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COMPANY UPDATE

Canyon Resources Ltd (Canyon or the Company) (ASX: CAY) is pleased to provide an update on the Company's recent activities and planned activity for the coming exploration season.

Canyon Resources Chairman Mr David Netherway, Managing Director Mr Phillip Gallagher and General Manager Project Implementation Mr Shannon Green, have been in Cameroon recently discussing the exploration and project development plans for a bauxite mine exporting DSO operation (Direct Shipping Ore) with representatives of the Government of Cameroon.

The Company is in advanced discussions with the Government of Cameroon in relation to the broad opportunity of developing a DSO bauxite operation in the Adamawa Province of Cameroon, including the possibility of securing additional permits in close proximity to the Company's existing Birsok joint venture project. The Company has also engaged senior French legal counsel with significant African mining experience to assist Canyon in its discussions.

These discussions are ongoing and the Company will keep the market informed of any material developments.

As a bauxite mining and export project contains a significant infrastructure component to its successful development, Canyon has been working with the Government of Cameroon (as the owners of the infrastructure) and the Bolloré Group (as operator of the rail line), to present its initial development proposals for potential infrastructure solutions for a bauxite mining project in the Adamawa Province of Cameroon.

Canyon is also preparing for the upcoming exploration season in Cameroon. The Company is proposing to re-commence exploration in 2017, following the end of the current rainy season over the Project area. The objective of the exploration program will be to complete additional exploration on the high grade, low contaminant bauxite identified from previous drilling programs and to test additional and new bauxite plateaux. The planned exploration program will also investigate other locations in the region that have the potential to host high grade bauxite.

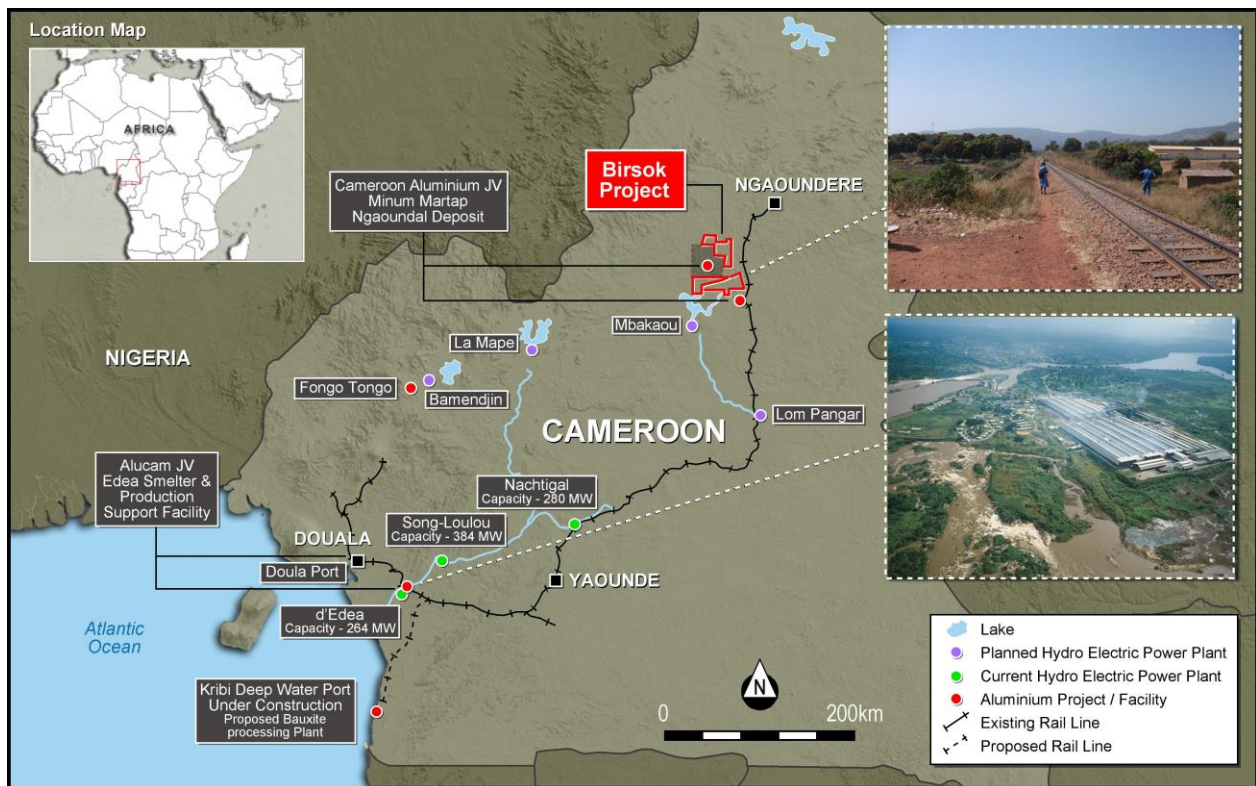


Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

Burkina Faso – Joint Venture with Acacia Mining plc

Canyon entered into a joint venture with Acacia Mining plc (Acacia) in March 2015 on the Pinarello and Konkolikan Projects located on the Hounde greenstone belt in south western Burkina Faso. Acacia can earn up to 75% of the projects by the expenditure of \$1,500,000 on exploration over two years from March 2015. Acacia currently have 51% equity of the Projects.

Acacia have conducted ongoing early stage exploration on the permits with positive and encouraging results received to date including, 96 of 278 aircore (AC) holes drilled on the Pinarello Project producing anomalous gold results, and the identification of numerous extensive gold in soil anomalies ranging from 2km to 25km in length.

Acacia plan approximately 35,000m of AC and Reverse Circulation (RC) drilling on the Pinarello Project in 2017.

For further details on the exploration conducted by Acacia on the Pinarello Project, refer to : <http://www.acaciaming.com/~media/Files/A/Acacia/presentations/2016/Exploration%20Roundtable%20-%20Nov%202016.pdf>

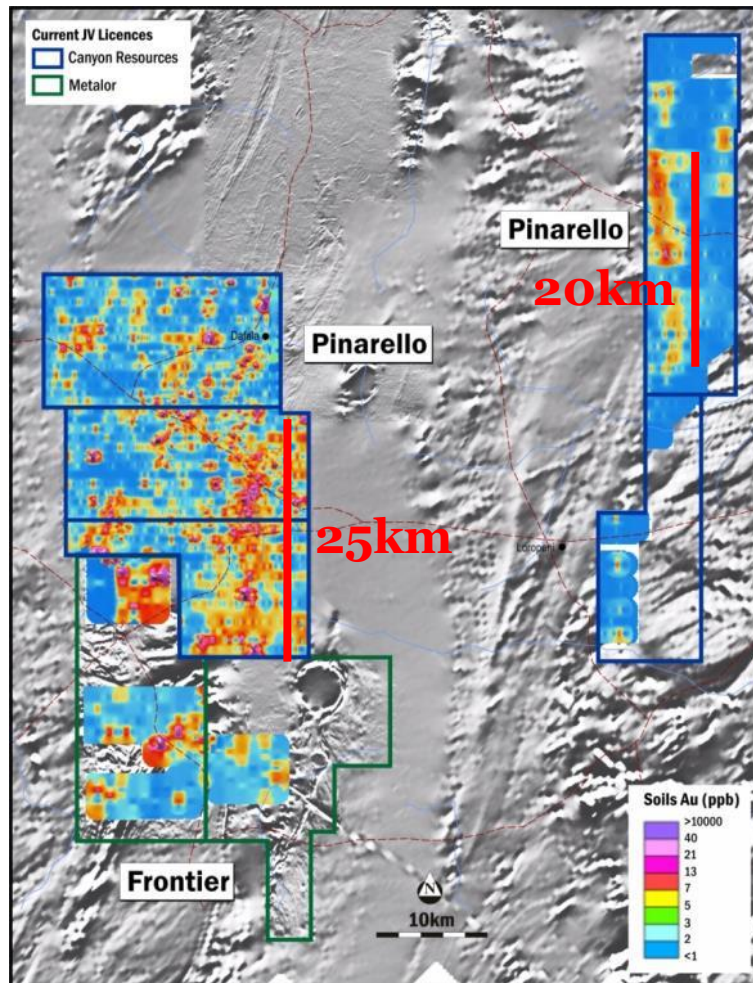


Figure 2: Map showing soil anomalies identified on the Pinarello Project in south west Burkina Faso. Canyon Resources JV permits are in blue. (Image supplied by Acacia Mining)

About Canyon Resources Limited

In 2013, Canyon announced a farm-in transaction to acquire up to 75% of the Birsok Bauxite Project in Cameroon, which is considered highly prospective for high grade DSO bauxite. The Birsok Bauxite Project is strategically located in an emerging bauxite region of Cameroon (Figure 2), contiguous with the world class Minim Martap bauxite deposit and approximately 10km from an operating rail line.

In addition to the bauxite assets, Canyon has an established portfolio of highly prospective mineral exploration projects in Burkina Faso, which cover an area of approximately 2,400km² over 13 permits in the Birimian greenstone belts of the West African craton.

Enquires:

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