

# Canterbury Resources Limited

## A high leverage Copper-Gold Explorer

Canterbury Resources Ltd (ASX:CBY) is an Australian exploration company focused on large scale copper-gold and gold-silver prospects in proven mineral provinces in Australia, Papua New Guinea and the Pacific Islands. It is chasing potential Tier-1 targets and potentially provides high leverage for investors under a success scenario. The company listed on the ASX in March 2019 after raising \$6.147m at \$0.30/share. Canterbury has multiple exploration targets including the Briggs copper project in Queensland, the Ekoato copper-gold prospect in PNG, the Bismarck copper-gold project on Manus Island, the Idzan Creek and Wamum copper-gold prospects adjacent to the major Wafi-Golpu Project in PNG, the Ipi River copper-gold prospect in PNG, and the Santo and Malekula gold-silver prospects in Vanuatu.

### The Projects

The Briggs copper project in Central Queensland is CBY's most advanced asset, with a major drilling campaign undertaken during 2019 and assay testing nearing completion. The drill program tested a 600m strike length in the Central Porphyry Zone and all holes encountered copper mineralisation throughout including several high-grade features (BD019-001 – 197.6m @ 0.22% Cu, BD019-002 – 370.5m @ 0.27% Cu including 39m @ 0.53% Cu and 18m @ 0.46% Cu, BD019-003 – 130.8m @ 0.20% Cu and 246.8m @ 0.30% Cu including 125m @ 0.36% Cu with 28.0m @ 0.83% Cu, BD019-004 - 444.2m at 0.27% Cu including 32.2m @ 0.45% Cu and 173.0m @ 0.31% Cu). Canterbury expects to finalise a maiden Mineral Resource by the end of March 2020. Having acquired this project from Rio Tinto (ASX:RIO) in 2017, Rio retains the right to farm-in to 60% should the in-situ resource exceed \$1bn. At the company's Bismarck Cu-Au project on central Manus Island, RIO is sole-funding exploration to increase its JV interest to 80% from 60%. Drilling in 2019 was suspended due to difficult conditions and high costs, but additional mapping and sampling since has allowed re-prioritisation of drill targets with planning in progress for a 2020 field program. Canterbury has also recently lodged an exploration licence application covering the Idzan Creek and Wamum Cu-Au porphyry systems located northwest of the Wafi Golpu project in Morobe Province in PNG. Historically significant copper and gold mineralisation was encountered during various drill programs at Wamum in the 1970s, 1990s and 2000s. This licence application extends Canterbury's reach in the Morobe Province where it also owns the Ekuti Range copper-molybdenum-gold project, a large, high grade "Golpu style" porphyry target with initial scout drilling.

### Target markets

According to Statista, worldwide gold demand amounted to 4,356 metric tons in 2019 and demand has been noticeably higher since the GFC. Many investors look to gold in periods of market turmoil because they believe that it holds value through recessions better than other assets. With the current spot price at ~ US\$1,640 per ounce, the economics for Australian gold producers remains robust. While copper prices have weakened in recent weeks, long term demand for copper is expected to be bolstered by increasing sales of Electric Vehicles.

### Pathway to development

Rio Tinto's back in right to Briggs/Mannersley involves a \$15m payment to Canterbury plus sole-funding of \$50m to advance the project. The project is blessed with outstanding regional infrastructure (power, roads, port, skilled labour and industrial services) with good proximity to both Mount Morgan and Gladstone. Canterbury has also made an additional application for Fig Tree Hill, surrounding the Briggs and Mannersley tenements, due to its encouraging early drill results.

#### Share details

ASX Code	CBY
Share Price	\$0.17
Market Capitalisation	\$14.84M
Number of shares	87.32M
Options on issue	7.2M
Net cash at 31 <sup>st</sup> Dec	~\$0.6M

#### Share price performance (12 months)



#### Upside Case

- Management has strong track record of exploration success
- Portfolio approach helps defray risk and cost
- Exploration exposure to a region that hosts multiple Tier-1 Copper/Gold assets

#### Downside Case

- Sovereign risk in operating in PNG
- Further capital likely to be required
- Current capital and commodity markets are volatile, making it challenging for smaller players to access capital

#### Catalysts

- Maiden Mineral Resource on Briggs Copper Project
- RIO exercises its 60% farm in right on Briggs in April
- RIO exercises 80% farm in right at Bismarck

#### Comparative companies (Australia & NZ)

AZY, KSN, MAT

#### Company contacts

Grant Craighead (CEO) +61 409 906 570  
gcraighead@canterburyresources.com.au

#### RaaS contacts

Finola Burke +61 414 354 712  
finola.burke@raasgroup.com

## 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: 26<sup>th</sup> November 2018

#### 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: Level 14, 344 Queen Street, Brisbane, QLD, 4000

RaaS. 20 Halls Road Arcadia, NSW 2159

P: +61 414 354712

E: [finola.burke@raasgroup.com](mailto: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](http://www.afca.org.au); Email: [info@afca.org.au](mailto: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 prepared and issued by RaaS Advisory Pty Ltd. 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. 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 2020 RaaS Advisory Pty Ltd (A.B.N. 99 614 783 363). All rights reserved.