

September 2021 Quarterly Activities Report

Highlights

- **Execution of Strategic Partnership Agreement and MOU with MCC-CIE**
- **Receipt of strong local community support for the Minim Martap Project**
- **Successful \$6.2 million placement to institutional and sophisticated investors to advance Minim Martap Project**

Canyon Resources Limited (ASX:CAY) (Canyon or Company) is pleased to report on activities at its projects including its 100%-owned Minim Martap bauxite project (Project) in Cameroon, for the quarter ended 30 September 2021.

The September quarter focussed on progressing matters in relation to the receipt of a Mining Permit for the world class Minim Martap Bauxite Project in Cameroon, including the firming up of the Company's balance sheet to progress further work. Pleasingly for the Company, there remains strong support for the Project at both the Cameroonian Government and local stakeholder level.

Execution of Strategic Partnership Agreement and MOU with MCC

On 26 August 2021, the Company announced that it had entered into a Strategic Partnership Agreement and MOU with Zhongye Changtian International Engineering Corporation of MCC (MCC-CIE), the mining engineering division of global mining giant Metallurgical Corporation of China (MCC). The agreement follows the awarding of the bankable feasibility study (BFS) contract for the development of Stage 1 of the Project to MCC-CIE in December 2020.

The Strategic Partnership Agreement and MOU states that "In accordance with good cooperation between the parties during the BFS, Canyon and MCC-CIE shall commence a Comprehensive Strategic Partnership. MCC-CIE, as the Strategic Partner, would offer necessary assistance to Canyon in facilitating the off-taking and financing for the Project in China. MCC will also provide all necessary support to assist Canyon in technical, business off-taking and financial related issues, etc."

Post the signing of the Strategic Partnership and MOU, MCC representatives alongside the Canyon team, including Managing Director, Phil Gallagher met with officials from the Government of Cameroon to present the merits of the Strategic Partnership, with feedback received thus far being very positive.

Key details of the MOU and Strategic Partnership Agreement are:

- The parties have commenced a Comprehensive Strategic Partnership and will immediately hold regular meetings to promote the financing and execution of the Project.
- MCC-CIE will provide Canyon with all necessary support within its capacity to assist Canyon in technical, business, off-taking and financing related issues.
- The Strategic Partnership Agreement and MOU remains in force until 31 December 2022 unless extended.

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- The parties agree to reach a more comprehensive legally binding agreement for the implementation of the Project to replace the non-binding relationship established through the MOU and Strategic Partnership Agreement.

About MCC

MCC-CIE is a member of the China Minmetals Corporation, and a subsidiary of Metallurgical Corporation of China (MCC). China Minmetals ranks 65th among the Fortune Global 500 companies with revenue of US\$102 billion, and is a world-class metal and mining corporation. MCC is the world's largest metallurgical and mining construction contractor and operation service provider, ranking 8th among Engineering News Record's (ENR) Top 250 Global Contractors. MCC has the capacity, knowledge, experience, and skills to undertake various projects all over the world including, mining, roads, bridges, water treatment, power plants, iron and steel plants, cement plants, etc.

Minmetals is engaged in the production and trading of metals and minerals, including bauxite, alumina, aluminium, copper, tungsten, tin, antimony, lead, zinc, and nickel. Minmetals is a joint venture partner for the mining and processing of bauxite in Jamaica and has interests in aluminium production in China.

Canyon receives strong community support of the Minim Martap Project

On 30 August 2021, the Company announced that it had received letters of support from the traditional leaders and elders of the region local to the Project. This included the Governor of the Adamaoua Region, Lamido of Ngaoundere, Sous-Prefet of Martap and Chiefs of the villages of Haleo, Makor, Minim and Martap.

This written recognition of support for and acknowledgement of the significance of the Project to the local communities indicates Canyon's strong social licence to operate and develop the Project. This is significant for the Company and demonstrates the positive impact Canyon continues to have with local communities and key stakeholders, confirming an overwhelming support for development of the Project.



Figure 1: Camalco management team with the Lamido of Ngaoundere at his traditional Palace

Successful \$6.2 million placement

In August 2021 Canyon announced a successful placement of 77,257,157 new shares to institutional and sophisticated investors at \$0.08 per share to raise approximately \$6.2 million (before costs). This included a pro-rata participation in the Placement by the Company's major shareholder, Mr Peter Su.

Funds from the Placement will be used for:

- delivery of the Minim Martap Project Feasibility Study and other Project deliverables;
- advancing strategic Project and off-take discussions; and
- corporate overheads and general working capital.

Exploration Activities

During the June quarter the Company undertook grade-definition drilling, bulk sampling, chemical testwork and metallurgical testing with an associated cash outflow of approximately \$1.354 million as disclosed in the Appendix 5B dated-29 October 2021.

Corporate

During the period, a General Meeting of Shareholders was held to ratify the issue of shares under the Placement and approve the issue of Shares to Mr Peter Su (a Related Party of the Company).

Payments to Related Parties

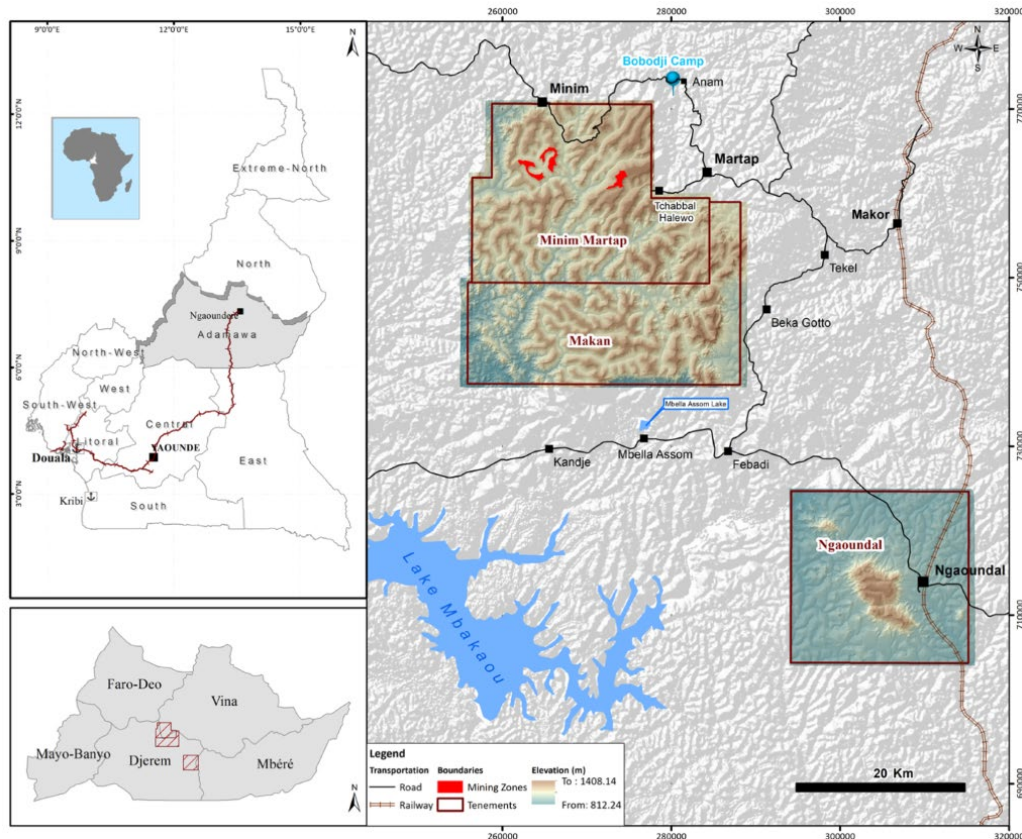
Payments totalling approximately \$257k were made to related parties of the Company during the quarter ended 30 September 2021, as shown in the Appendix 5B dated 29 October 2021. These payments related to executive director salaries and non-executive directors' fees.

About Canyon Resources

Summary

Canyon Resources is focussed on the development of the 100% owned Minim-Martap Bauxite Project, a direct shipping ore (DSO) project development opportunity in central Cameroon. The Project is situated adjacent to the main rail line linking the region to the Atlantic port of Douala. The rail line is currently underutilised and coupled with the existing port of Douala, supports a low capex, low opex solution to deliver high grade, low contaminant, seaborne bauxite to market to fuel the large and growing aluminium industry as described in the 2020 Pre-Feasibility Study. The country is planning a rail extension and is undergoing rail line debottlenecking upgrades, giving longer term potential for export through the newly built, deep-water port of Kribi.

Canyon is planning the development of the bauxite Project in a 2 Stage, 2 Port execution programme with initial production exported through the port of Douala utilising the existing rail and port infrastructure and Stage 2 unlocking tonnes and reducing costs by utilising the planned rail extension to access the deep-water port of Kribi.



Pre-Feasibility Study

The Company's previously released **Stage 1 Pre-Feasibility Study** demonstrated the Minim Martap Bauxite Project's potential as a long-term producer of very high quality, low contaminant bauxite via a multi-stage development program utilising existing infrastructure in Cameroon. Canyon is advancing strategic partnership and off-take agreement discussions with interested parties to accelerate the Project development timeline. The headline economic outcomes of the Pre-Feasibility Study are as follows:

Minim Martap Project ¹	Units	Stage 1
Annual Production Rate	Mtpa	5.0
Project Development Capital	US\$M	120
Average Operating Cost C1	US\$/t	35.1
Project NPV ₁₀	US\$M	291
Project IRR	%	37
Capital Intensity	US\$/t	24

Resources and Reserves

The Project is validated by the **Ore Reserve estimate**, (ASX announcement 25 May 2021), prepared by a Competent Person, in accordance with the JORC Code (2012) and is presented as:

Reserve			
Classification	Tonnes (Mt)	Al ₂ O ₃	SiO ₂
Proven	99.1	51.6%	2.4%
Probable	-		
Total Ore Reserves	99.1	51.6%	2.4%

The underlying **Mineral Resource estimate** (ASX announcement: 11 May 2021) prepared by a Competent Person, in accordance with the JORC Code (2012) is stated as:

Resource (35% Al ₂ O ₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	1,027	45.3% Al ₂ O ₃	2.7% SiO ₂
Measured	382	47.3% Al ₂ O ₃	2.7% SiO ₂
Indicated	597	44.2% Al ₂ O ₃	2.7% SiO ₂
Inferred	48	43.2% Al ₂ O ₃	3.7% SiO ₂
Contained High Grade Resource (45% Al ₂ O ₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	500	49.0% Al ₂ O ₃	2.6% SiO ₂
Measured	268	49.7% Al ₂ O ₃	2.6% SiO ₂
Indicated	218	48.3% Al ₂ O ₃	2.5% SiO ₂
Inferred	14	47.3% Al ₂ O ₃	2.8% SiO ₂

Competent Person's Statement – Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled or reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and is currently employed by Mining Plus (UK) Ltd. Mr Battista has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code).

Mr Battista consents to the disclosure of information in this report in the form and context in which it appears.

Competent Person's Statement – Mineral Resources

The information in this announcement that relates to mineral resources is based on information compiled or reviewed by Mr Mark Gifford, an independent Geological expert consulting to Canyon Resources Limited. Mr Mark Gifford is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Mr Gifford consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

Mineral Resource estimate

The data in this announcement that relates to the Mineral Resource estimates for the Minim Martap Bauxite Project is based on information in the Resources announcement of 11 May 2021 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

Pre-Feasibility Study

The data in this announcement that relates to the Pre-Feasibility Study⁴ for the Minim Martap Bauxite Project and associated production targets and forecast financial information, is based on information in the PFS announcement of 1 July 2020. and available to view on the Company's website and ASX.

The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.

Ore Reserve estimate

The data in this announcement that relates to the Ore Reserve estimate⁵ estimates for the Minim Martap Bauxite Project is based on information in the Ore Reserve update announcement of 25 May 2021 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

Forward looking statements

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Canyon, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'potential', 'project', 'seek', 'will' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Canyon that could cause Canyon's actual results to differ materially from the results expressed or anticipated in these statements.

Canyon cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Canyon does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

This announcement has been approved for release by the Board

Enquiries:

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CANYON RESOURCES LIMITED – INTEREST IN MINERAL PROPERTIES

Permits	Location	Interest at 30 December 2020	Interest at 30 September 2020
<u>MINIM MARTAP PROJECT</u>			
Ngaoundal	Cameroon	Own 100%	Own 100%
Minim Martap	Cameroon		
Makan	Cameroon		
<u>BIRSOK BAUXITE PROJECT</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Ndjimom (Mayouom Project)	Cameroon	Own 100%	Own 100%
<u>TAPARKO NORTH PROJECT</u>			
Karga 2	Burkina Faso	Own 100%	Own 100%
Bani	Burkina Faso		
Diobou	Burkina Faso	Rights to 100%	Rights to 100%
Tigou	Burkina Faso		
<u>TAO PROJECT</u>			
Tao	Burkina Faso	Own 100%	Own 100%
<u>PINARELLO PROJECT</u>			
Sokarani	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
Niofera	Burkina Faso		
Baniera	Burkina Faso		
Sokarani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<u>KONKOLIKAN PROJECT</u>			
Konkolikan	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
<u>DEROSA PROJECT</u>			
Bompela	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	15% interest in joint venture with Rumble Resources Ltd
Sapala	Burkina Faso		

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Canyon Resources Limited

ABN

13 140 087 261

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(570)	(570)
(e) administration and corporate costs	(341)	(341)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(910)	(910)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment	(5)	(5)
(d) exploration & evaluation	(1,354)	(1,354)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	3	3
	(d) investments	137	137
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1,219)	(1,219)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,639	5,639
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(411)	(411)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	5,228	5,228

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,684	2,684
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(910)	(910)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,219)	(1,219)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,228	5,228

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(14)	(14)
4.6	Cash and cash equivalents at end of period	5,769	5,769

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,769	2,684
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,769	2,684

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	257
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(910)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,354)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,264)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,769
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	5,769
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.55
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021

Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.