

ASX Announcement

18<sup>th</sup> August 2021

# Major Funding Agreement Secured for Briggs Copper Project

## Highlights

- **Canterbury has signed a binding Terms Sheet with African Energy Resources (ASX: AFR), whereby African Energy will make a \$1 million strategic investment in Canterbury to secure exclusive rights in relation to the Briggs Copper Project in Queensland.**
  - **African Energy will subscribe for 8,333,333 Canterbury shares at 12c each (a ~18% premium to the 15-day VWAP), raising approximately \$1.0 million.**
- **During an initial Option phase, African Energy must sole fund \$750,000 of exploration expenditure to earn the right to exercise the Option and commence a staged Earn-In to form a Joint Venture.**
  - **Exploration activity proposed during the initial Option phase includes a ~3,000m reverse circulation percussion drilling program, scheduled to commence in September.**
- **During the Earn-In phase, African Energy will have the right to earn up to a 70% joint venture interest in the Briggs Copper Project through staged exploration expenditure totalling up to \$15.25M over 9 years.**
- **Canterbury has previously outlined a Mineral Resource of 142.8Mt at 0.29% Cu (0.2% Cu cut-off) at the Central Porphyry prospect and has identified multiple targets with potential to significantly expand and enhance this resource.**
  - **Undrilled porphyry copper mineralisation is visible at surface along strike from the Inferred Mineral Resource, indicating excellent potential to substantially increase the size of the resource with further exploration drilling in the near term.**
  - **Higher grade mineralisation, identified in volcanic sediments surrounding the intrusive core and in internal quartz rich bodies, indicates potential to increase the grade of the deposit with further exploration drilling.**

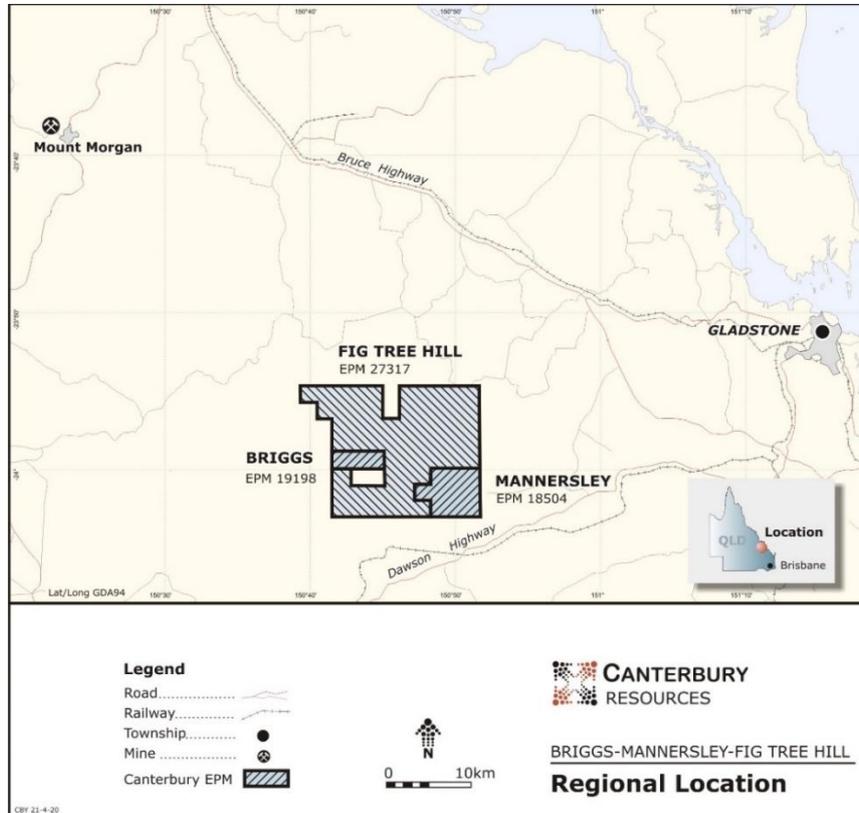
Canterbury's Managing Director, Grant Craighead, said: "We are very pleased to welcome African Energy onto the Canterbury register and look forward to accelerating our assessment of the Briggs Copper Project in partnership with them. In particular, the forthcoming RC drill program has potential to significantly increase the scale of resources for the Briggs prospect, as well as better defining some of the higher-grade features that are apparent in the deposit."

Authorised on behalf of Canterbury Resources Limited by its Managing Director, Mr Grant Craighead.

### Transaction Summary

Canterbury Resources Limited ASX: CBY (“Canterbury”) is pleased to announce that it has executed a binding Terms Sheet with African Energy Resources Limited (“AFR”) in relation to its 100% owned Briggs Copper Project (“Project”), which covers the Briggs, Mannersley and Fig Tree Hill tenements in Queensland.

**Figure 1 Briggs Copper Project Location**



Under the Terms Sheet, AFR will subscribe for 8,333,333 ordinary shares in Canterbury at 12c each (a ~18% premium to the 15-day VWAP) for a total investment of ~\$1.0 million. This will result in AFR holding 6.93% of the issued capital after the transaction. AFR will also be granted 3.0 million options over ordinary CBY shares exercisable at \$0.24 per option on or before to 31 December 2023. If all options are exercised by AFR, this will result in AFR holding 9.20% of the issued capital<sup>1</sup>. The shares and options will be issued using CBY’s placement capacity under ASX Listing Rules 7.1 and 7.1A.

The subscription by AFR secures an exclusive option (“Option”) to acquire an interest in the Project, provided AFR spends \$750,000 on exploration expenditure before 31 July 2022.

Subject to meeting the Option expenditure commitment before 31 July 2022, AFR may exercise the Option to enter a staged earn-in to form an unincorporated joint venture and earn up to a 70% interest in the Project. The earn-in comprises three stages, each sole-funded by AFR:

1. \$2.25M in exploration expenditure to earn a 30% interest within 2 years of exercising the Option;
2. a further \$3.0M in expenditure to reach 51% interest within 4 years of exercising the Option; and
3. a further \$10.0M in expenditure to reach a 70% interest within 9 years of exercising the Option.

Upon AFR reaching a 70% project interest, the joint venture will become a contributing joint venture funded pro-rata by each party, and subject to industry standard funding and dilution provisions. If AFR completes

<sup>1</sup> On a fully diluted basis on the basis of current issued capital and assuming ESOP options are not exercised.

the Stage 1 and 2 earn-in phases but elects not to proceed with the Stage 3 earn-in, AFR's aggregate interest in the Project will be reduced from 51% to 49%. Full details of the commercial terms of the Terms Sheet are provided in Appendix 1.

### **Briggs Copper Project Background**

Canterbury holds 100% of the Briggs Copper Project, comprising the Briggs (EPM 19198), Mannersley (EPM 18504) and Fig Tree Hill (EPM27317) tenements which form a contiguous block, approximately 50km west of Gladstone (Figure 1). Gladstone is a major regional industrial centre and port in central Queensland and access to the prospect is via the sealed Dawson Highway, and then rural lanes and farm tracks. The Briggs deposit is located on freehold land that is currently used for cattle production.

Canterbury has been actively exploring in the area since 2017 when it acquired the Briggs and Mannersley tenements from Rio Tinto Exploration Pty Ltd ("Rio Tinto"). Rio Tinto retains a 1.5% NSR in relation to the Briggs and Mannersley tenements. The 100% Canterbury-owned Fig Tree Hill tenement was granted in August 2020.

Exploration by Canterbury has focussed on the Central Porphyry zone within the Briggs tenement. This includes a significant diamond drilling campaign during 2019 which outlined a large-scale, low-grade copper resource estimated as 142.8Mt at 0.29% Cu (at a 0.2% Cu cut-off grade).

The Central Porphyry zone at Briggs is a porphyritic granodiorite stock with dimensions more than 500m x 200m. It is one of at least three intrusive centres which make up the overall Briggs prospect. Mineralisation occurs in stockworks of quartz veins containing quartz, chalcopyrite, minor molybdenite, potassium feldspars and locally anhydrite. Biotite alteration is also present in the immediately adjacent host rocks.

Drilling indicates that the highest copper grades are associated with sub-vertical banded silica bodies at the contacts between different intrusive phases, or in the volcanic sediments immediately adjacent to the granodiorite intrusions. Significant opportunity to increase average grades at the Central Porphyry is present once these positions are drilled to a higher density.

The Northern and Southern Porphyries occur along strike from the Central Porphyry and show evidence of porphyry vein stockworks and banded silica bodies at surface like those seen at the Central Porphyry, along with copper anomalism in soil sampling. Limited drilling at both prospects has intersected similar mineralisation at similar grades to the Central Porphyry and represent immediate targets for further resource delineation drilling.

The overall intrusive centre appears to be at least 2,000m long, is elongated along a prominent WNW to NW trending structural corridor and extends into untested ground held in the Fig Tree Hill EPM to the northwest, providing significant potential to increase the overall size of the resource.

### **AFR Initial Exploration Plan**

During the Option period, AFR proposes initial exploration programs comprising:

1. Grid based soil sampling over the Briggs porphyry system on a nominal 100m x 50m spacing. A total of approximately 1,500 samples will be collected. Results from this survey will be used to guide future drilling programs.
2. A program of reverse circulation drilling at Briggs will be undertaken to test for strike extensions of known mineralisation and for higher grade positions within and adjacent to the current Inferred Mineral Resource, particularly those associated with the enclosing mineralised volcanic sediments and with quartz rich zones within the resource.

Subject to Covid-19 restrictions and precautions, these programs are expected to commence in September 2021.

**COMPETENT PERSON'S STATEMENT**

The technical information in this report which relates to Exploration Results is based on information compiled by Mr Michael Erceg, MAIG RGeo. Mr Erceg is an Executive Director of Canterbury Resources Limited and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Erceg consents to the inclusion in this report of the matters based on that information in the form and context in which it appears.

The information in this report that relates to the Estimation of Mineral Resources, has been prepared by Mr. Geoff Reed, who is a Member of the Australasian Institute of Mining and Metallurgy and is a Consulting Geologist of Bluespoint Mining Services (BMS). Mr. Reed is a geologist with over 20 years of diverse mining and exploration industry experience with various major mining and junior exploration companies in Australia. Mr. Reed's strength is in the analysis and calculation of resources for both operating mines and development projects. Mr. Reed has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Geoff Reed consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**DISCLAIMER**

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)", "potential(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves, grade, planned mining dilution and ore loss, or recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events. The term "Canterbury" must be loosely construed to include the subsidiaries of Canterbury Resources Limited where relevant.

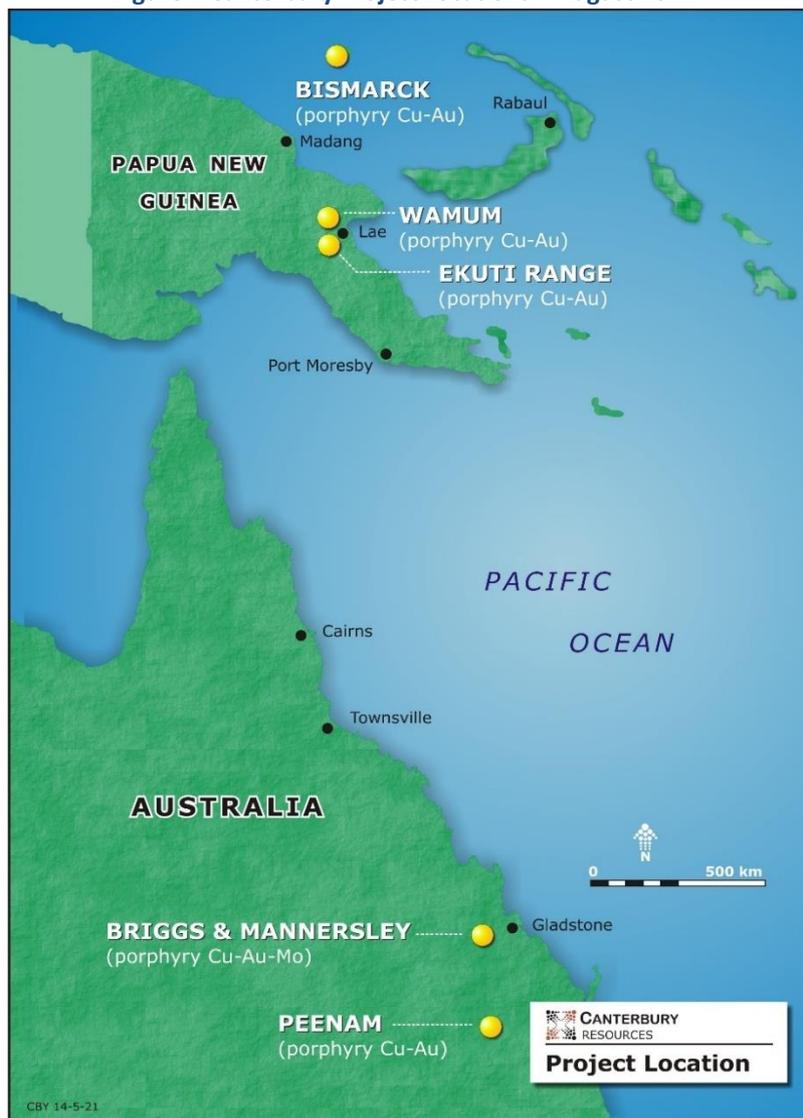
### ABOUT CANTERBURY RESOURCES LIMITED

Canterbury Resources Limited (ASX: CBY) (“Canterbury” or the “Company”) is an ASX-listed resource company focused on creating shareholder wealth by generating and exploring potential Tier-1 copper-gold projects in the southwest Pacific. It has a strong portfolio of projects in Australia and Papua New Guinea that are prospective for porphyry copper-gold and epithermal gold-silver deposits. The Company is managed by an experienced team of resource professionals, with a strong track record of exploration success and mine development in the region. It periodically forms partnerships with major resource companies to defray risk and cost.

Canterbury’s portfolio includes multiple projects that are at the advanced exploration phase. Each project provides potential for the discovery and/or delineation of large-scale copper ( $\pm$  gold,  $\pm$  molybdenum) resources. Initial Mineral Resources have been estimated at three deposits:

Project	Deposit	Category	Cut-off	Mt	Au (g/t)	Cu (%)	Au (Moz)	Cu (kt)
Wamum	Idzan Creek	Inferred	0.2g/t Au	137.3	0.53	0.24	2.34	327
Wamum	Wamum Creek	Inferred	0.2% Cu	141.5	0.18	0.31	0.82	435
Briggs	Central Zone	Inferred	0.2% Cu	142.8	-	0.29	-	414
<b>Total</b>							<b>3.16</b>	<b>1,176</b>

Figure 2 Canterbury Project Locations – August 2021



## Appendix 1: Key Commercial Terms

All dollar amounts refer to Australian Dollars.

<b>Share Subscription</b>	<p>African Energy Resources Ltd (“<b>AFR</b>”) will subscribe for 8,333,333 new ordinary shares in Canterbury Resources Limited (“<b>CBY</b>”) at a price of \$0.12 per share for a total investment of \$999,999.96.</p> <p>The Share Subscription secures an exclusive Option for AFR over the Briggs, Mannersley and Fig Tree Hill EPMs (the “<b>Project</b>”) until 31 July 2022.</p>
<b>CBY Options</b>	<p>CBY will issue AFR 3,000,000 options, each convertible into one ordinary share in CBY, exercisable at \$0.24 per CBY Option prior to 31 December 2023.</p> <p>CBY will seek ratification of the issue of shares and issue of options by shareholder approval at its next annual general meeting.</p>
<b>Option</b>	<p>Upon completion of the Share Subscription, AFR will be granted an exclusive option to enter into an unincorporated joint venture agreement with CBY for the exploration and development of the Project, and to acquire up to a 70% legal and beneficial interest in the Project (“<b>Option</b>”).</p> <p>Exercise of the Option is conditional on AFR spending at least \$750,000 on exploration on the Project, which will include a detailed soil sampling program and ~3,000m of RC drilling on the tenements (“<b>Option Expenditure Commitment</b>”) on or before 31 July 2022 unless extended (up to a maximum of 6 months) due to a force majeure event (“<b>Option Expiry Date</b>”).</p>
<b>Earn-In Terms and Conditions</b>	<p>If AFR exercises the Option (“<b>Option Exercise Date</b>”), AFR’s earn-in rights will be as follows:</p> <ul style="list-style-type: none"> <li>• <b>Stage 1 Earn-In:</b> Expenditure of at least \$2,250,000 on exploration activities on the Project within 2 years from the Option Exercise Date to earn a 30% interest in the Project. AFR will have absolute discretion on the manner and on what tenements the expenditure is incurred, which may include additional drilling, enabling surveys, preliminary metallurgical studies, and a resource update.</li> <li>• <b>Stage 2 Earn-In:</b> Expenditure of a further \$3,000,000 on exploration activities on the Project within 4 years from the Option Exercise Date to earn a further 21% interest in the Project (resulting in a 51% interest in aggregate). AFR will have absolute discretion on the manner and on what tenements the expenditure is incurred, which may include additional drilling, a resource update, and a scoping study.</li> <li>• <b>Stage 3 Earn-In:</b> Expenditure of a further \$10,000,000 on exploration activities on the Project within 9 years from the Option Exercise Date to earn a further 19% interest in the Project (resulting in a 70% interest in aggregate). AFR will have absolute discretion on the manner and on what tenements the expenditure is incurred, which may include a prefeasibility study.</li> </ul> <p>Should AFR complete the Stage 2 Earn-In, but not elect to proceed with the Stage 3 Earn-In, AFR’s interest in the Project will reduce to 49%.</p>

<b>Farm-In and Joint Venture Agreement</b>	<p>As soon as practicable after the exercise of the Option, the parties will use all reasonable endeavours to negotiate in good faith a formal farm-in and joint venture agreement for the purposes of establishing an unincorporated joint venture ("<b>Joint Venture</b>") with respect to the Project upon completion of the Stage 1 Earn-In, pursuant to which:</p> <ul style="list-style-type: none"> <li>• The parties will establish a management committee, chaired by a representative of the largest participant.</li> <li>• AFR will be appointed as the manager of the Joint Venture and will remain the manager through the Earn-In period.</li> <li>• The Earn-in periods may be extended due to force majeure, provided that if such extension exceeds 12 months, or some other period agreed in writing between the parties, the parties agree to meet to discuss modifications to the Terms Sheet or the Farm-In and Joint Venture Agreement to consider a revised timetable.</li> <li>• The detailed structure and other terms related to the management, governance and administration will be consistent with industry practice for exploration, development and operating farm-ins and joint ventures.</li> <li>• At the end of the Earn-In period, the largest participant will be appointed as the manager and each participant Venturer will have an obligation to contribute to the expenditure of the Joint Venture on a pro rata basis or be subject to dilution provisions that are consistent with industry practice for exploration, development and operating farm-ins and joint ventures;</li> <li>• Each party will have a first right of refusal in respect of any proposed assignment or other disposal of the other party's participating interest. Each party's first right of refusal will be limited to a right to acquire the other party's participating interest on the same terms and conditions of any bona fide third-party offer received by the other party.</li> </ul>
<b>Ongoing Rio Tinto Exploration Rights</b>	<p>Rio Tinto Exploration Ltd ("<b>RTX</b>"), a previous owner of the Briggs EPM and the Mannersley EPM, will retain a 1.5% NSR over those tenements, and the right to a one-off cash payment of \$0.50 per tonne of copper equivalent metal in declared mining reserves, should a decision to mine be made over any deposit in either of those two tenements. The 1.5% NSR can be reduced to a 1% NSR by making a cash payment to RTX, equal to the fair market value of the 0.5% NSR at the time of a decision to mine.</p> <p>RTX will also retain certain rights under Sale and Purchase Agreement entered into with CBY and Canterbury Exploration dated 9 February 2017 ("<b>SPA</b>") in connection with the Briggs EPM and Mannersley EPM, and AFR will be required to enter into a deed of assumption in relation to the SPA upon completion of the Stage 1 Earn-in.</p>