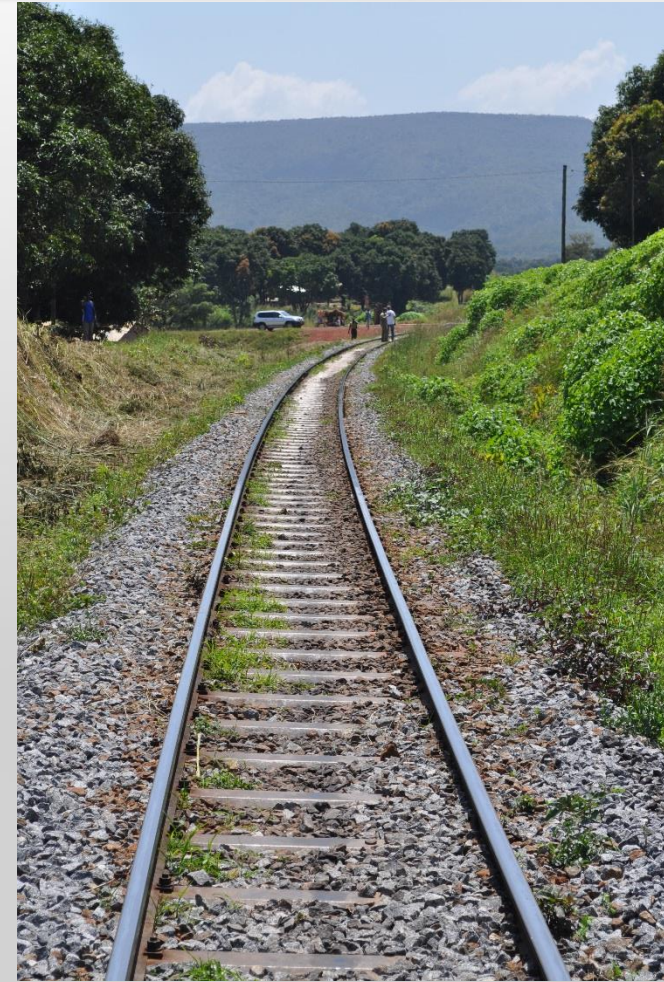




**Birsok Bauxite Project – Cameroon**  
*Bauxite Investment Opportunity*

January 2014

- ◀ Canyon to acquire up to 75% interest in the Birsok Bauxite Project, Cameroon <sup>1,2</sup>
- ◀ Initial Consideration minimises cash outlay and dilution
  - ◀ \$150,000 cash payment
  - ◀ 8 million Canyon shares
- ◀ Canyon to spend \$2 million to earn 51% project interest <sup>3</sup>
- ◀ Canyon to spend a further \$4 million to earn 75% project interest <sup>4</sup>
- ◀ Once Canyon reaches 75%, vendor may contribute or dilute
- ◀ Owners may earn deferred consideration upon achievement of certain project milestones
  - ◀ **Milestone A:** \$1.5m worth of CAY shares upon definition of 150Mt JORC Resource with a minimum 45% Al<sub>2</sub>O<sub>3</sub> <sup>5</sup>
  - ◀ **Milestone B:** \$1.5m worth of CAY shares upon completion of a Feasibility Study and raising of all development capital



Rail line near the project area

<sup>1</sup> Local partner has a right to 5% of net profit from the Birsok Project ("Royalty"). Canyon may purchase this Royalty for a cash payment of US\$1 million at any time.

<sup>2</sup> Subject to satisfaction of conditions precedent as outlined in ASX announcement dated 24 December 2013.

<sup>3</sup> Canyon is required to spend \$2 million on the project within 2 years from the date of Canyon issuing the initial consideration shares to the current owners to earn 51% a interest.

<sup>4</sup> Canyon is required to spend a further \$4 million on the project within 3 years following the date that Canyon is deemed to have earned its initial 51% interest to earn a 75% interest

<sup>5</sup> The 150Mt Resource must have a minimum grade of 45% Al<sub>2</sub>O<sub>3</sub> and a maximum of 2% reactive SiO<sub>2</sub>.



# Rationale for the Transaction

<p><b>Potential for World-Class Bauxite Resource</b></p>	<ul style="list-style-type: none"> <li>⤵ Potential for delineation of a large scale world-class bauxite resource in an emerging bauxite province</li> <li>⤵ High grade nature of the mineralisation indicates DSO potential with low impurities</li> </ul>
<p><b>Low Cost Entry</b></p>	<ul style="list-style-type: none"> <li>⤵ Initial entry cost of only \$150,000 and 8 million shares</li> <li>⤵ Allows Canyon to maximise in-ground spend to add value to its assets</li> </ul>
<p><b>Drill Ready</b></p>	<ul style="list-style-type: none"> <li>⤵ The Birsok Project is drill-ready, with potential for definition of a maiden Mineral Resource for less than \$1 million worth of drilling</li> </ul>
<p><b>Potential for Premium Grade Bauxite</b></p>	<ul style="list-style-type: none"> <li>⤵ Exploration suggests potential for high grade mineralisation of between 40% and 50% Al<sub>2</sub>O<sub>3</sub> with low silica</li> </ul>
<p><b>Existing Infrastructure</b></p>	<ul style="list-style-type: none"> <li>⤵ Existing rail approximately 10km from project area and deep water port infrastructure will substantially reduce capital requirements to exploit the Birsok Project. Acquisition includes established exploration camp</li> </ul>
<p><b>Strong Bauxite Market</b></p>	<ul style="list-style-type: none"> <li>⤵ Declining scale and quality of bauxite deposits in traditional markets, large customers securing new regions of supply</li> <li>⤵ Recent restriction on export of bauxite from Indonesia expected to support a stronger bauxite price</li> <li>⤵ Bauxite is a major bulk commodity</li> </ul>
<p><b>Altus Strategies is a Strong JV Partner</b></p>	<ul style="list-style-type: none"> <li>⤵ The Altus Group has experience in exploration and development throughout Africa, increases the depth of technical resources available to Canyon, and brings a strong network of contacts</li> </ul>

	Pre Transaction	Post Transaction
Ordinary Shares on issue	71.5m	101.7m
Listed Options on issue (16c)	14.1m	43.1m
Unlisted Options on issue	3.25m	11.25m
<b>Market Capitalisation</b> (undiluted at 6cps)	<b>\$4.3m</b>	<b>\$6.1m</b>
Cash <sup>1</sup>	\$1m	\$1.8m
Debt	Nil	Nil
<b>Enterprise Value</b>	<b>\$3.3m</b>	<b>\$4.3m</b>

<sup>1</sup> Pre-transaction cash of \$1 million as at 1 December 2013. Post-transaction cash of \$1.8million, assuming a capital raising of \$1 million is completed, and \$150,000 paid to the vendor of the Birsok Project to settle the acquisition

Major Shareholders (current)	% Interest
HSBC Custody Nominees	6.07%
Kingslane Pty Ltd	4.46%
Precambrian Pty Ltd	2.66%

Does not include Altus Strategies, who will be issued with 8 million shares on completion of the transaction

- ☛ Tight capital structure remains post-acquisition
- ☛ Introduction of Altus Strategies as Canyon's major shareholder (8m shares), subject to transaction completion
- ☛ Highly leveraged to exploration success



Grab sample >60% AL<sub>2</sub>O<sub>3</sub> from the Birsok project

## **Rhod Grivas, Non-Executive Chairman**

- Geologist with +20 years experience in corporate and technical management of junior exploration companies
- Managing Director of ASX and TSX listed Dioro Exploration prior to its takeover by Avoca

## **Philip Gallagher, Managing Director**

- Extensive experience in senior commercial and operations roles in both public and private companies
- Managing Director of Canyon Resources Ltd since IPO in June 2010

## **Matthew Shackleton, Non-Executive Director**

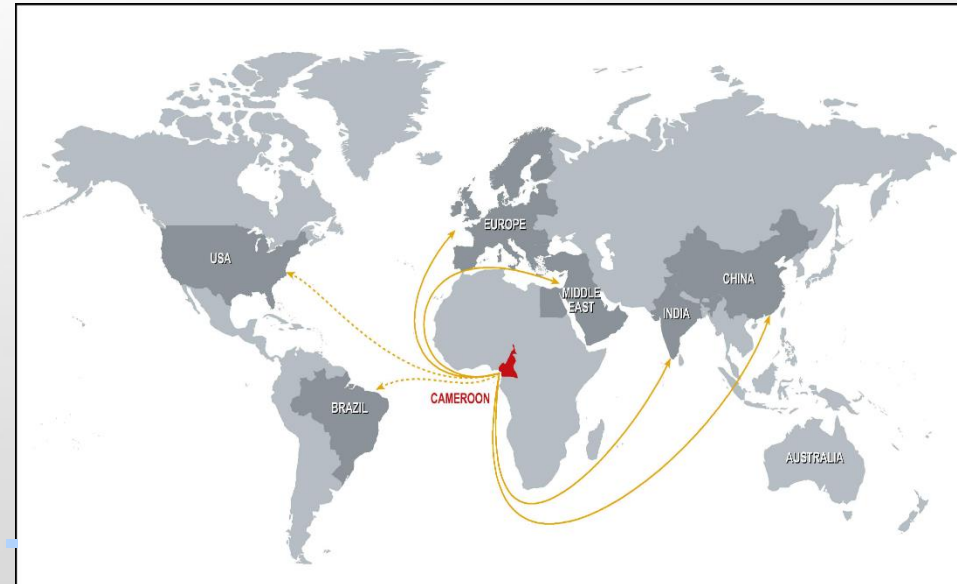
- Over 18 years experience in senior finance & corporate positions in Australia and overseas
- Managing Director of ASX listed Mount Magnet South NL to 2012

## **David Netherway, Non-Executive Director \***

- Mining Engineer, + 35 years experience in the resource sectors, including ASX, AIM, and TSX listings
- Chairman, Aureus, Altus, Asterion and GMA, director of Crusader, Altus Resource Capital and Altus Global Gold.
- Was recently Chairman of Afferro Mining in Cameroon until Dec 2013 following the \$200M takeover by IMIC plc. Formerly a director of Afcan, Gryphon Mining, Shield Mining, Orezone, Equigold and KazakhGold

## Project Overview

- Two bauxite licenses (Birsok and Mandoum) in central Cameroon covering 1,462km<sup>2</sup>
- Contiguous to the large, high grade Minim Martap deposit
  - Cameroon Alumina Limited, JV between Dubai Aluminium, Hindalco and Hydromine
- Strategically located close (~10km) to operating rail line (with capacity to transport bauxite)
- High grade provides potential for a DSO operation
- Low expenditure to target initial resource



Access from Cameroon ports to world bauxite markets



Outcropping bauxite on the Birsok project



# Birsok Bauxite Project

Emerging Aluminium Province



## PROJECT LOCATION



**CAL JV**  
Minim Martap & Ngaoundal Deposits

**Birsok Project**



NIGERIA

**RioTinto Alcan**

Alucam JV  
Edea Smelter & Production Support Facility

**CAMEROON**



Fongo Tongo

Bamendjin

La Mape

Mbakaou

NGAOUNDERE

Lom Pangar

Nachtigal  
Capacity - 280 MW

Song-Loulou  
Capacity - 384 MW

DOUALA

d'Edea  
Capacity - 264 MW

YAOUNDE

Deep Water Port  
Under Construction  
Proposed Bauxite Processing Plant

Atlantic Ocean

## LEGEND

- Birsok Project
- lake
- Planned HEP Plant
- Current HEP Plant
- Aluminium Project / facility
- Rail line
- Proposed Rail line



# Birsok Bauxite Project

## Preliminary Sampling Indicates DSO Potential



- Initial sampling demonstrates a premium quality gibbsite hosted bauxite with low impurities
- Potential for DSO mining operation
- 634 rock chip bauxite samples taken to date
- Four Plateau style targets covering an area of 202km<sup>2</sup> identified in recent sampling
- 365 rock chip samples (57%) returned assays over 50% Al<sub>2</sub>O<sub>3</sub>
- Highest grade of 68.2% Al<sub>2</sub>O<sub>3</sub>, 80% of analysed samples recorded over 35% Al<sub>2</sub>O<sub>3</sub>
- Over 25% of samples from the 123km<sup>2</sup> Beka prospect graded higher than 60% Al<sub>2</sub>O<sub>3</sub>
- Contaminant levels are low:
  - Average SiO<sub>2</sub>: 2.64%
  - Average TiO<sub>2</sub>: 4.63%
  - Average Fe<sub>2</sub>O<sub>2</sub>: 6.21%



Grab sample >60% Al<sub>2</sub>O<sub>3</sub>

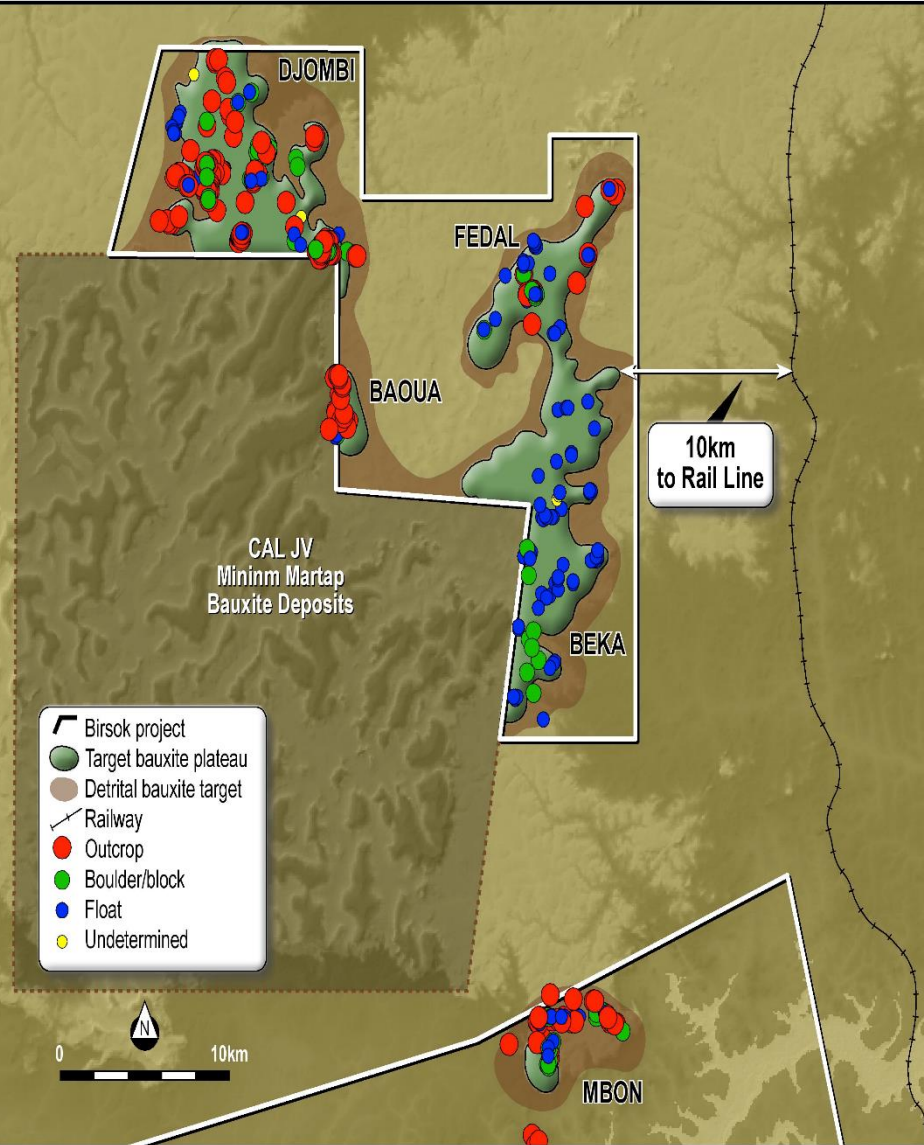
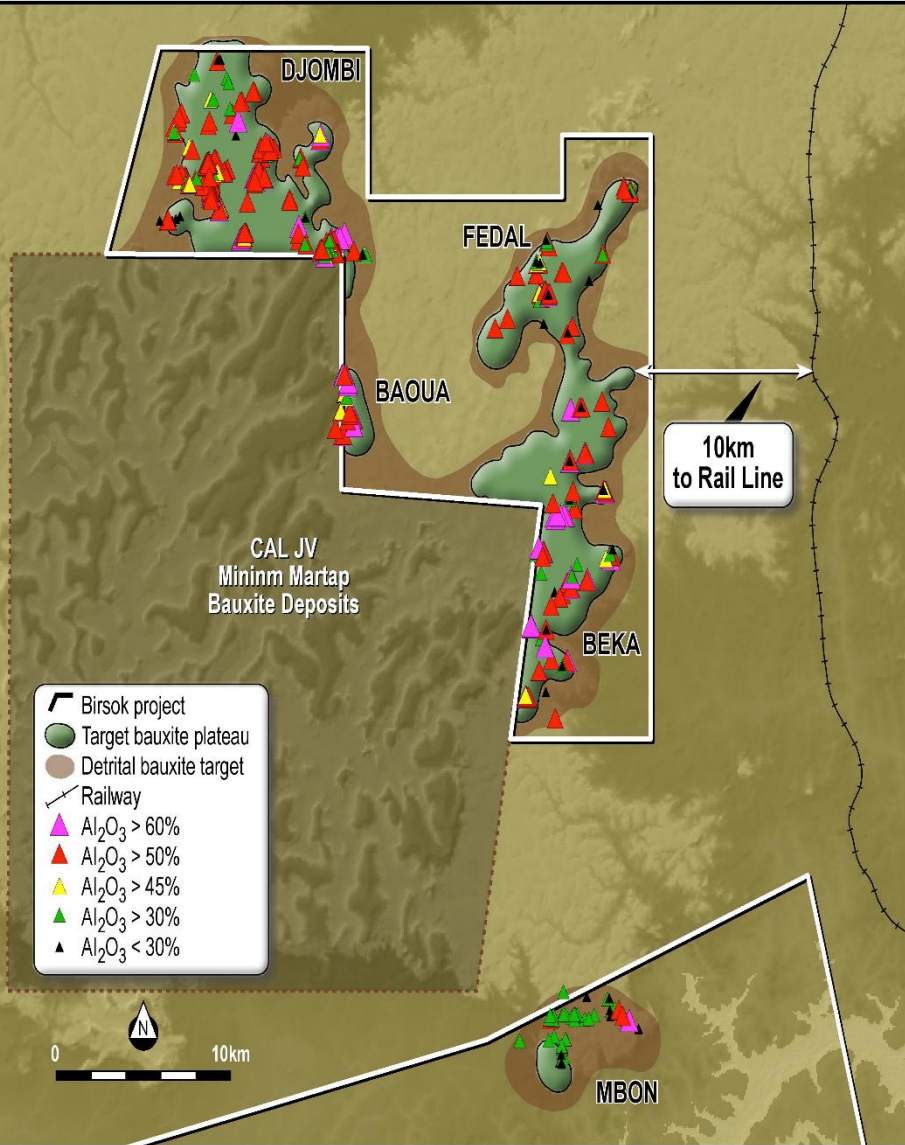


Birsook bauxite plateau



# Birsok Bauxite Project

Four Plateau Style Targets Defined with High Grade Rock Chips



Rock chip grade distribution and sample type on the Birsok Project

# Birsok Bauxite Project

## Multiple Transport and Logistic Options



- Existing rail line runs from Ngaoundal to Douala, within 10km of project
- Indicated capacity on the existing rail line to transport bauxite from the project
- Between 1999 and 2007 €108M invested in rail infrastructure. Govt guaranteed infrastructure financing of €193M through to 2020
- New rail spur planned for access to the new Kribi deep water port – currently under construction and on schedule to open in 2014
- Plan for bulk commodity loading facilities at the new Kribi deep water port



Artists impression of completed Kribi deep water port

[http://www.ppiaf.org/sites/ppiaf.org/files/documents/toolkits/railways\\_toolkit/PDFs/Case%20Study%20Cameroon/RR%20Toolkit-CameroonCS.pdf](http://www.ppiaf.org/sites/ppiaf.org/files/documents/toolkits/railways_toolkit/PDFs/Case%20Study%20Cameroon/RR%20Toolkit-CameroonCS.pdf)



Kribi deep water port nearing completion October 2013, on target for 2014 opening



Freight train on the Camrail network



*Initial exploration has identified targets and the project is drill ready*

- ◀ Initial drill programme is planned to start in Q1 2014, subject to completion of the acquisition
- ◀ Project area is drill ready
  - ◀ Exploration camp has been constructed
  - ◀ Drill targets identified from prior exploration
  - ◀ Geological team who have been working on the project for over 12 months will be continuing with Canyon
- ◀ Potential for early JORC Resource



Birsok Project Exploration Camp



Outcropping bauxite on the Birsok Project [ASX Code: CAY](#) | Page 11

- ◀ Strong fundamentals for the bauxite market:
  - ◀ Bulk commodity with growing global demand
  - ◀ Global consumption of aluminium to double from 41Mt in 2010 to 82Mt in 2025<sup>1</sup>
- ◀ China imports approximately 60% of its bauxite requirements
  - ◀ Uncertainty regarding long term supply from Indonesia due to recently imposed restrictions on export of bauxite ore
- ◀ Growth in aluminum capacity in China, Russia, India and Middle East is increasing demand for bauxite
- ◀ Smelters globally are securing long term supplies of bauxite and alumina
- ◀ 5-6 tonnes of bauxite required for every 1 tonne of aluminium

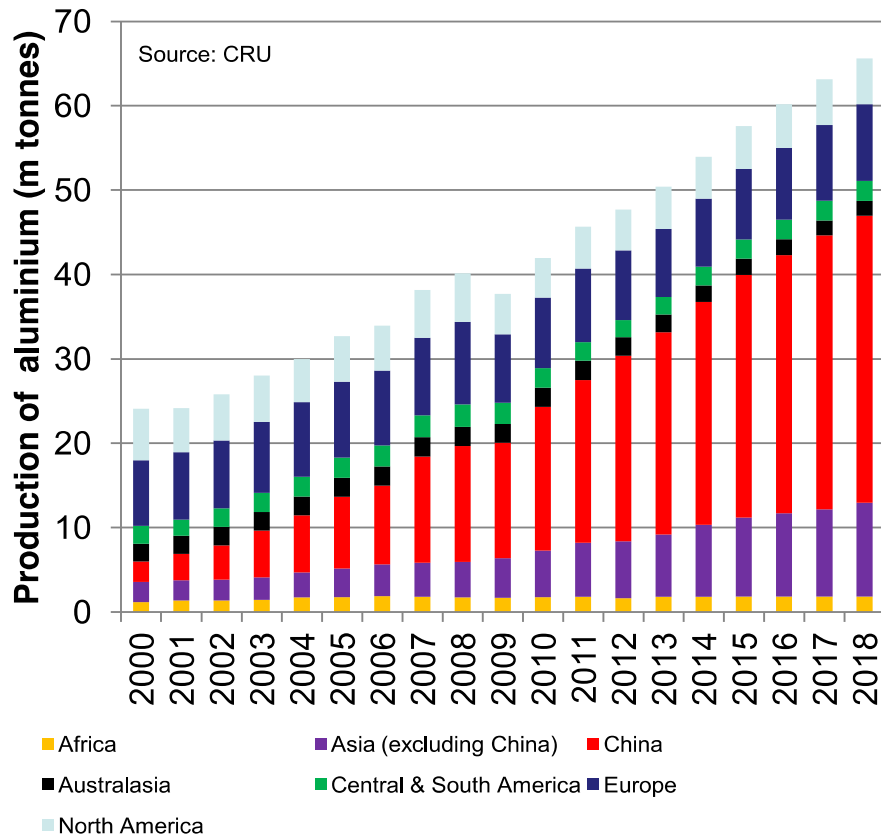
<sup>1</sup> CRU forecast



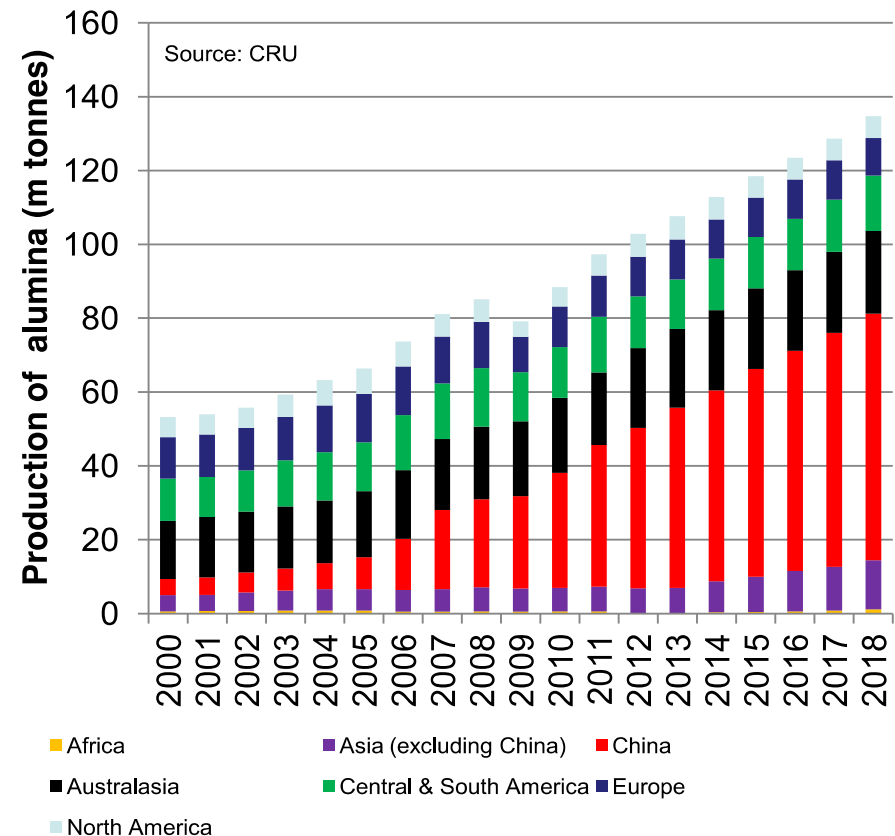


## China is the growth market for aluminum and alumina production

### Aluminium production, 2000-2018



### Alumina production, 2000-2018



- ☛ Peaceful and politically stable
- ☛ Member of the Commonwealth
- ☛ Officially bilingual (French and English)
- ☛ Capital city is Yaounde (population 2.5 million)
- ☛ Positive tax and regulatory regime
- ☛ Population approx. 20 million
- ☛ Main exports are aluminium and bauxite, crude oil, lumber, cocoa beans, coffee, and cotton



### **Mining Sector**

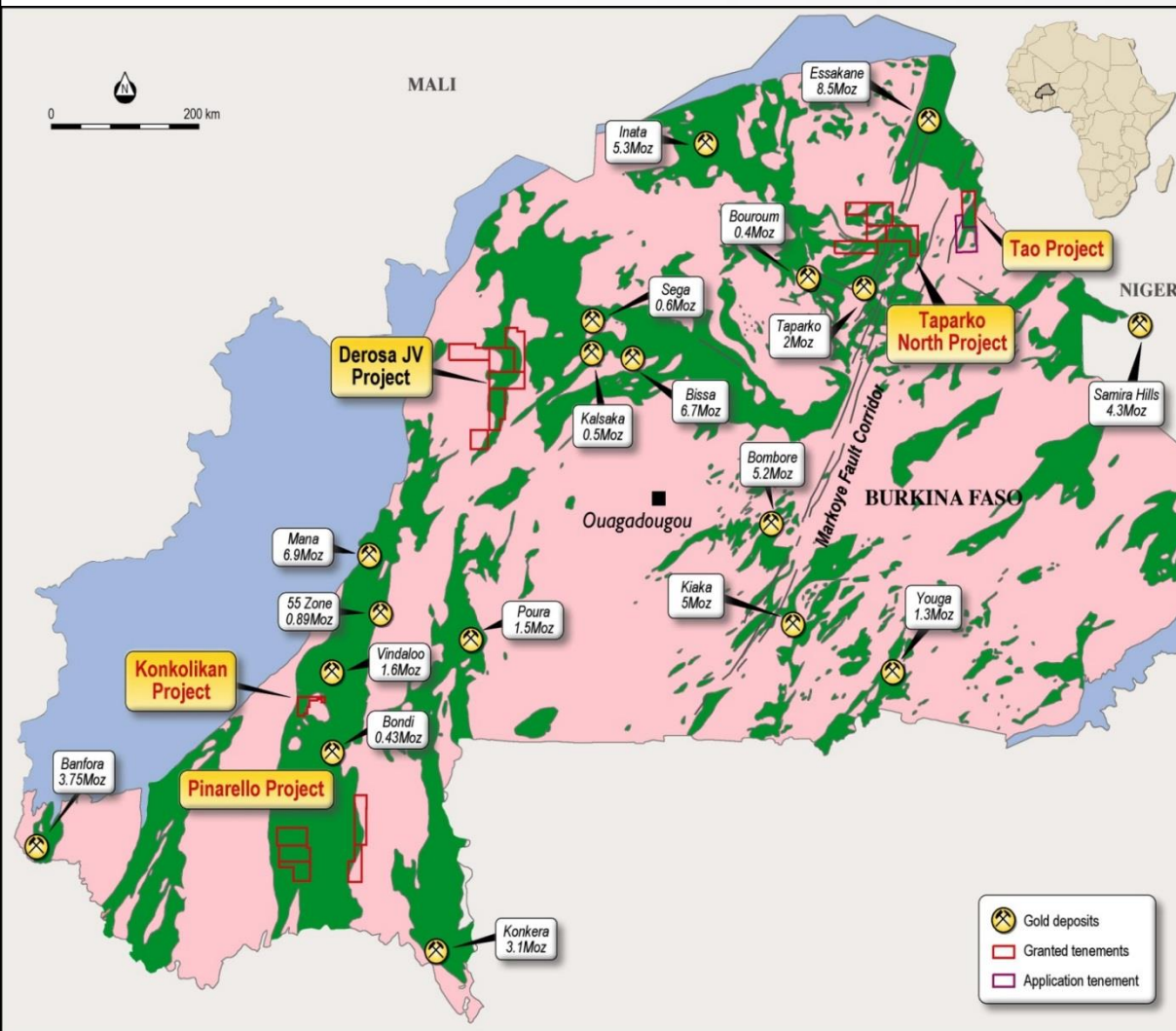
- ☛ Encouraging mining investment and development
- ☛ Significant mining project developments underway include:
  - ☛ Sundance Resources' Mbalam-Nabeba Iron Ore Project
  - ☛ Geovic Mining's Cobalt-Manganese-Nickel Project
  - ☛ Afferro Mining's Nkout Iron Ore Project (Subject to a \$200m takeover by IMIC plc in Dec 2013)





- ◀ Altus Strategies will become Canyon's largest shareholder, with 8 million shares post completion of the acquisition of the Birsok Project
- ◀ Successful history of discovery and development of projects throughout the African continent
- ◀ Incubator of early-stage opportunities
- ◀ Has interests in Copper, Iron Ore, Gold, and Bauxite in a number of African jurisdictions
- ◀ Altus is +45% owned by its Board and Management (Spratt 18.3% shareholder)

**The ongoing involvement of Altus at a project level and its direct equity investment in Canyon will closely align the goals of Altus with all Canyon shareholders**



## Focus on advancing key projects in the 2013/2014 field season

- ▶ **Pinarello Project**
  - ▶ Further testing of the Soukoura, Gaghny and Togoba prospects
- ▶ **Taparko North Project**
  - ▶ Drilling to follow up the multi element soil geochem and EM anomalies on the Karga prospect
- ▶ **Konkolikan Project**
  - ▶ Initial exploration targeting the trend hosting nearby high grade multi million ounce deposits
- ▶ **Derosa Project**
  - ▶ Canyon carried on upcoming drill program by Rumble Resources through farm-out to Rumble



- ◀ Portfolio of high quality projects in Africa, targeting company-making discoveries:
  - ◀ **Cameroon:** Targeting long life, premium grade DSO bauxite
  - ◀ **Burkina Faso:** Targeting gold and base metal discoveries across approximately 3,500km<sup>2</sup> in a number of highly mineralised belts including the Houndé gold belt, which hosts several high grade discoveries
- ◀ The Birsok Project is drill ready, with surface sampling indicating potential for a high-grade, scaleable deposit
- ◀ Canyon will be one of few junior resource companies providing exposure to bauxite
- ◀ Upward pressure on global bauxite prices due to increasing demand, particularly from China, and export restrictions out of Indonesia
- ◀ Rail infrastructure approximately 10km from the Birsok Project, running direct to port
- ◀ Aircore drilling planned to commence in Cameroon Q1 2014<sup>1</sup>
- ◀ Potential for maiden JORC Bauxite Resource with less than \$1 million of drilling
- ◀ Exploration planned to recommence in Burkina Faso in Jan 2014
- ◀ Highly leveraged to exploration success, with a tight capital structure
- ◀ Supportive shareholder base, including introduction of Altus Strategies as major shareholder<sup>1</sup>

<sup>1</sup> Subject to completion of the acquisition of the Birsok Project

## Forward Looking Statements

*Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Canyon Resources Ltd's exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate," "expect," "intend," "may," "potential," "should," and similar expressions are forward-looking statements. Although Canyon Resources Ltd believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

## Competent Person Statement

*The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Rhoderick Grivas, an employee of the Company and a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Grivas has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Grivas consents to the inclusion of the matters based on his information in the form and context in which it appears.*



Bauxite sample 63.79% Al<sub>2</sub>O<sub>3</sub>



Outcropping bauxite on the project area

ASX:CAY

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# Appendix

## *Conditions of the Transaction*

- ◀ The renewal of the Birsok License
- ◀ Canyon obtaining all necessary shareholder approvals required to issue the Initial Consideration Shares and any other approvals required by ASX
- ◀ Canyon and the Owner obtaining, all statutory and regulatory approvals and any other third party consents or waivers which are necessary or desirable to complete the Transaction
- ◀ the absence of any Material Adverse Change in the financial and operational condition or the assets of each of the Parties

All Conditions Precedent to be satisfied by end of April 2014

