

Canyon executes Strategic Partnership Agreement and MOU with MCC

Highlights

- Canyon executes a Strategic Partnership Agreement and MOU with MCC for the development of the Minim Martap Bauxite Project.
- MCC will increase its involvement in the Project and will provide all necessary support to Canyon to assist in financing, off-take, technical and business issues associated with the Project.
- Canyon has been working with MCC engineering division, MCC-CIE as a BFS contractor since December 2020 and the MOU reaffirms their continued commitment to provide technical assistance to Canyon
- MCC is active in global bauxite mining and refining and operates mines in Africa.

Canyon Resources Limited (ASX: CAY) (**Canyon**, or the **Company**) is pleased to announce the execution of a Strategic Partnership Agreement and MOU for the Minim Martap Bauxite Project (**Project**) in Cameroon with Zhongye Changtian International Engineering Corporation of MCC (**MCC-CIE**), the mining engineering division of global mining giant Metallurgical Corporation of China (**MCC**). The agreement follows the awarding of the bankable feasibility study (**BFS**) contract for the development of Stage 1 of the Project to MCC-CIE in December 2020.

MCC-CIE is part of MCC, which is a wholly owned subsidiary of China's Minmetals Corporation (**Minmetals**). MCC-CIE is one of China's leading engineering, procurement and construction companies and works extensively with leading banks in China.



MCC-CIE has been the leading contractor for Canyon on the BFS for the Project since December 2020.

The Strategic Partnership Agreement and MOU states that "In accordance with good cooperation between the parties during the BFS, Canyon and MCC-CIE shall commence a **Comprehensive Strategic Partnership**. MCC-CIE, as the Strategic Partner, would offer necessary assistance to Canyon in facilitating the off-taking and financing for the Project in China. MCC will also provide all necessary support to assist Canyon in technical, business off-taking and financial related issues, etc."

MCC has this week mobilised to Cameroon a senior representative from MCC International, a clear sign of MCC's commitment to endorsing the Project in Cameroon, and its immediate support for Canyon under the Strategic Partnership Agreement. Together with Canyon's executive management, including the Managing Director, a number of introductory meetings have been held in Douala with senior government officials to present the merits of the Strategic Partnership to the Government of Cameroon. Meetings commenced yesterday and already the feedback has been very positive, and the authorities have been impressed with the immediate attention shown by MCC.

Canyon Managing Director, Mr Phillip Gallagher said, *“Canyon has worked with MCC-CIE since late 2020 on the BFS for the Minim Martap Project and the signing of this Strategic Partnership and MOU is a very positive next step. Executing the MOU with MCC-CIE is a testament to the sound relationship Canyon and MCC-CIE have established in a relatively short space of time, and MCC-CIE will introduce real options for project financing and off-take. It is a great benefit to Canyon to have a Strategic Partner with extensive experience in building and operating mining projects in Africa.*

MCC-CIE is part of the MCC and Minmetals group of companies that own and operate mines across various commodities, alumina refineries and aluminium smelters. They know the Minim Martap Project very well due to their ongoing involvement with the BFS. It is exciting to have a technical and financial partner of the scale and calibre of MCC-CIE offering to substantially increase its involvement in the Project, thereby confirming MCC-CIE’s endorsement of the Minim Martap Project and Cameroon as a whole.”

Key details of the MOU and Strategic Partnership Agreement are:

- The parties have commenced a Comprehensive Strategic Partnership and will immediately hold regular meetings to promote the financing and execution of the Project.
- MCC-CIE will provide Canyon with all necessary support within its capacity to assist Canyon in technical, business, off-taking and financing related issues.
- The relationship which is created Strategic Partnership Agreement and MOU is until 31 December 2022 unless extended.
- The parties agree to reach a more comprehensive legally binding agreement for the implementation of the Project to replace the non-binding relationship established through the MOU and Strategic Partnership Agreement.

About MCC

MCC-CIE is a member of the China Minmetals Corporation, and a subsidiary of Metallurgical Corporation of China (MCC). China Minmetals ranks 65th among the Fortune Global 500 companies with revenue of USD \$102 billion, is a world-class metal and mining corporation. MCC is the world’s largest metallurgical and mining construction contractor and operation service provider, ranking the 8th among Engineering News Record’s (ENR) Top 250 Global Contractors, and has the capacity, knowledge, experience, and skills to undertake various projects all over the world including, mining, roads, bridges, water treatment, power plants, iron and steel plants, cement plants, etc.

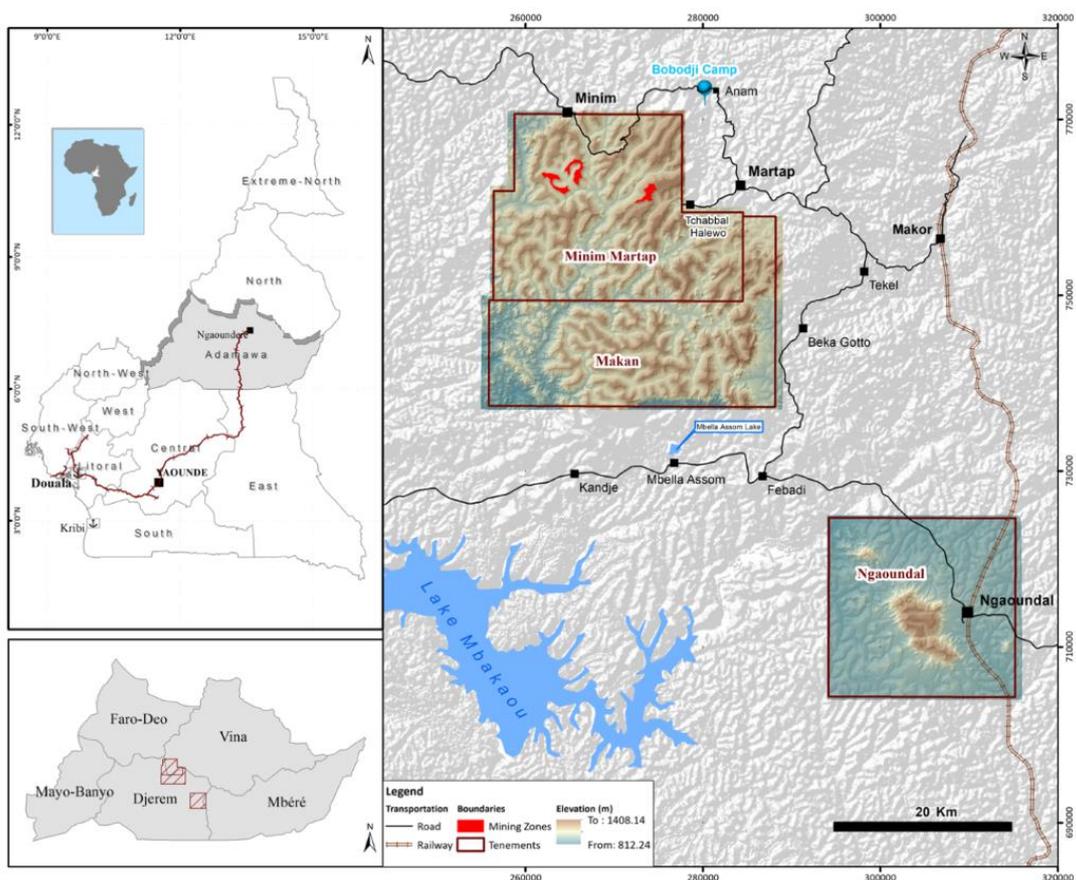
Minmetals is engaged in the production and trading of metals and minerals, including bauxite, alumina, aluminium, copper, tungsten, tin, antimony, lead, zinc, and nickel. Minmetals is a joint venture partner for the mining and processing of bauxite in Jamaica and has interests in aluminium production in China.

About Canyon Resources

Summary

Canyon is focussed on the development of its 100% owned Minim Martap Bauxite Project, a direct shipping ore (DSO) 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 programme 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 planned rail extension to access the deep-water port of Kribi.



¹ ASX announcement 1 July 2020

Pre-Feasibility Study

The Company's Stage 1 Pre-Feasibility Study² 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. Subsequent to the PFS, the mining costs have been updated to reflect cost inputs from mining contractors to demonstrate outcomes for mining contract, rather than owner operated, mining operations. The headline economic outcomes of the Pre-Feasibility Study and the subsequent update are shown below. Canyon is advancing strategic partnership and off-take agreement discussions with interested parties to accelerate the Project development timeline.

Minim Martap Project	Units	PFS (Owner Mining) ²	PFS (Contractor Mining) ³
Annual Production Rate	Mtpa	5.0	5.0
Project Development Capital	US\$M	120	109
Average Operating Cost C1	US\$/t	35.1	36.1
Project NPV ₁₀	US\$M	291	289
Project IRR	%	37	38
Capital Intensity	US\$/t	24	24

Reserves and Resources

The Project is validated by the **Ore Reserve estimate**³ prepared by a Competent Person, in accordance with the JORC Code (2012) and is stated as:

Reserve			
Classification	Tonnes (Mt)	Alumina	Silica
Proved	99.1	51.6% Al ₂ O ₃	2.4% SiO ₂
Probable	-	-	-
Total Ore Reserves	99.1	51.6% Al ₂ O ₃	2.4% SiO ₂

The underlying **Mineral Resource estimate**⁴ 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	1,027	45.3% Al ₂ O ₃	2.7% SiO ₂
Measured	382	47.3% Al ₂ O ₃	2.7% SiO ₂
Indicated	597	44.2% Al ₂ O ₃	2.7% SiO ₂
Inferred	48	43.2% Al ₂ O ₃	3.7% SiO ₂
Contained High Grade Resource (45% Al ₂ O ₃ cut-off)			
	Tonnes (Mt) ore	Alumina	Silica
Total	500	49.0% Al ₂ O ₃	2.6% SiO ₂
Measured	268	49.7% Al ₂ O ₃	2.6% SiO ₂
Indicated	218	48.3% Al ₂ O ₃	2.5% SiO ₂
Inferred	14	47.3% Al ₂ O ₃	2.8% SiO ₂

² ASX announcement 1 July 2020

³ ASX announcement 25 May 2021

⁴ ASX announcement 11 May 2021

Competent Person's Statement – Ore Reserves

The information in this announcement 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 is being undertaken 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 announcement in the form and context in which it appears.

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. 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 is being undertaken 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 Resource estimates for the Project is based on information in the Resources announcement of 11 May 2021 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 Study for the Project and associated production targets and forecast financial information, is based on information in the PFS announcement of 1 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 estimate for the Project is based on information in the maiden Ore Reserve announcement of 25 May 2021 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.

About Cameroon

Canyon is exploring and developing high grade bauxite reserves in Cameroon, a central-west African country between Nigeria and Equatorial Guinea with Yaounde as the capital. The country has enjoyed the development of industry and infrastructure, particularly agriculture, roads, railways and ports and including a hydro-electric powered aluminium smelter at Edea, currently utilising imported alumina. Cameroon is a producer, consumer and exporter of gas, having exported 6,262,113 million BTU by the end of May 2020, and crude oil and has rich deposits of cobalt, iron ore, gold, diamonds and vast high grade bauxite ore reserves. Revenues from the extractive industries accounted for 5.43% of GDP and 33.23% of total exports in 2015. Cameroon has the fundamental infrastructure and mineral deposits to support a significant mining industry and the population is generally highly skilled in the technical vocations commensurate to exploration, construction and mining.

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.

This announcement has been approved for release by the Board

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