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**CANYON RESOURCES LIMITED****ACN 140 087 261****NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00 am  
**DATE:** 23 November 2018  
**PLACE:** Level 9, 863 Hay Street  
Perth, Western Australia

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (Sydney time) on 21 November 2018.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS – PERIOD JULY 2017 – JUNE 2018

To receive and consider the annual financial statements, the Directors' Report and the Audit Report of the Company for the year ended 30 June 2018.

**Note: there is no requirement for Shareholders to approve these reports.**

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#### 3. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the annual remuneration report as set out in the directors' report for the financial year ended 2018.”*

Please note that in accordance with section 250R(3) of the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any member of the Key Management Personnel of the Company whose remuneration is included in the remuneration report, or a closely related party of such member. However, the Company will not disregard any votes cast on this Resolution by such person if:

- (a) the person is acting as proxy and the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

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#### 4. RESOLUTION 2 – RE-ELECTION OF EMMANUEL CORREIA AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That Emmanuel Correia, being a Director of the Company, who retires by rotation in accordance with Listing Rule 14.4 and clause 16 of the Company's Constitution, and being eligible, offers himself for re-election, be re-elected as a Director of the Company.”*

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## 5. RESOLUTION 3 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*“That, for the purpose of Listing Rule 7.1A and for 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 the formula prescribed in Listing Rule 7.1A.2, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of Annual General Meeting.”*

**Voting exclusion:** The Company will disregard any votes cast in favour of this Resolution by any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under the Additional 10% Placement Facility (except a benefit solely by reason of being a holder of ordinary securities), and any Associate of those persons. However, the Company will not disregard a vote cast on this Resolution by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Important note:** The persons to whom any Equity Securities under the Additional 10% Placement Facility may be issued to are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

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## 6. RESOLUTION 4 – ISSUE OF SHARES – CAMEROON LOCAL PARTNER – SERGE ASSO'O

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 30,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or 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 entity) or any Associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 5 – ISSUE OF SHARES – ALTUS STRATEGIES PLC

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or 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 entity) or any Associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **8. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES - PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 32,258,064 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or any Associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **9. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF ADVISOR OPTIONS**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 5,000,000 Advisor Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or any Associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **10. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO DAVID NETHERWAY, CHAIRMAN**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights to David Netherway (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any Associates of those

Directors. The Company will also exclude any person whose, in the opinion of the ASX under rule 10.14.3, relationship with the entity, a Director or Associate of a Director of the entity is such that approval should be obtained. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Where the Chair is a related party the subject of this Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of this Resolution.

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## 11. RESOLUTION 9 – ISSUE OF PERFORMANCE RIGHTS TO PHILLIP GALLAGHER, MANAGING DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 8,000,000 Performance Rights to Phillip Gallagher (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any Associate of those Directors. The Company will also exclude any person whose, in the opinion of the ASX under rule 10.14.3, relationship with the entity or a Director or Associate of a Director of the entity is such that approval should be obtained. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (c) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Where the Chair is a related party the subject of this Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of this Resolution.

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**12. RESOLUTION 10 – ISSUE OF PERFORMANCE RIGHTS TO EMMANUEL CORREIA, NON-EXECUTIVE DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of sections 195(4), 200B, 200E and 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 5,000,000 Performance Rights to Emmanuel Correia (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any Associate of those Directors. The Company will also exclude any person whose, in the opinion of the ASX under rule 10.14.3, relationship with the entity or a Director or Associate of a Director of the entity is such that approval should be obtained. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (d) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Where the Chair is a related party the subject of this Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of this Resolution.

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**13. RESOLUTION 11 – ISSUE OF DIRECTOR OPTIONS TO DAVID NETHERWAY, CHAIRMAN**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Director Options to David Netherway (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any Director who is eligible to receive securities in relation to the entity, and

any Associate of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Where the Chair is a related party the subject of this Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of this Resolution.

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#### 14. **RESOLUTION 12 – ISSUE OF DIRECTOR OPTIONS TO PHILLIP GALLAGHER, MANAGING DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Director Options to Phillip Gallagher (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any Director who is eligible to receive securities in relation to the entity, and any Associate of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Where the Chair is a related party the subject of this Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of this Resolution.

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**15. RESOLUTION 13 – ISSUE OF DIRECTOR OPTIONS TO EMMANUEL CORREIA, NON-EXECUTIVE DIRECTOR**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,500,000 Director Options to Emmanuel Correia (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by any Director who is eligible to receive securities in relation to the entity, and any Associate of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Where the Chair is a related party the subject of this Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of this Resolution.

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**16. RESOLUTION 14 – REPLACEMENT OF CONSTITUTION**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing constitution and adopt a new Constitution in its place in the form as signed by the Chair of the Meeting for identification purposes.”*

**Dated: 22 October 2018**

**By order of the Board**



**John Lewis**  
**Company Secretary**



## **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

## **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6382 3342.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires the annual financial report, directors' report and the auditor's report (**Annual Financial Statements**) be received and considered at the Annual General Meeting. The Annual Financial Statements for the period ended June 2018 are included in the Company's Annual Report to shareholders (**Annual Report**), a copy of which can be accessed on-line at [www.canyonresources.com.au](http://www.canyonresources.com.au). Alternatively, a hard copy will be made available on request.

There is no requirement for Shareholders to approve these reports and no vote will be taken on the Annual Financial Statements. However, Shareholders attending the Annual General Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Annual Financial Statements and the management of the Company.

The Company's auditor, HLB Mann Judd, will be present at the Annual General Meeting and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the auditor's report, the Company's accounting policies, and the independence of the auditor.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 16 November 2018 to the Company Secretary on +61 6382 3342.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 Background

Pursuant to Section 250R(2) of the Corporations Act, the Company submits to Shareholders for consideration and adoption, by way of a non-binding resolution, its remuneration report for the year ended 2018 (the **Remuneration Report**). The Remuneration Report is a distinct section of the annual directors' report (the **Directors' Report**) which deals with the remuneration of Directors, executives and senior managers of the Company. More particularly, the Remuneration Report can be found within the Directors' Report in the Company's 2018 Annual Report. The Annual Report is available on the Company's website at [www.canyonresources.com.au](http://www.canyonresources.com.au).

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and

- (c) sets out the remuneration details for each Director and executive officer named in the Remuneration Report for the financial year ended 2018.

The remuneration levels for Directors, executives and senior managers are competitively set to attract and retain appropriate Directors and key management personnel.

The Chair of the Annual General Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

## 2.2 Regulatory Requirements

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors. However, the Corporations Act provides that if the Company's Remuneration Report resolution receives a "no" vote of 25% or more of votes cast at the Annual General Meeting, the Company's subsequent Remuneration Report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

In addition, sections 250U and 250V of the Corporations Act sets out a "two strikes" re-election process, pursuant to which:

- (a) if, at a subsequent annual general meeting (**Later Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted are against the adoption of that remuneration report;
- (b) at the immediately preceding annual general meeting (**Earlier Annual General Meeting**), at least 25% of the votes cast on a resolution that the remuneration report be adopted were against the adoption of that remuneration report; and
- (c) a resolution was not put to the vote at the Earlier Annual General Meeting under an earlier application of section 250V of the Corporations Act,

then the Company must put to vote at the Later Annual General Meeting a resolution, requiring Shareholders to vote on whether the Company must hold another general meeting (**Spill Meeting**) to consider the appointment of all of the Directors at the time the Directors Report was approved by the Board who must stand for re-appointment (other than the Managing Director) (**Spill Resolution**). The Spill Resolution may be passed as an ordinary resolution.

If the Spill Resolution is passed, the Spill Meeting must be held within 90 days after the Spill Resolution is passed. All of the Company's Directors who were Directors at the time when the resolution to make the Directors' Report was passed (excluding the Managing Director of the Company who may, in accordance with the Listing Rules, continue to hold office indefinitely without being re-elected to the office) cease to hold office immediately before the end the Spill Meeting and may stand for re-election at the Spill Meeting.

At the Company's 2017 Annual General Meeting, less than 25% of the eligible votes cast in respect of the 2017 remuneration report were cast against the adoption of the 2017 remuneration report. Accordingly, a Spill Resolution will not be put to the Meeting even if 25% or more of the votes cast in respect of the 2018 Remuneration Report are against the adoption of the 2018 Remuneration Report.

### **2.3 Board Recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## **3. RESOLUTION 2 – RE-ELECTION OF EMMANUEL CORREIA AS A DIRECTOR**

### **3.1 Background**

In accordance with Listing Rule 14.5 and clause 16 of the Company's Constitution, at every annual general meeting an election of Directors must take place. Listing Rule 14.4 prevents a Director from holding office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

For this reason, Emmanuel Correia retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Emmanuel Correia has 25 years of public company and corporate finance experience in Australia, North America and the United Kingdom. His areas of expertise include IPOs, secondary capital raisings, corporate strategy, structuring, mergers and acquisitions and corporate governance. He has also held various senior positions with Deloitte and other accounting firms and boutique corporate finance houses. He is a founding director of Peloton Capital and Peloton Advisory. Emmanuel Correia is an experienced public company Director/officer and, prior to establishing Peloton Capital in 2011, Emmanuel Correia was a Founder and major shareholder of Cadorna Capital which specialized in providing advisory services to the small/mid cap market in Australia.

Emmanuel Correia currently serves as a non-executive director of Canyon Resources Limited, Argent Resources Limited and Orminex Limited and is the Company Secretary of Bluglass Limited and joint Company Secretary of Argent Minerals Limited. Over the past three years, Emmanuel Correia was also a Director of Ambassador Oil and Gas Limited and Rutila Resources Limited, both of which were the subject of takeover offers at a substantial premium to the prevailing market capitalization of each company.

Further details about Emmanuel Correia are set out in the Company's 2018 Annual Report which is available at [www.canyonresources.com.au](http://www.canyonresources.com.au).

### **3.2 Board Recommendation**

The Directors (other than Emmanuel Correia) unanimously recommend that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 - APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY**

### **4.1 Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the time of this Notice of Annual General Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

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Resolution 3 seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 4.2(b) of this Notice of Annual General Meeting below).

The Company is seeking a mandate to issue securities under the Additional 10% Placement Facility to enable the Company to pursue its growth strategy with the flexibility to act quickly as potential business opportunities arise.

## 4.2 Regulatory Requirements

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

### (a) Minimum Issue Price

Equity securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of this Notice of Annual General Meeting, the Company has on issue one class of quoted Equity Securities.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume weighted average price for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the Equity Securities are issued; or
- (ii) the date on which the price of Equity Securities is agreed, provided that the issue is thereafter completed within 5 business days.

### (b) Dilution

As at the date of this Notice of Annual General Meeting, the Company has 372,276,469 Shares on issue. Accordingly, if Shareholders approve Resolution 3, the Company will have the capacity to issue approximately 37,227,646 Equity Securities under the Additional 10% Placement Facility in accordance with Listing Rule 7.1A.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

#### **(A x D) – E**

**A =** the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid shares issued in the 12

months with approval of holders of shares under Listing Rule 7.1 and 7.4; and

- (d) less the number of fully paid shares cancelled in the 12 months.

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

**D =** 10%

**E =** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is 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 of the Annual General Meeting; 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.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice of Annual General Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.105 50% decrease in Issue Price	\$0.21 Issue Price	\$0.315 100% increase in Issue Price
Current Variable A 372,276,469 Shares	Shares issued (10% Voting Dilution)	37,227,646 New Shares	37,227,646 New Shares	37,227,646 New Shares
	Funds raised	\$3,908,902.83	\$7,817,805.66	\$11,726,708.49
50% increase in current Variable A 558,414,704 Shares	Shares issued (10% Voting Dilution)	55,841,470 New Shares	55,841,470 New Shares	55,841,470 New Shares
	Funds raised	\$5,863,354.35	\$11,726,708.70	\$17,590,063.05
100% increase in current Variable A 744,552,938 Shares	Shares issued (10% Voting Dilution)	74,455,293 New Shares	74,455,293 New Shares	74,455,293 New Shares
	Funds raised	\$7,817,805.77	\$15,635,611.53	\$23,453,417.30

**The table has been prepared on the following assumptions:**

- Variable A is 372,276,469 being the number of ordinary securities on issue at the date of this Notice of Meeting.
- The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
- The Company has not issued any other Equity Securities using its placement capacity under Listing Rule 7.1 or 7.1A in the 12 months preceding this Notice of Meeting.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- 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.
- The issue of Equity Securities under the Additional 10% Placement Facility consists only of Shares.
- The issue price is \$0.21, being the closing price of the Shares on ASX on 19 October 2018, being the last trading day before the date of this Notice of Annual General Meeting.

**(c) Issue Period**

If Shareholders approve Resolution 3, the Company will have a mandate to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- the date that is 12 months after the date of the Annual General Meeting; and
- the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The Company will only issue and allot Equity Securities during the Additional 10% Placement Period.

(d) **Purpose of Issues**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards project development and general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

(e) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the persons to which the Company will issue the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The persons to whom the Company will issue Equity Securities under the Additional 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and / or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the persons to whom the Company will Equity Securities under the 10% Placement Facility will be the vendors of the new resources assets or investments.

(f) **Previous issues of Equity Securities under Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2017 Annual General Meeting held on 23 November 2017.

In the 12 months preceding the date of the Annual General Meeting, the Company has issued 58,083,958 Equity Securities which represents 30%% of the total number of Equity Securities on issue at the commencement of that 12 month period.



Details of the Equity Securities issued in the 12 month period are outlined in Schedule 5 to this Notice of Meeting.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 3 is included in the Notice of Annual General Meeting preceding this Explanatory Statement.

At the date of the Notice of Annual General Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of any Equity Securities issued under the Additional 10% Placement Facility), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted, and there is no reason to exclude their votes.

No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Annual General Meeting.

#### **4.3 Board Recommendation**

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommend that Shareholders approve Resolution 3.

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## **5. BACKGROUND TO MINIM MARTAP BAUXITE PROJECT**

### **5.1 General**

As announced to the ASX on 9 August 2018, the Minister of Mines of Cameroon granted to Camalco Cameroun S.A., a wholly-owned affiliate of Canyon Resources Ltd the following three exploration licences for bauxite and related minerals that comprise the Minim Martap Bauxite Project in Cameroon (**Minim Martap Project**):

- the Minim Martap Exploration Licence;
- the Makan Exploration Licence; and
- the Ngouandal Exploration Licence,

(together, the **Licences**).

The Minim Martap Project is a large scale bauxite deposit located in the Adamawa region of Cameroon, alongside Canyon's existing Birsok Bauxite Project. The Minim Martap Project encompasses two deposits, namely the Ngouandal and Minim Martap deposits, which are located within 25 km of each other. The total area of the permits is 1349 km<sup>2</sup>.

The Licences are valid for a three (3) year period and contain a number of predefined work commitments that are consistent with the Company's development proposal.

Previous work completed by Canyon on the contiguous Birsok Project, sometimes sharing plateaux with the Minim Martap Project, has given the Company a strong understanding of the physical and geochemical

characteristics of the local bauxite. The bauxite is generally high alumina, low total and reactive silica, high gibbsite, low boehemite and low on other contaminants.

On 4 September 2018 Canyon announced the upgrade of the JORC (2004) compliant resource for its Minim Martap Project to a JORC (2012) compliant resource. The Mineral Resource upgrade from JORC 2004 to JORC 2012 was independently completed by SRK Consulting (Australasia) Pty Ltd. Consequently, the Minim Martap Project now has a JORC (2012) compliant resource of 550Mt at an average grade of 45.5% total Al<sub>2</sub>O<sub>3</sub> and total 2.06% SiO<sub>2</sub>, comprising:

- an Indicated Resource of 88Mt averaging 41.8% Al<sub>2</sub>O<sub>3</sub> and 1.3% SiO<sub>2</sub>; and
- an Inferred Resource of 466Mt averaging 46.2% Al<sub>2</sub>O<sub>3</sub> and 2.2% SiO<sub>2</sub>.

With only 40% of available bauxite plateaux previously tested, the Minim Martap Project offers the potential to significantly increase the total tonnage defined and to identify substantial very high grade, low impurity zones within the deposit. Canyon will commence activities to further define the deposit size and to identify very high-grade zones within the total deposit area.

## 5.2 Project Infrastructure

The Minim Martap Project is supported by its relative proximity to an operating rail line connecting the Project area to the existing port of Douala. In addition, Canyon has engaged with the Government of Cameroon regarding an extension of the existing rail line to the new Kribi Deep Sea Port, which lies approximately 130km from the existing rail line. The Government is at an advanced feasibility and planning stage for this extension and has already started land clearing of the road and rail corridor to connect the port to the existing road and rail infrastructure.

Whilst operating the Birsok Bauxite Project over the past four years, Canyon has been working with Camrail, SA, the rail operator and the Government of Cameroon regarding the under-utilised capacity of the existing rail line.

## 5.3 Brief History of the Minim Martap Project

The Minim Martap Project encompasses two deposits, namely the Minim Martap and Ngaoundal deposits in the Adamawa region of Cameroon. The Cameroon Government's Mines and Geology division (**MGD**) discovered the Minim Martap and Ngaoundal deposit in 1958. The deposit was studied initially by MGD and then by BRGM (The French Geological Survey) between 1958 and 1961. Exploration resumed between 1969 and 1972 by SEBACAM (Societe d'Etudes des Bauxite du Cameroun), a partnership between the Cameroon Government and French company, Groupe Pechiney (Pechiney Ugine Kuhlmann).

Cameroon Alumina Ltd Sarl (**CAL**), applied for and was granted two exploration permits over the Minim Martap and Ngaoundal deposits around 2006. Systematic exploration occurred in 2008 and 2009 with a drilling and assaying program at both Minim Martap and Ngaoundal. The drilling program was conducted by SRK Consulting on behalf of CAL and completed 852 holes for 11,358m of drilling across 14 plateaux on both the Minim Martap and Ngaoundal deposits.

The exploration work conducted by CAL was reported to be of an international standard and the Resource evaluation complied with the JORC Code (2004), pre-dating the JORC Code (2012) standard. In 2016 the permits comprising the Project were returned to the state of Cameroon.

## 5.4 Local Cameroon Partner

Over the last three years Canyon has been in discussions with the Government of Cameroon regarding the Minim Martap Project.

The Company engaged Mr Serge Asso'o under a consultancy arrangement to assist it in its negotiations with the Government and to navigate the many levels of Government involved in the process (**Consultancy Agreement**).

The Company agreed to pay Mr Asso'o a success fee comprised of Shares upon the successful granting of the Minim Martap Project to Canyon and the satisfaction of a number of project related milestones.

Under the terms of the Consultancy Agreement, Mr Asso'o is entitled to receive, subject to shareholder approval, Shares based on the satisfaction of hurdles as follows:

- (a) the issue of 30,000,000 Shares on the date the Company receives the final approval for the grant of the Minim Martap Project from the Government of Cameroon (**Licence Commencement Date**), subject to 50% of these Shares being subject to a 6 month voluntary escrow from the date of issue (**Tranche 1**);
- (b) the issue of 20,000,000 Shares on the date being 12 months after the Licence Commencement Date subject to the Company still being the registered holder or entitled to the benefit of the Minim Martap Project, and 50% of these Shares being subject to a 6 month voluntary escrow from the date of issue (**Tranche 2**);
- (c) the issue of 20,000,000 Shares upon the completion and execution of a final detailed Mining Convention with the Government of Cameroon for the mine and infrastructure related to the Minim Martap Project. A final Mining Convention includes all rail, port, other infrastructure and land access agreements for the Project, all taxation agreements and other duties relating to the Project, commitments regarding local employment, environmental and community agreements and all other agreements with the Government of Cameroon that relate to the long term operation of the Project (**Tranche 3**); and
- (d) the issue of 30,000,000 Shares upon the issuing of a Mining Permit, the securing and confirmation of full mine funding and the Final Investment Decision by the Board to commence mine construction. A mining permit can only be issued by the Government of Cameroon upon the execution of the Mining Convention, a detailed Bankable Feasibility Study (BFS) being accepted by the Government and the securing of full funding for the mine construction (**Tranche 4**).

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## **6. RESOLUTION 4 – APPROVAL FOR THE OF ISSUE OF SHARES – CAMEROON LOCAL PARTNER - SERGE ASSO'O**

As announced to the ASX on 9 August 2018, the Company has now received the final approval for the grant of the Minim Martap Project from the Government of Cameroon. Accordingly, Resolution 4 seeks Shareholder approval for the issue of Tranche 1 Shares to Mr Asso'o in accordance with the Consultancy Agreement. The Company will seek approval for Tranches 2, 3 and 4 (summarised in section 5.4 above) at the appropriate time.

### **6.1 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the maximum number of Shares to be issued is 30,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting;
- (c) the Shares are issued in consideration of the services to be provided under the Consultancy Agreement set out in section 5.4 above;

- (d) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Shares are to be issued to Mr Serge Asso'o. The subscriber is not and will not be a related party of the Company;
- (f) no funds were raised from this issue as the issue of Shares is in consideration for services provided and to be provided under the Consultancy Agreement; and
- (g) a Voting Exclusion Statement has been provided for this Resolution in the Agenda Section of this Notice of Meeting.

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## 7. BACKGROUND TO BIRSOK PROJECT

### 7.1 General

In 2013, the Company entered into a Farm-In and Incorporated Joint Venture Agreement (**Birsok JV Agreement**) with wholly-owned subsidiaries of Altus Strategies plc (**Altus**) including Alures Mining Limited, Avance African Group Limited and several other parties, pursuant to which Canyon had the right to earn up to a 75% interest in the Birsok Project. In accordance with the Birsok JV Agreement, the Company issued 8,000,000 Shares (**Initial Consideration Shares**) to Altus on 24 December 2014, following approval at the Company's 2014 annual general meeting.

As announced on 12 October 2018, the parties have now agreed to terminate the Birsok JV Agreement and enter into a new transaction, pursuant to which the Company will acquire 100% of the Birsok Project (**Proposed Acquisition Agreement**). Further details of this proposed agreement are set out in section 7.2 below.

The Birsok Project is strategically located in an emerging bauxite region of Cameroon contiguous with the Minim Martap Project deposit and approximately 10km from an operating rail line.

Altus currently has a Voting Power of 2.19% of the Company as a result of the issue of the Initial Consideration Shares in 2014. Upon the issue of all Shares required to be issued under the Proposed Acquisition Agreement (details of which are set out below), Altus will increase its Voting Power to 9.26% (based on the number of Shares on issue as at the date of this Notice of Meeting and assuming no Options are exercised or other Shares are issued). Mr David Netherway who is a Director and Chairman of the Company is also a Director and Chairman of Altus and holds a 6.1% interest in Altus. However, Altus is not a related party for the purposes of the Corporations Act or the ASX Listing Rules.

### 7.2 Summary of the Proposed Acquisition Agreement

Under the Proposed Acquisition Agreement, the Company has agreed to acquire 100% of the Birsok Project in consideration for:

- (a) the issue of 15,000,000 Shares to be issued upon completion of the transfer (**Milestone A Shares**);
- (b) the issue of 10,000,000 Shares to be issued 12 months following the issue of the Milestone A Shares and subject to a 12 month voluntary escrow period (**Milestone B Shares**);
- (c) the issue of a further 5,000,000 Shares to be issued upon the earlier of 24 months following the issue of the Milestone A Shares or the execution of the final mining convention on the Minim Martap Project and subject to a 12 month voluntary escrow period (**Milestone C Shares**); and
- (d) a US\$1.50 per tonne royalty on ore mined from the Birsok Project.

The parties have also agreed that if a change of control event occurs in relation to the Company, the Company will issue all remaining Milestone A, B and/or C Shares and all voluntary escrow arrangements will be terminated.

The above obligations are in addition to the Initial Consideration Shares and are subject to Shareholder approval, formal documentation and any other regulatory approvals as required.

Resolution 5 of this Notice of Meeting relates to the issuance of the Milestone A Shares. The Company will seek additional Shareholder approval for the issue of the Milestone B Shares and Milestone C Shares at the appropriate time in the future.

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## **8. RESOLUTION 5 – APPROVAL FOR THE OF ISSUE OF SHARES – ACQUISITION OF THE BIRSOK PROJECT**

Resolution 5 seeks Shareholder approval for the issue of Shares to Altus, in accordance with the Proposed Acquisition Agreement.

### **8.1 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the maximum number of Shares to be issued is 15,000,000;
- (b) the Shares will be issued upon the completion of the transfer of the Birsok Project to the Company which is expected to occur no later than 3 months after the date of the meeting or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules;
- (c) the Shares will be issued in partial consideration for the acquisition of a 100% interest in the Birsok Project;
- (d) the Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Shares are to be issued to Altus Strategies plc who is not a related party of the Company;
- (f) no funds will be raised from this issue as the issue of Shares is in partial consideration for the Company acquiring a 100% interest in the Birsok Project; and
- (g) a Voting Exclusion Statement has been provided for this Resolution in the Agenda Section of this Notice of Meeting.

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## **9. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES - PLACEMENT**

### **9.1 General**

On 27 August 2018 and 5 September 2018, the Company issued a total of 32,258,064 Shares at \$0.155 per Share as a capital raise in the form of a placement to institutional and sophisticated investors to raise \$5,000,000 before costs (**2018 Placement**).

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Share Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities

made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **9.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 32,258,064 Shares were pursuant to ASX Listing Rule 7.1;
- (b) the issue price was \$0.155 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to institutional and sophisticated investor clients of BW Equities Pty Ltd. None of these subscribers are related parties of the Company;
- (e) funds raised from this issue are to be used to further evaluate exploration of the Minim Martap Project in Cameroon and provide general working capital; and
- (f) a Voting Exclusion Statement has been provided for this Resolution in the Agenda Section of this Notice of Meeting.

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## **10. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF ADVISOR OPTIONS**

### **10.1 General**

On 5 September 2018, the Company issued 5,000,000 Advisor Options pursuant to an agreement with BW Equities Pty Ltd in consideration for services provided to the Company in connection with the 2018 Placement.

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Advisor Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Options will not be quoted on the ASX but the Company will seek quotation of any Shares issued as a result of the exercise of the Advisor Options.

### **10.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Advisor Options ratification:

- (a) 5,000,000 Advisor Options were issued;
- (b) the Advisor Options were issued in consideration for professional services provided by BW Equities Pty Ltd in connection with the 2018 Placement;
- (c) the Advisor Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Advisor Options were issued to TR Nominees Pty Ltd, the nominee of BW Equities Pty Ltd who is not a related party of the Company;
- (e) no funds were raised from this issue as the Advisor Options were issued in consideration for services provided to the Company by BW Equities Pty Ltd; and

- (f) a Voting Exclusion Statement has been provided for this Resolution in the Agenda Section of this Notice of Meeting.

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## 11. RESOLUTIONS 8, 9 AND 10 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

### 11.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue Performance Rights to each of Messrs David Netherway, Phillip Gallagher and Emmanuel Correia (**Related Parties**) on the terms and conditions set out below.

Accordingly, Shareholders are being asked to approve Resolutions 8 to 10 to allow Performance Rights that may vest under the Company's Long Term Incentive Plan to be issued to the Directors, as set out below.

Resolution	Director	Number of Performance Rights
8	Mr David Netherway	5,000,000
9	Mr Phillip Gallagher	8,000,000
10	Mr Emmanuel Correia	5,000,000
<b>TOTAL</b>		<b>18,000,000</b>

### 11.2 Rationale

The primary purpose of the issue of the Performance Rights under Resolutions 8 to 10 is to:

- (a) recognise the outstanding achievements realised by the Related Parties to date, including the upgrade of the JORC Resource to JORC 2012 status just four weeks after the grant of the Minim Martap Project; and
- (b) provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors.

The Board has determined that the grant of Performance Rights to the Related Parties will align the interests of the Related Parties with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to the Related Parties. Each Related Party will have a greater involvement with, and share in, any future growth and profitability of the Company.

The grant of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties.

It is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed.

### 11.3 Section 195(4) Corporations Act

Each of the Directors has a material personal interest in the outcome of Resolutions 8 to 10 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 8 to 10 are concerned with the issue of Performance Rights to Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when

matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

#### 11.4 ASX Listing Rule 10.14

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Rights to the Directors:

- (a) The Performance Rights are proposed to be issued to Messrs Netherway, Gallagher and Correia, each of whom are Related Parties to the Company by virtue of being Directors.
- (b) The maximum number of Performance Rights to be issued under Resolutions 8 to 10 is set out in section 11.1 above.
- (c) The Performance Rights will be in consideration of the past and future performance of the Directors. No funds will be raised from the issue of the Performance Rights.
- (d) The following persons referred to in ASX Listing Rule 10.14 received securities under the Company's Long Term Incentive Plan since its last approval:

Name	Type of Security	Number of Securities	Acquisition price of Securities
David Netherway	Performance Shares	2,500,000	Nil subject to vesting milestones which have now been satisfied
Phillip Gallagher	Performance Shares	2,500,000	Nil subject to vesting milestones which have now been satisfied
Emmanuel Correia	Performance Shares	3,000,000	Nil subject to vesting milestones which have now been satisfied
Employees and consultants	Performance Shares	3,000,000	Nil subject to vesting milestones which have now been satisfied

- (e) All Directors are entitled to participate in the Plan.
- (f) A Voting Exclusion Statement has been provided for these Resolutions in their respective Agenda Sections in this Notice of Meeting.
- (g) The Performance Rights will be issued subject to the following vesting conditions and otherwise on the terms set in the Company's Long Term Incentive Plan, a summary of which is outlined in Schedule 2:
  - (i) one third vest on delineating a further JORC 2012 compliant inferred (or greater) mineral resource of at least 100 MT of bauxite at 47% Al<sub>2</sub>O<sub>3</sub> on Minim Martap Bauxite Project;



- (ii) one third vest on the raising of at least a further \$10,000,000 in support of the Minim Martap Bauxite Project; and
  - (iii) one third vest on participant remaining with the Company for a minimum of 12 months from the date of issue.
- (h) The Performance Rights will be issued to the Directors no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Performance Rights will be issued on one date.

## 11.5 Section 208 Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Performance Rights to the Directors.

In compliance with the information requirements of Section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolutions 8 to 10.

- (a) The Performance Rights are proposed to be issued to Messrs Netherway, Gallagher and Correia, each of whom are related parties to the Company by virtue of being Directors (**Related Parties**).
- (b) Resolutions 8 to 10 seeks approval from Shareholders to allow the Company to issue the Performance Rights to the Directors as set out in section 11.1 above for nil consideration. The terms of the Performance Rights are set out in section 11.4(g) and Schedule 2.
- (c) The value of the Performance Rights the subject of Resolutions 8 to 10 and the pricing methodology is set out in Schedule 3.
- (d) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	29 cents	3 September 2018
Lowest	8.5 cents	14 June 2018
Last	21 cents	19 October 2018

- (e) If the maximum number of Performance Rights are issued under Resolution 8 to 10, a total of 18,000,000 Performance Rights would be issued. Upon the vesting of these Performance Rights (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming that no Options are exercised and no other Shares are issued) the shareholding of existing Shareholders would be

diluted by an aggregate of 4.84%, comprising 1.34% by Mr Netherway, 2.15% by Mr Gallagher and 1.34% by Mr Correia.

- (f) The relevant interests of the Directors in securities of the Company as at the date of this Notice of Meeting are set out below:

<b>Related Parties</b>	<b>Shares</b>	<b>Performance Shares</b>	<b>Performance Rights</b>	<b>Options</b>
David Netherway	9,413,015	Nil	Nil	Nil
Phillip Gallagher	7,428,766	Nil	Nil	Nil
Emmanuel Correia	4,079,864	Nil	Nil	Nil

- (g) The remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Parties</b>	<b>2018 Financial Year<sup>1</sup></b>	<b>2017 Financial Year<sup>1</sup></b>
David Netherway	185,163	196,404
Phillip Gallagher	385,923	358,232
Emmanuel Correia	158,963	196,110

**Notes**

<sup>1</sup> Includes salary & fees, superannuation and equity based payments.

## **11.6 Section 200B and 200E Corporations Act**

The Corporations Act restricts the benefits that can be given to persons who hold a “managerial or executive office” (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term “benefit” has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan including the discretion to determine the accelerated vesting or automatic vesting of Performance Rights in certain circumstances.

Under the Plan, a participant may become entitled to accelerated vesting or automatic vesting of Performance Rights if there is a change of control of the Company or if the Board exercises its discretion upon cessation of employment.

Accordingly, Shareholder approval is sought for the Directors to be given any such benefit in connection with his retirement from office or employment with the Company if that occurs within 3 years of the date of this Meeting;

If Shareholder approval is given under Resolutions 8 to 10, the Company will still be required to comply with ASX Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

The value of the benefit will depend on the number of Performance Rights that may vest and the market value of the Shares at the time of cessation of employment.

## 11.7 Board recommendations

Mr Netherway declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Performance Rights should Resolution 8 be passed. However, in respect of Resolutions 9 and 10, Mr Netherway recommends that Shareholders vote in favour of those Resolutions for the reasons stated in section 11.2 above.

Mr Gallagher declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Rights should Resolution 9 be passed. However, in respect of Resolutions 8 and 10, Mr Gallagher recommends that Shareholders vote in favour of those Resolutions for the reasons stated in section 11.2 above.

Mr Correia declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Rights should Resolution 10 be passed. However, in respect of Resolutions 8 and 9, Mr Correia recommends that Shareholders vote in favour of those Resolutions for the reasons stated in section 11.2 above.

In forming their recommendations, each Director considered the experience of each other Related Parties, the existing and proposed contribution of each Related Parties to the Company and the current market practices when determining the number of Performance Rights to be granted.

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## 12. RESOLUTIONS 11, 12 AND 13 – ISSUE OF DIRECTOR OPTIONS TO RELATED PARTIES

### 12.1 General

The Company has agreed, subject to obtaining Shareholder approval to issue Director Options to each of Messrs David Netherway, Phillip Gallagher and Emmanuel Correia on the terms and conditions set out below.

Accordingly, Shareholders are being asked to approve Resolutions 11 to 13 to allow Director Options to be issued to the Directors, as set out below.

Resolution	Director	Number of Director Options	Exercise Price	Expiry Date
11	Mr David Netherway	1,500,000	\$0.29	3 years after the date of issue
12	Mr Phillip Gallagher	3,000,000	\$0.29	3 years after the date of issue
13	Mr Emmanuel Correia	1,500,000	\$0.29	3 years after the date of issue
<b>TOTAL</b>		<b>6,000,000</b>		

### 12.2 Rationale

The primary purpose of the issue of the Director Options under Resolutions 11 to 13 is to primarily recognise the effort and work undertaken by the Board in securing the Minim Martap Project and in conjunction with the proposed issue of Performance Rights pursuant to Resolutions 8 to 10, to also provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors.

The Board has determined that the grant of Director Options to the Related Parties will align the interests of the Related Parties with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to the Related Parties. Each Related Party will have a greater involvement with, and share in, any future growth and profitability of the Company.

The grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties.

It is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Director Options upon the terms proposed.

### **12.3 Section 195(4) Corporations Act**

Each of the Directors has a material personal interest in the outcome of Resolutions 11 to 13 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 11 to 13 are concerned with the issue of Director Options to Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

### **12.4 ASX Listing Rule 10.11**

In addition, ASX Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the ASX Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under ASX Listing Rule 10.11 as Resolutions 11 to 13 propose the issue of securities to Messrs Netherway, Gallagher and Correia, each of whom is a related party of the Company by virtue of his directorship.

As Shareholder approval is being sought under ASX Listing Rule 10.11, approval is not also required under ASX Listing Rule 7.1.

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Options to the Directors:

- (i) The Director Options are proposed to be issued to Messrs Netherway, Gallagher and Correia, each of whom are related parties to the Company by virtue of being Directors.
- (ii) The maximum number of Director Options to be issued under Resolutions 11 to 13 is set out in section 12.1 above.
- (iii) The Director Options will be issued as soon as practicable after the date of the meeting and in any event within one month.

- (iv) The Director Options will be in consideration of the past and future performance of the Directors. No funds will be raised from the issue of the Director Options.
- (v) The Director Options will be issued on the terms set out in Schedule 4.
- (vi) A Voting Exclusion Statement has been provided for these Resolutions in their respective Agenda Sections in this Notice of Meeting.

## 12.5 Section 208 Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Director Options to the Directors.

In compliance with the information requirements of Section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolutions 11 to 13.

- (i) The Director Options are proposed to be issued to Messrs Netherway, Gallagher and Correia, each of whom are related parties to the Company by virtue of being Directors (**Related Parties**).
- (ii) Resolutions 11 to 13 seeks approval from Shareholders to allow the Company to issue the Director Options to the Directors as set out in section 12.1 above for nil consideration. The terms of the Director Options are set out in Schedule 4.
- (iii) The Black and Scholes option pricing model has been applied in providing valuation information in respect to the Directors Options to be the Directors subject to Resolutions 11 to 13:

<b>Assumptions</b>	
Valuation Date	4 October 2018
Market Price of Shares (at Valuation Date)	\$0.23
Exercise Price (hypothetical exercise price)	\$0.29
Expiry Date	23 November 2021
Risk Free Interest Rate	2.75%
Volatility	50%
Dividend yield	\$0.00
<b>Indicative value per Director Option:</b>	0.0659
- Mr David Netherway	\$98,835

- Mr Phillip Gallagher	\$197,672
- Mr Emmanuel Correia	\$98,835

Note: The valuation above is based on a hypothetical exercise price of the Director Options. The real exercise price can only be determined on the date of the Annual General Meeting as it based on the 10 day volume weighted average price of the Shares on the 10 trading days prior to the Annual General Meeting.

- (iv) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	29 cents	3 September 2018
Lowest	8.5 cents	14 June 2018
Last	21 cents	19 October 2018

- (v) If the maximum number of Director Options are issued under Resolution 11 to 13, a total of 6,000,000 Director Options would be issued. Upon the exercise of these Director Options (based on the number of Shares and Options on issue as at the date of this Notice of Meeting and assuming that no Options are exercised and no other Shares are issued) the shareholding of existing Shareholders would be diluted by an aggregate of 1.61%, comprising 0.40% by Mr Netherway, 0.81% by Mr Gallagher and 0.40% by Mr Correia.

- (vi) The relevant interests of the Directors in securities of the Company as at the date of this Notice of Meeting are set out below:

Related Parties	Shares	Performance Shares	Performance Rights	Options
David Netherway	9,413,015	Nil	Nil	Nil
Phillip Gallagher	7,428,766	Nil	Nil	Nil
Emmanuel Correia	4,079,864	Nil	Nil	Nil

- (vii) The remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Parties	2018 Financial Year <sup>1</sup>	2017 Financial Year <sup>1</sup>
David Netherway	185,163	196,404
Phillip Gallagher	385,923	358,232
Emmanuel Correia	158,963	196,110

**Notes**

<sup>1</sup> Includes salary & fees, superannuation and equity based payments.

## 12.6 Board recommendations

Mr Netherway declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Director Options should Resolution 11 be passed. However, in respect of Resolutions 12 and 13, Mr Netherway recommends that Shareholders vote in favour of those Resolutions for the reasons stated in section 12.2 above.

Mr Gallagher declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the

Resolution on the basis that he is to be granted Director Options should Resolution 12 be passed. However, in respect of Resolutions 11 and 13, Mr Gallagher recommends that Shareholders vote in favour of those Resolutions for the reasons stated in section 12.2 above.

Mr Correia declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Director Options should Resolution 13 be passed. However, in respect of Resolutions 11 and 12, Mr Correia recommends that Shareholders vote in favour of those Resolutions for the reasons stated in section 12.2 above.

In forming their recommendations, each Director considered the experience of each other Related Parties, the existing and proposed contribution of each Related Parties to the Company and the current market practices when determining the number of Director Options to be granted.

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## **13. RESOLUTION 14 – ADOPTION OF NEW CONSTITUTION**

### **13.1 Background**

A company may modify or repeal its Constitution or a provision of its Constitution by special resolution of Shareholders.

Resolution 14 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new Constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by Shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (i) updating references to bodies or legislation which have been renamed; and
- (ii) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.canyonresources.com.au](http://www.canyonresources.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6382 3342).

Shareholders are invited to contact the Company if they have any queries or concerns.

### **13.2 Summary of material proposed changes**

The key differences between the existing Constitution and the Proposed Constitution are summarised below. This summary is not intended to be an exhaustive explanation of all the changes effected by the adoption of the Proposed Constitution.

(a) **Article 3.8: Share certificates, Share option certificates, uncertificated holdings and electronic transfers**

Article 3.8 of the Constitution, which deals with Share certificates and Share option certificates, uncertificated holdings and electronic transfers, is removed from the Proposed Constitution.

(b) **Article 16: The Directors**

The Proposed Constitution, at Article 12.1, does not set a maximum of Directors. However, Article 12.1(a) of the Proposed Constitution sets a minimum number of 3 Directors, in line with Article 16.1(b) of the Constitution. This is to account for growth in the Company and to preserve flexibility going forward. The Company may still increase or reduce the maximum or minimum numbers of Directors by ordinary Resolution.

Article 16.8(c) of the Constitution specifies that no non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or a commission or a percentage of operating revenue. This sentence is omitted from the Proposed Constitution.

Article 12.6 of the Proposed Constitution reduces the period of time for giving a nomination for election as a Director from not less than 45 days before a general meeting to at least 35 business days before the general meeting.

(c) **Article 23.3(a): Dividends only payable from profits**

Article 23.3(a) of the Constitution provides that dividends are only payable from profits. Article 19.1 of the Proposed Constitution provides that, subject to the Corporations Act, the Listing Rules, the Proposed Constitution, and the rights of any person entitled to shares with special right to dividend, the Directors may determine that a dividend is payable. In addition, Article 19.2 of the Proposed Constitution prohibits interest payable on a dividend.

(d) **Adoption of proportionate takeover rules (new Article 9)**

The Proposed Constitution contains Article 9 that enables the Company to refuse to register Shares acquired under a proportional takeover bid unless approved by a Resolution of Shareholders. Provisions such as these require specific information to be provided to Shareholders at the time the provisions are adopted. This information is set out below.

A proportional takeover bid includes a bidder offering to buy a proportion only of each Shareholder's Shares in the Company. This means that control of the Company may pass without members having the chance to sell all of their Shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Proposed Constitution that:

- (a) in the event of a proportional takeover bid being made for Shares in the Company, members are required to vote by ordinary Resolution and collectively decide whether to accept or reject the offer; and
- (b) the majority decision of the Company's members will be binding on all individual members.



The Directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their Shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressured to accept the bid even if they do not want it to succeed.

The effect of Article 9 of the Proposed Constitution is that, if a proportional takeover offer is received, the Directors are required to convene a Meeting of Shareholders to vote on a Resolution to approve the proportional bid. Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote). Approval of the bid will require a simple majority of the votes cast. The Meeting must be held at least 14 days before the bid closes so that holders know the result of the voting before they have to make up their minds whether or not to accept for their own securities.

If the proportional bid is not approved, the registration of any transfer of Shares resulting from an offer made under the proportional bid will be prohibited and the bid will be deemed to be withdrawn. If the proportional bid is approved, the transfers will be registered, provided they comply with the other provisions of the Corporations Act and the Company's Proposed Constitution.

The bid will be taken to have been approved if the Resolution is not voted on within the deadline specified under the Corporations Act.

The provisions of Article 9 do not apply to takeover bids for the whole of the issued Shares in the Company.

The proportional takeover approval provisions under Article 9 will cease to apply at the end of 3 years (or longer if it is subsequently renewed by a further Resolution of Shareholders).

The reasons why the Board has proposed that the Proposed Constitution should provide for a Shareholder Resolution on proportional takeover bids are set out below as the advantages of the provisions. Each of the Directors consider that these advantages outweigh the disadvantages stated below.

The Board considers that Shareholders should have the power to prevent the control of the Company from passing to a bidder without it making a bid for all the Shares. They believe that the Resolution requirement is the best procedure available to Shareholders to ensure that they are not forced to accept a proportional offer even though they do not wish the bidder to obtain control of the Company.

Without Article 9, a proportional takeover bid may enable control of the Company to be acquired without Shareholders having an opportunity to dispose of all their Shares to the bidder. Shareholders therefore risk holding a minority interest in the Company. If the Shareholders considered that control of the Company was likely to pass under any takeover bid, they could be placed under pressure to accept the offer even if they do not want control of the Company to pass to the bidder. The proposed Article will prevent this by permitting Shareholders in General Meeting to decide whether a proportional takeover bid should be permitted to proceed.

While the inclusion of Article 9 will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free

to make their own recommendation as to whether the bid should be accepted.

The potential advantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (i) they give Shareholders their own say in determining, by a majority vote, whether a proportional takeover bid should proceed;
- (ii) they enable Shareholders, by combining together, to veto a change of control that would lock them into a minority position;
- (iii) the existence of the Resolution requirement in the Proposed Constitution would make it more probable that any takeover bid will be a full bid for the whole Shareholding of each member, so that Shareholders may have the opportunity of disposing of all their Shares rather than of a proportion only;
- (iv) if a proportional takeover bid should be made, the existence of the Resolution requirement will make it more probable that a bidder will set its offer price at a level that will be attractive to the Shareholders who vote;
- (v) knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid, and whether to accept or reject offers made under that bid; and
- (vi) at present it is only the Directors who express on behalf of the Company any formal view on the adequacy or otherwise of a takeover bid. With the Resolution requirement, the most effective view on a proportional takeover bid will become the view expressed by the vote of the Shareholders themselves at general meeting.

The potential disadvantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (i) proportional takeover bids may be discouraged, reducing the speculative element in the market price of the Company's Shares arising from the possibility of a takeover offer being made;
- (ii) an individual Shareholder who wishes to accept a proportional takeover bid will be unable to sell to the bidder unless a majority of Shareholders favour the proportional takeover bid; and
- (iii) the inclusion of the provisions may be considered to constitute an unwarranted additional restriction on the ability of Shareholders to freely deal with their Shares.

Advantages and disadvantages of the proposal for the Directors are that:

- (i) if the Directors consider that a proportional takeover bid should be opposed, they will be assisted in preventing the bidder from securing control of the Company if the bidder needs a majority of the votes cast by the independent Shareholders before it can succeed; and
- (ii) on the other hand, under the proportional takeover approval provisions, if a proportional takeover bid is commenced, the Directors must call a Meeting to seek the Shareholders' views,

even though the Directors believe that the bid should be accepted.

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

### **13.3 Board recommendation**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 14.

If this Resolution is approved, the Proposed Constitution will be adopted with effect from the close of the Meeting.

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## GLOSSARY

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**\$** means Australian dollars.

**Advisor Options** means the Options the subject of Resolution 7 with the terms and conditions set out in Schedule 1.

**AEDT** means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

**ASIC** means the Australian Securities & Investments Commission.

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Canyon Resources Limited (ACN 140 087 261).

**Constitution** means the Company's constitution adopted on 11 June 2010.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Director Options** means the Options the subject of Resolutions 11, 12 and 13 with the terms and conditions set out in Schedule 4.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Final Investment Decision** has the meaning given to it in the Birsok JV Agreement.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the meaning given to that term in section 9 of the Corporations Act.

**Long Term Incentive Plan** means the Long Term Incentive Plan Rules document that empowers the Company to operate the Canyon Resources Limited Long Term Incentive Plan (LTIP) on the terms outlined in that document and in accordance with the ASX Listing Rules and the Corporations Act.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Performance Right** means a performance right allocated in accordance with the Plan that is subject to restrictions on Dealing, Vesting Conditions (as defined in the Plan) and/or other restrictions or conditions.

**Plan** means the Canyon Long Term Incentive Plan

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Security** means an equity security issued by the Company, including a Share, Option, Convertible Note and Performance Right.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Voting Power** has the meaning given to that term in the Corporations Act.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – ADVISOR OPTION TERMS

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1. Subject to section 7, each Option entitles the holder to one fully paid ordinary share (**Share**) in the capital of Canyon Resources Limited (**Company**).
2. The Options may be exercised at any time prior to 5.00pm (Australian WST) on 5 September 2021.
3. Subject to section 8, the exercise price of the Options (**Exercise Price**) is \$0.20 per Option.
4. To exercise the Options, the Option holder must duly complete, execute and deliver to the Company an exercise notice in the form attached as Exhibit A (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must, among other things, state the number of Options exercised and the consequent number of Shares to be issued. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
5. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares.
6. There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. The Option holder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised other than in relation to a Bonus Issue.
7. If there is a bonus issue (**Bonus Issue**) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the 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 profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
8. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.
9. The Options are transferable, subject at all times to any transfer restrictions imposed by ASX or under applicable securities laws, including the Corporations Act 2001 (Cth) (**Act**).
10. The Options may not be exercised by or on behalf of a person in the United States unless the Options and the underlying Shares have been registered under the United State Securities Act of 1933, as amended, and applicable state securities laws, or exemptions from such registration requirements are available.

## SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

Item	Summary
Eligibility	Offers may be made at the discretion of the board of directors of Canyon ( <b>Board</b> ) to employees of Canyon or any other person that the Board determines to be eligible to receive a grant under the Plan.
Performance Rights	A Performance Right is the right to acquire a Share subject to relevant vesting conditions.
Nature of a Performance Right	A Performance Right is effectively a zero priced option that vests subject to the satisfaction of relevant vesting conditions. The vesting conditions are typically a combination of time and performance based milestones.
Offers under the Plan	<p>Unless otherwise specified in an offer document, the Board has the discretion to settle performance rights with a cash equivalent payment.</p> <p>The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer options, performance shares and Performance Rights in individual offer documents.</p>
Issue Price	Unless the Board determines otherwise, no payment is required for a grant of a Performance Right under the Plan.
Vesting	Vesting of Performance Rights under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document.
Lapsing and forfeiture	Subject to the rules of the Plan ( <b>Rules</b> ) and the terms of the specific offer document, any Performance Rights will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.
Cessation of Employment	Under the Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is proposed that individual offer documents will provide more specific detail on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The Rules provide the Board with customary “clawback” powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or if the participant’s entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of Control	The Board may determine that all or a specified number of a participant’s Performance Rights will vest or cease to be subject to restrictions where there is a change of control event in accordance with the Rules. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated on a change of control.

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### **SCHEDULE 3 – VALUATION OF PERFORMANCE RIGHTS**

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Valuation methodology based on rules set out in Division 83A of the Income Tax Assessment Act Guide to market valuation

The Performance Rights to be issued to the Related Parties pursuant to Resolutions 8 to 10 have been independently valued.

Using the valuation model noted above and based on the assumptions set out below, the Performance Rights were ascribed a value range, as follows:

<b>Assumptions:</b>	
Valuation date	4 October 2018
Market price of Shares as at 4 October 2018	\$0.23
10 day VWAP	\$0.2082
Valuation	50% of 10 day VWAP
<b>Indicative value per Performance Right</b>	<b>\$0.1042</b>
- Mr David Netherway	\$521,000
- Mr Phillip Gallagher	\$833,600
- Mr Emmanuel Correia	\$521,000

Note: The valuation ranges noted above are not necessarily the market prices that the Performance Rights could be traded at and they are not automatically the market prices for taxation purposes.



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## SCHEDULE 4 – DIRECTOR OPTION TERMS

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1. The Director Options will be issued for nil consideration.
2. Each Director Option gives the holder the right to subscribe for one Share.
3. The Director Options are exercisable at an exercise price of \$0.29 per Director Option (**Exercise Price**) at any time on and from the grant date until the date that is three years from the grant date (**Expiry Date**);
4. A participant may set-off the Exercise Price against the number of Shares which the participant is potentially entitled to receive upon exercise of the Director Options. The participant will then receive Shares to the value of the surplus after the Exercise Price has been set being average of the daily volume weighted average market price (rounded to the nearest cent) of all Shares sold on the ASX during the previous twenty trading days, or any other calculation as determined by the Board.
5. Director Options not exercise on or before the Expiry Date will automatically lapse.
6. The Director Options are not transferable.
7. Subject to the section 3 being satisfied, the Director Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Director Options, accompanied by a Director Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Director Options remaining.
8. All Shares issued upon exercise of the Director Options will rank pari passu in all respects with the Company's then issued Shares.
9. The Director Options are not to be quoted on ASX and the Company is under no obligation to apply for quotation of the Director Options on ASX.
10. The Company will apply for quotation on ASX of all Shares issued upon exercise of the Director Options.
11. There are no participating rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the Company will give each Director Option holder prior notice as required by the ASX Listing Rules of the Record Date (as defined in the ASX Listing Rules) of any proposed issue of Shares or other securities or entitlements made available to the holders of Shares generally to enable the Director Option holder to exercise its Director Options and participate in the new issue.
12. If the Company completes a pro rata issue of Shares, the Exercise Price of a Director Option or the number of Shares over which the Director Option can be exercised will be adjusted in accordance with ASX Listing Rule 6.22.2.
13. If there is a bonus issue of Shares, the number of Shares over which a Director Option can be exercised increases by the number of Shares which the Director Option holder would have received if the Director Option had been exercised before the record date for the bonus issue.
14. In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date, all rights of the Director Option holder will be varied in accordance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

**SCHEDULE 5– DETAILS OF EQUITY SECURITIES ISSUED IN THE 12 MONTHS PRIOR TO THE DATE OF THE ANNUAL GENERAL MEETING**

Issue Date	Number	Type	The persons to whom the Equity Securities were issued or the basis on which those persons were determined	Issue Price	Discount to market price at issue date	Funds raised	Use of Funds
5 October 2018	7,250,000	Shares	Ms Joanne Plumb <Woodlands A/C> Fremantle Enterprises Pty Ltd <Gallagher Family A/C> Fremantle Enterprises Pty Ltd <Gallagher Family A/C> David George Netherway	2,250,000 issued at \$0.10 per Share upon exercise of 10 cent Options expiring 30 September 2018. 5,000,000 issued at \$0.07 per Share upon exercise of 7 cent Options expiring 30 September 2018.	Issued at a 53.5% discount to the closing price on 5 October 2018 of \$0.215. Issued at a 67.4% discount to the closing price on 5 October 2018 of \$0.215.	\$575,000	Funds raised will be used primarily for Minim Martap Bauxite Project development and general working capital purposes.
27 September 2018	12,725,001	Shares	Ms Sharyn Mackey Barclay Wells Ltd ACP Investments Pty Ltd Shanghai Holdings Pty Ltd Capital Investment Partners Alitime Nominees Pty Ltd <Honeyham Family A/C> Goodheart Pty Ltd <GBH A/C> Burak Kumova Goodheart Pty Ltd <GBH A/C> Barclay Wells Ltd ACP Investments Pty Ltd Shanghai Holdings Pty Ltd Capital Investment Partners Ms Joanne Plumb <Woodlands A/C>	8,062,500 issued at \$0.10 per Share upon exercise of 10 cent Options expiring 30 September 2018. 2,000,000 issued at \$0.07 per Share upon exercise of 7 cent Options expiring 30 September 2018. 2,662,501 issued at \$0.06 per Share upon exercise of 6 per cent Options expiring 30 September 2018.	Issued at a 55.5% discount to the closing price on 27 September 2018 of \$0.225. Issued at a 69% discount to the closing price on 27 September 2018 of \$0.225. Issued at a 73% discount to the closing price on 27 September 2018 of \$0.225.	\$1,106,000	Funds raised will be used primarily for Minim Martap Bauxite Project development and general working capital purposes.

Issue Date	Number	Type	The persons to whom the Equity Securities were issued or the basis on which those persons were determined	Issue Price	Discount to market price at issue date	Funds raised	Use of Funds
19 September 2018	2,433,333	Shares	Mr David Charles Neesham & Mrs Pamela Christine Neesham <DC & PC Neesham Super A/C>	975,000 issued at \$0.10 per Share upon exercise of 10 cent Options expiring 30 September 2018. 1,458,333 issued at \$0.06 per Share upon exercise of 6 cent Options expiring at 30 September 2018.	Issued at a 60% discount to the closing price on 19 September 2018 of \$0.245. Issued at a 60% discount to the closing price on 19 September 2018 of \$0.245.	\$185,000	Funds raised will be used primarily for Minim Martap Bauxite Project development and general working capital purposes.
5 September 2018	7,346,116	Shares	Various via placement Mr Geoffrey John Fennell & Mrs Carmel Ann Fennell <Gemica Super Fund A/C> GAB Superannuation Fund Pty Ltd	6,129,033 issued at \$0.155 per Share. 852,500 issued at \$0.10 per Share upon exercise of 10 cent Options expiring 30 September 2018. 364,583 issued at \$0.06 per Share upon exercise of 6 cent Options expiring 30 September 2018.	Issued at a 31% discount to the closing price on 5 September 2018 of \$0.225. Issued at a 55.5% discount to the closing price on 5 September 2018 of \$0.225. Issued at a 73% discount to the closing price on 5 September 2018 of \$0.225.	\$1,057,125.	Funds raised will be used primarily for Minim Martap Bauxite Project development and general working capital purposes.
	5,000,000	Unlisted Options, the terms of which are set out in Schedule 1.	TR Nominees Pty Ltd	5,000,000 Options issued to advisor in exchange for capital raising services for nil cash consideration. Options valued at \$568,727.85 using Black Scholes Valuation Model to determine Fair Value at 5 September 2018 of \$0.1137 per option. Refer Note 1 for the Valuation Model Inputs used.	N/A	N/A	N/A
27 August 2018	26,204,031	Shares	Various via Placement	26,129,031 issued at \$0.155 per Share. 75,000 issued at \$0.06 per share upon exercise of 6 cent options expiring 30/09/18.	Issued at a 38% discount to the closing price on 27 August 2018 of \$0.25. Issued at a 76% discount to the closing price on 27 August 2018 of \$0.25.	\$4,054,484 raised before costs	Funds raised will be used primarily for Minim Martap Bauxite Project development and general working capital purposes.
22 August 2018	460,000	Shares	Mr Geoffrey John Fennell & Mrs Carmel Ann Fennell <Gemica Super Fund A/C>	\$0.10 per Share upon exercise of 10 cents Options expiring 30 September 2018.	Issued at a 51% discount to the closing price on 22 August 2018 of \$0.205.	\$46,000 raised before costs.	Funds raised were used for project development and general working capital purposes.

Issue Date	Number	Type	The persons to whom the Equity Securities were issued or the basis on which those persons were determined	Issue Price	Discount to market price at issue date	Funds raised	Use of Funds
16 August 2018	150,000	Shares	Rachel Lily Norman	\$0.10 per Share upon exercise of 10 cents Options expiring 30 September 2018.	Issued at a 59% discount to the closing price on 16 August 2018 of \$0.245.	\$15,000 raised before costs.	Funds raised were used for project development and general working capital purposes.
14 August 2018	325,000	Shares	Rachel Lily Norman Mr Geoffrey John Fennell & Mrs Carmel Ann Fennell <Gemica Super Fund A/C>	75,000 issued at \$0.06 per Share upon exercise of 6 cents Options expiring 30 September 2018. 250,000 issued at \$0.10 per Share upon exercise of 10 cents Options expiring 30 September 2018.	Issued at a 67% discount to the closing price on 14 August 2018 of \$0.18. Issued at a 44% discount to the closing price on 14 August 2018 of \$0.18.	\$29,500 before costs.	Funds raised were used for project development and general working capital purposes.

Note 1: Valuation Model Inputs used in the Black-Scholes Model to determine the current Fair Value on 4 October 2018 are as follows:

Valuation Date: 4 October 2018  
Period to maturity: 3 years  
Share Price: \$0.255 being the closing price of the Shares on ASX on 5 September 2018  
Exercise Price: \$0.20  
Expected Volatility: 50%  
Dividend Yield: -  
Risk-Free Interest Rate: 2.75%  
Fair Value: \$0.1137

## PROXY FORM

CANYON RESOURCES LIMITED  
ACN 140 087 261

### GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:**  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Level 9, 863 Hay Street, Perth, Western Australia, on 10.00am (WST) at 23 November 2018, and at any adjournment thereof.

**Important for Resolutions 1 and 8 to 13:** If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intentions below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolutions 1 and 8 to 13 even though the Items are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of Canyon Resources Limited.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

**The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.**

#### Voting on business of the Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of remuneration report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Emmanuel Correia as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of additional 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Serge Asso'o	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Alures Mining Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of prior issue of Advisor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Performance Rights to David Netherway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Performance Rights to Phillip Gallagher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Performance Rights to Emmanuel Correia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Director Options to David Netherway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of Director Options to Phillip Gallagher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Issue of Director Options to Emmanuel Correia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Adoption of New Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

##### Individual or Shareholder 1

Sole Director/Company Secretary

##### Shareholder 2

Director

##### Shareholder 3

Director/Company Secretary

#### Date:

#### Contact name:

#### Contact ph (daytime):

#### E-mail address:

#### Consent for contact by e-mail

in relation to this Proxy Form:

YES  NO

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Canyon Resources Limited, PO Box 7606 Cloisters Square Perth 6850; or
  - (b) facsimile to the Company on facsimile number +61 8 9217 2401; or
  - (c) email to the Company at [jlewis@canyonresources.com.au](mailto:jlewis@canyonresources.com.au),so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**