



ASX Code : CAY

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## RAIL ASSESSMENT IDENTIFIES CAPACITY FOR MINIM MARTAP BAUXITE

### Highlights

- **Initial rail infrastructure assessment by Mota Engil Africa concludes the existing rail line from Minim Martap to Douala has capacity to transport commercial bauxite quantities**
- **Assessment also carried out on the proposed route and ground conditions for the proposed rail extension to the Kribi Deep Water Port**
- **Existing rail line is under-utilised at current usage levels**
- **Canyon has formed a working committee with Cameroon rail operators to identify a solution for Canyon to access existing rail line**
- **Canyon will present a solution including design, construction & operation of the Kribi rail link to the Cameroon Government**
- **A logistics solution to port further boosts Minim Martap as a global Tier 1 bauxite deposit.**

Canyon Resources Ltd (ASX: CAY) is pleased to report that an initial independent assessment of the existing Camrail rail network located adjacent to the Company's Minim Martap bauxite project has been completed. Canyon's infrastructure partner Mota Engil Africa (Mota Engil) who was appointed in October 2018 (refer announcement 30<sup>th</sup> October 2018) , has concluded that the existing rail has the capacity to transport commercial tonnages of bauxite.

Mota-Engil is a multinational company with operations focused on construction and infrastructure management in the segments of Engineering and Construction, Environment and Services, Transport Concessions, Energy and Mining and is the second largest commercial rail operator by tonnage in Portugal. Mota-Engil is listed on the Euronext Lisbon stock exchange, being part of the main index of the Portuguese stock exchange (PSI 20).

Mota Engil assessed the railway corridor proposed by the Government of Cameroon linking the existing Camrail line to the Kribi Deep Water Port and concluded that the proposed route and access corridor is appropriate for bulk bauxite haulage to the Kribi Port.

The rail assessment covered all aspects of the existing Camrail line, from the port town of Douala to the town of Ngaoundal located adjacent to the Minim Martap bauxite project area and the extension of the existing rail line to the Kribi Port. The study area covered all the relevant areas that Canyon plans to use during the development, construction and operation of the Minim Martap Bauxite Project.

The rail assessment confirmed that the existing rail infrastructure has the capacity to transport commercial tonnages of bauxite. The results of the study will be utilised in the ongoing development and assessment of the project.

Canyon Managing Director Phillip Gallagher said, “A logistics solution is a crucial component of the Minim Martap Bauxite Project and we are pleased with the very positive feedback from this assessment of the existing rail infrastructure, in particular, that ongoing maintenance and upgrade works are underway.

“The study confirmed our belief that the existing rail line is in good condition and has the capacity to transport bauxite from Minim Martap to the Kribi Port via the future rail link. Canyon has demonstrated the Minim Martap Project is very large and one of the highest grade bauxite deposits globally, confirmed by our recently-announced very high-grade Inferred Resource of 250.9 million tonnes at 50.8% Al<sub>2</sub>O<sub>3</sub> (total) and 1.9% SiO<sub>2</sub>.<sup>1</sup> Importantly, we have now confirmed the rail line is accessible and operational and when the rail extension is completed, it will provide access to the deep water port that we can utilise to transport bauxite to customers. This is a key, positive differential to many other West African bauxite projects.”

Mota-Engil Africa Chief Executive Officer and Executive Director, Manuel Mota, said, “My team was impressed with the outcome of our initial survey of the Camrail rail line and of the corridor for the new rail link to be constructed to the Kribi Port. We believe that, based on our initial site and data review, the existing rail line, with appropriate but not substantial upgrades, can transport 10 million tonnes per annum of bauxite from the Minim Martap Project to the Kribi Deep Water Port.”

“Mota Engil Africa has extensive experience of delivering infrastructure funding and construction solutions for mining and public infrastructure throughout Africa and we are confident of delivering a funded rail solution to this Project.”

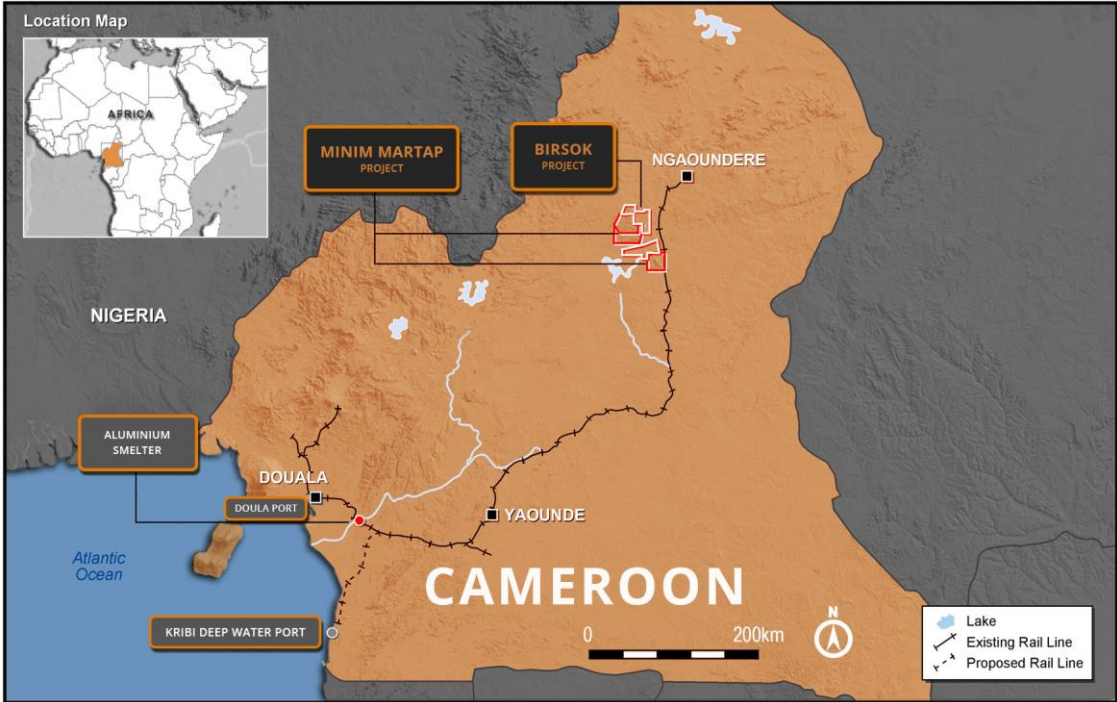


Figure 1: Existing railway route from Douala to Ngaoundere.

<sup>1</sup> Refer to ASX Announcement dated 12 March 2019.

**Rail Assessment Process**

Mota Engil’s rail assessment team met with key management and technical representatives from rail operator Camrail at the Camrail head office in Douala and conducted a workshop to discuss Canyon’s project development plans and operating capacity requirements. Current usage of the rail line is 1.5 million tonnes annually and the consultants determined the rail line in its current configuration is under-utilised.

Camrail representatives are enthusiastic about Canyon’s development plans and provided an undertaking that Camrail will work with Canyon and Mota Engil to maximise railway capacity requirements.

Following the Camrail meetings, representatives from Camrail guided the assessment team on a reconnaissance trip travelling the entire length of the railway line in a rail track maintenance vehicle. This was video recorded and geo-referenced to assist with future feasibility study assessments.



**Figure 2: Rail track maintenance vehicle utilised for rail line assessment trip.**

During the rail assessment journey from Douala to Ngaoundal, the team observed:

- Sections of rail track being upgraded;
- Bridges being upgraded, including sand blasting and surface coating operations, use of strengthening plates on lattice structures and other steel strengthening work;
- Quarrying activities for track ballast and manufacturing of concrete sleepers for ongoing track maintenance and upgrades.



**Figure 3: Typical steel bridge on the Camrail line.**



**Figure 4: Camrail quarry supplying track ballast & concrete aggregate for manufacturing track sleepers.**

### **Kribi Rail link Assessment**

The Mota-Engil team also visited the Kribi Deep Water Port and inspected the first stage of the newly-constructed road and railway corridor that has been established by the Government of Cameroon and when complete will connect the exiting railway network to the port.

Mota-Engil is working with Canyon to provide a funding solution for the design, construction and operation of the Kribi link rail line to be presented to the Government of Cameroon. The rail link to the Kribi Port will be a multi-user rail line and Canyon intends to be the cornerstone customer as it will provide tonnage and usage to underpin the construction of a new rail line to the Port.

Canyon and Mota Engil will engage with various Government and non-government bodies that have an interest in funding this type of public infrastructure.

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## **COMPETENT PERSON'S STATEMENT**

The Resources information in this ASX release is based on, and fairly represents, data and supporting documentation prepared by, or under the supervision, of Dr Bruce McConachie. Dr McConachie is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd based in Brisbane and has a PhD (Geology) from QUT and is a member of AusIMM, AAPG and SPE. The Resources information in this ASX announcement was issued with the prior written consent of Dr McConachie in the form and context in which it appears.

Canyon confirms that it is not aware of any new information or data that materially affects the information included in ASX announcement dated 12 March 2019 and that all material assumptions and technical parameters underpinning the estimate in that announcement continue to apply and have not materially changed.

## **FORWARD LOOKING STATEMENTS**

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Canyon, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'anticipate', 'believe', 'could', 'estimate', 'expect', 'future', 'intend', 'may', 'opportunity', 'plan', 'potential', 'project', 'seek', 'will' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Canyon that could cause Canyon's actual results to differ materially from the results expressed or anticipated in these statements.

Canyon cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Canyon does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.