

Key Interim ESIA Baseline Study Complete

Highlights

- **Interim water resources baseline study complete** incorporating hydrogeology, hydrology and water quality data obtained to date for the project.
- **The Environmental and Social Impact Assessment (ESIA) is well underway**, with Africa-based environmental and social advisory services firm ESS (Environmental and Social Sustainability) managing ESIA delivery.
- **Baseline studies are the foundation social and biophysical investigations** upon which the ESIA is based.
- **In-field baseline studies re-commence** following some delays in relation to travel restrictions imposed by Covid-19 responses.

Canyon Resources Limited (**ASX: CAY**) (**Canyon** or the **Company**) is pleased to announce the completion of the Water Resources Interim Baseline Report as part of the ESIA baseline studies, incorporating hydrology, hydrogeology and water quality data obtained to date for the Minim Martap Bauxite Project (the **Project**) in Cameroon, West Africa, and supports the Minim Martap Project Feasibility Study which is currently underway.

Canyon recognises the importance of sustainability and environmental and social responsibility in mining to support the transition to green, climate-resilient technologies, of which alumina and aluminium are critical materials. To this end, Canyon engaged an experienced Africa-based environmental and social advisory services firm, ESS (Environmental and Social Sustainability Ltd) based in Senegal, early on to support the Company to responsibly manage sustainability issues. As part of this work, ESS is managing the ESIA studies, of which the Baseline Report forms a key component.

With key oversight and direct management from ESS, the Water Resources Interim Baseline Report has been prepared by Cameroonian consultancy Rainbow Environmental Consult SARL. International consultancy firm Ramboll participated in data collection and document reviews, and confirmed that the interim results align with best practice and the requirements of the International Finance Corporation (IFC) Performance Standards.

This baseline study is part of the hydrogeological, hydrological and water quality studies for the ESIA covering the Project. It concerns the evaluation of water resources in the Minim Martap, Makan and Ngaoundal permits in the Djerem sub-division within the Adamaoua province of Cameroon.

The report highlights the average annual rainfall at the Project is 1,434 mm, with January being the driest month and June-August the wettest months. This compares favourably to average rainfall in the Guinea bauxite mining regions north of the capital Conakry, where rainfall exceeds 2,000 mm. Evaporation accounts for 50% of the rainfall water balance at the Project, 33% is runoff and the remaining 17%, infiltration. Importantly, no evidence was found of significant near-surface aquifers on the bauxite plateaux during the dry season; water was encountered between 8 and 15 m, and most of the boreholes and inspection pits were dry during the March 2020 site visit. Rainfall impacts are a particular focus of the Feasibility Study in order to adequately manage rainfall and runoff to avoid potential operational impacts.

James Durrant, Canyon's Director of Projects, said: "With the help of our dedicated African-based teammates, we are very pleased to have completed the first component of the ESIA inputs, given the impacts of COVID-19 on site activities.

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We have a well-defined schedule ahead of us with a fast-track programme planned to complete all the remaining ESIA baseline studies and deliver the impact assessment in line with national regulations and international frameworks. The overall objective is to cost-effectively de-risk the environmental and social aspects of the Project, and we have assembled a capable team to drive this objective.”



Figure 1 Canyon's Technical Services team with key members of Cameroonian consultancy Rainbow Environmental Consult SARL and International consultancy firm Ramboll

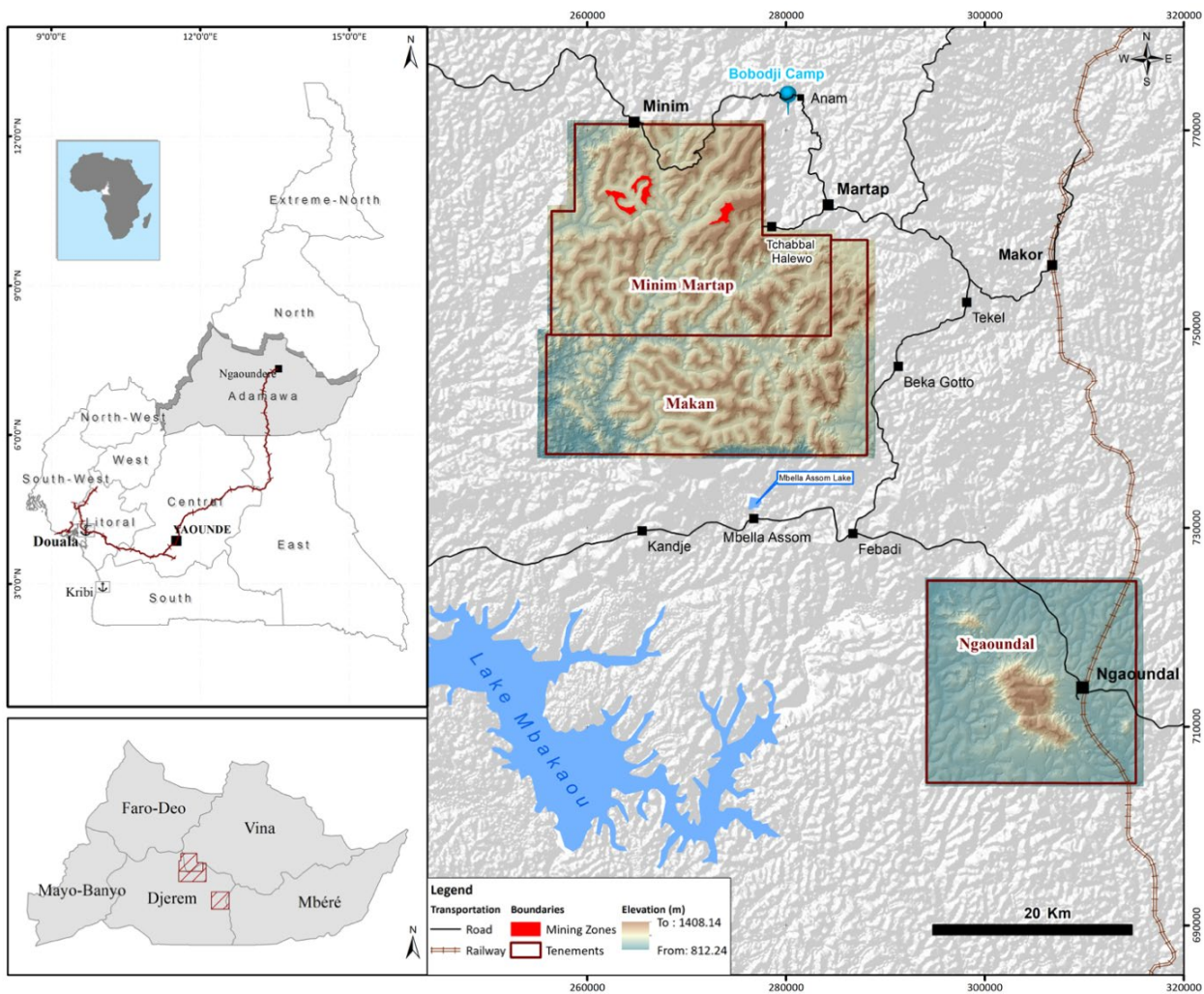
The remainder of ESIA baseline studies will progress through the remainder of the current wet season, during which further water resources data will be collected in order to formulate a more complete understanding of the water regime. Other key aspects of the ESIA will include biodiversity, air quality and noise, and socio-economic conditions. The final ESIA report is due for completion mid 2021.

About Canyon Resources

Summary

Canyon Resources is focussed on the development of the 100% owned Minim-Martap Bauxite Project, a direct shipping ore (DSO) project development opportunity in central Cameroon. The Project is situated adjacent to the main rail line linking the region to the Atlantic port of Douala. The rail line is currently underutilised and coupled with the existing port of Douala, supports a low capex, low opex solution to deliver high grade, low contaminant, seaborne bauxite to market to fuel the large and growing aluminium industry as described in the 2020 Pre-Feasibility Study¹. The country is planning a rail extension and is undergoing rail line debottlenecking upgrades giving longer term potential for export through the newly built, deep-water port of Kribi.

Canyon is planning the development of the bauxite Project in a 2 Stage, 2 Port execution program with initial production exported though the port of Douala utilising the existing rail and port infrastructure and Stage 2 unlocking tonnes and reducing costs by utilising the port of Kribi.



¹ ASX announcement 01 July 2020.

Pre-Feasibility Study

The Company's recently released **Stage 1 Pre-Feasibility Study**² demonstrated the Minim Martap Bauxite Project's potential as a long-term producer of very high quality, low contaminant bauxite via a multi-stage development program utilising existing infrastructure in Cameroon. Canyon is advancing strategic partnership and off-take agreement discussions with interested parties to accelerate the Project development timeline. The headline economic outcomes of the Pre-Feasibility Study are as follows:

Minim Martap Project ¹	Units	Stage 1
Annual Production Rate	Mtpa	5.0
Project Development Capital	US\$M	120
Average Operating Cost C1	US\$/t	35.1
Project NPV ₁₀	US\$M	291
Project IRR	%	37
Capital Intensity	US\$/t	24

Resources and Reserves

The Project is validated by the **Ore Reserve estimate**, (ASX announcement 10 August 2020), prepared by a Competent Person, in accordance with the JORC Code (2012) and is presented as:

Reserve			
Classification	Tonnes (Mt)	Al ₂ O ₃	SiO ₂
Proven	-	-	-
Probable	97.3	51.1%	2.3%
Total Ore Reserves	97.3	51.1%	2.3%

The underlying **Mineral Resource estimate** (ASX announcement: 27 September 2019) prepared by a Competent Person, in accordance with the JORC Code (2012) is stated as:

Resource (35% Al ₂ O ₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	892	45.1% Al ₂ O ₃	2.8% SiO ₂
Indicated	839	45.2% Al ₂ O ₃	2.8% SiO ₂
Inferred	53	43.8% Al ₂ O ₃	3.1% SiO ₂
Contained High Grade Resource (45% Al ₂ O ₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	431	48.8% Al ₂ O ₃	2.6% SiO ₂
Indicated	410	48.9% Al ₂ O ₃	2.6% SiO ₂
Inferred	21	47.4% Al ₂ O ₃	2.0% SiO ₂

Competent Person's Statement – Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled or reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and is currently employed by Mining Plus (UK) Ltd. Mr Battista has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code).

Mr Battista consents to the disclosure of information in this report in the form and context in which it appears.

² ASX announcement 01 July 2020.

Competent Person's Statement – Mineral Resources

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 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.

Mineral Resource estimate

The data in this announcement that relates to the Mineral Resource³ estimates for the Minim Martap Bauxite Project is based on information in the Resources announcement of 27 September 2019 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

Pre-Feasibility Study

The data in this announcement that relates to the Pre-Feasibility Study⁴ for the Minim Martap Bauxite Project and associated production targets and forecast financial information, is based on information in the PFS announcement of 01 July 2020. and available to view on the Company's website and ASX.

The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.

Ore Reserve estimate

The data in this announcement that relates to the Ore Reserve estimate⁵ estimates for the Minim Martap Bauxite Project is based on information in the maiden Ore Reserve announcement of 10 August 2020 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

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.

³ ASX announcement 27 September 2019

⁴ ASX announcement 01 July 2020

⁵ ASX announcement 10 August 2020

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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.

This announcement has been approved for release by the Board

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