

Canyon Resources

Another step closer to first production

Project update

Canyon Resources has received an approval that grants it land access at the established port of Douala. With rail access already secured through the investment in Camrail, this is the final infrastructure agreement required for the development of the Minim Martap project. It also paves the way for the company's majority shareholder, Eagle Eye Asset Holdings (EEA), to exercise its 500m options that will bring in A\$35m. Access to rail and port significantly de-risks the project, supporting Canyon's target of first shipment in H126. We maintain our project level NPV at US\$566m (A\$889m).

| Year end | Revenue (AUDm) | EBITDA (AUDm) | PBT (AUDm) | EPS (AUc) |
|----------|----------------|---------------|------------|-----------|
| 6/22 | 0.0 | (12.7) | (12.8) | (1.84) |
| 6/23 | 0.0 | (4.5) | (5.0) | (0.54) |
| 6/24 | 0.0 | (10.1) | (9.5) | (0.80) |
| 6/25e | 0.0 | (11.2) | (10.4) | (0.75) |

Note: PBT and EPS as reported by the company

Port access: Final infrastructure agreement in place

Canyon has secured an approval from the Port Authority of Douala that grants it land access at the port. The proposed storage area allows the company to transport up to 6Mtpa of bauxite, with the potential to expand to 10Mtpa. Located within the established port area, the new facility is a much more attractive logistical solution compared to other options considered by the company in the past. It will allow pre-production capex to be reduced thanks to the availability of existing infrastructure, such as railway tracks and quay, within the port terminal. Having already secured access to rail through the acquisition of a 9% interest in Camrail, port access is the final infrastructure agreement required for the development of the Minim Martap project. Canyon continues to target first bauxite shipment in H126.

EEA option exercise to boost cash position

Securing access to port is also the final condition precedent for Canyon's cornerstone shareholder, EEA, to exercise 500m options priced at A\$0.07/share. EEA currently has a 43.6% interest in Canyon, and we expect its ownership to increase to c 58% post exercise (assuming no other transactions). The company expects EEA to exercise options in May, generating A\$35m in cash proceeds and boosting Canyon's end-March cash position of A\$9m. The company is targeting a final investment decision on the project in Q225, suggesting that it may be close to finalising a funding solution.

Valuation: Project de-risking supports shares

Despite the recent correction in bauxite/alumina/aluminium prices against the uncertain global economic backdrop, Canyon shares remain relatively well-supported by the company's rapid progress on project de-risking. We maintain our NPV of Minim Martap at US\$566m (A\$889m), and look to update our valuation following the release of the DFS in Q325. We have slightly updated our FY25 estimates to reflect the investment in Camrail. Despite the current commodity price weakness, we believe Canyon is well positioned to benefit from tight market fundamentals and expect bauxite prices to recover once trade frictions subside.

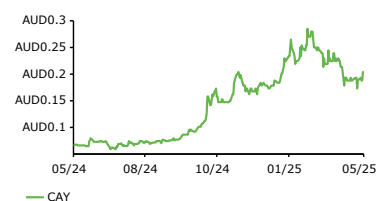
Energy and resources

2 May 2025

Price **AUD0.190**
Market cap **AUD270m**

Net cash/(debt) at end March 2025 AUD8.6m
 Shares in issue 1,422.2m
 Code CAY
 Primary exchange ASX
 Secondary exchange N/A

Share price performance



| % | 1m | 3m | 12m |
|------------------|--------|--------|--------|
| Abs | (17.4) | (24.0) | 153.3 |
| 52-week high/low | | AUD0.3 | AUD0.1 |

Business description

Canyon Resources is a development and exploration company focused on expediting the development of the high-grade bauxite Minim Martap project in central Cameroon, through its in-country subsidiary Camalco.

Next events

Definitive feasibility study Q325

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Update on Minim Martap development progress

On 28 April Canyon announced that its wholly-owned in-country subsidiary Camalco had received an approval from the Port Authority of Douala to secure land access at the port. The storage area that covers 65,000m² will allow the company to transport and store up to 6Mtpa of bauxite ore, with design works currently underway to expand this to 10Mtpa. The location of the new port solution is much more beneficial compared to two options (Bonaberi and Dibamba) considered by the company in the past. Thanks to the availability of existing infrastructure within the Douala terminal, such as railway tracks and quay, Canyon will be able to reduce pre-production capex as well as to increase chances of meeting its target of first ore shipment in H126. We understand that commercial agreements for both port and rail operations are currently being finalised.

Having secured access to rail through the acquisition of 9.1% in Cameroon's rail operator, Camrail (see our [March flash note](#)), port access is the final infrastructure agreement required to develop the Minim Martap project. Earlier, the company also announced the approval of its inland rail facility (IRF). Given the simple nature of Canyon's mining operations, infrastructure has always been key to the project's execution. As such, securing access to both port and rail significantly de-risks the project and is an important step towards bringing the Minim Martap project into production.

Access to port is also the final condition precedent for the company's cornerstone shareholder, EEA, to exercise 500m options on Canyon shares at A\$0.07, providing the company with an additional A\$35m in funds (cash at end-March of A\$8.6m). The company expects EEA to exercise options in May. It is also targeting a final investment decision on the project in Q225. Given the timing, it is likely that option exercise will be part of the broader funding solution for the initial stage of the project development.

Exhibit 1: Port of Douala infrastructure map



Source: Canyon Resources

In other news, Canyon provided an update on other work streams related to project development. These include:

- A detailed design for bauxite port loading infrastructure has commenced.
- Final tenders have been received for mine development and road access upgrade to the IRF.

- Engineering design of the IRF is approximately 50% completed.
- An evaluation of rail and port capacity upgrade from 6Mtpa to 10Mtpa is underway.
- The first locomotive delivery is scheduled for Q126.
- The DFS is scheduled for completion in Q325.

Exhibit 2: Financial summary

| Year end 30 June, A\$'000 | FY22 | FY23 | FY24 | FY25e |
|---|----------|----------|----------|----------|
| Income statement | | | | |
| Revenue | 0 | 0 | 0 | 0 |
| Exploration and evaluation | (4,462) | (795) | (5,919) | (6,166) |
| Employee costs | (2,027) | (2,303) | (2,417) | (2,844) |
| Other operating costs | (6,195) | (1,446) | (1,717) | (2,214) |
| EBITDA | (12,683) | (4,543) | (10,053) | (11,224) |
| D&A, impairments | (96) | (610) | (98) | (100) |
| EBIT | (12,778) | (5,154) | (10,151) | (11,324) |
| Interest | 4 | 167 | 612 | 900 |
| PBT | (12,775) | (4,987) | (9,539) | (10,424) |
| Tax | 0 | 0 | 0 | 0 |
| Net income | (12,775) | (4,987) | (9,539) | (10,424) |
| EPS, c | (1.84) | (0.54) | (0.80) | (0.75) |
| Shares outstanding, m | 806 | 1,016 | 1,374 | 1,414 |
| Balance sheet | | | | |
| Cash and equivalents | 4,478 | 10,726 | 22,166 | 5,707 |
| Other | 444 | 584 | 493 | 493 |
| Total current assets | 4,923 | 11,311 | 22,658 | 6,199 |
| Exploration expenditure | 16,424 | 18,074 | 20,350 | 25,350 |
| Other | 239 | 197 | 1,529 | 5,300 |
| Total non-current assets | 16,663 | 18,271 | 21,878 | 30,649 |
| Total assets | 21,586 | 29,581 | 44,537 | 36,849 |
| Trade and other payables | 1,061 | 709 | 638 | 638 |
| Other | 121 | 33 | 29 | 29 |
| Total current liabilities | 1,183 | 742 | 668 | 668 |
| Total liabilities | 1,183 | 742 | 668 | 668 |
| Issued capital | 76,733 | 89,004 | 113,523 | 116,259 |
| Reserves | 5,690 | 6,841 | 6,891 | 6,891 |
| Accumulated losses | (62,019) | (67,006) | (76,545) | (86,969) |
| Total equity | 20,403 | 28,839 | 43,869 | 36,181 |
| Cash flow statement | | | | |
| Net cash from operating activities | (7,976) | (4,552) | (9,574) | (10,324) |
| PP&E payments | (8) | (41) | (1,124) | (200) |
| Exploration payments | (260) | (1,340) | (2,380) | (5,000) |
| Investments | 0 | 0 | 0 | (3,671) |
| Net cash from investing activities | (127) | (1,380) | (3,504) | (8,871) |
| Net proceeds from issued shares/options | 10,134 | 12,181 | 24,429 | 2,736 |
| Net cash from financing activities | 10,134 | 12,181 | 24,429 | 2,736 |
| Net increase in cash | 2,032 | 6,249 | 11,352 | (16,459) |
| Forex | (237) | (1) | 88 | 0 |
| Opening cash | 2,684 | 4,478 | 10,726 | 22,166 |
| Closing cash | 4,478 | 10,726 | 22,166 | 5,707 |

Source: Canyon Resources, Edison Investment Research

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