

March 2021 Quarterly Activities Report

Highlights

- Canyon hosted a VIP site visit for the Minister of Mines, the Secretary of State and the Directors of the Ministry of Mines to the Minim Martap Project.
- The Minister formally announced the transition to the Mining Phase of the Project.
- Rick Smith was appointed Camalco Director General and to reside in Cameroon to advance the Project development and Mining License negotiations.
- The Port of Douala proposed a new deeper and even more suitable berthing location for Stage 1 exports.
- Grade Definition drilling program was completed following 111 infill holes resulting in 1,292m of air-core drilling across three priority plateaux.
- Hydrogeological drilling was completed following installation of 15 water bore monitoring holes.
- Camalco presented construction and operational contract and partnership opportunities to a group of nearly 60 Cameroonian business leaders.

Canyon Resources Limited (ASX: CAY) (**Canyon, Company**) is pleased to report on activities for the quarter ended 31 March 2021 focused on its 100%-owned Minim Martap Bauxite Project (**Project**) in Cameroon.

The focus of the quarter was the completion of works for the Bankable Feasibility Study (**BFS**) and the upcoming lodgement of the application for a Mining License for the Project.

Canyon Resources Managing Director, Mr Phillip Gallagher and Mr Rick Smith, Director General of Canyon's wholly owned Cameroon subsidiary Camalco Cameroon SA (**Camalco**) are currently both in Cameroon as part of the Company's process of achieving the Mining License for the Minim Martap Project.

Technical work continues on the Project in preparation for the commencement of construction, including road quarry surveys, hydrogeological surveys as well as continuing bauxite physical property testing.

VIP site visit to the Minim Martap Project

On Monday 25 January 2021, Mr Gallagher and Mr Smith hosted a visit to the Minim Martap Project site by His Excellency Gabrielle Ndoko, the Minister of Mines, accompanied by the Secretary of State to the Minister of Mines, the Governor of the Adamoua Region and other dignitaries.

The purpose of the site visit was for Camalco to present the results of the extensive exploration and geological research completed by the Company since being granted the exploration permits and to discuss the development plans for the Project with the Minister of Mines.

Presentations and meetings held at the towns of Martap and Minim were chaired by the Minister of Mines and attended by local dignitaries and representatives from the local villages.



Figure 1: Managing Director Phillip Gallagher, with the Governor of the Adamoua Region, the Minister of Mines, Industry and Technological Development, and the Secretary of State to the Ministry of Mines

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The meetings were overwhelmingly positive, and the Minister of Mines announced publicly that the Minim Martap Project would now be transitioning to the mining phase of development.

Appointment of new Director General of Camalco Cameroon SA

In January 2021 the Company appointed Mr Rick Smith as Director General of Camalco. Mr Smith has been employed at Canyon since March 2020 as Chief Development Officer and he agreed to accept the role of Director General and base himself in Cameroon for the upcoming crucial periods involving submission of the mining licence application, delivery of the feasibility study and ultimately the commencement of construction of the Project.

Mr Smith was previously a senior executive within Guinea Alumina Corporation (**GAC**), who successfully commissioned the USD\$1.4 billion GAC Project. The bauxite mine is located in Tinguilinta, Guinea and is West Africa's newest bauxite mine that will export 12 million tonnes per annum through its Kamsar bauxite port facilities commissioned in Q3 2019.

Improved Port Berthing Site

During January 2021 senior management at the Port of Douala proposed a new and higher capacity berthing site for Canyon.

The proposed potential new berthing site has direct rail access within 100m of the berth. The water at the berth is approximately 9m deep and it is located on the Wouri Estuary. The site currently has an unused warehouse which will be demolished for the bauxite operations.

Canyon is working with the Port of Douala to potentially incorporate the technical details of the proposed new berthing area into the upcoming BFS.

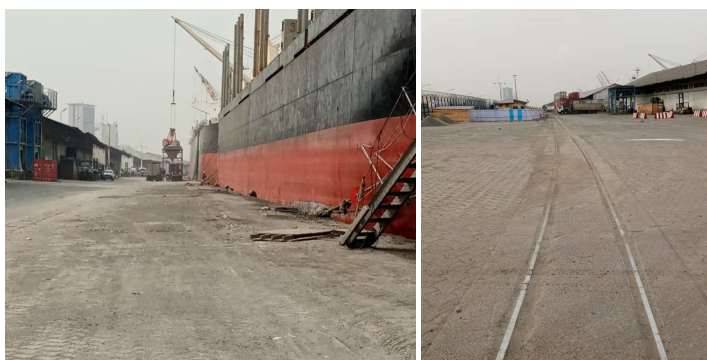


Figure 2: Proposed new berthing area at the Port of Douala with handimax ship berthed and direct rail access

Completion of Grade Definition and Hydrogeological Drilling

On 11 February 2021 the Company announced the completion of Technical Drilling for the BFS on the Minim Martap Project.

The Technical drilling was split into two sections: Grade Definition Programme, and Hydrogeological Programme. Both were designed to increase the understanding and to upgrade the classification of the Minim Martap resource in support of the BFS currently underway.

The Grade Definition Programme comprised 111 infill holes resulting in 1,292m of air-core and 1,469 samples. Samples were taken at 1m intervals in line with previous drilling and sent for assaying at ALS laboratories in South Africa. A selection of the samples was sent for further metallurgical assessment.

The Hydrogeological Programme was designed to improve understanding of the ground water regime in support of BFS mine designs. A total of 15 water bores, average depth 15m, were installed across the three priority plateaux. The ground water monitoring programme, which has been ongoing since the start of the ESIA baseline surveys, has been expanded to include the additional points.

Data from these bores, along with broader hydrogeological and hydrological monitoring programmes, will contribute towards the technical and environmental understanding of the project area.

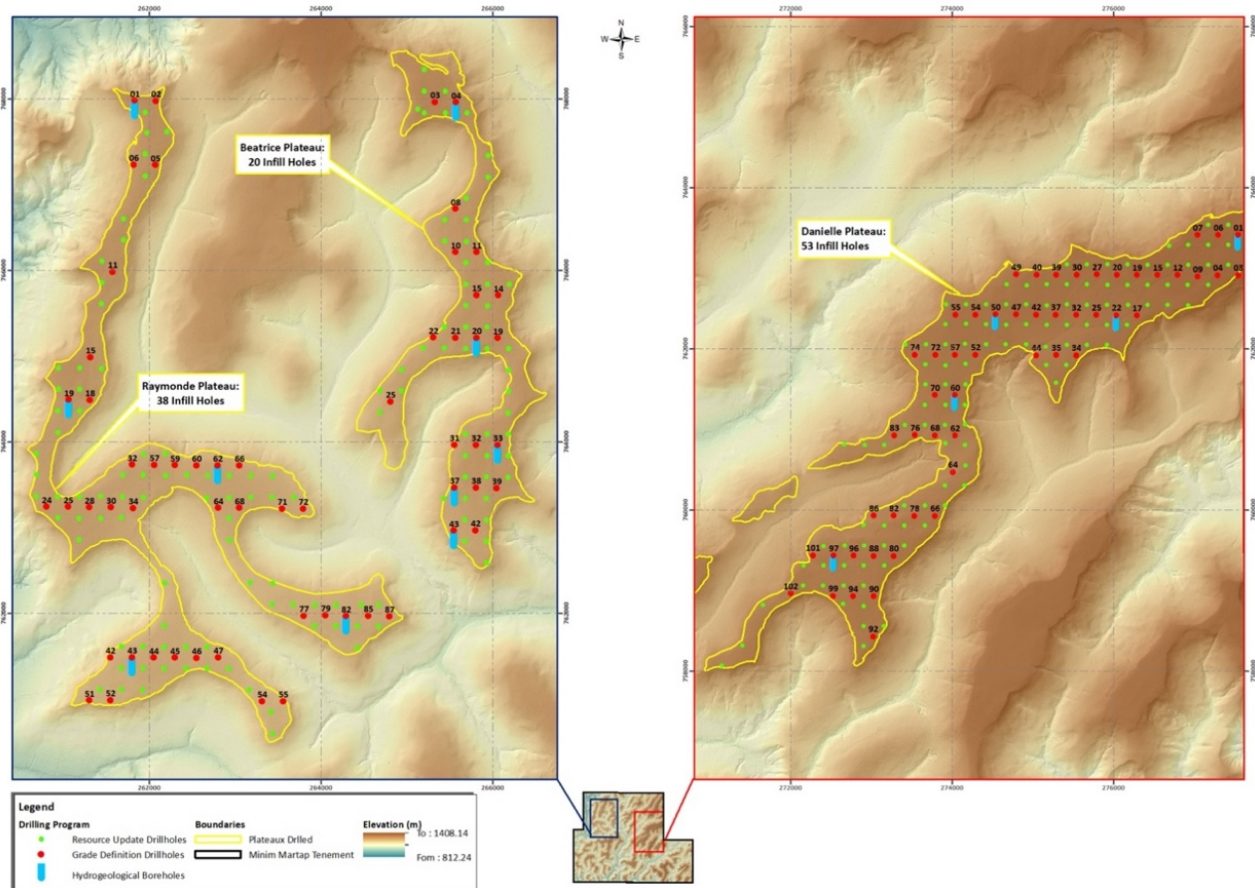


Figure 3: Summary of the grade definition and hydrogeological drilling programmes

Commencement of Local Business Content Program

On 17 March 2021 the Company held a successful business event between Camalco and GICAM, a professional commerce organisation representing major private sector businesses in Cameroon. The event invited over 60 Cameroon business leaders to share valuable information with local businesses interested in participating in the Project and to provide context on local content cost inputs in the BFS.

The objective of the event was to bring together the service and material providers of organisations selected as having the capacity to support and participate in the construction of the Project. Business representation at the event included equipment and parts suppliers, civil and earthworks contractors, fabrication and structural manufacturers, fuel providers, cement and aggregate suppliers, and technical support services including capabilities in recruitment, legal, accounting and engineering.



Figure 4: Attendees at the GICAM event and Mr Smith giving a media conference post the event

Canyon is committed to developing local content input into the Project and to assist local organisations to support and participate in its construction and on-going operations. Ensuring a significant portion of local

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content where possible will contribute to the local economies and skills and capability development, which will ultimately benefit to the Minim Martap Project and the local communities.

Exploration Activities

During the quarter ended 31 March 2021 the Company undertook exploration activities consisting of grade-definition and hydrogeological drilling and testing, bulk sampling, chemical testwork and other study work with an associated cash outflow of approximately \$2,451,000 as disclosed in the Appendix 5B dated 30 April 2021.

Corporate

On 26 March 2021, Canyon announced the resignation of Mr Dimitri Bacopanos as a Non-Executive Director and, subsequent to the quarter end, on 8 April 2021 the resignation of Mr Nick Allan as Chief Financial Officer and Company Secretary.

As at 31st March 2021 the Company had \$4,811,000 cash reserves.

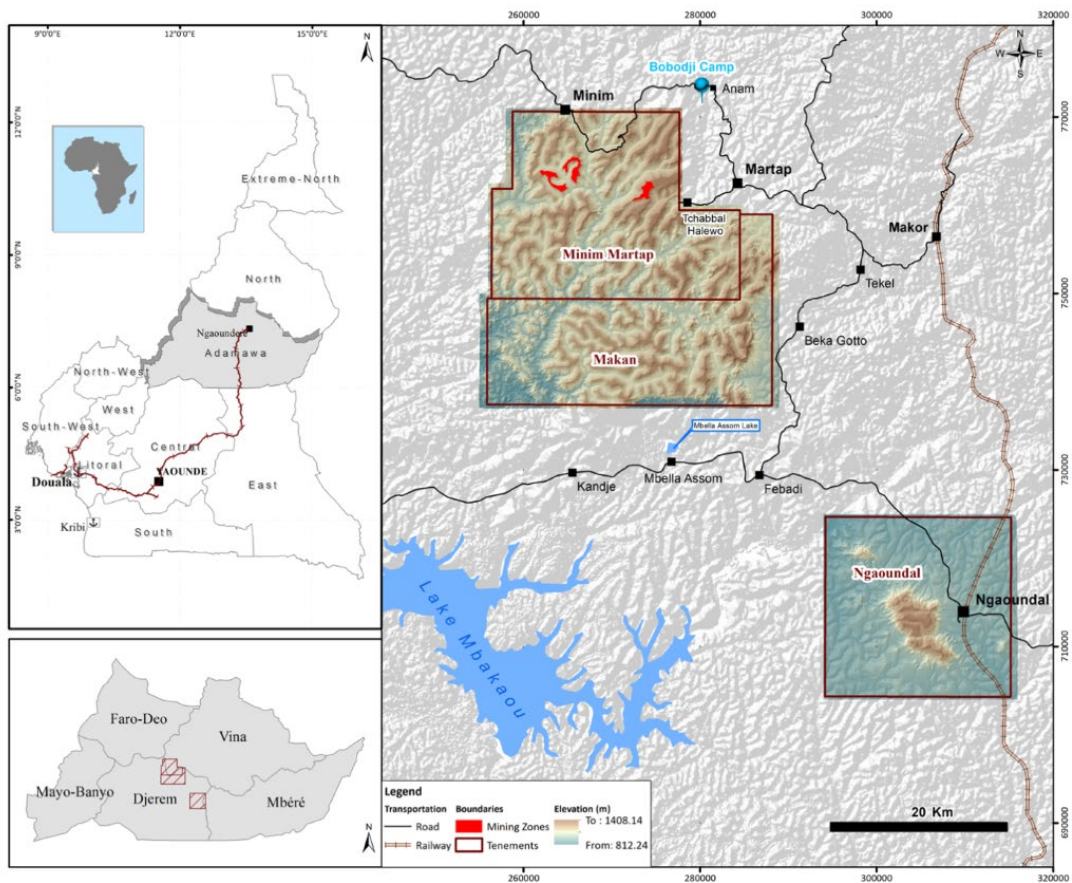
Payments totalling approximately \$168,000 were made to related parties of the Company during the quarter ended 31 March 2021, as shown in the Appendix 5B dated 30 April 2021. These payments related to executive director salaries and non-executive directors' fees

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 Study¹. 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 though 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.



¹ ASX announcement 1 July 2020

Pre-Feasibility Study

The Company's Stage 1 Pre-Feasibility Study² 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**³ prepared by a Competent Person, in accordance with the JORC Code (2012) and is presented as:

Reserve			
Classification	Tonnes (Mt)	Alumina	Silica
Proven	-	-	-
Probable	97.3	51.1% Al ₂ O ₃	2.3% SiO ₂
Total Ore Reserves	97.3	51.1% Al ₂ O ₃	2.3% SiO ₂

The underlying **Mineral Resource estimate**⁴ 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	1,002.0	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% Al ₂ O ₃ 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

² ASX announcement 1 July 2020

³ ASX announcement 10 August 2020

⁴ ASX announcement 16 October 2020

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 is being undertaken 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 is being undertaken 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 16 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 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 Study 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 estimate 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 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.

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.

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 31 March 2021	Interest at 31 December 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		
Tigou	Burkina Faso	Rights to 100%	Rights to 100%
<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")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(466)	(1,468)
(e) administration and corporate costs	(185)	(812)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	6
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	-	50
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(649)	(2,224)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		(2)
(d) exploration & evaluation	(2,451)	(3,846)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	5
	(d) investments		
	(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	(2,451)	(3,843)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	10,000
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	-	(666)
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	-	9,334

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,913	1,546
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(649)	(2,224)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,451)	(3,843)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	9,334

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(2)	(2)
4.6	Cash and cash equivalents at end of period	4,811	4,811

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	4,811	7,913
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)	4,811	7,913

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	168
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	(649)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,451)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,100)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,811
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	4,811
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.55
<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: Yes, the company expects that it will continue to have the current level of net operating cash flows for the time being.	
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: Yes, the company is currently engaged with corporate advisers and is reviewing funding options including the raising of additional capital by way of an issue of equity securities and, on the basis of advice received, believes that it will be successful in securing further funding.	

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: Yes, the company expects to be able to continue its operations and meet its business objectives based on the steps that is currently taking as set out in 8.8.2 above.

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: 30 April 2021

Authorised by: Board of Directors

 (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.