lae industrial hub with significant port facilities and good access by road.

The Wamum Project (CBY 100%) is the most advanced asset in the portfolio with the potential to define a large standalone Cu-Au operation. This project will be the subject of a scoping study to be conducted over 2021 to better quantify its technical and economic parameters.

Wamum is located ~20km northwest of the major Wafi-Golpu Project, which can be considered as a development analogue.

***The Wafi-Golpu Project** is estimated to contain resources totalling 9Mt Cu/27Moz Au inclusive of 5Mt Cu/11Moz Au classified as reserves. The project is in its final permitting phase.*

The Ekuti Range Project (CBY 100%) was most recently drilled (4 holes) in 2019, the results supporting the potential for *'...very high-grade gold and copper'* at Ekoato complimenting previous data.

Source: Company data

CBY holds Inferred Mineral Resource estimates over three licence areas at Idzan Creek, Wamum Creek and Briggs, which we use the reference point for assigning a valuation range.

Idzan Creek	137.3Mt @	0.24% Cu	0.53g/t Au
Wamum Creek	141.5Mt @	0.31% Cu	0.18g/t Au
Briggs	142.8Mt @	0.29% Cu	

It should be highlighted that realisation of the value premium will require progress on asset evaluation through positive drilling results growing and better defining the economic opportunities inherent in the portfolio.

The current issues with COVID in PNG have the potential to delay and defer some work programmes and the finalisation of partnering discussions. In this regard the timing of a return to field activity in PNG must be considered 'fluid'. Accordingly, we expect CBY to focus its field based activities on the Briggs project in Queensland in the near term.

PNG - Wamum Project (EL 2658, CBY 100%)

The Wamum Project was secured by the company in 2020 and includes the Idzan Creek and Wamum Creek copper-gold deposits. It lies adjacent to the northwest margin of the major Wafi-Golpu Project, which we consider to be a working analogue.

As described by the company...*"(t)he Idzan Creek and Wamum Creek deposits are porphyry related and display typical characteristics of SW Pacific porphyry systems. Economic mineralisation is dominated by Cu and Au with best grades associated with veins, veinlets and disseminations".*

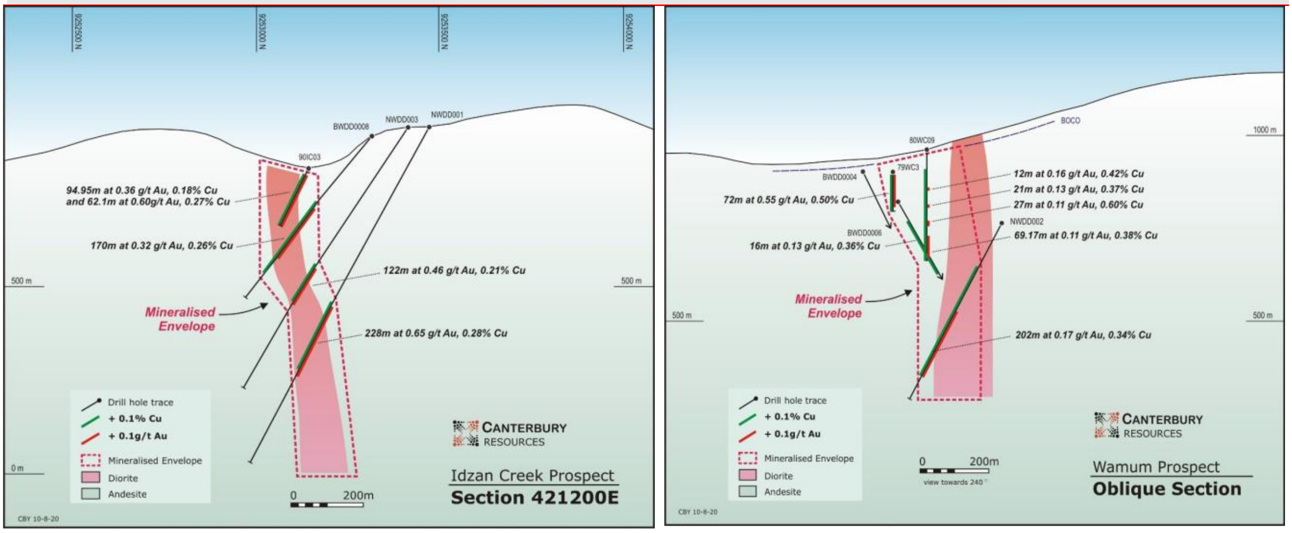
As highlighted in the most recent quarterly activities report (ASX release 28-Apr, 2021), the project licences have now been granted and the next phase of field work can progress <u>subject to the securing of a Joint Venture partner.</u>

Mineralisation in and around the Wamum Project area was first reported by Conzinc Riotinto of Australia ('CRA') in the 1970s and has been subject to sporadic drilling campaigns by the various tenement holders (CRA, Highlands Gold, Barrick and Newcrest) since that time - 31 drill holes for around 11,250m.

The historical data has provided the basis for the geological model of the mineral bodies and underpins the mineral resource estimates ascribed to the project. Importantly the ore bodies remain open along strike and at depth with further drilling required to define and constrain the economic opportunity.

As noted in the recent quarterly, the company *"...believes there is strong potential to define an economic, standalone operation at the Wamum Project based on industry benchmarking and is preparing to commence the next phase of evaluation".*

Exhibit 4: Reference cross-sections at Idzan Creek and Wamum noting mineralisation in a vertical plane largely associated with diorite intrusions



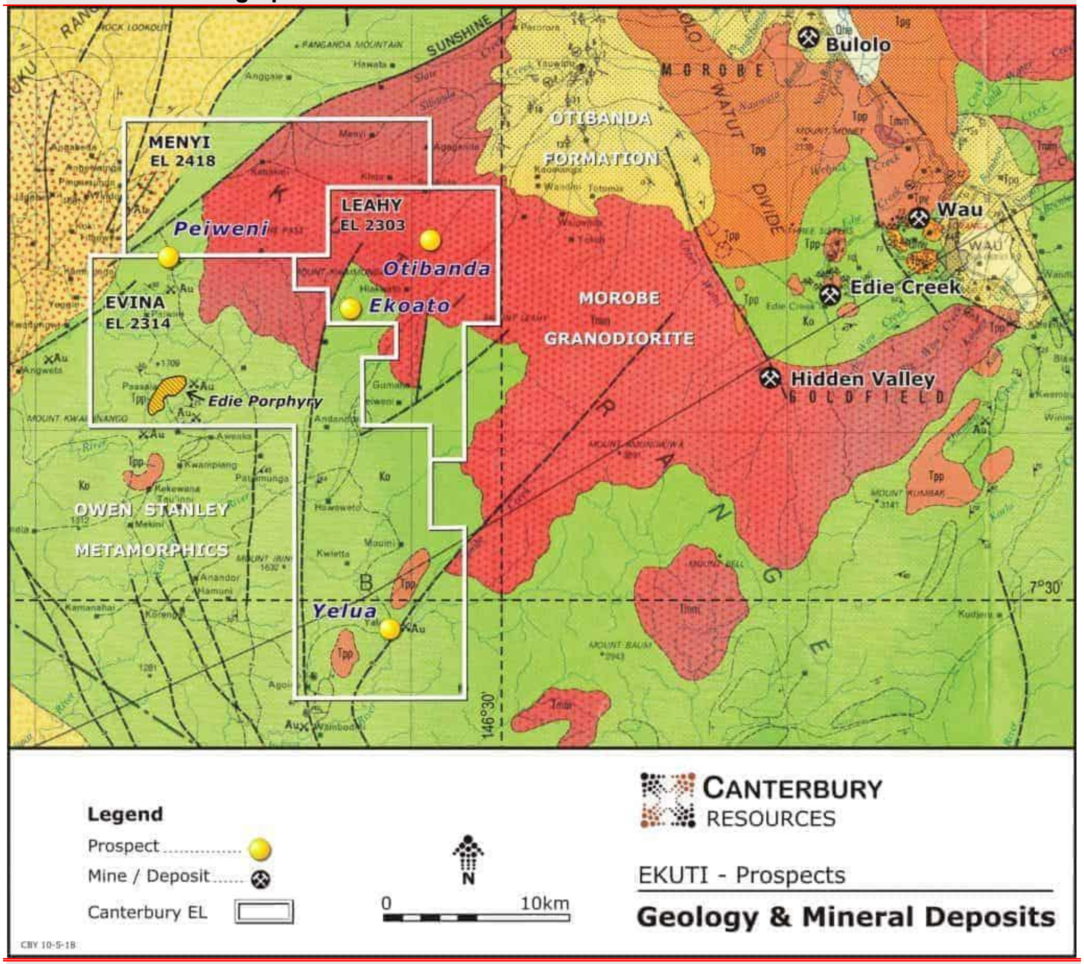
Source: Company data

PNG - Ekuti Range Project (ELs 2302, 2314 & 2418, CBY 100%)

The Ekuti Range Project extends across a number of licences [EL2302 (Mt Leahy), EL2314 (Mt Evina) and EL2418 (Menyi)] in a highly prospective metallogenic belt containing world class epithermal and porphyry style deposits, in the immediate vicinity.

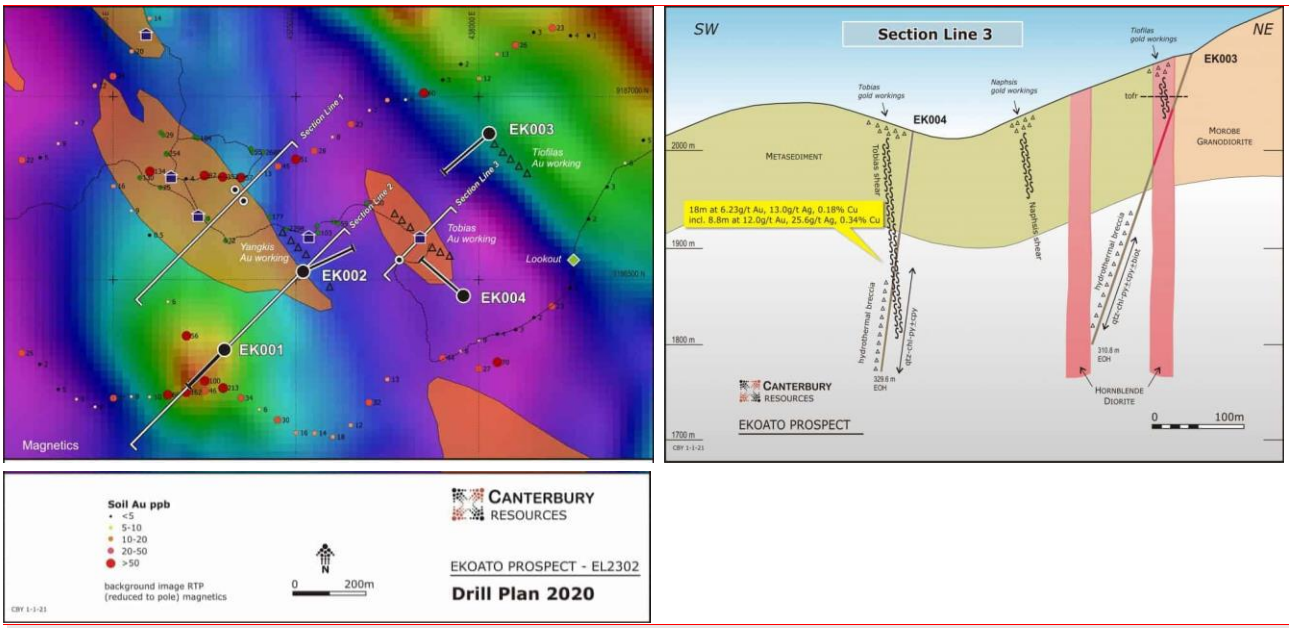
Canterbury has held the Ekuti Range tenements since 2014, but exploration has largely been limited to physical sampling and remote surveys including reconnaissance mapping and geophysical interpretation. In broad terms, since the discovery of the Ekoato and Otibanda prospects by CRA in the late 1980s, the area can be considered as under-explored.

Exhibit 5: Geological setting of Ekuti Range permits noting relation to Morobe Granodiorite structure and mining operations



Source: Company data

Exhibit 6: Reference cross-sections over the Ekoato Prospect



Source: Company data

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Shallow drilling campaigns were undertaken over the period 2006-2013 with the data quite encouraging at a high level and confirming pervasive copper-gold mineralisation over a number of prospective areas (at least 10 discrete magnetic anomalies). The most advanced targets were identified at Otibanda/Waikanda, Mt Leahy, Ekoato and Yelua as per **Exh. 5**.

A four-hole, drilling campaign was conducted in 2019 over the Ekoato prospect recording a best assay result in EK-004 of 18m at 0.18% Cu, 6.23g/t Au and 13.0g/t Ag **(Exh. 6)**.

Earlier Otibandi/Waikanda drilling results point to the potential for high-grade mineralisation, with the company highlighting assay results in in four holes the order of 0.2-1% Cu and 15-26g/t Au over intervals ranging from 1-2.5m. Specific details can be found on the company's website.

We note these are selective intersections and represent a subset of the holes drilled with significantly more work required to define the range and extent of the mineralisation and opportunity. However, the individual lodes are mappable over extended strike lengths of >2km which could support significant copper and gold resources.

In the near-term, CBY plans to conduct an Induced Polarisation programme over selected targets at a budgeted cost of ~$0.25mn. In particular, it is seeking to further define a drill target between the Otibanda and Waikanda lodes, where interpretation of magnetic data indicates the presence of a significant buried porphyry system.

Seeking a partner

As part of its strategy to secure a partner for the Wamum and Ekuti Range projects, the cores from the Newcrest drilling phase have been relocated to Queensland for ready access and further evaluation.

The company is seeking a partner to fund the next stage of work at Wamum in particular which is anticipated to be a "Resource Definition Drilling and Scoping Study Proposal" over 15-18 months and comprises -

- Thirteen holes (6,450m) aiming to upgrade the current mineral resource assignment from Inferred to Indicated category
    - Eleven holes (5,450m) will be drilled in the Idzan Creek deposit on 100m sections to a depth of up to 500m sub-surface; and
    - Two holes (1,000m) at Wamum Creek to further evaluate a near-surface higher grade gold zone
- A financial evaluation will be conducted to define the commercial development parameters with capital and operating cost assumptions determined by -
    - metallurgical test work will be undertaken to identify the likely optimal processing methods and;
    - a geotechnical review which will establish the range of mining options.

We note that preliminary metallurgical analysis can be conducted at low cost and most anytime with the arrival of the drill core in country.

This feasibility work has an indicative budget of around $10m.

We also add that the timing of the scoping study/drilling is subject to COVID restrictions in PNG. It's likely the scope of next phase of activity will be set by any incoming party, who may wish to undertake further exploration activity prior to the work schedule as set out previously.

In any respect, more in ground activity can only better define the resource base and support inputs for economic evaluation.

We believe preliminary partnering negotiations are underway but suggest it's unlikely to see a return to on ground activity much before end 2021.

CBY ascribes an Inferred Resource to Wamum/Idzan Creek of 287.6Mt @ 0.27% Cu and 0.35g/t Au (refer p.6).

PNG - Bismarck Project (ELs 2378 & 2390, CBY 40%/Rio Tinto 60%)

The Bismarck Project (ELs 2378 and 2390) is located on central Manus Island in northern PNG, some 830km north of Port Moresby. The tenements cover a porphyry copper and gold province that is 35km long and 7km wide, with the mineralised corridor running north-west south-east.

Remote sensing and field programmes have defined potentially large-scale porphyry copper-gold targets under an extensive lithocap, however, the geological play has yet to be drilled, which appears to be the next logical step along the exploration curve.

Despite the *"…extensive and locally intensive early-stage exploration over the past 50 years",* including *"…102 diamond drill holes"*, no economic deposits have been defined to date. However, the large-scale potential of targets continues to attract interest from major resource companies.

The project is currently managed and sole-funded by Rio Tinto Exploration (PNG) Limited (RIO). RIO has completed its first stage commitment of exploration activity and holds a 60% JV interest with the option to increase to 80% upon meeting additional funding and technical milestones.

A revised operating structure is currently being considered and will likely involve greater input from Canterbury personnel who have extensive experience running field programs in PNG.

We understand the JV is currently assessing the operating model required for a safe return to work before drilling can commence. The drilling programme is anticipated to commence in 2022 and take 6-9months to complete. The timing of the campaign is uncertain in the current COVID environment.

In broad terms the campaign will likely consist of 4-6 holes of between 300-500m each.

All copper and gold mineralisation on Manus Island appears to be characteristic of volcanic arc systems with at least two distinct mineralisation styles represented by gold bearing low sulphidation epithermal quartz veins *[1] and low-grade porphyry-style copper/gold/molybdenum assemblages *[2].

RIO has detected a third style of mineralisation - high sulphidation copper-gold associated with the silica-alunite lithocap *[3].

The identification and mapping of the lithocap in the southeast of the ELs is considered to have major, positive implications for next phase exploration given it is associated with and *"…form above porphyry systems; and may host late-stage metal-rich ore zones"*, a prime example as cited being the Wafi-Golpu copper-gold deposits.

It should be noted that Bismarck remains an early-stage exploration play and unwinding of the associated exploration risk can only come from drilling anomalies associated with the lithocap targets.

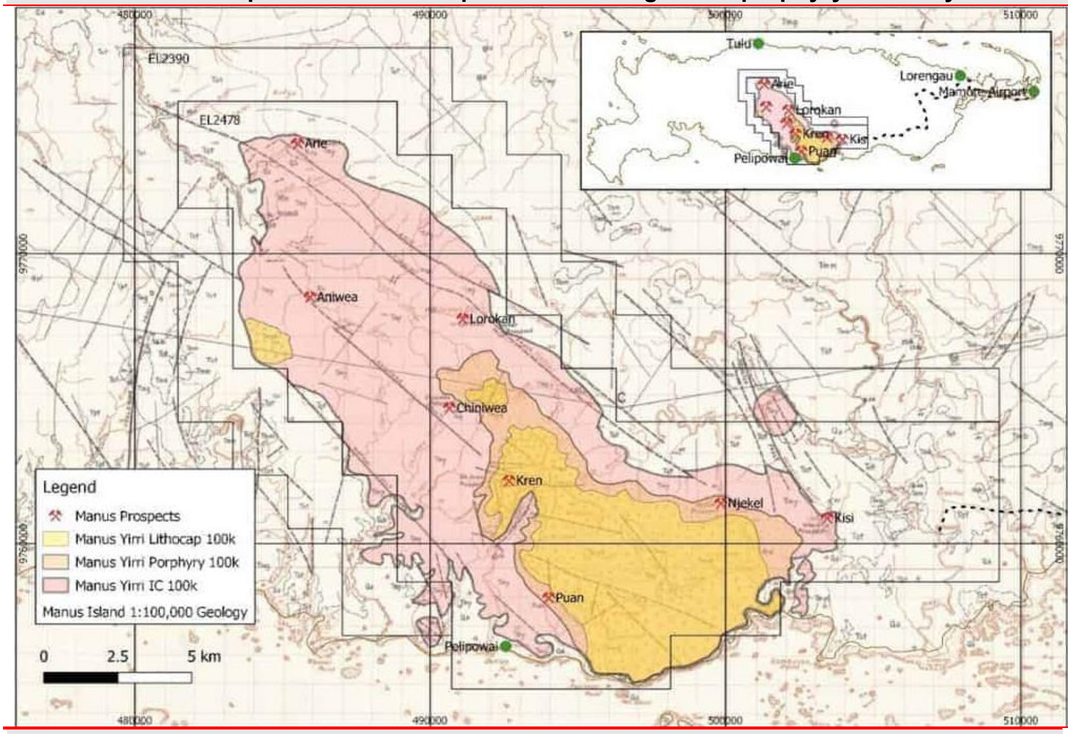
*[1] *Low-sulphidation epithermal deposits are major sources of gold and silver occurring globally associated with active plate boundaries and volcanic arc zones*

*[2] *Porphyry copper deposits are ore bodies formed from hydrothermal fluids originating from a voluminous magma chamber several kms below the deposit itself. Predating or associated with those fluids are vertical dikes of porphyritic intrusive rocks. Successive envelopes of hydrothermal alteration typically enclose a core of disseminated ore minerals in often stockwork-forming hairline fractures and veins. Porphyry orebodies are often large and can be economic on copper concentrations as low as 0.15% and can have economic amounts of by-products such as molybdenum, silver, and gold.*

*[3] *High sulphidation gold systems are a unique and increasingly important type of mineral deposit in many mineral provinces, tending to host more sulphide-rich in association with gold and silver. They appear to be genetically and spatially linked to deep seated porphyry copper-gold deposits. High sulphide deposits are formed in a similar manner to low sulphide deposits, just at a greater depth with a more direct link to the underlying magma.*

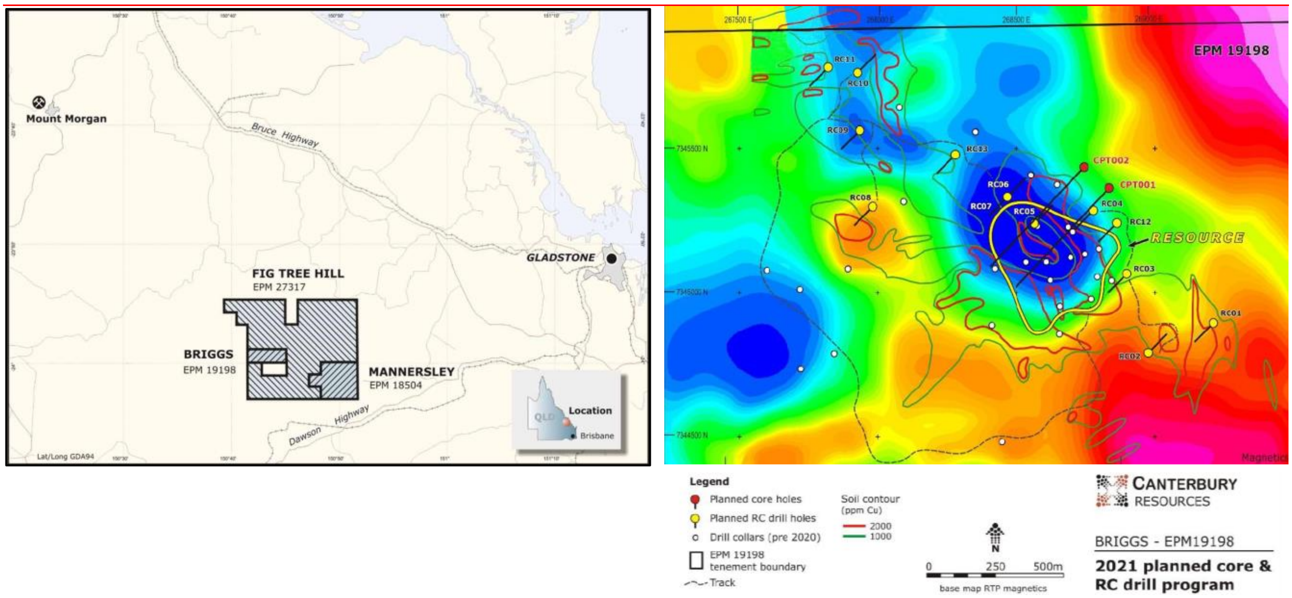
Source – various geological websites including geology for investors.com; aigjournal.aig.org.au; www.academia.edu

Exhibit 7: Surface expression of lithocap often occurring above porphyry Cu-Au systems



Source: Company data

Exhibit 8: Close to Gladstone (LHS) and proposed drilling locations for 2022 field work



Source: Company data

Australia - Briggs Project area (EPMs 19198, 18504 & 27317, CBY 100%)

The Briggs Project area consists of the Briggs (EPM 19198), Mannersley (EPM 18504) and Fig Tree Hill (EPM27317) tenements in a contiguous block 10km x 10km block, some 50km west of Gladstone **(Exh 8)**.

The Briggs and Mannersley tenements were acquired from Rio Tinto Exploration Pty Ltd in Feb-2017. RIO retains a 1% net smelter royalty (NSR) and certain claw back rights in the event of a major discovery.

Geologically the tenements are located at the southern end of the Mt Morgan structural belt which has been historically prospective for large scale porphyry copper-gold mineralisation, as evidenced by the high-grade Mt Morgan mine which produced around 360,000t of copper and 7.6Moz of gold before closing in 1981.

Whilst there is some conjecture as to the genesis of the Mt Morgan ore body, that is probably moot in terms of the exploration model and the prospectivity of the region in general. CBY has completed an extensive geological study noting a quite complex mineralisation style with several phases of hydrothermal alteration.

As a geological model the company indicates the best analogue for Briggs' mineralisation is the **Yerington Batholith in Nevada** where *"…porphyry copper deposits are associated with granite porphyry dykes",* of which the Mason Copper Project is a potential look-through example.

Whilst it's beyond the scope of this report to comment on the Mason project in any detail we note as per company commentary that a *"...recent Preliminary Economic Assessment for the (p)roject,* (models) *average copper production of 140ktpa over the first ten years of full production"*. As an analogue, the Mason project points to the potentially massive scale of the mineralisation system.

Note we do not ascribe the scale of Mason (1.1Bn tonnes at 0.34% Cu) to Briggs but believe it illustrates the opportunity associated with the tenements, subject to further successful exploration results.

Briggs tenement (100%)– EPM 19198

CBY has identified a large porphyry copper system with a 2km x 0.5km surface expression covering the Northern, Central and Southern porphyry prospects, of which the Central Porphyry prospect was subsequently the focus of a 5 hole, 2,069m core drill programme completed in 2019. The drilling results intersected a deep, broad zone of low-grade copper mineralisation against which the company has ascribed an Inferred Resource of 142.6Mt at 0.29% Cu (at a 0.2% Cu cut-off).

During the 2019 drill programme several higher-grade features were identified associated with quartz dykes (~1%Cu) and along the intrusion contacts with volcanoclastic sediments (~0.5%Cu). These settings will be targeted during the next phase of drilling. Similar settings are also evident at the Northern and Southern porphyry prospects, where sparse historical drilling has returned similarly encouraging results.

Management has indicated it is utilising a porphyry expert, Dr Peter Pollard, to undertake detailed assessment of the drill core from Briggs to build and define a geological and mineralisation model. As reported, Dr Pollard suggest that **emplacement of a late granite** with **associated sericite-quartz alteration appears to be responsible for the copper mineralisation.** The model supports the concept of a near-surface mineralisation being generated from deeper porphyry bodies.

The primary focus of the of next phase of exploration activity which is expected to be a relatively detailed drilling programme to test strike and depth extensions of the potentially high-grade targets in accord with the model and is likely to consist of -

- A 13-hole (3,250m) RC campaign mostly evaluating the indicated high-grade zones of the Central Porphyry and *"…selected targets at the Northern Porphyry and Southern Porphyry prospects".* Successful outcomes should materially upgrade the currently ascribed resource booking; and.
- A 2-hole deep diamond drilling campaign (1,800m) to confirm the mineralisation model.

The campaign is budgeted at c.$2mn, the timing of commencement likely to be **subject to securing a partner.** We suggest activity may not commence until 4Q21 as an estimate.

CBY ascribes an Inferred Resource to Briggs of 142.8Mt @ 0.29% Cu (refer p.6).

We suggest, that success from the drilling campaign could materially increase and upgrade the resources as currently attributed.

Mannersley tenement (100%)– EPM 18504 and **Fig Tree Hill tenement (100%)**– EPM 27317

As described by management *"…the Briggs and Mannersley porphyry systems are localised along major north-west trending structural features clearly visible in regional magnetic surveys. The Fig Tree Hill tenement covers structural extensions of both Briggs and Mannersley."*

The Mannersley porphyry copper-molybdenum-gold prospect is a large footprint mineralised system with limited historical exploration. Two styles of mineralisation are evident; copper-molybdenum mineralisation in a potassic altered core to the porphyry system and peripheral base-metal-gold associated with skarns.

Several untested anomalies have been identified from VTEM data which will be evaluated by a geochemical survey. The survey is aimed at evaluating the entire intrusive complex, which is largely hidden by alluvial material, as a key input for identifying future drill targets.

Reserves-resources and valuations

Valuing exploration plays is a subjective 'art' particularly on an individual asset basis and particularly where those assets are very early-stage and have not been progressed through a drilling phase. In these cases value can be broadly determined through a number of factors –

- **Asset transactions** – direct and indirect farm-ins and sales which assign a $ value that should reflect the commensurate level of risk of the asset and industry benchmarks.

  Active RIO farm-in to Bismarck Project in a farm-in deal worth around $18mn in total with c.$12.5mn remaining (for 80%). This would imply the remaining 20% to have a sunk cost value ~$3-4mn.

- **Analogue developments** that can provide indicative NPV values adjusted by an appropriate risk weighting.

  Reference analogues can be from projects in close proximity or somewhat contiguous such as Wafi-Golpu or in the same 'broad' province, for example the Misima and Woodlark projects.

- **Resource determinations** set against peer group metrics as a relative indicator that can be scaled to provide a valuation range.

  *Refer **Exh. 9** which benchmarks CBY as undervalued against reference peers, although extrapolating the comparative pricing should be treated within the appropriate limits of uncertainty.*

  Inferred resource estimates have been declared for the Wamum and Briggs projects.

For CBY, we consider the use of EV metrics as the most appropriate valuation methodology at this stage of the evaluation process, with EV representing relative 'asset value' (adjusted for cash and as ascribed by the market). Using a portfolio approach can set a unit metric range, from which an indicative benchmark can be determined and applied in a valuation sense.

We highlight the uncertainties inherent in this approach. Despite resource determinations being set against JORC guidelines, not all parameters are common. There are variations in cut-off grades, reference commodity prices, some assets being poly-metallic and some estimates that could be considered 'stale', which likely don't reflect the current operating environment. There is a risk the reference metric range could err on the low side.

We have used a portfolio of listed companies based on what appears to be a relatively common consensus peer group referenced amongst explorers and as included in recent presentations, excluding significant outliers.

The chart as denoted in **Exh. 9** can be split into three broad groupings, with CBY pricing in the lower 'valued' group. Intrinsically this makes sense given resources declared only at an inferred level, less progressed along the PFS and DFS pathway, outcomes dominantly leveraged to PNG and progress dependent on securing financing…although the analysis does point to some anomalous high pricing on an individual basis.

<u>We set our valuation range against the Cu reference as the aspect of the portfolio that most closely reflects where industrial and investing markets focus lies.</u>

In Cu(eq) terms the three bands price between -

- **A$9-60/t** with the high end representing more poly-metallic resources and projects in a Pre-Feasibility Study stage. This band approximates our ascribed value range for CBY that can be underpinned by successful outcomes in field campaigns as planned, particularly at Wamum and Briggs.
  Until results are generated and evaluated, we are comfortable capping the potential upside within this range given the inevitable dilution that comes with securing financing. Positive results (commercial definition and resource upgrades) may more than offset any dilutionary impacts but that may not be evident until late 2022 at the earliest.

- **A$120-365/t** with the companies in this group dominantly with projects well advanced with feasibility studies or in production. Characteristically these companies also have better defined resources with tonnages at the measured and (or) indicated levels; and allocated reserves.
- **A$475+/t** with the companies in this group dominantly in production.

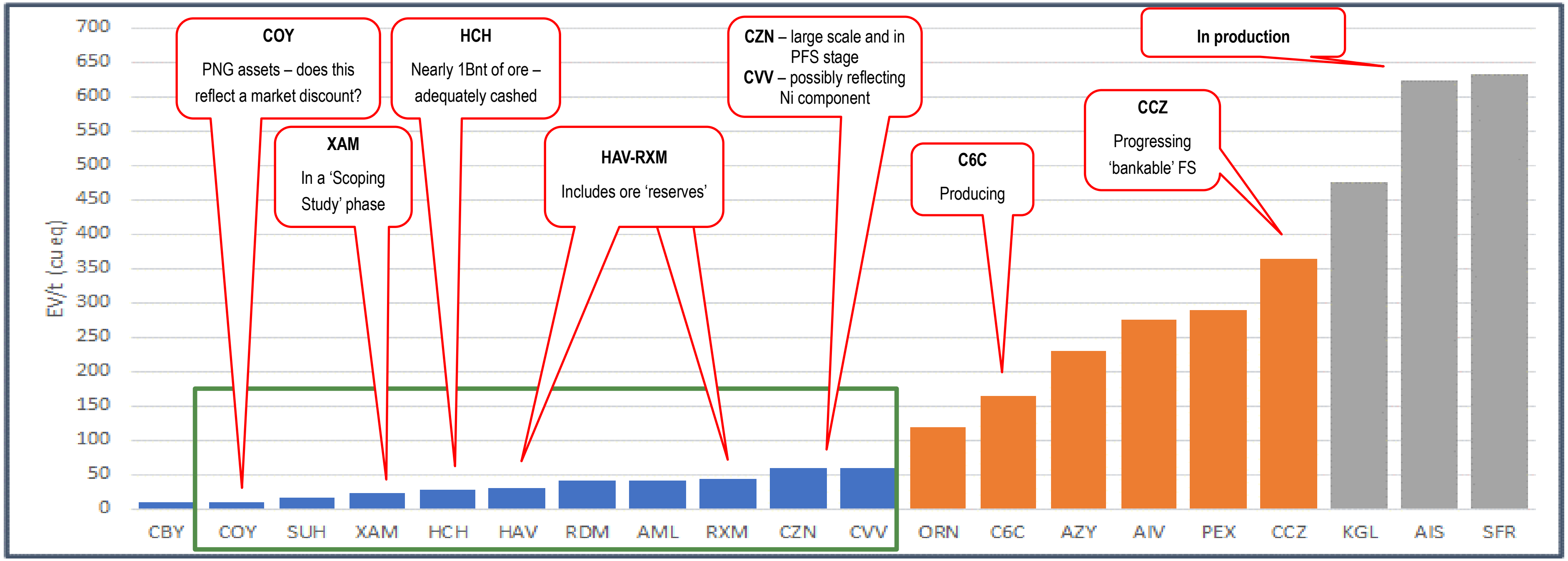
We assign values to CBY on an asset specific basis -

- The **Wamum Project** is subject to 'scoping studies' over the next 15-18months which will likely de-risk and upgrade existing attributable resources (Inferred to Indicated).
  We benchmark Wamum against HAV.ASX whose metrics reflect 'completed' PFS outcome; and CVV with a project in PFS and in WA.
- The **Ekuti Range Project** remains an early-stage asset although work to date is encouraging. The next phase of activity must include sufficient drilling to support an initial mineral resource determination.
  We benchmark Ekuti Range against XAM which is at a pre-PFS stage using a discount against XAM numbers which include Indicated Resource volumes.
- The **Bismarck Project** requires drilling to support the current geological/mineralisation model. Whilst 1,500m of does not represent a large-scale evaluation, it may be enough to allow for an initial resource declaration.
  We assign a nominal value at this stage of evaluation.
- The **Briggs Project** represents CBYs leveraged copper exposure. Positive outcomes in next phase evaluation programmes we suggest could support a higher share price and valuation outcome to the high end of the proposed range.
  We note there is no high-quality match for Briggs on a look-through basis and have chosen to use AML as the reference point for market values, although it carries a smaller resource base. The metric for AML accounts for M+I assigned tonnages and is a pointer to where asset values can move on successful evaluation results.

Based on the Cu reference range we can ascribe a valuation range to CBY of 32-55cps.

We reiterate that this is a subjective assessment and assumes successful outcomes with respect to asset evaluation and financing over the next 12-24months.

Exhibit 9: EV metrics of a selected group of copper plays – highlighting the value proposition in CBY



Source: ASX and company data

Financials – not much to see yet

The financials reflect the state of an exploration company in an early-stage evaluation phase, with multiple projects requiring financing, although an extensive portfolio can provide opportunities to phase activity in a controlled manner…field work can be undertaken over one asset whilst desk top evaluations can proceed over others.

Even assuming success from exploration campaigns across the forecast period, CBY will not be in a revenue generating position and consequently we project continuing modest losses…such is the nature of exploration companies, where the investment proposition is asset de-risking not earnings growth.

Exhibit 10: Summary profit/loss results (balance date 30-June) – we anticipate the company to remain in a loss-making position through the forecast period

P&L	FY20	FY21e	FY22e	FY23e	In A$000's
Revenue					
Other income	167	213	450	1,150	Assuming CBY moves into a 'management fee' position post partnering
Employee expenses:	(996)	(1,207)	(1,158)	(1,158)	'
Impairments	(403)	(569)			
Proforma EBIT	**(1,297)**	**(1,588)**	**(732)**	**(31)**	"
Finance costs	(3)	(24)	(15)	(15)	"Management fees" effectively offsetting the running of the company
Tax benefit					
Net Loss (Underlying)	**(882)**	**(1,600)**	**(747)**	**(46)**	
EPS (cps)	(0.01)	(0.01)	(0.01)	(0)	

Source: RaaS analysis

Exploration requires capital commitments and add an element of uncertainty to the outlook with respect to the quantum of capital required and sourcing.

We assume minimum capital requirements over the forecast period as indicated. As a company with no current revenue streams, CBY will be dependent on partnering and equity markets for financing. We understand partnering discussions are underway and progressing across the asset portfolio with potential completion across the projects over 2H21 (note this is a RaaS assumption).

As part of the negotiations, CBY is likely to become the field operations manager, with operating costs borne by incoming parties that could materially offset corporate costs.

Our financial forecasts reflect success in securing partners with management fees. We note the work programmes are not commitment expenditures and as such are somewhat flexible as to timing.

Exhibit 11: Summary Balance Sheet – slow asset growth won't reflect potential for material increase in resources base

BALANCE SHEET	FY20	FY21e	FY22e	FY23e	In A$000's
Cash & Equivalents	68	514	1,173	1,008	We model a small working capital raise in FY22 in conjunction with option exercise
PP&E & Development	35	31	7	0	
Exploration	8,164	8,567	8,942	9,142	Capitalised (low) spend over the forecast period – work programmes underwritten by partners
Total Assets	**11,269**	**11,858**	**12,869**	**12,874**	
Debt	22	1	10	10	Leasing
Total Liabilities	**699**	**376**	**410**	**460**	
Total Net Assets/Equity	**10,570**	**11,482**	**12,459**	**12,414**	
Net Cash/(Debt)	46	513	1,163	998	
Gearing ($d_n/(d_n+e)$)	na	na	na	na	

Source: RaaS analysis

The cash burn is the limiting factor

The company is in a reasonable short-term cash position holding ~$1.0mn as at 31-Mar but that should be viewed in the context of the expected expenditure commitments that could be made in the pre-partnering period as modelled -

- Idzan Creek/Wamum – metallurgical studies and a geophysical (IP) survey at ~$0.05mn
- Ekuti Range – a geophysical (IP) survey and drill core evaluation at ~$0.25mn
- Bismarck – predrilling activity in the order of ~$0.05mn and
- Briggs - predrilling activity in the order of ~$0.025mn

Note these are RaaS assumptions only.

We assume the remainder of work programmes likely to be conducted over FY22-FY23, totalling up to $25mn will be borne by farminees, with CBY engaged as operations manager and receiving a management fee equivalent to (say) 10% of the programme cost [RaaS assumption].

Exhibit 12: Summary cashflow statement noting adjustments for equity raisings

CASHFLOW	FY20	FY21e	FY22e	FY23e	In A$000's
Operational Cash Flow	**(877)**	**(924)**	**(650)**	**50**	
Net Interest	13	(24)	(15)	(15)	
Net Operating Cashflow	**(864)**	**(948)**	**(655)**	**35**	
Exploration	(3,069)	(973)	(375)	(200)	We assume low expenditure across FY22 as a precursor to partnering subsidies and nominal outflows beyond
Development					Scoping studies and metallurgical works included in 'exploration category' for summary purposes
Net Investing Cashflow	**(3,087)**	**(973)**	**(375)**	**(200)**	
Equity Issues*	1,122	2,372	1,699		We assume the conversion of listed options at an average exercise price of 30cps and a small ($1mn) working capital raise at 30cps in FY22
Other	36				
Net Financing Cashflow	**6,093**	**2,372**	**1,699**	**0**	
Net Change in Cash	**4,044**		**(3,587)**	**(145)**	

Source: RaaS analysis; we assume equity issues at a reference share price of $0.30/share as per the average FY22 options exercise price

Working capital uncertainty is the issue that could continue to overhang the stock (market anticipation of a potential equity raise) until such time that partnering deals are crystallised and announced.

A risk assessment

As an exploration company there are a number of risk factors that can determine the share price and operating performance of the company, the most critical of which is the availability of finance either directly from equity and debt sources or through securing partners who are able to provide a stable source of capital, at least through the discovery and evaluation stages.

Small exploration companies tend to be asset rich and cash poor. Working capital concerns are a major area of uncertainty for investors and perhaps for management, particularly should there be a requirement to fund multiple field campaigns concurrently.

Holding multiple projects means always having something on the go, but progress on any one project can be slow.

Whilst high working interests provide financing alternatives through partnering, that can also come with a different set of risks -

- Does the farmin deal adequately reflect the underlying value of the asset or management's view of the value? Is the asset holder receiving a fair value and does the deal represent 'bang for the buck'? Whilst asset transactions are tangible 'cash' transactions, by definition they likely understate the underlying value potential, but do represent a risked assessment of the worth of that asset to industry.

  This also highlights the issues as raised previously – the uncertainty range in determining the value of assets in an early-stage exploration phase

- Will the asset holder retain the ability to drive work programmes in a timely fashion or at the behest of the incoming partner, particularly if that partner is a major international mining company (say Rio Tinto)?

  Partnering is good, particularly using other companies' capital but double-edged in that the pace and scope of work programmes is likely to be significantly determined by the partners providing the capital.

With no assets in production, the impact of forecast commodity prices (eg. copper and gold) for CBY is limited to equity market sentiment and how that impacts the capacity to raise equity finance as needed…at least in a holistic sense.

The market has been a very strong source of equity financing in the minerals sector over the last six months in particular, with over $1Bn raised in the year to date, likely underpinned by confidence in the post-COVID global economic recovery and expectation that metals demand will remain strong through the medium term.

At the current share price, raising equity capital could be overly dilutive for CBY.

A macro-economic view

A significant impact related to the COVID shutdown has been the large cutback in capital expenditure on all exploration activity and tightening of capital availability over 2020. The small explorer end of the resources market has been particularly impacted with the flow of investment capital away from the speculative end of the market to more safe haven opportunities.

This in some respects has generated a disconnect in asset pricing with physical copper and gold at peak prices not necessarily being reflected in the equity prices of the smaller explorers…in more 'normal' times that would lead to a round of consolidation, which has not occurred although it could be argued that there's the potential for a lagged effect that would see M&A pick up in 2021.

There is some market speculation that 2021 could be a breakout year for junior resources companies and adequately financed explorers could be well set to benefit from a more bullish investment environment.

Economic and political uncertainty could continue to be a key commodity price driver.

No doubt 2021 will be different from 2020, but it's unlikely to be smooth. Critically, we see the world currently undergoing another COVID related surge as vaccination efforts struggle to get ahead of the infection rates (in the northern hemisphere at least).

Pump-priming stimulus efforts will continue, particularly in the US which is forecast to underpin US domestic demand and economic growth. The current globally low interest rate environment will likely be maintained over the medium-term (suggested to be until at least 2023), which will generate continued pressure on the US dollar and may begin to generate inflationary issues.

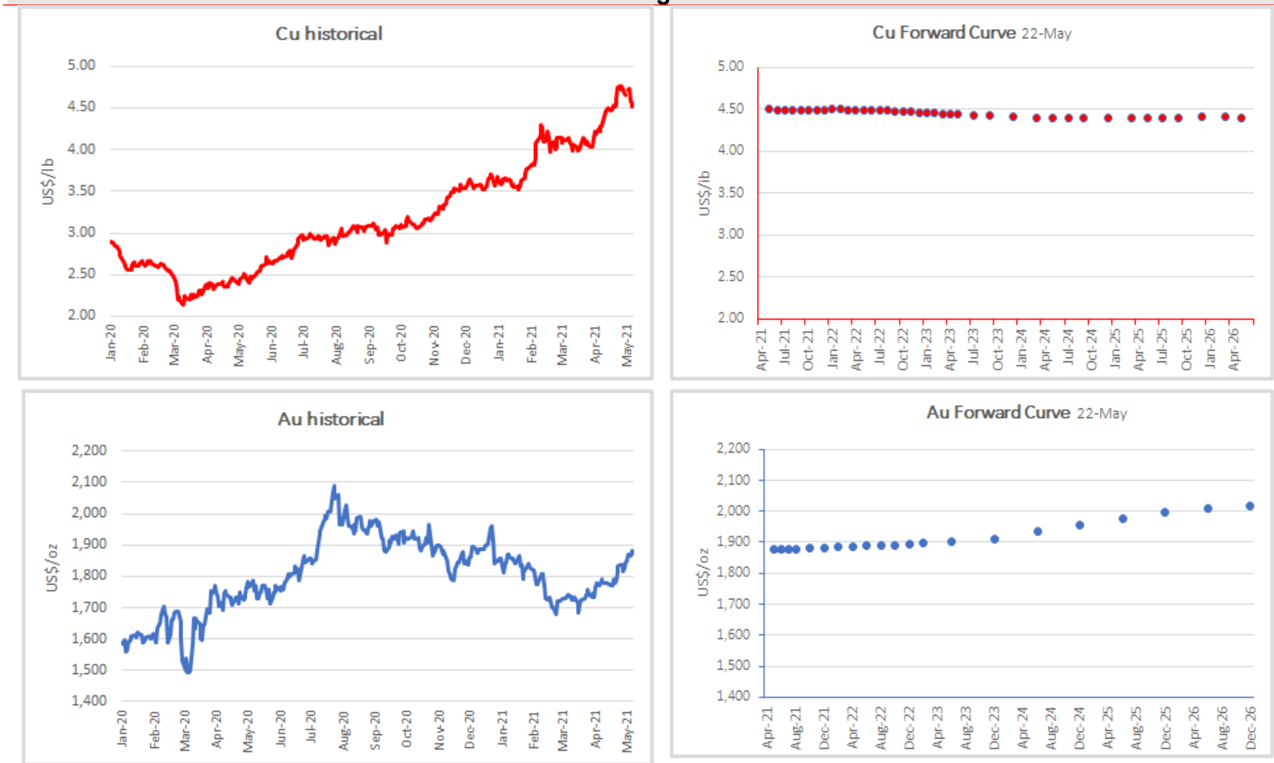
Gold prices in particular could be supported by the combination of a return to inflation, government deficits and a weaker US dollar, certainly through our forecast period.

Of course, there's a downside view. Whilst pump priming should support and drive demand levels, global growth is likely to be patchy and the roll-out of new projects cannot be predicted with any certainty – timing can slip on availability of capital and labour constraints capping any metal (particularly copper) supply squeeze.

Commodity Prices

Commodity (product) pricing is the most obvious area of risk for any resources company particularly given the uncertainties in the macro-operating environment over the forecast period. With no current revenue stream, earnings forecasts have no leverage to commodity price decks, however, we include the copper and gold forward curves (10-May) as a reference point to where the market is likely to benchmark metals plays 'today'.

Exhibit 13: Forward curves remain bullish at historical highs



Source: investing.com

It is beyond the scope of this report to outline in detail the supply demand outlook for the base and precious metals case over the next two to three years or whether the forward curves reflect an overly optimistic or pessimistic industry scenario.

Physical copper supply continues to be dominated by Chile and Peru, which account for some 40% of global output. Peru has been particularly impacted by the pandemic and Chile is in the throes of political 'restructuring' and the re-writing of its constitution, which has the potential to significantly impact the economics of its mining industry.

We highlight recent commentary from the Australian Financial Review (19-May) -

The article highlights market concerns of *'…tightening regulation on copper in Chile* (and higher taxes)' as driving the metal price to a record intraday high on '…*fears of supply disruption'* and growing social unrest.

It's not unusual for governments to try to capture additional benefits from windfall prices and revenues. The concern though is what impact higher government take has for new projects even at the exploration level. Regulatory uncertainty can be a critical issue for investors.

'Plans for the proposed tax hikes have reached neighbouring Peru, where the leading left-wing presidential candidate Pedro Castillo plans to impose a similar policy'.

It's worth highlighting that global copper inventories, whist increasing, remain at or close to historic lows.

We would add that markets and industry will increasingly focus on ESG issues, with higher levels of scrutiny on existing and new potential projects in specific and supply chain terms…the world is moving to carbon neutrality and increased scrutiny may make financing terms and conditions more restrictive and costly.

High copper prices will improve the economics of new copper projects, however, one of the biggest challenges is likely to remain **finding good-quality projects in countries with stable governments and mining codes.**

We can comment that projections for increasing metal demand and intensity in a post-COVID world seem strongly fundamentally based, with elements of the financial markets suggesting the global economy may be showing signs of a super-cycle and a structurally bull-market in commodities demand.

On a global-scale, the pandemic has forced society in general and industry in particular to challenge the way we operate on a daily basis – for example remote working and learning, health care, construction and pertinently the generation and delivery of 'energy' with an acceleration of the roll-out and uptake of renewable sources and what that means for metals demand.

The way populations live and work will be different in the future…it always is and is usually accompanied by a sharp increase in metal demand across the spectrum.

With global pump-priming to support and drive a return to economic growth, the medium-term outlook is certainly bullish, we would note though that the global economy is still at an early-stage of recovery and the pandemic (this one in particular) has not disappeared…growth doesn't always happen in a straight-line.

It's worth highlighting that metals pricing sentiment is an important factor in terms of capital availability in equity markets.

Geology and engineering

Much of the technical risk associated with any new resources venture should be uncovered and eliminated through the resource definition and feasibility evaluation stages (by definition). But geology, mining and metallurgy can surprise when scaled up from testing and simulations; and have done so on numerous projects in the past. Generally, these risks though are small and like most engineering problems can be solved by the application of capital.

Early-stage exploration is the point associated with the highest risk of significant changes resulting from the evaluation process, where even modest drilling programmes for example, can result in material changes to resource tonnages and grades – mostly to the upside but with risk to grades. The Wamum and Ekuti Range projects in particular remain open at depth and along strike but at some point, ore bodies close and resources maximise.

We note CBYs asset also require metallurgical work to determine the optimal beneficiation process. Whilst analogue projects can point towards broad development templates, geology and mineralogy in particular can vary significantly across contiguous areas, with often important changes required to processing streams.

Where producing analogues provide look-through confidence is to areas of potential project infrastructure and logistics capital and operating costs, which may be sufficient to underpin modelling assumptions for valuation purposes.

Financing

Companies with no revenue stream are at the behest of equity markets for working capital in the absence of third-party support via farm-ins (partnering). Either way there will be dilution at the asset or equity level…this is a natural operating characteristic of junior explorers. The strategy is to maximise the returns whilst minimising the dilution.

We have modelled success in partnering negotiations for CBY that fully funds the capital requirements of the work programmes as previously identified. As an adjunct we assume CBY will become the field operations manager across the various projects and receive a management fee of ~10% of the budgeted activity.

Under these assumptions, we forecast the company would perhaps require a working capital equity raise sometime over the forecast period, but equity dilution is minimised.

The risks are that finalising partnering documentation may take more time than assumed, particularly if in-country due diligence is a pre-requisite, the quantum of financial cover exposes CBY to lower but still significant capital contributions, planned activity simply costs more than budgeted or management fees are less than assumed.

CBY may still require recourse to equity markets beyond our assumptions through the forecast period.

Importantly at least in the immediate short-term, the current market environment is conducive to capital raisings.

Board and management

Canterbury Resources has a small Board of Directors, fitting for a low capitalisation company with technical and financial expertise; and executive responsibility being assumed by the members as outlined following. In broad terms we feel this is appropriate for the position the company is in, as an emerging exploration play aiming to progress the current asset portfolio into next phase evaluation and potentially economic feasibility studies.

The extensive and varied experience of the board collectively, on projects in diverse geographies provides a strong knowledge base to handle the challenges of managing assets in remote and nominally foreign domains, particularly during the still COVID impacted operating environment

In particular we would highlight managements' track-record in the discovery and de-risking of the Wofi-Golpu Cu-Au project in PNG as representative of the technical skills intrinsic to the board and capabilities in managing joint venture relationships with major mining companies in somewhat complex operating environments.

Grant Craighead - Managing Director *(Qualifications: BSc, MAusIMM, GAICD)*

Grant is a geologist with an extensive resumé across the exploration, mining and financial sectors, including industry stints as Manager (Geology) with Elders Resources NZFP Ltd and co-founder and MD of Anchor Resources Ltd prior to joining Canterbury resources. During his tenure with Elders, he was directly associated with exploration and development successes over a number of projects including Red Dome, Selwyn, Wafi-Golpu, Glendell, Narama and Kidston. He was a co-founder of Anchor Resources Ltd and its Managing Director during the sale of controlling interest in 2011. Complimenting his technical experience Grant is also an experienced analyst as a co-founder and executive director of Breakaway Investment Group, a financial company providing private equity and advisory services in the resource sector and a resource analyst at Macquarie Bank.

Grant Craighead received total remuneration of $318,326 in FY20 of which 20% was performance based.

Shareholdings			
Ordinary Shares	7,770,175		
Unlisted Options	1,500,000	Expiry date - 30/06/21	Exercise Price - $0.45

John Anderson - Non-Executive Chair *(Qualifications: BCom, MBA, GAICD)*

John is a highly experienced executive across numerous roles throughout the banking, investment banking and general consulting industries in Australia and Chile; and has an extensive background as a director garnered through positions (as MD or Chairman) with several public and private companies in Australia, and as a Director of mining companies in Chile. John brings direct experience in capital markets particularly in the areas of general financing and capital raisings, developing and implementing business plans for new and existing entities, and taking companies from IPO through to operations. Prior to joining Canterbury, he held the position of Chairman of Anchor Resources Ltd from IPO through to the sale of controlling interest in 2011. John was appointed to the Canterbury Board in 2011.

He is currently on the Boards of two (ASX and AIM) listed entities.

John Anderson received total remuneration of $88,344 in FY20 of which 30% was performance based.

Shareholdings			
Ordinary Shares	4,202,000		
Unlisted Options	125,000	Expiry date - 30/06/21	Exercise Price - $0.45
	150,000	30/06/22	$0.35
	150,000	30/06/23	$0.25

Ross Moller – Non-Executive Director *(Qualifications BCom, Dip AppCorpGov, CA ANZ, AGIA, ICSA GAICD)*

Ross is a Chartered Accountant and Chartered Secretary bringing over30 years in the areas of corporate advisory and secretarial services to a range of listed and unlisted companies. He has been extensively involved in multi-faceted aspects of corporate management including but not limited to financial management, corporate governance and strategic planning, as well as commercial and legal risk issues.

Ross is based in Singapore and is an Executive Director of a Management Consultancy business that operates across the Asia-Pacific region.

Ross Moller received total remuneration of $112,484 in FY20.

Shareholdings			
Ordinary Shares	2,372,500		
Unlisted Options	150,000	Expiry date - 30/06/22	Exercise Price - $0.35
	150,000	30/06/23	$025

Michael Erceg - Executive Director *(Qualifications: BSc, MSc, Dip Min Econ, MAIG, RPGeo)*

Michael is a geologist with significant experience in mineral exploration, mine development and operations across the Asia-Pacific region particularly in Canterbury's current areas of operations in Australia and Papua New Guinea. He is a specialist in southwest Pacific porphyry copper-gold and epithermal gold-silver systems, and has a strong understanding of their geological, geochemical, geophysical and alteration footprints. Michael brings a pertinent core competency in managing the exploration process (early through late-stage) in remote areas with a demonstrated ability to readily embrace culturally diverse environments and work effectively with local professional staff. He has made significant direct contributions to the discovery and delineation of the Red Dome, Northwest Mungana, Wafi-Golpu, Ok Tedi, New Holland underground and Murrawombie/Larsens/Northeast ore bodies.

Michael also holds the executive position of Manager - Exploration

Matthew Erceg received total remuneration of $178,344 in FY20.

Shareholdings			
Ordinary Shares	865,000		
Unlisted Options	125,000	Expiry date - 30/06/21	Exercise Price - $0.09
	150,000	30/06/22	$0.35
	150,000	30/06/23	$0.25

Robyn Watts – Non-Executive Director *(Qualifications BBus. MAICD)*

Robyn is an experienced Chair and Non-Executive Director of ASX and private company boards, which followed a 25+ year executive career as a CEO, across a diverse range of industries and companies including Vita Group Ltd (ASX:VTG), FHL (ASX:FAN), Forty Winks Pty Ltd, Sydney Metro Retail and the Fintech start up fund, iTrust Investment. Robyn brings direct competencies in the strategic areas of M&A, business transformation and turnaround, capital raising, strategic planning, development of digital capability and customer engagement and international business activity. Importantly Robyn has a strong connection both professionally and personally in Papua New Guinea garnered over 35 years of dealing with government, local landowner groups and traditional cultures.

Robyn Watts received total remuneration of $24,842 in FY20.

Shareholdings			
Ordinary Shares	50,000		
Unlisted Options	150,000	Expiry date - 30/06/23	Exercise Price - $0.25

Top 20

We note the retail investor nature of the share register and at some point, the need to transition the register towards long-term, institutional investors.

The register is likely to evolve as assets de-risk and the resource base grows to scale. We add that given the high retail holding, transition to an institutional base may necessitate 'liquidity events' (ie equity placements) as necessary.

Exhibit 14: Top 20 Shareholders holding ~62% of the issued capital (ordinary shares) – as at 26-Apr-2021

		Ordinary Shares	%
1.	DUNCAN JOHN HARDIE	7,944,256	9.03
2.	**GAGE RESOURCES PTY LTD (Craighead Super Fund)**	**7,770,175**	**8.83**
3.	JAMES SINTON SPENCE	5,444,444	6.19
4.	**JOHN ERNEST DOUGLAS ANDERSON (Chairman)**	**4,202,000**	**3.76**
5.	NETWORTH INVESTMENTS LIMITED	3,803,741	4.32
6.	GARY NOEL FALLON	3,103,571	3.53
7.	**TRAVEL SYSTEMS PTY LTD (Moller Family Super Fund)**	**2,372,500**	**2.70**
8.	ST. JUDE EXPLORATION PTY LTD	2,275,000	2.58
9.	ANTHONY WILLIAMSON	2,002,000	2.27
10.	ARMADA TRADING PTY LTD	2,000,000	2.27
11.	DAVID JOHN KELSO	1,763,158	2.00
12.	SUSAN MESNER	1,670,000	1.90
13.	MOLLER CORPORATION LIMITED	1,600,000	1.82
14.	SANFORD SUPER PTY LTD	1,600,000	1.82
15.	YUCAJA PTY LTD	1,490,000	1.69
16.	HANSON RJL PTY LTD	1,475,000	1.68
17.	GIRDIS SUPERANNUATION PTY LTD	1,384,000	1.57
18.	LINDSAY GEORGE DUDFIELD	1,365,033	1.55
19.	HONEYSTASH PTY LTD	1,277,472	1.45
20.	**MICHAEL ERCEG (Non-Executive Director)**	**865,000**	**0.98**
		55,407,350	**61.93**

Source: Company data

Research as a Service

Exhibit 15: Financial Summary.

CANTERBURY RESOURCES		CBY
YEAR END		Jun
NAV	A$	$0.44 at the mid-point
SHARE PRICE	A$	$0.09
MARKET CAP	A$M	10.1
ORDINARY SHARES	M	111.9
OPTIONS	M	2.4

nm = not meaningful
na = not applicable

priced COT 21-May

COMMODITY ASSUMPTIONS		FY19	FY20	FY21f	FY22f	FY23f
Gold				1,877	1,883	1,894
Copper				4.49	4.49	4.46
AUD				0.7452	0.7621	0.7622

RATIO ANALYSIS		FY19	FY20	FY21f	FY22f	FY23f
Shares Outstanding	M	82	87	112	118	118
EPS (pre sig items)	A$ cps	(0.02)	(0.02)	(0.01)	(0.01)	(0.00)
EPS (post sig items)	A$ cps		(0.01)			
PER (pre sig items)	x					
OCFPS	A$ cps	(0.02)	(0.01)	(0.01)	(0.01)	0.00
CFR	x					
DPS	A$ cps					
Dividend Yield	%					
BVPS	A$ cps					
Price/Book	x					
ROE	%					
ROA	%					
(Trailing) Debt/Cash	x					
Interest Cover	x					
Gross Profit/share	A$ cps					
EBITDAX	A$M	36	156	213	450	1,150
EBITDAX Ratio	%					

EARNINGS	A$000s	FY19	FY20	FY21f	FY22f	FY23f
Revenue		36	6			
Cost of sales		0	0			
Gross Profit		**36**	**6**	**0**	**0**	**0**
Other revenue						
Other income		28	161	213	450	1,150
Exploration written off						
Finance costs			(3)	(24)	(15)	(15)
Impairment		(2)	(403)	(569)		
Other expenses		(1,006)	(1,050)	(1,220)	(1,182)	(1,181)
EBIT		(972)	(1,297)	(1,588)	(732)	(31)
Profit before tax		**(943)**	**(1,288)**	**(1,600)**	**(747)**	**(46)**
Taxes						
NPAT Reported		**(943)**	**(1,288)**	**(1,600)**	**(747)**	**(46)**
Underlying Adjustments		212	406			
NPAT Underlying		**(731)**	**(882)**	**(1,600)**	**(747)**	**(46)**

CASHFLOW	A$000s	FY19	FY20	FY21f	FY22f	FY23f
Operational Cash Flow		**(956)**	**(877)**	**(924)**	**(650)**	**50**
Net Interest		28	13	(24)	(15)	(15)
Taxes Paid						
Other						
Net Operating Cashflow		**(984)**	**(864)**	**(948)**	**(665)**	**35**
Exploration		(3,201)	(3,069)	(973)	(375)	(200)
PP&E		(36)				
Development						
Net Asset Sales/other			(18)			
Net Investing Cashflow		**(3,237)**	**(3,087)**	**(973)**	**(375)**	**(200)**
Dividends Paid						
Net Debt Drawdown			(14)			
Equity Issues/(Buyback)		6,844	1,122	2,372	1,699	0
Other			50			
Net Financing Cashflow		**6,844**	**1,158**	**2,372**	**1,699**	**0**
Net Change in Cash		**2,623**	**(2,793)**	**451**	**659**	**(165)**

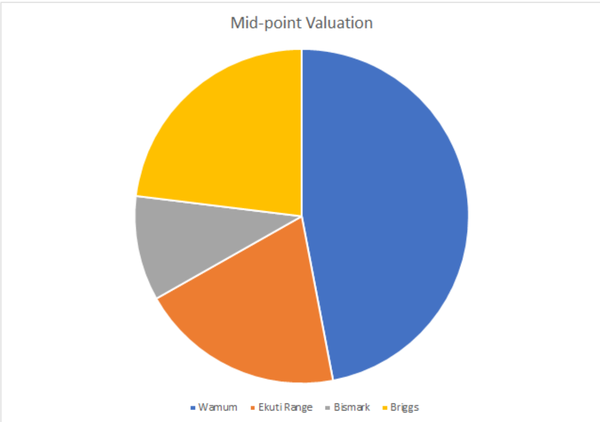
BALANCE SHEET	A$000s	FY19	FY20	FY21f	FY22f	FY23f
Cash & Equivalents		2,866	68	514	1,173	1,008
PP&E		46	35	31	7	0
Exploration & Development		5,579	8,164	8,567	8,942	9,142
Total Assets		**11,328**	**11,269**	**11,858**	**12,869**	**12,874**
Debt		0	22	1	10	10
Total Liabilities		**699**	**699**	**376**	**410**	**460**
Total Net Assets/Equity		**10,629**	**10,570**	**11,482**	**12,459**	**12,414**
Net Cash/(Debt)		2,866	46	513	1,163	998
Gearing (dn/(dn+e))		na	na	na	na	na

PRODUCTION	FY19	FY20	FY21f	FY22f	FY23f
Product					
TOTAL					
Ave Unit Production Cost					
Ave Unit Revenue					
Operating Margin					

RESERVES & RESOURCES	Indicated			Inferred		
	Mt	Au	Cu	Mt	Au	Cu
		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	Koz	Kt
Idzan creek	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	$0.13	$0.21	$0.28
Ekuti Range	$9	$10	$12	$0.08	$0.09	$0.10
Bismark	$5	$5	$5	$0.04	$0.04	$0.04
Qld						
Briggs	$8	$11	$15	$0.07	$0.10	$0.14
Net Cash/(debt)		$1				
Corporate costs		($2)				
	$36	**$49**	**$62**	**$0.32**	**$0.44**	**$0.55**
Issued capital	**112 mn shares**					



Source: Company data, RaaS estimates, ASX pricing

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

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

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

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