

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 st 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

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FINANCIAL SERVICES GUIDE

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AFSL 456663

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- how we transact with you
- how we are paid, and
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