

## DECEMBER 2019 QUARTERLY ACTIVITIES REPORT

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### Highlights

- **Positive Scoping Study announced for Canyon's Minim Martap Bauxite Project.**
- **Two-port, two-stage pathway identified to develop Minim Martap.**
- **Scoping Study finds simple and effective Stage 1 standalone project, exporting through Douala Port, is technically sound and financially robust.**
- **Higher output Stage 2 exporting through Kribi Port to be examined in Minim Martap Pre-Feasibility Study (PFS), due for release in mid 2020.**
- **Scoping Study underpinned by Minim Martap's Mineral Resource estimate of 892Mt at 45.1% Al<sub>2</sub>O<sub>3</sub>, 2.8% SiO<sub>2</sub> (35% Al<sub>2</sub>O<sub>3</sub> cut-off grade), which includes a high-grade resource of 431Mt at 48.8% Al<sub>2</sub>O<sub>3</sub>, 2.6% SiO<sub>2</sub> (45% Al<sub>2</sub>O<sub>3</sub> cut-off).**
- **\$2.5M placement completed, plus Share Purchase Plan to raise up to a further \$1.5M.**

Canyon Resources ("Canyon" or "The Company") is pleased to report on the activities at its 100%-owned Minim Martap Bauxite Project in Cameroon (Minim Martap), west Africa, for the quarter ended 31 December 2019.

Canyon continued to progress a Pre-Feasibility Study for the Minim Martap project during the quarter.

The Company reported it had identified the potential for a two-stage, two-port project development pathway for Minim Martap via utilisation of the existing rail infrastructure and the two operating ports in Cameroon.

**Stage 1** development plans to export bauxite ore through the Douala Port, providing a lower start-up capital expenditure requirement and potentially faster commencement of operations by utilising the existing rail infrastructure in its current configuration. The existing Camrail rail line runs from nearby the Minim Martap Project location directly to the wharf of the Douala Port.

**Stage 2** plans to continue development of the rail link to the Kribi Deep Water Port located in the south west of Cameroon for a higher tonnage, direct ship loading option.

The two-stage, two-port strategy would allow the Company to be potentially in production and exporting bauxite ore during Stage 1 while the Stage 2 infrastructure is being constructed.

Canyon partnered with scheduling software company Minemax in conjunction with PFS consultants Mining Plus and Ausenco, to complete pit optimisation studies which demonstrate the potential for long-term high-grade product, beginning from a cluster of localised plateaux at Minim Martap.

In November 2019, Canyon reported results from a Scoping Study for Stage 1 of Minim Martap as an interim milestone in the PFS. Canyon expects to present the PFS as a two-stage development opportunity in the first half of 2020.

Leading consultants including Ausenco, Mining Plus and Wood Mackenzie supported the Scoping Study, which drew on industry knowledge in Cameroon in rail and port operations, bauxite mining and bulk commodities.

The Study demonstrated Stage 1 of the Minim Martap Project as a robust, stand-alone, project with initial production exported through the port of Douala utilising the existing rail and port infrastructure and significant upside potential via a longer mine life underpinned by a high-grade, large volume

resource thought to be the only Guinea-style bauxite deposit outside of Guinea. Stage 1 is expected to be a self-supporting bauxite project with a simple, low cost and fast track path to operations.

Stage 2, which is being investigated as part of the PFS currently underway, is anticipated to unlock higher export volumes and lower operating cost. It will focus on the improvement of Stage 1, and the transition from Stage 1 to Stage 2, via the installation of the Kribi rail extension allowing for higher production rates through the existing deep-water port of Kribi.

Key economic outcomes of the Scoping Study modelling are shown in Table 1 below.

<b>Production</b>		<b>Avg - Yr</b>			
Production rate	Mt	3.00			
<b>Capital</b>					
Total	USD 000	77,658			
Capital intensity	USD/t capacity	25.89			
<b>Operating Costs</b>					
C1 costs	USD/t	43.26			
<b>Product Grade</b>		<b>Benchmark</b>	<b>Avg - 20Yr</b>		
Available alumina grade	%	44.00	49.89		
Reactive silica grade	%	3.00	1.44		
Ore moisture content	%	10.00	10.00		
<b>Realised Price</b>		<b>Avg -20Yr</b>			
Realised price	USD/t FOB	58.09			
<b>Cashflow</b>					
Cumulative undiscounted free cash flows	USD 000	541,515			
Average annual undiscounted free cash flows	USD 000	27,076			
<b>Valuation</b>		<b>Discount</b>	<b>NPV (USD 000)</b>	<b>IRR</b>	<b>Payback</b>
Project return -pre tax	10.00%	210,635	47.49%	-	
Project return -post tax	10.00%	170,511	45.72%	2.96 Yr(s)	
<b>Tax and Royalty</b>		<b>Duration</b>	<b>Rate</b>		
State royalty: Holiday		5.00 Yr(s)	-		
State royalty: Nominal		-	5.00%		
Corporate tax: Holiday		5.00 Yr(s)	-		
Corporate tax: Nominal		-	30.00%		

**Table 1 - Key economic outcomes of Scoping Study.**

**Notes:**

- All figures are on a 100% project basis.
- Ore mined includes material sent to stockpiles and reclaimed in later periods.
- Available alumina calculated by subtracting reactive silica from total alumina. Reactive silica calculated as 60% of total silica.
- Tax and Royalty holidays consistent with in-country mining agreements.
- 20-year economic modelling period.
- For a summary of the material assumptions associated with the above economic outcomes, please refer to this announcement dated 26 November 2019.



**Figure 1 - The top of a plateau in one of the initial mining areas proposed.**

The Project is underpinned by a large, shallow resource dominated by Gibbsite with minor Boehmite, and low levels of reactive silica. The resource is hosted in a series of plateaux (example in Figure 1). Limited digestion test work has shown the bauxite to be very reactive<sup>1</sup> when treated at lower temperature levels in the Bayer Process.

The Total Mineral Resource<sup>2</sup> estimate, which remains open in all directions, is stated as:

892Mt at 45.1% Al<sub>2</sub>O<sub>3</sub>, 2.8% SiO<sub>2</sub> (35% Al<sub>2</sub>O<sub>3</sub> cut-off grade)

The estimate contains a high-grade Indicated portion of the resource at:

410Mt at 48.9% Al<sub>2</sub>O<sub>3</sub>, 2.6% SiO<sub>2</sub> (45% Al<sub>2</sub>O<sub>3</sub> cut-off grade)

Substantial zones within the resource, present at greater than 50% Al<sub>2</sub>O<sub>3</sub> with very low contaminants.

The Study highlighted the potential for a DSO mining and logistics operation to deliver 3 million tonnes of seaborne product per annum from shallow open cut mines.

The Company believes that the Minim Martap Project has the potential to be the highest-grade bauxite development opportunity of all currently known large undeveloped bauxite projects globally. The Study assessed a modelling period of 20 years, based on the 2019 Mineral Resource and supported by third party pricing agency bauxite cost models. However, assuming no materially adverse changes occur to the 2019 Mineral Resource or the bauxite cost models, Stage 1 of the Project has the potential to continue production for a total of 60 years on a stand-alone basis based on the strategic schedule.

More detail is available in the Minim Martap Scoping Study announcement dated 26 November 2019.

## **CORPORATE**

### *Placement and Share Purchase Plan*

In December, Canyon announced it had received commitments to undertake a share placement of 15,625,000 fully paid ordinary shares in the Company (Shares) to both existing and new sophisticated shareholders at an issue price of \$0.16 per share (Placement) to raise \$2.5 million dollars before costs.

Funds from the Placement will be used to accelerate delivery of the Minim Martap Project PFS and working capital.. The Placement was conducted within the Company's existing capacity pursuant to Listing Rule 7.1.

As a result of shareholder interest, the Board of Canyon resolved to undertake a Share Purchase Plan (SPP) to raise up to \$1.5 million, allowing eligible shareholders to participate on the same terms and conditions as the Placement. Eligible shareholders from Australia and New Zealand were able to subscribe for up to \$30,000 Shares at the same price as the Placement.

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<sup>1</sup> High reactivity tends to suggest high conversion ratios of total alumina to available alumina

<sup>2</sup> Refer to Canyon's ASX announcement dated 27 September 2019. The Company is not aware of any new information or data that materially affect the information included in that announcement and all material assumptions and technical parameters underpinning the Resource continue to apply and have not materially changed.

The SPP opened on 23 December and is expected to close on 4 February 2020. Allotment of New Shares issued under the SPP is expected to be 10 February 2020 with New Shares to be quoted on the ASX from 12 February 2020.

*Share Summary and Cash Balance*

As at the 31 December 2019 the following share structure and Cash balance.

<b>As at 31 December 2019</b>	
<b>Cash at Bank</b>	\$3,965,000
<b>Fully Paid Ordinary Shares</b>	458,901,469
<b>Options – exercisable at 20 cents expiring 5 September 2021</b>	5,000,000
<b>Performance Rights</b>	12,000,000

*Results of Annual General Meeting*

At Canyon's Annual General Meeting of shareholders, held on 27 November 2019, all resolutions put to the meeting passed on a show of hands.

**This announcement has been approved for release by the Board.**

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

**Enquiries:**

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## About Canyon Resources

### The Minim-Martap Bauxite Project

The Minim Martap Project is located in the Adamawa region of Cameroon, adjacent to Canyon's existing Birsok Bauxite Project, encompassing two deposits, Ngouandere and Minim Martap, which are located within 25km of each other. The total area of the permits is 1,349 km<sup>2</sup>. New drilling in the Makan area now adds this project to the list of bauxite deposits under management by Canyon.

The Project is adjacent to an operating rail line with heavy ore transport capacity with a proposed extension to the Kribi deep-water port which has the ability to direct ship load Panamax size vessels.

The three exploration permits are valid for a three-year period and contain a number of predefined work commitments that are consistent with the Company's development proposal.

Previous work completed by Canyon Resources on the contiguous Birsok Project, sometimes sharing plateaux with Minim Martap, 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 & reactive silica, high gibbsite, low boehemite and low on other contaminants.



Figure 2. Location map of the Company's Bauxite Projects and proximity of Camrail rail line

## Corporate Snapshot

### Directors and Management

David Netherway – Non-Executive Chairman

Phillip Gallagher – Managing Director

Emmanuel Correia – Non-executive Director

Steven Zaninovich – Non-executive Director

John Lewis – Company Secretary

## **COMPETENT PERSON'S STATEMENT**

The information in this ASX release that relates to current exploration results is based on information compiled by Dr Alexander Shaw, Chief Geologist of Canyon Resources Ltd.

The information in this document that relates to previous exploration results is based upon information from the report titled Minim Martap-Ngaoundal Bauxite Deposit Exploration Program and Resource Assessment by SRK Consulting (Australasia), September 2009 and available data compiled by Dr Alexander Shaw. The information in the announcement is an accurate representation of the available data and study for the Minim Martap Project.

Dr Shaw is a Member of the Australian Institute of Geoscientists (AIG) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Dr Shaw consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to mineral resources is based on information compiled or reviewed by Mr Mark Gifford, an independent Geological expert consulting to Canyon Resources Limited. Mr Mark Gifford is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Mr Gifford consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

## **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.

CANYON RESOURCES LIMITED – INTEREST IN MINERAL PROPERTIES

Permits	Location	Interest at 31 December 2019	Interest at 30 September 2019
<b><u>MINIM MARTAP PROJECT</u></b>			
Ngaoundal	Cameroon	Own 100%	Own 100%
Minim Martap	Cameroon		
Makan	Cameroon		
<b><u>BIRSOK BAUXITE PROJECT</u></b>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Ndjimom (Mayouom Project)	Cameroon	Own 100%	Own 100%
<b><u>TAPARKO NORTH PROJECT</u></b>			
Karga 2	Burkina Faso	Own 100%	Own 100%
Bani	Burkina Faso		
Diobou	Burkina Faso		
Tigou	Burkina Faso	Rights to 100%	Rights to 100%
<b><u>TAO PROJECT</u></b>			
Tao	Burkina Faso	Own 100%	Own 100%
<b><u>PINARELLO PROJECT</u></b>			
Sokarani	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
Niofera	Burkina Faso		
Baniera	Burkina Faso		
Sokarani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<b><u>KONKOLIKAN PROJECT</u></b>			
Konkolikan	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
<b><u>DEROSA PROJECT</u></b>			
Bompela	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	15% interest in joint venture with Rumble Resources Ltd
Sapala	Burkina Faso		

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

#### Name of entity

CANYON RESOURCES LIMITED

#### ABN

13 140 087 261

#### Quarter ended ("current quarter")

31 DECEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,096)	(2,541)
(b) development	-	-
(c) production	-	-
(d) staff costs	(565)	(1,099)
(e) administration and corporate costs	(335)	(809)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	8	13
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,988)</b>	<b>(4,436)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(32)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(32)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	2,500	6,500
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(281)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>2,500</b>	<b>6,219</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,454	2,216
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,988)	(4,436)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(32)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,500	6,219

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(1)	(2)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,965</b>	<b>3,965</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,965	454
5.2	Call deposits	-	3,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,965</b>	<b>3,454</b>

**6. Payments to directors of the entity and their associates**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

136

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6.1 Payment of Directors Fees

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	1,205
9.2	Development	-
9.3	Production	-
9.4	Staff costs	367
9.5	Administration and corporate costs	165
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>1,737</b>

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .. ..... Date: ...31 January 2020.....  
(Director/Company secretary)

Print name: .John Lewis.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.