

Trickle Research

Every raging river, every great lake, every
deep blue sea starts ... with a trickle



Company Profile



CANYON GOLD
& GRAVEL

Canyon Gold & Gravel, Inc.

Profile Date: 11/04/22

Prepared By:
David L. Lavigne
Senior Analyst, Managing
Partner Trickle Research

Disclosure: Portions of this report are excerpted from Canyon Gold and Gravel's website(s), presentations or other public collateral. We have attempted to identify those excerpts by *italicizing* them in the text.

Company Overview

Canyon Gold & Gravel is a Canadian resource-based enterprise. The Company is headquartered in West Vancouver, British Columbia, Canada. Its lead project is located about 120 km due east of Vancouver in the New Westminster Mining Division of British Columbia with access directly off Trans Canada HWY 1. The project covers approximately 168.16 hectares of placer gold leases and 160 with 1,000 meters of Fraser Riverfront, centered on Union Bar, a level gravel bar on the west acres of private land bank of the Fraser River approximately 2 km upstream from the town of Hope, B.C. The land, referred to as "Lot 57" is privately held by Canyon Gold and Gravel Inc., and it includes the placer rights and the under-surface gravel rights to mine the Union Bar property.

The Company's primary objective is to develop the property as a rock/gravel source to the gravel and concrete industry in and around Vancouver BC's Fraser Valley. The Company believes, and this overview will attempt to uphold, that the industry includes sufficient demand to support the project. Further, the property is relatively unique on multiple fronts. Beyond the notion that many developing portions of North America are experiencing shortages of construction-based materials like sand and gravel, the property is essentially an old gravel bar, as such the rock source is already relatively fine. That is, over 70% of the source is less than 1.5 inches diameter rock, which means that unlike many quarry operations, it does not require significant amounts of crushing or other processes to make it amenable to concrete and construction requirements. Secondly, because the rock source was laid down blanket by blanket over 5,000 years, it contains mineable amounts of alluvial gold throughout the property as shown in lab tested results, which the Company believes they will be able to economically capture up to one third of their income at today's gold prices. As a result of these two advantages, the Company's financial model reflects a favorable cost profile (due to the naturally occurring size of the contained aggregate, which requires less processing) as well as gold credits that again should be markedly additive to their profitability. The Company is in the process of preparing a 43-101 reserve profile of the gold potential in the source. In addition, the Company believes they can collect tolling fees from surrounding projects for the acceptance of noncontaminated waste (dirt, rock, etc.) that will essentially replace the aggregate material they remove from the property.

From an operating perspective, the Company has completed much of the heavy lifting required to get the project into production. That has required permits numerous professional reports, and other regulatory processes we will address in the overview, as well as other infrastructure and site preparation items we will cover as well. The Company's intent is to be in production in Q1 2023.

To date, the Company has raised capital via an initial equity seed round of CAN\$1.75 million at CAN\$.10 per share, and they are currently completing a second round (CAN\$3 million) at CAN\$.15 per share. Further, the Company has submitted its preliminary public company application to the CSE and is in the process of completing audits and a prospectus, with *the goal* of getting the Company public in Q1 2023.

The Company believes that the size, the location, and the profile of the source, provide the basis for extraordinary valuation potential. Specifically, they believe the source could support a project life of 100+ years, and, depending on prevailing resource prices, an intrinsic value in excess of \$1 billion. We will attempt to address some of that analysis through this Profile as well. Lastly, the Company is also evaluating additional projects and will likely continue to do so going forward.

Industry and Technical Overview

From an industry perspective, our analysis here is perhaps a bit different than in some of our other research. To edify, because their product is heavy and expensive to move, Canyon’s “addressable market” will likely be largely confined to the Fraser River Valley of southwestern Canada, which is roughly reflected by **Illustration 1** below, and includes an area of British Columbia Canada stretching from Vancouver BC on the west and Hope BC to the east (approximately 100 miles).

Illustration 1.

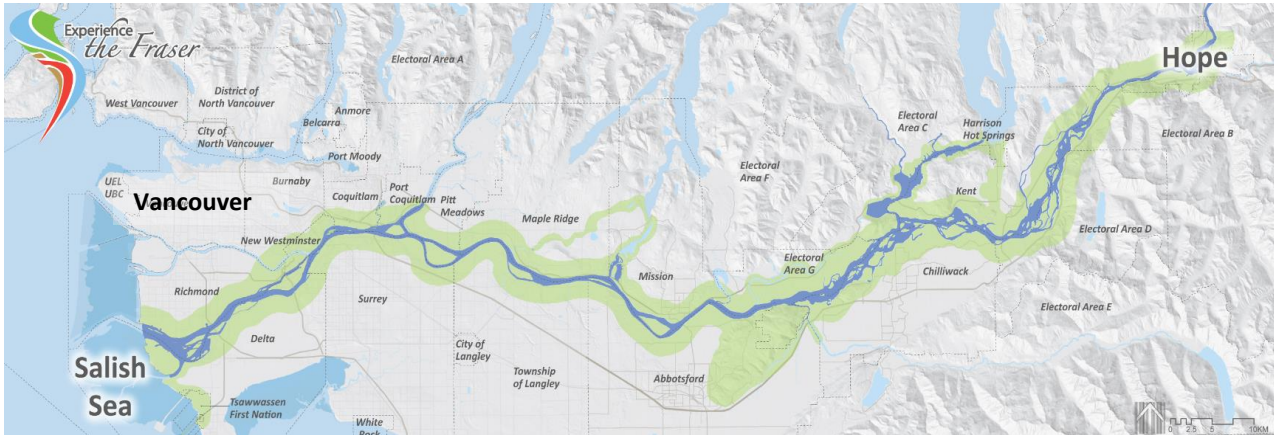
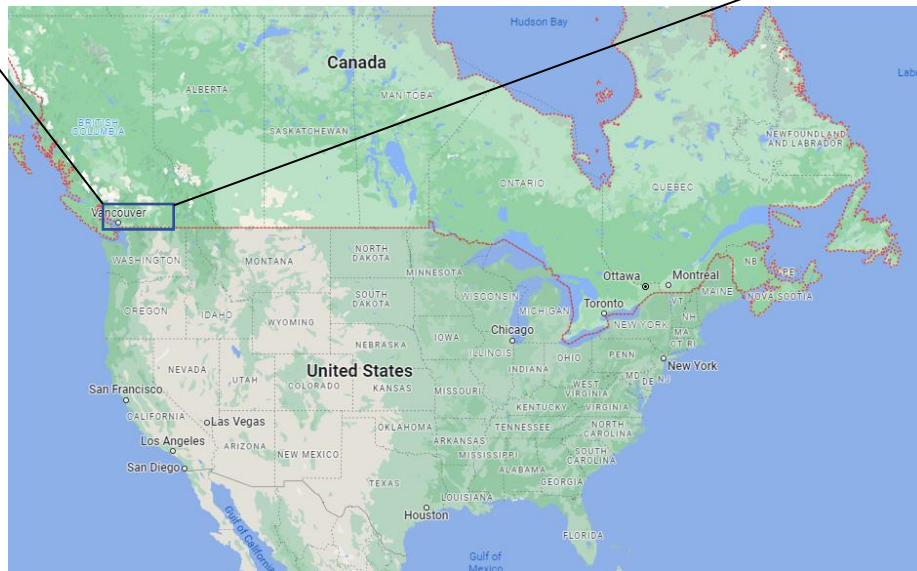


Illustration 2.



According to Canadian census data, the Greater Vancouver area had a population of 2.6 million in 2021, making it the third-largest metropolitan area in Canada. Further, the Fraser River Valley holds approximately 300,000 people as well. Census data also reflects that the province of British Columbia has four of Canada’s

five fastest-growing metropolitan areas, all of which are outside the Metro Vancouver region. The city of Chilliwack for instance was the second fastest metro area in Canada from 2016 through 2021, growing from roughly 83,000 to 93,000. Chilliwack is located in the heart of the Fraser River Valley and is approximately 30 miles northwest of the Company's project. Ostensibly, continued population and associated economic growth throughout the region would likely include strong construction spending and thus demand for Canyon's aggregate.

Beyond above average growth, the Fraser River Valley has some perhaps more dubious characteristics that we think may contribute to infrastructure spending and by extension demand for Canyon's product(s) well into the future.

In November 2021, the Fraser River Valley experienced catastrophic flooding because of record rainfall throughout the region. Some industry estimates peg the cost of the flooding at over CAN \$25 billion. From the British Columbia Ministry of Transportation and Commerce: "...during the BC flooding of November 2021, a series of atmospheric river events dropped an unprecedented

Illustration 3.



Damage caused by heavy rains and mudslides earlier in the week is pictured along the Coquihalla Highway near Hope, B.C., on Thursday, November 18, 2021. File photo by The Canadian Press/Jonathan Hayward

[Damaged Coquihalla highway opens for essential traffic next week | Canada's National Observer: News & Analysis](#)

*volume of water across the southwestern area of the province, resulting in a widespread flood and catastrophic damage. Major bridges were destroyed, large sections of highways sunk into rivers. Every major route connecting the Lower Mainland to the rest of Canada was cut-off, stranding tens of thousands of people, damaging homes, impacting huge volumes of livestock, and halting the movement of citizens and billions of dollars in goods and services. It was intense and unprecedented. This is the story of our role during the incredible event, our work to re-establish connections in and out of the province **and our plans to rebuild BC highways better.** All 4 highways damaged split off from Hope, BC where Canyon is located and require gravel to repair over an estimated 10 years. Again, the event was catastrophic for the area.*

We would add, for reference, **Illustration 3** above is from an area close to the Company's project, while **Illustration 4** below provides a visual of the flooding in Sumas Prairie, which is approximately 50 miles from the Canyon's project. Further, ([It will cost B.C. billions to rebuild key highways for climate change | Vancouver Sun](#)). "*The extreme rainfall events of Nov. 14 and 15 have had major impacts on highways and highway structures throughout the southern Interior and Lower Mainland,*" read the Nov. 26 release from the B.C. highway reinstatement program. Consequently, the Ministry of Transportation and Infrastructure was "conducting assessments of each impacted area in preparation for repairing compromised highways. The permanent rebuild of Highways 1 and 8 and the Coquihalla will take a long time — there's no question about it," Transportation Minister Rob Fleming conceded in that day's media briefing. "But the planning has already started. We have also gone out to the market and construction firms, to engineering and design firms, with requests for qualifications." Clearly, the area has/will be engaged in considerable construction, repairing the damages from the event.

Illustration 4.



While the 2021 flood was certainly extraordinary, if our reading of the issue is close to accurate, many Canadian officials and other associated constituents view the potential for more events like this as increasing:

From: [B.C.'s Fraser Valley is no stranger to floods. Experts warn extreme weather is likely to become more common | CBC News](#) "...Ward said officials at the local and provincial level will need to re-examine preventative planning, flood protection and overall infrastructure through the lens of a changing climate as they move to rebuild communities and repair major highways. Existing dikes and culverts, he explained, were likely made to outdated climate standards and will be too small to withstand stronger, fiercer storms. The same could go for ditches running alongside critical highways, like Highway 1, which was originally built in the early 1960s".

From: [Major Fraser River flood could cause \\$30 billion in economic impact - Surrey Now-Leader \(surreynowleader.com\)](#) "Current diking infrastructure along the Fraser River from Hope to Richmond does not have what it takes to stop a major flooding event if and when it comes. And the Fraser Basin Council estimates in a 2016 study the economic impacts of a major flooding event in the Lower Mainland could be \$20 to \$30 billion".

"There are likely to be larger and more frequent Fraser River and coastal floods in the future because of sea level rise and other projected impacts of climate change – and current diking infrastructure is inadequate to withstand a major flood," said Steve Litke, a senior program manager with the Fraser Basin Council. "It's timely for leaders to look at options for more robust mitigation works as well as more effective land use strategies for floodplain areas, and to come together on a plan that meets priorities across the region."

From: <https://canada.constructconnect.com/joc/news/infrastructure/2022/01/b-c-infrastructure-ministry-prepares-for-next-climate-catastrophe> "Climate change has changed the ministry's calculus on replacing infrastructure that hasn't aged out, he said. "The next thing now is to look at if we're going to proactively replace things early. Most things we replace because they've hit the end of their design life," Pilkington said. "Things that haven't hit their end of life from a materials point of view but needed to be upgraded due to climate change, that's something we're wrapping our heads around, recognizing we have all this aging infrastructure that needs to be replaced."

Recognize, the second of these two comments was made 3 years prior to the 2021 flood, and was based on a 2016 report. Our point here is that the Fraser River Valley is a major contributor to British Columbia's

agricultural output, and from a more national perspective, it connects Canada to the Pacific coast making it an important link for air, rail, road and river transportation, as well as communications, natural gas and electric utilities. Consequently, we expect the region to continue to see marked investment into construction and other associated industries that should positively impact demand for Canyon's product(s), and that should be driven both by growth in the region, as well as by efforts to mitigate the impact of future natural disasters.

Aside from the issues addressed above, there is another notion that we think is worth covering in terms of the macro portion of the story. Generally speaking, Canyon's project is subject to two separate permitting and associated governance scenarios. The first of these is related to the mineral/placer rights of the project, which essentially address the gold they hope to isolate from the project, and the second is related to the sand and gravel ("non-metallic") material they will gather.

Unlike the U.S., while private Canadian citizens may own the surface rights to their properties, they do not typically own the minerals rights to that land. Conversely, most of the mineral rights in Canada (roughly 90%) are owned by the government, which is often referred to as "Crown Land". As a result, individuals or other enterprises looking to exploit mineral resources in Canada must first stake a claim or obtain the mineral right by means of an application. Further, once claims are staked, they must be officially registered/recorded in applicable jurisdictions. Thereafter, claims must be maintained by providing certain work requirements each year to keep them in good standing.

Once an individual or entity secures claims to the mineral rights of a particular portion of land, they can proceed to the development and disposition of those minerals. However, mining operations ultimately require applicable permits that are typically administered by provincial governments. Those permits incorporate federal laws regarding minerals and mining, including environmental protection and conservation issues as they affect federal jurisdictions as well as other requirements that may be applied provincially.

As noted by Indigenous Services Canada, the issuing of unconsolidated non-metallic substances permits/leases *"is a complex process that requires the input and participation of several Aboriginal Affairs and Northern Development Canada ("AANDC") regional staff. The lead role is bestowed to a Regional Land Management Officer. However, some AANDC regions use a Natural Resources Officer in addition to a Land or Environment Officer. The Responsible Officer guides and is guided by First Nations to ensure that the intentions of the First Nations are clearly stated within the actual permit/lease issued"*. [Guidelines for Unconsolidated Non-Metallic Substances on Reserve Land \(Sand and Gravel\) \(sac-isc.gc.ca\)](#).

To edify, Canyon's "Lot 57" project requires the issuance of separate permits for the extraction of minerals (gold) as well as for unconsolidated non-metallic substances (gravel). The Company indicates that despite a variety of challenges, they *have satisfied* the complex requirements of each of these permits and expects them to be issued shortly. We would add, that process includes a royalty agreement they were able to negotiate and complete with First Nations representatives, effectively mitigating any future claims or other legal objections around potential First Nation rights. In our view, the fact that they have the permit "heavy lifting" behind them is an attractive attribute of the project. Moreover, as we understand it, First Nations issues are front and center in this process as well, which also makes the fact that they have put that issue behind favorable. We will provide some color to that.

Recognize, Canada's relationship with and recognition of First Nations is in our view a bit ambiguous. To illustrate the point, we have provided a few excerpts from Canadian government narratives to help illuminate the issue:

From: [building relationships with first nations english.pdf \(gov.bc.ca\)](#)

The province (British Columbia) is home to a diversity of indigenous peoples (also known as First Nations or Aboriginal peoples) who have inhabited this land for many generations. As indigenous people were the original occupants of the land, they have certain legal rights (Aboriginal or treaty) that other British Columbians do not have. This shapes the provincial government's relationship with indigenous people – it is a government-to-government relationship where First Nations are rights-holders not stakeholders.

The relationship between the Province and First Nations has evolved to include meaningful consultation with First Nations on Crown actions that impact land and resources and greater opportunities for First Nation participation in social and economic development. The B.C. Government takes an inclusive approach to land and resource management and increasingly seeks First Nations' input into decision making processes. Also, government shares revenues from resource development with First Nations in an effort to stimulate local economies and improve social conditions.

The motivation for a more inclusive approach is, in part, based on government's desire to ensure a stable investment environment that allows business to tap B.C.'s full potential. As the Province develops its relationships with First Nations, companies looking for investment and growth opportunities in British Columbia have important relationships to consider building as well. These relationships include engaging First Nations as part of the Crown's consultation process and perhaps creating business partnerships or opportunities with First Nations that are mutually beneficial. Relationships between many companies and First Nations are evolving – many businesses understand an important component to succeeding in British Columbia is involving First Nations from initial stages of development. The business community is increasingly aware of the role responsible business practices can play in fostering stability for communities and business alike.

Further, from [Consulting with First Nations - Province of British Columbia \(gov.bc.ca\)](#) :

Consulting with First Nations -

“The Province (British Columbia) is legally obligated to consult and accommodate First Nations, where required, on land and resource decisions that could impact their Indigenous Interests. While the Province is responsible for ensuring adequate and appropriate consultation and accommodation, it may involve the proponent in the procedural aspects of consultation.

Also, proponents are generally encouraged to engage with First Nations as early as possible in the planning stages to build relationships and for information sharing purposes that may support consultation processes”.

Again, in our view this is all a bit abstract, however, what is clear to us is that, with many business pursuits in Canada and/or British Columbia, especially if those pursuits involve natural resources, dealing with First Nations early, and preferably reaching a mutual agreed upon arrangement, will likely eliminate future issues, and make the process of getting the asset into production less problematic. To reiterate, Canyon **has checked that box** when it comes to Lot 57.

Lastly, there is one additional macro issue that we think is worth reviewing with respect to the gravel industry in Canada.

Recognize, Canyon's resource is different than many of the rock sources throughout British Columbia and more broadly Canada. As noted, Canyon's resource is a gravel bar laid down during floods over 5,000 years, which means the resource is essentially recovered with a loader, sent through a wash plant that cleans it, screened to separate the resource into different sizes of aggregate and then is shipped to its destination based on the size of the aggregate the customer is looking for. That is quite different from the recovery and treatment process required by a more typical rock quarry source.

Generally, rock quarries are open pit operations that require blasting rock from the mountain side, crushing then screening it to its desired size, washing and then shipping it to the customer. Optimally, quarry operators would identify sources as close to end use projects as possible. More times than not, that means sources closer to urban and/or residential areas as possible, because that is where most of the construction (roads, buildings, retail etc.) is going to occur. The trouble is, quarries are noisy, dusty and heavy traffic operations. They are not the type of businesses people want in their back yards.

In addition, quarry operations seem to be creating increasing alarm amongst environmental groups that suggest these activities include a variety of potential environmental hazards that require added regulatory scrutiny. These hazards include issues such as land degradation, erosion, air pollution, water pollution, noise pollution, damage to biodiversity and others. Quarry opposition groups have used various means to attempt to stop or at least delay the permitting of additional quarries in various parts of Canada, and those means have included legal pathways as well as protests and/or other activities aimed at forcing regulators to consider/reconsider particular permits and/or the processes used to authorize them. From a practical standpoint, this sort of opposition is not dissimilar to many environmental dilemmas in that some operations create clear environmental costs, but the benefits from those operations are so necessary that they outweigh those costs. However, as we have seen from the global green movement, many cost/benefit assumptions around legacy processes are being challenged, which has resulted in alternatives to those legacy processes.

In the case of gravel operations, one of the "solutions" that seems to be becoming more prevalent is the notion that these operations should be located in proximities where at least some of the typical problems can be mitigated. For instance, noise, dust and traffic can be mitigated by quarries that are further from urban/residential corridors. That direction could result in lower supplies of aggregate and/or higher prices for the same as available aggregate must be shipped further distances adding to costs. Succinctly, we think that environment may provide some relative tailwinds for Canyon's project going forward. Given that their project does not require some of the same processes as a typical quarry (blasting and crushing) and we suspect has a better overall environmental footprint, as well as not being located in or around an urban or residential area, we think Lot 57 could ultimately benefit from some of the impact that environmental scrutiny is bringing to the industry.

Project and Operating Overview

The following description is from the Company's technical report regarding the property. Excerpts from the technical report in this overview which we have denoted with the following: ^(TR).

^(TR) *The claim is located about 120 km due east of Vancouver in the New Westminster Mining Division of BC, NTS Sheet 092H/06. It covers an approximate area of 168.16 hectares, centered on Union Bar, a level gravel bar on the west bank of the Fraser River approximately 2 km upstream from the town of Hope, B.C. The northern part of the area of interest is Crown Land, the southern part, the site of the recent work is covered by Lot 57 which is privately held by Canyon Gold and Gravel Inc.*

Elevations across the bar range from 35 to 60 meters with the Fraser River high water level set at 36 metres. After descending the steep mountainside following the exploration access road and crossing the CPR tracks, the topography of the bar is gently sloping. It is covered with relatively dense underbrush, 150cm - 300cm of shallow humus overlying fluvial sand and gravel. The west part of the Placer Lease and Lot 57 is above the flood plain of the Fraser River”.

Illustration 5.



As we noted, the Company intends to generate revenues from 3 primary sources on the property; aggregate sales, gold sales and tolling fees collected from material fill that will replace removed aggregate. The project's material base is extensive in fact the technical report we noted, estimates that the available aggregate resource is approximately 19 million tonnes down only 60 feet, and perhaps 63,000 ounces of gold (1,500 ounces per year for 80 years = 120,000 ounces). Recognize, the Company has commissioned a National Instruments 43-101 resource report to better assess/define the potential gold resource. As of this writing that report is not yet available but is expected to be completed soon. Recognize, the valuation matrices we have modeled here have not been prepared with the benefit of that 43-101 information.

To put the above resource estimate into perspective, **Illustration 6** below is from Canada's **Guidelines for Unconsolidated Non-Metallic Substances on Reserve Land (Sand and Gravel)** and it indicates that per *their* classifications, Canyon's resource a (relatively) large commercial use sized deposit:

Illustration 6.

Table 1. Deposit size classification and potential use (sand and gravel)

Volume of deposit (m ³)	Suggested uses	Life span (years)	Scale of development project	Affected area (hectares)
1,000 - 10,000	First Nation use	1 - 3	Small road maintenance	<1
10,000 - 100,000	First Nation or commercial use	1 - 5	10 km of basic road construction	1 - 5
100,000 - 1,000,000	Commercial use	5 - 10	Major road construction project, small commercial	5 - 30
1,000,000+	Commercial use	10+	Major commercial development	>30

While the size of the potential resource is considerably larger, the Company is currently permitted to produce just 250,000 tonnes per year. However, as we understand it, after the first year of operation the permittee may apply for increased tonnage but that requires additional environmental studies. We believe Canyon has already completed and submitted these environmental studies and will apply to increase their production thresholds after their first year of operation. In that regard, we believe they could be able to increase production in calendar 2025. Consequently, our model/matrix reflects that initial level of annual production but provides iterations that assume higher levels in out years.


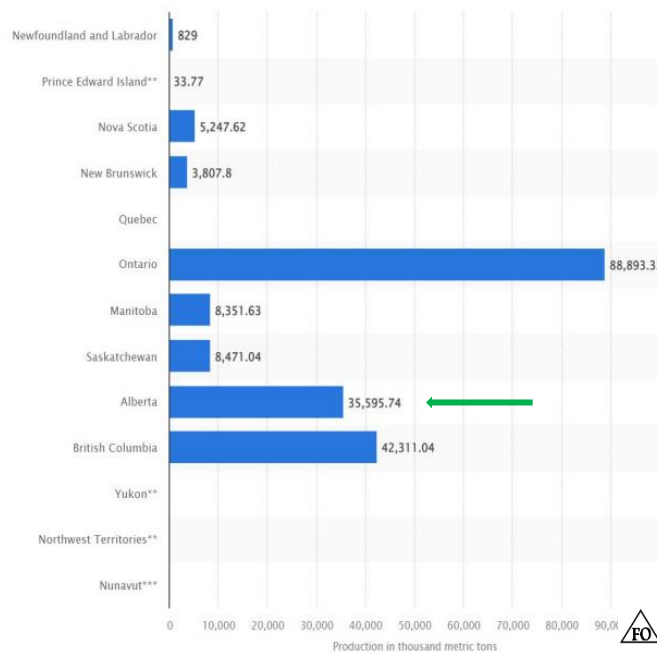
We just provided a reference to the size of the Company’s operation relative to Canada’s applicable classifications of the same. From another perspective, we have provided some information below that is excerpted from a Fairness Opinion that was drafted to address the Founders’ transaction with/into the current company. (We have noted those excerpts with ). That document notes, among other things that in 2021, sand and gravel production in British Columbia was 42.3 million tons. Those data are compiled in **Illustration 7**. Recognize that the Company’s anticipated initial annual production of 250,000 tons, represents a small fraction of that whole (roughly 1/2 of 1%). Further to that point, the Company’s industry consultants believe the Company’s production will be “*easily absorbed by current market demand*”.

Illustration 7.

*Sand and Gravel Production in Canada in 2021, by province (in 1,000 metric tons)**



We are not in a position to argue the merits of that view (“*easily absorbed by current market demand*”), but we have consulted industry experts of our own who have suggested that view is certainly not unreasonable. That brings us to our next point.

To understand the potential demand for Canyon’s product(s), it is probably helpful to understand the advantages and perhaps disadvantages of their product(s). First, Company collateral notes that “*according to the U.S. Geological Survey Mineral Commodity Summary, 75% of the 1.4 billion tons of crushed stone produced in the U.S. was used in construction. Meanwhile, of the almost 1 billion tons of sand and gravel produced, 24% was used in road construction, 12% in asphalt, and 44% in concrete. In Canada, the market is more than C\$2.5 billion and the use of aggregates is similar to that of the U.S. on a percentage basis*”.

Sand and gravel aggregates collectively comprise 60% to 80% of a typical concrete mix, and that mix dictates the characteristics of the concrete including its strength, durability, workability, thermal properties, elasticity, and of course its cost. Ultimately the specific mix of those characteristics are often dictated by the customer. For instance, provincial standards may dictate that concrete for bridges meet standards for strength and durability, while residential concrete professionals may be more concerned about workability and elasticity. Again, those characteristics are often dictated by the aggregates and their portions of the whole.

Recall, Canyon’s source is river rock that has been deposited in layers over years of flooding and receding as well as changes in the direction and flow of the river. As river rock is tumbled and shaped by the rushing water, its surface becomes rounded and smoothed (**Illustration 8**). In contrast, crushed rock is typically sheared and jagged because it is created by taking large rocks and breaking them into smaller pieces (**Illustration 9**).

Illustration 8.



Illustration 9.



As the two illustrations above reflect visually, there is a clear difference between these two products, and we would suggest that, for instance, the river rock is likely to be more appealing as a decorative or landscaping choice than the crushed rock. That is an important distinction because we believe that while Canyon will certainly market into their products into the large construction markets, we also think they will attempt to develop markets in the decorative/landscape industry because some of their rock (unlike much of its crushed counterpart) should be amenable to that market. Succinctly, decorative/landscape rock may sell for 5X or 10X the price of industrial aggregate, so we believe they will likely attempt to market into that portion of the aggregate business.

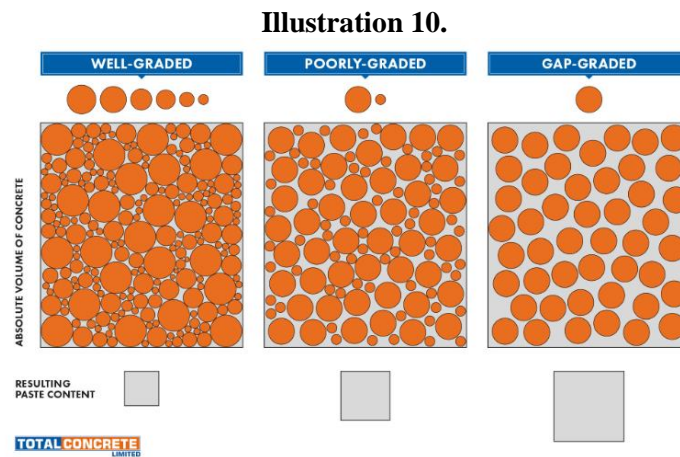
On the industrial/construction side of the business, river rock *sometimes* has both advantages and disadvantages vis-à-vis most crushed rock and the competitive posture of those pros and cons is generally related to the desired customer mix issue we covered above.

First, not all rocks are the same. Some are harder than others, some are heavier than others, some are more porous than others, some are more abundant than others etc. Again, the relative mix of those differences

make some rocks better construction and/or concrete aggregate than others. For instance, harder rock (all other things being equal) should make a road more durable than softer rock. Consequently, some rock *sources* are better than others.

Second, the value of aggregate is not just determined by its rock type, but also its size and its shape. For instance, some research suggests that because crushed rock has rougher and more angular surfaces, it may create a stronger bond with the cement creating a higher strength. At the same time the smooth surfaces of river rock often may make the concrete more workable, which includes making it easier to pour. Also, the rounded river rock is sometimes assumed to require less cement, because the round surfaces may leave fewer voids.

Third, aggregates are generally more effective when they are added to cement in differing sizes. **Illustration 10** below from <https://www.totalconcrete.co.uk/news/what-is-aggregate-and-why-is-it-used-in-concrete/>, reflects the more efficient spacing provided by varying aggregate sizes, which improves strength, and as the illustration depicts, reduces the amount of cement (“paste”) required thus lowering costs.



To summarize a bit, given the above nuances to aggregate characteristics, our industry sources tell us that in terms of overall “performance” they believe Canyon’s resource should prove to be, as the Company has suggested, quite competitive with other sources including those from quarry/crushing operations for industrial and construction markets and that includes different sized aggregates to achieve the improved grading illustrated above. Moreover, as we also covered above, we think they may also be able to address landscaping/decorative markets where margins could be markedly more attractive. To that end, we would add that the Company recently acquired an additional property that we are not including in our model matrix. As we understand it, this property largely contains decorative flagstone like that in **Illustration 11**, and we believe they have provided some of the product to prospective customers. We think that acquisition provides additional support to our sense that the Company will ultimately seek to brand and provide products into the higher margin landscaping/decorative space.



To reiterate, we believe the Company’s product(s) should prove quite competitive from a quality standpoint, and we also believe that they should have some processing cost advantages over some quarry competitors in terms of processing, crushing etc. That said, we submit that a measurable portion of their success will likely

rest on their proximity to projects and as such the comparative advantages that proximity provides in terms of transportation and related issues.

As we alluded to above, we have attempted to model the business around some of the assumptions the Company has provided us with, and we will cover some of those assumptions below. We have in turn used that framework to develop a set of matrices that attempt to derive fair valuations of the Company given a handful of what we view as cogent variables, and differing iterations of those variables. (It sounds more complicated than it is.)

Here are some of the cogent variables that we think will determine the Company's success or failure.

Currently, the Company's three anticipated revenue streams are the sale of aggregates, the sale of gold as a byproduct of the aggregate extraction, and the collection of fees from parties disposing of inert natural materials (rock, soil, yard waste etc.)

- **Aggregate Sales**

As we stated previously, the Company's initial permit allows them to process 250,000 tonnes of aggregate per year. Our model assumes a January 1, 2023 start, which could prove aggressive, although we are also assuming an eventual ramp to the 250,000 tonne annual run rate. Clearly their ability to produce and sell this amount of aggregate is one of our "cogent" variables. Keep in mind, we believe they will ultimately seek to increase this production profile, so production levels are one of the variable inputs we have included in our matrix iterations. Again, river gravel is in short supply and a diminishing resource in the Fraser Valley. Derek Holmes, Canyon's well respected mines expert says, "*Canyons 250,000 tonnes will be easily absorbed.*"

We submit, aggregate pricing could be volatile until the Company is able to create established customer and/or project relationships. Further, pricing around market supply and demand forces may also lead to pricing volatility, and that could include changing demand profiles for one type of aggregate versus another. Our comment regarding "established...relationships", underlies this notion, as we suspect they would like to engage at least some longer-term contractual arrangements with stated delivery and pricing thresholds to smooth overall product demand. Regardless, like production amounts, pricing is another of the variable inputs we are using to generate our various valuation matrices and those assumed thresholds are referenced in the matrix iterations. We would add, while our modeling includes multiple eventual products with varying contributions to product mix and varying pricing and margin assumptions, for the sake of the matrix presentations in this document, we have assumed a single product. To edify, the Company will almost certainly sell various products (different sized aggregates, sand, decorative/landscaping rock etc.) and they will all likely be priced differently.

- **Gold Sales**

As we stated prior, the Company is in the process of having a 43-101 resource/reserve estimate prepared by a third party that should help delineate the potential gold credits of the project. However, random excavator testing on the property in 2022 was done by Sepro Labs where they confirmed gold availability at 99.8 % recovery and as they stated, "a minable property". Our model provides for these inputs, but we have not included them in all the matrix iterations. Rather, we have provided some additional analysis to help frame the potential contribution from various gold yields (grades) and assumed gold prices from historic records.

- **Tolling Fees**

The modeling and associated matrices include assumptions around tolling tonnage as well as tolling pricing. Here again, the matrices include various levels of each, which we have noted respectively. We would add,

our recent discussions with management suggest that tolling fees are currently more robust than some of *their* original modeling assumed. For example, tipping fees have jumped from \$80 per load to \$180 per load *in one year*.

Cost of Goods

As the management profiles below reflect, the Company’s two founders are Peter Osha and Brian Hauff. Mr. Osha’s experience and expertise is in the operation of aggregate deposits, and the Company has contracted with Mr. Osha’s Company to fully operate the property for a flat rate (CAD\$10 per tonne). The Company believes this rate is significantly lower than market prices would otherwise demand. They also note that Mr. Osha, along with Mr. Hauff are substantial and controlling shareholders of the Company and as such part of Mr. Osha’s motivation in engaging a below market contract with the Company is tied to his equity interest in the enterprise. Our modeling and associated matrices have assumed these costs on a per tonne of production basis.

Operating Expenses

The Company has provided some guidance on Operating Expense line items as well, and we have largely assumed those in our model. Clearly, since they are pre-operating at this writing but will be transitioning to operations shortly, we have no relevant past Opex numbers to extrapolate from. That said, we think the Operating numbers we are assuming are reasonable given what we perceive to be the size and applicable activities if the business. We would add, the Company has provided some additional guidance through their Use- of-Proceeds information that we think addresses some startup Opex, which we have also worked into our model.

Capitalization

As we covered in the opening overview of this document, the Company has completed a transaction with the founders effectively swapping the project as assets owned by the Founders in exchange for all the outstanding shares of the Company. Subsequently, the Company completed a seed round of financing at CAD\$.10 per share and is currently finishing a second round (the “RTO” round) at CAD\$.15, which implies a post money valuation of CAD\$21.75 million. As the chart below suggests, they are contemplating an addition (“flow-through”) round at CAD\$.25, which should align with their entre’ into the public markets. That round implies a future post money value of CAD\$37.75 million. We have assumed this capitalization in our modeling and associated valuation analysis.

Illustration 11.

Breakdown of current and proposed future share structure.

Shareholders	Share Total	Funds Raised
Peter Osha, Chairman and President	60,000,000	Founder’s Shares*
Brian L Hauff, CEO and Managing Director	50,000,000	Founder’s Shares*
Round 1 Financing – Seed Shares @ \$0.10	15,000,000	\$ 1,500,000
Round 2 Financing – RTO Shares @ \$0.15 (live)	20,000,000	\$ 3,000,000
Round 3 Financing – Flow-Through Shares @ \$0.25 (future round)	6,000,000	\$ 1,500,000
Total Amounts	151,000,000	\$ 6,000,000

* Founders shares were issued for transferring fee-simple property, gravel rights, placer gold rights, and operating expenses based on valuation report. Founders shares will be escrowed.

Management Overview

Peter Osha – Chairman & President

Peter has owned, managed and operated all aspects of construction operations including: mining, placer gold, gravel, road building and timber harvesting. With over 30 years experience in these fields, Peter will run and manage all phases of the company's day to day site operations.

Brian L. Hauff, BA Hon Ecom, LLB, JD – Managing Director & CEO

Brian has over 30 years' experience in public and private markets, real estate investment and development, as well as finance. His responsibilities are management oversight, audit and legal compliance for the public listing and financing.

Derek Anderson – Executive Vice President

For the past decade, Derek has been president of a consulting firm in Vancouver, Canada. The firm is engaged in project finance with a focus on capital structure and allocation – for a range of industries, including land and resource development, technology, cannabis and infrastructure.

Muhammad Memon, CPA, CGA, FCCA – CFO & Corporate Secretary

Muhammad has over 10 years of experience in managing finance and compliance functions of public companies in various sectors including mining, investment management, real estate, and technology. He is a member of the Chartered Professional Accountants of Canada and a fellow of the Association of Chartered Certified Accountants, United Kingdom.

Kiki Smith, CPA, CGA – Senior Corporate Administrator

Kiki has over 20 years of experience assisting private and public companies in the roles of Corporate Controller in mining, oil and gas, real estate, high technology, food production and investment fund management. She currently provides consulting services in mergers and acquisitions, financial reporting and regulatory compliance to several public and private companies in various sectors.

Anna Gou – Independent Director

Anna is VP of Pacific Rim Real Estate Holdings Corp. and has over 25 years of marketing and management experience in China and Canada. She also has an extensive and diverse work background in the IT and Real Estate industry. She is currently on the Board of Directors for several companies where she oversees company growth and investor relations. Anna received her MBA in Finance and Marketing from Oklahoma City University in 2005.

Robert A. Millar, B.Ed, LLB, JD – Legal Council & Independent Director

Robert has over 25 years experience working as a senior commercial lawyer, most recently with Fasken's Law in their Vancouver office. He is invaluable in the structuring of Canyon Gold & Gravel's corporate affairs. Robert is sought-after by lending institutions for his expertise in the area of commercial, creditor and debtor litigation, receiverships, foreclosures and restructuring.

Ullrich Schade – Branding and Marketing Communications

Ullrich has worked as an art director and creative director for national advertising agencies in Toronto and Vancouver Canada. For over 25 years, he has created successful marketing and branding campaigns for regional and international public companies. His major successes include branding five publicly traded unicorns. Ullrich has been a director and president of numerous industry organizations, and several public companies.

Steve Graham, PhD Eng.P, Geol. APLG, LHD, LEG, S. Graham Engineering and Geological Consultants.
Registrations: British Columbia, Washington State, Alberta, Ontario. University: PhD., Environmental Engineering, John Hopkins, PhD. Civil (hydraulic) Engineering, University of Florida (ABD), APEO, BA

(Hon), Geology/ Physical Geography, McGill University. Since 1971 Steve has been highly sought after as a professional by private corporations, governments, First Nations, and public companies for contaminated sites, real estate development, mining and mineral processing, government study's, hydroelectric, oil and gas pipelines, and marine ports and harbors. He is recognized as a superior report writer with vast hands on experience.

Derek Holmes, B.Sc, MBA, P.Chem

Mine Consultants and Permits, Holmes Mining Consultants Derek has vast experience in Aggregates, Mining Permits, Project Feasibility and Management and is involved in all aspects of the company's pre-production and production activities. Derek leads the marketing team who are actively developing sales contracts for the company's gravel products.

Linus Antanavicius, J.D., LL.M. – Public Company Legal Counsel

Linus has been practicing securities law for over 15 years. He has represented and advised public and private companies, law firms and individuals on a variety of matters in the areas of corporate, securities, and civil litigation. His primary area of focus is securities, corporate, and regulatory law working with the Canadian Securities Exchange and the Toronto Stock Exchange and Venture Exchange.

Risks and Caveats

While we have presented several positive elements to Canyon and its project(s), like many early-stage ventures, the Company also entails risks that we think should be illuminated.

Canyon is dependent on the guidance and contributions of a small group of individuals, most notably Founders Peter Osha and Brian Hauff. Their absence and/or departures will likely have a materially adverse impact on the Company.

As we noted, the Company is waiting on the permits necessary for them to commence production. They believe they have satisfied and presented all the requirements necessary for the granting of these permits. However, in our view until they are received/recorder their absence remains a risk.

Our analysis assumes that demand from aggregates like those Canyon intends to sell will remain relatively stable and/or will continue to experience modest growth going forward. The precarious nature of the current economic environment could adversely impact those assumptions. If the Canadian economy were to experience a recession in the coming quarters, especially a deep and and/or extended recession, it could have a negative impact on the Company. In a similar context, an extension of the current inflationary environment would likely also create challenges for the Company.

The Company may face competition from companies that are better capitalized and/or better economically positioned than themselves. Further, they may also have to compete with enterprises with well established and deep relationships in the areas and industries they intend to address. In our experience, those types of relationships can be difficult to overcome.

Given the nature of the project (a riverbed) we believe the Company's resource should be relatively consistent across the area. That may not be the case, which could compromise the accuracy of the assumptions regarding the size and the quality of the resource. That may be especially true of any anticipated gold credits.

While the Company has completed much of the preproduction development of the property, there is still further work and equipment required to get them to commercialization. Their ability to add all those pieces

will likely depend on their ability to continue to raise capital in an environment where that is particularly difficult. There is no assurance that they will be able to attract additional capital at anticipated prices or perhaps at all in the near or intermediate terms.

The Company intends to be publicly traded in the first quarter of calendar 2023. That may or may not happen, and if it does not it will likely negatively impact the liquidity options of shareholders. Further, there is no assurance that a public event will considerably enhance liquidity either.

These are just some of the more apparent risks we see. There are likely others we have either overlooked or are not apparent at this time.

Valuation Matrices

The following pages include a series of matrices. Each matrix includes a set of variables that we have defined in the heading of each. The variables include inputs that will impact Canyon's success going forward. Those inputs include the following.

Forward Production Levels. The permitting the Company is waiting on allows them to produce 250,000 tonnes of aggregate per year. However, following their first year of operation, they can increase that amount given certain requirements, many of which they have already addressed. As a result, we have provided a set of matrices that include constant year-over-year production of 250,000 tonnes of aggregate, and others assuming 350,000 tonnes of aggregate. Obviously, if they can sell 350,000 tonnes of aggregate on an annual basis, the Company will be worth more than if they sell 250,000 tonnes. Further, recognize the 350,000 tonnes of "future production" is an arbitrary number. That is, they could ultimately end up producing over 350,00 tonnes on an annual basis. We believe that their eventual annual level of production provides one of the open ends of Canyon's (larger) potential.

Aggregate Prices. Clearly, the price the Company receives for their aggregate will be an important factor in their success. As we sit today, we think the Company believes they can get an average of CAD \$24 per tonne for the various sizes/types of aggregate they intend to sell. The intent of providing these various matrices is to illustrate the sensitivity of the changes of these inputs on the fair value of the Company. Notice, we have cast some of the matrices with constant assumed pricing of CAD \$20 per tonne, which we believe is below what the Company expects to get for the aggregate. We have used that (lesser) level of pricing in the vein of conservatism more than anything. We would add, while nobody knows for sure what Canyon will be able to sell their aggregate for over time, our discussions with our own industry contacts lead us to believe that blended aggregate pricing assumptions of CAD \$24 or perhaps even higher, while not ironclad, are also not unreasonable. Again, providing a matrix of a spectrum of pricing variables is part of the value of this exercise.

Tipping Fees. Frankly, tipping fees may be the best wildcard in the story as they represent an opportunity for the Company to generate revenue for simply filling up the holes they create extracting aggregate. As we see it, they represent a nearly pure margin revenue stream. Here again, we have had some discussion about this portion of the business with people who know the industry far better than we do, and their general view is that finding places to dispose of even natural waste such as that which Canyon will be accepting, is becoming more difficult and as a result, more expensive. Some of the matrices below include varying tipping fee assumptions, while others assume a constant tipping fee of CAD \$4 per tonne. As with our constant \$20 aggregate pricing assumptions, our sense is that CAD \$4 per tonne may be conservative, as we think the

Company believes this number today is likely in excess of CAD \$8 per tonne. To reiterate that is the value of sensitivity analysis.

Gold Production. The Company believes they will capture gold from their aggregate extraction, and they have several reasons to believe that to be the case, however, as of this writing they do not have a 43-101 to support the breadth of that view. They will have that shortly. Consequently, our approach here is to provide matrices that assume they will have *no gold* production, as well as others that assume varying levels of success. We would add, for those familiar with gold projects, the assumed concentrations (“grade”) of gold they intend to capture is quite modest comparatively, although we submit, we have not analyzed many placer projects so that opinion may lack context.

Discount Rates. The last remaining variable we have included in the matrices is discount rate(s). As our readers are familiar, our typical approach to valuation and/or price targets as it relates to our research on public companies, is heavily weighted on simple Discounted Cash Flow and corresponding Net Present Value methodologies. In theory, the appropriate discount rate to apply to a Company would be their Weighted Average Cost of Capital. While computing the cost of debt is straightforward, small companies tend to have to rely on their equity for financing (as opposed to debt) and that analysis is rooted in financial theory that generally boils down to the more potentially volatile of those returns (often expressed as “beta”), the more risk associated with the Company, so the higher the appropriate discount rate aka cost of capital. It is hardly an exact science. That said, our coverage is generally restricted to small and/or early-stage enterprises, where cash flow is often unestablished making visibility poor, and by extension risk and appropriate discount rates high.

The above noted, we have provided 3 different discounts rates with each matrix set, a 10% discount rate, a 15% discount rate and a 20% discount rate. As a (very) general rule 10% rates are typical for public equity, 15% for private company equity and for equities with higher risk profiles higher discounts rates (20%+) are common. With respect to Canyon, as with the other variables, we have provided multiple iterations to reflect the relative volatility between different mixes of inputs. The discount rates provide similar volatility from one rate to the next. For a variety of reasons, we tend to think the appropriate discount at this stage of Canyon’s development is probably in the 15% to 20% range to reflect the risks associated with lack of visibility in several important inputs. However, for iterations that eliminate certain input contributions altogether, (the NO GOLD SALES matrices for instance), lower discount rates are likely more appropriate because they have already discounted any contribution from those variables. Also, as milestones are reached and visibility improves (for instance, permits in hand, 43-101, first sales), we would argue that lower discount rates would then be appropriate.

Lastly, in each matrix we have highlighted boxes in **ORANGE** that we think represent our most comfortable “guess” of the appropriate valuation based on the relevant inputs of each. Also, Matrices 13, 14 & 15 represent what believe to be the Company’s current view regarding where they see these levels of variables unfolding. Further, each of these boxes represents the implied Fair Value of Canyon shares *today* based on each variable mix. In that regard, keep in mind the Company’s current raise is priced at CAD \$.15, and they anticipate the next round will be done at CAD \$.25.

Matrix Iteration #1											
Variables:											
1). Constant year-over year Production of 250,000 tonnes Per Year											
2). Aggregate Pricing per Tonne (Horizontal Axis)											
3). Tipping Fees Per Tonne (Assumed 80% tipping Tonnes to Aggregate Tonnes)											
4). Assume NO GOLD SALES											
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 10%											
Aggregate Pricing CAN\$		\$ 12.00	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00	\$ 30.00
Tippings Fees CAN\$	\$ -	\$ 0.01	\$ 0.03	\$ 0.06	\$ 0.09	\$ 0.12	\$ 0.15	\$ 0.17	\$ 0.20	\$ 0.23	\$ 0.26
	\$ 2.00	\$ 0.03	\$ 0.05	\$ 0.08	\$ 0.11	\$ 0.14	\$ 0.17	\$ 0.19	\$ 0.22	\$ 0.25	\$ 0.28
	\$ 4.00	\$ 0.05	\$ 0.08	\$ 0.10	\$ 0.13	\$ 0.16	\$ 0.19	\$ 0.22	\$ 0.24	\$ 0.27	\$ 0.30
	\$ 6.00	\$ 0.07	\$ 0.10	\$ 0.12	\$ 0.15	\$ 0.18	\$ 0.21	\$ 0.24	\$ 0.26	\$ 0.29	\$ 0.32
	\$ 8.00	\$ 0.09	\$ 0.12	\$ 0.15	\$ 0.17	\$ 0.20	\$ 0.23	\$ 0.26	\$ 0.29	\$ 0.31	\$ 0.34
	\$ 10.00	\$ 0.11	\$ 0.14	\$ 0.17	\$ 0.19	\$ 0.22	\$ 0.25	\$ 0.28	\$ 0.31	\$ 0.33	\$ 0.36
	\$ 12.00	\$ 0.13	\$ 0.16	\$ 0.19	\$ 0.21	\$ 0.24	\$ 0.27	\$ 0.30	\$ 0.33	\$ 0.36	\$ 0.38
Matrix Iteration #2											
Variables:											
1). Constant year-over year Production of 250,000 tonnes Per Year											
2). Aggregate Pricing per Tonne (Horizontal Axis)											
3). Tipping Fees Per Tonne (Assumed 80% tipping Tonnes to Aggregate Tonnes)											
4). Assume NO GOLD SALES											
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 15%											
Aggregate Pricing CAN\$		\$ 12.00	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00	\$ 30.00
Tippings Fees CAN\$	\$ -	\$ -	\$ 0.02	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.12	\$ 0.13	\$ 0.15	\$ 0.17
	\$ 2.00	\$ 0.02	\$ 0.04	\$ 0.06	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19
	\$ 4.00	\$ 0.03	\$ 0.05	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.20
	\$ 6.00	\$ 0.05	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.12	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.20	\$ 0.21
	\$ 8.00	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.12	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19	\$ 0.21	\$ 0.23
	\$ 10.00	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19	\$ 0.20	\$ 0.22	\$ 0.24
	\$ 12.00	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.20	\$ 0.22	\$ 0.24	\$ 0.26
Matrix Iteration #3											
Variables:											
1). Constant year-over year Production of 250,000 tonnes Per Year											
2). Aggregate Pricing per Tonne (Horizontal Axis)											
3). Tipping Fees Per Tonne (Assumed 80% tipping Tonnes to Aggregate Tonnes)											
4). Assume NO GOLD SALES											
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 20%											
Aggregate Pricing CAN\$		\$ 12.00	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00	\$ 30.00
Tippings Fees CAN\$	\$ -	\$ -	\$ 0.02	\$ 0.03	\$ 0.04	\$ 0.06	\$ 0.07	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.13
	\$ 2.00	\$ 0.01	\$ 0.03	\$ 0.04	\$ 0.06	\$ 0.07	\$ 0.08	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.14
	\$ 4.00	\$ 0.02	\$ 0.04	\$ 0.05	\$ 0.07	\$ 0.08	\$ 0.09	\$ 0.11	\$ 0.12	\$ 0.14	\$ 0.15
	\$ 6.00	\$ 0.03	\$ 0.05	\$ 0.06	\$ 0.08	\$ 0.09	\$ 0.10	\$ 0.12	\$ 0.13	\$ 0.15	\$ 0.16
	\$ 8.00	\$ 0.04	\$ 0.06	\$ 0.07	\$ 0.09	\$ 0.10	\$ 0.11	\$ 0.13	\$ 0.14	\$ 0.16	\$ 0.17
	\$ 10.00	\$ 0.06	\$ 0.07	\$ 0.08	\$ 0.10	\$ 0.11	\$ 0.12	\$ 0.14	\$ 0.15	\$ 0.17	\$ 0.18
	\$ 12.00	\$ 0.07	\$ 0.08	\$ 0.09	\$ 0.11	\$ 0.12	\$ 0.14	\$ 0.15	\$ 0.16	\$ 0.18	\$ 0.19

Matrix Iteration #4												
Variables:												
1). Initial Production of 250,000 tonnes thru 2024 and 350,000 Tonnes Thereafter												
2). Aggregate Pricing per Tonne (Horizontal Axis)												
3). Tipping Fees Per Tonne (Assumed 80% tipping Tonnes to Aggregate Tonnes)												
4). Assume NO GOLD SALES												
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 10%												
Aggregate Pricing CAN\$		\$ 12.00	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00	\$ 30.00	
Tippings Fees CAN\$	\$ -	\$ 0.01	\$ 0.05	\$ 0.09	\$ 0.13	\$ 0.16	\$ 0.20	\$ 0.24	\$ 0.28	\$ 0.31	\$ 0.35	
	\$ 2.00	\$ 0.04	\$ 0.08	\$ 0.12	\$ 0.15	\$ 0.19	\$ 0.23	\$ 0.27	\$ 0.30	\$ 0.34	\$ 0.38	
	\$ 4.00	\$ 0.07	\$ 0.11	\$ 0.14	\$ 0.18	\$ 0.22	\$ 0.26	\$ 0.29	\$ 0.33	\$ 0.37	\$ 0.41	
	\$ 6.00	\$ 0.10	\$ 0.13	\$ 0.17	\$ 0.21	\$ 0.25	\$ 0.28	\$ 0.32	\$ 0.36	\$ 0.40	\$ 0.43	
	\$ 8.00	\$ 0.12	\$ 0.16	\$ 0.20	\$ 0.24	\$ 0.27	\$ 0.31	\$ 0.35	\$ 0.39	\$ 0.43	\$ 0.46	
	\$ 10.00	\$ 0.15	\$ 0.19	\$ 0.23	\$ 0.27	\$ 0.30	\$ 0.34	\$ 0.38	\$ 0.42	\$ 0.45	\$ 0.49	
	\$ 12.00	\$ 0.18	\$ 0.22	\$ 0.26	\$ 0.29	\$ 0.33	\$ 0.37	\$ 0.41	\$ 0.44	\$ 0.48	\$ 0.52	
Matrix Iteration #5												
Variables:												
1). Constant year-over year Production of 250,000 tonnes Per Year												
2). Aggregate Pricing per Tonne (Horizontal Axis)												
3). Tipping Fees Per Tonne (Assumed 80% tipping Tonnes to Aggregate Tonnes)												
4). Assume NO GOLD SALES												
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 15%												
Aggregate Pricing CAN\$		\$ 12.00	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00	\$ 30.00	
Tippings Fees CAN\$	\$ -	\$ 0.01	\$ 0.04	\$ 0.06	\$ 0.09	\$ 0.11	\$ 0.14	\$ 0.17	\$ 0.19	\$ 0.22	\$ 0.25	
	\$ 2.00	\$ 0.03	\$ 0.06	\$ 0.08	\$ 0.13	\$ 0.13	\$ 0.16	\$ 0.19	\$ 0.21	\$ 0.24	\$ 0.26	
	\$ 4.00	\$ 0.05	\$ 0.07	\$ 0.10	\$ 0.13	\$ 0.15	\$ 0.18	\$ 0.21	\$ 0.23	\$ 0.26	\$ 0.28	
	\$ 6.00	\$ 0.07	\$ 0.09	\$ 0.12	\$ 0.15	\$ 0.17	\$ 0.20	\$ 0.23	\$ 0.25	\$ 0.28	\$ 0.30	
	\$ 8.00	\$ 0.09	\$ 0.11	\$ 0.14	\$ 0.17	\$ 0.19	\$ 0.22	\$ 0.25	\$ 0.27	\$ 0.30	\$ 0.32	
	\$ 10.00	\$ 0.11	\$ 0.13	\$ 0.16	\$ 0.19	\$ 0.21	\$ 0.24	\$ 0.26	\$ 0.29	\$ 0.32	\$ 0.34	
	\$ 12.00	\$ 0.13	\$ 0.15	\$ 0.18	\$ 0.21	\$ 0.23	\$ 0.26	\$ 0.28	\$ 0.31	\$ 0.34	\$ 0.36	
Matrix Iteration #6												
Variables:												
1). Constant year-over year Production of 250,000 tonnes Per Year												
2). Aggregate Pricing per Tonne (Horizontal Axis)												
3). Tipping Fees Per Tonne (Assumed 80% tipping Tonnes to Aggregate Tonnes)												
4). Assume NO GOLD SALES												
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 20%												
Aggregate Pricing CAN\$		\$ 12.00	\$ 14.00	\$ 16.00	\$ 18.00	\$ 20.00	\$ 22.00	\$ 24.00	\$ 26.00	\$ 28.00	\$ 30.00	
Tippings Fees CAN\$	\$ -	\$ 0.01	\$ 0.03	\$ 0.05	\$ 0.07	\$ 0.08	\$ 0.10	\$ 0.12	\$ 0.14	\$ 0.16	\$ 0.18	
	\$ 2.00	\$ 0.02	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.10	\$ 0.12	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.20	
	\$ 4.00	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19	\$ 0.21	
	\$ 6.00	\$ 0.05	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19	\$ 0.21	\$ 0.23	
	\$ 8.00	\$ 0.07	\$ 0.08	\$ 0.10	\$ 0.12	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.20	\$ 0.22	\$ 0.24	
	\$ 10.00	\$ 0.08	\$ 0.10	\$ 0.12	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.20	\$ 0.22	\$ 0.24	\$ 0.26	
	\$ 12.00	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.27	

Matrix Iteration #7

Variables:

- 1). Initial Production of 250,000 tonnes thru 2024 and 350,000 Tonnes Thereafter
- 2). Grams of Gold Per Tonne (Horizontal Axis)
- 3). Price of Gold Per Ounce CAN\$ (Vertical Axis)
- 4). Assume Aggregate prices of \$20 per Tonne & Tipping Fees of \$4 per Tonne

Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of **10%**

Grams of Gold Per Tonne		0.10	0.12	0.14	0.16	0.18	0.20	0.22	0.24	0.26	0.28
Gold Price Per Ounce CAN\$	\$ 1,600	\$ 0.31	\$ 0.32	\$ 0.34	\$ 0.36	\$ 0.37	\$ 0.39	\$ 0.41	\$ 0.43	\$ 0.44	\$ 0.46
	\$ 1,800	\$ 0.32	\$ 0.34	\$ 0.36	\$ 0.37	\$ 0.39	\$ 0.41	\$ 0.43	\$ 0.45	\$ 0.47	\$ 0.49
(\$2000 Canadian is Approximately \$1460 per ounce U.S.)	\$ 2,000	\$ 0.33	\$ 0.35	\$ 0.37	\$ 0.39	\$ 0.41	\$ 0.44	\$ 0.46	\$ 0.48	\$ 0.50	\$ 0.52
	\$ 2,200	\$ 0.34	\$ 0.36	\$ 0.39	\$ 0.41	\$ 0.43	\$ 0.46	\$ 0.48	\$ 0.50	\$ 0.53	\$ 0.55
(\$2400 Canadian is Approximately \$1752 per ounce U.S.)	\$ 2,400	\$ 0.35	\$ 0.37	\$ 0.40	\$ 0.43	\$ 0.45	\$ 0.48	\$ 0.50	\$ 0.53	\$ 0.56	\$ 0.58
	\$ 2,600	\$ 0.36	\$ 0.39	\$ 0.42	\$ 0.44	\$ 0.47	\$ 0.50	\$ 0.53	\$ 0.56	\$ 0.58	\$ 0.61
(\$2800 Canadian is Approximately \$2044 per ounce U.S.)	\$ 2,800	\$ 0.37	\$ 0.40	\$ 0.43	\$ 0.46	\$ 0.49	\$ 0.52	\$ 0.55	\$ 0.58	\$ 0.61	\$ 0.64

Matrix Iteration #8

Variables:

- 1). Initial Production of 250,000 tonnes thru 2024 and 350,000 Tonnes Thereafter
- 2). Grams of Gold Per Tonne (Horizontal Axis)
- 3). Price of Gold Per Ounce CAN\$ (Vertical Axis)
- 4). Assume Aggregate prices of \$20 per Tonne & Tipping Fees of \$4 per Tonne

Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of **15%**

Aggregate Pricing CAN\$		0.10	0.12	0.14	0.16	0.18	0.20	0.22	0.24	0.26	0.28
Tippings Fees CAN\$	\$ 1,600	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.29	\$ 0.31	\$ 0.32	\$ 0.33
	\$ 1,800	\$ 0.22	\$ 0.24	\$ 0.25	\$ 0.27	\$ 0.28	\$ 0.30	\$ 0.31	\$ 0.32	\$ 0.34	\$ 0.35
(\$2000 Canadian is Approximately \$1460 per ounce U.S.)	\$ 2,000	\$ 0.23	\$ 0.25	\$ 0.26	\$ 0.28	\$ 0.30	\$ 0.31	\$ 0.33	\$ 0.34	\$ 0.36	\$ 0.38
	\$ 2,200	\$ 0.24	\$ 0.26	\$ 0.28	\$ 0.29	\$ 0.31	\$ 0.33	\$ 0.35	\$ 0.36	\$ 0.38	\$ 0.40
(\$2400 Canadian is Approximately \$1752 per ounce U.S.)	\$ 2,400	\$ 0.25	\$ 0.27	\$ 0.29	\$ 0.31	\$ 0.32	\$ 0.34	\$ 0.36	\$ 0.38	\$ 0.40	\$ 0.42
	\$ 2,600	\$ 0.26	\$ 0.28	\$ 0.30	\$ 0.32	\$ 0.34	\$ 0.36	\$ 0.38	\$ 0.40	\$ 0.42	\$ 0.44
(\$2800 Canadian is Approximately \$2044 per ounce U.S.)	\$ 2,800	\$ 0.26	\$ 0.29	\$ 0.31	\$ 0.33	\$ 0.35	\$ 0.38	\$ 0.40	\$ 0.42	\$ 0.44	\$ 0.46

Matrix Iteration #9

Variables:

- 1). Initial Production of 250,000 tonnes thru 2024 and 350,000 Tonnes Thereafter
- 2). Grams of Gold Per Tonne (Horizontal Axis)
- 3). Price of Gold Per Ounce CAN\$ (Vertical Axis)
- 4). Assume Aggregate prices of \$20 per Tonne & Tipping Fees of \$4 per Tonne

Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of **20%**

Aggregate Pricing CAN\$		0.10	0.12	0.14	0.16	0.18	0.20	0.22	0.24	0.26	0.28
Tippings Fees CAN\$	\$ 1,600	\$ 0.16	\$ 0.17	\$ 0.18	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.25
	\$ 1,800	\$ 0.17	\$ 0.18	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.26
(\$2000 Canadian is Approximately \$1460 per ounce U.S.)	\$ 2,000	\$ 0.17	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.26	\$ 0.27	\$ 0.28
	\$ 2,200	\$ 0.18	\$ 0.19	\$ 0.21	\$ 0.22	\$ 0.23	\$ 0.24	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.30
(\$2400 Canadian is Approximately \$1752 per ounce U.S.)	\$ 2,400	\$ 0.19	\$ 0.20	\$ 0.21	\$ 0.23	\$ 0.24	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.30	\$ 0.31
	\$ 2,600	\$ 0.19	\$ 0.21	\$ 0.22	\$ 0.24	\$ 0.25	\$ 0.27	\$ 0.28	\$ 0.30	\$ 0.31	\$ 0.33
(\$2800 Canadian is Approximately \$2044 per ounce U.S.)	\$ 2,800	\$ 0.20	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.26	\$ 0.28	\$ 0.30	\$ 0.31	\$ 0.33	\$ 0.35

Matrix Iteration #13											
Variables:											
1). Initial Production of 250,000 tonnes thru 2024 and 350,000 Tonnes Thereafter											
2). Grams of Gold Per Tonne (Horizontal Axis)											
3). Price of Gold Per Ounce CAN\$ (Vertical Axis)											
4). Assume Aggregate prices of \$24 per Tonne & Tipping Fees of \$8 per Tonne											
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 10%											
Grams of Gold Per Tonne		0.10	0.12	0.14	0.16	0.18	0.20	0.22	0.24	0.26	0.28
Gold Price Per Ounce CAN\$	\$ 1,600						\$ 0.52				
	\$ 1,800						\$ 0.54				
(\$2000 Canadian is Approximately \$1460 per ounce U.S.)	\$ 2,000						\$ 0.57				
	\$ 2,200						\$ 0.59				
(\$2400 Canadian is Approximately \$1752 per ounce U.S.)	\$ 2,400						\$ 0.61				
	\$ 2,600						\$ 0.63				
(\$2800 Canadian is Approximately \$2044 per ounce U.S.)	\$ 2,800						\$ 0.65				
Matrix Iteration #14											
Variables:											
1). Initial Production of 250,000 tonnes thru 2024 and 350,000 Tonnes Thereafter											
2). Grams of Gold Per Tonne (Horizontal Axis)											
3). Price of Gold Per Ounce CAN\$ (Vertical Axis)											
4). Assume Aggregate prices of \$24 per Tonne & Tipping Fees of \$8 per Tonne											
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 15%											
Aggregate Pricing CAN\$		0.10	0.12	0.14	0.16	0.18	0.20	0.22	0.24	0.26	0.28
Tippings Fees CAN\$	\$ 1,600						\$ 0.37				
	\$ 1,800						\$ 0.39				
(\$2000 Canadian is Approximately \$1460 per ounce U.S.)	\$ 2,000						\$ 0.40				
	\$ 2,200						\$ 0.42				
(\$2400 Canadian is Approximately \$1752 per ounce U.S.)	\$ 2,400						\$ 0.44				
	\$ 2,600						\$ 0.45				
(\$2800 Canadian is Approximately \$2044 per ounce U.S.)	\$ 2,800						\$ 0.47				
Matrix Iteration #15											
Variables:											
1). Initial Production of 250,000 tonnes thru 2024 and 350,000 Tonnes Thereafter											
2). Grams of Gold Per Tonne (Horizontal Axis)											
3). Price of Gold Per Ounce CAN\$ (Vertical Axis)											
4). Assume Aggregate prices of \$24 per Tonne & Tipping Fees of \$8 per Tonne											
Cell Valuations Represent Our Conclusions of Fair Value (per share) using NPV and Associated DCF Methodologies and a Discount Rate of 20%											
Aggregate Pricing CAN\$		0.10	0.12	0.14	0.16	0.18	0.20	0.22	0.24	0.26	0.28
Tippings Fees CAN\$	\$ 1,600						\$ 0.28				
	\$ 1,800						\$ 0.29				
(\$2000 Canadian is Approximately \$1460 per ounce U.S.)	\$ 2,000						\$ 0.30				
	\$ 2,200						\$ 0.31				
(\$2400 Canadian is Approximately \$1752 per ounce U.S.)	\$ 2,400						\$ 0.32				
	\$ 2,600						\$ 0.34				
(\$2800 Canadian is Approximately \$2044 per ounce U.S.)	\$ 2,800						\$ 0.35				

Summary and Conclusion

Before we move to our summary, we think it is important to point out a few items from the above matrices. First, our models assume a January 1, 2023 production start, but we do not reflect them meeting the 250,000 tonne aggregate maximum for the year because we have assumed the startup may not be optimal. We suspect the Company may have a different view about that. They may be right in that we know the business will have some seasonality to it. They have indicated that because of weather they expect to operate on an 8-month schedule which means that 2Q and 3Q will likely carry much of the revenue contributions for the year. In other words, they may have Q1 calendar 23 to get everything in order, which may mean that they could certainly achieve 250,000 tonnes in 2023, in which case our matrix conclusions would likely be light.

Second, even in instances where the matrices assume gold production, we do not reflect gold sales until 2024. We think that is probably contrary to managements sense of the same. Again, we chose to err on the side of conservatism, but beyond that, we think they will concentrate on ramping aggregate sales quickly, while gold capture may require some trial and error. Again, that is just our view, and it may prove conservative which would also be additive to our matrix conclusions.

Third, we alluded to some additional business that we have not included in our models and as such in these matrices. To revisit the issue *“the Company recently acquired an additional property that we are not including in our model matrix”*. The Company refers to this portion of the business as Cariboo Ledger Stone and they are currently preparing to scale production. We chose not to model this currently because we do not have a good sense of the addressable market and our focus has largely been on the “core”, aggregate piece of the business. However, the Company believes this piece will be considerably additive and could add \$2 million to \$3 million per year in revenues. That would most certainly boost the conclusions of our matrices. Further, we know the Company is also working on other related/synergistic pieces of business that could also prove additive in the coming fiscal year (2023). Succinctly, there are several potential *identified* additions here that could move the needle from our matrix assumptions.

To summarize, we recognize that rock sources may not come to mind when assessing the most promising industries for the next decade or two. On the other hand, in 2019, the United Nations published a report called **Sand and Sustainability: Finding New Solutions for Environmental Governance of Sand Resources**. That report notes among other things that: *“Sand and gravels are the unrecognized foundational material of our economies. They are mined the world over, with aggregates accounting for the largest volume of solid material extracted globally (Peduzzi, 2014; Beiser, 2018). At the same time, these materials cannot be produced from our terrestrial, riverine and marine environments in quantities needed to meet demand from a world of 10 billion people without effective policy, planning, regulation and management. Such actions remain largely unaddressed by decision makers in public or private sectors”*. We believe, as apparently others believe, that demand of these aggregates is poised to continue to grow. At the same time, available rock sources are finite resources, and they are getting harder to find. Further, as we have illustrated, and as the UN’s report alludes, the development of future sources is likely to attract both public and governmental scrutiny, further complicating supply and perhaps by extension, making existing projects (especially large existing projects) more valuable.

From a more local perspective, we know for instance that there are current projects afoot that are likely to support Canyon’s 250,000 tonne threshold and perhaps much more. Recognize, their project sits near the epicenter of the 2021 flood damage, which as we understand it will take years to fully repair. Moreover, management also notes that Trans-Canada Highway #1 is adding a third lane between Langley and

Chilliwack, which should also provide Canyon with demand. In short, we think the core aggregate business is open ended beyond our assumptions, especially as they move through 2023 and they can increase their production thresholds. In addition, to reiterate, we also think they are adding pieces that could provide additional valuation legs in the story.

On the face, it may appear that Canyon is the serendipitous beneficiary of “in the right place at the right time” karma. However, the reality is that the Founders have been working on the acquisition, development, permitting, financing and commercialization of this property/asset for several years now and those efforts are beginning to coalesce. While there are certainly boxes they still need to check, (final permits they expect before year end, completing the current financing, identifying customers, commencing production etc.), we think they are positioned to begin realizing the fruits of their efforts and if we are correct about that, 2023 should be transformational for Canyon, which should support their entrée into the public markets.

General Disclaimer:

Trickle Research LLC produces and publishes independent research, due diligence and analysis for the benefit of its investor base. Our publications are for information purposes only. Readers should review all available information on any company mentioned in our reports or updates, including, but not limited to, the company’s annual report, quarterly report, press releases, as well as other regulatory filings. Trickle Research is not registered as a securities broker-dealer or an investment advisor either with the U.S. Securities and Exchange Commission or with any state securities regulatory authority. Readers should consult with their own independent tax, business and financial advisors with respect to any reported company. Trickle Research and/or its officers, investors and employees, and/or members of their families may have long/short positions in the securities mentioned in our research and analysis and may make purchases and/or sales for their own account of those securities.

Trickle Research co-sponsors two microcap conferences each year. Trickle Research encourages its coverage companies to present at those conferences and Trickle charges them a fee to do so. Companies are under no obligation to present at these conferences.

Canyon Gold & Gravel has paid fees to present at investor conferences co-sponsored by Trickle Research.

Reproduction of any portion of Trickle Research’s reports, updates or other publications without written permission of Trickle Research is prohibited.

All rights reserved.

Portions of this publication excerpted from company filings or other sources are noted in italics and referenced throughout the report.