

Canyon executes strategic agreement with major engineering firm MCC-CIE for BFS

Highlights

- **Canyon executes agreement** with leading Chinese engineering, procurement, and construction company MCC-CIE for the 1 billion tonne, high grade, Minim Martap Bauxite Project.
- **Contract is for the completion of the Minim Martap BFS** and will introduce broader funding options.
- **MCC-CIE is a major engineering firm** with a proven track record in the development of international mining projects.
- **MCC's parent company China Minmetals Corporation** is one of China's major multinational conglomerates and is **active in global bauxite mining and refining**.
- Canyon will **be recommencing in-country face-to-face commercial and legal discussions** with the representatives of the Government of Cameroon, Camrail and the Port Authority of Douala in January 2021.
- Canyon's **Minim Martap Project is adjacent to the existing rail line to Douala, the proposed Stage 1 export port¹** and contains a **1 billion tonne Mineral Resource Estimate²**. The Project is in the BFS stage.

Canyon Resources Limited (ASX: CAY) (**Canyon, Company**) is pleased to announce the execution of a bankable feasibility study (**BFS**) contract with leading Chinese engineering, procurement and construction (**EPC**) firm Changtian International Engineering Corporation of MCC (**MCC-CIE**), for the development of Stage 1 of Canyon's Minim Martap bauxite Project (**Project**). MCC-CIE is part of China Metallurgical Group Corporation (**MCC**), which is a wholly owned subsidiary of China Minmetals Corporation (**Minmetals**).



MCC-CIE is one of China's leading EPC companies and is a one-stop-shop for the project development life cycle, incorporating feasibility studies, engineering design, metallurgical infrastructure development, heavy industry projects and equipment manufacturing. MCC-CIE works extensively with leading banks in China and as part of the BFS scope will ensure that the BFS is compliant to the requirements of those funding institutions. The scope of the BFS work program will preserve broader funding source options for the Project.

MCC was founded in 1950 and is now one of the largest metals and minerals trading companies in the world, and the largest iron and steel trader in China. MCC has interests in various mining projects globally, including

¹ ASX announcement 01 July 2020

² ASX announcement 08 October 2020

as the current EPC contractor for the US\$277M Nachu graphite project in Tanzania and operator of the Ramu nickel-cobalt mine in Papua New Guinea.

Minmetals is a major international metals and mining corporation with over US\$86 billion in revenue and more than 200,000 employees. Minmetals possesses a vertically-integrated production chain with metal and mineral business at its core, engaging in the production and trading of metals and minerals, including bauxite, alumina, aluminium, copper, tungsten, tin, antimony, lead, zinc, and nickel. Minmetals participates in a Joint Venture for the mining and processing of bauxite in Jamaica and has interests in aluminium in China.

Canyon Managing Director Mr Phillip Gallagher said, *“Canyon will deliver a BFS for the Minim Martap Project in 2021 and the contract with our new partner in MCC-CIE forms a core part of that delivery. The BFS will provide all the required technical inputs for obtaining a mining permit in Cameroon. MCC-CIE is a leading EPC contractor with substantial African mining experience.*

“Beyond the study itself, we have secured a strategic partner in MCC-CIE who will work with Canyon to deliver this world class Project and whose connection with the broader Minmetals group will be instrumental in our upcoming discussions in regard to Project offtake and funding arrangements.”

Canyon Director of Projects Mr James Durrant said, *“We are very pleased to be partnering with world-class and diversified engineering and construction firm MCC-CIE and we look forward to working together to progress the project through the BFS phase and beyond. We thank Mr Peter Su, our recent strategic investor in Canyon, who assisted with appropriate introductions.”*

The scope of the BFS contract includes the mine and port infrastructure. A specialist engineering group will be engaged separately for the rail component of the BFS, and this appointment is in the final negotiation stage. Australian-based Mining Plus who managed the PFS has been retained to focus on Resource and Reserve development and mining contract tendering, and to ensure continuity of transition and learnings from PFS to BFS.

Canyon is nearing completion of the assembly of the BFS team of employees, consultants and partners and will be re-commencing in-country face-to-face commercial and legal discussions with the representatives of the Government of Cameroon, Camrail and the Port Authority of Douala in January 2021.

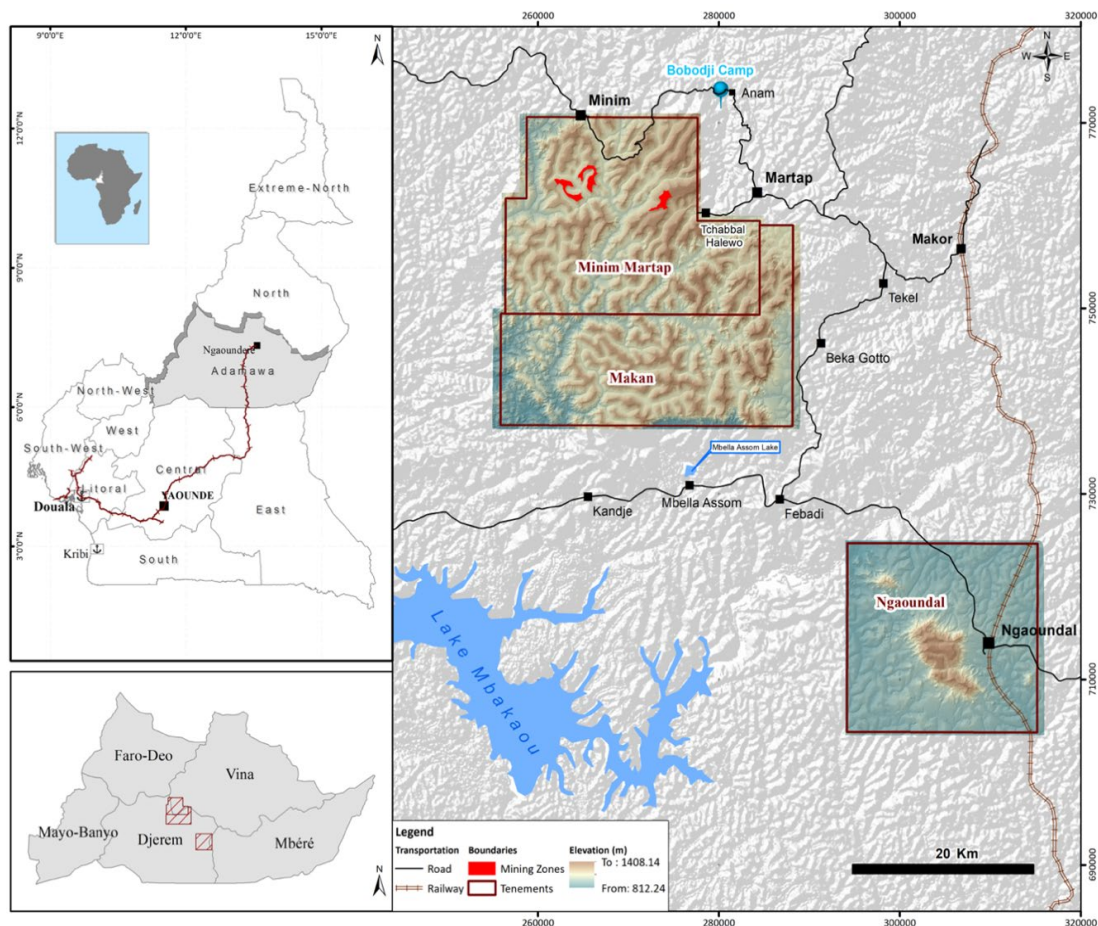
About Canyon Resources

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 Study³. 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 port of Kribi.

³ ASX announcement 01 July 2020



Pre-Feasibility Study

The Company’s recently released Stage 1 Pre-Feasibility Study⁴ 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 estimate⁵, 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	-	-	-
Probable	97.3	51.1%	2.3%
Total Ore Reserves	97.3	51.1%	2.3%

⁴ ASX announcement 01 July 2020

⁵ ASX announcement 10 August 2020

The underlying **Mineral Resource estimate**⁶, prepared by a Competent Person, in accordance with the JORC Code (2012) is stated as:

Resource (35% Al₂O₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	1,002.0	45.2% Al ₂ O ₃	2.8% SiO ₂
Indicated	942.5	45.2% Al ₂ O ₃	2.8% SiO ₂
Inferred	59.5	43.8% Al ₂ O ₃	3.1% SiO ₂
Contained High Grade Resource (45% Al₂O₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	484	48.8% Al ₂ O ₃	2.6% SiO ₂
Indicated	460	48.9% Al ₂ O ₃	2.6% SiO ₂
Inferred	24	47.4% Al ₂ O ₃	2.0% 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 Resource⁷ estimates for the Minim Martap Bauxite Project is based on information in the Resources announcement of 08 October 2020 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

⁶ ASX announcement 08 October 2020

⁷ ASX announcement 08 October 2020

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 Study⁸ for the Minim Martap Bauxite Project and associated production targets and forecast financial information, is based on information in the PFS announcement of 01 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 estimate⁹ estimates for the Minim Martap Bauxite Project is based on information in the maiden Ore Reserve announcement of 10 August 2020 and available to view on the Company's website and ASX.

The company confirms that the 2020 Mineral Resource estimate has no material impact to the Ore Reserve estimate.

The Company confirms that it is not aware of any additional 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.

About Cameroon

Canyon Resources Ltd is exploring and developing high grade bauxite reserves in Cameroon, a central-west African country between Nigeria and Equatorial Guinea with Yaounde as the capital. The country has enjoyed the development of industry and infrastructure, particularly agriculture, roads, railways and ports and including a hydro-electric powered aluminium smelter at Edea, currently utilising imported alumina. Cameroon is a producer, consumer and exporter of gas, having exported 6,262,113 million BTU by the end of May 2020, and crude oil and has rich deposits of cobalt, iron ore, gold, diamonds and vast high grade bauxite ore reserves. Revenues from the extractive industries accounted for 5.43% of GDP and 33.23% of total exports in 2015. Cameroon has the fundamental infrastructure and mineral deposits to support a significant mining industry and the population is generally highly skilled in the technical vocations commensurate to exploration, construction and mining.

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.

⁸ ASX announcement 01 July 2020

⁹ ASX announcement 10 August 2020

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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

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