Announcement

6 October 2021



Confirmation of Rail Bridge Suitability for the 1 Billion Tonne Minim Martap Bauxite Project

Highlights

- Technical report from Camrail confirms all bridges on the Camrail rail line will be suitable for the planned tonnages for the Minim Martap Bauxite Project.
- The bridges are rated to a 20-tonne axle load, the rating required for the rail network to deliver greater than 5 million tonnes of bauxite per annum.
- Significant potential to exceed the 5Mtpa throughput base case.
- Review and final optimisation of the project BFS is progressing.

Canyon Resources Limited (ASX: CAY) (**Canyon**, or the **Company**) is pleased to announce that ongoing work to finalise the Company's Bankable Feasibility Study (**BFS**) for the 1 billion tonne Resource Minim Martap Bauxite Project (**Project**) has confirmed that all the bridges on the rail line will accommodate the 5Mt annual bauxite tonnage target.

The Company has received a report from Camrail confirming that all major bridges are suitable for the planned use and will not require additional upgrades for the Project to achieve the required tonnages. Upgrades currently underway on the rail track include increasing the final areas of the track to 54kg rail line. As a result, Canyon will not need to assign capital to upgrade the existing rail infrastructure for the Project.

The installation of heavier capacity rail on the entire track will allow for an increase to even greater tonnages per bauxite wagon, thereby increasing the total annual tonnage that can be transported on the rail. This provides significant potential upside to Project economics at the Project.

Canyon's Director of Rail and Port, Mr Andre Henry said: *"It is very positive to receive written confirmation from Camrail of the good condition and suitability of all the bridges on the rail line for our Project. The current Camrail upgrade program is well advanced. On the northern part of the track, this includes the upgrade of the rail track to 54kg rail, which will allow increases to the axle load to 20 tonnes on all the bridges. This in turn confirms that annual bauxite tonnages of at least 5Mt will be achieved and exceeded."*

"The rail is the most important logistical component of the Minim Martap Bauxite Project, and it is pleasing to have the final studies prove the suitability and reliability of the existing infrastructure for our Project."

Canyon's Managing Director, Phillip Gallagher said: *"Confirmation of the suitability of all bridges on the Camrail rail line from the operators themselves adds to our confidence that the ramp up to operation on the Project will be completed in a fast timeframe. It also highlights the positive working relationship between the Camalco team in Cameroon, Camrail and the Cameroon Ministry of Transport.*

The list of bridges and viaducts on the rail line are summarised below:

- 90 concrete deck bridges the longest being 513m, the second longest is 240m and the remainder are between 10m and 40m.
- 28 metal bridges the longest being 264m, two just over 100m and the remainder between 10m and 40m.

3 viaducts of 510m, 240m and 60m.

The upgrade of the rail to 54kg track between the towns of Belabo and Ngaoundere is progressing, and this is the last phase of rail upgrades on the track. The confirmation of the usable and suitable status of the bridges on the Camrail rail line will support the BFS concept for the Minim Martap Bauxite Project, and importantly supports and potentially exceeds the target throughput of 5Mtpa.









Figure 1: Examples of the different types of bridges on the Camrail rail line.

This announcement is authorised for release by the Board of Canyon Resources Ltd.

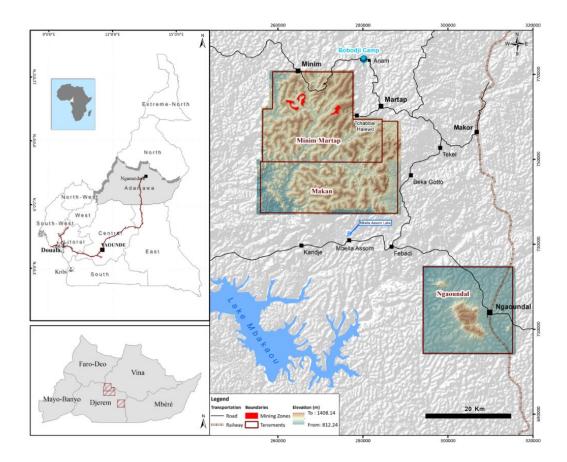
Phillip Gallagher Managing Director E: <u>info@canyonresources.com.au</u> T:+618 6382 3342 Lexi O'Halloran Investor and Media Relations E: lexi@janemorganmanagement.com.au

About Canyon Resources

Summary

Canyon is focussed on the development of its 100% owned Minim Martap Bauxite Project, a direct shipping ore (DSO) 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. Subsequent to the PFS, the mining costs have been updated to reflect cost inputs from mining contractors to demonstrate outcomes for mining contract, rather than owner operated, mining operations. The headline economic outcomes of the Pre-Feasibility Study and the subsequent update are shown below. Canyon is advancing strategic partnership and off-take agreement discussions with interested parties to accelerate the Project development timeline.

Minim Martap Project	Units	PFS (Owner Mining) ²	PFS (Contractor Mining) ³
Annual Production Rate	Mtpa	5.0	5.0
Project Development Capital	US\$M	120	109
Average Operating Cost C1	US\$/t	35.1	36.1
Project NPV ₁₀	US\$M	291	289
Project IRR	%	37	38
Capital Intensity	US\$/t	24	24

Reserves and Resources

The Project is validated by the **Ore Reserve estimate**³ prepared by a Competent Person, in accordance with the JORC Code (2012) and is stated as:

Reserve						
Classification	Tonnes (Mt)	Alumina	Silica			
Proved	99.1	51.6% Al ₂ O ₃	2.4% SiO ₂			
Probable	-	-	-			
Total Ore Reserves	99.1	51.6% Al ₂ O ₃	2.4% 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% Al₂O₃ 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

² ASX announcement 1 July 2020

³ ASX announcement 25 May 2021

⁴ ASX announcement 11 May 2021

Competent Person's Statement – Ore Reserves

The information in this announcement 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 announcement 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. 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 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 Study for the 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 Project is based on information in the maiden Ore Reserve 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.

About Cameroon

Canyon 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:

PHILLIP GALLAGHER | Managing Director | Canyon Resources Limited T: +61 8 6382 3342 E: <u>info@canyonresources.com.au</u>