



Canyon Resources Limited

ABN 13 140 087 261

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

29 November 2023

Time of Meeting

2.00pm (AWST)

Place of Meeting

President's Room, The Celtic Club

48 Ord Street, West Perth, WA, 6005

A Proxy Form is enclosed or has otherwise been provided to you.

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the Proxy Form in accordance with the specified directions.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd for the purposes of the Shareholder approval required under item 7 of section 611 of the Corporations Act (see Resolution 5). The Independent Expert's Report is set out in Annexure C. The Independent Expert has concluded that the Proposed Transaction is not fair but reasonable to Shareholders (other than EEA and its Associates).

IMPORTANCE NOTICES AND DISCLAIMER

BACKGROUND

The Explanatory Memorandum, Independent Expert's Report and Proxy Form, which accompany and form part of this Notice of Meeting, describe in more detail the matters to be considered. The Directors recommend Shareholders read the Notice of Meeting, the accompanying Explanatory Memorandum, Independent Expert's Report and the Proxy Form in full before making any decision in relation to the Resolutions.

DEFINED TERMS

Capitalised terms not otherwise defined in this Notice of Meeting have the meaning given in the Glossary contained in the Explanatory Memorandum below.

DISCLAIMER AS TO FORWARD LOOKING STATEMENTS

This Notice of Meeting (which includes the Explanatory Memorandum, the Independent Expert's Report and the Proxy Form) contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. These forward looking statements are based on, among other things, the assumptions, expectations, estimates, objectives, plans and intentions of Canyon (and, to the extent applicable, Eagle Eye Asset Holdings Pte. Ltd.).

Forward looking statements are subject to inherent risks and uncertainties. Although Canyon believes that the expectations reflected in any forward looking statement included in this Notice of Meeting are reasonable, no assurance can be given that such expectations will prove to be correct. Actual events, results or outcomes may differ materially from the events, results or outcomes expressed or implied in any forward looking statement.

Except as required by applicable law or the Listing Rules, Canyon does not undertake to update or revise these forward looking statements, nor any other statement whether written or oral, that may be made from time to time by or on behalf of Canyon, whether as a result of new information, future events or otherwise. None of Canyon (nor any of its officers, employees or advisers) or any other person named in (including EEA), or involved in the preparation of, this Notice of Meeting, makes any representation or warranty (express or implied) as to the accuracy or likelihood or fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this Notice of Meeting reflect views held only as at the date of this Notice of Meeting. Forward looking information is by its very nature subject to uncertainties and can be affected by unexpected events, many of which are outside the control of the Directors of Canyon. Any variation to the assumptions on which the forward looking statements have been prepared could be materially positive or negative to the actual performance of Canyon.

Canyon and the Independent Expert do not in any way guarantee or otherwise warrant the achievability of any outcomes contemplated in any forward looking information. This type of information is inherently uncertain. Forward looking information represents predictions of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the Company and its management. Actual results may be more or less favourable.

NO ACCOUNT OF PERSONAL CIRCUMSTANCES AND NO OFFER OF SECURITIES

This Notice of Meeting does not take into account the individual investment objectives, financial or tax situation or particular needs of any person. You should seek independent legal, financial and taxation advice before making a decision as to whether or not to vote in favour of the Resolutions.

This Notice of Meeting is not an offer, invitation or recommendation to subscribe for or purchase securities in Canyon and is not a disclosure document. This Notice does not constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision.

RISK FACTORS

Shareholders should note that whilst there are many potential benefits to them if the Strategic Investment proceeds, there are also a number of disadvantages or risk factors that will apply if the Resolutions are passed and the Strategic Investment proceeds. Section 6.4 of the Explanatory Memorandum and section 13.5 of the Independent Expert's Report set out some of these disadvantages and risk factors.

EFFECT OF ROUNDING

Certain figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Notice of Meeting may be subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Notice of Meeting.

NOTICE TO PERSONS OUTSIDE AUSTRALIA

This Notice of Meeting has been prepared in accordance with Australian laws, disclosure requirements and accounting standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

The distribution of this Notice of Meeting may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Notice of Meeting should inform themselves of, and observe, any such restrictions.

AUTHORISATION

No person is authorised to give any information or make any representation in connection with the Strategic Investment, as it relates to the Resolutions, which is not contained in this Notice of Meeting. Any information or representation not contained in this Notice of Meeting (other than to the extent that information has been provided by Canyon), may not be relied on as having been authorised by Canyon or the Board in connection with the Resolutions.

PRIVACY

To assist Canyon to conduct the Meeting, Canyon may collect personal information including names, contact details and shareholdings of Shareholders and the names of persons appointed by Shareholders to act as proxy at the Meeting. Personal information of this nature may be disclosed by Canyon to its share registry, print and mail service providers, advisers and agents of Canyon for the purposes of implementing the Strategic Investment.

Shareholders have certain rights to access their personal information that has been collected. If you would like details of information about you held by Canyon, please contact Canyon on + 61 (08) 9322 7600.

RESPONSIBILITY FOR INFORMATION

The information contained in this Notice of Meeting (except for the Independent Expert's Report and information regarding EEA and its intentions) has been prepared by Canyon and is the responsibility of Canyon. None of EEA, its Associates or its advisers assumes any responsibility for the accuracy or completeness of that information. Information concerning EEA, its Associates and their intentions has been provided by EEA and is the responsibility of EEA. None of Canyon, its Associates or its advisers assumes any responsibility for the accuracy or completeness of that information.

BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045 and AFSL No. 316 158) (the **Independent Expert**) has prepared the Independent Expert's Report. The Independent Expert has consented to the inclusion of the Independent Expert's Report, and references to them, in this Notice of Meeting. The Independent Expert takes responsibility for the Independent Expert's Report, and references to it, but they are not responsible for any other information contained within this Notice of Meeting.

Shareholders are urged to read the Independent Expert's Report set out in Annexure C carefully to understand the scope of the reports, the methodology of the assessment, the sources of information and the assumptions made.

ASIC AND ASX INVOLVEMENT

A copy of this Notice of Meeting has been lodged with ASIC pursuant to ASIC Regulatory Guide 74 and with ASX pursuant to the ASX Listing Rules. Neither ASIC, nor ASX, nor any of their officers, take any responsibility for the contents of this Notice of Meeting.

Canyon Resources Limited

ABN 13 140 087 261

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Canyon Resources Limited ABN 13 140 087 261 will be held at The President's Room, The Celtic Club, 48 Ord Street, West Perth, WA on 29 November 2023 at 2.00pm (AWST) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

The Company will update Shareholders if changing circumstances will impact the planning or arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at <https://canyonresources.com.au/>.

AGENDA

Financial Reports

To receive and consider the financial report of the Company for the year ended 30 June 2023, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

1 Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

"That the Remuneration Report for the year ended 30 June 2023 as set out in the 2023 Annual Report be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting exclusion statement: *The Company will disregard any votes cast on the Resolution by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:*

(a) *it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and*

(b) *it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.*

Further, a Restricted Voter who is appointed as a proxy will not vote on the Resolution unless:

(a) *the appointment specifies the way the proxy is to vote on the Resolution; or*

(b) *the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of the Resolution.*

Shareholders may also choose to direct the Chair to vote against the Resolution or to abstain from voting.

If any of the persons named above purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and those persons may be liable for breaching the voting restrictions that apply to them under the Corporations Act.

2 Resolution 2 – Re-election of Mr Peter Su as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That Mr Peter Su, who retires in accordance with clause 12.3(a)(i) of the Constitution and Listing Rule 14.4 and, being eligible for re-election, be re-elected as a Director.”

3 Resolution 3 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purpose of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

As at the date of this notice of meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore no voting exclusion applies to the Resolution.

4 Resolution 4 – Approval of the proposed issue of New Options to EEA

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to Resolution 5 being passed, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 500,000,000 New Options, each with an exercise price of \$0.07 and an expiry date of 26 December 2026, to EEA for no cash consideration on the terms and conditions set out in the Explanatory Memorandum, including Annexure B to the Explanatory Memorandum.”

Voting exclusion statement: *The Company will disregard any votes cast in favour of the Resolution by or on behalf of:*

- (a) *EEA, as the entity who is to receive the securities in question, and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or*
- (b) *an Associate of the persons in paragraph (a) above.*

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) *a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or*
- (b) *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

5 Resolution 5 – Approval of the issue of Shares and the acquisition of a relevant interest in Shares by EEA under the Proposed Transaction

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

“That for the purpose of item 7 of section 611 of the Corporations Act and for all other purposes, Shareholders approve and authorise:

- (A) *the Company to issue 150,000,000 Subscription Shares (at an issue price of \$0.07 each) to EEA;*

- (B) *the Company to issue up to 202,900,000 Exercise Shares on exercise of the Existing Options (at an exercise price of \$0.07 each) to EEA;*
- (C) *the Company to issue up to 500,000,000 Shares on exercise of New Options (at an exercise price of \$0.07 each) to EEA; and*
- (D) *the acquisition by EEA of a relevant interest in Shares on the issue of any or all of the Subscription Shares, the Exercise Shares and any Shares on exercise of New Options, resulting in an increase to EEA's voting power in the Company of up to a maximum of 56.50%,*

on the terms and conditions set out in the Explanatory Memorandum.”

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045 and Australian Financial Services Licence No. 316 158) (**BDO**) for the purposes of the shareholder approval required under item 7 of section 611 of the Corporations Act for Resolution 5, as set out in Annexure C. The Independent Expert has concluded that Proposed Transaction is not fair but reasonable to Shareholders (other than EEA and its Associates).

Voting exclusion statement: No votes may be cast in favour of this Resolution by:

- (a) *the person proposing to make the acquisition and their Associates (as defined in the Corporations Act); or*
- (b) *the persons (if any) from whom the acquisition is to be made and their Associates.*

Accordingly, the Company will disregard any votes cast on this Resolution by EEA, and any of their Associates (as defined in the Corporations Act).

6 Resolution 6 – Appointment of Mr Gaurav Gupta as a Director

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

“That Mr Gaurav Gupta, being eligible, offers himself for election, be elected as a Director of the Company.”

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

By order of the Board

Mr Matt Worner
Company Secretary

Dated: 23 October 2023

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint a proxy. A proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy must specify the manner in which the proxy is to vote in respect of a particular Resolution.
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolution 1 in accordance with a direction on how the proxy is to vote or, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.
- To be effective, proxies must be received by 2.00pm (AWST) on 27 November 2023. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed Proxy Form in person or by post using the pre-addressed envelope provided with this Notice to:
 - Share Registry: Computershare Investor Services Pty Ltd, GPO Box 2975, Melbourne, VIC 3001; or
 - by faxing a completed Proxy Form to 1800 783 447 within Australia or +61 3 9473 2555 outside Australia; or
 - by recording the proxy appointment and voting instructions via the internet at using the details set out in the Proxy Form attached to this Notice of Meeting. Only registered Shareholders may access this facility and will need their Holder Identification Number (**HIN**) or Securityholder Reference Number (**SRN**).
- The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile,

and by 2.00pm (AWST) on 27 November 2023. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 4.00pm (AWST) on 27 November 2023.

Canyon Resources Limited

ABN 13 140 087 261

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

Financial Reports

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2023, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the financial report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor by the Company in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

1 Resolution 1 – Non Binding Resolution to adopt Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2023 Annual Report be adopted. The Remuneration Report is set out in the Company's 2023 Annual Report and is also available on the Company's website www.canyonresources.com.au.

The vote on this Resolution is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The remuneration report for the financial year ended 30 June 2022 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 21 November 2022. Accordingly, if at least 25% of the votes cast on this Resolution are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Note that a voting exclusion applies to this Resolution in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

2 Resolution 2 – Re-election of Mr Peter Su as a Director

2.1 Background

Mr Peter Su was last elected as a Director on 30 November 2020. Pursuant to clause 12.3(a)(i) of the Company's Constitution and Listing Rule 14.4, Mr Su, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Clause 12.3(a)(i) of the Constitution provides that a Director must not hold office without re-election past the third annual general meeting following the meeting following the Director's appointment or last election.

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer.

If the Resolution is passed, Mr Su will be re-elected and will continue to act as a Director. If the Resolution is not passed, Mr Su will not be re-elected and will cease to act as a Director.

2.2 Qualifications

Mr Su is actively involved in property investment and development in Australia and overseas. Mr Su is a strategic investor with a diverse range of business interests in Australia and overseas. The Su family have historically held commercial interest in bauxite and alumina refining in China.

2.3 Other material directorships

Mr Su does not currently hold any other directorship positions.

2.4 Independence

Mr Su was appointed to the Board on 16 September 2020. The Board considers that Mr Peter Su, if re-elected, will continue to be classified as an independent director.

2.5 Board recommendation

Based on Mr Su's relevant experience and qualifications, the members of the Board, in the absence of Mr Su, support the re-election of Mr Su as a director of the Company.

3 Resolution 3 – Approval of Additional 10% Placement Capacity

3.1 Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12-month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**Listing Rule 7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes given it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$43 million as at the date of this Notice.

This Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

3.2 The number of Equity Securities which may be issued pursuant to the Listing Rule 7.1A Mandate

Based on the number of Shares on issue at the date of this Notice, the Company will have 1,015,766,507 Shares on issue and therefore, subject to Shareholder approval being obtained under this Resolution, 101,576,650 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Listing Rule 7.1A Mandate is a moving calculation and will be based on the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities.

That formula is:

$$(A \times D) - E$$

- A** is the number of Shares on issue 12 months immediately preceding the date of issue or agreement (**Relevant Period**):
- (a) plus the number of fully paid Shares issued in the Relevant Period under an exception in Listing Rule 7.2 other than exceptions 9, 16 or 17;
 - (b) plus the number of fully paid Shares issued in the Relevant Period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - (i) the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - (ii) the issue of, or agreement to issue, the convertible securities was approved or taken under the Listing Rules to have been approved, under Listing Rules 7.1 or 7.4;

- (c) plus the number of Shares issued in the Relevant Period under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - (i) the agreement was entered into before the commencement of the Relevant Period; or
 - (ii) the agreement or issue was approved, or taken under these rules to have been approved, under Listing Rules 7.1 or 7.4;
- (d) plus the number of fully paid Shares issued in the Relevant Period with approval of holders of Shares under Listing Rules 7.1 and 7.4;
- (e) plus the number of partly paid Shares that become fully paid in the Relevant Period; and
- (f) less the number of fully paid Shares cancelled in the Relevant Period.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%; and

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the Relevant Period where the issue or agreement to issue has not been subsequently approved by Shareholders under Listing Rule 7.4.

3.3 Specific information required by Listing Rule 7.3A

- (a) If the Resolution is passed, the Listing Rule 7.1A Mandate will be valid during the period from the date of the Meeting and will expire on the earlier of:
 - (i) the date that is 12 months after the date of the Meeting;
 - (ii) the time and date of the Company's next annual general meeting; and
 - (iii) the time and date on which the Company receives approval by Shareholders for a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(Approval Period).

- (b) The Equity Securities to be issued will be in an existing class of quoted securities and will be issued for cash consideration at an issue price per Equity Security of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in the class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (c) the Shares will be issued to fund the development of the Project consistent with the use of funds set out in section 4.4 below and for general working capital;
- (d) If this Resolution is approved by Shareholders and the Company issues Equity Securities under the Listing Rule 7.1A Mandate, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date the Listing Rule 7.1A Mandate was approved; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities.

The table below demonstrates the potential dilution of existing Shareholders in three differing scenarios.

Variable 'A' (refer above for calculation)		Dilution		
		\$0.021 Issue Price at half the current market price	\$0.042 Issue Price at current market price	\$0.084 Issue Price at double the current market price
Current Variable 'A' 1,015,766,507 Shares	Shares issued	101,576,650	101,576,650	101,576,650
	Funds raised	\$2,133,109.65	\$4,266,219.30	\$8,532,439.60
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 1,523,649,760 Shares	Shares issued	152,364,975	152,364,975	152,364,975
	Funds raised	\$3,199,664.48	\$6,399,328.96	\$12,798,657.92
	Dilution	10%	10%	10%
100% increase in current variable 'A' 2,031,533,014 Shares	Shares issued	203,153,300	203,153,300	203,153,300
	Funds raised	\$4,266,219.30	\$8,523,438.60	\$17,064,877.20
	Dilution	10%	10%	10%

Note: This table assumes:

- No Options are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Listing Rule 7.1A Mandate consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Listing Rule 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (e) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities and the Company's allocation policy, which involves consideration of matters including, but not limited to:

- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlement offer, or a placement and an entitlement offer;
- (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issue of Equity Securities;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from the Company's professional advisers, including corporate, financial and broking advisers (if applicable).

The persons to whom Shares will be issued under the Listing Rule 7.1A Mandate have not been determined as at the date of this Notice, but will not include related parties (or their Associates) of the Company.

- (f) The Company has previously issued or agreed to issue Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting. A total of 81,120,024 Equity Securities were issued or agreed to be issued, which represents 9.99% of the total number of Equity Securities on issue at the commencement of that 12-month period.
- (g) The details of each of issue or agreement to issue Equity Securities under Listing Rule 7.1A2 in the 12 months preceding the date of the Meeting are set out in Annexure A.

4 Resolutions 4, 5 and 6 – Background

4.1 EEA Strategic Investment

Since 2021, the former and current Directors identified that an agreement with a strategic partner would play an essential role in the Company's ability to move its Minim Martap Project through to development. This can be evidenced in various public announcement by the Company, including the signing of a memorandum of understanding in respect of a strategic partnership with Zhongye Changtian International Engineering Corporation of MCC in August 2021, which ultimately did not proceed. Through this search for a strategic partner, the Company identified Eagle Eye Asset Holdings Pte. Ltd. (**EEA**) as a group that had both the financial ability and operational track record in similar type projects in Africa to assist the Company with its Project.

On 20 December 2022, the Company entered into a strategic partnership and subscription agreement with EEA under which the Company issued:

- (a) 202,900,000 Shares at an issue price of \$0.06 per Share raising \$12,174,000; and
- (b) 202,900,000 Options in the Company each with an exercise price of \$0.07 and an expiry date of 10 August 2025 (**Existing Options**),

(Strategic Partnership).

On 17 August 2023, the Company announced a further development to the long term strategic partnership with EEA and entered into a Subscription Agreement with EEA, pursuant to which:

- (a) EEA agreed to subscribe for, and the Company agreed to issue, 150,000,000 Shares at an issue price of \$0.07 each (**Subscription Shares**);
- (b) EEA will exercise its 202,900,000 Existing Options and acquire the corresponding number of Shares on exercise (**Exercise Shares**); and

- (c) EEA agreed to subscribe for, and the Company agreed to issue, 500,000,000 new unlisted options to acquire Shares, each with an exercise price of \$0.07 and an expiry date of 26 December 2026 (**New Options**),

(together, the **Strategic Investment**).

The issue of the Subscription Shares, the Exercise Shares and any Shares on exercise of the New Options and the resulting increase in EEA's relevant interest in the Company (together, the **Proposed Transaction**) is subject to Canyon shareholder approval under item 7 of section 611 of the Corporations Act (being the subject of Resolution 5).

The issue of the New Options is subject to Canyon shareholder approval for the purposes of ASX Listing Rule 7.1 (being the subject of Resolution 4).

The exercise of the New Options will be subject to:

- the grant of the Mining Licence for the Company's Minim Martap Project; and
- a binding contract for port access and rail transportation of product on terms relevant to the Project and customary in the Central African market being executed by the Company and counterparties,

(the **Exercise Conditions**).

As a condition precedent to completion under the Subscription Agreement, the Company is also seeking Shareholder approval for the appointment of Mr Gaurav Gupta to the Board of the Company as a Non-Executive Director. Mr Gupta will be appointed to the Board of the Company as a nominee of EEA. If any condition precedent is not satisfied or waived on or before 29 November 2023 (being the date of the Meeting) or becomes incapable of being satisfied by that date, then either EEA or Canyon may give the other party a notice to meet and consult in good faith as to whether the terms of the Subscription Agreement can be amended to allow the Strategic Investment to proceed on revised terms acceptable to the parties.

The Strategic Investment reinforces the commitment of EEA to support Canyon in progressing the development of Minim Martap. With their long and successful track record in identifying and investing in high-quality projects in Africa, EEA is an important supporter of Canyon. That support will be solidified as a result of the Strategic Investment.

4.2 About EEA

Eagle Eye Asset Holdings Pte. Ltd. (branded as Fortuna Holdings SFO) is a Monetary Authority of Singapore registered single-family office based in Singapore, with offices in Dubai.

EEA aims to build a robust investment portfolio across the mining, clean-energy and health technology industries. Importantly, EEA has a long and successful track record in identifying and investing in high-quality projects in Africa.

More recently, EEA was a supporter and investor in Prospect Resources (ASX:PSC), which prior to its US\$378m sale to Zhejiang Huayou Cobalt Co Ltd, controlled the Arcadia Lithium Project in Zimbabwe. EEA has various ongoing mineral interests and projects in Africa.

EEA has a vision to create a bauxite and aluminium value chain in Africa and the high-quality bauxite ore of the Minim Martap Project is an important step to realise this goal.

4.3 Material terms of the Subscription Agreement

The material terms of the Subscription Agreement are as follows:

New Options	<p>The Company will issue 500,000,000 New Options to EEA with an exercise price of \$0.07 and an expiry date of 26 December 2026.</p> <p>The issue of the New Options is subject to Shareholder approval for the purposes of ASX Listing Rule 7.1.</p>
Subscription Shares	<p>The Company will issue 150,000,000 Shares to EEA with an issue price of \$0.07 each, to raise \$10,500,000 (before costs).</p> <p>The issue of Subscription Shares is subject to Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act.</p>
Exercise of Existing Options	<p>EEA will exercise all of its 202,900,000 Existing Options to acquire the corresponding number of Exercise Shares, each with an exercise price of \$0.07 to raise \$14,203,000 (before costs).</p> <p>The issue of the Exercise Shares is subject to Shareholder approval for the purposes of item 7 of section 611 of the Corporations Act.</p>
Conditions	<p>Completion under the Subscription Agreement is subject to the following conditions precedent being satisfied or waived:</p> <ul style="list-style-type: none"> (a) ASX not indicating to the Company on or before the Meeting that the terms and conditions of the New Options are not appropriate and equitable for the purpose of ASX Listing Rule 6.1 (noting that as at the date of the Notice of Meeting, no such indication has been provided by ASX); (b) the Independent Expert providing the Independent Expert's Report to the Company on or before 30 September 2023, stating that, in the Independent Expert's opinion, the issue of the Subscription Shares, Exercise Shares and the Shares on exercise of the New Options is fair and reasonable, or not fair but reasonable, to Shareholders (other than EEA and its Associates) and the Independent Expert does not change that opinion before the Meeting; and (c) the Company obtaining shareholder approval for: <ul style="list-style-type: none"> (i) the issue of the Subscription Shares and the acquisition by EEA of a relevant interest in voting shares in the Company upon the issue of the Subscription Shares, Exercise Shares and the ordinary shares on exercise of the New Options and the resulting increases in EEA's voting power in the Company, for the purposes of item 7 of section 611 of the Corporations Act and all other purposes; (ii) the issue of the New Options for the purposes of ASX Listing Rule 7.1; and (iii) the appointment of Gaurav Gupta as a director of the Company.
Consultation right	<p>Canyon will provide to EEA confidential notice at least 5 business days before an equity capital raising (excluding equity issues relating to remuneration or incentives), following which EEA and Canyon will negotiate in good faith the terms upon which EEA may participate in the capital raise. If Shareholder approval is required for EEA to participate in a capital raise, then the Company will use reasonable endeavours to obtain such approvals along with the recommendation of all non-interested Directors (subject to their Directors' fiduciary duties).</p>
Board nominee right	<p>On and from the date on which the Subscription Shares and New Options are issued, EEA will be entitled to nominate two additional directors to the Board of the Company. In addition, for so long as EEA has a relevant interest in at least 10% of the total issued Shares of the Company, EEA will be entitled to nominate</p>

	one additional Director to the Board of the Company (the first being Mr Gaurav Gupta, subject to Resolution 6 being passed).
Warranties	Customary representations and warranties are provided by Canyon and EEA.

4.4 Status of the Minim Martap Project

As previously announced, Camalco Cameroon SA, Canyon's wholly owned subsidiary in Cameroon, has progressed the application for the grant of the Mining Licence for development of the Project through the process in a systematic and methodical manner. The application now requires the final signature of the President of Cameroon, Mr Paul Biya. This is the final hurdle for the Company to overcome so subsequent project development activities can continue.

As noted, the exercise of the New Options proposed to be issued to EEA will be subject to:

- the grant of the Mining Licence for the Project; and
- a binding contract for port access and rail transportation of product on terms relevant to the Project and customary in the Central African market being executed by the Company and counterparties.

Funds raised pursuant to the Strategic Investment will be applied towards development of the Project, including:

- (a) satisfying any conditions of the Mining Convention and the Company's mining tenements;
- (b) a drilling program at the Company's Makan and Ngaoundal permits;
- (c) contracting and front end engineering design works; and
- (d) general working capital uses and any other ancillary purpose.

5 Resolution 4 – Approval of the proposed issue of New Options to EEA

5.1 Approval for issue of New Options under Listing Rule 7.1

Under the Subscription Agreement, the Company has agreed to seek Shareholder approval for the issue of the New Options for the purpose of Listing Rule 7.1.

As stated in the table above, the Company proposes to issue 500,000,000 New Options to EEA, each with an exercise price of \$0.07 and an expiry date of 26 December 2026 for nil cash consideration under the Subscription Agreement. The terms of the New Options are set out in Annexure B to this Explanatory Memorandum.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that the Company can issue without the approval of its Shareholders over any 12-month period to 15% of the Shares it had on issue at the start of that period.

The proposed issue of New Options does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of the Shareholders under Listing Rule 7.1, and that approval is a condition of their issue under the Subscription Agreement.

Resolution 4 seeks the required Shareholder approval for the proposed issue of New Options under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed and Resolution 5 is also passed:

- (a) the Company will be able to proceed with the Proposed Transaction, and subject to the terms of the Subscription Agreement, including the satisfaction or waiver of any outstanding conditions precedent and receipt of the issue price and exercise price for the Subscription Shares and Exercise Shares (as applicable), the Company can proceed with the issue of 500,000,000 New Options to EEA under the Subscription Agreement;
- (b) the Company's cash reserves will increase by \$24,703,000 (before costs) upon the issue of the Subscription Shares and the Exercise Shares pursuant to the terms of the Subscription Agreement; and
- (c) the total number of Equity Securities on issue will increase. See the table in Section 6.2 below for further details of the potential impact the Strategic Investment will have on the Company's capital structure and for details of EEA's potential maximum voting power in the Company.

In addition, the New Options will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed:

- (a) the Company will not be able to proceed with the issue of New Options to EEA and a condition precedent to the Subscription Agreement will not be satisfied; and
- (b) the Company will not receive any funds from EEA under the Strategic Investment.

5.2 Information required under Listing Rule 7.3

The following information in relation to the New Options proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the New Options are proposed to be issued to EEA which is an unrelated party of the Company, but which, as at the date of this Notice holds 19.98% of the issued Shares, together with 202,900,000 Existing Options, and has the right to nominate a Director to the Board;
- (b) the Company will issue 500,000,000 New Options on completion under the Subscription Agreement;
- (c) the New Options will be issued in accordance with the Subscription Agreement, the material terms of which are summarised in Section 4.3 of this Explanatory Memorandum;
- (d) if Resolution 4 is passed, the New Options will be issued no later than 3 months after the date of the Meeting;
- (e) the New Options are being issued for nil cash consideration;
- (f) the New Options will each have an exercise price of \$0.07 and an expiry date of 26 December 2026, and will be on the terms set out in Annexure B to this Explanatory Memorandum;
- (g) once exercised, the New Options will convert into fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and
- (h) a voting exclusion applies in respect of Resolution 4 as set out in the Notice of Meeting.

5.3 Board Recommendation

All the Directors were available to make a recommendation.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 for the reasons outlined in this Explanatory Memorandum, including Section 5.1 in respect of the potential outcomes of the issue of New Options to EEA in relation to Resolution 4. The Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

Subject to any required voting exclusion, each of the Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 4.

6 Resolution 5 – Approval of the issue of Shares and the acquisition of relevant interest in Shares by EEA under the Proposed Transaction

6.1 Relevant interest

As at the date of this Notice, EEA has a current disclosed voting power of 19.98% in the Company. EEA acquired that voting power pursuant to the Strategic Partnership.

Following the issue of the Subscription Shares and the Exercise Shares pursuant to the Subscription Agreement, EEA's voting power in the Company will increase above 20%. The subsequent issue of any Shares on exercise of New Options will further increase EEA's voting power in the Company above 20%.

To ensure compliance with Chapter 6 of the Corporations Act, the acquisition by EEA of a relevant interest in voting shares in the Company upon the issue of:

- (a) the Subscription Shares;
- (b) the Exercise Shares; and
- (c) Shares on exercise of New Options,

and the resulting increases in EEA's voting power in the Company, is subject to the Company obtaining shareholder approval for the purposes of item 7 of section 611 of the Corporations Act. See Section 6.6 for further details regarding the impact of the Proposed Transaction on EEA's relevant interest in the Company.

A summary of the key terms of the Subscription Agreement are set out in Section 4.3 of this Explanatory Memorandum.

6.2 Impact on capital structure and voting power

The effect of the Strategic Investment on the capital structure of the Company, subject to the assumptions noted below, is set out below:

Security	Number
Shares:	
Shares currently on issue	1,015,766,507
Rights convertible into Shares:	
Performance Rights currently on issue	9,000,000
Options currently on issue (excluding EEA's Existing Options)	117,080,798
Exercise Shares (following exercise of EEA's Existing Options)	202,900,000
New Options	500,000,000

Security	Number
Shares:	
Subscription Shares	150,000,000
Total Equity Securities	2,994,747,305

Note: This table assumes that the Company has 1,015,766,507 Shares on issue as at the date of this Notice, all Resolutions are passed, other than the Equity Securities proposed to be issued to EEA under the Subscription Agreement, and no other Equity Securities are issued, vest, convert, lapse or expire prior to completion occurring under the Subscription Agreement.

Based on the assumptions noted below, the anticipated maximum relevant interest of EEA and the voting power of EEA in the Company (both current, and following the Proposed Transaction) are set out in the table:

	All Shareholders	Non-associated Shareholders	EEA
Shares currently on issue	1,015,766,507	812,866,507	202,900,000
Current voting power	100%	80.02%	19.98%
Number of Subscription Shares	–	–	150,000,000
Number of Exercise Shares	–	–	202,900,000
Total Shares post-issue of Subscription Shares and Exercise Shares	1,368,666,507	812,866,507	555,800,000
Voting power post-issue of Subscription Shares and Exercise Shares	100%	59.39%	40.61%
Number of New Options	–	–	500,000,000
Total Shares post-exercise of New Options	1,868,666,507	812,866,507	1,055,800,000
Maximum voting power post-exercise of New Options	100%	43.50%	56.50%

Note: This table assumes that the Company has 1,015,766,507 Shares on issue as at the date of this Notice, that other than pursuant to the Subscription Agreement, no further Equity Securities are issued, no Equity Securities convert into Shares, EEA does not transfer or dispose of any Equity Securities that it currently holds or that are issued to it and EEA exercises all of the New Options.

6.3 Advantages of the Proposed Transaction

The Directors are of the view the following non-exhaustive list of advantages to the Company and Shareholders who are not Associates of EEA of approving the Proposed Transaction may be relevant to a Shareholder's decision on how to vote on Resolution 5:

- (a) the Company will receive \$10,500,000 (before costs) upon the issue of the Subscription Shares and \$14,203,000 (before costs) upon the issue of the Exercise Shares. This will provide the Company with critical funds to progress the development of the Project (the estimated required development capital of US\$253 million¹) and allow the Company's management to focus on

¹ As set out in the Company's Bankable Feasibility Study announced to ASX on 21 June 2022.

mine development. If all of the New Options are exercised in accordance with their terms, the Company will receive up to a further \$35,000,000 on issue of the resulting Shares. The injection of capital under the Strategic Investment may also assist the Company to source additional funding via debt or equity at the relevant time;

- (b) the strategic partnership between Canyon and EEA will help drive the commercial success of the Project for the benefit of all Shareholders, with EEA providing ongoing support in discussions to obtain the final approvals for the Project and send a strong indication to the Cameroon government that Canyon has a strong major Shareholder that is experienced and committed, and that Canyon has a well capitalised balance sheet to build the asset to production;
- (c) EEA brings capital, expertise and relationships that will assist the Company and its Shareholders, noting in particular its long and successful track record in identifying and investing in high-quality projects in Africa;
- (d) the Exercise Conditions attached to the New Options, including the grant of the Mining Licence, will ensure EEA's interests are aligned with Canyon's Shareholders and the progression of the Project;
- (e) a failure to vote in favour of the Resolution could deprive the Company of an initial \$24,703,000 in additional funding which would otherwise be used to further develop the Project and which the Company will have to source alternate funding for or not pursue at this time, which will negatively impact on the Project timetable and costs, including ability to maintain progress on the Project;
- (f) the Independent Expert has concluded that the Proposed Transaction is not fair but reasonable to Shareholders (other than EEA and its Associates);
- (g) in addition, the Independent Expert has noted the following advantages of the Proposed Transaction:
 - (i) the presence of a strategic investor with expertise in developing mineral projects in Africa as a substantial holder may provide the market and other potential investors with additional confidence in the Company following the Proposed Transaction, which could help the Company to source additional funding it may require to develop the Project;
 - (ii) the injection of substantial capital to support the Company in progressing its Project towards production, allowing Shareholders to participate in any upside (should it materialise) associated with holding shares in an entity with a producing asset;
 - (iii) if the Exercise Conditions are met, it is likely to be value accretive for Shareholders;
 - (iv) a stronger balance sheet may assist with the grant of the Mining Licence by the Cameroon Government; and
 - (v) if the Proposed Transaction is not approved, a potential sale of the Project may be viewed as distressed,

(refer to section 13.4 of the Independent Expert's Report for further information on the advantages of the Proposed Transaction); and
- (h) the Independent Expert has considered the potential disadvantages of the Proposed Transaction (as summarised below) and concluded that the advantages of the Proposed Transaction are greater than the disadvantages.

6.4 Potential disadvantages of the Proposed Transaction

The Directors consider that there are potential disadvantages of approving the Proposed Transaction that may be relevant to a Shareholder's decision on how to vote on Resolution 5, including:

- (a) the Proposed Transaction will have a dilutionary effect on holdings of other Shareholders. This will affect the ability of Shareholders to influence decisions of the Company in the future. See the table in Section 6.2 above for details of the maximum potential impact the Proposed Transaction may have on the Company's capital structure and details of the impact on EEA's voting power in the Company;
- (b) upon completion of the Subscription Agreement, the Company will issue 150 million Subscription Shares and 202.9 million Exercise Shares. As a result, EEA's voting power in the Company will increase up to 40.61% (excluding any Shares on exercise of New Options), with the potential for its voting power to increase to up to 56.50% following the exercise of all of the 500 million New Options to be issued to it. As a result, EEA will have significant influence over all matters that require approval by Shareholders, including the election of directors and approval of significant corporate transactions. It may also discourage a potential bidder from proposing a merger by scheme of arrangement or making a takeover bid for the Company;
- (c) while the Exercise Conditions attached to the New Options, including the grant of the Mining Licence, will generally ensure EEA's interests are aligned with Canyon's Shareholders and the progression of the Project, there are no legally binding obligations on EEA concerning those milestones;
- (d) Recommendation 2.4 of the ASX Corporate Governance Principles states that the majority of the board of a listed entity should be independent directors. Following completion of the Subscription Agreement, EEA will have a right to appoint up to three directors to the Board of the Company, which, if all of these directors are characterised as non-independent directors (which will be considered on a case by case basis), will likely result in less than half the Board being considered independent;
- (e) there is no guarantee that the Company's Shares will not fall in value as a result of the Proposed Transaction; and
- (f) in addition, the Independent Expert has noted the following potential disadvantages of the Proposed Transaction (which, in the Independent Expert's opinion, are outweighed by the advantages of the Proposed Transaction):
 - (i) dilution of Shareholders' interests and reduced level of control over the Company;
 - (ii) the existence of a large shareholding which can block ordinary and special resolutions may be a deterrent to potential future takeover bids; and
 - (iii) a substantial number of Shares may be sold on the open market as EEA is not significantly restricted from dealing with its Shares following the Proposed Transaction,

(refer to section 13.5 of the Independent Expert's Report for further information on the disadvantages of the Proposed Transaction).

6.5 Independent Expert's Report

The Independent Expert's Report prepared by the Independent Expert (a copy of which is attached as Annexure C to this Explanatory Memorandum) assesses whether the Proposed Transaction is fair and reasonable to the Company's Shareholders not associated with EEA.

The Independent Expert has concluded that the Proposed Transaction is not fair but reasonable to Shareholders (other than EEA and its Associates).

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

6.6 Section 606 and section 611 item 7 of the Corporations Act

Under section 606 of the Corporations Act, subject to limited specified exemptions, a person must not acquire a relevant interest in issued voting shares in a public company, if as a result of the acquisition any person's voting power in the company would increase:

- from 20% or below to more than 20%; or
- from a starting point that is above 20% and below 90%,

(the **Takeover Prohibition**).

In broad terms, a person has a 'relevant interest' in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person and its Associates have a relevant interest in compared with the total number of voting shares in a company.

As at the date of this Notice, EEA has a current disclosed voting power of 19.98% in the Company. Following the issue of the Subscription Shares and the Exercise Shares, EEA's voting power in the Company will increase above 20%. The subsequent issue of any Shares on exercise of the New Options will further increase EEA's voting power in the Company above 20%.

Item 7 of section 611 of the Corporations Act provides an exception to the Takeover Prohibition and allows a person and its Associates to acquire a relevant interest in shares that would otherwise be prohibited under section 606(2) of the Corporations Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company, and:

- (a) no votes are cast in favour of the resolution by the person proposing to make the acquisition and their Associates; and
- (b) the members of the company were given all information known to the person proposing to make the acquisition or their Associates, or known to the company, that was material to the decision on how to vote on the resolution.

Set out in Section 6.2 are details of the number of Shares in which EEA is expected to hold a relevant interest in and their maximum voting power as a result of the Proposed Transaction, which exceeds 20%. Accordingly, Resolution 5 seeks Shareholder approval for the purpose of item 7 of section 611 of the Corporations Act to enable EEA to increase voting power in the Company from a starting point that is below 20% to above 20%.

ASX Listing Rule 7.2, exception 8 states that Listing Rule 7.1 does not apply to an issue of securities approved by shareholders for the purposes of item 7 of section 611 of the Corporations Act. That approval is sought from Shareholders for the issue of the Subscription Shares under Resolution 5. The Existing Options were previously approved by Shareholders for the purpose of Listing Rule 7.1 at a general meeting dated 28 February 2023. Accordingly, separate Shareholder approval under Listing Rule 7.1 for the issue of the Subscription Shares and the Exercise Shares will not be required.

6.7 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following information is provided in accordance with item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 (in respect of the Proposed Transaction to be approved by Shareholders under Resolution 5 in accordance with item 7 of section 611):

(a) **The identity of the person proposing to make the Proposed Transaction and their Associates**

The Subscription Shares, Exercise Shares and New Options (including Shares issued pursuant to the exercise of the New Options) will be issued to Eagle Eye Asset Holdings Pte. Ltd., the Company's largest shareholder.

As disclosed in a Form 603 Notice of initial substantial holder dated 22 December 2022 and filed with the ASX, Falcon Eye Trustees Pte. Ltd as trustee for the Growmax Trust and Kensington Trust Singapore Limited as trustee for the Tristart Global Trust (**EEA Associated Entities**) each has a relevant interest in the Shares in the Company in which EEA has a relevant interest by virtue of section 608(3) of the Corporations Act, pursuant to control of holding entities and shareholdings in EEA. Through the operation of Chapter 6 of the Corporations Act, each of the EEA Associated Entities will have a relevant interest in any Shares acquired by EEA pursuant to the Proposed Transaction.

Other than the EEA Associated Entities, EEA does not have any other Associates which have a relevant interest in Shares in the Company.

(b) **An explanation of the reasons for the Proposed Transaction**

Section 4.1 of this Explanatory Memorandum provides background to and an explanation of the reasons for the Strategic Investment. Section 6.3 contains a non-exhaustive list of advantages to the Company and Shareholders (other than EEA and its Associates) of approving the Proposed Transaction that may be relevant to a Shareholder's decision on how to vote on Resolution 5. Section 6.4 contains a list of potential disadvantages to the Proposed Transaction that Shareholders should be aware of in deciding how to vote on Resolution 5.

(c) **When the Proposed Transaction is to occur**

The Proposed Transaction will occur upon completion occurring under the Subscription Agreement, currently scheduled to occur 7 business days after the date of the Meeting, subject to and in accordance with the terms of the Subscription Agreement.

Subject to each of the Exercise Conditions having been met, the New Options may be exercised by the delivery to the registered office of the Company of a notice in writing stating the intention to exercise all or a specified number of New Options and a cheque made payable to the Company or an electronic payment in immediately available funds, of the aggregate exercise price of the New Options being exercised.

(d) **The material terms of the Proposed Transaction**

A summary of the key terms of the Subscription Agreement are set out in Section 4.3.

(e) **The voting power of the person and its Associates would have as a result of the Proposed Transaction and the maximum extent of the increase in their voting power**

See the tables in Section 6.2 above for further details of the potential impact Proposed Transaction may have on the Company's capital structure and details of the impact on EEA's voting power in the Company.

(f) **Details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their Associates) that is conditional on (or directly or indirectly depends on) members' approval of the Proposed Transaction**

Other than in relation to the appointment of Directors as detailed in Section 6.7(h), there is no such other relevant agreement.

Pursuant to a previous subscription agreement between the Company and EEA dated 20 December 2022, the Company granted EEA a right to nominate one director to the Board. Under the Subscription Agreement entered into in 2023, EEA has agreed not to exercise that nomination right unless and until the Company does not obtain Shareholder approval for the appointment of Mr Gaurav Gupta as a Director (the subject of Resolution 6) on or before 29 November 2023 or the Subscription Agreement is terminated.

(g) Intentions of EEA regarding the future of the Company

Other than as disclosed elsewhere in this Explanatory Memorandum, EEA has confirmed to the Company that EEA:

- (i) has no present intention of making any significant changes to the business of the Company;
- (ii) has no present intention to inject further capital into the Company, unless requested by the Company in the future;
- (iii) has no present intention of making changes regarding the future employment of the present employees of the Company;
- (iv) has no present intention to redeploy any fixed assets of the Company;
- (v) has no present intention to transfer any property between the Company and themselves;
- (vi) has no present intention to change the Company's existing policies in relation to financial matters or dividends; and
- (vii) other than subject to Resolution 6 and as detailed in Section 6.7(h), has no present intention to change the Board.

The Company takes no responsibility for any omission from, or any error or false or misleading statement in this Section 6.7(g) of the Explanatory Memorandum.

EEA does not make, or purport to make, any statement in this Explanatory Memorandum other than the statements in this Section 6.7(g) of the Explanatory Memorandum attributed to it. To the maximum extent permitted by law, EEA expressly disclaims liability to Shareholders and takes no responsibility for any omission from, or any error or false or misleading statement in, any other part of this Explanatory Memorandum.

(h) The identity, associations (with EEA) and qualifications of any person who is intended to or will become a director if Shareholders agree to the Proposed Transaction

In accordance with the Subscription Agreement, the Company is also seeking Shareholder approval for the appointment of Mr Gaurav Gupta to the Board of the Company as a Non-Executive Director. Mr Gupta will be appointed to the Board of the Company as a nominee of EEA if Resolution 6 is passed. See Section 7 for details regarding Mr Gupta's qualifications and relevant professional or commercial experience.

On and from the date on which the Subscription Shares and New Options are issued, EEA will be entitled to nominate two additional directors to the Board of the Company. In addition, on and from completion of the Strategic Investment and for so long as EEA has a relevant interest in at least 10% of the total issued shares of the Company, EEA will be entitled to nominate one additional Director to the Board of the Company (if a replacement for Mr Gupta is required at any time). If, after completion under the Subscription Agreement, EEA exercises all of its right to appoint nominee directors, EEA may have up to three nominee directors on the Board of the Company.

6.8 Board Recommendation

All the Directors were available to make a recommendation.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5 for the reasons outlined in this Explanatory Memorandum, including Sections 6.3 and 6.4 in respect of the advantages and potential disadvantages of the Proposed Transaction respectively, in relation to Resolution 5. The Directors are not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

Subject to any required voting exclusion, each of the Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 5.

7 Resolution 6 – Appointment of Mr Gaurav Gupta as a Director

Resolution 6 seeks approval for the election of Mr Gaurav Gupta as a Director with effect from the end of the Meeting.

As announced to the ASX on 17 August 2023, pursuant to the Subscription Agreement, the Company has agreed to appoint Mr Gaurav Gupta as a Director of the Company (as a nominee of EEA), subject to no negative results from required criminal or bankruptcy searches of Mr Gaurav Gupta being returned and Mr Gaurav Gupta having applied for an Australian Director Identification Number and provided consent to the Company as required by law.

The Company confirms no negative results from required criminal or bankruptcy searches of Mr Gaurav Gupta have been returned and Mr Gaurav Gupta has obtained an Australian Director Identification Number and provided consent to the Company as required by law.

7.1 Qualifications

Mr Gupta manages a Monetary Authority of a Singapore registered family office, with high-growth / investment holdings across the mineral and biotech industries. Within the mining sector, these investments encompass base and precious metals, coloured gemstones, and the broader Electric Vehicle supply chain, including a major holding in Canyon through EEA.

Mr Gupta has over 25 years' experience in international trade and is a qualified Chartered Accountant. He holds a Bachelor of Commerce Degree from the University of Delhi.

On and from the date on which the Subscription Shares and New Options are issued, EEA will be entitled to nominate two additional directors to the Board of the Company. In addition, on and from completion of the Strategic Investment and for so long as EEA has a relevant interest in at least 10% of the total issued shares of the Company, EEA will be entitled to nominate one additional Director to the Board of Canyon (if a replacement for Mr Gupta is required at any time).

7.2 Other material directorships

Currently, Mr Gaurav Gupta is a nominee director on the board of Prospect Resources Ltd (ASX:PSC).

7.3 Independence

The Board considers that Mr Gaurav Gupta, if elected, will not be classified as an independent director given he is an officer of a substantial shareholder, EEA.

7.4 Board recommendation

Based on Mr Gaurav Gupta's relevant experience and qualifications, the members of the Board unanimously recommend that Shareholders vote in favour of the election of Mr Gaurav Gupta as a director of the Company.

Subject to any required voting exclusion, each of the Directors has agreed to vote, or procure the voting of, any Shares that they control in favour of Resolution 6.

GLOSSARY

\$ means Australian dollars.

Accounting Standards has the meaning given to that term in the Corporations Act.

Annual Report means the annual report of the Company for the year ended 30 June 2023.

Approval Period has the meaning set out on page 13.

Associate has the meaning given to that term in the Listing Rules.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company's auditor from time to time (if any).

Auditor's Report means the report of the Auditor contained in the Annual Report for the year ended 30 June 2023.

AWST means western standard time as recognised in Perth, Western Australia.

Board means the Directors.

Chair or Chairman means the individual elected to chair any meeting of the Company from time to time.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Canyon Resources Limited ABN 13 140 087 261.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means Corporations Act 2001 (Cth).

Directors means the directors of the Company.

EEA means Eagle Eye Asset Holdings Pte. Ltd. (UEN 202017880Z).

Equity Securities has the meaning given to that term in the Listing Rules.

Exercise Shares means 202,900,000 Shares proposed to be issued to EEA upon exercise of the Existing Options at an exercise price of \$0.07 in accordance with the Subscription Agreement.

Existing Options means the 202,900,000 unlisted Options with an exercise price of \$0.07 each and an expiry date of 10 August 2025 which were issued to EEA by the Company pursuant to a subscription agreement dated 20 December 2022.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Group Member means, with respect to EEA, the following persons:

- (a) a person, EEA (or its ultimate beneficial owner) directly or indirectly controls or wholly owns;
- (b) a person that directly or indirectly controls EEA or wholly owns EEA;
- (c) a person that is directly or indirectly controlled or wholly owned by a person that directly or indirectly controls EEA or wholly owns EEA; or
- (d) its ultimate beneficial owners (including under a trust or fund structure).

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Listing Rule 7.1A Mandate has the meaning set out on page 12.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by the Notice.

Mining Licence means the licence permit to be issued by the relevant authority in Cameroon for the Company's Project with a total area of 499km² subject to the approval of the relevant authority.

New Options means 500,000,000 new unlisted Options proposed to be issued to EEA under the Strategic Investment, each with an exercise price of \$0.07 and an expiry date of 26 December 2026 and on the terms set out in Annexure A to this Explanatory Memorandum.

Notice or **Notice of Meeting** means this Notice of Annual General Meeting.

Option means an option to acquire a Share.

Project means the Company's Minim Martap Bauxite Project located in Cameroon.

Proposed Transaction has the meaning given in Section 4.1.

Proxy Form means the proxy form accompanying the Notice by way of email where the Shareholder has elected to receive notices by email, or the personalised proxy form accompanying the postcard circulated by way of post where the Shareholder has not elected to receive notices by email.

Relevant Period has the meaning set out on page 12.

Remuneration Report means the remuneration report set out in the Annual Report for the year ended 30 June 2023.

Resolution means a resolution contained in the Notice.

Restricted Voter means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Spill Meeting has the meaning set out on page **Error! Bookmark not defined.**

Spill Resolution has the meaning set out on page **Error! Bookmark not defined.**

Strategic Investment means the investment by EEA pursuant to the Subscription Agreement.

Strategic Partnership has the meaning given in Section 4.1.

Subscription Agreement means the subscription agreement dated 16 August 2023 between the Company and EEA.

Subscription Shares means 150,000,000 new Shares to be issued to EEA at an issue price of \$0.07 each in accordance with the Subscription Agreement.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Annexure A - Equity Securities issued or agreed to be issued by the Company under Listing Rule 7.1A2 during the 12 months preceding the Meeting

Date of issue	22 December 2022
Type of Equity Securities	Shares
Number issued	81,120,024
Summary of Terms of Equity Securities	All Shares subject to an escrow period of 12 months from the date of issue. See the Company's ASX Announcement dated 21 December 2022 titled "\$12.1m strategic placement for Minim Martap Development"
Recipient of Equity Securities	Eagle Eye Asset Holdings Pte. Ltd.
Issue Price and discount to closing market price on date of issue (if any)	\$0.06 per Share (27.7% premium)
Total cash consideration received, the amount of that cash that has been spent, what it was spent on, and what is the intended use for the remaining amount of that cash (if any)	\$4,867,201.44 received with funds spent on the development of the Company's Minim Martap Project

Annexure B – Terms of the New Options

The terms of the New Options are as follows:

- (a) Subject to paragraph (n), each New Option entitles the holder to subscribe for one Share upon the payment of the exercise price of \$0.07 per New Option (**Exercise Price**) and each of the Exercise Conditions having been met.
- (b) No cash consideration is payable for the issue of the New Options.
- (c) The New Options will expire at 5.00 pm, AWST on 26 December 2026 (**Expiry Date**).
- (d) The New Options are not capable of being transferred in any way, and the New Options will lapse immediately if any such thing purports to occur, except:
 - (i) to the extent they are transferred by EEA to a Group Member; or
 - (ii) with the prior written approval of the Company; or
 - (iii) in accordance with applicable law; or
 - (iv) the transferee is not able to exercise control over the New Options.
- (e) The New Options will not be quoted.
- (f) There are no participating rights or entitlements inherent in these New Options and the holder of the New Options will not be entitled in its capacity as the holder of New Options only to participate in new issues of capital that may be offered to shareholders during the currency of the New Option, unless and until the New Options are exercised.
- (g) Subject to each of the Exercise Conditions having been met, all applicable laws and paragraph (h), the holder has the right to exercise the New Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the New Options.
- (h) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the New Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (i) The New Options shall be exercisable by paying the Exercise Price and following the process set out in paragraph (j).
- (j) Subject to each of the Exercise Conditions having been met, the New Options may be exercised by the delivery to the registered office of the Company of a notice in writing (**Exercise Notice**) stating the intention to exercise all or a specified number of New Options and a cheque made payable to the Company or an electronic payment in Immediately Available Funds, of the aggregate Exercise Price of the New Options being exercised. The Exercise Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some New Options shall not affect the rights of the holder to the balance of the New Options held.
- (k) The Company shall allot the resultant Shares and deliver or arrange delivery of a statement of shareholdings with a holders' identification number within 5 business days of exercise of the New Options.
- (l) The Shares allotted shall rank, from the date of allotment, equally with the then existing ordinary Shares of the Company in all respects.

- (m) If there is a bonus share issue as defined in the ASX Listing Rules (**Bonus Issue**) to Shareholders, the number of Shares over which a New Option is exercisable will be increased by the number of Shares which the holder would have received if the New Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- (n) If there is a pro rata issue (other than a Bonus Issue) to Shareholders during the currency of, and prior to the exercise of any New Options, the Exercise Price of a New Option will be reduced according to the formula provided for in the ASX Listing Rules (whether or not the Company is listed on the ASX at the time).
- (o) The New Options will not give any right to vote or to participate in dividends until Shares are allotted pursuant to the exercise of the relevant New Options.
- (p) Within 5 Business Days after the New Options are exercised, the Company will:
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of New Options validly exercised;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
 - (iii) apply for official quotation of Shares issued pursuant to the exercise of the New Options.

If the Company is required but is unable to deliver a notice under paragraph (p)(ii) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC within 20 business days after the date the New Options are exercised a 'cleansing prospectus' prepared in accordance with the Corporations Act and do all such things necessary to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (q) The right to exercise a New Option is conditional on and subject to each of the following milestones:
 - (i) the grant of the Mining Licence; and
 - (ii) a binding contract for port access and rail transportation of product on terms relevant to the Project and customary in the Central African market being executed by the Company and the counterparties (with such Company execution not to be unreasonably withheld or delayed, in particular if such contract is on terms customary for this type of contract in Central Africa),

(the **Exercise Conditions**).

Annexure C – Independent Expert’s Report



CANYON RESOURCES LIMITED Independent Expert's Report

23 October 2023



Financial Services Guide

23 October 2023

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Canyon Resources Limited ('Canyon') to provide an independent expert's report on the proposed transaction between Canyon and Eagle Eye Asset Holdings Pte Ltd ('EEA'), which if approved by Canyon shareholders, will enable EEA to hold up to 56.5% of the issued capital in Canyon ('the Proposed Transaction'). You are being provided with a copy of our report because you are a shareholder of Canyon and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by Canyon to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$80,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Canyon.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Client for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. We are also committed to meeting your needs and maintaining a high level of client satisfaction. If you are unsatisfied with a service we have provided you, we have avenues available to you for the investigation and resolution of any complaint you may have.

To make a formal complaint, please use the Complaints Form. For more on this, including the Complaints Form and contact details, see the [BDO Complaints Policy](#) available on our website.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

We are a member of the Australian Financial Complaints Authority (AFCA) which is an External Dispute Resolution Scheme. Our AFCA Membership Number is 12561. Where you are unsatisfied with the resolution reached through our Internal Dispute Resolution process, you may escalate this complaint to AFCA using the below contact details:

Mail:	GPO Box 3, Melbourne, VIC 3001
Free call:	1800 931 678
Website:	www.afca.org.au
Email:	info@afca.org.au
Interpreter Service:	131 450



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	2
3.	Scope of the Report	5
4.	Outline of the Proposed Transaction	7
5.	Profile of Canyon	9
6.	Profile of Eagle Eye Asset Holdings	15
7.	Economic analysis	16
8.	Industry analysis	18
9.	Valuation approach adopted	23
10.	Valuation of Canyon prior to the Proposed Transaction	26
11.	Valuation of Canyon following the Proposed Transaction	36
12.	Is the Proposed Transaction fair?	38
13.	Is the Proposed Transaction reasonable?	39
14.	Conclusion	43
15.	Sources of information	44
16.	Independence	44
17.	Qualifications	45
18.	Disclaimers and consents	45

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Control Premium

Appendix 4 - Independent Valuation Report prepared by SRK

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23 October 2023

The Directors
Canyon Resources Limited
945 Wellington Street
West Perth WA 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 17 August 2023, Canyon Resources Limited ('Canyon' or 'the Company') announced that it had entered into a subscription agreement ('Subscription Agreement') with Eagle Eye Asset Holdings Pte Ltd ('EEA'), which if approved by Canyon shareholders, will enable EEA to hold up to 56.5% of the issued shares in Canyon ('the Proposed Transaction').

EEA has agreed to subscribe for \$10.5 million of new fully paid ordinary shares in Canyon ('Shares') at \$0.07 per Share ('Placement Shares') and to exercise its existing 202.9 million options in Canyon shares ('Existing Options') at an exercise price of \$0.07 each to acquire the corresponding number of Shares on exercise ('Exercise Shares'), which following satisfaction of conditions including shareholder approval will provide the Company an injection of capital totalling \$24.7 million (before costs).

In addition, Canyon will issue EEA with 500 million new unlisted options to acquire Shares, each with an exercise price of \$0.07 and an expiry date of 26 December 2026 ('New Options') (the issue of the Placement Shares, Exercise Shares and New Options is known as the 'Strategic Investment').

The exercise of New Options will be subject to:

- the grant of the Mining Licence for the Company's Minim Martap Project ('the Project' or 'Minim Martap Project'); and
- a binding contract for port access and rail transportation of product on terms relevant to the Project and customary in the Central African market being executed by Canyon and counterparties.

(collectively known as the 'Exercise Conditions')

The issue of the Placement Shares and Exercise Shares, as well as the potential issue of Shares on exercise of the New Options, will result in an increase in EEA's relevant interest in the Company from 19.98% to 56.5% on an undiluted basis. As the Proposed Transaction results in EEA's interest in Canyon increasing above 20%, approval from the non-associated shareholders of Canyon ('Shareholders') is required.

We note that the issue of New Options is also subject to Shareholder approval under a separate resolution within the Company's Notice of Meeting to which this report is attached. However, we note that this report does not specifically opine on the resolution to issue the New Options and is not intended to assist

Shareholders with their decision on whether to approve the resolution. Instead, this report considers the increase in voting power of EEA, which if the New Options are approved and subsequently exercised, will allow EEA to hold up to a 56.50% interest in Canyon. We note that the Proposed Transaction is conditional on the approval for the New Options to be issued.

All currencies are quoted in Australian Dollars unless stated otherwise.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Canyon have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare this independent expert's report ('our Report') to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of Canyon ('Shareholders').

Our Report is prepared pursuant to item 7 of section 611 of the Corporations Act 2001 Cth ('Corporations Act' or 'the Act') and is to be included in the Notice of Meeting for Canyon in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 74 'Acquisitions Approved by Members' ('RG 74'), Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of a Canyon share prior to the Proposed Transaction on a controlling interest basis compares to the value of a Canyon share following the Proposed Transaction on a minority interest basis;
- The likelihood of an alternative proposal being made to Canyon;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is not fair but reasonable to Shareholders.

In our opinion, the Proposed Transaction is not fair because the preferred value of a Canyon share following the Proposed Transaction (on a minority interest basis) is lower than the preferred value of a Canyon share prior to the Proposed Transaction (on a controlling interest basis). However, we consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages.

In particular, the presence of EEA as a strategic investor in Canyon and the injection of capital through the Proposed Transaction may assist with expediting ongoing discussions with the Cameroon Government for the approval of the Mining Licence and subsequently progress the development of the Minim Martap Project. This is based on EEA having expertise in developing mineral projects in Africa and Canyon's

strengthened balance sheet demonstrating to the Cameroon Government that Canyon is well placed to advance the Project.

Although the Proposed Transaction will give EEA significant influence over the operations and decisions of the Company through its increased voting power of up to 56.5% and its Board representation of up to three directors or 43% of the Board, this may also serve as a benefit to Shareholders if their interests are aligned. In particular, the potential event whereby Canyon will issue 500 million shares to EEA on the exercise of New Options is conditional on the Exercise Conditions. The satisfaction of the Exercise Conditions would imply value accretion to Canyon Shareholders with the Minim Martap Project significantly de-risked. EEA will be incentivised to assist with progressing the development of the Minim Martap project, which as a whole is likely to benefit Canyon Shareholders.

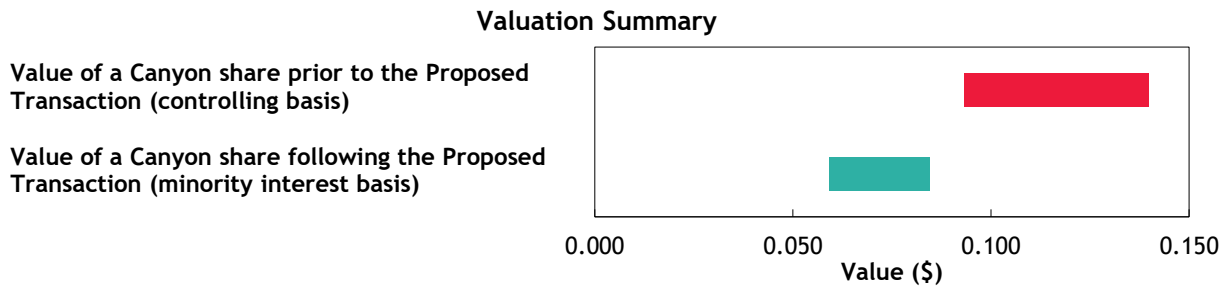
2.4 Fairness

In Section 12 we determined that the value of a Canyon share prior to the Proposed Transaction (on a controlling interest basis) compares to the value of a Canyon share following the Proposed Transaction (on a minority interest basis), as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of a Canyon share prior to the Proposed Transaction (controlling basis)	10.3	0.093	0.093	0.140
Value of a Canyon share following the Proposed Transaction (minority interest basis)	11.1.3	0.059	0.062	0.084

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and an alternate offer, the Proposed Transaction is not fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.4	Presence of a strategic investor on Canyon's shareholder registry	13.5	Dilution of shareholders' interests and reduced level of control over the Company
13.4	Injection of substantial capital to support Canyon in progressing its flagship project towards production, allowing Shareholders to participate in any upside (should it materialise) associated with holding shares in a company with a producing asset	13.5	Future takeover bids may be deterred
13.4	If Exercise Conditions are met, this is likely to be value accretive for Shareholders	13.5	Substantial number of shares may be sold on the open market
13.4	Stronger balance sheet may assist with the grant of the Mining Licence by the Cameroon Government		
13.4	If the Proposed Transaction is not approved, a potential sale of the Minim Martap Project may be viewed as distressed		

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Practical Level of Control
13.3	Consequences of not Approving the Proposed Transaction

3. Scope of the Report

3.1 Purpose of the Report

Section 606 of the Corporations Act (**'Section 606'**) expressly prohibits the acquisition of further shares by a party if the party acquiring the interest does so through a transaction and because of the transaction, that party (or someone else's voting power in the company) increases from 20% or below to more than 20%.

Section 611 of the Corporations Act (**'Section 611'**) provides exceptions to the Section 606 prohibition and item 7 Section 611 (**'item 7 s611'**) permits such an acquisition if the shareholders of Canyon have agreed to the acquisition. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by the party to the acquisition or any party who is associated with the acquiring party.

Item 7 Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that to satisfy the obligation to provide all material information on how to vote on the item 7 resolution Canyon can commission an Independent Expert's Report.

The directors of Canyon have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest as such the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of a Canyon share prior to the Proposed Transaction on a controlling interest basis and the value of a Canyon share following the Proposed Transaction on a minority interest basis (fairness - see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 13 'Is the Proposed Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

On 17 August 2023, Canyon announced that it had entered into a Subscription Agreement with EEA comprising the Strategic Investment, which constitutes the issue of Placement Shares, Exercise Shares and New Options as described in detail below.

EEA has agreed to subscribe for \$10.5 million of Placement Shares at \$0.07 per Share and exercise its 202.9 million Existing Options at an exercise price of \$0.07 each to acquire the Exercise Shares (being the corresponding number of Shares on exercise) in Canyon. Following satisfaction of conditions including shareholder approval, this will provide the Company with an injection of capital totalling \$24.7 million (before costs).

In addition, Canyon will further issue EEA with 500 million New Options each with an exercise price of \$0.07 and an expiry date of 26 December 2026 to acquire Shares which are subject to the satisfaction of Exercise Conditions.

The Proposed Transaction becoming effective is subject to the following conditions being satisfied or waived where applicable:

- The ASX not indicating to the Company on or before the general meeting seeking shareholder approval that the terms and conditions of the New Options are not appropriate and equitable for the purpose of ASX Listing Rule 6.1;
- An Independent Expert providing an Independent Expert's Report to the Company on or before 30 September 2023, state that, in the Independent Expert's opinion, the issue of the Placement Shares, Exercise Shares and the Shares on the exercise of New Options is fair and reasonable, or not fair but reasonable, to Shareholders (other than EEA and its associates) and the Independent Expert does not change that opinion before the general meeting seeking shareholder approval; and
- Canyon obtaining shareholder approval for:
 - i) The issue of the Placement Shares, the acquisition by EEA of a relevant interest in voting shares in Canyon upon the issue of Placement Shares, Exercise Shares and the Shares on exercise of the New Options, for the purposes of item 7 s611 of the Corporations Act and all other purposes;
 - ii) the issue of the New Options for the purposes of ASX Listing Rule 7.1; and
 - iii) the appointment of Mr Gaurav Gupta as a director of Canyon.

Board Appointments

In connection with the Strategic Investment, EEA will also nominate a new director to the Board of Canyon, being Mr Gaurav Gupta, a nominee of EEA, which is further subject to shareholder approval at the Company's general meeting.

Furthermore, under the Subscription Agreement, on and from the date on which the Placement Shares and New Options are issued, EEA will also be entitled to further nominate two additional directors to the Board of the Company.

EEA already has a pre-existing board appointment right under a Strategic Placement as announced on 21 December 2022 (refer to Section 5.4). We note that EEA will continue to hold that right even if the Proposed Transaction is not approved by Shareholders.



Capital structure post issue of Placement Shares and Exercise Shares

The table below shows the change in holding in Canyon by EEA on an undiluted basis before and after the issue of Placement Shares and Exercise Shares, and prior to the exercise of the New Options:

	Number of Shares held by EEA
Shares currently on issue	202,900,000
Current voting power in Canyon (%)	19.98%
Issue of Placement Shares	150,000,000
Issue of Exercise Shares	202,900,000
Total Shares post-issue of Placement Shares and Exercise Shares	555,800,000
Voting power post-issue of Placement Shares and Exercise Shares (%)	40.61%

Source: Canyon's Notice of Meeting and BDO analysis

Dilutive impact of the New Options

EEA may be issued New Options subject to shareholder approval. The table below shows the breakdown of the total number of shares in Canyon based on the exercise of the New Options by EEA only:

Number of Shares	EEA	Other Shareholders	Total
Issued shares as at the date of our Report	202,900,000	812,866,507	1,015,766,507
Current voting power in Canyon (%)	19.98%	80.02%	100.00%
Issue of Placement Shares	150,000,000	-	150,000,000
Issue of Exercise Shares	202,900,000	-	202,900,000
Total Shares post-issue of Placement Shares and Exercise Shares	555,800,000	812,866,507	1,368,666,507
Voting power post-issue of Placement Shares and Exercise Shares (%)	40.61%	59.39%	100.00%
Issue of Shares on exercise of New Options	500,000,000	-	500,000,000
Total Shares post-exercise of New Options	1,055,800,000	812,866,507	1,868,666,507
Maximum voting power post-exercise of New Options (%)	56.50%	43.50%	100.00%

Source: Canyon's Notice of Meeting and BDO analysis

As shown in the table above, in the case that only EEA exercises its New Options and none of the other option holders exercise any of their options, EEA would have the capacity to increase its shareholding interest to 56.5%.

5. Profile of Canyon

5.1 History

Canyon is an ASX-listed bauxite exploration and development company. The Company's flagship asset is its 100% interest in the Minim Martap Project located in central Cameroon. The Company was incorporated in 2009 and is headquartered in West Perth, Western Australia.

The current directors of Canyon are:

- Mr. Mark Hohnen - Non-Executive Chairman;
- Mr. David Netherway - Non-Executive Director;
- Mr. Scott Phegan - Non-Executive Director; and
- Mr. Peter Su - Non-Executive Director.

The Company's chief executive officer ('CEO') is Mr. Jean-Sebastien Boutet, who is not a director of the Company.

5.2 Minim Martap Project

The Minim Martap Project is a bauxite direct shipping ore ('DSO') project located in the Adamawa region of central Cameroon and situated near the main rail line linking the region to the Atlantic port of Douala. The Project encompasses two deposits, the Ngouandal and Minim Martap deposits, which are within 25 kilometres ('km') of each other.

The three exploration permits that underpin the Project were first granted to Canyon by the Government of Cameroon in August 2018. At the time of grant, the Project reported a JORC Code (2004) compliant resource of 550 million tonnes ('Mt') at 45.5% total Al₂O₃ and 2.06% SiO₂, which were classified within the indicated and inferred resource categories.

Drilling at the Project commenced at the end of 2018 and since then, the Company has advanced the development of the Minim Martap Project to bankable feasibility study ('BFS') stage, after completing a scoping study in November 2019 and pre-feasibility study ('PFS') in July 2020.

Canyon announced its BFS results on 21 June 2022, which outlined the economics of the Project and next steps towards a final investment decision ('FID'). Key highlights from the BFS included a nominal production rate of 6.4 Mt per annum from the Project over a 20-year life of mine ('LOM').

The BFS utilised 98.9% proved reserves (108.91 Mt) and 1.1% of inferred resources (1.16 Mt) within the 20-year mine schedule, which were compliant with the JORC Code (2012). However, the total mineral resource estimate for the Project was 1,027 Mt at 45.3% Al₂O₃ and 2.7% SiO₂.

The BFS also outlined the planned use of state-owned infrastructure for the transport and shipment of ore. On 17 September 2020, Canyon announced the signing of a Memorandum of Understanding ('MoU') with the Port Authority of Douala for the development of the port and trans-shipment infrastructure for the Minim Martap Project. Subsequently on 9 January 2023, Canyon announced the signing of an MoU with the Port Authority of Douala outlining the declaration of intent for the development of infrastructure at the Port of Douala-Bonabéri.

Transport of ore from the Minim Martap Project is intended to utilise the Camrail rail network, which is a five-year infrastructure renewal programme agreed between the Cameroon Government and Camrail SA

(‘Camrail’). The Camrail rail network involves the upgrade of an existing rail network that passes approximately 50 km from the Minim Martap Project.

Further development of the Project and the FID are now awaiting the final decree of the President of Cameroon, Mr. Paul Biya, on the application of the Mining Licence for the development of the Project (‘Mining Licence’).

Canyon submitted its application for the Mining Licence in June 2021, which was accepted by the Minister of Mines, Industry and Technological Development in August 2021. The grant of the Mining Licence, however, was subject to Canyon entering into a mining convention with the relevant government ministries (‘Mining Convention’).

The completion of the Mining Convention would allow Canyon to officially enter into binding agreements with the Port of Douala and Camrail regarding access and utilisation of state-owned infrastructure. In addition, the grant of the Mining Licence will result in the Government of Cameroon being granted a 10% free-carried ownership, which can be increased by an additional 25% ownership should there be direct investment by the Government under terms and conditions mutually agreed by both parties.

Canyon completed all negotiations to finalise the terms of the Mining Convention in January 2022, which was submitted to the Prime Minister of Cameroon for approval before execution. The Company noted in its March and June 2023 quarterly reports that the Prime Minister had personally expressed his support for the Project and signed his approval to proceed.

The finalising of the Mining Licence grant continues to be the final hurdle for the Company and Canyon’s management have continued to lobby the Cameroon Government. The Company has noted in its announcements that the period for the Government of Cameroon to object to the processing and approval of the Mining Licence application had since passed.

Based on the information available to it and as advised by management, Canyon expects that the likely timing for the grant of the Mining Licence may be in the first or second quarter of 2024, whilst a binding contract for port access and rail transportation of product is anticipated to be in place by the final quarter of 2024. Further, management of Canyon have outlined that there have been indications that a strategic partner will strengthen Canyon’s case for the grant of the Mining Licence, and therefore, the Proposed Transaction would fulfill this requirement of having an engaged strategic partner, being EEA.

5.3 Makan Bauxite Permit

On 28 February 2022, Canyon announced that it had been granted two-year extensions for its Makan and Ngaoundal research permits, which adjoin the Project and expired in July 2021. The extension period provided the opportunity for Canyon to complete feasibility studies on the two additional permits to incorporate them into the broader Minim Martap Project.

Resource definition activities commenced at the Makan research permit (‘Makan Permit’) in October 2022 through surface mapping, pit sampling and target identification. The Company announced its objective to define sufficient bauxite mineralisation to develop sustainable long-term DSO operations to be included in the Minim Martap Project.

5.4 Recent Corporate Events

On 21 December 2022, Canyon announced that it had entered into a subscription agreement with EEA for the subscription of \$12.17 million fully paid ordinary shares at \$0.06 per share (‘Strategic Placement’), which resulted in the issue of 202,900,000 shares to EEA. Each placement share had an attaching option

(the exercise of which is subject to shareholder approval), with an exercise price of \$0.07 per option and expiry date of 10 August 2025 ('Strategic Placement Options'). Following the completion of the Strategic Placement, EEA owned a 19.98% interest in the issued capital of the Company. In addition, under the terms of the Strategic Placement, EEA received the right to nominate one representative to the Canyon board of directors.

On 27 July 2023, Canyon released its quarterly activities report, which among other updates, outlined that Canyon Resources no longer held an interest in the Birsok Bauxite Project ('Birsok Project') by allowing the permit to lapse. The Birsok Project was Canyon's former flagship asset prior to the grant of the Minim Martap Project licenses in 2018.

5.5 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 30-Jun-23 \$	Audited as at 30-Jun-22 \$	Audited as at 30-Jun-21 \$
CURRENT ASSETS			
Cash and cash equivalents	10,726,199	4,478,367	2,684,012
Trade and other receivables	182,648	51,251	203,794
Other current assets	401,642	393,097	391,464
TOTAL CURRENT ASSETS	11,310,489	4,922,715	3,279,270
NON-CURRENT ASSETS			
Property, plant and equipment	197,061	239,179	345,756
Exploration and evaluation expenditure	18,073,713	16,424,121	16,760,341
TOTAL NON-CURRENT ASSETS	18,270,774	16,663,300	17,106,097
TOTAL ASSETS	29,581,263	21,586,015	20,385,367
CURRENT LIABILITIES			
Trade and other payables	708,980	1,061,289	1,040,082
Employee benefits	32,915	121,427	203,727
TOTAL CURRENT LIABILITIES	741,895	1,182,716	1,243,809
TOTAL LIABILITIES	741,895	1,182,716	1,243,809
NET ASSETS	28,839,368	20,403,299	19,141,558
EQUITY			
Issued capital	89,004,240	76,733,044	66,543,010
Reserves	6,841,087	5,689,503	1,886,952
Accumulated losses	(67,005,959)	(62,019,248)	(49,288,404)
TOTAL EQUITY	28,839,368	20,403,299	19,141,558

Source: Canyon's audited financial statement for the years ended 30 June 2021, 30 June 2022 and 30 June 2023

Commentary on Historical Statements of Financial Position

- Cash and cash equivalents increased from \$4.48 million as at 30 June 2022 to \$10.73 million as at 30 June 2023. The increase of \$6.25 million was primarily attributable to proceeds received from the issue of shares as part of the Strategic Placement with EEA totalling \$12.17 million (before costs). This was partially offset by payments to suppliers and employees of \$3.73 million, in addition to payments for exploration and evaluation expenditure amounting to \$1.34 million as Canyon renewed permits relating to the Minim Martap Project.

- Other current assets are largely made up of other deposits amounting to \$0.28 million which relate to surety bonds paid to the Cameroon Ministry of Mines in relation to the three Minim Martap Project licences.
- A breakdown of property, plant and equipment of \$197,061 as at 30 June 2023 is set out below.

Property, plant and equipment as at 30-Jun-23	At cost \$	Accumulated depreciation \$	Net book value \$
Plant and equipment	567,670	(382,717)	184,953
Computer equipment	66,047	(54,471)	11,576
Office equipment	61,670	(61,138)	532
Total property, plant and equipment	695,387	(498,326)	197,061

Source: Canyon's audited financial statement for the year ended 30 June 2023

- Capitalised exploration and evaluation expenditure totalled \$18.07 million as at 30 June 2023 solely comprising the Minim Martap Project. During the year ended 30 June 2023, the Company announced the termination of its earn in agreements pertaining to the former Birsok Project.

5.6 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-23 \$	Audited for the year ended 30-Jun-22 \$	Audited for the year ended 30-Jun-21 \$
Other Income	22,614	-	67,110
Interest income	170,263	3,535	6,780
Total income	192,877	3,535	73,890
Foreign exchange gain/(loss)	-	(57,200)	-
Employee benefits expense	(2,302,584)	(2,026,461)	(1,915,244)
Consultants and contractors	(317,248)	(466,354)	(320,300)
Depreciation and amortisation expense	(59,447)	(84,789)	(99,961)
Impairment of exploration	(550,000)	-	(232,257)
Loss on disposal of assets	(1,017)	(10,779)	(150)
Travel expenses	(188,818)	(310,343)	(88,928)
Compliance and regulatory	(94,757)	(103,806)	(121,439)
Legal and professional fees	(143,580)	(258,367)	(84,699)
Share based payments	(394,398)	(4,695,858)	(1,634,786)
Exploration expenditure	(794,883)	(4,461,512)	-
Interest expense	(3,146)	(787)	(741)
Occupancy	(70,022)	(115,135)	(125,879)
Administration	(259,688)	(187,555)	(200,808)
Loss before income tax	(4,986,711)	(12,775,411)	(4,751,302)
Income tax benefit	-	-	-
Loss for the year from continuing operations	(4,986,711)	(12,775,411)	(4,751,302)
Change in fair value of equity instruments	-	-	92,321
Foreign currency translation	847,186	(792,490)	(141,997)
Other comprehensive income	847,186	(792,490)	(49,676)
Total comprehensive loss for the year, net of tax	(4,139,525)	(13,567,901)	(4,800,978)

Source: Canyon's audited financial statement for the years ended 30 June 2021, 30 June 2022 and 30 June 2023

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Other income earned during the year ended 30 June 2023 solely related to a net foreign exchange gain. Other income earned during the year ended 30 June 2021 comprised a net foreign exchange gain of \$29,610 and subsidies and grants of \$37,500.
- Impairment of exploration incurred during the year ended 30 June 2023 of \$0.55 million related to the termination of earn in arrangements pertaining to the former Birsok Bauxite Project. Impairment of exploration incurred during the year ended 30 June 2021 of \$0.23 million related to expenditure recognised for the former Birsok Project, which was expensed as opposed to being capitalised whilst the renewals for the Birsok Project were being finalised.
- Share based payments increased significantly from \$1.64 million for the year ended 30 June 2021 to \$4.70 million for the year ended 30 June 2022. This increase was largely the result of the issuance of shares as part deferred consideration for the acquisitions of the Minim Martap Project and Birsok Project, amounting to \$3.40 million and \$0.93 million respectively.
- Exploration expenditure was initially incurred during the year ended 30 June 2022 amounting to \$4.46 million. Whilst the Makan and Ngaoundal research permits, and the Minim Martap permit, which make up the Company's flagship Minim Martap Project, expired, the Company was forced to commence a renewal process. In accordance with the Company's accounting policy, all expenditure incurred was to be expensed once the permits were renewed. As announced on 25 February 2022, Canyon confirmed that the Malan and Ngaoundal research permits were extended for an additional two years, and thus the expenditure on these permits would now be capitalised. However, the negotiations for the renewal of the Minim Martap permit continues, and therefore, such expenditure continues to be expensed until the renewal is finalised. Exploration expenditure incurred during the year ended 30 June 2023 further related to the renewal of such permits.

5.7 Capital Structure

The share structure of Canyon as at 9 September 2023 is outlined below:

	Number
Total ordinary shares on issue	1,015,766,507
Top 20 shareholders	476,098,998
Top 20 shareholders - % of shares on issue	46.87%

Source: Canyon share registry information dated 9 September 2023

The range of shares held in Canyon as at 9 September 2023 is as follows:

Range of Shares Held	No. of Ordinary Shareholders	No. of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	92	10,427	0.00%
1,001 - 5,000	195	747,899	0.07%
5,001 - 10,000	359	2,981,738	0.29%
10,001 - 100,000	1,267	53,204,149	5.24%
100,001 - and over	837	958,822,294	94.39%
TOTAL	2,750	1,015,766,507	100.00%

Source: Canyon share registry information dated 9 September 2023

The ordinary shares held by the most significant shareholders as at 9 September 2023 are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
Eagle Eye Assets Holdings (EEA) through Citicorp Nominees Pty Ltd	202,900,000	19.98%
Ausglobal Bauxite Pty Ltd	67,545,950	6.65%
WNA Holding FZCO	38,087,479	3.75%
Altus Strategies Ltd	24,000,000	2.36%
Subtotal	332,533,429	32.74%
Others	683,233,078	67.26%
Total ordinary shares on Issue	1,015,766,507	100.00%

Source: Canyon share registry information dated 9 September 2023

The options and performance rights on issue as at 9 September 2023 are outlined below:

Option/Performance Rights Code	No. of Options/Rights	Exercise price (\$)	Expiry Date
CAYAM Options	110,080,798	0.07	10-Aug-24
CAYAF Rights	9,000,000	Nil	Nil
CAYAL Options	4,000,000	0.20	07-Sep-23
CAYAP Options	1,000,000	0.17	02-Dec-25
CAYAN Options	1,000,000	0.09	02-Dec-25
CAYAO Options	1,000,000	0.12	02-Dec-25
EEA Options*	202,900,000	0.07	10-Aug-25
Total number of options and performance rights	328,980,798		

Source: Canyon share registry information dated 9 September 2023

*Relates to the Strategic Placement Options issued to EEA as part of the Strategic Placement in December 2022.

A breakdown of the CAYAF Rights on issue as at 9 September 2023 is outlined below:

Vesting conditions	Holder	No. of Performance Rights
Achievement of 10-day Volume Weighted Average Price ('VWAP') of \$0.10	CEO	1,000,000
Achievement of 10-day VWAP of \$0.15	CEO	1,000,000
Achievement of 10-day VWAP of \$0.20	CEO	1,000,000
Achievement of 10-day VWAP of \$0.25	CEO	1,000,000
Continued employment conditions	CEO	2,000,000
Fully approved mining licence	CEO	1,000,000
Complete rail access agreement	CEO	1,000,000
Executed binding offtake agreement for a minimum of 2 Mt for a 12 month period	CEO	1,000,000
Total number of Performance Rights		9,000,000

Source: Canyon share registry information dated 9 September 2023

6. Profile of Eagle Eye Asset Holdings

6.1 Background

EEA (branded as Fortuna Holdings SFO) is a Monetary Authority of Singapore ('MAS') registered single-family office based in Singapore, with offices in Dubai.

EEA's objective is to build a robust investment portfolio across the mining, clean-energy and health technology industries. Aside from Canyon, EEA's current investments comprise of the following:

- FG Gold Limited, a gold exploration and development company which is focused on its flagship Baomuhan Gold Project located in Sierra Leone, Africa;
- Fura Gems Inc., a gemstone mining company headquartered in the United Arab Emirates, is focused on its subsidiaries based in Colombia, Mozambique and Australia to produce emeralds, rubies and sapphires, respectively;
- Bold Capital Partners, a venture capital firm which invests in life sciences, healthcare and frontier technology companies;
- Pyka Inc., an autonomous electric aircraft developer;
- Prospect Resources Limited ('Prospect'), an Australian-based exploration and development company focused on its African projects, the Step Aside Lithium Project in Zimbabwe, the Omaruru Lithium Project in Namibia and the Kesya Rare Earths Project in Zambia;
- Kuan Capital Partners, an investment and asset management firm based in Shanghai, China;
- Vaxxinity, Inc., a clinical stage biotechnology company based in the United States which owns a proprietary technology platform that has enabled the innovation of synthetic peptide vaccines designed to treat and prevent chronic diseases;
- Biosplice Therapeutics, Inc., is headquartered in San Diego, the United States, and develops small-molecule therapeutics based on alternative pre-mRNA splicing, where its clinical pipeline focuses on osteoarthritis, oncology, androgenetic alopecia and neurology areas.

Notably, EEA has a track record of identifying and investing in mineral projects in Africa. As outlined above, EEA was a supporter and investor in Prospect, which was later acquired by Zhejiang Huayou Cobalt Co Ltd for US\$378 million.

EEA's investment in Canyon commenced in December 2022 as part of the Strategic Placement, which raised \$12.17 million through the issue of Canyon shares at \$0.06 per share. EEA currently owns a 19.98% interest in Canyon, along with 202.9 million Strategic Placement Options (Existing Options). Shareholders of Canyon approved the issue of Existing Options for the purposes of ASX Listing Rule 7.1 at a general meeting held on 28 February 2023. However, if not for the prohibitions under Section 606 of the Act, EEA would have been entitled to exercise the Existing Options prior to now.

Canyon considers EEA to be a long term strategic partner with the capability to assist the Company with project funding solutions to facilitate the Minim Martap Project moving towards development.

Canyon announced in its June 2023 quarterly activities report that EEA has been involved in ongoing discussions with the Cameroon Government for the granting of the Mining Licence, with EEA contributing their knowledge and experience in developing mineral projects in Africa.

7. Economic analysis

Canyon's flagship asset is located in Cameroon and hence is predominantly exposed to the risk and opportunities of the Cameroonian economy. Canyon is also headquartered in Australia and listed on the ASX, therefore, we have presented analyses of the current Cameroonian and Australian economies to the extent that they relate to considerations for our assessment.

7.1 Cameroon

Cameroon has a population of approximately 27 million people and is classified by the World Bank as a lower-middle-income country. Poverty levels remain high in the country, despite it being endowed with various natural resources, including oil and gas, minerals, and agricultural commodities, such as coffee, cotton, cocoa, and maize.

The Cameroon People's Democratic Movement, and President Paul Biya, has held power since 1982. Despite being relatively stable politically, Cameroon suffers from weak political governance that hinders its development and has contributed to the conditions of poverty throughout the nation. Notably, Cameroon currently ranks 142 out of the 180 countries in the 2022 Transparency International corruption perceptions index.

Based on the African Development Bank ('ADB') Economic Outlook of 2023, real gross domestic product ('GDP') growth in Cameroon declined to 3.4% in 2022 from 3.6% in 2021, primarily due to continued investment, higher non-oil activity and high inflation. However, with the gradual improvement in the international economic context and higher national gas production and global commodity prices, real GDP growth is projected to reach 4.2% in 2023 and 4.5% by 2024.

Since November 2021, Cameroon has experienced high inflation, driven primarily by the shortage and increases in the price of staple goods and imports, which stem largely from the disruption global value chain due to the COVID-19 pandemic and the ongoing Ukraine-Russia war. Inflation rose to 6.2% in 2022 from 2.3% in 2021, which is higher than the Central African Economic and Monetary Community target of 3%. However, this is expected to decline gradually to 5.9% in 2023 and 3.3% in 2024, driven by the continued tightening of the monetary policy by the Bank of Central African States.

The banking and financial system in Cameroon has weakened with high risk of over indebtedness. This is primarily due to the nonperforming loans ratio (nearly 15%) as well as Cameroon's high exposure to the outstanding debts of public enterprises, estimated at 478 billion Central African CFA francs in 2021.

The International Monetary Fund ('IMF') indicated in its July 2023 fourth review that Cameroon's recovery has continued despite security concerns and external risks, including tight global financial conditions and increased oil price volatility. Medium-term prospects for the Cameroon economy remain favourable provided economic reforms continue and the external environment is supportive of economic recovery.

Source: www.worldbank.org Cameroon Economic Overview: Updated 17 March 2023. International Monetary Fund, African Development Bank Economic Outlook 2023.

7.2 Australia

In its September 2023 Monetary Policy Decision, the Reserve Bank of Australia ('RBA') made the decision to leave the cash rate target unchanged at 4.10%. Since May 2022, the RBA has increased the interest rates by four percentage points, with the intention of easing inflationary pressures and returning inflation to its target rate within a reasonable timeframe. The decision in September to hold the interest rate for

the third consecutive meeting was aimed to provide some additional time for the RBA to assess the impact of interest rate rises to date on key macroeconomic indicators.

Inflation reached 7.8% over the 2022 calendar year, the highest year-end inflation figure since 1990, and significantly higher than the RBA's inflation target of 2-3%. The RBA stated in its July statement that the decline in the monthly consumer price index ('CPI') indicator for May 2023 suggested that inflation has since passed its peak in Australia. However, the RBA considers that inflation is still too high at its current rate of 6.0%, however, it is forecast to continue to decline and return to the target range in late 2025.

According to the RBA, growth in the Australian economy has also slowed. Currently, the combination of heightened interest rates and cost-of-living pressures has led to a substantial deceleration in household spending. As a result, equity market conditions, particularly for retail investors have dampened with the decline in discretionary income.

Among major economies around the world, the rebound from the COVID-19 pandemic waned throughout 2022, which contributed to a slowdown in the global economy. Like many advanced economies, high inflation and energy prices have weighed on demand in Australia. In addition, it is anticipated in 2023-24 that Gross Domestic Product ('GDP') growth in Australia's key trading partners will remain substantially below historical norms. However, downside risks to growth in the major global economies have lessened in recent months, supported by China's reversal of its COVID-19 measures in December 2022, which has stabilised the supply chain recovery trajectory.

The March 2023 banking system crisis in the United States and Switzerland resulted in volatility in financial markets and a reassessment of the outlook for global interest rates. These problems are also expected to influence tighter financial conditions, forming an additional headwind for the global economy. However, the RBA considers the Australian banking system to be strong, well capitalised and highly liquid. It is, therefore, well placed to provide the credit that the economy needs, albeit at higher interest rates compared to the rates during the pandemic.

Conditions in the labour market have eased, although remain very tight. Firms report that labour shortages have lessened, yet job vacancies and advertisements are still at very high levels. The unemployment rate at 3.5% remains close to a 50 year low, consequently, wage growth is stated to be increasing in response to the tight labour market and high inflation. With the economy and employment forecast to grow below trend, the unemployment rate is expected to rise gradually from its current rate to around 4.5% late next year.

Outlook

Economic growth in Australia is forecast to be hampered by rising interest rates, higher living costs and declining real wealth. As a result, the forecast declining trajectory of inflation in Australia remains uncertain and the high inflation environment is expected to continue weighing on real household incomes for the short term. The composition of inflation in Australia is also likely to shift, with higher inflation expected in more persistent and non-discretionary items, such as rent, in the coming years. However, despite inflationary concerns, aggregate household incomes have been sustained by solid labour demand, which has underpinned the health of household balance sheets. Although the balance of risks has improved in recent months, the pathway forward remains uncertain, with upside and downside scenarios equally plausible.

Source: www.rba.gov.au Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 5 September 2023 and prior periods, www.rba.gov.au Statement on Monetary Policy August 2023 and prior periods, and BDO analysis.

8. Industry analysis

Canyon is a bauxite exploration and development company which is listed on the ASX. As such, we have presented an overview of the relevant industry segments on the basis that these form part of the considerations for our overall assessment. We have presented an analysis of the exploration sector on the ASX as well as the bauxite industry.

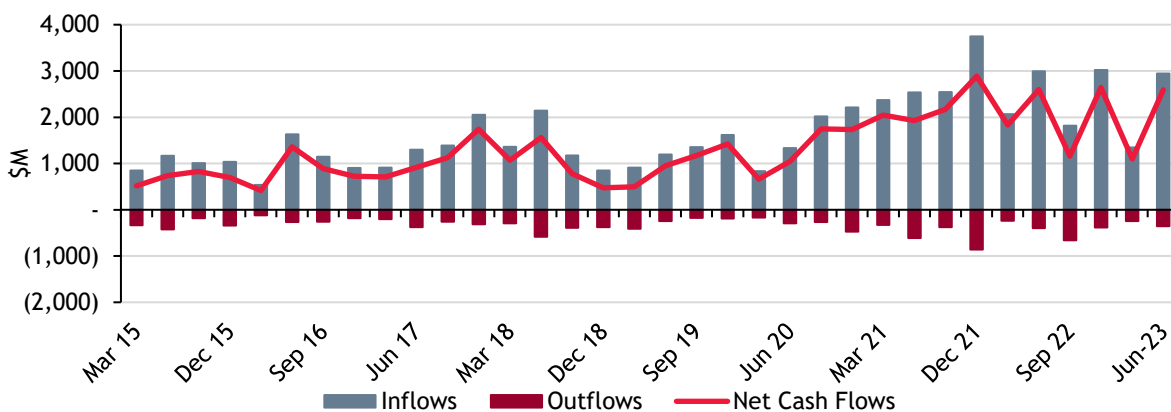
8.1 Exploration Sector

BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company's cash flows, their financing facilities available and management's expectation of future funding requirements. BDO's report for the June quarter of 2023 suggests that improved financial market conditions following a turbulent global macroeconomic environment, has enabled the sector to position itself for the battery mineral future.

Unlike the previous two quarters of subdued operations and investment, the current quarter showed a reset in investor sentiment, demonstrated by the increase in financing, investments and exploration spending as cash balances remained healthy. This quarter also saw a return in consolidation activity among explorers, particularly in the gold sector, while initial public offerings ('IPOs') focused on critical minerals, comprising lithium and rare-earth minerals. A total of 779 companies lodged an Appendix 5B for the June 2023 quarter, representing a reduction of eight companies from the March 2023 quarter and marking the first reduction in companies to lodge since the September 2020 quarter. Interestingly, seven companies were acquired or merged with in the June 2023 quarter, signifying the commencement of a healthy wave of consolidation activity across the sector, particularly within the gold sector, as explorers favour this route over running the gauntlet with current uncertain and volatile capital markets.

Following a decrease of 55% in the amount of funds raised in the previous quarter, financing cash inflows for the June 2023 quarter increased 111% to total \$2.84 billion. Alongside, the average financing inflows per company was up 8.5% to total \$3.65 million, when compared to the two-year average of \$3.36 million. The recent volatility in financing cash flows, as outlined below, is a consequence of the adverse reaction from capital markets to increasing interest rates since May 2022, in conjunction with an inflationary environment, and global economic uncertainty. In the current quarter, we observed a loosening of previously tightened capital markets, evidenced by the increased number of large fund raisings.

Financing Cash Flows (\$M)

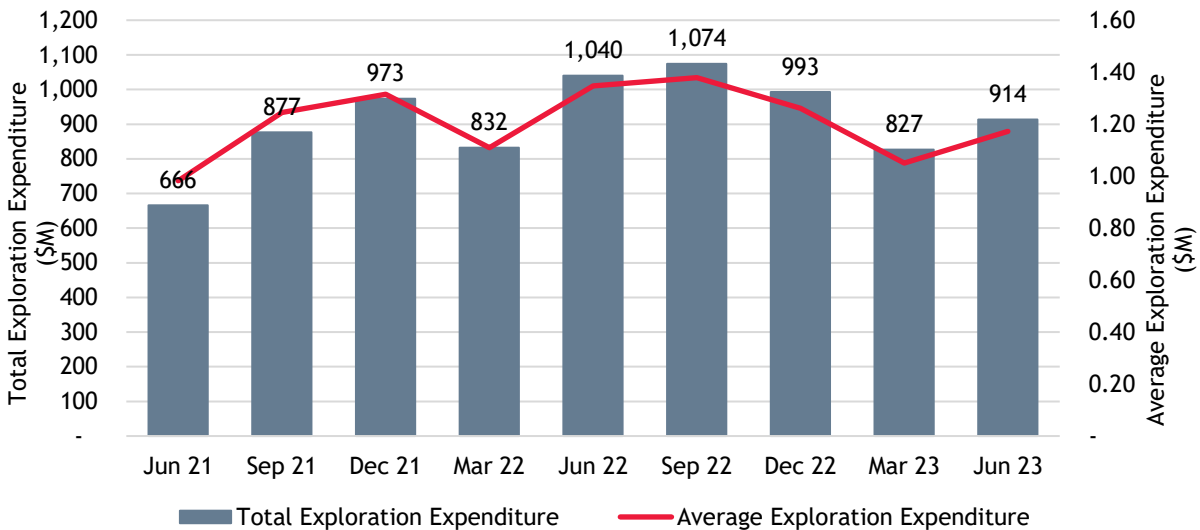


In the June 2023 quarter, 53 companies (which we have termed ‘Fund Finders’) raised capital exceeding \$10 million, up from 34 in the previous quarter. For the second successive quarter, both gold and lithium secured the top spots on our Fund Finders, underscoring the notion that market sentiment is being both driven by the demand for battery metals, yet tempered by economic volatility.

Explorers’ cash positions increased modestly in the June 2023 quarter, with 82% of exploration companies reporting a cash balance of over \$1 million, up from 81% in the March 2023 quarter. Notably, this marks a slight reversal of a trend of explorers with cash balances over \$1 million reducing since the June 2022 quarter. This development is encouraging, especially considering the industry-wide rise in investment and exploration expenditure throughout the quarter, in tandem with the prevailing inflationary environment.

In the June 2023 quarter, total exploration expenditure increased for the first time since the record-billion dollar spend in the September 2022 quarter of \$1.07 billion. The June 2023 quarter’s \$914 million exploration spend represented a 10% increase from the March 2023 quarter. The average exploration spend per company rebounded by 12% to \$1.17 million from the two-year low of \$1.05 million shown in the March 2023 quarter.

Total Exploration Expenditure - Last Two Years (\$M)



The top ten exploration spending companies comprised four lithium companies, three gold companies, one nickel-copper, graphite, and coal company. Gold and oil and gas typically account for the largest portion of the top 10 exploration spends, however, this quarter, we have also observed growth in exploration spending for lithium that has likely been driven by the sustained demand for renewable energy sources to meet future requirements.

Contradictory macroeconomic signals defined the macroeconomic landscape in the June 2023 quarter. For example, gold topped our Fund Finders for the fourth consecutive quarter, which would potentially serve as an indicator of ongoing economic turbulence, given the recognised safe haven attributes of gold. However, despite the prevailing economic uncertainty, there was a resurgence of capital market support during the same period, largely driven by the demand for battery metals. Nonetheless, the results from the June 2023 quarter suggests that the sector has healthily rebounded from the noticeable industry wide slowdown observed in the preceding two quarters.

Source: BDO Explorer Quarterly Cash Update: June 2023 and prior releases.

8.2 Bauxite

Bauxite is a naturally occurring material, comprised largely of aluminium hydroxide minerals including gibbsite, diaspore or boehmite, with various mixtures of silica, iron oxide and other impurities. It is formed by the weathering of aluminous rock and is the primary raw material used in the commercial production of alumina. Bauxite deposits are found primarily near the surface of tropical and sub-tropical areas, including Africa, Australia, Southeast Asia and South America, and can therefore typically be strip-mined.

Bauxite ore is refined using the Bayer process, in which bauxite is put through a wet chemical caustic leach process to extract alumina. Alumina is then processed into aluminium metal, which is an integral part of building construction, electricity production and transportation infrastructure, in addition to a variety of product uses including aeroplane parts, doors, windows, foils and kitchen utensils.

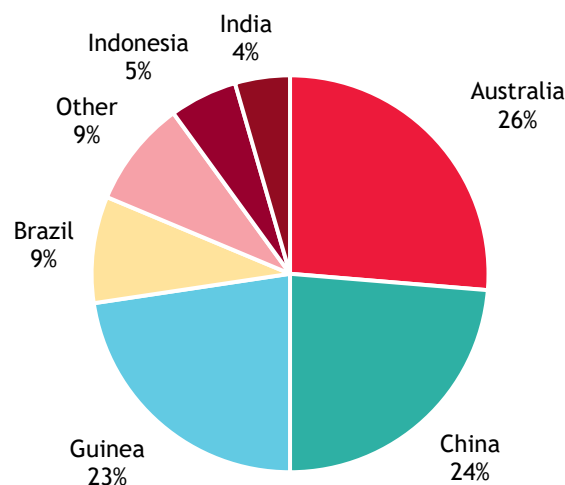
Approximately 80% of global bauxite production is consumed in the production of aluminium metal, while the remaining 20% is used in products such as abrasives, cement, chemicals and refractories.

Production and Reserves

According to the United States Geological Survey ('USGS'), total global bauxite production in 2022 was approximately 380 million tonnes, with the majority of bauxite produced in Australia, China and Guinea. In 2022, these three countries accounted for a combined total of approximately 73% of global production.

The chart below illustrates the estimated global bauxite production by country for 2022:

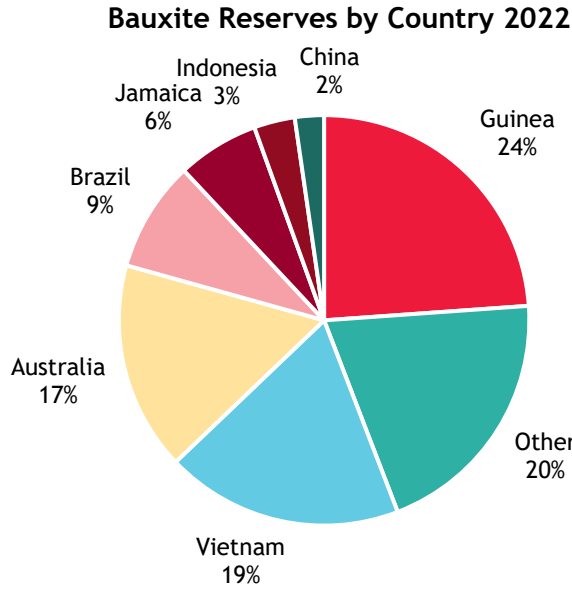
Bauxite Production by Country 2022



Source: USGS Bauxite and Alumina Annual Publication 2022.

Total global bauxite reserves were estimated at approximately 31 billion tonnes in 2022. The largest bauxite reserves were estimated to be in Guinea, followed by Vietnam and Australia. In 2022, these three countries accounted for a combined total of 59% of global reserves.

The chart below illustrates estimated global bauxite reserves by country for 2022:



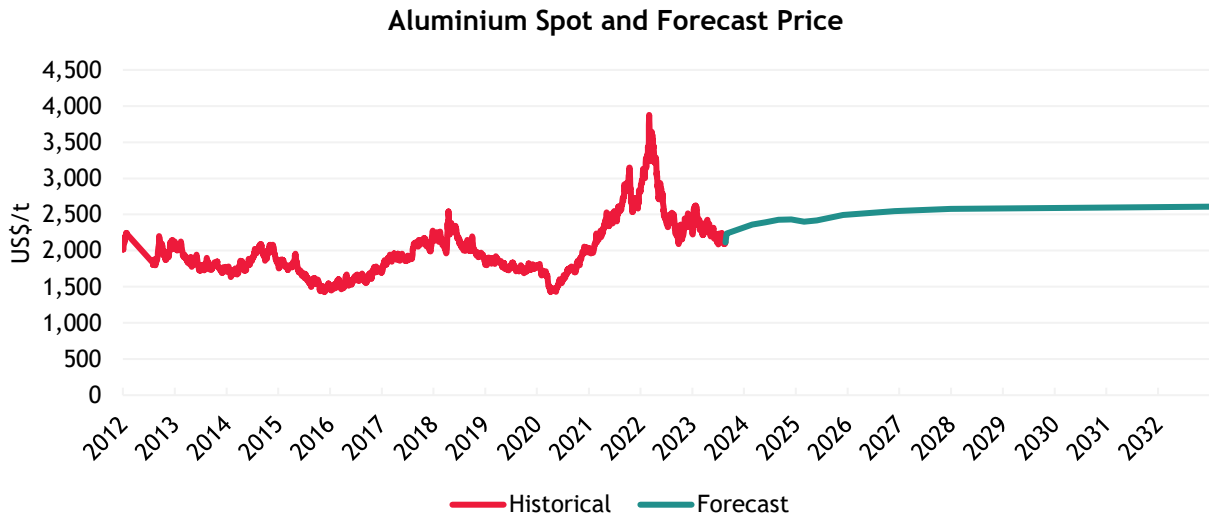
Source: USGS Bauxite and Alumina Annual Publication 2022.

We note that Cameroon was not among the USGS list of top countries in terms of bauxite production and bauxite reserves.

Prices

There is no single internationally traded price for bauxite, as it is often mined and then refined into alumina by the same enterprise. For example, Rio Tinto Limited (**‘Rio Tinto’**), Alcoa of Australia Limited and South32 Limited, which are the three major bauxite producers in Australia, use a high proportion of bauxite for their own alumina-refining operations. Therefore, bauxite prices are usually determined by contract. As bauxite is an aluminium-bearing material however, the bauxite mining industry is heavily driven by the world price of aluminium.

The graph below shows trends in the aluminium spot and forecast price over the period from 2012 to 2032:



Source: Bloomberg and Consensus Economics

The price of aluminium increased from a low of US\$1,426/tonne on 23 November 2015 to a high of US\$2,916/tonne on 18 April 2018, driven by an increase in the demand for aluminium from developments in construction and infrastructure. Following this, the trade war between the US and China further impacted the price of aluminium, which decreased to around the US\$1,800/tonne mark on 30 June 2019. The aluminium price hovered between US\$1,700/tonne and US\$1,800/tonne over the period immediately prior to the onset of the COVID-19 pandemic.

The aluminium price declined back to US\$1,426/tonne in April 2020 in line with the beginning of the COVID-19 pandemic. This was largely due to the fall in demand from the transportation and construction industries as the global economy was forced to shut down to contain the spread of the virus. Whilst primary aluminium production remained stable, downstream industries were slow to restart due to the decline in demand and labour shortages from travel restrictions.

Over 2021, prices climbed to a high of US\$3,148/tonne in October, which was attributed to several supply side disruptions, largely resulting from disruptions to key producers in China and political unrest in Guinea, being one of China's primary import regions. In addition, an increase in demand as the global economy began to emerge from COVID-19 induced lockdowns causing further tailwinds.

The beginning of 2022 displayed an aluminium price rally to peak at US\$3,878/tonne on 4 March 2022, on the back of the European energy crisis, which heavily impacted aluminium production in the region, and was further exacerbated by the impacts of the Russia-Ukraine conflict. Notably, in response to the Russia-Ukraine conflict, Australia announced a ban on the export of aluminium ores (including bauxite), alumina and related products to Russia on 20 March 2022. Furthermore, the closure of the Nikolaev refinery in Ukraine, which had previously produced approximately 1.77 million tonnes of alumina in 2021, resulted in a considerable disruption to global supply.

Following the peak in early March 2022, aluminium prices began to steadily decline over the period from April to September 2022, to a yearly low of US\$2,092/tonne on 27 September 2022, amid a global slowdown in demand in reaction to aggressive monetary tightening policies, particularly heightened by recession fears in the United States and impacts of China's zero-COVID policy.

Global aluminium inventory levels fell further due to the closure and reduction in European smelter production (including Alcoa's San Ciprian smelter, Norsk Hydro's plant in Slovakia, Aluminium Dankerque Industries France's largest aluminium smelter in Europe, and Speira GmbH's smelter in Germany), whilst both the London Metal Exchange ('LME') and the United States government contemplated a potential entire ban of Russian metal. Aluminium prices embarked on an upward trajectory to reach an average monthly price of US\$2,401/tonne in December 2022, in anticipation of the easing of China's zero-COVID policy which implied a potential resurgence in demand from the country. During the month, the LME had announced its decision against the ban of Russian metal.

In early 2023, aluminium pricing has steadily increased and fluctuated between US\$2,200/tonne and US\$2,600/tonne on the back of China's bulk removal of its COVID-related restrictions, restoring its demand for the commodity. Announced on 24 February 2023, the United States imposed a 200% tariff on aluminium and derivatives produced in Russia from April 2023, alongside aluminium imports of primary aluminium produced in Russia. Consensus Economics predicts this is likely to drive a disconnect between the LME price and fundamentals, and forecasts a long-term steady increase in aluminium prices to between approximately US\$2,500/tonne and US\$2,600/tonne through to 2032.

Source: United States Geological Survey, Consensus Economics, Bloomberg

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment such as a Resource Multiple.

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' ('Sum-of-Parts') valuation.

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above.

9.1 Value of a Canyon share prior to the Proposed Transaction

In our assessment of the value of a Canyon share prior to the Proposed Transaction, we have chosen to employ the following methodologies:

- Sum-of-Parts as our primary methodology, which estimates the market value of a company by assessing the realisable value of its identifiable assets and liabilities. The value of each asset and liability may be determined using different methods and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value; and
- QMP as our secondary methodology to value a Canyon share prior to the Proposed Transaction, as this represents the value that a Shareholder may receive for a share if it were sold on market. The value derived from this methodology reflects a minority interest value and as such we have applied a control premium to this value.

We have chosen these valuation methodologies for the following reasons:

- The FME methodology is most commonly applicable to profitable businesses with steady growth histories and forecasts. Canyon's mineral assets do not currently generate any income, nor are there any historical profits that could be used to represent future earnings. Furthermore, the FME methodology is not considered appropriate for valuing finite life assets such as mining assets, therefore, we do not consider the application of the FME approach to be appropriate;
- We have adopted the Sum-of-Parts approach as our primary valuation method. We consider that the core value of Canyon lies in the value of the Minim Martap Project, which is currently not a producing asset and is not generating any cash flows. Consequently, we consider that the Sum-of-Parts approach to be the most appropriate methodology. We have commissioned SRK to provide an independent market valuation of the Minim Martap Project and other relevant mineral assets, which is incorporated in our Sum-of-Parts; and

- We have adopted the QMP as a secondary methodology due to Canyon's shares being listed on the ASX. This means there is a regulated and observable market where Canyon's shares can be traded. However, in order for the QMP methodology to be considered appropriate, the listed shares should be liquid and the market should be fully informed of the company's activities. As detailed in Section 10.2, we consider there to be a low level of liquidity for Canyon shares with low level of market activity. Therefore, we have utilised the QMP approach as our secondary valuation methodology in determining the value of a Canyon share prior to the Proposed Transaction.

Consideration of the Discounted Cash Flows approach

In order for a valuation to be performed based on future net cash inflows sufficient reasonable grounds must exist to allow the expert to rely on those future cash flows. Guidance on this in the context of an IER is provided in Regulatory Guide 170 'Prospective Financial Information' ('RG 170') and Information Sheet 214: Mining and Resources: Forward-looking Statements ('IS 214'). IS 214 states that 'Forward-looking statements underpinned by ore reserves provide the greatest comfort to an independent expert providing a valuation, and the least risk that the valuation will be misleading'.

We note that Canyon released a BFS for the Minim Martap Project on 21 June 2022 which was based on proved ore reserves. As defined by the JORC Code (2012) a BFS study (or feasibility study) is a higher level of confidence than a pre-feasibility study and would normally contain mining, infrastructure and process designs completed with sufficient rigour to serve as the basis for an investment decision or to support project financing. As such, a BFS typically provides sufficient reasonable grounds for an expert to use to support a valuation in the context of an independent expert report.

We considered the use of a DCF valuation to value the Minim Martap Project based on a financial model provided to us by Canyon ('Model'). We conducted an initial review of the Model with particular relation to the Model's integrity, mathematical accuracy, logic as well as the economic inputs contained within it. In conjunction with our procedures, we appointed SRK Consulting (Australasia) Pty Ltd ('SRK') to review the technical inputs that underpin the Model as sourced from the BFS.

As a result of SRK's review procedures and for certain reasons outlined in the Independent Technical Specialist Report ('ITSR') prepared by SRK, a DCF methodology to value the Minim Martap Project was deemed inappropriate. The ITSR states that there were certain shortcomings with regards to Canyon's Ore Reserve estimate which underpinned the LOM plan, and as such SRK assessed that it was more appropriate to perform a market based methodology in the valuation of Canyon's Mineral Resource.

SRK's decision was based on several significant risks relating to the Minim Martap Project, namely, the planned scheduling of rail works, including the concern raised by Vecturis SA (who performed a Rail Feasibility Study in April 2022) regarding the proposed position for the Inland Rail Facility (IRF), design and engineering requirements for port construction, in addition to a lack of a reasonable timeline to indicate a commencement and completion date for construction. SRK included certain recommendations to Canyon in relation to the substantiation of the LOM plan, however, SRK noted that actioning these recommendations would take between three to six months. As such, SRK adopted an alternate method to valuing the Minim Martap Project.

Further information is detailed in Appendix 4.

Technical Expert

With the exclusion of the use of the DCF methodology in valuing Canyon's Minim Martap Project, we have relied on the ITSR prepared by SRK, which includes an assessment of the market value of Canyon's Minim Martap Project and other mineral assets.

We instructed SRK to provide an independent market valuation of Canyon's mineral assets. SRK considered a number of different valuation methods when valuing these assets. SRK's Technical Specialist Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) ('VALMIN Code') and the JORC Code.

We are satisfied with the valuation methodologies adopted by SRK, which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by SRK are referred to in the respective sections of our Report and in further detail in the Technical Specialist Report attached in Appendix 4.

9.2 Value of a Canyon share following the Proposed Transaction

In our assessment of the value of a Canyon share following the Proposed Transaction, we have utilised the Sum-of-Parts methodology, which estimates the market value of Canyon by aggregating the fair market value of its assets and liabilities. In our Sum-of-Parts valuation, we have had consideration for the following:

- The value of Canyon prior to the Proposed Transaction as assessed in Section 10;
- The increase in the value of the Company as a result of the cash received from the Proposed Transaction;
- The effect of the issue of Placement Shares and Exercise Shares;
- The dilutive effect of the issue of Shares following the notional exercise of New Options; and
- The application of a minority discount.

The consistent use of the Sum-of-Parts approach before and after the Proposed Transaction provides Shareholders with the best indicators of the change in value per share resulting from the approval of the Proposed Transaction.

10. Valuation of Canyon prior to the Proposed Transaction

10.1 Sum of Parts

We have employed the Sum-of-Parts methodology in estimating the fair market value of a Canyon share on a controlling interest basis prior to the Proposed Transaction, by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration of the following:

- Value of Canyon’s mineral assets, with reliance on the ITSR prepared by SRK (see Appendix 4); and
- Value of Canyon’s other assets and liabilities.

Our Sum-of-Parts valuation is set out in the table below:

Valuation of Canyon prior to the Proposed Transaction	Ref	Low \$	Mid \$	High \$
Value of Canyon’s mineral assets	10.1.1	87,500,000	87,500,000	140,000,000
Value of Canyon’s other assets and liabilities	10.1.2	9,782,418	9,782,418	9,782,418
Total value of Canyon (control)		97,282,418	97,282,418	149,782,418
Number of shares outstanding (undiluted)	10.1.3	1,015,766,507	1,015,766,507	1,015,766,507
Value per share (\$) (control, undiluted)		0.096	0.096	0.147

Source: BDO Analysis, Independent Technical Specialist Report performed by SRK

10.1.1. Valuation of Canyon’s mineral assets

In performing our valuation of Canyon’s mineral assets, we have relied on the ITSR prepared by SRK which includes an assessment of the market value of the Minim Martap Project and other mineral assets.

We instructed SRK to provide an independent market valuation of the mineral assets held by Canyon. SRK considered a number of different valuation methods when valuing the mineral assets of Canyon. SRK applied the market-based assessment of resource multiples as the primary valuation methodology.

The range of values for Canyon’s mineral assets as determined by SRK is set out below:

Canyon’s Mineral Assets	Low Value \$m	Preferred Value \$m	High Value \$m
Mineral resources (US\$m)	53.4	53.4	80.1
Exploration potential (US\$m)	3.1	3.1	10.3
Total (US\$m rounded)	56.5	56.5	90.4
Mineral resources*	82.7	82.7	124.1
Exploration potential*	4.8	4.8	16.0
Total (A\$m rounded)	87.5	87.5	140.0

Source: ITSR prepared by SRK

*We have applied the AUD/USD exchange rate as at 1 September 2023 (being the valuation date of the SRK ITSR) of 0.6456 as sourced from Bloomberg

The table above indicates a range of values between \$87.5 million and \$140.0 million, with a preferred value of \$87.5 million. In selecting a preferred value, SRK has considered Canyon’s country risk profile,

required infrastructure development, status of regulatory tenure approval for the Minim Martap Project, environmental and rehabilitation planning status and junior exploration status regarding raising capital, before adopting a value at the low end of this range. For further information on SRK's approach and conclusions, refer to the SRK ITSr, which is included as Appendix 4 of our Report.

10.1.2. Valuation of Canyon's other assets and liabilities

The other assets and liabilities of Canyon represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Canyon and analysis of the other assets and liabilities, outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The value of Canyon's assets on a going concern basis is reflected in our valuation below:

Other assets and liabilities of Canyon	Note	Audited as at	
		30-Jun-23	Adjusted
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	a	10,726,199	9,742,962
Trade and other receivables		182,648	182,648
Other		401,642	401,642
TOTAL CURRENT ASSETS		11,310,489	10,327,252
NON-CURRENT ASSETS			
Property, plant and equipment		197,061	197,061
Exploration and evaluation expenditure	b	18,073,713	-
TOTAL NON-CURRENT ASSETS		18,270,774	197,061
TOTAL ASSETS		29,581,263	10,524,313
CURRENT LIABILITIES			
Trade and other payables		708,980	708,980
Employee benefits		32,915	32,915
TOTAL CURRENT LIABILITIES		741,895	741,895
TOTAL LIABILITIES		741,895	741,895
NET ASSETS		28,839,368	9,782,418

Source: Canyon's audited financial statements for the year ended 30 June 2023, Canyon's bank statement as at 31 August 2023 and BDO analysis

We have not undertaken a review of Canyon's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information provided to us was not prepared on a reasonable basis.

We consider that the above assets and liabilities represent their fair market values apart from the adjustments detailed below. Where the above balances differ materially from the reviewed position at 30 June 2023 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information.

The following adjustments were made to the net assets of Canyon as at 30 June 2023 in arriving at our valuation.

Note a): Cash and cash equivalents

We have adjusted cash to reflect cash on hand at 30 June 2023, per the bank balance of Canyon as at 31 August 2023 as provided to us by management of Canyon. We have verified this against the Company's bank statements provided by management.

Note b): Exploration and evaluation expenditure

We have adjusted the book value of exploration and evaluation expenditure of \$18.1 million at 30 June 2023 to nil, as it is accounted for in the valuation of Canyon's mineral assets, which have been valued separately in Section 10.1.1.

10.1.3. Number of shares outstanding

As detailed in Section 5.7, the number of Canyon shares on issue as at the date of our Report is 1,015,766,507.

10.1.4. Value of Canyon prior to the Proposed Transaction on a diluted basis

We have also considered the value of Canyon prior to the Proposed Transaction on a diluted basis by assessing the likelihood of the exercise of currently existing options, based on our Sum-of-Parts valuation. As detailed in Section 5.7, the Company has 319,980,798 Options on issue with various exercise prices, expiring at various dates. We have outlined in the table below the impact of the exercise of options on total shares outstanding and cash raised by determining whether each security is in-the-money ('ITM') or out-of-the-money ('OTM').

Current Options on issue	No. of Options	Low value	Preferred value	High value
EEA Options expiring 10-Aug-25 and exercisable at \$0.07*	202,900,000	N/A	N/A	N/A
CAYAM Options expiring 10-Aug-24 and exercisable at \$0.07	110,080,798	ITM	ITM	ITM
CAYAN Options expiring 02-Dec-25 and exercisable at \$0.09	1,000,000	ITM	ITM	ITM
CAYAO Options expiring 02-Dec-25 and exercisable at \$0.12	1,000,000	OTM	OTM	ITM
CAYAP Options expiring 02-Dec-25 and exercisable at \$0.17	1,000,000	OTM	OTM	OTM
CAYAL Options expiring 07-Sep-23 and exercisable at \$0.20	4,000,000	OTM	OTM	OTM
Total number of Options exercised (000's)		111,081	111,081	112,081
Cash raised on exercise (\$'000s)		\$7,796	\$7,796	\$7,916

Source: BDO analysis

*The exercise of Existing EEA Options are assessed following the Proposed Transaction, if approved by Shareholders

We also note that Canyon has 9,000,000 Rights on issue, pursuant to various terms outlined in Section 5.7. We have made an adjustment concerning the remaining performance rights in our valuation of Canyon prior to the Proposed Transaction, on the basis that there is sufficient reasonable grounds on which to assess the likelihood of the conditions for vesting being met or to quantify any value accretion should the vesting conditions be met. We have detailed our assessment in the table below:

Vesting conditions	Holder	No. of Performance Rights	Vested?
Achievement of 10-day VWAP of \$0.10	CEO	1,000,000	Yes*
Achievement of 10-day VWAP of \$0.15	CEO	1,000,000	No
Achievement of 10-day VWAP of \$0.20	CEO	1,000,000	No
Achievement of 10-day VWAP of \$0.25	CEO	1,000,000	No
Continued employment conditions	CEO	2,000,000	No
Fully approved mining licence	CEO	1,000,000	No
Complete rail access agreement	CEO	1,000,000	No
Executed binding offtake agreement for a minimum of 2 Mt for a 12 month period	CEO	1,000,000	No
Total number of Performance Rights		9,000,000	

Source: BDO analysis

*Assumed to vest only based on the high Sum-of-Parts value.

We have assessed the likelihood of vesting for the Rights with VWAP conditions based on the Sum-of-Parts value of a Canyon share in Section 10.1. We have not assumed any vesting for the non-market vesting conditions on the basis we have no reasonable grounds to do so.

Assessment of value on a diluted basis

Our assessment of value is set out in the table below.

Valuation of Canyon prior to the Proposed Transaction (diluted)	Ref	Low \$	Preferred \$	High \$
Value of Canyon prior to the Proposed Transaction (000's)		97,282	97,282	149,782
Add: Cash raised from exercise of Options (000's)		7,796	7,796	7,916
Value of Canyon prior to the Proposed Transaction (plus cash) (000's)		105,078	105,078	157,698
Number of Shares prior to the Proposed Transaction (000's)	10.1.3	1,015,767	1,015,767	1,015,767
Add: Shares issued on notional exercise of CAYAM Options (000's)		110,081	110,081	110,081
Add: Shares issued on notional exercise of CAYAO Options (000's)		1,000	1,000	1,000
Add: Shares issued on notional exercise of CAYAN Options (000's)		-	-	1,000
Add: Shares issued on notional exercise of likely vesting CAYAF Rights (000's)		-	-	2,000
Total number of Shares on a diluted basis (000's)		1,126,847	1,126,847	1,128,847
Value per Canyon share prior to the Proposed Transaction (control, diluted)		\$0.093	\$0.093	\$0.140

Source: BDO analysis

For the value of a Canyon share prior to the Proposed Transaction on a control basis, we have used the diluted value throughout our analysis since under each valuation scenario, various options are 'in the money', and are more likely than not, to be exercised, and if exercised would impact the value per share of Canyon.

Therefore, we have assessed the value of a Canyon share prior to the Proposed Transaction (on a controlling interest and dilutive basis) to be in the range of \$0.093 to \$0.140 with a preferred value of \$0.093. Our preferred value is primarily based on SRK's assessed preferred value as outlined in Appendix 4.

10.2 Quoted Market Prices for Canyon's Securities

To provide a comparison to the valuation of Canyon in Section 10.1, we have also assessed the quoted market price for a Canyon share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.43 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst EEA will not be obtaining 100% of Canyon, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. The expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of a Canyon share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Canyon share is based on the pricing prior to the announcement of the Proposed Transaction. This is because the value of a Canyon share after the announcement may include the effects of any change in value as a result of the Proposed Transaction. However, we have considered the value of a Canyon share following the announcement when we have considered reasonableness in Section 13.

Information on the Proposed Transaction was announced to the market on 17 August 2023. Therefore, the following chart provides a summary of the share price movement over the 12 months to 16 August 2023 which was the last trading day prior to the announcement.

Canyon share price and trading volume history



Source: Bloomberg

The daily price of Canyon shares from one year prior to announcement to 16 August 2023 has ranged from a low of \$0.040 on 16 December 2022 to a high of \$0.078 on 9 January 2023. The day of the largest share volume traded over the assessed period was 21 December 2022, when 4,005,248 shares were traded. On this day, Canyon had announced it had entered into the Strategic Placement with EEA whereby EEA agreed to subscribe for 202.9 million fully paid ordinary shares at \$0.06 per share, amounting to a capital injection of \$12.17 million. As a result, EEA’s shareholding in Canyon increased to 19.98%.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$	(movement)	%	\$	(movement)	%
27/07/2023	Quarterly Activities/Appendix 5B Cash Flow Report	0.068	▲	4.6%	0.068	▶	0.0%
26/04/2023	Quarterly Activities/Appendix 5B Cash Flow Report	0.048	▼	4.0%	0.049	▲	2.1%
17/03/2023	Notification regarding unquoted securities - CAY	0.059	▲	9.3%	0.056	▼	5.1%
14/03/2023	Half Yearly Report and Accounts	0.054	▼	1.8%	0.059	▲	9.3%
07/03/2023	Cleansing Prospectus	0.057	▼	3.4%	0.059	▲	3.5%
24/01/2023	Quarterly Activities/Appendix 5B Cash Flow Report	0.061	▼	1.6%	0.059	▼	3.3%
09/01/2023	MOU with Port Authority of Douala	0.078	▲	8.3%	0.071	▼	9.0%
28/12/2022	Becoming a substantial holder	0.054	▲	8.0%	0.064	▲	18.5%
23/12/2022	Cleansing Prospectus	0.050	▲	6.4%	0.062	▲	24.0%
21/12/2022	\$12.1m strategic placement for Minim Martap Development	0.047	▲	9.3%	0.054	▲	14.9%

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
27/10/2022	Quarterly Activities/Appendix 5B Cash Flow Report	0.046	▼	4.2%	0.045	▼	2.2%
24/10/2022	Granting of Certificate of Environmental Compliance	0.046	▼	2.1%	0.046	►	0.0%
07/10/2022	Exploration Update for Makan Bauxite Permit	0.045	▼	2.2%	0.051	▲	13.3%
30/09/2022	Annual Report to shareholders	0.047	▼	4.1%	0.042	▼	10.6%
26/09/2022	Annual General Meeting - Advance Notice	0.045	▼	10.0%	0.049	▲	8.9%
02/09/2022	Cleansing Prospectus	0.047	▼	2.1%	0.050	▲	6.4%
29/08/2022	Cameroon Community Engagement Update	0.051	▲	4.1%	0.048	▼	5.9%

Source: Bloomberg, ASX and BDO analysis

On 7 October 2022, Canyon announced that it had commenced resource definition activities on the Makan Bauxite Permit. On the date of the announcement, Canyon's share price decreased by 2.2% to close at \$0.045, before increasing by 13.3% over the subsequent three-day trading period to close at \$0.051.

On 21 December 2022, Canyon announced it had entered into the aforementioned Subscription Agreement with EEA whereby EEA had agreed to subscribe for 202.9 million fully paid ordinary shares at \$0.06 per share, amounting to a capital injection of \$12.17 million. As a result, EEA's shareholding in Canyon increased to 19.9%. On the date of the announcement, Canyon's share price increased by 9.3% to close at \$0.047, before increasing by a further 14.9% over the subsequent three-day trading period to close at \$0.054.

On 23 December 2022, Canyon announced the release of a prospectus for the offer to an investor by invitation of only one hundred shares at an issue price of \$0.01 to raise \$1.00 before expenses, which was for the purpose to facilitate secondary trading of the shares issued under the recent placement with EEA. On the date of the announcement, Canyon's share price increased by 6.4% to close at \$0.050, before increasing by a further 24.0% over the subsequent three-day trading period to close at \$0.062.

On 9 January 2023, Canyon announced the signing of a Memorandum of Understanding with the Port of Douala for the development of infrastructure at the Port of Douala-Bonabéri, as Canyon projects the potential future export of bauxite from the Minim Martap Project. On the date of the announcement, Canyon's share price increased by 8.3% to a high over the assessed period to close at \$0.078, before decreasing by 9.0% over the subsequent three-day trading period to close at \$0.071.

To provide further analysis of the market prices for a Canyon share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 16 August 2023.

Share Price per unit	16-Aug-23	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.069				
Volume weighted average price (VWAP)		\$0.066	\$0.066	\$0.063	\$0.060

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction, to avoid the influence of any increase in price of Canyon shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in Canyon shares for the twelve months to 16 August 2023 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.067	\$0.069	264,118	0.03%
10 Days	\$0.065	\$0.069	9,224,530	0.91%
30 Days	\$0.059	\$0.070	19,585,679	1.93%
60 Days	\$0.051	\$0.075	59,695,477	5.88%
90 Days	\$0.043	\$0.075	78,290,250	7.71%
180 Days	\$0.040	\$0.080	140,096,948	13.79%
1 Year	\$0.039	\$0.080	200,437,502	19.73%

Source: Bloomberg, BDO analysis

This table indicates that Canyon’s shares display a low level of liquidity, with 19.73% of the Company’s current issued capital being traded in a twelve month period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a ‘liquid and active’ market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company’s securities;
- Approximately 1% of a company’s securities are traded on a weekly basis;
- The spread of a company’s shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company’s shares should meet all of the above criteria to be considered ‘liquid and active’, however, failure of a company’s securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Canyon, we consider the shares to display a low level of liquidity, on the basis that less than 1% of securities have been traded weekly on average, with 19.73% of Canyon’s current issued capital being traded over a twelve-month period, and 13.79% of Canyon’s current issued capital being traded over a 180-day period, prior to the announcement of the Proposed Transaction. Across the twelve-month period assessed, there were two trading days where there were no trading in the Company’s shares.

Our assessment is that a range of values for Canyon shares based on market pricing, after disregarding post announcement pricing, is between \$0.060 and \$0.070.

Quoted market price including control premium

Applying a control premium to Canyon’s quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	\$0.060	\$0.065	\$0.070
Control premium	30%	35%	40%
Quoted market price valuation including a premium for control	\$0.078	\$0.088	\$0.098

Source: BDO analysis

Therefore, our valuation of a Canyon share based on the quoted market price method and including a premium for control is between \$0.078 and \$0.098, with a preferred midpoint value of \$0.088.

10.3 Assessment of the value of a Canyon share prior to the Proposed Transaction

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Sum-of-Parts (Section 10.1)	\$0.093	\$0.093	\$0.140
QMP (Section 10.2)	\$0.078	\$0.088	\$0.098

Source: BDO analysis

We consider the Sum-of-Parts approach to be the most appropriate methodology to value Canyon as the core value lies within the Company's mineral assets, which have been independently valued by SRK, an independent technical specialist in accordance with VALMIN.

We note that the value of Canyon derived under the QMP approach is broadly higher than that derived under the Sum-of-Parts valuation, with the high end of the QMP range to be within the range of the Sum-of-Parts valuation. We consider this to be the case for the following reasons:

- Our QMP assessment was performed over a period when Canyon's shares displayed a low level of liquidity, therefore, as guided by RG111, the Company's share price is a less reliable measure of value and may not reflect the underlying value of the Company;
- It is not uncommon for the market price of companies that have exploration and development assets to differ from a valuation prepared by an independent technical specialist for the purposes of an Independent Expert's Report. This is because investors are not necessarily guided by the principles of principles of VALMIN and ASIC's Regulatory Guides in forming their valuations, allowing the market price to reflect the potential upside or downside expectations associated with the exploration assets should market conditions change. In the case of Canyon, we note there may be higher perceived risk from the market regarding the delays in approval of the Mining Licence. Demonstrated by Canyon's share price during January 2023 trading at a high of \$0.078, by applying a control premium of 35% this results in a value of \$0.15, which we note is within the range of our Sum-Of-Parts values; and
- We have instructed SRK to prepare its Independent Technical Specialist Report in compliance with the VALMIN Code and other industry guidelines, whilst also adhering to guidance provided by



ASIC's Regulatory Guides. Market participants are not governed by these industry codes and therefore may be basing their valuations on different technical and economic assumptions.

Based on the results above we consider the value of a Canyon share to be between \$0.093 and \$0.140 with a preferred value of \$0.093.

11. Valuation of Canyon following the Proposed Transaction

11.1 Sum-of-Parts valuation of Canyon following the Proposed Transaction

We have employed the Sum-of-Parts methodology in estimating the fair market value of a Canyon share on a minority basis following the Proposed Transaction, by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration of the following:

- Value of Canyon prior to the Proposed Transaction;
- The effect of the new shares (Placement Shares and Exercise Shares) issued as part of the first stage of the Strategic Investment; and
- The effect of the potential exercise of the New Options to acquire new shares.

The consistent use of the Sum-of-Parts approach before and after the Proposed Transaction provides Shareholders with the best indicator of the change in value per share resulting from the approval of the Proposed Transaction.

Our Sum-of-Parts valuation under the first stage of the Strategic Investment is set out in the table below:

Valuation of Canyon following the Proposed Transaction	Ref	Low \$	Preferred \$	High \$
Value of Canyon prior to the Proposed Transaction (000's) (diluted)	10.1	105,078	105,078	157,698
Cash raised from the issue of Placement Shares and Exercise Shares (000's)		24,703	24,703	24,703
Total value of Canyon following the Proposed Transaction (control) (000's)		129,781	129,781	182,401
Number of Shares on issue following the Proposed Transaction (000's)				
Shares on issue prior to the Proposed Transaction	10.1.3	1,126,847	1,126,847	1,128,847
Issue of Placement Shares		150,000	150,000	150,000
Issue of Exercise Shares following exercise of Strategic Placement Options		202,900	202,900	202,900
Total number of Shares following the Proposed Transaction (000's)	11.1.1	1,479,747	1,479,747	1,481,747
Value per Canyon share following the Proposed Transaction (control)		\$0.088	\$0.088	\$0.123
Minority interest discount	11.1.2	29%	26%	23%
Value per Canyon share following the Proposed Transaction (minority)		\$0.063	\$0.065	\$0.095

Source: BDO Analysis

11.1.1. Number of shares outstanding

The number of shares on issue following the Proposed Transaction is 1,479,747,305. A breakdown is set out below:

	No.
Canyon shares on issue prior to the Proposed Transaction (see Section 10.1.4)	1,126,847,305
Placement Shares	150,000,000
Exercise Shares	202,900,000
Canyon shares on issue following the Proposed Transaction	1,479,747,305

Source: BDO analysis

11.1.2. Minority interest discount

As outlined in Section 3.3 of our Report, in assessing fairness we have compared the value of a Canyon share prior to the Proposed Transaction on a controlling interest basis to the value of a Canyon share following the Proposed Transaction on a minority interest basis, as we are required to do by RG 111.

A minority interest discount is the inverse of a premium for control and is calculated using the formula $1 \div (1 + \text{control premium})$. As discussed in section 10.2, we consider an appropriate control premium for Canyon to be in the range of 30% to 40%, giving a minority interest discount in the range of 23% to 29%, with a rounded midpoint of 26%.

11.1.3. Value of Canyon following the Proposed Transaction and the exercise of New Options

We have also considered the value of Canyon following the Proposed Transaction on a diluted basis by assuming the exercise of New Options, based on our Sum-of-Parts valuation.

As detailed in Section 1 and 4, we note that the exercise of the New Options are subject to the satisfaction of the Exercise Conditions, however, as we are opining on the Proposed Transaction, which has the potential to increase EEA's voting power to up to 56.5% of the Company, we have assumed that these Exercise Conditions are met for the purpose of our assessment.

We have outlined in the table below, the impact of the exercise of the New Options on total shares outstanding of Canyon and cash raised.

Our assessment of the diluted value of a Canyon share, on a diluted, minority interest basis is set out in the table below.

Valuation of Canyon following the Proposed Transaction (diluted)	Ref	Low \$	Preferred \$	High \$
Value of Canyon (control, undiluted) (000's)	11.1	129,781	129,781	182,401
Cash raised from the notional exercise of New Options (000's)		35,000	35,000	35,000
Total value of Canyon following the Proposed Transaction (control) (000's)		164,781	164,781	217,401
Total number of Shares following the Proposed Transaction (000's)	11.1.1	1,479,747	1,479,747	1,481,747
Shares issued on notional exercise of New Options (000's)		500,000	500,000	500,000
Total number of Shares on a diluted basis (000's)	11.1.1	1,979,747	1,979,747	1,981,747
Value per Canyon share following the Proposed Transaction (control) (diluted)		\$0.083	\$0.083	\$0.110
Minority interest discount	11.1.2	29%	26%	23%
Value per Canyon share following the Proposed Transaction (minority) (diluted)		\$0.059	\$0.062	\$0.084

Source: BDO Analysis.

The table above indicates that the value of a Canyon share on a diluted, minority basis is between \$0.059 and \$0.084, with a preferred value of \$0.062.



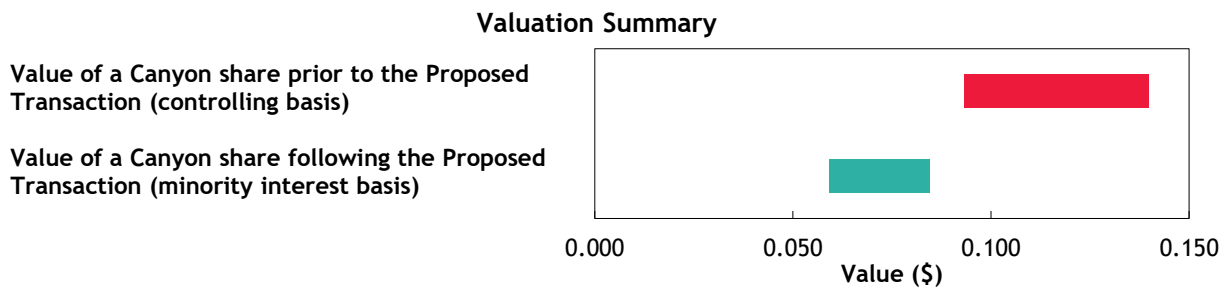
12. Is the Proposed Transaction fair?

The value of a Canyon share prior to the Proposed Transaction and on a controlling interest basis is compared to the value of a Canyon share following the Proposed Transaction and on a minority interest basis below:

	Ref	Low \$	Preferred \$	High \$
Value of a Canyon share prior to the Proposed Transaction (controlling basis)		0.093	0.093	0.140
Value of a Canyon share following the Proposed Transaction (minority interest basis)		0.059	0.062	0.084

Source: BDO analysis

The above valuation ranges are graphically presented below:



We note that the preferred value of a Canyon share following the Proposed Transaction (on a minority interest basis) is lower than the preferred value of a Canyon share prior to the Proposed Transaction (on a controlling interest basis). The above pricing indicates that, in the absence of any other relevant information, and/or an alternate offer, the Proposed Transaction is not fair for Shareholders.

13. Is the Proposed Transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Canyon a premium over the value resulting from the Proposed Transaction.

13.2 Practical Level of Control

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter.

If the Proposed Transaction is approved then EEA will hold an interest of approximately 40.61% in Canyon as a result of the issue of Placement Shares and Exercise Shares, whereby EEA's interest in Canyon will not be sufficient for EEA to pass special nor general resolutions. However, EEA will be able to block special resolutions.

In the event of the exercise of the New Options, EEA will hold an interest in approximately 56.5% in Canyon and as a result, EEA will be able to block both special and general resolutions.

Subject to receiving Shareholder approval, Canyon will have one Board member nominated by EEA, being Mr Gaurav Gupta. We note that the Proposed Transaction is conditional on Mr Gaurav Gupta being appointed as a director of the Company.

In addition, at the completion of the Proposed Transaction, EEA will be entitled to further nominate two additional directors to the Board of Canyon. Therefore, EEA could have up to three directors on the Board of Canyon.

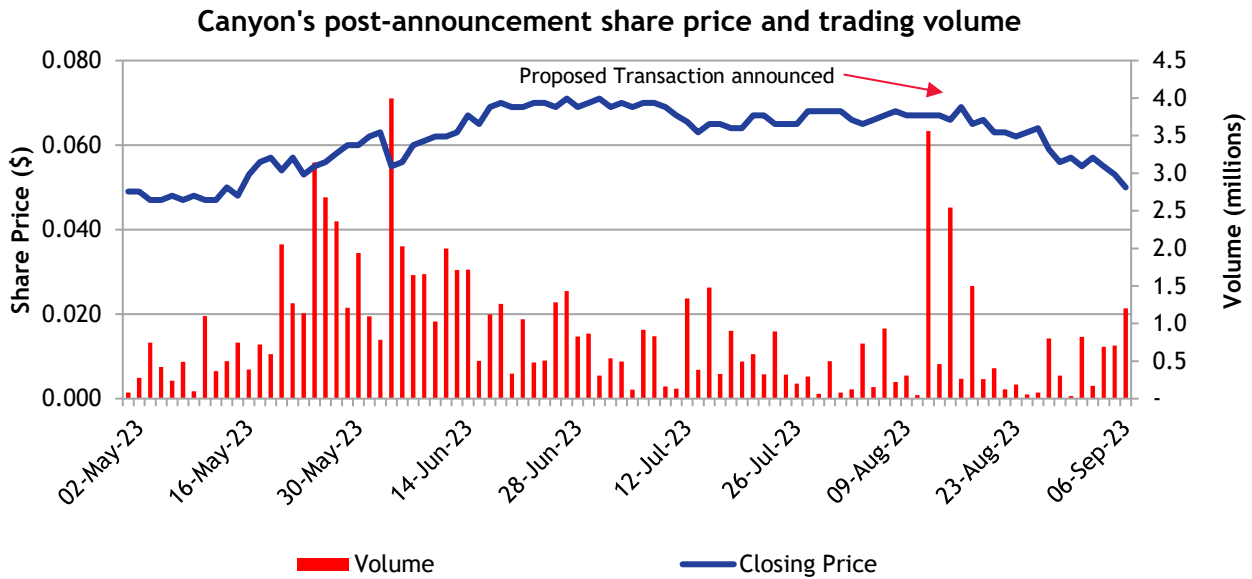
Canyon's Board currently comprises four directors. Assuming EEA will nominate its full entitlement of three additional directors after receiving Shareholder approval, this will take Canyon's Board to seven directors. This means that the EEA nominated directors will constitute up to 43% of the Board.

EEA's control of Canyon following the Proposed Transaction will be significant when compared to all other Shareholders. EEA will be able to influence the operations of the Company by their substantial shareholding interest in the Company and their significant influence over the Board.

13.3 Consequences of not Approving the Proposed Transaction

Potential impact on share price

We have analysed movements in Canyon's share price since the Proposed Transaction was announced. A graph of Canyon's share price and trading volume leading up to and following the announcement of the Proposed Transaction is set out below.



Source: Bloomberg

The closing price of a Canyon share from 1 May 2023 to 6 September 2023 ranged from a low of \$0.047 on various dates in May 2023 to a high of \$0.071 on various dates in June 2023. The Proposed Transaction was announced on 17 August 2023. On the date that the Proposed Transaction was announced, the share price closed at \$0.065, down from a closing price of \$0.069 on the previous trading day. On that day, 1.50 million shares were traded, representing approximately 0.15% of Canyon’s issued capital. We note that over the subsequent three trading days, the price of a Canyon share decreased further to \$0.063. Furthermore, as at 6 September 2023, Canyon shares traded at \$0.050, representing a 23% decrease from the first trading day following the announcement of the Proposed Transaction.

The above analysis suggests that the Proposed Transaction was not received positively by the market, however, it must be considered as detailed in Section 10.2 that Canyon shares display a low level of liquidity and hence the subsequent trading may not be indicative of Shareholder sentiment. Notwithstanding this, if the Proposed Transaction is not approved, quoted prices for Canyon shares may return to pre-announcement levels.

13.4 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
Presence of a strategic investor on Canyon’s shareholder registry	Upon completion of the Proposed Transaction, EEA will hold an interest of up to approximately 40.61% in Canyon, or if New Options are exercised, EEA will hold a maximum interest of 56.5% in Canyon. The presence of a strategic investor with expertise in developing mineral projects in Africa (see Section 6.1) as a substantial shareholder may provide the market and other potential investors with additional confidence in the post-

Advantage	Description
<p>Injection of substantial capital to support Canyon in progressing its flagship project towards production, allowing Shareholders to participate in any upside (should it materialise) associated with holding shares in a company with a producing asset</p>	<p>transaction Canyon. This could help the Company to source additional funding it may require to develop its portfolio of mineral assets, namely the Minim Martap Project.</p> <p>As part of the Proposed Transaction, funds raised will be put towards continued development of the Minim Martap Project, which may continue to be received from strategic investor, EEA, and hence advance the development of the project.</p> <p>Should the exploration and development of the Company's Minim Martap Project be successful, Shareholders will have the opportunity to participate in the potential upside of Canyon's potential future producing asset.</p>
<p>If Exercise Conditions are met, this is likely to be value accretive for Shareholders</p>	<p>The issue of shares on the exercise of New Options is subject to certain Exercise Conditions, being:</p> <ul style="list-style-type: none"> • the grant of the Mining Licence for the Minim Martap Project; and • a binding contract for port access and rail transportation of product on terms relevant to the Project and customary in the Central African market being executed by Canyon and counterparties. <p>We consider the satisfaction of these Exercise Conditions would imply a significant de-risking of the development of the Minim Martap Project, and hence would result in value accretion for Shareholders and Canyon as a whole.</p> <p>Therefore, whilst the issue of New Options may result in further dilution for Shareholders, the exercise of the New Options would also imply value accretion for the existing interest of Shareholders.</p>
<p>Stronger balance sheet may assist with the grant of the Mining Licence by the Cameroon Government</p>	<p>Upon completion of the Proposed Transaction, Canyon will raise a total of \$24.7 million from the issue of Placement Shares and Exercise Shares to EEA, and an additional \$35.0 million from the exercise of New Options by EEA to acquire Shares. Therefore, the total cash raised by Canyon as a result of the Proposed Transaction will amount to \$59.7 million. Based on Canyon's cash balance as at 31 August 2023 of \$9.7 million, this would result in a cash position of approximately \$69.4 million before costs</p> <p>This substantial cash injection will strengthen the Company's balance sheet and in the case of Canyon, may assist in demonstrating to the Cameroon Government that the Company is well-positioned to progress the development of the Minim Martap</p>

Advantage	Description
	<p>Project and bring it towards production. This in turn may increase the likelihood of the grant of the Mining Licence by the Cameroon Government, for which the Company has been seeking since June 2021.</p>
<p>If the Proposed Transaction is not approved, a potential sale of the Minim Martap Project may be viewed as distressed</p>	<p>Canyon has been seeking the grant of the Mining Licence since June 2021, which the Company has identified to be the key obstacle to progress the development of the Minim Martap Project. If the Proposed Transaction is not approved and instead, the Company elects to pursue the sale of the Project to realise value for Shareholders, we consider it possible that given the Company's current financial standing and the state of the Project, the sale of the Minim Martap Project may be viewed as distressed.</p> <p>A distressed sale would imply that the market value of Canyon's mineral assets as assessed by SRK in Section 10.1.1 and Appendix 4 may not be realisable in full.</p> <p>The approval of the Proposed Transaction will improve the financial standing of the Company and may assist with progressing the development of the Project, which will reduce the likelihood of a sale being viewed as distressed.</p>

13.5 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
<p>Dilution of shareholders' interests and reduced level of control over the Company</p>	<p>The issue of the Placement Shares, Exercise Shares and notional exercise of New Options pursuant to the Proposed Transaction will be dilutive to current Shareholders. EEA will hold an interest of up to approximately 56.5% in the Company (assuming the exercise of New Options) following the Proposed Transaction, which, as discussed in Section 13.2, will restrict the remaining Shareholders' ability to make decisions requiring ordinary and special resolutions without the approval of EEA.</p>
<p>Future takeover bids may be deterred</p>	<p>The existence of a large shareholding which can block ordinary and special resolutions may be a deterrent to potential future takeover bids, therefore reducing the likelihood of Shareholders receiving a takeover premium in the future.</p>
<p>Substantial number of shares may be sold on the open market</p>	<p>We note that only the Exercise Shares are subject to a short period holding lock until 21 December 2023, but the Placement Shares</p>

Disadvantage	Description
	<p>and share issued on the exercise of New Options are not subject to any escrow arrangements. This means that EEA is not significantly restricted from dealing with its shares in Canyon following the Proposed Transaction and theoretically could sell them in the open market immediately or shortly after the Proposed Transaction. Should this occur, it could place downward pressure on the trading price of Canyon's shares if the increased supply outweighs the demand for it.</p>

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is not fair but reasonable to the Shareholders of Canyon.

The current ongoing challenge for the Company has been the delay in the grant of the Mining Licence for the Minim Martap Project by the Cameroon Government. We note that the Company submitted its application for the Mining Licence in June 2021.

The presence of EEA as a strategic investor in Canyon and the injection of capital through the Proposed Transaction may assist with expediting ongoing discussions with the Cameroon Government for the approval of the Mining Licence and subsequently progress the development of the Minim Martap Project. This is based on EEA having expertise in developing mineral projects in Africa and Canyon's strengthened balance sheet demonstrating to the Cameroon Government that Canyon is well placed to advance the Project.

Although the Proposed Transaction will give EEA significant influence over the operations and decisions of the Company through its increased voting power of up to 56.5% and its Board representation of up to three directors or 43% of the Board, this may also serve as a benefit to Shareholders if their interests are aligned. In particular, the potential event whereby Canyon will issue 500 million shares to EEA on the exercise of New Options is conditional on the Exercise Conditions. The satisfaction of the Exercise Conditions would imply value accretion to Canyon Shareholders with the Minim Martap Project significantly de-risked. EEA will be incentivised to assist with progressing the development of the Minim Martap project, which as a whole is likely to benefit Canyon Shareholders.

Therefore, in the absence of a superior offer, we consider the Proposed Transaction to be reasonable.

15. Sources of information

This report has been based on the following information:

- Notice of Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Canyon for the years ended 30 June 2023, 30 June 2022 and 30 June 2021;
- Bank statements of Canyon as at 31 August 2023;
- Independent Valuation Report of Canyon's mineral assets dated September 2023 performed by SRK Consulting (Australasia) Pty Ltd;
- Subscription Agreement between Canyon and EEA;
- Share registry information;
- Bloomberg;
- S&P Capital IQ;
- Consensus Economics;
- Information in the public domain; and
- Discussions with Directors and Management of Canyon.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$80,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Canyon in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Canyon, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Canyon and EEA and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Canyon and EEA and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Canyon, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Canyon and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 35 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 500 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 25 years in the audit and corporate finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of Canyon for inclusion in the Notice of Meeting which will be sent to all Canyon Shareholders. Canyon engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Proposed Transaction of Canyon entering subscription agreement with EEA, which will enable EEA to hold up to 56.5% of the issued shares in Canyon.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Canyon. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Canyon, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Canyon.

The valuer engaged for the mineral asset valuation, SRK, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Director

Appendix 1 - Glossary of Terms

Reference	Definition
ADB	African Development Bank
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
BDO	BDO Corporate Finance (WA) Pty Ltd
BFS	Bankable Feasibility Study
Birsok Project	the Company's former Birsok Bauxite Project
Camrail	Camrail SA
Canyon	Canyon Resources Limited
CEO	Chief Executive Officer
the Company	Canyon Resources Limited
DCF	Discounted cash flow
DSO	Direct shipping ore
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Exercise Conditions	The exercise of New Options is subject to two conditions, being the grant of the Mining Licence for the Minim Martap Project and a binding contract for port access and rail transportation of product on terms relevant to the Project and customary in the Central African market being executed by Canyon and counterparties
Exercise Shares	The notional exercise of the existing 202.9 million options issued to EEA at an exercise price of \$0.07 to acquire the corresponding number of Shares on exercise
FID	Final Investment Decision
FME	Future maintainable earnings
GDP	Gross domestic product
IMF	International Monetary Fund
IS 214	Information Sheet 214: Mining and Resources: Forward-looking Statements
item 7 s611	Item 7 Section 611 of the Corporations Act
ITM	In-the-money

Reference	Definition
ITSR	Independent Technical Specialist Report
km	kilometres
LME	London Metal Exchange
LOM	Life of Mine
Makan Permit	The Company's Makan research permit
MAS	Monetary Authority of Singapore
Minim Martap Project	The Company's Minim Martap Project
Mining Convention	A mining convention entered into between Canyon and the relevant government ministries which allows for the grant of a Mining Licence
Mining Licence	A Mining Licence for the development of the Minim Martap Project
Model	The financial model provided to us by Canyon
MoU	Memorandum of Understanding
Mt	Million tonnes
NAV	Net asset value
New Options	Subject to shareholder approval and satisfaction of Exercise Conditions, the issue of 500 million new unlisted options to EEA to acquire Shares, each with an exercise price of \$0.07 and an expiry date of 26 December 2026
our Report	This Independent Expert's Report prepared by BDO
OTM	Out-of-the-money
PFS	Pre-feasibility Study
Placement Shares	A subscription for \$10.5 million Shares in Canyon at \$0.07 per Shares by EEA
the Project	The Company's Minim Martap Project
Prospect	Prospect Resources Limited
QMP	Quoted market price
RBA	Reserve Bank of Australia
RG 111	ASIC Regulatory Guide 111 'Content of Expert's Reports'
RG 112	ASIC Regulatory Guide 112 'Independence of Experts'
RG 170	ASIC Regulatory Guide 170 'Prospective Financial Information'
RG 74	ASIC Regulatory Guide 74 'Acquisitions Approved by Members'

Reference	Definition
Rio Tinto	Rio Tinto Limited
Section 606	Section 606 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Shareholders	Non-associated Shareholders of Canyon
Shares	Fully paid ordinary shares in Canyon
SRK	SRK Consulting (Australasia) Pty Ltd
Strategic Investment	Subject to shareholder approval, the capital investment totalling \$24.7 million by EEA comprising of the issue of Placement Shares and Exercise Shares
Strategic Placement	The subscription of \$12.7 million fully ordinary shares at \$0.06 per share by EEA undertaken in December 2022
Strategic Placement Options	Each share issued under the Strategic Placement had an attaching option (the exercise of which is subject to shareholder approval) with an exercise price of \$0.07 per option and expiry date of 10 August 2025
Subscription Agreement	A subscription agreement entered into between Canyon and EEA as announced on 17 August 2023.
Sum-of-Parts	When a combination of methodologies is used
USGS	United States Geological Survey
VALMIN Code	the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition)
VWAP	Volume weighted average price

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Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

Appendix 3 - Control Premium

The concept of a premium for control reflects the additional value that is attached to a controlling interest. We have reviewed control premiums on completed transactions, paid by acquirers for general mining companies and all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below.

ASX-listed general mining companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	7	168.51	29.83
2022	9	1,929.92	22.67
2021	6	1,235.14	29.89
2020	5	592.04	35.90
2019	9	182.08	41.27
2018	6	68.30	28.27
2017	4	9.28	39.86
2016	10	72.56	50.15
2015	6	318.69	58.37
2014	13	79.54	41.48
2013	5	51.90	44.42

Source: Bloomberg and BDO analysis

All ASX-listed companies

Year	Number of Transactions	Average Deal Value (\$m)	Average Control Premium (%)
2023	15	393.35	28.95
2022	39	3,199.03	23.39
2021	29	1,348.05	34.75
2020	16	367.97	40.43
2019	29	4,165.55	32.83
2018	26	1,571.79	30.07
2017	24	1,168.71	36.75
2016	28	490.46	38.53
2015	28	948.39	33.53
2014	36	485.46	37.39
2013	13	102.15	40.95

Source: Bloomberg and BDO analysis

The mean and median of the entire data sets comprising control transactions from 2013 onwards for ASX-listed mining companies and all ASX-listed companies are set out below:

Entire Data Set Metrics	ASX-listed Mining Companies		All ASX-Listed Companies	
	Deal Value (\$m)	Control Premium (%)	Deal Value (\$m)	Control Premium (%)
Mean	442.12	38.57	1,493.56	33.62
Median	45.86	33.01	121.70	29.51

Source: Bloomberg and BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre-transaction or proceeded to hold a controlling interest post-transaction in the target company.

We have removed transactions for which the announced premium was in excess of 100%. We have removed these transactions because we consider it likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

The table above indicates that the long-term average control premium by acquirers of ASX-listed mining companies and all ASX-listed companies is approximately 38.57% and 33.62% respectively. However, the transactions for ASX-listed mining companies and all ASX-listed companies contained outliers that positively skews the data.

In a population where the data is skewed, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 33.01% for ASX-listed mining companies and 29.51% for all ASX-listed companies.

We consider an appropriate control premium to be on the higher end of the spectrum. This is reflective of the degree of risk faced by Canyon's business as a small, exploration company. For companies of higher risk, an acquirer would not be willing to pay a control premium in line with the historical average. Based on the above, we would consider an appropriate premium for control to be between 30% and 40%, with a preferred midpoint of 35%.

The minority discount is calculated from the control premium identified, using the formula $[1 - (1/(1+\text{Control Premium}))]$. Therefore, the minority discount (rounded to the nearest percentile) is in the range from 23% to 29%.



Appendix 4 - Independent Valuation Report

Final

Independent Specialist Report

Mineral Assets of Canyon Resources Limited
BDO Corporate Finance (WA) Pty Ltd



SRK Consulting (Australasia) Pty Ltd ■ BDO027 ■ October 2023

 **srk** consulting

Final

Independent Specialist Report

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Disclaimer: The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Canyon Resources Limited (Canyon). The opinions in this Report are provided in response to a specific request from BDO Corporate Finance (WA) Pty Ltd (BDO) to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

Contents

Useful Definitions	viii
Executive Summary	x
1 Introduction	1
1.1 Scope	1
1.1.1 Site inspection	2
1.2 Reporting standard	2
1.3 Legal matters	3
1.4 Valuation Date and currency	3
1.5 Project team	3
1.6 Limitations, independence, indemnities and consent	4
1.6.1 Limitations and reliance	4
1.6.2 Statement of SRK independence	5
1.6.3 Indemnities	5
1.6.4 Consent	5
1.6.5 Consulting fees	5
2 Canyon Resources Limited	6
2.1 Overview	6
2.2 Location and access	6
2.3 Tenure	7
2.4 Physiography and land use	8
2.5 Project history	8
3 Geology and Mineral Resources	10
3.1 Introduction	10
3.2 Site visit and review limitations	10
3.3 Regional setting and local mineralisation	12
3.4 Data collection	14
3.4.1 Drilling	14
3.4.2 Surveying	15
3.4.3 Sampling	15
3.5 Sample preparation and geochemical analysis	15
3.6 Mineralogical and geo-metallurgical analysis	16
3.7 Density assessment	18
3.8 QAQC assessment	18
3.9 Resource modelling	20
3.9.1 Overview	20
3.9.2 Estimation datasets and domain interpretation	20
3.9.3 Exploratory data analysis	22
3.9.4 Volume modelling and grade estimation	22
3.9.5 Resource model validation	23
3.10 Mineral Resource classification and reporting	24
3.11 Risks and opportunities	25
4 Mining and Ore Reserves	26
4.1 Methods and design	26
4.2 Ore Reserves	26
4.3 Production schedule	27

5	Infrastructure	30
5.1	Mining	30
5.2	Inland rail facility	30
5.3	Rail network	30
5.4	Locomotives and wagons	31
5.5	Port	32
5.6	Technical findings	32
6	Processing	33
6.1	Characterisation	33
6.2	Evaluation of elemental composition	33
6.2.1	Evaluation of QAQC data	35
6.2.2	Evaluation of duplicate samples	37
6.3	Mineralogical characterisation by X-ray diffraction	37
6.4	Evaluation of metallurgical properties	38
6.4.1	Digestion testwork	39
6.4.2	Evaluation of digestion data	40
6.4.3	Evaluation of FTIR results	41
6.4.4	Comparison of digestion, XRD and FTIR results	42
6.5	Determination of bauxite specification	45
6.6	Risks and opportunities	46
7	Environmental and Social	47
7.1.1	Permitting	47
7.1.2	Environmental management and compliance	48
7.1.3	Environmental context	48
7.1.4	Stakeholder engagement	52
7.1.5	Mine closure plan and monitoring	53
7.1.6	Operating costs: environmental and social	53
7.1.7	Summary and conclusions	56
8	Other considerations	57
8.1	Country risk	57
8.2	Bauxite market	58
8.3	Previous valuations	59
8.4	Previous transactions	59
9	Valuation	60
9.1	Valuation basis	62
9.1.1	Reasonableness of technical inputs to the Model	62
9.1.2	SRK's LOM Plan recommendations	62
9.1.3	SRK's valuation technique	63
9.2	Valuation of Mineral Resources	64
9.2.1	Introduction	64
9.2.2	Comparable market transactions	64
9.2.3	Industry yardstick cross check	66
9.3	Valuation of Exploration Potential	67
9.3.1	Introduction	67
9.3.2	Comparable transactions	67
9.3.3	Geoscientific rating	70
9.4	Valuation summary	73
9.5	Discussion on SRK's valuation range	74

References.....	77
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Tables

Table 1.1: Details of qualifications and experience.....	4
Table 2.1: Tenure details.....	7
Table 3.1: Mineral Resource estimates as at February 2021 (based on 35% Al ₂ O ₃ cut-off).....	11
Table 4.1: Ore Reserve estimate for Minim Martap – 2022 BFS.....	27
Table 5.1: Rail capacity for project trains.....	30
Table 5.2: Train cycle times.....	31
Table 6.1: Metallurgical balance.....	41
Table 7.1: Estimated operational cost of implementing ESMP.....	55
Table 8.1: Cameroon country risk score.....	57
Table 9.1: Suggested valuation approaches according to development status.....	60
Table 9.2: SRK’s adopted valuation basis.....	63
Table 9.3: Summary of Mineral Resource estimate including contained in situ Al ₂ O ₃	64
Table 9.4: Resource-based transactions multiple analysis.....	65
Table 9.5: Comparable transactions valuation of Mineral Resources.....	66
Table 9.6: Yardstick factors value range.....	67
Table 9.7: Yardstick valuation of Residual Resources.....	67
Table 9.8: Area-based transaction multiple analysis.....	68
Table 9.9: Estimated area breakdown.....	69
Table 9.10: Comparable transactions valuation of Exploration Potential.....	70
Table 9.11: Underlying assumption to the base acquisition cost.....	71
Table 9.12: Modified property rating criteria.....	72
Table 9.13: Summary of Exploration Potential value using the geoscientific rating (modified Kilburn) method – net attributable basis.....	73
Table 9.14: Summary of the Market Value of the Mineral Assets.....	74
Table 9.15: General guide regarding confidence for target and Mineral Resource/Ore Reserve estimates.....	74

Figures

Figure 2.1: Location of Canyon’s mineral assets in Cameroon.....	6
Figure 3.1: Geological map of the project area	13
Figure 3.2: Schematic representation of typical bauxite profile.....	13
Figure 3.3: Example cross section through Simone.....	21
Figure 4.1: Minim Martap LOM production and sales profile	28
Figure 4.2: Minim Martap progressive bauxite stockpile	28
Figure 5.1: Bonabéri Port general arrangement drawing	32
Figure 6.1: Comparison of BRDC and Stewart laboratory databases (2009) for Judith and Simone plateaus	34
Figure 6.2: CRM performance at Stewart laboratory – Al ₂ O ₃ , SiO ₂ and LOI.....	36
Figure 6.3: CRM performance at ALS (South Africa) – Al ₂ O ₃ , SiO ₂ and LOI	37
Figure 6.4: Comparison between FTIR phase quantification and reactive phase estimation	42
Figure 6.5: Comparison of alumina and silica phases by digestion, XRD and FTIR	43
Figure 6.6: Comparison of boehmite by digestion, XRD and FTIR.....	44
Figure 6.7: Comparison of reactive alumina and reactive silica – FTIR vs digestion.....	44
Figure 7.1: Topography and drainage in Minim Martap project area	49
Figure 7.2: Cross section showing conceptual representation of groundwater system	50
Figure 8.1: Overall country risk profile.....	57
Figure 8.2: Bauxite price – Guinea minimum 45% Al ₂ O ₃ , CIF China	58
Figure 9.1: Transaction multiplies versus area of tenement	69
Figure 9.2: Uncertainty by advancing exploration stage	75

Appendices

Appendix A	Comparable market transactions
Appendix B	Geoscientific rating

Useful Definitions

This list contains definitions of symbols, units, abbreviations, and terminology that may be unfamiliar to the reader.

~	approximately
°C	degrees centigrade
µm	microns
A\$	Australian dollar
AAI ₂ O ₃	available alumina
ABEA	American Bayer Extractable Alumina
AC	aircore (drilling)
AIG	Australian Institute of Geoscientists
Al ₂ O ₃	aluminium oxide
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
b. Al ₂ O ₃	boehmitic alumina
BAC	base acquisition cost
BDO	BDO Corporate Finance (WA) Pty Ltd
BFS	Feasibility Study, also known as the Bankable Feasibility Study
BRDC	Belgaum Research and Development Centre
CAL	Cameroon Alumina Ltd
CCSZ	Central Cameroon Shear Zone
CIF	Cost, Insurance and Freight
CRM	certified reference material
DCF	discounted cash flow
DD	diamond core (drilling)
DSO	direct shipping ore
EEA	Eagle Eye Assets Holdings Pte. Ltd.
EMP	Environmental and Social Management Plan
ESIA	Environmental and Social Impact Assessment
FCFA	Central African Franc
Fe ₂ O ₃	hematite
FTIR	Fourier transform infrared
g	grams
g. Al ₂ O ₃	gibbsitic alumina
GPS	global positioning system
h	hours
ha	hectares
HCl	hydrochloric acid
HT	high temperature
ICP-AES	inductively coupled plasma–atomic emission spectroscopy
ICP-OES	inductively coupled plasma–optical emission spectroscopy
IER	Independent Expert Report
IRF	inland rail facility
IUCN	International Union for Conservation of Nature
IVSC	International Valuation Standards Committee
JORC Code	<i>Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves</i> – The JORC Code 2012 edition
JV	joint venture

k.SiO ₂	kaolinitic silica
kg	kilograms
km	kilometres
km ²	square kilometres
kWh/t	kilowatt hours per tonne
LOI	loss on ignition
LOM	life-of-mine
LT	low temperature
m	metres
M	million
MEE	multiples of exploration expenditure
mg/L	milligrams per litre
mL	millilitres
mm	millimetres
Mt	million tonnes
Mt/a	million tonnes per annum
MTR	metal transactions ratio
NaOH	sodium hydroxide
QAQC	quality assurance and quality control
RAB	rotary air blast (drilling)
RC	reverse circulation (drilling)
RICS	Royal Institution of Chartered Surveyors
ROM	run-of-mine
RxSiO ₂	reactive silica
SGS	SGS Mineral Services
SiO ₂	silicon dioxide (silica)
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonnes
t/m ³	tonnes per cubic metre
US\$	United States dollar
UTM	Universal Transverse Mercator
VALMIN	<i>Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code 2015 edition</i>
XRD	X-ray diffraction
XRF	X-ray fluorescence
Δ	delta (difference/variance)

Executive Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by Canyon Resources Limited (Canyon or the Company) to prepare an Independent Expert Report (IER – BDO Report) for inclusion within a Notice of Meeting to be provided to the shareholders of the Company. The Notice of Meeting is to provide shareholders with the information that they require to make an informed decision in relation to a proposed transaction. This transaction involves the issue of shares in Canyon to Eagle Eye Assets Holdings Pte. Ltd. (EEA) through a placement, as well as the issue of additional options in Canyon, such that EEA may hold up to 56.5% in Canyon following the placement and exercise of existing options and additional options (Proposed Transaction).

BDO has subsequently contacted SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (Report) incorporating a technical assessment and valuation of the mineral assets of Canyon and providing its opinion with respect to matters on which BDO is not the Specialist (SRK Scope).

Canyon's mineral assets comprise the Minim Martap bauxite project, supported by a Feasibility Study (BFS) and the Makan and Ngaoundal advanced exploration projects situated in the Adamawa Region of Cameroon. The projects are situated approximately 550 km directly northeast from the capital of Douala, with the Minim Martap project hosting a total Mineral Resource estimate (prepared under 2012 JORC Code guidelines) of 1,027 Mt at average grades of 45.3% total Al₂O₃ and 2.7% total SiO₂.

The objective of the SRK Report is to provide Canyon's shareholders with an independent assessment of the technical merits, as well as the Market Value of Canyon's mineral assets, including any stated Ore Reserves, Mineral Resources and exploration potential.

SRK has completed a high-level review of Canyon's stated Mineral Resource estimate for the Minim Martap project and further exploration potential within the remaining portions of the tenure to determine their validity from a valuation perspective. SRK has not performed, nor does it accept, the responsibilities of a Competent Person as defined by the JORC Code (2012) in respect of the Ore Reserve and Mineral Resource estimates presented in this Report.

When valuing Canyon's exploration and pre-development assets, SRK has considered methods commonly used to value mineral assets at these stages of development. When valuing the Ore Reserve, SRK has selected a market rather than an income approach (discounted cashflow). This is largely because of the uncertainty of required infrastructure development for the delivery of bauxite to the market. For the exploration potential, SRK has selected the market and cost approaches. Details of these methods are further outlined in this Report.

All monetary figures used in this Report are expressed in United States dollars (US\$) terms (unless otherwise stated as Australian dollars (A\$)). This Report has adopted an Effective Valuation Date of 1 September 2023.

SRK's recommended valuation ranges and preferred values are detailed in the Valuation section (Section 9) of this Report and are summarised in Table ES-1. SRK has produced a Market Value as defined by the VALMIN Code (2015).

In SRK's opinion, the Market Value of Canyon's 100% interest in the projects is likely to reside in the range between US\$57 million and US\$90 million (rounded).

In selecting a preferred value, SRK considers the level of technical study completed to date and the geo-political risk factors associated with future development, infrastructure development and regulatory approval of tenure, including environmental and rehabilitation planning status. SRK understands that tenure over Minim Martap has yet to be secured, based on a regulatory requirement yet to be completed. On this basis, SRK has adopted the low end of the range at US\$57 million (Table ES-1).

Table ES-1: Summary valuation

Mineral Assets	Value Low (US\$ M)	Value High (US\$ M)	Value Preferred (US\$ M)
Mineral Resources	53.4	80.1	53.4
Exploration Potential	3.1	10.3	3.1
Total	56.5	90.3	56.5

1 Introduction

On 17 August 2023, Canyon Resources Limited (Canyon or the Company) announced it had entered into a subscription agreement with Eagle Eye Asset Holdings Pte. Ltd. (EEA), whereby EEA agreed to subscribe for A\$10.5 million of new fully paid ordinary shares at A\$0.07 per share (Placement Shares) and to exercise its existing 202.9 million options at an exercise price of A\$0.07 each to acquire the corresponding number of shares on exercise (Exercise Shares). In addition, Canyon will also issue EEA with 500 million new unlisted options to acquire shares in the Company, each with an exercise price of A\$0.07 and an expiry date of 26 December 2026 (New Options).

BDO Corporate Finance (WA) Pty Ltd (BDO) has been engaged by Canyon to prepare an Independent Expert Report (BDO Report) for inclusion within a Notice of Meeting to be provided to Canyon's shareholders. The BDO Report offers an opinion of whether the offer associated with the Proposed Transaction is fair and reasonable to non-associated shareholders in Canyon.

Mr Sherif Andrawes, Head of Global Natural Resources at BDO, subsequently engaged (Engagement) SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Specialist Report (ISR or Report) relating to the mineral assets of Canyon.

1.1 Scope

The Engagement scope requested SRK to complete the following:

1. A review of the relevant technical assumptions related to the Minim Martap project and the provision of an assessment on the reasonableness of each of the assumptions used in Canyon's supplied life-of-mine (LOM) base cashflow model (the Model), including the following:
 - a. Mineral Resources and Ore Reserves incorporated in the Model
 - b. mining physicals (including tonnes of ore mined, quality, waste material and mine life)
 - c. processing physicals (including ore processed and produced)
 - d. production and operating costs (including, but not limited to drilling, blasting, mining, haulage, transport, general & administration, distribution and marketing, contingencies and royalties or levies)
 - e. capital expenditure (including but not limited to pre-production costs, project capital costs, sustaining capital expenditure, salvage value, rehabilitation and contingency)
 - f. any other relevant technical assumptions not specified above.

Should SRK determine that an assumption (primarily related to revenue, cost or timing) in the provided Model is unreasonable, this will be reflected in the SRK Report with explanation. SRK is to advise BDO before the completion of its report of any material change to assist BDO in making any changes to the Model.

SRK may also be asked to assist with the assessment of the reasonableness of the assumptions for more than one scenario if this is considered appropriate.

SRK's scope specifically excludes any work relating to the marketing, commodity price and exchange rate assumptions, inflation rates and financial analysis (including discount rate) adopted in the Model.

2. Additionally, SRK will provide an independent opinion on the Market Value of:
 - a. any stated Mineral Resources or Ore Reserves at the Minim Martap project that are not already included in the Model (defined as Residual Resources)
 - b. any other mineral assets held by either Canyon that SRK considers are likely to have material value.

1.1.1 Site inspection

SRK's previous experience with the projects involved Mr Bruce McConachie (now deceased) and Mr Mark Noppe (ex-SRK) who prepared the Mineral Resource estimates for the Minim Martap project in 2018 and 2019. These estimates have been superseded. SRK also completed minor advisory assignments for other third parties in relation to these assets in 2019 and 2020.

SRK therefore has a reasonable understanding of the projects and prevailing site conditions, albeit slightly dated. Given this previous experience, SRK did not consider a site visit would provide material information over and above that evident in the supplied documentation.

1.2 Reporting standard

This Report has been prepared in accordance with the guidelines outlined in the *Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets* (VALMIN Code, 2015), which incorporates the *Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves* (JORC Code, 2012).

A first draft of the report was supplied to BDO and Canyon to check for material errors, factual accuracy and omissions before the final report was issued.

For the purposes of this Report, value is defined as 'Market Value', being the amount of money (or the cash equivalent or some other consideration) for which a Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between Canyon and EEA or any other parties.

For this Report, SRK has classified the Mineral Assets of Canyon in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early-Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.

- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, borefields and processing plants that have been commissioned and are in production.

As discussed further in this Report, SRK has classified Canyon’s projects as Advanced Exploration to Pre-development stage for valuation purposes.

SRK has used valuation approaches that are typically used for mineral assets at each of these respective stages. Additional details are provided in Section 2 to Section 9 of this Report.

1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture (JV) agreements, local heritage or potential environmental or land access restrictions. Further detail is provided in Section 2.3 of the Report.

1.4 Valuation Date and currency

The Valuation Date adopted is the date of this Report, namely 1 September 2023. All values are reported in United States dollars (US\$) unless otherwise stated as Australian dollars (A\$).

1.5 Project team

This Report has been prepared by a team of consultants from SRK’s offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out in Table 1.1.

Table 1.1: Details of qualifications and experience

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Rodney Brown	Principal Consultant/ SRK	Geology and Mineral Resources	+30 years, including +20 years in consulting and 9 years in operations.	None	BSc, DipMet, MAusIMM, MAIG
Donald Elder	Principal Consultant/ SRK	Mining and Ore Reserves	+30 years, including 18 years in operations and 15 years in mining consulting	None	GDIP Eng (Mining Engineering, NHD (MRM), MAusIMM(CP))
Sujay Maitra	Associate Principal Consultant	Processing	+30 years, including bauxite and alumina operations, research and plant design	None	MEng, BTech, BSc, MIICE
Lisa Chandler	Associate Principal Consultant	ESG and Permitting	28 years; 20 years as environmental consultant to the resources sector; 5 years as government regulator and 3 years in operations	None	MEng, BSc, MNELA, MAusIMM, AMANCOLD, MSER
Shaun Barry	Principal Consultant/ SRK	Valuation	+30 years, including 12 years in consulting on valuation and mine economics	None	BSc (Hons), MSc Eng, MAusIMM(CP), MRICS
Jeames McKibben	Principal Consultant/ SRK	Peer Review	29 years; 19 years in valuation and corporate advisory, 2 years as an analyst and 8 years in exploration and project management roles	None	BSc (Hons), MBA, FAusIMM(CP), MAIG, MRICS, MSME

1.6 Limitations, independence, indemnities and consent

1.6.1 Limitations and reliance

SRK's opinion contained herein is based on information provided to SRK by Canyon throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Canyon was taken in good faith by SRK. SRK has not recalculated the Mineral Resources or Ore Reserves estimates but has independently assessed the reasonableness of the estimates.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Canyon was complete and not incorrect, misleading or irrelevant in any material aspect.

1.6.2 Statement of SRK independence

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK. SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

1.6.3 Indemnities

As recommended by the VALMIN Code (2015), Canyon has represented in writing to SRK that full disclosure has been made of all material information and that, to the best of its knowledge and understanding, such information is complete, accurate and true.

In line with the VALMIN Code (2015), Canyon has provided SRK with an indemnity letter under which SRK is to be compensated for any liability and/or expenditure resulting from any additional work required which:

- results from SRK's reliance on information provided by Canyon, or Canyon not providing material
- relates to any consequential extension of workload through queries, questions or public hearings arising from this report.

1.6.4 Consent

SRK understands that this Report may be provided to Canyon's shareholders. SRK provides its consent for this Report to be included in the BDO Report on the basis that the technical assessment and valuation expressed in the Executive Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

1.6.5 Consulting fees

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$110,800. The payment of this professional fee is not contingent upon the outcome of this Report.

2 Canyon Resources Limited

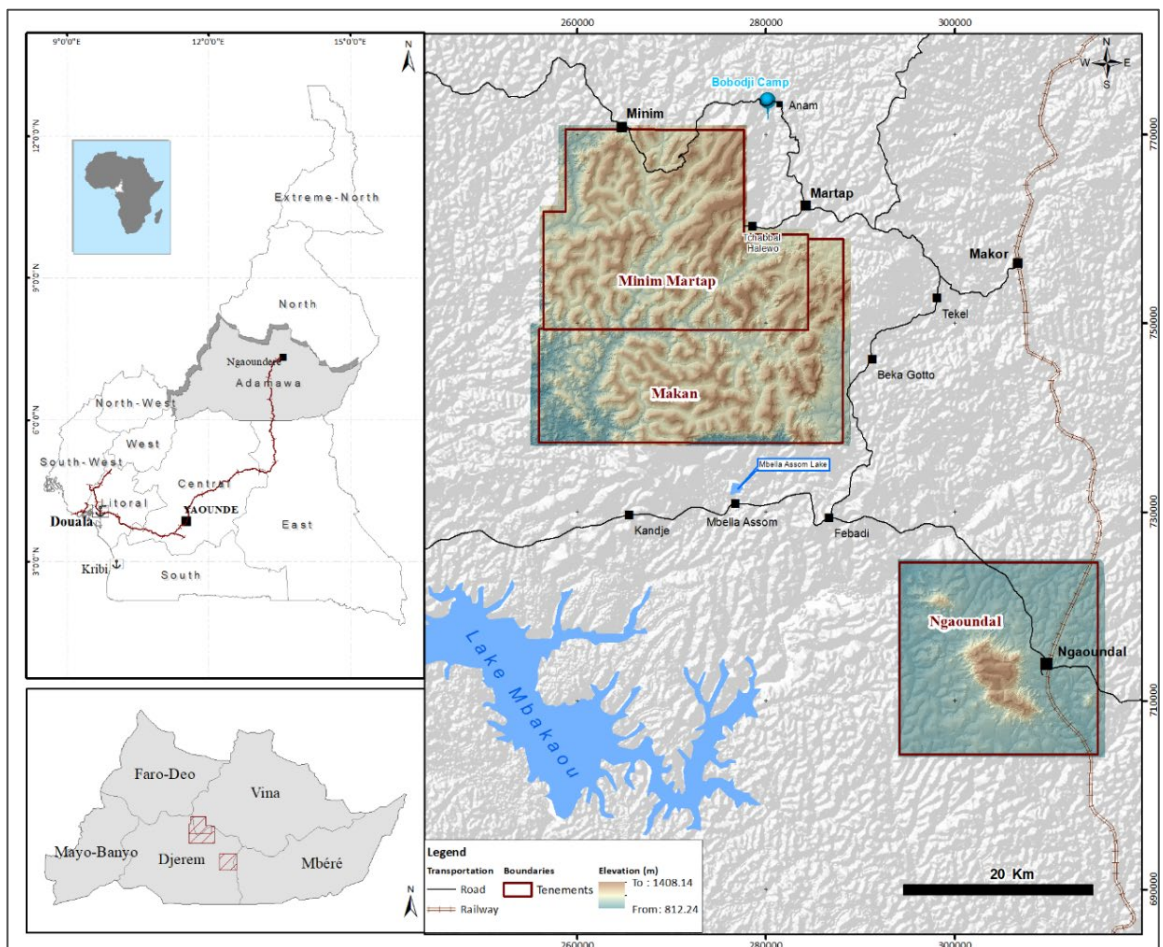
2.1 Overview

Canyon is a bauxite resource development and exploration company, focused on its only mineral assets situated in central Cameroon, through its in-county 100% owned subsidiary Camalco Cameroon S.A. (Camalco). Canyon’s flagship project is the Minim Martap project which has been advanced to a BFS level. Its other projects also held through Camalco are the Makan and Ngaoundal.

2.2 Location and access

Canyon’s mineral assets comprise three mineral tenures referred to as Minim Martap, Makan and Ngaoundal. These tenures are all located within the Vina and Djerem Departments of the Adamawa Region in central northern Cameroon (Figure 2.1). They are located approximately 550 km directly northeast of the coastal city of Douala and approximately 400 km north–northeast of the capital, Yaoundé.

Figure 2.1: Location of Canyon’s mineral assets in Cameroon



Source: Canyon Resources Limited

The main regional town of Ngaoundal is the nearest commercial centre to the projects and is accessible by road and rail from Yaoundé. There is a daily train service with a night sleeper carriage available travelling both ways between Ngaoundal and Yaoundé. International flights are routed through Yaoundé but there is no airport or airline services to the Ngaoundal region.

The villages in the region surrounding the projects are connected by roads that also provide access to the tenements. The road comprises a mix of all-weather sealed and generally well maintained gravel roads. The projects are accessible via several existing and newly created gravel roads that were established during the resource drilling phase of project development.

2.3 Tenure

The three tenures were granted to Camalco Cameroon S.A. by the Cameroon Ministry of Mines, Industry and Technological Development on 11 July 2018. To maintain the tenements, Camalco is required to complete a minimum work program and to ensure the environmental and social licence conditions are met. The tenure details are presented in Table 2.1.

Table 2.1: Tenure details

Tenement	Name	Interest	Status	Area (km ²)	Granted	Expiry
	Minim Martap	100%	Exploration	499	11/07/2018	Pending
566	Makan	100%	Exploration	302	11/07/2018	28/02/2024
514	Ngaoundal	100%	Exploration	180	11/07/2018	28/02/2024

Source: Canyon Resources Limited

In June 2021, an application was lodged for extensions of the Makan and Ngaoundal exploration permits for a further 2 years and a Mining Permit relating to the Minim Martap tenement in relation to the BFS. In accordance with Section 59 of the Mining Code, upon the grant of a Mining Permit for the Minim Martap area, an entity of the State will be granted 10% ownership of the special purpose Joint Venture Company formed for that purpose, free of charge. Upon grant, Camalco is to transfer the Mining Permit to this new company. The entity of the State may acquire up to an additional 25% ownership of the new company via direct investment under terms and conditions mutually agreed by the parties, and with the same rights and obligations as the other shareholders.

The application for the Mining Permit continues Camalco's tenure over the Minim Martap exploration licence until the grant of the Mining Permit (according to sections 45 and 46 of the Mining Code).

A Mining Permit is granted for an initial period not exceeding 20 years. It is renewable for one or more periods not exceeding 10 years each (Section 56 (1) of the Mining Code). The BFS modelling has only considered the initial 20-year term of the initial Mining Permit.

The Makan and Ngaoundal exploration permits were extended by the Minister of Mines of Cameroon on 28 February 2022 for an additional 2 years (ASX announcement 28 February 2022). The Ngaoundal permit initially covered an area of 428 km² but has since been reduced to 180 km² following its renewal in 2022. The Makan permit initially covered an area of 422 km² but has since been reduced to 302 km² following its renewal in 2022.

2.4 Physiography and land use

The Adamawa Region is a mountainous area and forms the barrier between Cameroon's forested south and savannah north. Adamawa is the fourth largest region among the 10 provinces and covers a geographical area of 63,691 km². The relief in the Adamawa Region comprises a series of elevated bauxite plateaus. The original surface has been deeply weathered with bauxite and lateritic iron caps forming the plateaus. Incised streams have created steep-sided valleys between 100 m and 300 m deep. The plateaus themselves have moderate to flat relief, with elevations ranging from 1,200 m to 1,400 m above sea level.

The vegetation of the area is mainly savannah vegetation (trees and shrubs within intervening grasslands). The nature of the vegetation cover in this region is tropical, evergreen and deciduous.

The most important land use in the surrounding region is cattle raising, which is carried out by itinerant herdsman. Local agricultural areas are fenced, with fruit and vegetables grown in family sized allotments. The agricultural potential of the area is becoming recognised, with larger plots being developed and markets developed both locally and in the regional centres.

2.5 Project history

Cameroon does not have a history of mining, with most of its mineral resource income derived from the sale of oil. Gold occurs and is mined sporadically throughout the country, but most production is through small-scale artisanal mining (using simple gravity recovery methods) and it is also often illegal.

Bauxite deposits were discovered in the region during a regional geologic survey and general mining prospection campaign conducted by the Direction des Mines et de la Géologie du Cameroun (DMG) in 1958. Exploration by French geologists of the Bureau de Recherches Géologiques et Minières (BRGM) followed shortly thereafter (i.e. between 1958 and 1961) and then resumed from 1969 to 1972.

Cameroon Alumina Ltd (CAL) applied for and was granted two exploration permits over the Minim Martap and Ngaoundal deposits around 2006. Systematic exploration occurred in 2008–2009, with a drilling program undertaken at the Minim Martap and Ngaoundal deposits. The drilling program was conducted by SRK on behalf of CAL. The 2008–2009 exploration work conducted by CAL was considered to be in accordance with an appropriate international industry standard; however, the resource evaluation and reporting at the time pre-dated the current version of the JORC Code (2012) and the Mineral Resource estimates were reported in compliance with the JORC Code (2004).

In 2016, the permits were returned to the state of Cameroon. New permits encompassing all the mineralisation in the former permit areas were granted to Canyon on 11 July 2018.

In 2018, Canyon reported a Mineral Resource estimate based on deposit definition work pertaining to the previous (2009) estimate that was overseen by SRK. The 2009 work estimated and reported the Mineral Resource in accordance with the JORC Code (2004) but the estimate was not publicly released.

In June 2021, Canyon applied for a Mining Permit over the Minim Martap deposit in addition to further applications for extensions to the Makan and Ngaoundal exploration permits for a further

2 years. Further to this, Canyon also submitted a completed Environmental and Social Impact Assessment (ESIA) to the Ministry of Mines and Ministry of Environment.

In August 2021, Canyon's subsidiary, Camalco, had its Mining Permit application accepted and the Company entered into negotiations for the project's Mining Convention. In accordance with the Mining Code, the applicant for a Mining Permit must enter into a Mining Convention prior to the Mining Permit being granted.

In January 2022, Camalco completed all negotiations with the relevant Government Ministries to finalise the terms of the Mining Convention, which were subsequently signed off by 15 relevant Ministries.

On 13 April 2022, Canyon signed a Heads of Agreement with the operator of the Cameroon railway, Bollore Africa Railways/CAMRAIL, to organise negotiations and agreement on the commercial terms of the associated railway contract (for transport of ore to the coast for export). Camalco has also entered into a Memorandum of Understanding with the Port of Douala with respect to finalising of commercial negotiations for port access after the completion of the BFS.

In June 2022, Canyon completed a BFS, the details of which are discussed throughout this Report.

3 Geology and Mineral Resources

3.1 Introduction

To support the valuation exercise, which is the key objective of this Report, SRK conducted a high-level review of the Mineral Resource models and estimates supporting the Minim Martap bauxite project.

The Mineral Resource estimates were prepared by Mining Plus in 2021 and are described in a report entitled *Minim Martap Mineral Resource Estimate Update Report*, dated April 2021 (Mining Plus, 2021). The Mineral Resource estimates stated in the Mining Plus report are presented in Table 3.1. SRK understands these represent the most recent estimates for the Minim Martap deposit.

3.2 Site visit and review limitations

The findings presented in this Report are based on a high-level assessment of the information presented in Mining Plus (2021) and supporting documentation. This was supplemented by spot validation of the input datasets and the model files.

The latest resource model files were only available for south deposits of Bridget, Judith and Simone, which comprise less than 20% of the stated resource inventory. Many of the other key datasets were also missing. Some of the datasets contain significantly more data to that described in Mining Plus (2021). These data and reporting inconsistencies have hampered SRK's ability to offer more definitive commentary regarding the reliability of the Mineral Resource estimates.

SRK has not visited the Minim Martap deposit or inspected any of the drill samples or other material from site. However, SRK consultants previously acted as the Competent Person for the 2018 and 2019 Mineral Resource estimates (now superseded) and SRK therefore has a reasonable understanding of the prevailing site conditions and supporting technical data.

Table 3.1: Mineral Resource estimates as at February 2021 (based on 35% Al₂O₃ cut-off)

Zone	Plateau	Measured				Indicated				Inferred				Total			
		Mt	Al ₂ O ₃	Fe ₂ O ₃	SiO ₂	Mt	Al ₂ O ₃	Fe ₂ O ₃	SiO ₂	Mt	Al ₂ O ₃	Fe ₂ O ₃	SiO ₂	Mt	Al ₂ O ₃	Fe ₂ O ₃	SiO ₂
North	Agnes					62.2	46	22.1	2.9	1	45.5	22.6	1.3	63.2	46	22.1	2.9
	Alice					48.7	47	18.7	2.4	3.3	45.2	17.8	4.9	51.9	46.9	18.6	2.6
	Aurelie					27.8	44.2	17.8	5.5	2	43.7	18.2	5.8	29.7	44.2	17.8	5.5
	Beatrice	81.3	49.9	13.8	3.2					0.5	48.5	13	2.5	81.8	49.9	13.8	3.2
	Danielle	166	45.4	21.8	2.4					3.3	45.5	19.2	3.6	169.3	45.4	21.7	2.4
	Eulalie					22.9	41.6	27.2	3.7	4.6	39.9	29.6	3.7	27.5	41.3	27.6	3.7
	Gilberte					64.3	42.8	23.4	4.7	10.3	40.7	22.5	6.1	74.6	42.5	23.2	4.9
	Gregorine					111.1	44.8	25	2.2	2.8	44.7	22.6	0.5	114	44.8	24.9	2.2
	Mathilde					42.6	44.2	21.8	3.7	7.3	44.9	20	4.3	49.8	44.3	21.5	3.8
	Raymonde	134.6	48.1	17.4	2.8					4.7	47.1	15.2	0.8	139.3	48.1	17.4	2.8
	Yolande					57.1	44.7	21.6	4	2.1	41.1	23.9	5.8	59.1	44.6	21.7	4.1
	Subtotal	381.9	47.3	18.6	2.7	436.7	44.6	22.5	3.4	41.9	43.4	21.2	4.1	860.2	45.8	20.7	3.1
Central	Emile					22.1	44.9	24	1.6					22.1	44.9	24	1.6
	Fabiola					17.2	46.3	22.7	1.9					17.2	46.3	22.7	1.9
	Sophia					5.3	47.8	20.2	1.5					5.3	47.8	20.2	1.5
		Subtotal				44.6	45.8	23.1	1.7					44.6	45.8	23.1	1.7
South	Bridget					11.7	41.9	28.3	0.9	1.6	42.3	28.9	0.8	13.3	42	28.4	0.9
	Judith					29.3	41.9	29	1	2.4	41.3	28.8	1.2	31.8	41.9	29	1
	Simone					74.7	41.6	29.2	1	2	41.3	28.9	1	76.7	41.6	29.2	1
		Subtotal				115.8	41.7	29	1	6	41.6	28.9	1	121.8	41.7	29	1
Total		381.9	47.3	18.6	2.7	597.1	44.2	23.8	2.7	47.9	43.2	22.1	3.7	1026.6	45.3	21.8	2.7

Source: Transcribed from Mining Plus (2021)

3.3 Regional setting and local mineralisation

The Minim Martap bauxite deposits are residual accumulations developed on plateaus located in three tenements in the Adamawa Region of central Cameroon. Table 3.1 shows resources have been defined for a total of 17 deposits, consisting of 11 deposits in the North Zone (Minim Martap), three in the Central Zone (Makam) and three in the South Zone (Ngaoundal).

The deposits are all located within the Central Cameroon Shear Zone (CCSZ), a major NE–SW trending structural feature that separates the North West Cameroon Domain to the north from the Adamawa Domain to the south. The deposits are all located in the Adamawa Domain which, within the project region, predominantly consists of Proterozoic sediments that have been extensively intruded by Cambrian granites. Tertiary basaltic lavas that have flowed from a rift feature in the northwestern region of the CCSZ are also present in the area – referred to as the Cameroon Volcanic Line.

Lateritic bauxites form from the intense weathering of aluminium-bearing rock types. They generally develop in a tropical environment typified by high rainfall and marked wet and dry seasons. Bauxites can develop under specific oxidation-reduction conditions in conjunction with landform gradients that are sufficient to promote rapid drainage and leaching without extensive erosion. This process can result in the residual enrichment of the less soluble bauxite minerals (gibbsite, boehmite and diaspore) by the removal of the more soluble silica and the remobilisation/removal of iron.

The substrate on which the bauxites develop generally has a marked influence on the grade and mineral characteristics of the bauxite. The Minim Martap and Makan deposits are interpreted to have developed overlying the Cambrian granites and the weathered Proterozoic feldspathic sediments. The Ngaoundal deposits are interpreted to have developed over Tertiary basalts. The granite and sediment derived bauxites are observed to have higher Al_2O_3 and SiO_2 grades and lower Fe_2O_3 grades than the basaltic deposits.

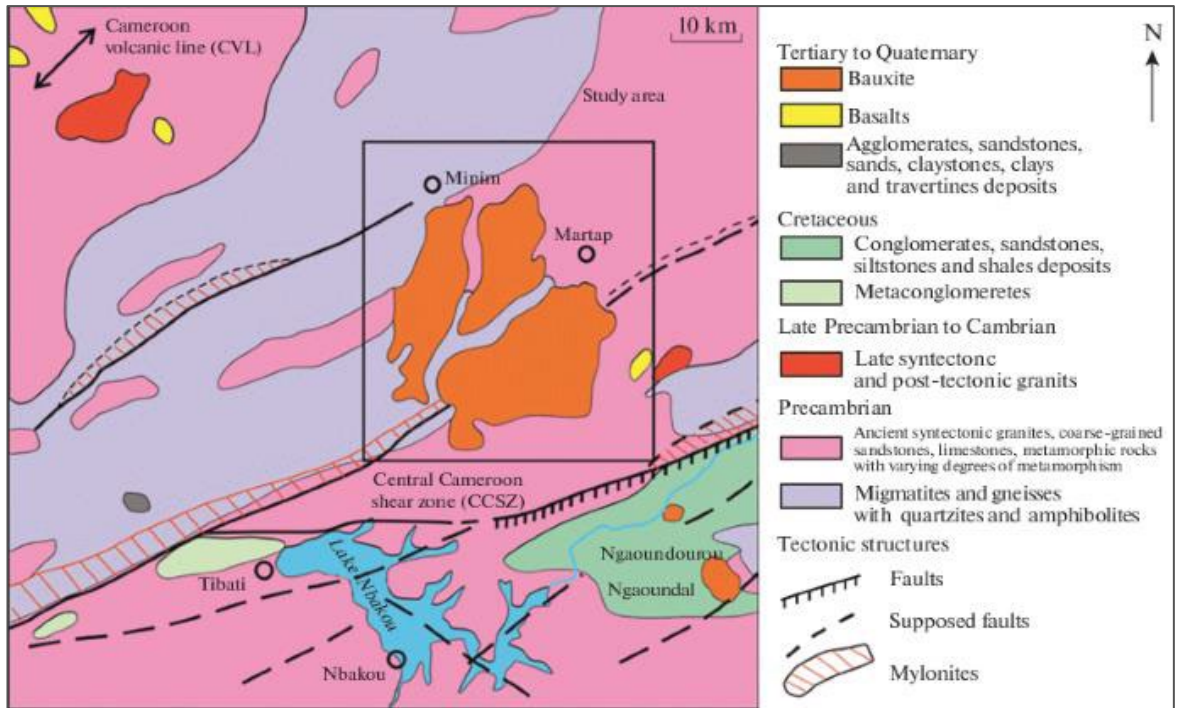
The plateaus are very irregular in shape and, especially those in Minim Martap, significantly elongated sub-parallel to the structural trend of the CCSZ.

SRK considers that Canyon's understanding of the regional and local geology, and of the mineralisation characteristics of the deposits, is suitable to support the delineation of bauxite resources. The genetic models described in the Mining Plus (2021) report are consistent with industry opinion on bauxite formation. The deposit characteristics are broadly similar to those of many other lateritic bauxites. As described in Section 3.6, additional mineralogical data will likely be needed to better understand the spatial distributions and concentration of some of the mineral species that can have a significant impact on processing.

Compared to many bauxite deposits, the average alumina concentrations are very high and the average silica concentrations are very low. The geo-metallurgical and mineralogy testwork indicates that the bulk of the alumina occurs as gibbsite ($\text{Al}(\text{OH})_3$), with only minor concentrations of boehmite ($\text{AlO}(\text{OH})$). Total and reactive silica concentrations are both very low, and the X-ray diffraction (XRD) results indicate that most of the iron probably occurs as hematite (Fe_2O_3). Organic carbon concentrations do not appear to be excessive, but there is limited information available. All of these factors are considered to be very favourable for low-temperature Bayer refining.

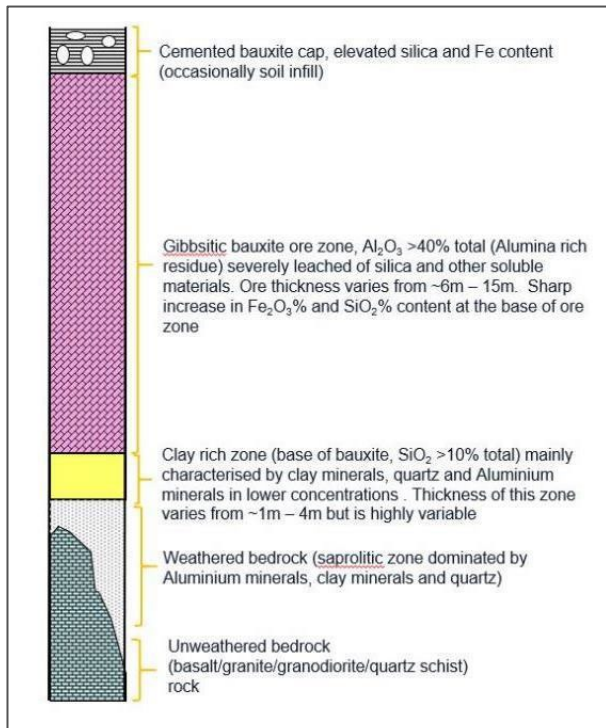
A geological map of the project area is presented in Figure 3.1. A schematic representation of the typical bauxite profile for the Minim Martap bauxites is shown in Figure 3.2.

Figure 3.1: Geological map of the project area



Source: Mining Plus (2021)

Figure 3.2: Schematic representation of typical bauxite profile



Source: Mining Plus (2021)

3.4 Data collection

3.4.1 Drilling

The data used to prepare the Mineral Resource estimates were collected from drilling programs conducted in 2009, 2018–2019 and 2020, outlined as follows:

- The 2009 program included wide-spaced reconnaissance drilling on 14 plateaus with the objective of defining Inferred Mineral Resources. It comprised a mix of auger, rotary air blast (RAB), aircore (AC) and diamond core (DD) drilling.
- The 2018–2019 program included infill drilling on five plateaus, which Canyon describes as 'Resource Update' drilling, and reconnaissance drilling on one new plateau, with all holes drilled using AC equipment.
- The 2020 program comprised infill drilling on three plateaus, which Canyon describes as 'Grade Definition' drilling. The drilling method is not described, but it is assumed to have been AC.

The exploration database tables made available for review contain information for a total of 1,357 drill holes. Of these, valid coordinates were available for 1,338 holes, equating to 15,355 m of drilling. Assay data were available for 1,296 holes, equating to 15,059 sampled metres. Further details of the samples collected from the plateaus are discussed in Section 6.2.

The database tables do not list the drilling date or the drilling method, but a synthesis of the various tabulations contained in Mining Plus (2021) indicates that approximately 55% of the holes were AC, 40% were auger, 5% were RAB and 1% was DD. It is stated in Canyon (2022) that all drilling was conducted using NQ-sized equipment (i.e. core diameter of 47.6 mm). The DD samples collected were used for density determination and metallurgical testing only.

The 2009 drilling grids were usually oriented along the (usually curvilinear) long axis of the plateaus, with a nominal spacing of 500 m along strike and 250 m across strike which, in places, is infilled to 250 × 100 m. The later grids were oriented parallel to the UTM (Universal Transverse Mercator) grid. Geostatistical crosses, with a nominal hole spacing of 50 m, have been drilled on several plateaus. The holes are all vertical and shallow, with an average depth of approximately 11 m. The samples were collected on 1 m intervals.

Auger and AC drilling are commonly used for lateritic bauxite resource delineation. However, both are prone to the introduction of sampling errors, especially when small diameter equipment is used, as is the case for these programs. RAB drilling is rarely used for resource delineation drilling. These concerns are further discussed in the Section 3.8.

The elongated and anastomosing shape of the plateau tops, coupled with the wide spacing, means that in most places the coverage is very irregular. This will have an adverse impact on the reliability of the Mineral Resource estimates and the classification because it means that, for some of the narrower deposits, the relative proportion of the resource tonnage defined by extrapolation (compared to interpolation) will be higher than for a regularly drilled deposit.

3.4.2 Surveying

The survey data are reported using the Kousseri UTM Zone 33N coordinate system.

The topography data were collected from a LiDAR survey. The survey was conducted using drone equipment in December 2018. The data spacing is not stated; however, for resource estimation purposes, Canyon thinned the datasets to a 5 m node spacing.

The drillhole collars were surveyed using handheld global positioning system (GPS) instrument. Canyon recognised that there was significant uncertainty with vertical accuracy, and all collars were registered to the topographic surface. Downhole surveys were not conducted because the holes are all vertical and shallow.

SRK considers that the surveying procedures are suitable for resource estimation purposes. LiDAR surveying is considered a best practice approach for regolith deposits. However, SRK observed a significant number of artefacts in some of the topographic models made available for review. The patterning and shape of these artefacts indicate that the LiDAR data may not have been adjusted for canopy cover. These artefacts appear to have been carried across into the resource models and, as later discussed, will contribute to inaccuracies in the local resource estimates.

Handheld GPS is generally not used to survey drillhole collars that will be used for resource delineation. Accurate vertical control is arguably the most important consideration for lateritic bauxites, and adjusting the collars to the topographic survey should reduce the uncertainty in the GPS data to acceptable levels. However, the above issue with the topography artefacts notwithstanding, the very large differences between the topography and the unadjusted collar elevations raises concerns that there are possibly also issues with the lateral accuracy of the collar survey data. SRK recommends that, where possible, the collar locations be resurveyed.

3.4.3 Sampling

All samples were collected over 1 m intervals. The auger samples were collected onto sheets placed around the hole collars and then passed through a riffle splitter. The RAB samples were collected via a cyclone and also riffle split. The AC samples were collected from the cyclone underflow and passed through a cone splitter or a riffle splitter. Typically, a 1–2 kg split was collected from each 1 m interval for laboratory testing. The DD samples were used for density determination and metallurgical testing only.

SRK considers the sampling interval is suitable, and the sample collection procedures are similar to those commonly used for these drilling methods.

3.5 Sample preparation and geochemical analysis

For the 2009 program, the laboratory testing was conducted by Stewart Assaying in Ireland or BRDC (Belgaum Research and Development Centre) in India. For the Stewart program, the samples were prepared by Afrigeolabs in Yaoundé, with only the pulps submitted to Ireland. For the BRDC program, the entire sample was despatched to India. For the 2018–2020 programs, all samples were prepared by Afrigeolabs and assayed by ALS (South Africa). Canyon states that all three laboratories have adequate accreditation for this type of testwork.

Sample preparation comprised oven drying each 1–2 kg sample, crushing to a nominal size of 2 mm, pulverising a 300–400 g split in a ring mill to 75 µm (percentage passing not stated), and collecting a 100 g aliquot for geochemical analyses.

All samples were assayed using fused-bead X-ray fluorescence (XRF) with the analytical suite including Al₂O₃, CaO, Cr₂O₃, Fe₂O₃, K₂O, MgO, MnO, Na₂O, P₂O₅, SiO₂ and TiO₂. Loss on ignition (LOI) was determined at 1000°C using thermogravimetric analysis (TGA). Total carbon was initially included in the Stewart analytical suite. ALS also included BaO, SO₃, V₂O₅, ZnO and Zr₂O in its analytical suite.

The sample preparation and assaying procedures are consistent with those commonly used in the industry and SRK considers them suitable for Canyon's deposits. In SRK's opinion, the analytical suite is adequate.

3.6 Mineralogical and geo-metallurgical analysis

Canyon reports that mineralogical and geo-metallurgical tests have been conducted on exploration samples collected from the various plateaus. As indicated below, there are several discrepancies between the data quantities stated in Mining Plus (2021) and the quantities contained in the datasets. The available geo-metallurgical database has been evaluated by SRK and discussed further in Section 6.4.

The mineralogical and geo-metallurgical tests are outlined as follows:

- Stewart (Genalysis) conducted low (145°C) and high (235°C) temperature digest tests on 62 composite samples sourced from seven plateaus. Each composite was prepared from samples sourced from the same hole.
- BRDC conducted 129 low temperature (150°C) tests from composites sourced from six plateaus. BRDC also conducted 71 high temperature (225°C) tests, but Canyon elected not to use these data because the original head grade analyses could not be located.
- ALS conducted 43 low temperature (148°C) tests on 2 m composites source from two plateaus.
- Mining Plus (2021) notes that quantitative XRD analyses were conducted on seven samples, whereas the dataroom contains results for 187 (1 m or 2 m) composites.
- A total of 275 FTIR (Fourier-transform infrared) spectroscopy tests were performed on samples sourced from two plateaus (the dataroom files contains results for 389 (2 m) composites)
- Organic carbon is not mentioned in Mining Plus (2021) but a file in the dataroom contains organic carbon results for 42 (2 m) composites sourced from three plateaus.

Mineralogy is extremely important for the assessment of bauxites that will be refined using the Bayer process to produce alumina. The concentrations of gibbsite, boehmite, kaolin and quartz are an important factor for consideration of whether the material is amenable to low temperature (LT) or high temperature (HT) Bayer processing. Bauxite mineral species and concentrations can be difficult and expensive to quantify and, in addition to the use of quantitative XRD to estimate the mineral concentrations stated above, low-temperature and high-temperature bomb digest tests are widely used to predict plant performance by estimating geo-metallurgical parameters such as available alumina and reactive silica.

All the test procedures mentioned above are widely used in the industry and are considered to be best practice approaches. Canyon states that the digest tests were performed under American Bayer Extractable Alumina (ABEA) conditions (i.e. low temperature, ~145°C). However, the mixing of microwave and oven digest and the different temperature ranges (especially for HT) could contribute to some of the variability observed.

Quantitative XRD is an important adjunct to bomb digest. Many samples are reported as not containing many of the minerals that would be expected to occur in lateritic bauxites (such as quartz, kaolin, boehmite, goethite and amorphous material). This is further discussed in Section 6.3.

FTIR spectroscopy is commonly used in the industry, but it typically requires regular calibration against other established methods (such as XRD and bomb digest) and is therefore best suited to more mature projects. It is likely that different calibration sets will be needed for Minim Martap and Ngaoundal, as well as possibly for individual plateaus. This is further discussed in Section 6.4.3.

Mining Plus (2021) does not include a comprehensive assessment and synthesis of the various geo-metallurgical datasets. However, general observations from SRK's high-level assessment of the various datasets are outlined as follows:

- The test results add support to Canyon's assertion that most of the alumina exists in the form of gibbsite and should therefore be amenable to LT processing. Canyon notes more variability in the silica results – these likely comprise a mix of kaolin which is soluble at low temperature and other clay species or quartz, which can be soluble or partially soluble at higher temperatures.
- The difference between LT and HT available alumina is relatively small and (apart from the alumina that converts to sodalite) the difference likely reflects alumina that occurs in the form of boehmite, aluminogothite, diasporite, or possibly an amorphous phase. None of the alumina in these forms will be extracted using LT digestion. However, it is still very useful to know which mineralogical form the insoluble alumina exists in because some LT refineries may impose an upper limit on boehmite concentrations because of the adverse effect it can have on gibbsite recovery (reversion).
- Organic carbon is recognised as an important deleterious constituent in bauxite processing because it can result in the build-up of oxalates in the processing liquor, possibly resulting in the excessive nucleation of alumina fines. The organic carbon grades in the dataroom file range from 0.03% to 0.32%, with an average grade of 0.11%, which approaches thresholds that may be of concern for some refineries. It is noted that organic carbon can often be managed during the mining phase.
- The mineralogical form of iron is often an important processing consideration. Settling issues can be experienced if most of the iron occurs as goethite. Also, aluminium can commonly substitute for iron in the goethite lattice, meaning that aluminium won't be available at low temperatures and is generally not available at high temperatures. The XRD data indicate that most of the iron occurs as hematite, but this may be more reflective of limitations with the XRD quantification software.

In conclusion, the data support Canyon's assertion that the deposits are high-grade gibbsitic bauxites with low concentrations of total and reactive silica that should be suitable feedstocks for LT or HT refining. However, for many bauxite projects (particularly gibbsitic deposits), local estimates for available alumina and reactive silica are included in the resource models. These

parameters are either estimated directly from geo-metallurgical assay data or derived from oxide totals using regression equations. SRK considers that Canyon will need to collect significantly more geo-metallurgical and mineralogical data to achieve this.

SRK notes that some of the datasets contain normative mineral estimates (particularly for boehmite) that have a strong dependence on LOI. These approaches should be used with caution because not only are there are possible inaccuracies in the LOI dataset (see below), many other minerals besides gibbsite and boehmite (including clays and goethite) can contribute to the LOI values.

3.7 Density assessment

Density tests were performed on a total of 92 samples collected from seven shafts excavated on three plateaus. The samples were collected at depths ranging from 4 m to 11 m, with an average depth of 7 m. The samples are understood to have consisted of individual rock fragments weighing between 100 g and 2,200 g. The tests were performed on site using conventional water displacement techniques on dried and wax-coated samples. The Mining Plus (2021) report make some mention that additional tests were performed on core samples, but these programs are not described. A single default density of 2.02 t/m³ has been used for the resource tonnage estimates.

SRK acknowledges that it is very difficult to obtain reliable density estimates for bauxite deposits. This is because significant lateral and vertical short-scale variability often exists (often reflective of variable porosity), and it is very difficult to retain in situ volume and porosity when collecting samples from semi-friable material.

The density datasets were not available for review, but the box-and-whisker plots included in the Mining Plus (2021) report show a relatively large amount of variability, which is not unexpected. The chosen default value appears reasonable for the material (as described), and it is slightly lower than most of the test results.

The dataset is small, and the coverage is limited. The sample collection method is considered suitable, but there is a risk that the dataset will be over-represented by more competent fragments, which usually report higher densities. Water displacement procedures are considered appropriate for these materials, but they can be difficult to accurately perform on site due to the difficulties with oven-drying, controlling the accuracy of weighing apparatus, and ensuring the sealing procedures are properly matched to in situ characteristics of the material.

3.8 QAQC assessment

Mining Plus (2021) notes that a comprehensive set of QAQC (quality assurance-quality control) procedures was included in the data collection programs. QAQC included field duplicates, purchased Standards, Blanks and inter-laboratory checks.

Field duplicates were collected during all programs at a nominal frequency of 1 in 20. The duplicate dataset comprises 722 sample pairs from Stewart and 333 sample pairs from ALS. These represent data collected from 10 and 8 separate plateaus, respectively. Mining Plus reports that excellent agreement was observed between the primary and duplicate samples. This is discussed further in Section 6.2.2.

Nine different purchased bauxite Standards were used. The Standards were sourced from Geostats Pty Ltd. Mining Plus (2021) reports that the Standards were inserted at a nominal frequency of 1 in 20. Mining Plus (2021) reports that the Standards performance was very good.

Blanks are not described in Mining Plus (2021), but Blank data are available in the datasets made available for review.

Mining Plus concludes that the quality assurance data provides a very high level of confidence in the primary elemental data used to prepare the bauxite Mineral Resource estimates (Mining Plus, 2021). However, Mining Plus notes that Canyon has not yet been able to obtain any of the QAQC results from the BRDC programs, which comprise approximately one third of the resource data. They also note that limited QAQC data are available for the geo-metallurgical programs.

The resource report made available for review (Mining Plus, 2021) contains insufficient description of the QAQC procedures and the assessment of the results to enable SRK to offer an opinion on the likely reliability of the primary data. The summary tabulations included Mining Plus (2021) do not indicate that there is an issue with data quality, but they do not contain sufficient detail to confirm that errors do not exist.

Only the QAQC datasets for the 2009 Stewart programs were made available for review. SRK conducted several spot checks on these datasets and noted the following:

- There is excellent agreement between the duplicates and the primary assays, with no evidence of bias or significant imprecision. The precision is significantly better than SRK typically observes in field duplicate datasets for bauxite deposits, leading to the possibility that they may instead be laboratory duplicates and not field duplicates.
- The Standards datasets show very good performance for most of the major analytes, with no evidence or significant systematic or transient biases. The only exception was LOI, which showed high failure rates for several Standards. In most cases, the LOI values were under-reported by approximately 0.5% (absolute). Performance data of the standards (CRMs) have been further evaluated and discussed in Section 6.2.1.

It is reported in Mining Plus (2021) that inter-laboratory checks revealed some minor differences in the assay results from the various laboratories but none significant enough to be of concern. The Mining Plus (2021) report does not contain descriptions of the comparative studies.

In a memorandum prepared by M Gifford in 2019 (Gifford, 2019), it is noted that only a small number of samples (100) were tested by at least two laboratories, and that these inter-laboratory results displayed significant variability, but no strong evidence of bias. Gifford also compared the datasets on two plateaus that contained approximately equal amounts of data from Stewart and BRDC. Based on this assessment, Gifford noted the Stewart Al, Fe and Si grades were biased high compared to the BRDC grades, and the LOI was biased low. Gifford noted that there were insufficient data available to determine which laboratory was likely to be more accurate but flagged the biases to be of concern. Although the Gifford (2019) study predates Mining Plus (2021), it is not mentioned Mining Plus (2021) and it is not clear whether this issue has been resolved. SRK has evaluated Gifford's observations (discussed in Section 6.2).

The QAQC procedures do not appear to contain any mechanism to identify whether significant errors may have been introduced during the initial sample extraction procedures. Arguably, biases due to preferential material loss during the initial sample extraction process are the most likely

source of sampling error for these types of programs. Although AC and auger drilling are commonly used for bauxite exploration, it is widely recognised that these drilling methods can be prone to sampling error. The Mining Plus (2021) report do not make mention of twinned hole or similar studies comparing results from different drilling programs (apart from the inter-laboratory assessment noted above).

SRK recommends that comparative studies, similar to the one conducted by M Gifford in 2019, be conducted to include the proximal comparison of results from different laboratories, different drilling methods and different drilling programs.

3.9 Resource modelling

3.9.1 Overview

The 2021 Mineral Resource estimates have been prepared using conventional 3D block modelling techniques and Ordinary Kriging grade interpolation. The resource models were prepared by Mining Plus using Datamine software.

Several resource models were made available for review. However, when interrogating these models, SRK could only match the reported resource quantities for the south models (Ngaoundal). The other models appear to be superseded versions and SRK has not attempted to review them. For this reason, SRK's comments on the resource modelling procedures are largely based on the descriptions provided in Mining Plus (2021), supplemented by limited spot checking of the Ngaoundal model data.

3.9.2 Estimation datasets and domain interpretation

The estimation datasets were prepared from the auger, aircore and RAB samples acquired from the drilling programs described in Section 3.4.1. The collar, survey and assay data were merged to form *desurveyed* drillhole files.

The assay data were used to interpret a single estimation domain (bauxite domain) for each deposit. The upper surface of the domain coincided with the topographic surface. Mining Plus notes that variable thicknesses of soil and forest litter are erratically distributed over the plateaus. However, Mining Plus considered these volumes to be negligible and they were included in the bauxite domain.

The base of bauxite domain was defined using a >35% Al₂O₃ or a <10% SiO₂ grade threshold. Many of the holes terminated before penetrating the base of the bauxite domain and, in these locations, the base was arbitrarily placed 2 m below the end of hole.

The bauxite domain wireframes were used to assign domain codes to the drillhole samples. All samples were collected from 1 m intervals and compositing was not required. Based on an examination of the grade distributions within the bauxite domain, Mining Plus concluded that top-cuts only needed to be applied to SiO₂ grades to prevent significant grade smearing. The top-cuts ranged from 3% SiO₂ to 10% SiO₂ for the various deposits.

While not fatally flawed, SRK considers the domaining and preparation of the dataset is sub-optimal and increases the risk that the bauxite tonnes and quality could be overstated.

Lateritic bauxite deposits usually exhibit distinct grade trends in the profile, and the reproduction of these trends in the resource model is of significant benefit for subsequent mine optimisation and processing studies, as well as ensuring the accuracy of the local resource estimates. The use of a single estimation domain (when used in conjunction with the other modelling parameters described below) will mean that the grade trends evident in the drillhole data will be poorly reproduced in the model.

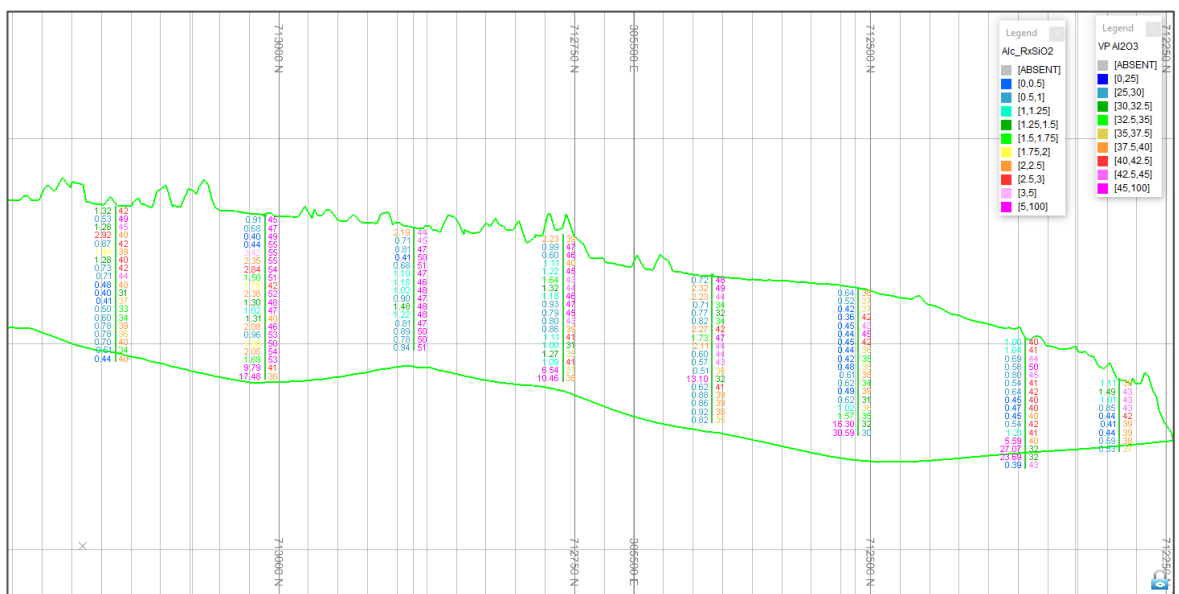
Spot checking of the mineralised domain shows that the LiDAR artefacts evident in the topographic surface model have been carried across into the domain model and resource model. These are likely to overestimate the resource tonnage, but the amount is not likely to be significant.

The position of the base of the domain broadly conforms to the grade criteria stated above, although it appears that the Al₂O₃ threshold has been prioritised over the SiO₂ threshold. As indicated above, Mining Plus considered that many of the holes had not fully penetrated the mineralised domain and has positioned the base of the domain 2 m below the end of hole. However, spot checking revealed that, for many of these holes, the last few metres have very high SiO₂ values. Given the grade trends commonly seen in lateritic bauxite, this will mean that the material immediately beneath these holes, which has been included in the bauxite domain, is likely to have even higher SiO₂ and lower Al₂O₃ grades than the lowermost samples in the drillhole. This will likely mean that, when coupled with the other estimation parameters described below, the bauxite tonnage and quality may be over-reported.

An example cross section through Simone showing the surface artefacts and the high SiO₂ grades within the bauxite domain is shown in Figure 3.3.

SiO₂ is a major contaminant for bauxite refining and it is exceedingly risky to apply top-cuts to the SiO₂ grades, especially when they occur in the lower parts of the bauxite domain and, as is the case here, have been used to inform model cells located below the base of drilling. It is significantly better to limit the smearing of these grades into the upper parts of the profile by modifying the estimation procedures than by applying arbitrarily chosen top-cuts.

Figure 3.3: Example cross section through Simone



3.9.3 Exploratory data analysis

Statistical and variographic analyses of the grades in the bauxite domain were conducted. The histograms presented in Mining Plus (2021) show the mixed populations that have resulted from the use of a single domain.

Normal-score variograms were prepared for the major analytes in each domain. The example variogram plots presented in Mining Plus (2021) show very low nugget values (~5%), good downhole definition but poor lateral definition, with 80% of the sill typically reached within the first few lags (75–150 m). The variogram definition is not sufficient to confirm whether significant lateral anisotropy exists.

The statistical and variographic analyses were conducted in a conventional manner and the results were used to assist with the selection of estimation parameters. However, the results show evidence that additional domaining should have been applied and that there will be some challenges in preparing reliable local estimates.

3.9.4 Volume modelling and grade estimation

The deposit volumes were represented using 25 × 25 × 10 m (XYZ) unrotated parent cell models, with 12.5 × 12.5 × 2.5 m sub-celling. Only model cells located within the bauxite domain wireframes were retained in the resource models made available for review.

The Al₂O₃, SiO₂, and Fe₂O₃ grades were interpolated into the discretised parent cells using Ordinary Kriging. Kriging neighbourhood analysis was used to assist with the selection of cell size, and the search and estimation parameters. Separate search and variogram parameters were used for Al₂O₃, SiO₂ and Fe₂O₃.

A three-pass estimation strategy was used whereby smaller search distances and more-stringent sample criteria were used for the first pass. For subsequent passes, less-stringent parameters were used to estimate the grades of the cells that did not meet the criteria of the previous pass. Any unestimated cells were treated as absent grades. The first pass was approximately equivalent to one quarter of the variogram range, the second pass was twice the variogram range, and the third pass was three times the variogram range.

The number of informing samples varied according to analyte and deposit but was typically in the range of 6–35 samples. Octant searching was invoked, but there was no limit on the number of samples that could be sourced from a single drillhole.

SRK considers that 3D block modelling and Ordinary Kriging estimation are suitable for these deposits. However, many of the estimation parameters are not considered to be optimal. This has meant that, although the models are not considered to be fatally flawed, the confidence in the local estimates is reduced, there is a risk that the tonnages and bauxite quality are overstated, and the suitability of the models to support detailed mine planning and processing studies is compromised.

Accurate modelling of the grade trends in the bauxite profile can be of significant benefit for downstream mining and processing studies because important contaminant minerals (such as organic carbon, reactive silica, boehmite, and goethite/hematite) typically show elevated concentrations in different parts of the profile. The use of a single estimation domain, the absence of unfolding, a relatively large vertical cell size, the large search distances, the relatively large

number of informing samples requirement, the short lateral variogram ranges, and the absence of a limit on the number of samples sourced from a single drillhole, means that the grade trends evident in the drillhole data will not be accurately produced in the model.

In addition to over-smoothing of the profile grades, the positioning of the domain base beyond the end of the drilling (even though high SiO₂ grades are evident), coupled with the very aggressive top-cuts, means that the SiO₂ grade is likely underestimated and the Al₂O₃ grade could be slightly overestimated.

The parent cell (lateral) dimensions are very small compared to the average drill spacing, which increases the risk of estimation bias. The effectiveness of Kriging Neighbourhood Analysis (KNA) for assessing cell size and estimation parameters will be diminished by the uncertainty in the variography.

The use of different estimation parameters for the various analytes is probably not warranted given the uncertainty in the variogram and it could mean that grade relationships in the sample are not accurately reproduced in the model. This may mean that the model estimates are not suitable for geo-metallurgy or normative mineralogy studies that could otherwise be used to add local mineral estimates to the models.

3.9.5 Resource model validation

Mining Plus (2021) indicates that model validation included:

- comparisons between the domain wireframe and block model volumes
- visual comparisons between block grade estimates and the input drillhole data
- global and local statistical comparisons between block grade estimates and input drillhole data
- comparison with check estimates prepared using nearest neighbour and inverse distance weighting techniques.

The validation procedures are consistent with those widely used in the industry and SRK considers the procedures are appropriate and reasonably comprehensive. The example results presented in Mining Plus (2021) indicate good consistency between the input datasets and the estimated model grades.

Given the irregular drill coverage, SRK recommends that the validation tests be expanded to assess estimation performance in localised areas. This could include an assessment of the numbers of samples and holes used to estimate each cell, and average search distances. Kriging variance, slope of regression, and kriging efficiency could also be assessed, although these parameters will also be adversely affected by the variography.

3.10 Mineral Resource classification and reporting

The Mineral Resource estimates are classified in accordance with reporting requirements and guidelines of the JORC Code (2012).

Mining Plus lists the following factors that were taken into consideration when assigning classification to the Mineral Resource estimates:

- search volume
- internal structure of the mineralised zone
- distance to samples
- number of samples
- extrapolation of mineralisation.

Based on these considerations, Mining Plus applied the following Mineral Resource classification criteria:

- Measured: Drill density of less than 250 m and estimated in the first search pass
- Indicated: Drill density of less than 500 m and estimated in the first or second search pass
- Inferred: Drill density of greater than 500 m and estimated in the third search pass
- Unclassified: Extrapolated estimates estimated in the third search pass.

Mining Plus notes the issue with the topographic models described above and that Measured Mineral Resources have only been defined on plateaus where the issue has been corrected.

The Mineral Resource estimates have been reported at 35% Al₂O₃ and 45% Al₂O₃ cut-offs applied to the model cells. Mining Plus notes that the reasonable prospects of eventual economic extraction (RPEEE) have been demonstrated by the recent Ore Reserve studies.

The Mineral Resource classifications are largely based on drillhole spacing, which is very common for lateritic bauxite once data quality is deemed to be acceptable. Measured Mineral Resources have only been defined for Beatrice, Danielle and Raymonde. Because these models were not available for review, SRK is not able to offer a firm opinion on the suitability of the classification.

The drill spacing criteria used by Mining Plus are significantly larger than those used for most other lateritic bauxites. For example, the drillhole spacing for Measured Mineral Resources is usually in the range of 50–100 m, and occasionally up to 150 m. The spacing for Indicated Mineral Resources is typically in the range of 100–200 m. SRK also considers that a classification of Measured Mineral Resources could be challenged because of the sub-optimal aspects of the estimation approach, and the use of a single default density value.

Only total Al₂O₃, SiO₂ and Fe₂O₃ grades are included as formally reported parameters in the Mineral Resource estimates. This is reasonable uncommon for bauxites (especially gibbsitic deposits) where it is far more common and useful to report available alumina and reactive silica.

3.11 Risks and opportunities

SRK considers that the main risks are:

- inaccurate grade and tonnage estimates due to the wide and irregular drill spacing
- over-reporting of the tonnage due to topographic survey discrepancies
- under-reporting of the silica grades due to the use of aggressive top-cuts
- over-reporting of bauxite tonnage and quality resulting from extrapolating beyond the end of drill holes
- inaccurate reporting of the resource tonnages because of the use of a single default density value.

SRK considers that the main opportunity is that it may be possible to significantly improve the reliability and usefulness of the resource models by making changes to the domaining and estimation procedures. Also, additional mineralogy and geo-metallurgical data should enable local estimates for available alumina and reactive silica, either by direct estimation or use of robust regression equations.

4 Mining and Ore Reserves

4.1 Methods and design

Open pit mining is the preferred mining method employed for the extraction of bauxite from the Minim Martap project. This mining method is well understood in the industry, both in Cameroon and internationally. The deposit itself typically resides within 15 m of surface. The waste material above the bauxite and the bauxite itself have been classified as low strength and as a result, no blasting operations have been considered for the LOM plan. The proximity to surface of the deposit results in a low stripping ratio of 0.333 (waste: ore) over the LOM.

Three of the 79 bauxite plateaus have been considered for mining and will be mined over a period of 20 years: Raymonde, Beatrice and Danielle. Raymonde and Beatrice are expected to be mined concurrently to completion and Danielle will be mined as a stand-alone operation for the final 3.5 years. Ore from the individual pits will be delivered to a central run-of-mine (ROM) pad where it will be blended and hauled to the inland rail facility (IRF), offloaded onto stockpiles and then re-loaded onto trains for transportation to the port of Douala on the existing railway line.

The operation will be owner-operated with an initial workforce consisting of expatriates and local staff. The objective is to train sufficient local staff so that the expatriate component can be reduced over time and the mine becomes 100% locally staffed by Year 6 of operations.

The mining fleet is to consist of two Wirtgen 2500SM surface miners, or similar, capable of approximately 9,000 t/day or 3.3 Mt/a for the first 6 years and increased by an additional two units when production steps up to 6.4 Mt/a. With the surface miners side-casting, front-end loaders will load the ore onto 55 tonne trucks for transport to the ROM pad. The step-up in production coincides with the completion of the upgrade to the railway system between the mine and the port of Douala.

SRK considers the mining method, equipment selection and labour profile to be reasonable for a deposit and mining profile as described in the BFS supplied and is not dissimilar to mining methods and operations used for bauxite mining internationally. SRK notes that while the overall factors supporting the mining operations are reasonable, more detailed information requested to support the outcomes has not been made available.

4.2 Ore Reserves

A summary of the Ore Reserve estimate was supplied by Resolve Mining Solutions and is included as Appendix 3 in the BFS attached to Canyon's ASX announcement dated 21 June 2022, with details relating to the estimation noted in Appendix 4 – JORC Code 2012 Table 1, Section 4 of that document. Table 4.1 is a replica of the Ore Reserve estimate from the ASX announcement and SRK notes that the Competent Persons, Mr J Battista and Mr A Hutson, gave approval for the estimate to be included in the announcement.

Table 4.1: Ore Reserve estimate for Minim Martap – 2022 BFS

Category	Tonnes (Mt)	Al ₂ O ₃ (%)	SiO ₂ (%)
Proved	108.91	51.1	2.0
Total Ore Reserve	108.91	51.1	2.0

Source: Canyon Resources Limited, ASX announcement, 21 June 2022

The mining study that considers all factors noted in the announcement has not been supplied, and SRK is therefore not able to confirm the information supplied in the two appendices noted above, and that this information has been established or used appropriately throughout the estimation process. SRK notes that portions of the announcement that relate to the positive economic outcome of the mine, discussed further in this Report, including mine site infrastructure, rail and port that have been considered when estimating the Ore Reserve, have shortcomings identified subsequent to the release of the estimate.

Noting the above, SRK recommends that the financial model supporting the Minim Martap asset should not be used for valuation purposes and that the stated Ore Reserves should be downgraded, and an alternative valuation method adopted.

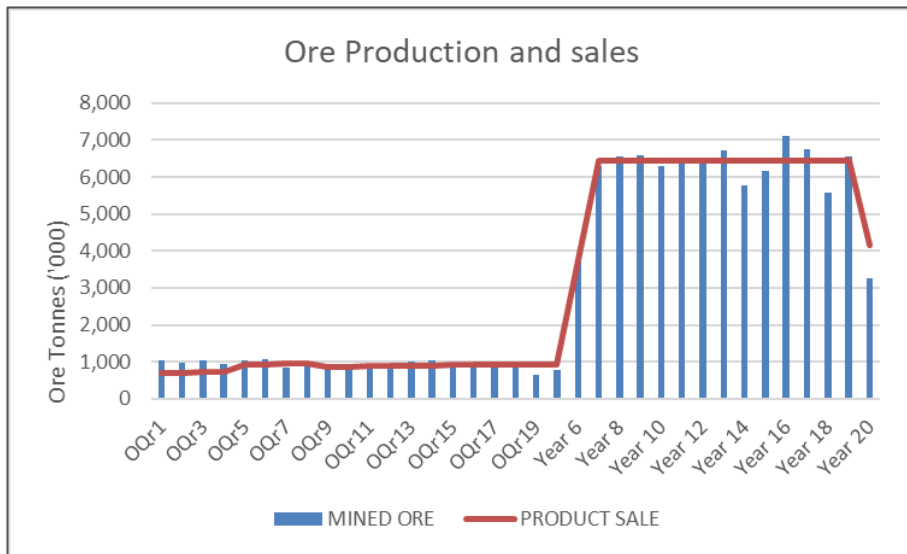
4.3 Production schedule

The proposed production schedule for the mine commences with a minimum amount of waste – stripping ratio of 0.11 – being mined in the first year. Of the 3.962 Mt of ore mined in the first year, 72%, or 2.854 Mt, is sold as product and the remaining 1.108 Mt remains on the stockpile for sale in future years. Ore production remains constant around 4.4 Mt/a for the first 6 years of production before stepping up to an average of 8.791 Mt/a ore mined. The tonnes of product sold steps up from 3.6 Mt/a to 6.4 Mt/a over the same period (Years 1 to 6) till the end of operations.

The increased production in Year 7 coincides directly with the upgrades to the rail network between the mine site and the port of Douala to allow for heavier axle loads (Figure 4.1). The stockpile inventory resulting from the production to sales deficit is shown in Figure 4.2. The reduction in stockpiled ore as overall mine production increases reflects the closer correlation between ore mined and ore sold on an annual basis.

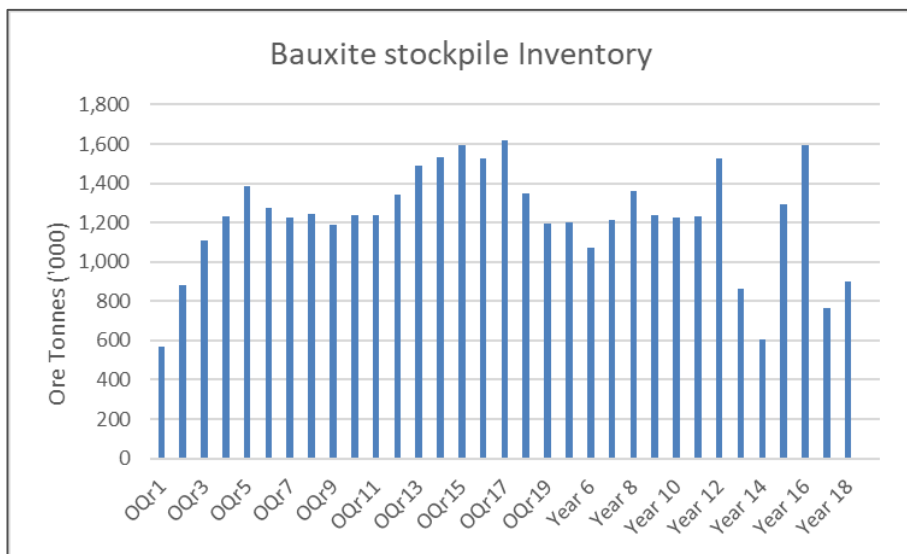
ROM tonnes will be stockpiled at each mining plateau. Ore from the three areas will be blended to form a finished product to be stockpiled a second time at the IRF. While ample space appears to be available for the separate stockpiles, no areas have been identified for this purpose.

Figure 4.1: Minim Martap LOM production and sales profile



Source: 202205 MMP LOM MODEL ASX v3105 (version 1).xlsb

Figure 4.2: Minim Martap progressive bauxite stockpile



Source: 202205 MMP LOM MODEL ASX v3105 (version 1).xlsb

The selected mining fleet to achieve the production profile is based on the desired production profile. The initial fleet is planned to consist of two surface miners capable of 9,000 t/day, supported by a single front-end loader for each surface miner and 11 (55 tonne) trucks to move the waste and ore. Planned production of waste and ore on an annual basis is not expected to exceed 85% of the capacity of the surface mining fleet over the LOM, indicating sufficient capability within the proposed mining fleet to achieve the required mining rates.

The mining schedule is planned to commence in December 2026, with the purchase of the mining fleet noted in the 2025 calendar year and rail siding construction commencing in December 2023. The lead time for supply of the mining fleet and construction of the rail sidings is within the time

constraints for the commencement of mining operations. However, there is only a Memorandum of Understanding regarding the construction of port facilities to load the bauxite onto ships for export; there are no detailed engineering plans or schedule to support the construction of the facilities.

Furthermore, the proposed upgrades to the existing rail and port facilities are outside the control of Canyon and thus presents a material risk to the commencement of mining on the planned date (rail) and the sale of mined ore (port). SRK considers this to be a significant risk as both the rail and port are critical to accessing international markets and hence the sale of bauxite from the projects.

5 Infrastructure

5.1 Mining

Currently installed infrastructure for mining logistics includes a road network from the three mining areas to the IRF. The BFS report supplied notes that proposed mine site infrastructure includes accommodation, fuel storage, water treatment, maintenance workshops and administration offices. Further details showing the layout of any of the facilities and the various water or electrical reticulation systems required to ensure the facilities are well run and maintained were not supplied.

While the need for haul roads from the three plateaus is recognised, there is no indication of any engineering work having been completed to date to confirm the construction requirements of these roads.

5.2 Inland rail facility

A schematic for an IRF has been supplied to SRK as part of the BFS document with a more complete description supplied as part of the Vecturis S.A. (Vecturis) Rail Feasibility Study completed in April 2022. However, the engineering work required, along with a schedule of works and bill of quantities has not been provided. The Vecturis study notes that insufficient work has been completed to establish earthworks requirements and that the current location for the IRF is unsuitable (Section 1.5 – Rail Feasibility Study II).

5.3 Rail network

Significant works are required to extend existing rail sidings to accommodate the 1.2 km long trains along the entire line to Douala. The first upgrade noted considers the extension of 10 sidings and a second upgrade considers an additional 14 stations, including the re-opening of two stations and establishing full track facilities at three other stations.

Rail capacity for the project is shown in Table 5.1, indicating 10 years are required from current status through to full production. Once the railway reaches the required tonnage capacity, the number of wagons is expected to reduce to accommodate the haulage capacity of the locomotives.

Table 5.1: Rail capacity for project trains

Year	Status railway renewal works	Number of trains loaded weekly	Number of wagons per train	Bauxite per wagon (t)	Annual 'best case' bauxite capacity (t)	Annual commercial bauxite capacity (t)
0	Status quo	-	-	-	-	-
1	Preparations	-	-	-	-	-
2	Begin works	-	-	-	-	-
3	Works ongoing	-	-	-	-	-
4	Works ongoing	11	70	75	3,003,000	2,847,075
5	Works ongoing	14.5	70	75	3,958,500	3,760,575
6	Works ongoing	13.5	70	75	3,685,500	3,508,313
7	Works ongoing	14	70	75	3,822,000	3,645,600

Year	Status railway renewal works	Number of trains loaded weekly	Number of wagons per train	Bauxite per wagon (t)	Annual 'best case' bauxite capacity (t)	Annual commercial bauxite capacity (t)
8	Works ongoing	14	70	75	3,822,000	3,652,950
9	Last works	14.5	70	75	3,958,500	3,791,025
10+	Full capacity	21	66	93	6,702,696	6,432,010

Source: Vecturis S.A., Rail Feasibility Study II, April 2022

In addition to the rail sidings, Vecturis has noted a potential requirement for a slab bridge and overpass on either side of the Menloh Maloume station, and to convert the slab bridge at KM 850 to allow for an extension of the Bawa station. However, the capacity of these bridges and overpasses is not known.

Cycle times for the train transport have been calculated and are shown in Table 5.2. In line with the increase in capacity of the trains beyond the sixth year of production, cycle times are expected to be reduced from 77 hours to 48 hours. This is due to the reduction in travel time each way (loaded and unloaded) by almost 4 hours each way, as well as the reduction to near zero for terminal dwell time at Makor, and an 11-hour reduction in dwell time at the port.

While these dwell times have been significantly reduced, Vecturis notes that these reductions are heavily reliant on rail traffic management, a factor outside the Canyon's control.

Table 5.2: Train cycle times

Description	Year 4 (first year of operations)	Year 10+ (full rail capacity)
Target number of trains per week per direction	11.00	21.00
Target number of trains per day per direction	1.57	3.00
Average empty train trip (h)	20.67	16.97
Average loaded train trip (h)	20.46	16.65
Minimum average train loading at Makor (h)	4.95	4.95
Minimum average train unloading at Bonabéri (h)	6.18	6.18
Minimum total average cycle time (h)	52.26	44.75
Average supplementary terminal dwell time at Makor (h)	10.50	0.01
Average supplementary terminal dwell time at Bonabéri port and/or Douala (h)	14.59	3.22
Average cycle time (h)	77.35	47.98

Source: Vecturis S.A., Rail Feasibility Study II, April 2022

5.4 Locomotives and wagons

Vecturis completed calculations for the rail rolling stock, including locomotives and wagons. To achieve full production, the mine will require 28 serviceable locomotives in circulation, and with an assumed availability of 90%, this moves to 31 locomotives. With a reserve fleet of two locomotives, the mine will need to budget for 33 locomotives. The number of serviceable wagons at all times is 490, and with a 90% availability and reserve fleet of 20 wagons, total wagons purchased has been calculated at 559.

Each train is planned to comprise four locomotives and a range of 66–70 wagons, dependent on locomotive power, as not all locomotives considered have the same power rating. Fewer wagons will be needed once all track upgrades have been completed, as each wagon will carry a higher tonnage; however, the locomotive capacity may not allow for a full set of wagons.

5.5 Port

A Memorandum of Understanding for access and use of a port has been signed between Canyon and the port authorities at the existing Bonabéri Port. A general layout is presented as part of the BFS; however, details regarding engineering requirements, specific placement, cost and construction schedule have not yet been determined. Figure 5.1 reflects a general arrangement for the port facility noting the requirement to extend conveyor belts into the Wouri River, north of the Port of Douala. The port expansion masterplan is scheduled for completion in 2025, suggesting that this facility may not be complete and available for the shipment of ore.

Figure 5.1: Bonabéri Port general arrangement drawing



Source: Canyon Resources Limited, ASX announcement, 21 June 2022

5.6 Technical findings

While Vecturis has completed a significant amount of work for the study, there are several outstanding issues regarding the planned scheduling of rail works, including the concern raised by Vecturis regarding the proposed position for the IRF. The limited information relating to the design and engineering requirements for the port construction, along with a lack of a reasonable timeline to indicate a commencement and completion date for the construction, represents a significant risk to the project.

SRK considers these risks to be significant and maintains that significant uncertainties remain regarding the likely timing and costings associated with delivery of the requisite transport infrastructure to support ongoing project development. It is SRK's opinion that a discounted cashflow (DCF) should not be considered for valuation purposes.

6 Processing

6.1 Characterisation

The Cameroon bauxite resource is a trihydrate (gibbsite) grade bauxite with low monohydrate (boehmite) content. Low proportions of silica and other impurities make this bauxite a high-grade resource to be processed at low temperature Bayer process refineries for alumina manufacturing.

The resource is being developed by Canyon as a direct shipping ore (DSO) for sale to potential alumina manufacturing companies using it as i) stand-alone bauxite feed or ii) to be blended with other bauxites to improve grades or iii) to be used in the sweetening process at high temperature refineries. The specification of the bauxite is important to define its value-in-use for the targeted applications and it is critically important to ensure the bauxite is correctly valued.

With increasing third-party sales of bauxite across the globe, bauxite pricing is being increasingly linked to its value-in-use based on its specification. The commercial terms, including taxes, premiums and penalties, are determined by the specification and the successful sustainable transactions are largely dependent on the seller's confidence in delivering to its specification. It is therefore important to develop correct specification of the bauxite that can be accurately traced back to its mining plan and to its resource definitions.

The specification of a bauxite is defined by its elemental composition as well as its metallurgical properties, including organic and inorganic impurities content. Processing characteristics of bauxite are of prime importance to gain confidence in resourcing from a particular deposit though variability in process characteristics is not uncommon. With the advent of fast and accurate methods of determining elemental compositions by XRF, bauxite transactions are increasingly taking place with simplified specifications based only on elemental compositions. However, such simplifications are often applied on repeat transactions with due understanding of its processing characteristics.

In view of the primary objective of the bauxite development for third-party sales, the quality and accuracy of Cameroon bauxite is assessed in the following sections of the Report with due consideration given to its elemental composition, mineralogical characteristics, metallurgical properties, organic and inorganic impurities content, and finally leading up to its processing characteristics. The documents provided by Canyon as part of the BFS review were evaluated with due understanding that a considerable part of the information on the development is currently missing and therefore could not be used for this review.

6.2 Evaluation of elemental composition

As detailed in Section 3.4.1, exploration programs on Cameroon bauxite deposits were conducted in 2009 and subsequently in 2018–2019, and 2020–2021 at the Minim Martap, Ngaoundal and Makan deposits. Elemental compositions of all exploration samples were analysed at three laboratories: Stewart Laboratory in Ireland, Belgaum Research and Development Centre (BRDC) of Hindalco Industries in India, and ALS Laboratory in South Africa.

During 2009 exploration program, 847 holes were drilled at 1 m intervals, generating 11,323 assays from 14 plateaus: 11 at Minim Martap and three at Ngaoundal. In 2018–2019, infill drilling programs were completed in five plateaus (Minim Martap and Ngaoundal areas), with 464 drill

holes for 4,012 m, and 27 drill holes in the Sophia plateau (Makan area) for 271 m. In 2020–2021, the three most prospective plateaus at Minim Martap (Raymonde, Beatrice and Danielle) were further explored with 111 grade-definition holes totalling 1,292 m. Two plateaus at the Makan area (Emile and Fabiola) were also explored, with 99 drill holes totalling 1,120 m.

The above exploration commentary was referenced from the Mineral Resource Estimate update report by Mining Plus (2021). Out of 18,289 assays generated from drilling campaigns, the current exploration database includes results from 15,059 samples, the majority being from the 2009 drilling campaign.

Assays from the 2009 drilling program were analysed in two laboratories: Stewart and BRDC. Most of the assays (7,266) from 10 plateaus (Agnes, Aurelie, Beatrice, Eulalie, Gilberte, Gregorine, Judith, Raymonde, Simone and Yolande) were done at Stewart laboratory analysed and BRDC analysed 4,037 assays from six plateaus (Alice, Brigitte, Danielle, Judith, Mathilde and Simone). Samples from the Judith and Simone two plateaus were split between the laboratories.

As noted in Section 3.8, Mark Gifford – in memorandums dated 28 January and 11 February 2019 – compared Stewart and BRDC data for the Judith and Simone plateaus as both the laboratories analysed significant proportions of the assays. The main observations of this exercise were that Al_2O_3 , SiO_2 , Fe_2O_3 and MgO were reported higher and LOI was reported lower by the Stewart laboratory. This observation was tested by plotting the Al_2O_3 , SiO_2 and LOI results of the Judith and Simone deposits (Figure 6.1).

Figure 6.1: Comparison of BRDC and Stewart laboratory databases (2009) for Judith and Simone plateaus



Source: SRK analysis (2023)

The charts show that in the sample population of the plateaus, the Al_2O_3 trendline of Stewart laboratory was above that of the BRDC. However, the SiO_2 and LOI trendlines showed mixed patterns. In the absence of inter-laboratory cross-check samples, it was therefore important to closely assess the only available QAQC data of the Stewart laboratory, as discussed in the following section.

6.2.1 Evaluation of QAQC data

Typically, multiple QAQC checks are performed during each batch of XRF analysis. These include sample blanks, certified reference materials (CRMs), repeat samples, blind samples, as well as duplicate samples which could be field duplicates or laboratory duplicates. Performance of QAQC is monitored by the laboratory to ensure accurate analytical outcomes.

Almost 50% of the samples in the exploration database reports back to the Stewart laboratory and it was therefore important to evaluate its QAQC performance.

On closer examination of XRF results of the sample blanks of the individual plateaus from Stewart laboratory, positive counts were observed in lieu of zero (reported as $<0.01/<0.05/<0.005$) especially for Al_2O_3 . Out of 161 sample blanks reported for XRF batches, positive Al_2O_3 count was reported for 36 batches (22%). In the case of SiO_2 , positive counts were reported for 7 batches, for Fe_2O_3 it was 2, for MgO it was 10, and for CaO it was 1. This observation aligns Mark Gifford's observation that these elemental results were higher and hence the CRM performances were evaluated especially for the critical elements (Al_2O_3 and SiO_2) and for LOI.

In general, Stewart laboratory used one CRM for elements and another CRM for LOI in an XRF batch along with the assays. CRM results for elemental composition are independent of LOI determination in the same batch. Reporting of CRM elemental results in a batch takes its assigned LOI values into consideration. For LOI determination, each batch used a different CRM than the one for elemental composition.

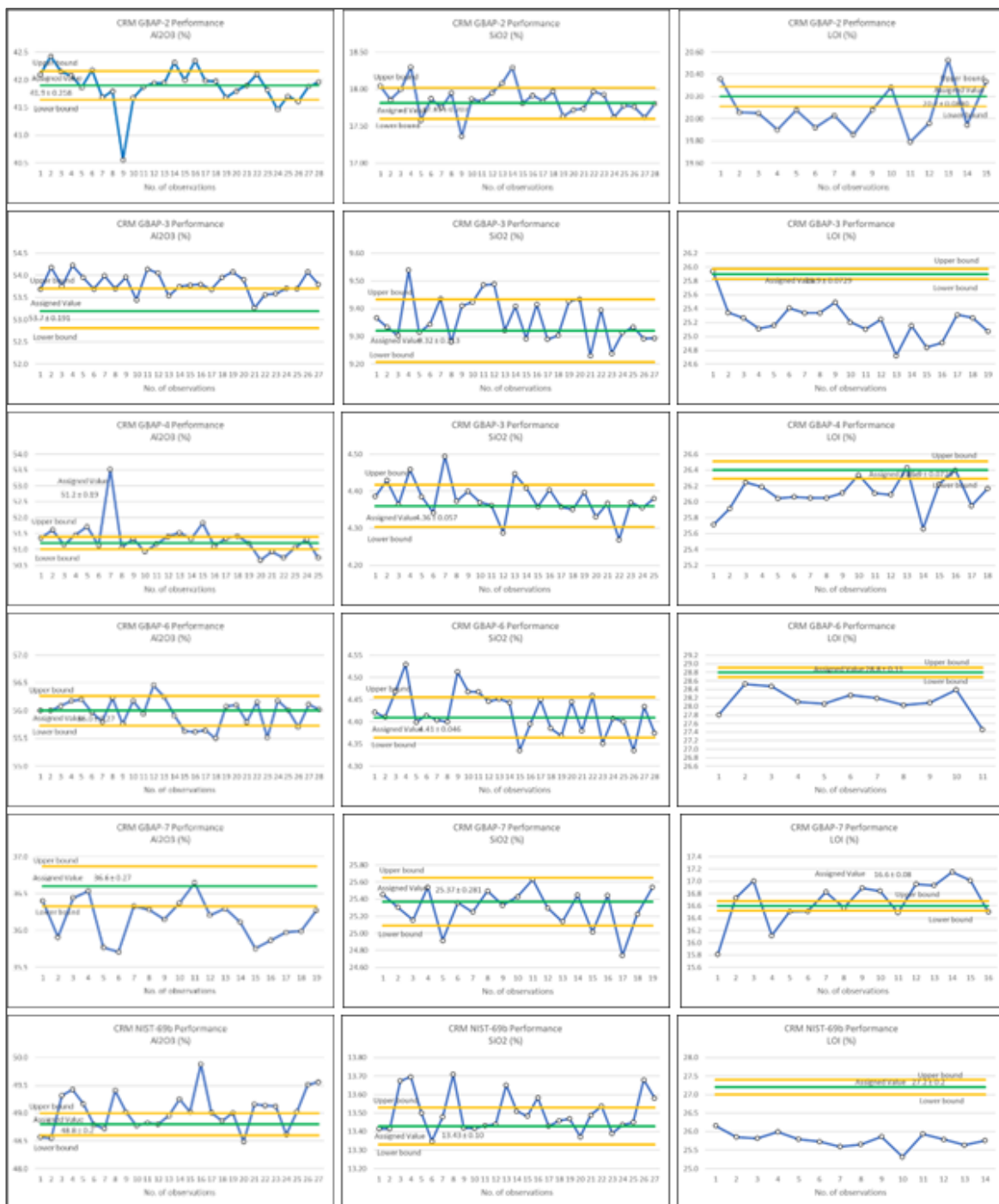
The laboratory used nine CRMs, one of which was Pilbara iron ore (used only for one plateau and later discontinued). CRM NIST-600 (Darling Range bauxite) and NIST-698 (Jamaican bauxite) were used only for analysis of samples from the Gilberte plateau. The remaining six CRMs – GBAP series 2, 3, 4, 6 and 7 (Northern Territory bauxites from Gove) and NIST-69b (Arkansas bauxite) – were used for analyses of samples from most of the plateaus. Instead of the above standard CRMs, the LOI of Beatrice and Gregorine assay batches were evaluated against SY4. SY4 reported very low LOI values (~4.5%, which was out of range for all bauxite assays). Total carbon was determined for some of the plateaus against standard $CaCO_3$ at ~12%, which was significantly above the expected range for bauxites.

The assigned values of the six repeatedly used CRMs of Gove and Arkansas bauxite origin have Al_2O_3 in the range of 36.6%–53.7%, SiO_2 in the range of 4.36%–25.37% and LOI in the range of 16.6%–28.8%. While the ranges for Al_2O_3 and LOI largely cover the expected analytical ranges of the assays, the ranges were significantly above the expected SiO_2 range for most assays of this bauxite. The CRM NIST-698 of Jamaican bauxite origin with 0.69% SiO_2 may have been a better choice for the assay batches of Cameroon bauxite.

The performance of the six CRMs for Al_2O_3 , SiO_2 and LOI is presented as Figure 6.2. The charts include a central green line denoting the assigned value of the CRM, with orange upper bound and lower bound lines depicting tolerance ranges. In general, all commercial laboratories assess performance of the batches against CRM tolerance ranges to ensure accurate reporting.

Performance of CRMs clearly showed that the LOI results were lower and mostly biased. The SiO_2 values were often within range, and Al_2O_3 showed mixed performance. The Al_2O_3 values were lower at lower ranges (GBAP-7). Lower LOI would result in higher Al_2O_3 and other constituents in the elemental results of the assays due to integrated normalised results.

Figure 6.2: CRM performance at Stewart laboratory – Al₂O₃, SiO₂ and LOI



Source: SRK analysis (2023)

The exploration assays of the 2018–2019 and 202–2021 campaigns were analysed at ALS (South Africa) and the available QAQC data were also reviewed. Two CRMs were used at ALS (South Africa) laboratory – GBAP-14 and GBAP-15, both from the Darling Range in Western Australia. Performance of both CRMs for Al₂O₃, SiO₂ and LOI is presented in Figure 6.3. Other than a few exceptions, the Al₂O₃ and SiO₂ results were consistently lower and LOI consistently higher than the

assigned ranges for both CRMs. This bias would have significant impact on the accuracy of elemental composition of the exploration database. It was noted that the LOI certified data of both the CRMs were indicative, as mentioned in the specifications.

Assay results for sample blinds were not presented along with the XRF database and therefore could not be examined as part of the QAQC evaluation.

Figure 6.3: CRM performance at ALS (South Africa) – Al₂O₃, SiO₂ and LOI



Source: SRK analysis (2023)

6.2.2 Evaluation of duplicate samples

A total of 722 samples from 10 plateaus, 10% of the assays, from the 2009 drilling program were analysed as duplicates at the Stewart laboratory. ALS (South Africa) analysed 364 duplicates from all deposits from the 2018–2019 and 2020–2021 drilling programs. BRDC did not report the duplicate sample analysis.

The Camalco (July 2019) report described that within the sample series, approximately every 20th sample was a duplicate of a randomly selected sample within the series. The samples were collected by CAL (2009) and Camalco (2018–2019) at the point of sample compilation prior to delivery to the laboratories for sample preparation and assaying. This methodology has been consistent throughout the drilling program. This indicates that the duplicates were selected from the pulps and not separately prepared from the field samples.

Performance of the Al₂O₃, SiO₂ and Fe₂O₃ of the duplicate samples from both the laboratories was presented in the Mining Plus (2021) report in the form of regression (R²) values. Overall performance of 2009 Stewart laboratory results was somewhat better than the ALS (South Africa) results. The results from both laboratories indicated consistent sample preparation practices and analysis.

6.3 Mineralogical characterisation by X-ray diffraction

Mineralogical characterisation of Cameroon bauxite samples by XRD was carried out at SGS laboratory in Johannesburg, South Africa, during 2020–2021. Three batches (24, 55 and 108 samples) totalling 187 samples were subjected to XRD evaluation. All the samples represented Alice, Beatrice and Raymonde plateaus, and were 1 m intervals or 2 m composites.

A Panalytical X'pert Pro diffractometer was used by the laboratory and abundance of the mineral phases were quantified using the Rietveld refinement method. SGS had access to the elemental composition and metallurgical property results of all the samples and therefore had opportunities to compare the identified minerals with these results.

The known limitations of this semi-quantitative technique were clearly stated in the SGS report as the method could identify crystalline minerals that are present in >3 mass percent in the sample. In addition, some minerals diffract X-rays better than others, which creates inflated mass abundance and camouflages other minerals. Peak overlaps also hamper identification of certain mineral phases. Amorphous phases were not reported, and all the quantified mineral phases were normalised to nearly 100%.

Variations in approach to the study were observed in identification and quantification of phases in the three batches. For example, kaolinite, cristobalite and nacrite, and not quartz, were quantified as silicon-bearing minerals in the first batch, whereas kaolinite and quartz were reported in next two batches. Hematite and magnetite were quantified as iron-bearing minerals in the first batch, hematite and goethite in the second batch of samples. Diaspore was reported in the first batch of samples but discontinued afterwards.

The results undoubtedly confirmed gibbsite to be the major and most significant phase of the bauxite, followed by hematite. Anatase and rutile were the titanium-bearing minerals, with anatase being the predominant form. Other than a few samples, boehmite could not be quantified due to its low abundance. Kaolinite and quartz were the main silicon-bearing phases which were observed in most of the samples. In some of the samples, kaolinite could not be detected. However, well crystalline quartz was detected and quantified.

The iron-bearing mineral, goethite, was quantified in very few samples and small proportions of magnetite were reported in a few samples of the first batch. Though inconclusive from this limited sample campaign, the absence of major abundance of goethite would exclude potential locking of alumina which cannot be extracted in LT digestion process.

It might be worthwhile to investigate the presence of goethite and alumina substitution in its structure. Further investigation on the crystallinity of boehmite could be performed along with identification of other silica minerals, if any.

Results of the mineral quantification by XRD were compared with digestion and FTIR results in later sections of the Report.

6.4 Evaluation of metallurgical properties

The BFS database presented metallurgical property data from digestion testwork which reports LT and HT alumina and silica phases. In addition, quantified mineralogical phases from XRD and FTIR also provide major alumina- and silica-bearing phases that could be interpreted and compared with the reference digestion data.

6.4.1 Digestion testwork

Digestion properties were presented in the BFS database for 179 samples from Alice, Beatrice and Raymonde plateaus, of which 24 samples (2 m composites) from Alice and Beatrice plateaus have LT and HT available alumina (AAI_2O_3) and reactive silica ($RxSiO_2$) results. Only LT digestion phase data have been reported for 155 remaining samples: 47 are 2 m composites and 108 are of 1 m intervals. The database does not contain any QAQC results for the digestion testwork from any laboratories and the accuracy of the results could therefore not be assessed.

It has been reported that three laboratories – Genalysis (Intertek), BRDC and ALS (South Africa) – conducted digestion testwork to determine LT and HT alumina and silica phases. Genalysis conducted both LT and HT testwork on 62 samples, BRDC determined LT phases for 129 samples, and ALS (South Africa) determined LT phases for 37 samples on digestion testwork and also conducted a pot digestion study on 6 samples (2 from Beatrice and 4 from Raymonde). BRDC also determined HT phases for 71 samples, but these were not used by Canyon as the head grade analyses could not be located in the database. Pot digestion results have not been reviewed in this Report.

Out of 179 samples in the current digestion database, 24 samples were analysed at Genalysis (LT and HT) and 37 samples were analysed at ALS (South Africa) (LT). However, the laboratory used for the remaining 118 samples could not be identified (these samples were from Beatrice and Raymonde plateaus). Some of the metallurgical testing might have been carried out at SGS, Australia (Camalco, 2021).

The 2 m composites were assayed for LOI and elemental compositions. The assay results were compared with averages of the 1 m intervals which showed considerable variations in some of the samples, especially for Al_2O_3 , Fe_2O_3 , SiO_2 and LOI. However, the assay results were used for mineralogical balance calculations.

The test methods followed for digestion testwork at various laboratories have been referenced from the Mining Plus (2021) report and summarised below.

BRDC LT digestion

A 1 g sample (dried at 105°C for 2 hours) is digested in 10 mL of 87 g/L NaOH (sodium hydroxide) in microwave digestion at 150°C for 20 minutes (temperature ramp-up for 30 minutes). Digested liquor is diluted to 500 mL with deionised water and 10 mL aliquot is taken for aluminium determination. This is followed by addition of 20 mL of concentrated HCl (hydrochloric acid) to the remainder and collection of a 10 mL aliquot after 10 minutes for silicon determination. Samples are allowed to settle for 4 hours (minimum) for ICP-AES (inductively coupled plasma–atomic emission spectroscopy) finish.

Genalysis LT digestion

A 1 g sample is digested in 10 mL of 87 g/L NaOH solution at 145°C for 20 minutes. The digested solution is diluted and presented to ICP-OES (inductively coupled plasma–optical emission spectroscopy) to determine ABEA and R*Si.

Genalysis HT digestion

A 1 g sample is digested in 10 mL of 87 g/L NaOH solution at 235°C for 30 minutes. The digested solution is diluted and presented to ICP-OES to determine ABEA and R*Si.

ALS (South Africa) LT digestion

A 1 g sample is digested in 10 mL of 87 g/L NaOH solution at 148°C for 20 minutes in a micro-digester. The digested solution is diluted and presented to ICP-OES to determine ABEA and R*Si.

Notwithstanding the small differences in temperature of digestion, all the LT digestion processes were the same. BRDC used ICP-AES, while the other two laboratories used ICP-OES. The method used by BRDC includes drying of bauxite as part of the digestion method, which the other laboratories did not mention. However, it is possible that all laboratories followed a drying step prior to digestion.

The SRK (2009) report noted that AAI_2O_3 and $RxSiO_2$ results from the HT process could be considered indicative as HT digestion and bauxite grind conditions would require careful optimisation. SRK also commented on the scatter observed in digestion data between BRDC and Stewart laboratory but considered the results acceptable.

Most laboratories use microwave digestion equipment in place of the formerly used small bomb digesters for easier handling and to accommodate more samples in a single batch. Use of CRMs in digestion testwork batches is essential to assess appropriate digestion conditions and ensure analytical procedures are maintained.

6.4.2 Evaluation of digestion data

The 24 sample results from Genalysis for LT and HT digestion testwork revealed 16 samples have lower HT AAI_2O_3 than LT AAI_2O_3 . This could be due to low boehmitic alumina in bauxite coupled with higher loss of alumina due to desilication at high temperature. Also, out of 24 samples, 10 samples reported the same or lower HT $RxSiO_2$ than LT $RxSiO_2$, indicating inaccurate silica determination, and the samples were not considered for further evaluation.

Excluding the 10 samples with $RxSiO_2$ discrepancies, gibbsitic alumina (g. Al_2O_3) and boehmitic (b. Al_2O_3) were calculated for the remaining 14 samples. The b. Al_2O_3 values in 9 of the samples were found to be negative and were therefore excluded from the metallurgical balance.

The metallurgical balance of the small suite of 5 samples is presented in Table 6.1.

Table 6.1: Metallurgical balance

Sample number	Hole ID	Al ₂ O ₃ (%)	SiO ₂ (%)	LOI (%)	g. Al ₂ O ₃ (%)	b. Al ₂ O ₃ (%)	LT RxSiO ₂ (%)	HT RxSiO ₂ (%)	Δ Al ₂ O ₃ ¹	Δ LOI ²
MET0001	AL0003	51.6	0.88	27.8	46.5	1.70	0.60	0.70	2.9	2.7
MET0003	AL0003	53.7	3.36	28.7	48.7	0.60	2.00	2.60	2.7	2.2
MET0004	AL0003	57.3	1.50	29.9	53.8	1.40	0.80	0.90	1.4	0.9
MET0014	BR-19-0032	58.3	1.06	27.1	49.3	2.20	0.80	1.00	6.1	0.4
MET0016	BR-19-0032	53.3	2.44	26.4	46.9	3.20	1.80	2.00	1.7	0.5

Source: SRK analysis (2023)

Notes:

- ¹ difference in total AAl₂O₃ and Al₂O₃ bearing phases.
- ² difference between LOI and bound water in mineral phases.

A good closure of the mineralogical balance is dependent on accuracy of elemental as well as phase compositions. The Δ Al₂O₃ and Δ LOI represent the additional alumina and water locked in minerals other than in gibbsite, boehmite and kaolinite. The higher positive Δ Al₂O₃ gap indicates potential errors due to higher reported Al₂O₃, or lower alumina phase results, or presence of significant amount of alumina substituted goethite. However, XRD mineralogy did not identify any other minerals to explain the gap. The high gap in Δ LOI also suggests inaccuracies in its determination.

Mineralogical balance on the 155 samples where only LT phase data were available also indicates a higher gap in Al₂O₃ balance. It draws similar conclusions regarding higher reported Al₂O₃ or lower LT phase compositions or presence of goethitic alumina and/or other unreacted alumina-bearing minerals.

Quartz attack during HT digestion was calculated for all the above samples and were found to be in the range of 14%–36%, except in MET0014 (77%). As the analytical methods are designed to allow near-complete quartz attack and boehmite dissolution, the data on quartz attack suggest that the HT digestion might not have been completed for some of the samples. This supports the previously mentioned comment in SRK (2009) that the HT results could be considered indicative.

The above set of sample populations is too small to draw any conclusion on the metallurgical balance. It is therefore recommended than an accurate dataset representing all the plateaus be generated to derive a reasonable mineralogical balance to understand distribution of alumina and bound water in the bauxite resource. With proper identification of major and minor minerals of reasonable abundance, a relatively accurate set of data generally closes the balance gap to <0.1%.

6.4.3 Evaluation of FTIR results

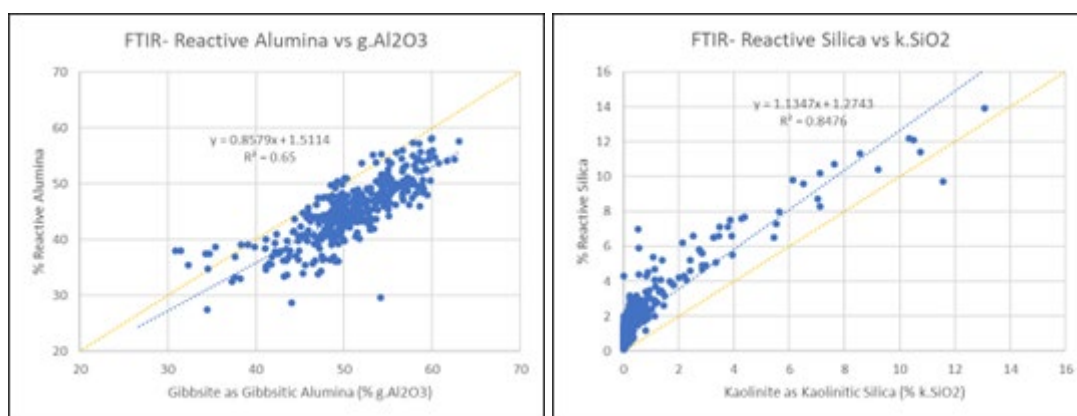
The FTIR spectrometer analyses results were presented in the BFR dataset, which includes FTIR mineralogical quantification (389 samples) and FTIR reactive phase estimation (413 samples). Most of the sample population was from Beatrice and Raymonde plateaus, and only 12 samples for reactive phase estimation were from Alice plateau. The dataset includes assay results for all samples. FTIR spectrometry is a semi-quantitative technique which is being increasingly used due to inexpensive and fast determinations using hand-held instruments.

The mineralogical quantification data have reported gibbsite, boehmite, kaolinite, hematite, anatase and rutile phases. The sum of phase determination varied between 65.5% and 108.8%. The FTIR quantification results include boehmite at a minimum level of 0.3% and kaolinite at 0.1% in some of the samples (better detection precision at lower mineral abundance than XRD). However, some of the samples reported zero, presumably where the minerals remained undetected.

The estimated reactive phases by FTIR spectrometry have been reported as reactive alumina (assumed to be gibbsitic alumina) and reactive silica (assumed to be kaolinitic silica). The results include total alumina and total silica for all the samples which did not match the assays.

FTIR-quantified gibbsite was compared (as gibbsitic alumina, g. Al_2O_3) with its reactive alumina and kaolinite (as kaolinitic silica, k. SiO_2) with its reactive silica on a common set of 389 samples (Figure 6.4). The charts indicate scattered and biased results, with reactive alumina being lower than FTIR-quantified g. Al_2O_3 and reactive silica being higher than k. SiO_2 .

Figure 6.4: Comparison between FTIR phase quantification and reactive phase estimation



Source: SRK analysis (2023)

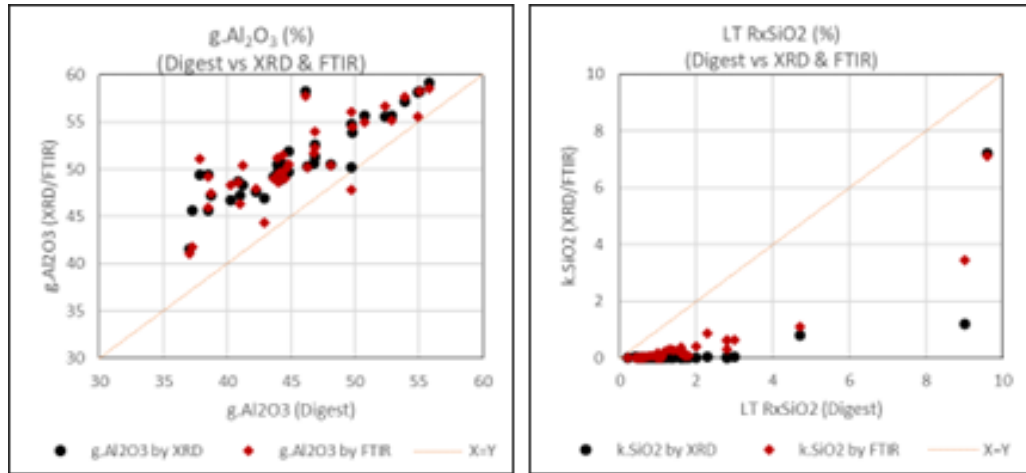
It is SRK's understanding that FTIR spectrometry development for Cameroon bauxite is a work in progress and Canyon is working on generating more data to establish a good correlation of the LT phases.

6.4.4 Comparison of digestion, XRD and FTIR results

The reactive alumina and silica phases have been determined by digestion, XRD (mineral quantification), and FTIR methodologies for Cameroon bauxite. Some of the samples were common in all three datasets and could be compared to assess the quality of determination. Bomb digestion is the conventional and trusted method for LT and HT phase determination of bauxite and quantified mineralogical phases by XRD and FTIR were therefore compared with the digestion results. However, the accuracy of the digestion results could not be ascertained due to the absence of CRM performance data.

Estimated gibbsite and kaolinite by XRD and FTIR (mineralogy) were compared with g. Al_2O_3 and LT RxSiO_2 , respectively (Figure 6.5).

Figure 6.5: Comparison of alumina and silica phases by digestion, XRD and FTIR



Source: SRK analysis (2023)

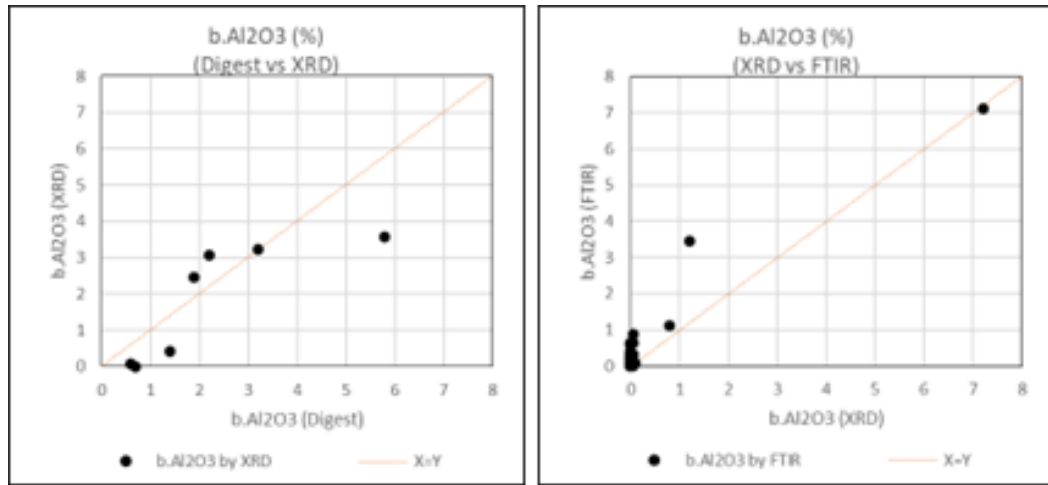
It was observed that gibbsite values determined by XRD and FTIR (represented in the chart as gibbsitic alumina, g. Al₂O₃) are aligned but are not a close match. However, XRD and FTIR phases were biased and higher than the g. Al₂O₃ determined by the digest method. The bias is an important difference which should be further investigated and resolved for the project.

Kaolinite values determined by XRD and FTIR (represented in the chart as k.SiO₂) are somewhat aligned. It was observed that due to low abundance of kaolinite, XRD quantification was largely inaccurate, whereas FTIR quantification was better than the XRD quantification. The XRD and FTIR results did not match with the digest data because at the lower LT RxSiO₂ level, most of the spectroscopic data were close to zero. However, it could be expected that there should be a better match at higher silica level, which seems absent in the dataset.

These results also raise questions regarding the accuracy of the digest data, which should be further reviewed along with the mineralogical studies. The exercise should investigate potential loss of g.Al₂O₃ during the digestion process to address the difference with its mineralogical quantification.

Boehmite quantified by XRD (represented as b. Al₂O₃) was compared with b. Al₂O₃ estimated from HT A Al₂O₃ on a small set of 7 samples. The inaccuracies in determination of the HT phases and therefore exclusion of some of the samples were discussed earlier. Boehmite determined by XRD and FTIR (mineralogy) was also compared (as b. Al₂O₃) on a set of 29 samples. Both the charts have been presented as Figure 6.6.

Figure 6.6: Comparison of boehmite by digestion, XRD and FTIR

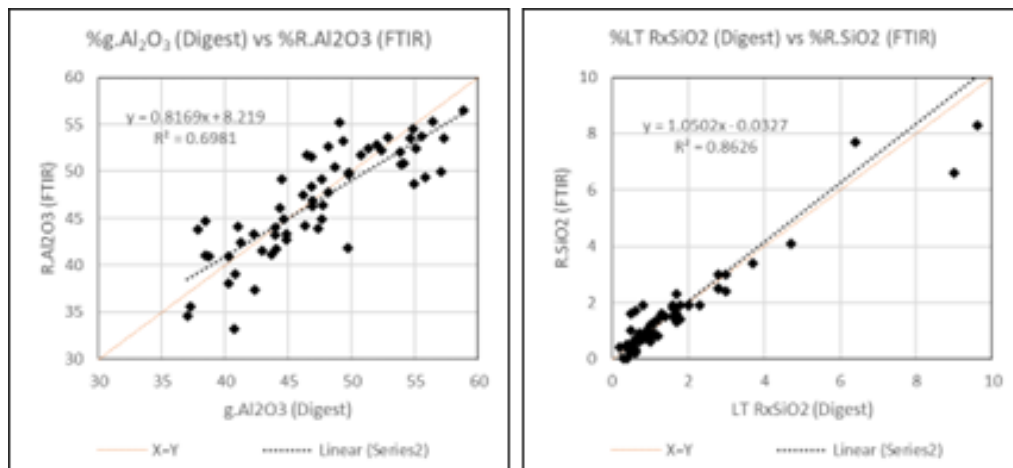


Source: SRK analysis (2023)

The b. Al₂O₃ determined by XRD and b. Al₂O₃ determined by digest did not indicate any bias, but values were not a close match. Due to the difference in methodology, sensitivity of determination of mineral phases at lower abundance are better in FTIR as revealed by its comparison with XRD for b. Al₂O₃. For zero b. Al₂O₃ by XRD, FTIR indicated positive quantification. However, the chart does not reveal any close match, except for two samples.

Reactive phase estimation technique by FTIR is being evaluated for day-to-day use, as discussed earlier. This technique uses fitment of a known set of data with the FTIR spectrum using regression methodology. Hence reactive alumina and reactive silica data reported in the FTIR database have been compared to g. Al₂O₃ and LT RxSiO₂ by digest (Figure 6.7).

Figure 6.7: Comparison of reactive alumina and reactive silica – FTIR vs digestion



Source: SRK analysis (2023)

Comparison of R. Al₂O₃ (FTIR) with g. Al₂O₃ (digest) shows a scatter with no bias and reveals a poor correlation coefficient (R² = 0.6981). However, the silica comparison shows better correlation (R² = 0.8626) with no bias. As discussed earlier, this development is a work in progress and Canyon intends to progress further study. Being a methodology of fitment, the reference digest phase data should be accurate to enable accurate estimation of alumina and silica phases by this technique.

6.5 Determination of bauxite specification

Cameroon bauxite resource is predominantly gibbsitic with low to very low proportions of boehmite. The bauxite resource is being developed as a DSO resource and it is expected that the high grade trihydrate bauxite will be processed at LT refineries as stand-alone feed. The specification of the bauxite should be appropriately determined to enable efficient refinery operation and lower cost production of alumina. The specification of the bauxite should also reflect its value, which is critical for commercial transactions.

The reports presented in the BFS database did not mention any bauxite processability studies. In absence of such studies, the processing characteristics of the bauxite are still unknown, which may prevent a suitable specification for its targeted applications being developed. The specification would be supported by the reserve grade assessment and mining plan.

Cameroon bauxite is lateritic and accessible near the top surface. Two Minim Martap samples were tested at SGS (South Africa) to determine the Bond ball mill work index. Results of both samples were found to be close at 10.6 kWh/t and 10.9 kWh/t. These are comparable with the lateritic bauxites of the eastern part of India where ball mills as well as rod-ball mills have successfully performed over the years.

A bauxite with high trihydrate grade and low boehmite content would be expected to achieve high alumina recoveries at the digestion process in an LT refinery. In addition to the process parameters, mineral characteristics of boehmite play a critical role in achieving high recoveries. Low proportions of highly reactive boehmite in a high-grade gibbsitic bauxite could cause significant recovery losses. These aspects need to be checked and ascertained by process studies on a sufficient number of samples. Appropriate mineralogical studies could be undertaken to characterise the nature of boehmite in the deposit.

Cameroon bauxite has low silica content, which provides an excellent low-cost alumina opportunity due to lower caustic soda consumption in alumina manufacturing. Most of the mineralogical test samples as well as digest results indicated that most of the total silica is reactive (kaolinite) and the rest is quartz which is acceptable for LT refinery conditions. The desilication efficiency of the bauxite should be studied in detail as doing so may provide guidance towards an ideal silica specification.

Most of the iron mineral is present as hematite. Proportions of goethite or any other mineral form of iron, if present, would be low to very low. While an adequate quantity of hematite in bauxite helps in settling of the bauxite residue, goethite prevents it. Very few mineralogical samples indicated presence of goethite in high proportions. The process studies would characterise settling and filtration behaviour of the bauxite with varying proportions of iron-bearing minerals.

Titania in the bauxite is present as anatase and rutile. These minerals are non-reactive under the LT Bayer digestion process. Even if the bauxite is used for sweetening applications at HT refineries, titania is unlikely to react under sweetening conditions.

A table of organic carbon analysis was presented in the BFS database, which contains 42 samples from Alice, Beatrice and Raymonde plateaus. Organic carbon values in some of the near-surface samples were high (in the range of 0.2%–0.3%) but reduced to very low levels (0.03%) with progressing depth. Although not representative, an average of all the samples shows low organic carbon (0.11%), which would not have a significant impact on an LT refinery process.

Total carbon and total sulphur samples presented in the database from six plateaus were taken at 0–2 m depth and are not representative of the DSO bauxite. Generally, pit channel samples should be analysed for determination of total carbon and organic carbon. The minor impurities reported in the elemental composition are generally in the normal range. The impurity compositions would be better reviewed as part of developing the bauxite specification.

6.6 Risks and opportunities

Significant work has been carried out to define the high-grade Cameroon bauxite resource. Evaluation of the resource database indicates that a large volume of information is not available in the supplied document repository due to change in company management and discontinuity in the knowledge base. SRK recommends further attempts be made to consolidate the information base as doing so would add value to the resource definition.

The lack of information and inadequate performance of the CRMs raised questions on the accuracy of the elemental composition, which is the foundation of the exploration database. Inadequate accuracy of the database would impact the Ore Reserve definition and future commercial transactions. Validation of the elemental database by running a small-sample cross-check program would make the database more robust.

The information on metallurgical properties was inadequate, and more results should be generated. Appropriate sample selection, with sampling spread across the plateaus, would provide adequate information. Adequate QAQC protocols should be followed and monitored to ensure accuracy of the outcomes.

FTIR or model-based estimation of mineralogical phases might be a reasonable future approach. Such estimation should be supported by a reliable and accurate database generated by conventional digestion techniques and supported by mineralogical investigations.

Processability studies should be conducted with more than one sample to evaluate processing characteristics of the bauxite and to identify process risks, if any.

7 Environmental and Social

7.1.1 Permitting

Key permitting considerations for the Minim Martap project derive principally from statutory instruments relating to:

- mineral rights
- assessment and management of environmental and social impacts.

Statutory requirements for these two aspects are described in a wide array of laws, regulations, procedures and related regulatory texts deriving from the *Mining Code 2016/017* (mineral rights and operating permits) and the *Environmental Management Law 96/12* (environmental impact assessment and management). Other statutory obligations may also apply, for example in relation to operations potentially affecting forestry or fishing activities (*Forestry Code Law 94/01*), water use and management (*Water Regime Law 98/005*) and protection of cultural heritage (*Cultural Heritage Law 2013/003*).

Order No. 0070/MINEP (22 April 2005) describes the different categories of activities which require either a 'summary' or a detailed environmental impact study. The activities proposed under Stage 1 of the Minim Martap project required the completion of a detailed environmental impact study, conducted in accordance with Decree 2005/O577/PM (23 February 2005). An Environmental and Social Impact Assessment (ESIA) for the Minim Martap project was completed by Golder Associates on behalf of Camalco S.A. in May 2021. The ESIA was submitted to the Cameroonian Ministry of Mines and the Ministry of the Environment in June 2021 and was formally approved by the Ministry of Environment, Nature Protection and Sustainable Development via the issue of a Certificate of Conformity on 21 October 2022. The ESIA included an Environmental and Social Management Plan (ESMP), as required by the government-issued *General Procedure Manual for Environmental Impact Assessment and Audits* (MINIP, 2018).

SRK conducted a high-level review of the ESIA completed for the project in 2021. Notwithstanding that the ESIA has been approved by the relevant ministry, SRK considers that there are several significant deficiencies in the impact assessment report, and these create material uncertainties as to the potential for the project to result in unacceptable environmental outcomes. For example, the ESIA provides no clear assessment of project impacts on several species of vulnerable, endangered or critically endangered fauna recorded during baseline studies of the project area. These include (but may not be limited to) the African wild ass (critically endangered), the giant pangolin (endangered) and the white-bellied pangolin (endangered). The baseline flora and vegetation surveys for the project do not contain maps showing the distribution of vegetation types or species of concern and, as a result, the narrative in the ESIA regarding how biodiversity values will be protected is superficial. Other elements of the ESIA are unconvincing. This applies especially to the ESMP (discussed further in Section 7.1.2).

Cameroon's mining industry is primarily regulated under the *Mining Code 2016/01*. The exploitation permit required for commencement of mining operations at Minim Martap has not been granted. The industrial exploitation licence is a statutory instrument granted by Presidential decree, pursuant to the *Mining Code* and other legislation, following the execution of a Mining Convention. SRK understands that the Mining Convention for the project has been agreed with relevant Ministries

and was approved by the Ministry of Mines. It is unclear whether the Mining Convention has been formally approved by the President of the Republic of Cameroon. According to procedures published by the Ministry of Mines, Industry and Technological Development, the time to complete administrative processes for the issuing of an exploitation permit is 105 days, after all required documentation has been lodged and conditions precedent have been satisfied. Once granted, an exploitation permit is valid for a period of 20 years and may be renewed once (or more times) for periods of up to 10 years, providing the company has fulfilled the terms of its mining agreement with the State (Mining Convention), including any obligations relating to social, local employment, environmental management and so on.

SRK notes that only six exploitation permits are currently shown on the website of the Ministry of Mines, Industry and Technological Development (<https://www.minmidt.cm/permis-dexploitation/>), four of which were issued after 2022. From this, it appears that the regulatory experience with respect to governing the environmental and social aspects of mining may be at an early stage of development in Cameroon and that – as a result – achieving sound project outcomes will need to be driven chiefly by the mining operator.

7.1.2 Environmental management and compliance

SRK has sighted two ESMPs for the Minim Martap project. The earlier ESMP (Golder, 2021a) was provided as Appendix A to the ESIA report. The later (*Environmental and Social Impact Assessment Study for the proposed Bauxite Mining Project at Minim-Martap, Makan & Ngaoundal Deposits, Adamawa Region, Republic of Cameroon*, last revised in July 2022) was provided to SRK by Camalco's environmental consultants, Rainbow Environmental Consult, on 2 September 2023 as a stand-alone document. Both management plans are very generic and include management approaches of dubious efficacy. Neither ESMP demonstrates a strong or practical connection between risks, uncertainties and information gaps identified in baseline studies and the control measures proposed by Camalco to address these. The ESMPs do not provide a clear explanation of any proposed monitoring to check the effectiveness of management controls.

Significant revision of either plan would be required to bring the management system into conformance with usual standards of good environmental management. At present, there is little compelling evidence to indicate that the management measures proposed by Camalco reflect a commitment to avoiding significant, adverse environmental and social impacts (as opposed to mitigating or compensating harmful impacts). This applies particularly to actions proposed under the draft Biodiversity Management Plan, but may also apply to other environmental and social aspects, for example, to the protection of cultural heritage values. Both ESMPs create significant uncertainties regarding whether implementation of the project would require forced resettlement of people would.

7.1.3 Environmental context

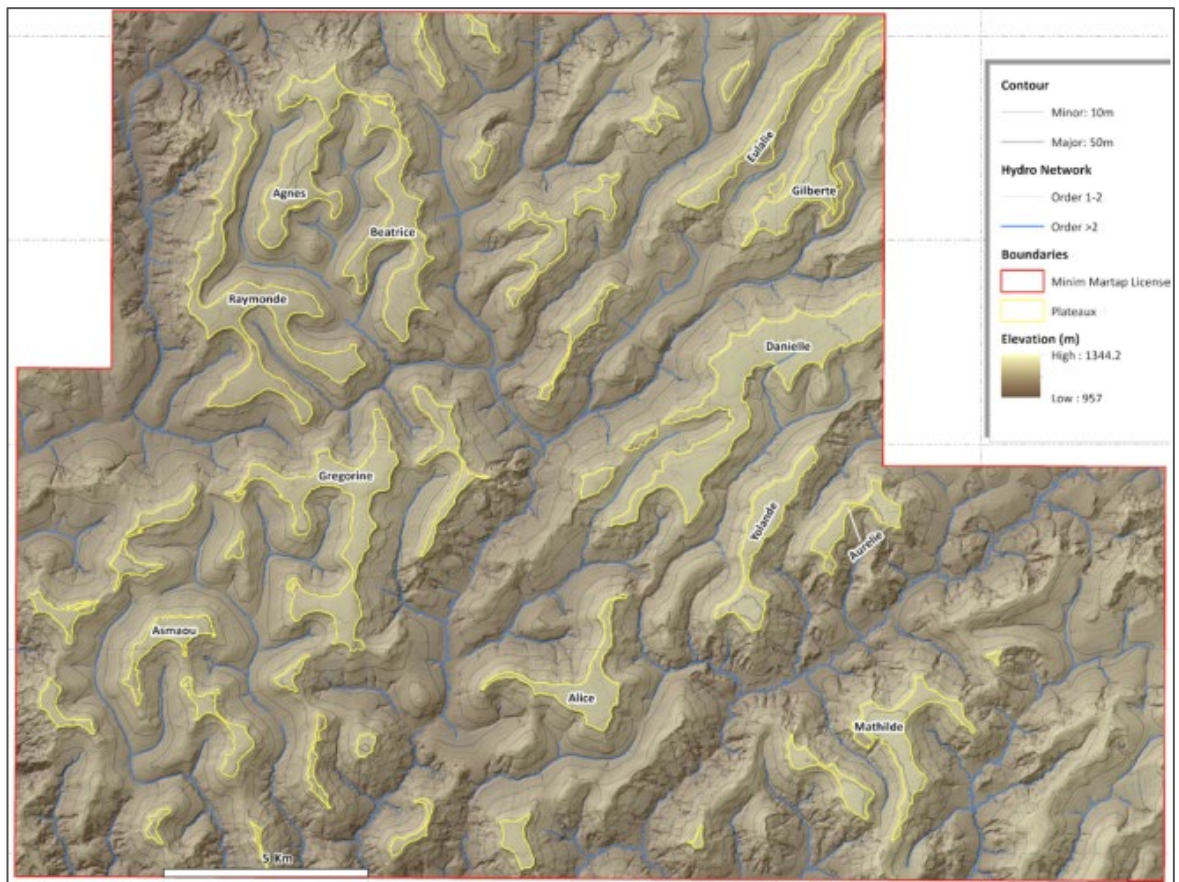
Climate and hydrology

The Adamawa Region in which Phase 1 mining is proposed is located in a transitional climatic zone between the dry tropical Sahelian climate to the north and the humid tropical zones to the south. The average annual rainfall in the project area ranges between ~1,000 mm and 1,500 mm. The area experiences a distinct dry season (November through March) and wet season (April

through October). March and April are typically the warmest months, with average daily maximum temperatures of around 35°C. Lowest average daily temperatures of around 14°C–15°C occur in December and January.

Topography in the project area consists of plateaus and hills rising to elevations of 300–400 m above the surrounding plain. Surface drainage in the proposed mining areas is dendritic and surface water generally flows in a southwesterly direction towards the Lake Mbakaou (Tibati) reservoir.

Figure 7.1: Topography and drainage in Minim Martap project area



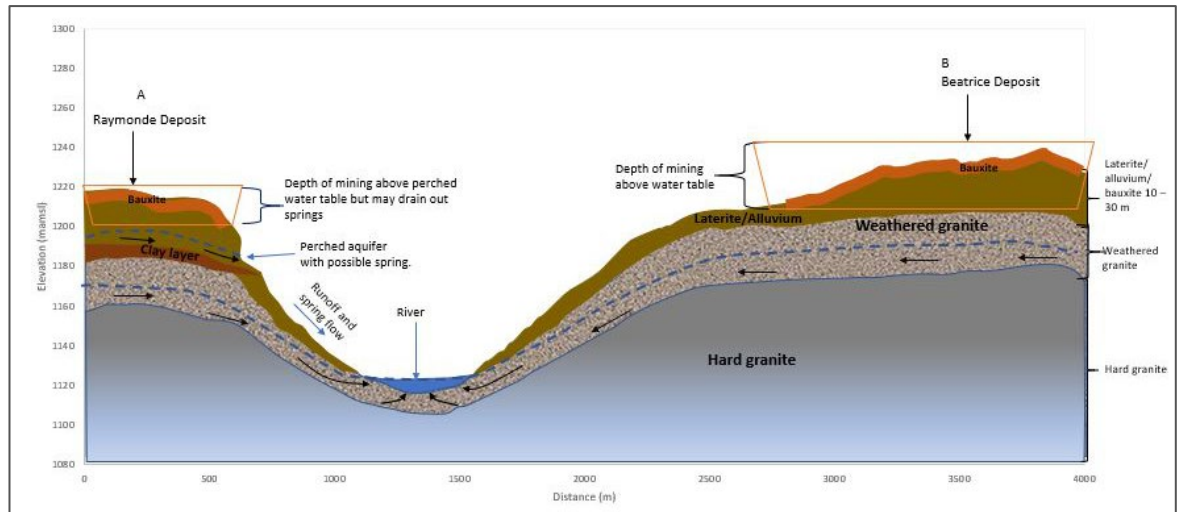
Source: Golder Associates, 2021a.

Groundwater in the region occurs in shallow alluvium/laterite deposits. The depth to water table in the plateau areas ranges from 25 m to 30 m below ground level at the end of the wet season to ~28–35 m below ground surface at the end of the dry season during the pre-monsoon period. Mining of bauxite will generally occur above the seasonal groundwater table level.

During the rainy season, water percolates down throughout laterite and bauxite horizons and may form thin, perched water bodies above the clay layer underlying the bauxite deposits. The perched groundwater may then report to surface water via springs (Figure 7.2). The depth to the groundwater table in the inter-plateau areas ranges from 2 m to 9 m below ground level following the wet season and from 4 m to 13 m below ground surface during the dry season. During the pre-monsoon period, depth to groundwater is shallower in low lying areas near permanent or ephemeral watercourses (0.5–2 m below ground level).

There is no municipal water supply network in the villages around the proposed mining areas. Local people source domestic water supplies from rivers, natural springs and wells.

Figure 7.2: Cross section showing conceptual representation of groundwater system



Source: Golder Associates, 2021a.

A limited amount of baseline water quality testing was conducted for the project in March and October 2020. The results of this work found that both surface water and groundwater in the project locality was generally fresh, with slightly acidic to slightly alkaline pHs. Dissolved metals concentrations were mostly unremarkable, although elevated levels of dissolved iron were reported in some surface water samples. Surface water samples were sometimes characterised by high turbidity and levels of nitrogen. The latter result may reflect contamination from agriculture or septic wastes, which is unsurprising given the limited public and private sanitation infrastructure in the region.

Flora, vegetation and fauna

Rapid field surveys of flora and vegetation were conducted in the project area in October/November 2020 (Sonke and Libalah, 2020) and in April 2021. Four main vegetation types – fallow woodland¹, gallery forest, grassland and woodland savannah – were reported to occur in the project area. Of these, the gallery forest unit was reported to have the highest species diversity. The gallery forests are also reported to offer important habitat values and to provide a range of ‘ecosystem services’ (for example, acting as a source of traditional medicinal plants). No information has been provided on the extent or distribution of vegetation types in areas that will be disturbed by mining activities. Five ‘vulnerable’ plant species were recorded during the baseline vegetation surveys². These were *Khaya senegalensis* (mahogany), *Vitellaria paradoxa* (Shea tree), *Azelia Africana* (African mahogany), *Beilschmiedia anacardioides* and *Allophylus bullatus*. One endangered tree species, *Pterocarpus erinaceus* (African rosewood) was also recorded.

¹ ‘Fallow woodland’ is defined as disturbed areas formerly used for agricultural cultivation or used for other activities like cattle rearing and/or settlement.

² The ‘vulnerable’ conservation status implies these species are facing a high risk of extinction in the wild.

The locations at which the threatened plant species occur, relative to the proposed project disturbance footprint, was not reported in the project's ESIA report.

A range of threatened fauna or protected were recorded during baseline surveys of the project area and proposed haul road. Some are on the International Union for Conservation of Nature (IUCN) Red List and/or listed as protected species in Cameroon.

These include (but may not be limited to):

- *Equus africanus* (African wild ass) – IUCN 'Critically Endangered'
- *Smutsia gigantea* (Giant pangolin) – IUCN 'Endangered', Class A protected species in Cameroon
- *Hyperolius riggenbachi* (Riggenbach's reed frog) – IUCN 'Vulnerable'
- *Psittacula krameria* (Rose-ringed parakeet) – Class A protected species in Cameroon
- *Poicephalus senegalus* (Senegal parrot) – Class A protected species in Cameroon
- *Tauraco persa* (Green Turaco) – Class A protected species in Cameroon.

A range of other protected species were reported by local informants to occur in the project area but were not observed during baseline fauna surveys.

These fauna species include:

- *Phataginus tricuspis* (White-bellied pangolin) – IUCN 'Endangered', Class A protected species in Cameroon
- *Profelis aurata* (African golden cat) – IUCN 'Vulnerable'
- *Hippopotamus amphibius* (Common hippopotamus) – IUCN – 'Vulnerable'.

The comment on page 43 of the summary BFS report provided to SRK states '*Flora and fauna surveys found no endangered flora or fauna or significant impact from the Project*' is inexplicable.

Socioeconomic setting

The Adamawa Region is sparsely populated but there are several villages and towns located near the proposed mining operations area. These include the towns of Minim (approximately 4.73 km north of operations area) and Martap (approximately 0.62 km north of the nearest proposed operations area). Makor village lies within 0.18 km of the proposed road/rail spur alignment and Gotanga village lies approximately 0.35 km from the road between Martap and Makor. A small residential settlement is reported to lie within a valley between the Beatrice and Raymonde plateaus, within 0.41 km of the nearest operation area (Golder, 2021a). Other localities within the proposed mining tenements may be occupied seasonally or on a transient basis. Local informants reported that some previously occupied areas have been abandoned due to security concerns (Golder, 2021a).

Key economic activities in the proposed mining areas include agriculture, animal husbandry (including nomadic herding activities) and apiculture, as well as seasonal fishing. These land-based activities are in addition to traditional – and continuing – use of the land for hunting, collection of medicinal plants, collection of firewood and harvesting of woody or fibrous plants for use in building or for other trades.

A range of ethnic groups are present in the project locality. The include the Mboum communities

(the first inhabitants on the plateaus) and the Mbororo, who practice cattle herding within and around the proposed mining tenements. The Mboum people are reported to use the project locality for traditional cultural and religious practices.

A baseline archaeological survey conducted for the project (Asombang et al., undated – but apparently 2021) reported that five culturally significant sites were identified in the project locality (four of which were located during field surveys). Two sites (MBA-001 (a former dwelling) and MNW-001 (a former open-air forge) were located at the foot of Raymonde plateau and at the extreme southwest corner of the Minim and Martap permits, respectively. Neither site is considered likely to be impacted by Phase 1 mining. However, the heritage assessment considered that sacred sites of Mbella Assom and Bella Foukou could be harmed by mining activities. Additionally, the heritage surveys identified 18 archaeological (artefact) sites along the proposed haul road, all of which would be destroyed if construction occurs along the proposed road alignment.

The findings of the heritage study are at variance with information presented in the summary BFS, which stated, '*No archaeological or cultural/sacred sites were identified within the Project area...*'.

7.1.4 Stakeholder engagement

Consultation with potentially affected communities and other stakeholders is mandated under Decree No. 2013/0171/PM of 14 February 2013 (Terms and Conditions for Conducting Environmental and Social Impact Assessments) and under Order No. 0001/MINEP of 3 February 2007 (Specification for the Terms of Reference of Environmental Impact Assessments). The ESIA prepared for the Minim Martap project included a draft report on stakeholder engagement activities conducted for the project in November 2020 and in March/April 2021.

The consultation described generally appears to satisfy minimum statutory requirements and provides reasonably detailed summaries of stakeholders' expectations and concerns in relation to the project. An interesting aspect of the consultation report is the presentation, in summary tables, of issues and suggestions raised by (on one hand) the consultant conducting the study and (on the other) by the individuals and groups consulted. These tables provide some insights into the concerns expressed by local communities. For example, residents from areas potentially affected by activities along the proposed rail corridor suggested the following pollution control measures (which had not otherwise been proposed by the company's consultant):

- Build bauxite handling sheds to reduce dust production at the bauxite storage site at the loading dock.
- Establish a monitoring system to assess air quality during bauxite mining.

The information presented in the draft stakeholder consultation report is suggestive of a cohort of stakeholders with very high social and economic expectations and some clear concerns around the potential impacts of the project on their current livelihoods and on public health and morals. The management frameworks proposed in the ESMPs reviewed by SRK are insufficiently developed to provide an effective basis for ongoing management of social, economic and public health risks.

It is not clear from the documentation reviewed by SRK whether project implementation will require people to be resettled. The two ESMPs reviewed by SRK included mention of the potential need to develop Resettlement Action Plans. The lack of clarity around the potential for project implementation to result in physical or economic displacement of local populations is a material gap in work completed to date.

7.1.5 Mine closure plan and monitoring

Article 37 of Law 96/12 (Relating to environmental management) stipulates that holders of mining permits must rehabilitate the exploited sites. Alternatively, the law allows holders of mining permits to pay the financial cost of rehabilitation to be carried out by the competent administering authority by paying required sums into a fund established by the government for that purpose.

Article 136 of the *Mining Code* similarly specifies that operators of mining projects are responsible for the restoration, rehabilitation and closure of mine sites to achieve ‘...*stable conditions of security, agrosylvo pastoral productivity and appearance close to their original state or conducive to any new and sustainable development deemed suitable and acceptable by the authorities in charge of mines, the environment...*’. Article 136(4) provides details on post-closure liability for environmental conditions of mined land, noting that while authorities may, following a post-closure inspection of the site, ‘...*grant of a discharge which shall release the former operator of any obligation concerning his former mining title or permit...*’, the former operator remains responsible for any damage discovered subsequently in connection with his previous activities on the site.

A draft mine rehabilitation and closure plan was provided as part of ESIA documentation, notwithstanding that this was not specifically required in the Terms of Reference developed for the ESIA. The rehabilitation plan defines five closure domains (extractive workings, waste rock storages, water dams and ponds, access and haul roads, site infrastructure). It is proposed that the post-mining land use for each of these domains would be ‘*traditional land use and resilient, self-sustaining native vegetation of local provenance*’. In one instance – site infrastructure – it is proposed that surrounding areas would be available to return to pastoral use. A set of closure criteria has been proposed. In some instances, the proposed compliance criteria may be challenging to achieve. For example, it is proposed that rehabilitation of the project area will result in ‘*no increase in weed density or distribution and no introduction of new declared weeds (when compared to control sites or baseline data)*’. This is a very ambitious goal and one that may be difficult to realise, given that baseline vegetation surveys for the project make no mention of weed presence or absence introduced species and no commitment to preventative weed hygiene procedures is included in the project’s biodiversity plan.

Records of community consultation to date indicate a strong interest on the part of local people to maintain (or possibly augment) existing uses of the land for pastoralism, apicultural and other land-based economic activities. There may be opportunities in future to refine the mine rehabilitation plan to more closely align with community needs and aspirations.

7.1.6 Operating costs: environmental and social

The operating costs for resourcing environmental, social and governance functions are addressed in several parts of the ESIA.

Key contributors to operating costs are:

- salaries and related costs of employing social and environmental personnel (estimated at US\$1 million per year)
- environmental management costs for operation and maintenance of pollution control equipment, waste management facilities, employment of security personnel (estimated at US\$3 million per year)
- allocation for operational monitoring costs (estimated at US\$0.25 million per year).

The 2022 ESMP provides additional detail on estimated costs of implementing the environmental and social management activities. The plan estimates operational costs of implementing the ESMP at approximately 6.2 billion FCFA (or about A\$15.8 million).³ It appears that the costs summarised in Table 7.1 have been estimated for the first 5 years of mining operations. It appears that some of the operating costs in Table 7.1 overlap with estimated salary costs described in the ESIA.

Overall, the information reviewed by SRK indicates an estimated annual operating cost for environmental and social management activities in the order of A\$4.5 million, not including mine rehabilitation costs, which have been separately estimated at approximately US\$8.8 million (assuming a maximum of 2–3 years of post-rehabilitation maintenance). SRK notes that rehabilitation costs for the combined Raymonde/Beatrice/Danielle operations area appear to have been calculated assuming a disturbance footprint of approximately 686 ha. SRK has not verified the estimated extent of disturbance against the mine plan.

The costs described for environmental and social functions described in the ESMP do not explicitly include the cost of compulsory annual contributions to a community development fund mandated under Article 166 of the *Mining Code* (although some of the activities proposed appear to relate to community development activities). The *Mining Code* stipulates that agreements established for mining projects are required to include a human resources development component and a domestic industries and business development component. The amount of the contribution will be set at between 0.5% and 1% of the company's total annual turnover (exclusive of taxes).

There is no explicit provision in the estimated environmental and social operating costs for costs of compensating people potentially impacted by forced resettlement or by detrimental impacts on their livelihoods as a result of mining activities (including restriction of access to operational areas of the mine).

Overall, SRK has not identified any conspicuous underestimation of environmental and social operational costs. However, given the lack of detail in the ESMP and related management plans, a significant contingency sum in the order of 20% is recommended (Table 7.1).

³ Section 235 of the Mining Code requires the project proponent to transfer an annual contribution into an escrow account with the Central Bank for eventual use in mine rehabilitation. SRK understands that the amount of the annual contribution is calculated at 10% of the estimated cost of the asset retirement obligation. However, the actual functioning of this section of the Code is unclear and largely untested and requires further investigation.

Table 7.1: Estimated operational cost of implementing ESMP

Item/activity	Estimated cost (FCFA)	Details
Plan for the implementation of environmental measures to mitigate the negative impacts of the project	180,000,000	30,000,000: package for the construction of six washing areas, one of which per permit 30,000,000: package for six fuel storage bins including one per licence 100,000,000: for the development of the Resettlement Action Plan (RAP) 10,000,000: as a package for preventive archaeological diagnosis 10,000,000: as a lump sum for the recruitment of an archaeologist for the dissemination of a discovery management plan on the construction sites and for the training of personnel
Local development plan (LDP)	560,000,000	400,000,000: setting up of a support framework (revolving funds) for the IGAs of the communities at the rate of 50,000,000 FCFA for each district concerned 160,000,000: revolving fund to support IGAs for girls, women and the disabled at a rate of 20,000,000 FCFA per district concerned, in cooperation with centres for the advancement of women
Waste management plan (WMP)	100,000,000	20,000,000: representing the lump sum cost of making 600 labelled bins for life/site bases, construction sites, various buildings at a rate of 20,000 FCFA per bin, with the purchase of wheelbarrows and other waste transport equipment 80,000,000: construction of eight secure warehouses for the storage of waste
Mine Closure and Rehabilitation Plan (MCRP)	5,054,700,000	Budget for the implementation of the MCRP
Occupational health and safety risk management plan (OHSRMP)	100,000,000	100,000,000: completion of the hazard study together with an emergency plan The costs of other measures (PPE, medical monitoring, etc.) are taken into account in the project budget
Stakeholder Engagement Plan (SEP)	100,000,000	40,000,000: installation of satellite offices (info-shop) with display station (bulletin board) and letterbox in Ngaoundal, Tibati, Martap and Dir (operation of offices during the first 5 years), at the rate of 10,000,000 FCFA per satellite office 60,000,000: salaries of the agents of the Ngaoundal, Tibati, Martap and Dir info-shops (during the first 4 years), at the rate of 15,000,000 FCFA per agent
Biodiversity management and action plan	120,000,000	20,000,000: salaries of members of the plan implementation team for one year 10,000,000: for the operation of the plan implementation team for one year 80,000,000: to support the MINADER services in the districts concerned in the domestication of raffia and the popularisation of its cultivation in neighbouring localities (Ngaoundal, Martap, Tibati and Dir) at a rate of 20,000,000 FCFA per district
Surveillance plan and follow-up	PM	Internal monitoring and surveillance supported in the budget of the environment and safety department of Camalco External monitoring
Total	6,214,700,000	

Source: Rainbow Environmental Consult, 2023, Environmental and Social Impact Assessment Study for the proposed Bauxite Mining Project at Minim-Martap, Makan & Ngaoundal Deposits, Adamawa Region, Republic of Cameroon

7.1.7 Summary and conclusions

One of two key authorisations required for implementation of the Minim Martap project has been granted: a Certificate of Conformity approving the ESIA of Phase 1 of the project (mining of the Raymonde, Danielle and Beatrice deposits) was approved in October 2022. The exploitation permit required to commence mining operations has not yet been approved.

SRK's review of selected ESIA documentation prepared for the project concluded that baseline studies completed for the project were not of a standard to adequately inform the realistic assessment of project social and environmental risks or to serve as the basis for developing an effective system for managing those risks. This outcome is not unusual in a jurisdiction where governance arrangements for managing environmental and social aspects of mining are immature.

It may still be possible for Camalco to conduct its proposed activities in a way that achieves acceptable environmental and social outcomes, but a significant effort would be required to address deficiencies in the environmental and social management frameworks currently proposed. This additional effort would almost certainly require additional baseline monitoring and clearer explanation of how the project would be designed and implemented to avoid significant harm to important ecological and cultural values. Given that project implementation is proposed to be delivered by contractors, additional effort would be required to develop systems for communicating environmental and social requirements to contractors and for ensuring proper oversight of contractor performance.

The annual cost of resourcing environmental and social management activities has been estimated at approximately US\$4.5 million, exclusive of mine rehabilitation costs and the cost of compulsory contributions to community development activities. No estimate has been provided for possible costs to compensate economic or physical displacement of people as a result of project implementation.

8 Other considerations

8.1 Country risk

While Cameroon does not have a well-established mining sector, it does hold a reasonable risk rating relative to other African countries. In the most recent ranking by Global Edge and S&P Capital IQ Pro, Cameroon’s score is 2.9 (High risk category) (Table 8.1).

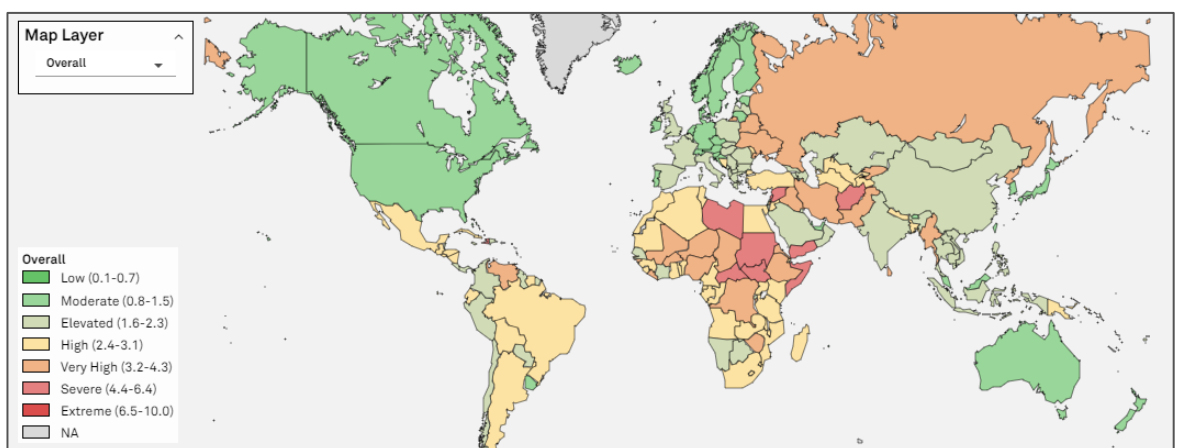
Table 8.1: Cameroon country risk score

Cameroon		Prior Score	
2.9	High → ⓘ 4/08/2022	2.8 High	3/02/2021
SCORE BREAKDOWN	SCORE/OUTLOOK	SCORE CHANGE DATE	PRIOR SCORE
Political ⓘ	2.9 High →	3/02/2023	2.8 High
Economic ⓘ	2.5 High ↘	4/05/2023	2.6 High
Legal ⓘ	2.3 Elevated →	3/02/2023	2.4 High
Tax ⓘ	3.3 Very High ↗	3/02/2023	3.1 High
Operational ⓘ	3.5 Very High →	20/03/2017	3.6 Very High
Security ⓘ	2.8 High ↗	17/02/2020	2.9 High
Outlook: ↗ Increase Risk ↘ Decrease Risk → No Changes			

Source: S&P Capital IQ Pro

As world benchmarks (Figure 8.1), the African countries of Zambia, Namibia, South Africa, Mozambique and Tanzania, all have a similar rating of High (2.4 to 3.1), while Australia’s risk rating is Moderate (0.8 to 1.5).

Figure 8.1: Overall country risk profile



Source: S&P Capital IQ Pro (September 2023)

8.2 Bauxite market

Bauxite demand is driven by the production of alumina, which in turn is used for smelting the metal, aluminium. Consumption of bauxite and alumina is expected to closely follow the trend of aluminium production. The growth in demand for aluminium is being driven by renewable energy technology such as solar panels, wind turbines and electric vehicles. Despite this interdependency, each of these markets has its own fundamentals that drive their respective markets.

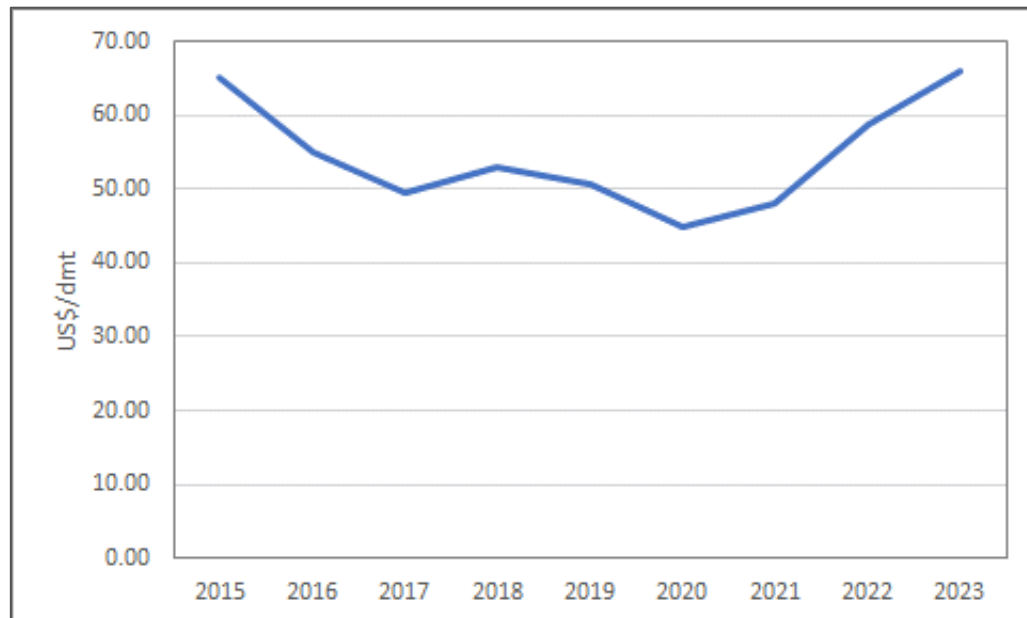
The United States Geological Survey (USGS) estimates world total mined production of bauxite was 140 Mt in 2022. Seaborne traded bauxite is around 40 Mt/a.

According to the Australian Government's Office of the Chief Economist Resources and Energy Quarterly (June 2023 edition), world bauxite exports increased by 4.7% year-on-year in the March quarter 2023 to 43 Mt. This was propelled by a 35% year-on-year rise in Guinea, the world's largest bauxite exporter. Over the same period, bauxite exports from Australia, the world's second largest bauxite exporter, decreased by 22% year-on-year. Bauxite exports from Indonesia decreased by 58% year-on-year in the March quarter 2023, as Indonesian bauxite producers slowed down their production in preparation for the local export ban, which commenced on 10 June 2023.

The Indonesian Government's ban on local bauxite exports was implemented to support an increase in the country's alumina production. This is expected to tighten global supply and push up bauxite prices.

The government of Ghana is also expected to introduce a ban on that country's bauxite exports in 2023. Ghana is a very small bauxite producer, accounting for only 0.13% and 0.09% of global bauxite production and exports, respectively.

Figure 8.2: Bauxite price – Guinea minimum 45% Al₂O₃, CIF China



Source: MySteel, <https://www.mysteel.net/h/aluminum/>

8.3 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent publicly disclosed valuations or Expert Reports completed in relation to the mineral assets being assessed.

Having asked the question of Canyon, SRK is not aware of any previous publicly disclosed valuations prepared in accordance with the VALMIN Code (2015) relating to its Mineral Assets.

8.4 Previous transactions

On 12 October 2018, a related party transaction was finalised in respect to the Birsok mineral tenure, a tenement adjacent to Minim Martap.

Under the terms of this agreement, Canyon was to issue 5.0 million shares of its common stock upon receipt of a mining convention on the Minim Martap project to acquire the Birsok tenement from Altus Strategies plc (Altus).

In addition to this, Altus will receive a US\$1.50/t royalty on ore mined and sold from the Birsok tenure.

SRK notes that while S&P Capital IQ Pro estimated the transaction consideration to be US\$692,000, the transaction was not completed and Canyon no longer holds this mineral tenure.

Assuming this transaction did complete, the implied transaction value for this early-stage exploration project with a total area of 198 km² is US\$3,493/km² (raw basis). On a normalised basis, this transaction value is US\$4,547/km².

9 Valuation

The objective of this section is to provide BDO and the shareholders of Canyon with SRK’s opinion regarding the Market Value of the Mineral Assets of Canyon. SRK has not valued Canyon, this being the corporate entity that is the beneficial owner of the respective Mineral Assets.

SRK has relied on information provided by Canyon, as well as information sourced from the public domain, SRK’s internal databases and SRK’s subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstance on an open market (2015 VALMIN Code). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (2015 VALMIN Code). Valuation methods that follow this approach include discounted cashflow (DCF) modelling, capitalised margin, option pricing and probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (2015 VALMIN Code). Methods include the appraised value method and multiples of exploration expenditure (MEE), where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets.

Table 9.1 presents the valuation approaches for the valuation of mineral properties at the various stages of exploration and development.

Table 9.1: Suggested valuation approaches according to development status

Valuation Approach	Exploration Projects	Pre-Development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015)

The market approach to valuation can be used for the valuation of Mineral Assets regardless of development status but is typically applied as a primary approach for Exploration to Development projects.

An income-based method, such as a DCF model, is commonly adopted for assessing the value of tenure containing a deposit where an Ore Reserve has been produced following appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is generally not considered appropriate for deposits that are less advanced or where technical risk is not quantified (i.e. no declared Ore Reserve and/or supporting mining and related technical studies).

The use of cost-based methods, such as considering suitable MEE, is best suited to exploration projects where Mineral Resources remain to be reliably estimated.

In general, these methods are accepted analytical valuation approaches that are in common use for determining the value of mineral assets. Given its direct reference to values paid in the market and ability to be actively observed, the market approach provides a direct link to Market Value. In contrast both income-based and cost-based methods derive a Technical Value (as defined below) which typically require the application of various adjustments to account for market considerations in order to convert these values to a Market Value.

The **Market Value** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee (IVSC) term of the same name. This has the same meaning as Fair Value in Regulatory Guide 111 published by the Australian Securities and Investments Commission (ASIC). In the 2005 edition of the VALMIN Code, this was known as Fair Market Value.

The **Technical Value** is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

Under prevailing industry norms, regulatory guidance and as required by the VALMIN Code (2015), Practitioners are required to estimate Market Value. There is no requirement to report Technical Value, which is only generally estimated as a step to report Market Value.

Valuation methods are, in general, subsets of valuation approaches and for example the Income Approach comprises several methods. Furthermore, some methods can be considered primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to benchmark valuations completed using primary methods.

Methods traditionally used to value exploration and development projects are:

- MEE (cost based)
- JV terms method (market based)
- Geoscientific rating methods (cost based)
- Comparable transactions method (market based)
- MTR analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – market based)
- Yardstick/Rule-of-thumb method (e.g. US\$/resource or production unit, percentage of an in situ value)
- Geological risk method.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or project value in each of the various categories of development. In some instances, a particular mineral asset or project may comprise assets which logically fall under more than one of the previously discussed development categories.

9.1 Valuation basis

In estimating the value of the projects as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015).

SRK has considered the defined Ore Reserves and supplied its recommendations regarding the Model to BDO for the LOM scenario as discussed below.

9.1.1 Reasonableness of technical inputs to the Model

Canyon has supplied two documents that specifically relate to the mining of the Minim Martap bauxite deposit, namely the BFS and the Rail Feasibility Study (produced by Vecturis S.A.). SRK considers the proposed conceptual mining method, production profile, and logistical sequence of transporting the ore from the mine to the port for transfer onto the barges for international export to be reasonable and appropriate for this style of deposit from both a geological and geographical perspective.

9.1.2 SRK's LOM Plan recommendations

SRK has considered the information supplied in the study reports as well as the level of detail included in this information. Furthermore, SRK has considered shortcomings identified in the two studies as well as the incomplete nature of information supplied for areas, specifically the port facility and recommend that the financial and associated cost model supplied not be considered as part of the valuation of the mine.

Based on its review of the supplied documentation, SRK recommends the following be completed or provided if completed before the BFS and the associated Financial Model can be considered for valuation purposes:

- Undertake a detailed breakdown of the mine design criteria, capital expenditure and operating costs used to develop the mine plan, and production schedule included in the Financial Model to estimate the Ore Reserve tonnes and grade and the economics of the project.
- Finalise the engineering and design for each siding extension, inclusive of any earthworks required for each siding.
- Confirm the placement and amended engineering requirements for the IRF, which are noted by Vecturis as being not feasible currently.
- Complete a study on the design and construction of the roadway between the various plateaus considered for mining and the IRF.
- Finalise the engineering design for all mine site facilities including, but not limited to accommodation, mess, transportation to and from the mine site for fly-in/flyout or drive-in/drive-out (FIFO/DIDO) workers.
- Engineering design, bill of quantities, and timeline for the port facility construction.

These works are to be considered short-term objectives for the project. However, actioning these recommendations could take 3–6 months. As there is currently limited information available to SRK (and hence significant uncertainty with regard to the cost and timing analysis provided) to consider for these aspects, SRK recommends that an alternative method, other than an income-based approach such as DCF, be considered for the valuation of the bauxite resource currently included in the mine plan.

9.1.3 SRK’s valuation technique

SRK has considered the defined Ore Reserves (having downgraded these to Mineral Resource due to lack of supporting information), Mineral Resources and exploration potential of the granted tenure held by Canyon (Table 9.2).

Table 9.2: SRK’s adopted valuation basis

Project	VALMIN Development Stage	Description	Valuation basis
Minim Martap	Pre-Development	Mineral Resources	Market: Comparable transactions Cost: Yardstick factors
		Exploration Potential	Market: Comparable transactions Cost: Geoscientific rating
Makan and Ngaoundal	Advanced Exploration	Mineral Resources	Market: Comparable transactions Cost: Yardstick factors
		Exploration Potential	Market: Comparable transactions Cost: Geoscientific rating

Source: SRK analysis (2023)

For the valuation of the defined Mineral Resources, SRK elected to adopt comparable transactions analysis as its primary valuation approach. The derived values determined using this approach were then cross-checked against values determined using the yardstick valuation method.

For the valuation of the exploration potential outside of the defined Mineral Resource areas, SRK elected to adopt values implied by comparable transactions analysis which have been cross-checked using the geoscientific rating method.

SRK notes that the VALMIN Code (2015) cautions in ascribing value to tenures under application. In considering these, SRK in its professional judgement has elected to apply a 20% discount in the geoscientific rating method to reflect uncertainty in the timing and likely conditions associated with grant (Appendix B). In the case of comparable market transactions, SRK has applied a subjective discount when selecting a value range.

9.2 Valuation of Mineral Resources

9.2.1 Introduction

SRK reviewed the reasonableness of the defined Mineral Resource estimates as outlined in Table 3.1. Based on the information provided, SRK has considered the entire reported Mineral Resource base, without consideration of the stated Ore Reserves and/or LOM schedule for valuation purposes (given SRK's recommendation that these be downgraded due to a lack of supporting information).

Error! Reference source not found. summarises the Mineral Resource and calculates the contained Al₂O₃.

Table 9.3: Summary of Mineral Resource estimate including contained in situ Al₂O₃

Project	Measured			Indicated			Inferred			Total		
	Bauxite (Mt)	Al ₂ O ₃ (%)	Al ₂ O ₃ (Mt)	Bauxite (Mt)	Al ₂ O ₃ (%)	Al ₂ O ₃ (Mt)	Bauxite (Mt)	Al ₂ O ₃ (%)	Al ₂ O ₃ (Mt)	Bauxite (Mt)	Al ₂ O ₃ (%)	Al ₂ O ₃ (Mt)
Minim Martap	381.9	47.3	180.6	436.7	44.6	194.8	41.9	43.4	18.2	860.2	45.8	394.0
Makan				44.6	45.8	20.4				44.6	45.8	20.4
Ngaoundal				115.8	41.7	48.3	6	41.6	2.5	121.8	41.7	50.8
Total	381.9	47.3	180.6	597.1	44.2	263.9	47.9	43.2	20.7	1026.6	45.3	465.0

Sources: Transcribed from Mining Plus (2021), SRK analysis (2023)

For the valuation of Canyon's Mineral Resources, SRK has considered the comparable transactions analysis and yardstick methods. The results of these methods are set out in the following sections.

9.2.2 Comparable market transactions

SRK has compiled bauxite resource transactions using its internal databases as well as the S&P Capital IQ Pro subscription database. The data considered for the valuation of the defined Mineral Resources are presented in Appendix A (Comparable market transactions) and the statistics are summarised in Table 9.4.

Notably, there is a paucity of recent market transactions involving bauxite exploration projects (both in Africa and internationally) undertaken on tenure that can be considered comparable to the project. SRK therefore extended its search to include market transactions over a longer time period (from 2015) and across all geographical locations.

SRK identified five transactions that it considers to be appropriate for use and has normalised the implied transaction multiples using the average annual price of bauxite imported into China from Guinea on a CIF basis for minimum 45% Al₂O₃ for 2023 at US\$66/t to date of valuation (Section 8.2).

In determining an implied multiple for each transaction, the resource forming the denominator represents the contained aluminium rather than the total resource tonnes. This is to allow a more reasonable comparison that accommodates variations in the alumina grades between the various deposits.

In analysing the data, Table 9.4 shows that the implied transaction resource multiples range from US\$0.095/t Al₂O₃ to US\$1.636/t Al₂O₃ with a median of US\$0.340/t Al₂O₃ and average of US\$0.514/t Al₂O₃.

Four of the comparable transactions involved mineral assets in Australia and one was based on a project located in Guinea. The Guinean transaction accounts for the low end of the implied value dataset range.

Table 9.4: Resource-based transactions multiple analysis

	Resource multiple, raw (US\$/t)	Resource multiple, normalised (US\$/t)	Resource multiple, raw (US\$/t Al ₂ O ₃)	Resource multiple, normalised (US\$/t Al ₂ O ₃)
Minimum	0.027	0.039	0.064	0.095
Median	0.089	0.107	0.283	0.340
Average	0.233	0.246	0.482	0.514
Maximum	0.799	0.812	1.612	1.636
Standard Deviation	0.290	0.288	0.576	0.572
1 st Quartile	0.044	0.065	0.084	0.123
3 rd Quartile	0.204	0.207	0.368	0.374

Source: SRK analysis (2023)

Note: Normalised values are based on the Guinea minimum 45% Al₂O₃ CIF China bauxite price for 2023.

The Guinean transaction occurred in October 2020. Under the terms of this transaction, Lindian Resources Ltd paid US\$150,000 in cash and issued 12,269,939 shares of its common stock to acquire a 61% interest in Woula project from Asena Holdings Pte Ltd. The Woula project is located in Boké region, Guinea. In addition to this, Lindian Resources Ltd can increase its interest to 75%, if it elects to sole fund the completion of a JORC Code defined scoping study for the project and that scoping study is completed within 18 months of acquiring its initial 61% interest in project. At the time of the transaction, the project had a defined Inferred Mineral Resource of 19 Mt at 41.7% Al₂O₃ and 3.2% SiO₂ using a cut-off grade of >40% Al₂O₃. At a total consideration of US\$312,000 (shares and cash), the implied multiple is US\$0.095/t Al₂O₃ on a normalised basis (or US\$0.064/t Al₂O₃ on a raw basis).

The four transactions in Australia and are considered less comparable, given their shorter freight distances to the China market, infrastructure and differing bauxite characteristics. The projects in Australia transacted at implied multiples between US\$0.123/t Al₂O₃ and US\$1.636/t Al₂O₃ on a normalised basis (or between US\$0.084/t Al₂O₃ and US\$1.612/t Al₂O₃ on a raw basis).

SRK notes that the selection of implied multiples is a subjective assessment. Based on its assessment of the available technical data, SRK has adopted a resource multiples range between US\$0.080/t Al₂O₃ and US\$0.180/t Al₂O₃ for its valuation of the Mineral Resources at Canyon's projects (Table 9.5). This range is based on the multiple implied by the Woula transaction forming the low end of the range, while the 1st quartile of the collective transaction dataset forms the upper end of the range. Further to this, the selected ranges differentiate Minim Martap with Measured, Indicated and Inferred Mineral Resources, Makan with Indicated Mineral Resources and Ngaoundal with Indicated and Inferred Mineral Resources.

Based on comparable transactions analysis, SRK considers the implied value of the Mineral Resources lies in the range between US\$53.4 million and US\$80.1 million (Table 9.5).

Table 9.5: Comparable transactions valuation of Mineral Resources

Project	Total Al ₂ O ₃ in Mineral Resource (Mt)	Value multiple (US\$/t Al ₂ O ₃)			Implied Value (US\$ M)		
		Low	High	Mid-point	Low	High	Mid-point
Minim Martap	394.0	0.120	0.180	0.150	47.3	70.9	59.1
Makan	20.4	0.100	0.150	0.125	2.0	3.1	2.6
Ngaoundal	50.8	0.080	0.120	0.100	4.1	6.1	5.1
Total	465.2	0.115	0.172	0.143	53.4	80.1	66.7

Source: SRK analysis (2023)

Note: Any discrepancies between values are due to rounding.

9.2.3 Industry yardstick cross check

As a cross-check to the values implied by market multiples, SRK has also considered standard industry yardstick ranges.

Under the Yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used Yardstick factors for bulk commodities such as bauxite range between 0.01% and 0.50% of the prevailing spot price as set out below:

- Measured Mineral Resources: 0.20% to 0.50% of the spot price
- Indicated Mineral Resources: 0.10% to 0.20% of the spot price
- Inferred Mineral Resources: 0.05% to 0.10% of the spot price
- Exploration Target 0.01% to 0.05% of the spot price.

To determine the relevant Yardstick factors for use, SRK adopted the average annual price of bauxite imports into China on a CIF basis for minimum 45% Al₂O₃ (Section 8.1) for 2023 at US\$66/t, which translates to US\$146.67/t Al₂O₃ equivalent at the date of valuation. Based on US\$146.67/t Al₂O₃ equivalent, the implied value range multiplies using the yardstick factors are summarised in Table 9.6.

Table 9.6: Yardstick factors value range

Mineral Resource/ Exploration Target	Percentage of spot price	Value Range	
		Low (US\$/t Al ₂ O ₃)	High (US\$/t Al ₂ O ₃)
Measured	0.20% to 0.50%	0.29	0.73
Indicated	0.10% to 0.20%	0.15	0.29
Inferred	0.05% to 0.10%	0.07	0.15
Exploration Target	0.01% to 0.05%	0.01	0.07

Source: SRK analysis (2023)

Based on this yardstick analysis, applying the Mineral Resource (Table 9.3) to the Yardstick factors (Table 9.6), SRK considers the value of the Mineral Resources held by Canyon lies in the range between US\$93.1 million and US\$212.8 million (Table 9.7).

Table 9.7: Yardstick valuation of Residual Resources

Project	Total Al ₂ O ₃ (Mt)	Implied Value (US\$ M)		
		Low	High	Mid-point
Minim Martap	393.97	82.9	192.3	137.6
Makan	20.43	3.0	6.0	4.5
Ngaoundal	50.79	7.3	14.5	10.9
Total	465.19	93.1	212.8	153.0

Source: SRK analysis (2023)

SRK considers the values implied by the yardstick approach are generic and do not adequately account for the technical attributes outlined previously.

9.3 Valuation of Exploration Potential

9.3.1 Introduction

In addition to its assessment of the Mineral Resources, SRK has also considered the value associated with the mineral tenure surrounding the currently defined Mineral Resource and Ore Reserve areas held by Canyon.

In doing so, SRK has considered the values implied by comparable transactions analysis for early to advanced stage exploration projects and geoscientific rating methods. Details of these valuation methods and the associated outcomes are presented below.

9.3.2 Comparable transactions

Due to the paucity of bauxite market transaction data, SRK has also reviewed transactions involving early to advanced stage bauxite exploration projects in the world (i.e. those without defined Mineral Resources) occurring between 2015 and 2023. SRK has identified and compiled data for five transactions (Table 9.8) for which sufficient information was available to calculate an

area-based multiple (i.e. US\$/km² or US\$/ha). SRK's analysis of the implied multiples was based on the reported areal extent of mineral tenure.

For the purpose of this section, SRK has expressed the area-based transaction multiple in US\$/km² terms. This value has been calculated using the transaction value (at the implied 100% acquisition cost) and the total area of the project tenure acquired at the time of the transaction. SRK elected to use the average US\$ annual price of bauxite imported into China from Guinea on a CIF basis for minimum 45% Al₂O₃ for 2023 at US\$66/t as at the date of valuation (Section 8.2), to normalise the implied multiples and inform its market analysis.

The implied multiples range from US\$271/km² to US\$16,211/km², with a median of US\$4,547/km² and average of US\$6,002/km². Two of the five transactions involve projects in Australia, while the remaining three involve projects in Africa. The two Australian transactions represent the minimum and the maximum of the dataset and no geographical trend can therefore be derived. Details of the transactions are listed in Appendix A and statistics are summarised in Table 9.8.

Table 9.8: Area-based transaction multiple analysis

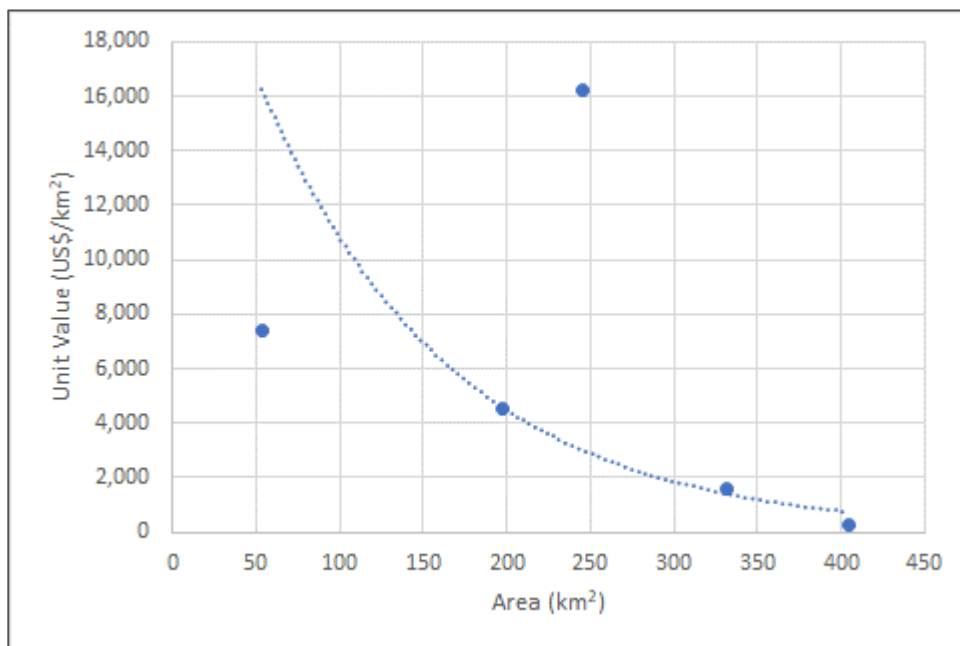
	Area multiple, raw (US\$/km ²)	Area multiple, normalised (US\$/km ²)
Minimum	217	271
Median	3,493	4,547
Average	4,796	6,002
Maximum	13,509	16,211
Standard Deviation	4,734	5,671
1 st Quartile	1,207	1,571
3 rd Quartile	5,557	7,409

Source: SRK analysis (2023)

Note: Normalised values are based on the Guinea minimum 45% Al₂O₃ CIF China bauxite price for 2023.

SRK notes a broad relationship between the size of the tenure acquired and the implied value (in US\$/km² terms). As exploration progresses on a tenure, explorers will, in accordance with regulatory requirements, intermittently relinquish those areas of perceived lower potential and retain only those areas considered to be the most prospective. At the same time, exploration information is added, with expenditure on exploration activity resulting in an increase in value to the tenure. This results in an inverse relationship between increasing value and reducing size of the tenure.

Figure 9.1: Transaction multiplies versus area of tenement



Source: SRK analysis (2023)

Based on its review of the available technical information, SRK has selected ranges for exploration potential based on the size of the tenure and selected its preferred value based on the perceived prospectivity of each tenement. Where relevant, SRK has estimated the area pertaining to the currently stated Mineral Resource and removed this from the tenure area to avoid double counting for valuation purposes (Table 9.9).

Table 9.9: Estimated area breakdown

Project	Total area (km ²)	Resource area (km ²)	Exploration Potential area (km ²)
Minim Martap	499	399	100
Makan	302	38	264
Ngaoundal	180	60	120

Source: SRK analysis (2023)

Notes: The area covered by the Mineral Resource is estimated and subtracted from the total area to derive the estimated exploration potential area.

SRK’s implied values for a 100% interest in the exploration potential of Canyon’s mineral tenures using the comparable transactions method are presented in Table 9.10.

Table 9.10: Comparable transactions valuation of Exploration Potential

Project	Exploration Potential area (km ²)	Value multiple (US\$/km ²)			Implied Value (US\$ M)		
		Low	High	Mid-point	Low	High	Mid-point
Minim Martap	100	8,000	12,000	10,000	798,200	1,197,300	997,800
Makan	264	2,000	3,000	2,500	528,500	792,800	660,600
Ngaoundal	120	6,400	9,600	8,000	768,000	1,152,000	960,000
Total					2,094,700	3,142,100	2,618,400

Source: SRK analysis (2023)

Using the comparative transactions – area-based method, SRK considers the Market Value of the exploration potential (excluding the areas containing the defined Mineral Resources) associated with Canyon’s mineral tenures resides between US\$2.1 million and US\$3.1 million.

9.3.3 Geoscientific rating

As a cross-check to the values implied by market multiples, SRK has also considered the geoscientific rating method, a cost-based method. The geoscientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value and is considered to be a cost-based method of valuation. The intrinsic value is referred to as the base acquisition cost (BAC), which represents the average cost to identify, apply for and retain a base unit of area of title for a period of one year.

Multipliers are considered for off-property aspects, on-property aspects, anomaly aspects, and geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market factor is then considered to derive a Market Value.

As outlined in Table 9.11, a BAC has been assumed in this valuation, which incorporates annual rental, administration and application fees in addition to nominal indicative minimum expenditure on acquisition and costs of identification.

Table 9.11: Underlying assumption to the base acquisition cost

BAC for Exploration Licence in Cameroon		
Metric	Unit	Value
Average licence size ¹	km ²	450
Average licence age ²	Years	5
Application fee ³	FCFA per licence	2,500,000
Administration cost ⁴	FCFA per licence	2,000,000
Annual royalty/rent ⁵	FCFA per licence	4,230,000
Minimal annual expenditure ⁶	FCFA per licence	731,628,443
BAC of average licence	FCFA per km ²	1,645,241
BAC of average licence	FCFA per ha	16,452
BAC of average licence	US\$ per km ²	2,742
BAC of average licence	US\$ per ha	27

Notes:

- ¹ The licence size is not to exceed 500 km².
- ² Initial term is 3 years and can be renewed for a further 2 years.
- ³ Application fee includes one renewal for a further 2 years.
- ⁴ Estimate.
- ⁵ This is an average rate per year.
- ⁶ Estimated average expenditure per year.

In addition, SRK considers that any tenures in application would attract a 20% discount to reflect the uncertainty in likely timing of the grant, as well as approval conditions associated with the grant.

The geoscientific rating criteria are presented in Table 9.12.

Table 9.12: Modified property rating criteria

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor	Infrastructure factor
0.1			No mineralisation identified – area sterilised	Unfavourable geological setting	
0.5	Unfavourable district/basin	Unfavourable area	Extensive previous exploration provided poor results	Poor geological setting	Unable to access market
0.9			Poor results to date	Generally favourable geological setting, under cover or complexly deformed or metamorphosed	Located at distance to market but supporting infrastructure in development
1.0	No known mineralisation in district	No known mineralisation on lease	No targets outlined		Located at distance to market but supporting infrastructure in place
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified; initial indications positive	Generally favourable geological setting	In proximity to market with appropriate infrastructure in place to access
2.0		Several old workings or exploration targets identified		Multiple exploration models being applied simultaneously	
2.5	Several old workings in district		Significant grade intercepts evident but not linked on cross sections or long sections	Well-defined exploration model applied to new areas	
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production		Significant mineralised zones exposed in prospective host rock	
3.5					
4.0	Along strike from a major deposit		Several economic grade intercepts on adjacent sections	Well-understood exploration model, with valid targets in structurally complex area, or under cover	
5.0	Along strike for a world class deposit	Major mine with significant historical production		Well-understood exploration model, with valid targets in well understood stratigraphy	
6.0				Advanced exploration model constrained by known and well-understood mineralisation	
10.0		World-class mine			

Source: Modified after Xstract, 2009 and Agricola Mining Consultants, 2011

Using the geoscientific rating method (calculations presented in Appendix B), SRK considers a 100% interest in the exploration potential of the Mineral Assets (excluding the areas covered by the defined Mineral Resources) resides between US\$4.1 M and US\$17.4 M.

Table 9.13: Summary of Exploration Potential value using the geoscientific rating (modified Kilburn) method – net attributable basis

Project	Exploration Potential area (km ²)	Market Value (US\$ M)		
		Lower	Upper	Mid-point
Minim Martap ¹	100	875,000	3,588,000	2,232,000
Makan	264	2,896,000	11,879,000	7,388,000
Ngaoundal	120	329,000	1,942,000	1,135,000
Total		4,100,000	17,409,000	10,755,000

Source: SRK analysis (2023)

Note: ¹ In the case of Minim Martap, a 20% discount has been applied to account for the tenement in application.

Note: Total is rounded.

9.4 Valuation summary

In forming its opinion regarding the Market Value of a 100% interest in the Project's defined Mineral Resources, SRK has considered both comparable transactions and yardstick valuation methods. The values implied by the comparable transactions analysis are preferred by SRK as the yardstick method is generic and does not take differences in the inherent characteristics between projects that may include geology, mineralisation, infrastructure, geopolitical, corporate structure and other, into account. SRK notes that the value derived from the yardstick method is more than 50% higher than that of the comparable market transactions method. Based on its review of the available technical information, SRK considers the comparable transactions method provides the most reliable indication of the likely value that would be paid in the prevailing market (Table 9.14).

SRK therefore estimates the Market Value of a 100% interest in the Mineral Resources at Minim Martap, Makan and Ngaoundal resides between US\$53 million and to US\$80 million.

In estimating the value of the Exploration Potential associated with Canyon's mineral tenures outside the defined Mineral Resource areas, SRK has considered the values implied by comparable transactions analysis and geoscientific rating methods. SRK notes that the values derived from the geoscientific rating method are significantly higher than for comparable market transactions analysis. It is considered that both techniques have their merits and shortcomings, with the implied values of both techniques being valid. SRK therefore considers these values represent the upper and lower ranges of the likely Market Value and has applied an equal weighting to the determine the likely range for the value of the Exploration Potential. Based on the results of its analysis, SRK estimates the value of a 100% interest in the Exploration Potential at Minim Martap, Makan and Ngaoundal resides between US\$3.1 million and US\$10.3 million.

Based on its analysis, SRK considers the current Market Value of Canyon's Mineral Assets on a 100% basis resides between US\$56.5 million and US\$90.3 million (Table 9.14). In selecting a preferred value, SRK has considered the country risk profile, required infrastructure development, status of regulatory tenure approval for Minim Martap tenement, environmental and rehabilitation

planning status and junior exploration status regarding raising capital before adopting a value at the low end of this range, at US\$56.5 million.

Table 9.14: Summary of the Market Value of the Mineral Assets

Method	Low (US\$ M)	High (US\$ M)	Preferred (US\$ M)
Comparable transactions	53.4	80.1	
Yardstick	93.1	212.8	
Total Resource Value - Selected	53.4	80.1	53.4
Comparable transactions	2.1	3.1	
Geoscientific rating	4.1	17.4	
Total Exploration Potential Value - Selected	3.1	10.3	3.1
Total	56.5	90.3	56.5

Note: Any discrepancies between values are due to rounding.

9.5 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with advanced stage exploration to pre-development assets.

The range in value is driven by the confidence limits placed around the size and grade of mineralised occurrences assumed to occur within each prospect area. Typically, this means that, as exploration progresses, and a prospect moves from an early to advanced stage prospect, through Inferred, Indicated or Measured Mineral Resource categories to Ore Reserve status, there is greater confidence around the likely size and quality of the contained mineral and its potential to be extracted profitably.

Table 9.15 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

Table 9.15: General guide regarding confidence for target and Mineral Resource/Ore Reserve estimates

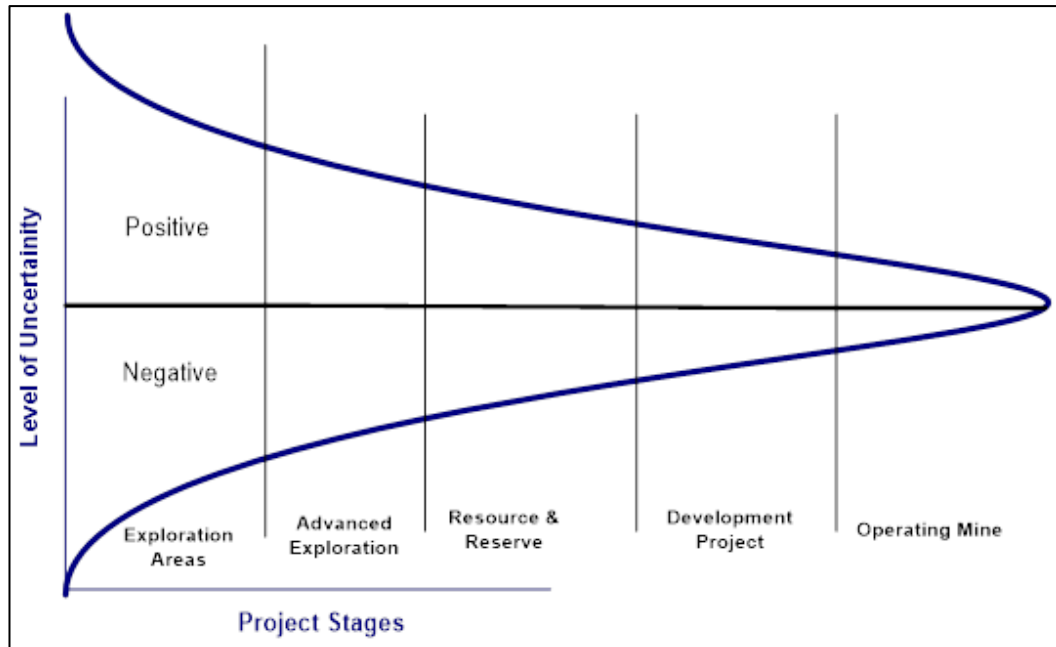
Classification	Estimate range (90% confidence limit)
Proven/Probable Ore Reserves	±5% to 10%
Measured Mineral Resources	±10% to 20%
Indicated Mineral Resources	±30% to 50%
Inferred Mineral Resources	±50% to 100%
Exploration Target	+100%

This level of uncertainty with advancing project stages is shown in Figure 9.1.

Estimated confidence of ±60% to 100% or more is not uncommon for exploration areas and is within acceptable bounds, given the level of uncertainty associated with early-stage exploration assets. By applying narrower confidence ranges, a greater degree of certainty regarding these

assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

Figure 9.2: Uncertainty by advancing exploration stage



Valuation risks

SRK is conscious of the risks associated with valuing advanced stage exploration assets that can impact the valuation range. In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time.

The key risks include but are not limited to the following:

- Geographical risk – The bauxite mineralisation is defined in terms of the JORC Code (2012). SRK considers the geological risk is low to moderate.
- Market risk – The bauxite price is subject to economic market factors, which can result in large swings in price followed by price corrections, presenting a low to moderate risk.
- Logistic risk – Feasibility and engineering studies for the rail and port have not yet been completed for the project and leaves significant risk in terms of the bauxite product reaching the market, presenting a moderate to high risk.
- Environmental risk – SRK considers the environmental risk at the subject exploration tenements to be moderate to high, given appropriate approvals and permits are not entirely in place.
- Land access – SRK considers the land access risk to be high due to potential of local socio-economic issues despite the tenure status at the Valuation Date.
- Geopolitical risk – S&P Capital IQ Pro assigns a High risk rating to Cameroon.

Closure

This Report, Independent Specialist Report, was prepared by



Shaun Barry
Principal Consultant

and reviewed by



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Jeames McKibben
Principal Consultant

All data used as source material plus the text, tables, figures, and attachments of this document have been reviewed and prepared in accordance with generally accepted professional engineering and environmental practices.

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Appendix A Comparable market transactions

Resource-based comparable bauxite market transactions

Date	Project	Buyer	Seller	Deal Value (US\$ M)	Equity acquired (%)	Resources Unit Value (US\$/t)	Normalised Resources Unit Value (US\$/t)	Alumina Unit Value (US\$/t)	Normalised Alumina Unit Value (US\$/t)	Total Resource (t)	Total Al ₂ O ₃ (%)	State	Country
18/06/2015	Hey point	Green Cape Resources	Metro Mining	0.77	100.0	0.204	0.207	0.368	0.374	3,800,000	55.3	Queensland	Australia
01/12/2015	Skardon River	Metro Mining	Gulf Alumina	30.81	60.7	0.799	0.812	1.612	1.636	63,500,000	49.6	Queensland	Australia
01/03/2016	EL37301	Queensland Bauxite Limited	Undisclosed seller	1.026	31.0	0.089	0.107	0.283	0.340	37,000,000	31.6	New South Wales	Australia
22/10/2020	Woula project	Lindian Resources Limited	Investor group	0.31	61.0	0.027	0.039	0.064	0.095	19,000,000	41.7	Boké	Guinea
03/11/2020	Urquhart project	Clear Logistics Australia Pty Ltd	Metallica Minerals Ltd	0.21	50.0	0.044	0.065	0.084	0.123	9,500,000	52.8	Queensland	Australia

Sources: S&P IQ Pro, SRK analysis (2023)

Notes: Normalised values are based on the Guinea minimum 45% Al₂O₃ CIF China bauxite price for 2023.

Area-based comparable bauxite market transactions for early to advanced stage projects without Mineral Resource

Date	Project	Buyer	Seller	Deal Value (US\$ M)	Equity acquired (%)	Area (km ²)	Unit Value (US\$/km ²)	Normalised Alumina Unit Value (US\$/km ²)	State	Country
01/03/2016	EL37301	Queensland Bauxite Limited	Undisclosed seller	1.026	31.0	245	13,509	16,211	New South Wales	Australia
03/08/2017	Lushoto and Pare	Lindian Resources Limited	Batan Australia Pty Limited	0.22	75.0	53.6	5,557	7,409	Kilimanjaro, Tanga	Tanzania
15/01/2018	Darling Range	Pacific Bauxite Ltd	Nearology Pty Ltd	0.09	100.0	405	217	271	Western Australia	Australia
06/02/2019	Birsok	Canyon Resources Limited	Altus Strategies plc	0.69	100.0	198	3,493	4,547	Adamawa	Cameroon
10/04/2019	Gauoal	Lindian Resources Limited	Investor group	0.30	75.0	332	1,207	1,571	North Western Guinea	Guinea

Sources: S&P IQ Pro, SRK analysis (2023)

Notes: Normalised values are based on the Guinea minimum 45% Al₂O₃ CIF China bauxite price for 2023.

Appendix B Geoscientific rating

Geoscientific rating valuation

Tenement	Area Valued (km ²)	BAC (US\$/km ²)	Equity	Off property		On property		Geology		Anomaly		Infrastructure		Market Factor	Application Factor	Market Value (A\$)		
				Low	High	Low	High	Low	High	Low	High	Low	High			Lower	Upper	Mid-Point
Minim Martap	100	2,740	100%	1.0	1.5	2.0	2.5	2.0	2.5	2.0	2.5	0.5	0.7	1.0	0.8	875,000	3,588,000	2,232,000
Makan	264	2,740	100%	1.0	1.5	2.0	2.5	2.0	2.5	2.0	2.5	0.5	0.7	1.0	1	2,896,000	11,879,000	7,388,000
Ngaoundal	120	2,740	100%	1.0	1.5	2.0	2.5	1.0	1.5	1.0	1.5	0.5	0.7	1.0	1	329,000	1,942,000	1,135,000
Total	484															4,100,000	17,409,000	10,755,000

Source: SRK analysis, 2023



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YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:00pm (AWST) on Monday, 27 November 2023.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

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Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

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PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



IND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Canyon Resources Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Canyon Resources Limited to be held at President's Room, The Celtic Club, 48 Ord Street, West Perth, WA, 6005 on Wednesday, 29 November 2023 at 2:00pm (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Peter Su as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of the proposed issue of New Options to EEA	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of the issue of Shares and the acquisition of a relevant interest in Shares by EEA under the Proposed Transaction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Appointment of Mr Gaurav Gupta as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address
By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

