

September 2022 Quarterly Activities Report

Key Events

- **Board restructure saw Mark Hohnen and Scott Phegan join to replace Cliff Lawrenson, Phillip Gallagher and Steven Zaninovich**
- **Positive discussions with critical government and community officials continued during the quarter**
- **Several potential strategic partners have been identified and discussions regarding partnership agreements have begun**

Canyon Resources Limited (ASX: CAY) ("Canyon" or "the Company") is pleased to report on activities at its projects including its 100%-owned Minim Martap Bauxite Project ("Minim Martap" or "the Project") in Cameroon, for the quarter ended 30 September 2022.

MINIM MARTAP BAUXITE PROJECT (100% CAY)

During the Quarter, the Company continued to look to build on progress and momentum gathered by the release of its positive Bankable Feasibility Study for the Project in June 2022.

Canyon attended meetings with senior Cameroon Government officials with a view to securing approvals for the grant of the Mining Permit for the development of the Project as well as continuing discussions with parties interested in pursuing joint venture and strategic partner arrangements.

Application for Mining Permit

Camalco Cameroon SA (Camalco), Canyon's wholly owned subsidiary in Cameroon, has completed the application process in Cameroon for the grant of the Mining Permit for development of the Project and all applications and negotiations have been successfully completed and submitted. Canyon's capacity to develop the Project has likewise been accepted by His Excellency the Minister of Mines, Industry and Technological Development. Notably, the period for the Government of Cameroon to object to the processing and approval of the Mining Permit application has passed.

Canyon management, including Chief Executive Officer, Mr Jean-Sebastien Boutet, continue to hold positive and constructive meetings with representatives of the Cameroon Government, including Prime Minister Ngute, who has personally expressed his support for the Project during the latest meetings. Canyon continues to actively lobby at all levels of government for the signing of the Mining Convention which remains the major focus of the Company and its management.

Joint Venture and Strategic Partner Process

Since the release of the Minim Martap Bauxite Project BFS, Canyon has seen increasingly strong interest from potential joint venture and strategic partners. The robust economics outlined by the BFS and the mining scheduling have highlighted the world class nature of the Project to offer long term, stable, high-grade bauxite. Importantly, refinery operators who are seeking a hedge against market and political volatility are generally seeking long term, stable, high-grade product. During the quarter, conversations have continued with multiple potential partners who are interested in the Minim Martap Bauxite Project with a view to securing long term supply.

The Company expects to commence a formal process of negotiations with potential partners, including off-take and strategic funding or equity partners in the near term.

MAKAN BAUXITE PERMIT

In addition to the Minim Martap Bauxite Project, the Company has continued to progress early-stage resource definition work and the identification of long-term Direct Shipping Ore (DSO) options at the Makan Permit. To date, the Makan Permit has not been as extensively explored as the Ngaoundal and Minim Martap Permits. As announced on the 7th of October subsequent to the end of the September quarter, the exploration activities for a new exploration program will focus on defining sufficient bauxite mineralization to develop sustainable long-term DSO operations to be included in the Minim Martap Bauxite Project.

The exploration activities planned will satisfy the requirements to maintain the Permit under the terms of the extension granted in February 2022. The program aims to improve the resource knowledge on this ground, eventually growing the existing contribution of the Permit into the Minim Martap mining schedule.

Exploration work planned for the coming half year includes the following:

- Continue target generation activities with the advancement of new pits on the greenfield plateaux.
- Dispatch pit samples for primary assay and the interpretation of assay results.
- Commence resource drilling on high grade plateaux defined by the target generation campaign.

GRANTING OF CERTIFICATE OF ENVIRONMENTAL COMPLIANCE

Post the Quarter and as announced on 24 October 2022, Canyon has received a Certificate of Environmental Compliance for the Minim Martap Bauxite Project from the Ministry of Environment.

The granted CEC was a result of a detailed Environmental Social Impact Assessment (ESIA) conducted by the Company. The ESIA included extensive public consultation of multiple stakeholders and local communities. The process has strengthened the relationship between Canyon and the community in the Adamawa region.

CORPORATE

Board Changes

As announced on 11 July 2022, Mr Phillip Gallagher concluded his role as Managing Director of the Company.

To drive the development of the Minim Martap Bauxite Project, Canyon CEO Mr Jean-Sebastien Boutet, an experienced bauxite executive, took over the leadership of the Company to finalise and drive the funding and construction phases of the Project.

In further Board restructure, on the 8 August 2022 the Company announced that Mr Cliff Lawrenson and Mr Steven Zaninovich had provided notice to the Company of their resignations as Non-executive Directors of the Company. In their place, the Company appointed experienced mining, bauxite, and alumina executives, Mr Mark Hohnen as Non-executive Chairman and Mr Scott Phegan as a Non-executive Director.

These Board changes came as part of Canyon's transition from explorer to developer at its 100% owned Minim Martap Project in Cameroon, with the Board refreshment being undertaken to better position the Company for its next stage of growth. The combined experience of Mr Boutet, Mr Hohnen and Mr Phegan across the development, operational and business development spectrum of bauxite/alumina industry will provide the necessary skillset to direct and support the Company into the future.

Extraordinary General Meeting (EGM)

The Company EGM was held on Wednesday, 10 August 2022. All resolutions put to a poll were carried.

Payments to Related Parties

Payments totalling approximately \$427,000 were made to related parties of the Company during the quarter ended 30 September 2022, as shown in the Appendix 5B dated 27 October 2022. These payments related to executive director salaries and non-executive directors' fees.

Exploration Activities

During the Quarter, expenditure on the Project totalled \$944,000 and was focussed progressing the Project towards execution of the formal Mining Convention as disclosed in the accompanying Appendix 5B.

This announcement has been approved for release by the Board

Enquiries:

JEAN-SEBASTIEN BOUTET
CHIEF EXECUTIVE OFFICER
Canyon Resources Limited
T: +61 8 9322 7600
E: info@canyonresources.com.au

Media/Investor Enquiries:

Jonathan van Hazel
Citadel-MAGNUS
T: +61 8 6160 4906
E: jvanhazel@citadelmagnus.com

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.

About Canyon Resources

SUMMARY

Canyon Resources is developing its flagship Minim Martap Bauxite Project in Cameroon, which contains over 1 billion tonnes of high-grade, low contaminant bauxite, with significant exploration upside.

Minim Martap is a world-class Project supported by a Bank Feasibility Study. Results from the Study confirmed Minim Martap as a robust long-term project, producing some of the highest-grade bauxite globally for an initial 20 years of mining.

The 20-year mining schedule represents only 10.6% of the current Minim Martap Resource and technical studies have identified opportunities for a significant future increase in production tonnages.

Cameroon has enjoyed successful development and construction of industry and infrastructure, particularly agriculture, roads, railways and ports, including a hydro-electric powered aluminium smelter at Edea, utilising imported alumina. Importantly, Cameroon provides a solid foundation to support a significant mining industry, from fundamental infrastructure and mineral deposits, to a highly skilled population with experience in technical vocations, exploration, construction and mining.

CANYON RESOURCES LIMITED – INTEREST IN MINERAL PROPERTIES

Permits	Location	Interest at 30 September 2022	Interest at 30 June 2022
<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%.
<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)

The Company advises that certain projects, being Taparko and Derosa, in Burkina Faso have lapsed due to inactivity and uncertain political situation in country.

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 2022

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 *	(623)	(623)
	(b) development		
	(c) production		
	(d) staff costs	(1,087)	(1,087)
	(e) administration and corporate costs	(426)	(426)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	3
1.5	Interest and other costs of finance paid	(1)	(1)
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	(2,134)	(2,134)

* exploration and evaluation was previously classified at 2.1 (d) and has been moved to 1.2 (a) in line with the accounting policy.

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(321)	(321)
	(e) investments		
	(f) other non-current assets		

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	-	-
	(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	(321)	(321)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	245	245
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	(14)	(14)
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	231	231

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,479	4,479
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,134)	(2,134)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(321)	(321)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	231	231

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	(1)	(1)
4.6	Cash and cash equivalents at end of period	2,254	2,254

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	2,254	4,479
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)	2,254	4,479

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	427
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)	(2,134)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(321)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,455)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,254
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	2,254
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.92
<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: During the September quarter, the Company made redundancy payout to several employees as part of its costs saving effort. The Company do not expect to incur this cost again in the future.	
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: The Company is considering funding options which will allow it to further progress its projects. The Company believes it will be able to raise further equity or debt, if and as required, as exhibited by the successful completion of placements of \$4.7 million completed in the June 2022 quarter, and additional \$231k (after raising costs) in the September 2022 quarter.	

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 to meet its business objectives based on its response to items 1 and 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:27 October 2022.....

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.