EDISON

Canyon Resources

DFS confirms attractive project economics

Canyon Resources has released a definitive feasibility study (DFS) on the Minim Martap bauxite project in Cameroon, confirming its attractive economics. The study provides up-to-date operating and capital cost estimates, as well as the revised staged ramp up to an expanded capacity of 10Mtpa. The project has been largely de-risked, with funds secured to commence production in Q1 CY26. This puts the company in a strong position to capitalise on the attractive bauxite market fundamentals.

Year end	Revenue (AUDm)	EBITDA (AUDm)	PBT (AUDm)	EPS (AUc)
6/23	0.0	(4.5)	(5.0)	(0.54)
6/24	0.0	(10.1)	(9.5)	(0.80)
6/25e	0.0	(11.6)	(10.9)	(0.72)
6/26e	0.0	(8.5)	(11.3)	(0.63)

Note: PBT and EPS as reported by the company.

DFS validates Minim Martap's attractive economics

The DFS assumes a staged production ramp up from 1.2Mtpa of high-grade direct shipping ore (DSO) product in 2026 to 10Mtpa (wet) in 2032, once the railway infrastructure upgrade is completed. The revised production schedule is underpinned by an upgraded mineral reserve estimate, supporting a 20-year mine life at higher capacity. Despite industry-wide cost pressures, the total development cost has only increased by c 10% to US$446m. However, a typical trade-off between the owner- and contractor-operated model has resulted in a c 60% increase in C1 opex to US$38.5/t, which now also includes sustained capex. The company is well capitalised, with pro forma cash and debt more than covering pre-production capex of US$96m. The project economics remain robust, and our estimates suggests the project should be profitable in the first full year of operation.

Bauxite market is ripe for new supply

The project commissioning has been brought forward by a year, allowing the company to start generating early cash flows. Despite falling from historical highs, the spot bauxite price trades at c US$75/t and remains well supported by industry cost pressures and geopolitical risks. In the longer term, demand driven by electrification, tighter environmental regulations, supply diversification and political uncertainty should continue to support prices. The DFS assumes a long-term bauxite price of US$72/t, which is consistent with our slightly tweaked estimate of US$70/t, and China's bauxite imports growing at a 2% CAGR from 2024 to 2030. With Minim Martap nearing production, Canyon is in a strong position to take advantage of attractive bauxite market fundamentals.

Valuation: Offering plenty of upside

We continue to believe that Canyon represents an attractive investment proposition, offering rare exposure to the fast-growing seaborne bauxite market. Our updated NPV of the project yields a valuation of A$735m (100% basis) at a 10% discount rate, plus an additional A$271m for residual resources. While a moderate reduction compared to our previous estimate mainly due to higher opex, the lower initial capex requirement and equity dilution significantly de-risk the development. Our NPV increases to A$1,143m at US$80/t bauxite price and A$960m at 8% discount rate.

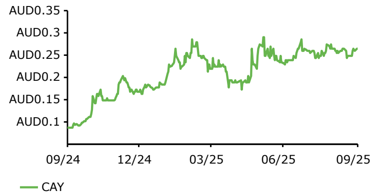
Project update

Energy and resources

16 September 2025

Price	**AUD0.265**
Market cap	**AUD473m**
Net cash at Q425, including post period options exercise	AUD36.9m
Shares in issue	1,784.8m
Code	CAY
Primary exchange	ASX
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	0.0	15.2	197.8
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

Production start	Q1 CY26

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Edison profile page

Definitive feasibility study review

Staged ramp up to higher capacity

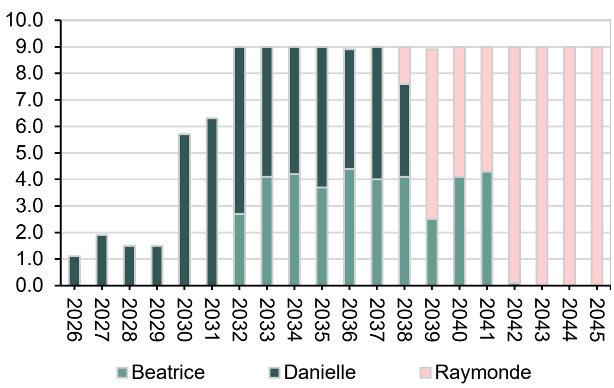
Ahead of the rapidly approaching commissioning of Minim Martap, Canyon has published the latest DFS, which builds on several years of project exploration and development work and provides an update on the initial feasibility study released in 2022. We covered some technical and geological details of the project in our initiation report. These remain essentially unchanged. The purpose of this note is to provide an update on the economic and valuation implications of the DFS, which includes revised opex and capex estimates, a revised production schedule and enlarged mineral reserves.

The company continues to target first bauxite production in Q1 CY26, followed by first shipment in H1 CY26. As previously, production is expected to be gradually increased to align the project development with the ongoing rail upgrade. However, the updated ramp up is more gradual, starting with an estimated 1.2Mtpa (wet) of product in 2026 and gradually increasing to 10Mtpa (wet) at full capacity in 2032 (see Exhibits 1 and 2), once the railway line to the Douala port is fully operational to support increased throughput. While the initial output is now lower, the project commissioning has been brought forward by at least a year, reducing the development capital outlay and allowing the company to start generating early cash flows to support future expansion. Compared to the 2022 study, peak production has increased from c 7–8Mtpa (wet) to 10Mtpa and the average life-of-mine (LoM) production has increased from c 6Mtpa to 8Mtpa (wet) of saleable product.

The revised schedule is underpinned by the upgraded JORC-compliant mineral reserves, now amounting to 144Mt dry (from 97Mt) at 51.2% alumina and 1.7% silica (from 2.3%) and supporting an unchanged mine life of 20 years, which is consistent with the granted mining permit. The project's total compliant mineral resource was broadly maintained at 1,102Mt (from 1,027Mt), grading 45% alumina and 2.7% silica. We note that the proposed mining operations are based on just three high-grade and low-silica plateaux, while the mining inventory beyond the initial scope, which will include ore from eight plateaux underpinning the project's mineral resource, supports a mine life extension upon the subsequent renewal of the mining permit.

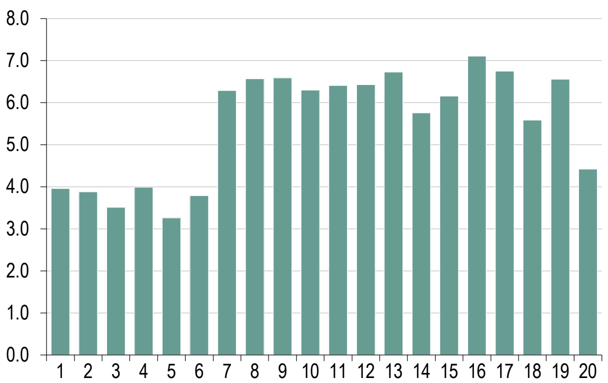
The product specifications are essentially unchanged. The project will produce high-grade DSO, with an alumina grade of 51% (±1%) and low silica of 2% (±0.5%). The product is suitable for direct feed into alumina refineries using the low-temperature Bayer process to convert bauxite to pure alumina. It will command a premium price compared to the benchmark Guinean bauxite (45% alumina, 3% silica), and should be highly sought after on the international seaborne market. The product is expected to be sold to alumina refineries in Europe, the Middle East and Asia.

Exhibit 1: DFS production schedule, Mtpa (dry)



Source: Canyon Resources

Exhibit 2: Pre-DFS production schedule, Mtpa (dry)



Source: Canyon Resources

Exhibit 3: Updated mineral reserves and resources

	Ore, Mt (dry)	Alumina, %	Silica, %
Mineral reserves			
Proved	133.3	51.2	1.7
Probable	10.7	51.8	1.7
Total	144.0	51.2	1.7
Mineral resources			
Measured	394.0	46.8	2.1
Indicated	502.0	44.7	2.9
Inferred	206.0	44.0	3.4
Total	1,102.0	45.3	2.7

Source: Canyon Resources

Capital and operating costs: Higher opex but lower pre-production spend

Apart from the revised mining schedule, the biggest change in the DFS is the updated operating and capital cost estimates. Given the general cost inflation in the mining industry, some cost escalation was to be expected and was also partly reflected in our previous financial and valuation assumptions. That said, while opex increased by c 60% from 2022, mainly due to more accurate and up-to-date rail and port transportation costing and the inclusion of the operator costs, the overall development capex to full capacity has only gone up by c 10%, with the lower pre-production component and lower implied capital intensity. This is a typical trade-off between the owner-operated model, with lower opex but higher capital expenditure, and the contractor-operated model, which leads to higher opex but lower initial capital investment.

The company now estimates the project's average LoM opex at US$38.5/t (Q225 terms) on an FOB basis compared to US$24/t in the 2022 study. The biggest increase is due to the transportation costs, which grew from US$19.3/t to US $34.5/t following the signing of binding agreements with Camrail, the Port of Douala and Arise. All operating activities, including road haulage, rail transportation and transshipment, are now assumed to be contractor operated and therefore include equipment costs and margins to owner-operators. As such, opex now takes into account sustaining capital as part of the contractor costs. The 2022 study estimated sustaining capex at US$127m over the LoM, which equates to c US$1.2/t per year, or at least c 3% of the current operating cost. Overall, despite the increase, the project's C1 cash cost remains competitive compared to other bauxite producers, especially in Guinea, and the current international bauxite price.

The project's overall capital cost to full capacity is now estimated at US$446m (Q225 terms). It is scheduled as follows: US$96m to first ore shipment in 2026, an additional US$63m to 2.1Mtpa wet of product in 2027 (Year 2), an extra US $187m to 6.3Mpta wet in 2030 (Year 5) and another US$187m to full capacity of 10Mtpa wet in 2032 (Year 7). The revised total capital cost represents an increase of just c 10% on the 2022 figure of US$402m (pre-production plus deferred) and implies a lower capital intensity of US$62/t based on average dry production (from US$73/t) and US $50/t based on peak output (from US$65/t). Needless to say, the reduced capital intensity looks even more attractive compared to some other new projects such as Chinalco's proposed bauxite investment in Suriname, which is expected to cost at least US$426m, targeting production of 6Mtpa, or c US$70/t of capacity.

Exhibit 4: Minim Martap's C1 cash cost and capex estimates

LoM operating costs	US$/t	Capital costs	Stage 1, US$m	LoM, US$m
Waste removal	0.7	Mine and mine site infrastructure	2.0	2.0
Ore mining	2.9	Haul road	8.0	8.0
On-site G&A	0.4	Inland rail facility	34.0	56.0
Transport	23.2	Douala port	6.0	28.0
Port	11.4	Rail	41.0	348.0
C1 cash cost	**38.6**	**Total**	**96.0**	**446.0**

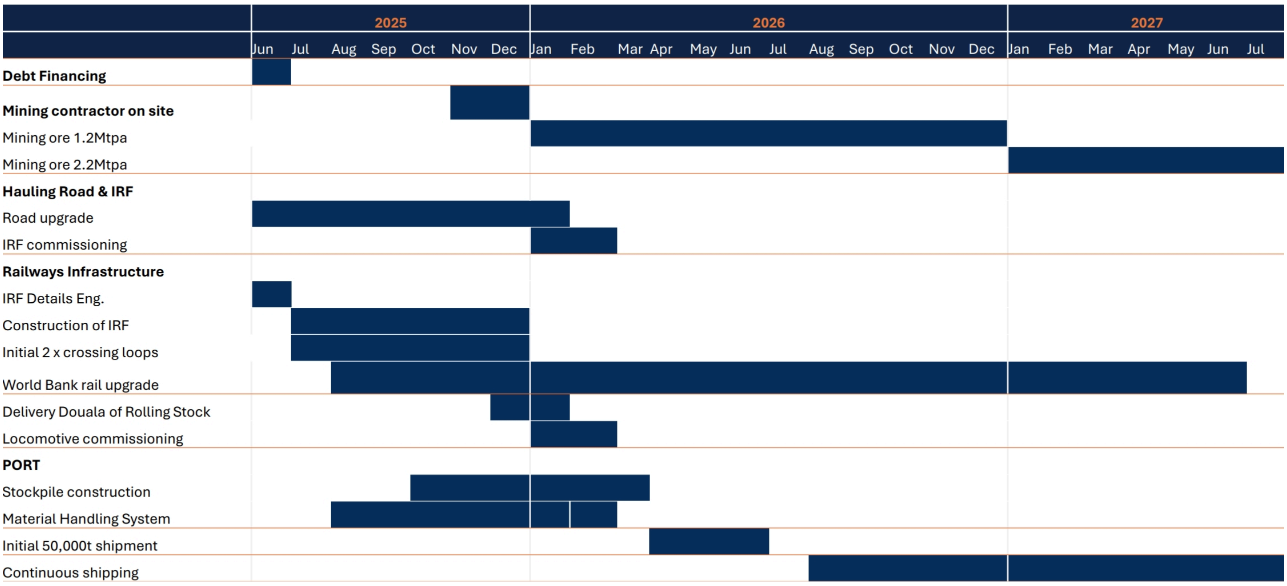
Source: Canyon Resources; Note: Total capex includes US$5m in owners costs

Funded to first production

The project's revised production and capex schedule has a number of profound financial implications. It reduces the initial, pre-production capital outlay, and brings first production and cash flows forward by at least a year and therefore significantly de-risks the project, reducing any future equity dilution. All this should help the company fund the staged development of the project. Canyon is well capitalised. It ended FY25 (to June) with A$11.5m in cash and after the period end, secured an additional A$25.4m from its core shareholder, Eagle Eye Asset Holdings (EEA), as part of an options exercise. EEA remains supportive of the company, and we expect it to exercise the remaining portion of the options package in FY26, bringing in an additional A$9.6m. As was reported earlier, EEA has also provided an underwriting agreement for US$124m, which could be used for the rolling stock acquisition. On top of this, Canyon secured a US$144m loan facility from AFG Bank Cameroon (AFG), of which US$26m was drawn down at the time of the DFS announcement. As such, pro forma cash of c A$46m (c US$31m) and the AFG debt facility alone cover more than the initial stage 1 capex. These funds, plus early cash flows from the project, could fund a substantial portion of the stage 2 capex of US$63m. Once in production, the project will be substantially de-risked, which will allow the company to raise additional funds on more attractive terms.

In terms of next steps, the company is gearing up towards production and expects to mobilise a mining fleet on site in December, with off-take discussions expected to conclude in H2 CY25. 2026 will see the delivery of the initial rail fleet, followed by first mine production in January and the first bauxite shipment in H1 CY26. A feasibility study on the alumina refinery and the downstream value-add strategy are expected to be delivered in Q3 CY26.

Exhibit 5: Revised project timeline



Source: Canyon Resources

Market fundamentals support the development

The bauxite market conditions remain favourable and supportive of the project development. Despite falling from the historical peaks seen in late 2024 and early 2025, the spot bauxite price of c US$74/t (CIF China, 45% Guinea) indicates that Minim Martap could be profitable and cash flow positive in the first year of full production. While there is some near-term downside risk to the pricing stemming from the new capacity coming online in 2026/27 in Guinea and Sierra Leone, we believe the current market price is close to the marginal cost of production, limiting any potential downside. On the flip side, given the recent production disruptions and high political risks, in particular in Guinea, the market is likely to continue to price in some geopolitical premium. In the longer term, cost inflation, growing demand driven by electrification, tighter environmental regulations and geopolitical uncertainty should continue to provide support to bauxite prices amid a limited supply side response. As part of the DFS, CM Group provided an estimated price deck for Minim Martap's bauxite under various scenarios, with a base case long-term CIF China price forecast of US$72/t. This is consistent with our slightly tweaked long-term benchmark price of US$70/t on a CIF China basis (from US$68/t). China, the largest global importer of bauxite, will continue to drive seaborne demand. CM Group estimates that China's bauxite imports will grow from 159Mtpa in 2024 to 198Mtpa in 2035, a 2% CAGR, providing an attractive opportunity for independent emerging producers such as Canyon.

Financial and valuation implications

The DFS estimates the project's NPV at US$835m on a pre-tax basis, or US$521m post-tax, using a 6.2% real discount rate. These valuations imply internal rates of return of 29% and 22%, respectively. We value the project using a post-tax NPV approach and a standard 10% discount rate. Our modelling yields a valuation of A$735m (US$484m) on a 100% basis (A$662m adjusted for 10% state participation). To this, we add the value of the residual mineral resource of A$271m. Our approach to resources valuation is as follows. Due to the lack of the publicly listed peers, we continue to use Canyon's own implied EV/resource multiple. Since the company will be selling a DSO product that does not require processing, we use the total resource tonnage as opposed to the contained metal quantity. However, given the lower alumina grade in the total resource compared to reserves and the advanced development stage of the Minim Martap project, we apply a 30% discount to Canyon's total EV/resource multiple of A$0.4/t. We provide a summary of the Minim Martap valuation in the table below. At this stage, our valuation does not take into account a 9% stake in Camrail, which we believe is an important strategic asset for the company.

Exhibit 6: Minim Martap valuation summary

Key valuation assumptions:	
Long-term benchmark bauxite price (2030e), US$/t	70.0
Value-in-use adjustment, US$/t	12.0
Long-term freight cost, US$/t	17.0
Long-term cash opex, US$/t	38.5
Royalties, %	10.0
Initial production (2026e), Mtpa	1.1
Steady-state production (2032e), Mtpa	9.0
Initial mine life, years	20.0
Discount rate, %	10.0
Valuation summary:	
Sum of discounted cash flows, US$m	484
Sum of discounted cash flows, A$m	**735**
Residual resource, mt	958
Applied EV/resource multiple, A$/t	0.28
Implied value of the residual resource, A$m	**271**

Source: Edison Investment Research

Exhibit 7 shows an NPV sensitivity analysis to changes in the discount rate and the long-term bauxite price. The project's valuation is most sensitive to changes in commodity price assumptions. A c 10% increase in our long term bauxite price to US$80/t would boost our NPV estimate to A$1,143m at an unchanged 10% discount rate. At the same time, a reduction in our discount rate to 8% would increase our valuation to A$960m at the bauxite price of US$70/t and A $1,461m at US$80/t.

Exhibit 7: NPV sensitivity to changes in long-term bauxite price (US$) and discount rate, A$m

	50	60	70	80	90	100
6%	15	635	1,255	1,875	2,496	3,116
8%	(41)	460	960	1,461	1,961	2,462
10%	(81)	327	735	1,143	1,551	1,959
12%	(111)	225	561	897	1,233	1,569
15%	(140)	115	370	625	880	1,136
18%	(157)	40	237	434	632	829

Source: Edison Investment Research

Following the release of the DFS, we have made the following changes to our financial and valuation assumptions:

- While we had already assumed a gradual production ramp up in our model, we have adjusted our production schedule to align with that outlined in the DFS. The full capacity has also been increased to 9Mtpa dry from c 7Mpta previously.
- Our long-term bauxite price of US$70/t (CIF China) remains broadly unchanged. However, in line with the DFS, we have reduced our value-in-use and sea freight assumptions to US$11/t (from US$15/t) and US$17/t (from US$25/t), respectively. With these changes, our long-term realised FOB price increases from US$58/t to US$65/t in 2030. As we noted above, Minim Martap will produce a premium product. The company assumes the following quality price adjustments: US$1.5/t per percentage of total alumina above benchmark (45% Al_2O_3) and US$1.2/t per percentage of total silica below the 3.0% specification.
- We have updated our operating cost assumptions to bring them in line with the DFS. We had previously modelled a gradual reduction in cash costs from US$31/t in 2026e to US$24/t in 2030e as production ramps up. However, given that the cost base is mostly variable in nature, we now assume a flat cost of US$38.5/t over the LoM. However, we note that lower waste removal in the initial years of production could lower the mining cost.
- The project will pay four royalty streams: a mining royalty of 5% (FOB revenue less logistics), 3% production sharing (FOB revenue less logistics), 1% to the development fund (FOB value) and development of local capacity of 1% (FOB value). We had previously assumed a flat royalty of 5% on FOB revenue.

- An additional council tax of 10% has been identified by the company, bringing the overall corporate tax to 33% versus our previous assumption of 30%. Contrary to our previous assumptions, at this stage the company does not expect any tax or royalty holidays but may be able to use some tax credits, which are not currently included in our model.
- Total capital cost has been increased by c 10%, as per the DFS, while the sustaining capital has been removed as it is now included in opex. The updated capital cost estimate of US$447m assumes that all mining and transport-related activities are contractor operated and includes all necessary upgrades to rail and port infrastructure.

Overall, on our updated assumptions, we estimate that at a steady state (9Mtpa from 2032) the project will generate revenues of US$576m and EBITDA of US$197m, implying a margin of 34%. Furthermore, the DFS estimates an average steady state cash flow of US$132m per year, which is consistent with our estimate of US$138m.

Exhibit 8: Financial summary

Year end 30 June, A$'000	FY22	FY23	FY24	FY25e	FY26e
Income statement					
Revenue	0	0	0	0	0
Exploration and evaluation	(4,462)	(795)	(5,919)	(6,505)	(2,500)
Employee costs	(2,027)	(2,303)	(2,417)	(2,940)	(3,500)
Other operating costs	(6,195)	(1,446)	(1,717)	(2,109)	(2,500)
EBITDA	(12,683)	(4,543)	(10,053)	(11,554)	(8,500)
D&A, impairments	(96)	(610)	(98)	(100)	(100)
EBIT	(12,778)	(5,154)	(10,151)	(11,654)	(8,600)
Interest	4	167	612	731	(2,650)
PBT	(12,775)	(4,987)	(9,539)	(10,923)	(11,250)
Tax	0	0	0	0	0
Net income	(12,775)	(4,987)	(9,539)	(10,923)	(11,250)
EPS, c	(1.84)	(0.54)	(0.80)	(0.72)	(0.63)
Shares outstanding, m	806	1,016	1,374	1,648	1,922
Balance sheet					
Cash and equivalents	4,478	10,726	22,166	11,478	2,809
Other	444	584	493	493	493
Total current assets	4,923	11,311	22,658	11,970	3,301
Exploration expenditure	16,424	18,074	20,350	27,276	29,776
PP&E, project investment	239	197	1,529	5,299	85,199
Total non-current assets	16,663	18,271	21,878	32,574	114,974
Total assets	21,586	29,581	44,537	44,545	118,276
Trade and other payables	1,061	709	638	638	638
Other	121	33	29	29	29
Total current liabilities	1,183	742	668	668	668
Debt		0	0	0	50,000
Total liabilities	1,183	742	668	668	50,668
Issued capital	76,733	89,004	113,523	124,454	159,435
Reserves	5,690	6,841	6,891	6,891	6,891
Accumulated losses	(62,019)	(67,006)	(76,545)	(87,468)	(98,718)
Total equity	20,403	28,839	43,869	43,877	67,608
Cash flow statement					
Net cash from operating activities	(7,976)	(4,552)	(9,574)	(10,823)	(11,150)
PP&E payments	(8)	(41)	(1,124)	(148)	(80,000)
Exploration payments	(260)	(1,340)	(2,380)	(6,926)	(2,500)
Investments	0	0	0	(3,722)	0
Net cash from investing activities	(127)	(1,380)	(3,504)	(10,796)	(82,500)
Net proceeds from issued shares/options	10,134	12,181	24,429	18,515	34,981
Debt and debt related costs		0	0	(7,154)	50,000
Net cash from financing activities	10,134	12,181	24,429	11,361	84,981
Net increase in cash	2,032	6,249	11,352	(10,258)	(8,669)
Forex	(237)	(1)	88	(430)	0
Opening cash	2,684	4,478	10,726	22,166	11,478
Closing cash	4,478	10,726	22,166	11,478	2,809

Source: Edison Investment Research, Canyon Resources

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