

MARCH 2020 QUARTERLY ACTIVITIES REPORT

Highlights

- **Canyon remains on track to deliver Minim Martap Pre-Feasibility Study (PFS) and maiden ore reserve in the second quarter of 2020.**
- **Bauxite executive Rick Smith appointed Chief Development Officer to focus on supply chain, offtake and strategic partner negotiations for Minim Martap.**
- **Mr Smith helped deliver Guinea's newest bauxite mine, a US\$1.4 billion CAPEX project.**
- **Canyon implemented COVID-19 management plan to mitigate virus impact while delivering targeted milestones.**
- **Infrastructure negotiations and meetings continued with Camrail, the Douala Port Authority and the Kribi Port Authority.**
- **Consultant and contracting site visit completed at Minim Martap to underpin the technical and commercial elements of PFS.**

Canyon Resources ("Canyon" or "the Company") is pleased to report on activities at its 100%-owned Minim Martap Bauxite Project in Cameroon, for the quarter ended 31 March 2020.

Canyon remains on track to deliver a Pre-Feasibility Study (PFS) and maiden ore reserve for Minim Martap in the second quarter of 2020. This will build on the Scoping Study released by the Company in November 2019 which outlined a two-stage, two-port development strategy for Minim Martap, exporting bauxite through the Douala port as a Stage 1 standalone project, with a higher output planned for Stage 2, through the Kribi deep-water port.

During the March quarter, the Canyon project team met with the Cameroon rail operator, Camrail, the Douala Port Authority and Kribi Port Authority executive teams to complete PFS site visit requirements and accelerate the technical and commercial elements of the Minim Martap Project.

Camrail representatives supported the pathway proposed by Canyon to formalise the working relationship between the two entities and to progress technical and commercial solutions to support the Minim Martap project.

Canyon presented a similar formalised path to the Douala and Kribi Port representatives, who were also supportive of the Company's proposal. The parties agreed to formalise the development pathway including timelines and outcomes to expedite the process and execute access agreements.

Canyon completed a tour of Douala port, including visiting three proposed bauxite loading areas with designed berth depths of over 7m. The Douala port is undergoing renovations and de-silting on berths during 2020 and 2021 including the berths proposed to Canyon.

Since the meeting Canyon has reviewed the proposed berthing points and progressed with initial engineering designs. These have confirmed the suitability of the available berthing locations for the Company's development plans.

During the quarter, Canyon also completed a consultant site visit at Minim Martap to support the technical and commercial elements of the Project.



Figure 1 – Canyon’s study and development team meeting with Camrail executives in February 2020



Figure 2 – Canyon’s study and development team at the berth nominated by the Douala Port Authority for bauxite exports.

The project site visit included an inspection of the entire supply chain from mine to port, including traveling on the Camrail rail line and detailed site visits of the Douala and Kribi Ports, meetings with key members of regulatory and governing bodies and consultation with impacted communities and elders and chiefs. Cameroon major news agencies covered the visit.

The consultants and experts attending the site were selected for their expertise and ability to help expedite the development of the project and included groups currently working on the PFS. The guests included experts in mining, logistics, rail, port, earthworks and roadbuilding as well as social and environmental assessment consultants. The visit was accompanied by representatives of various Cameroon media organisations.

Canyon staff and consultants viewed the proposed bauxite loading berth at the Kribi port, with discussions around the use of the future mineral loading facility designed to support bulk commodities.

Following the Port meeting, the study group travelled the 300m wide road and rail access corridor that will link the Kribi Port to the existing rail and road infrastructure.

COVID-19 response

During the quarter, Canyon prepared and executed management plans to mitigate the impact of COVID-19 on the Company's staff and the Minim Martap Project while continuing to work on delivering target milestones for the Project.

Mitigation plans include:

1. On-site at Minim Martap

The Company is continuing to execute its work plans on site at the Minim Martap Project, however procedures have been put in place to limit the risk of any of Canyon's team being affected by COVID-19. Canyon's in-country technical and operational team are all Cameroonian, currently unaffected by travel restrictions and fully supported by the local community.

A specialist doctor visited the Minim Martap camp during March 2020 and advised the on-site team on COVID-19, including preventative measures, modes of transmission, symptoms and management of anyone who may develop symptoms of the virus.

2. Technical consultants working on desktop studies and modelling

Site, port and rail visits conducted by Canyon with its technical advisers concluded in February 2020. Remaining technical work for the PFS is being completed by Canyon's partners at their respective home bases. Further interaction between the Company and key PFS consultants is being conducted electronically, without any disruption to the completion timeline.

The Company continues to monitor the COVID-19 situation in Australia and Cameroon on a daily basis. In Cameroon this includes the monitoring of all Government updates and the health of all Company staff, including those in the office in Yaounde, on the project site in the Adamaoua region and those on rotational leave at their homes throughout Cameroon. Measures have been implemented to protect all staff and while work is still on going at the project and in Yaounde, the situation is being monitored closely and changes to the current working arrangements will be made as the situation requires.

We thank our team in Cameroon for the proactive and positive way that the COVID-19 management measures have been supported and implemented.



Figure 3: Canyon's Project team at Minim Martap receiving a medical presentation on Friday 20 March

Managing Director Phillip Gallagher and Chief Development Officer, Rick Smith, completed meetings in the Middle East with senior business leaders in the aluminium, alumina and bauxite industry. The

meetings, which were received very positively, were convened to advance discussions with potential future strategic offtake and funding partners as the Project enters the next stage of its development.

CORPORATE

Board and Management Remuneration

In acknowledgement of the current uncertainty around the COVID-19 virus and the potential impact on future funding options the Company has implemented the following changes to remuneration across all Directors and employees:

- The Non Executive Directors have accepted a 50% cash payment deferral.
- The Management and all staff of Canyon in both Australia and Cameroon have accepted between 20% and 50% wage deferrals.

The Directors will further review the board and management remuneration structure at the end of the financial year.

Directors and management will be paid their portion of remuneration deferment in Canyon equity (subject to shareholder approval where required).

Chief Development Officer Appointment

In March, Canyon appointed senior bauxite executive Rick Smith as Chief Development Officer, to focus on supply chain, offtake and strategic partner negotiations for Canyon's Minim Martap Bauxite Project in Cameroon.

Mr Smith was previously a senior executive within Guinea Alumina Corporation (GAC), who successfully commissioned the USD\$1.4 billion GAC Project. The bauxite mine is located in Tinguilinta, Guinea and is West Africa's newest bauxite mine that will export 12 million tonnes per annum through its Kamsar bauxite port facilities which were commissioned in Q3 2019.

Mr Smith has more than 35 years' experience in a variety of international locations relating to new markets, business development, exploration, feasibility studies and construction in bauxite and alumina projects. Mr Smith started with the GAC Project in 2013 as General Manager of Operations and Projects when the project was at a similar stage of development as Canyon's Minim Martap Project in Cameroon. He oversaw the development of the project from its early stages, through to commissioning, including leading negotiations for rail and other infrastructure agreements with the Guinea Government. He remained a senior executive during the construction and commissioning of the project.

Mr Smith's core responsibilities for the Company will include:

- a) Negotiation with the Government of Cameroon and other relevant entities in relation to access and commercial agreements for the rail and port facilities in Cameroon;
- b) Introduce Canyon to and facilitate negotiations with potential strategic investors, JV partners and offtake partners for the Project;
- c) Provide counsel in relation to overall Project execution, including potential partners, funding and bauxite marketing and offtake strategies.

CFO, Company Secretary Appointment

On 20th April Canyon announced the appointment of Mr Nick Allan as Chief Financial Officer and Company Secretary, following the resignation of Mr John Lewis.

Mr Allan is a Chartered Accountant with over 25 years experience in commerce, corporate advisory and public practice. Mr Allan has previously held several senior finance positions including Chief Financial Officer and Company Secretary of a number of ASX-listed public companies.

This report was authorised for release by the Board of Canyon Resources Limited.

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 km². 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 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 & reactive silica, high gibbsite, low boehemite and low on other contaminants.



Figure 4. 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

Nick Allan – Company Secretary

James Durrant – Director of Projects

Rick Smith – Chief Development Officer

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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Canyon Resources Limited

ABN

13 140 087 261

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(488)	(1,587)
(e) administration and corporate costs	(362)	(1,171)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(849)	(2,744)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(32)
(d) exploration & evaluation (if capitalised)	(1,023)	(3,564)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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)	-	-
2.6	Net cash from / (used in) investing activities	(1,023)	(3,596)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	843	7,343
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(204)	(485)
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)	-	-
3.10	Net cash from / (used in) financing activities	639	6,858

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,965	2,216
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(849)	(2,744)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,023)	(3,596)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	639	6,858

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	7	5
4.6	Cash and cash equivalents at end of period	2,739	2,739

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,739	3,965
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,739	3,965

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	149
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Salaries and fees paid to directors in the quarter including superannuation.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(849)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(1,023)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,872)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	2,739
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	2,739
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.46

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: The reported quarter had a higher than usual expenditure due to costs associated with the completion of the Pre-Feasibility Study. Most of these expenses have been incurred and will not be repeated to the same extent in the future.

The entity has also taken steps to reduce and defer its operating expenses in order to reduce its net operating cash outflows by way of reduction of non-critical staff numbers and deferral of staff costs, deferral of some non-critical operating expenditure items and reduction of other corporate overheads, and therefore expects its current level of operating cash flows will be reduced.

In addition to the above, the Non Executive Directors have accepted a 50% cash payment deferral. The Management and all staff of Canyon in both Australia and Cameroon have accepted between 20% and 50% wage deferrals. The Directors will further review the board and management remuneration structure at the end of the financial year. Directors and management will be paid their portion of remuneration deferment in Canyon equity (subject to shareholder approval where required).

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: The entity has not taken steps to raise further cash to fund its operations at this time and does not currently consider it necessary to do so.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The entity expects to be able to continue its operations and meet its business objectives, on the basis of the completion of most costs related to the PFS and cost reduction measures noted above which are not expected to interfere with the entity's capacity to progress the Minim Martap project.

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.

30 April 2020

Date:

By the Board

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.