



30 January 2017

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Company Secretary

ASX Code: CAY

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ABN 13 140 087 261

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2016

The Directors of **Canyon Resources Ltd** (ASX: **CAY**) are pleased to report on the Company's activities for the quarter ending 31 December 2016.

Birsok Bauxite Project Cameroon

The Company continues to focus on developing a bauxite mining and DSO (Direct Shipping Ore) operation in Cameroon.

During the quarter, representatives of Canyon's Board and Management, along with the Company's legal counsel, engaged with representatives of the Government of Cameroon regarding Canyon's exploration and project development plans for a bauxite mine and exporting DSO operation in the country.

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.

As a bauxite mining and export project contains a significant infrastructure component to its successful development, Canyon has been working with all the relevant stakeholders, to present its development proposals for potential infrastructure solutions for a bauxite mining project in the Adamawa Province of Cameroon.

As was previously announced, Canyon is also preparing to recommence exploration on the Birsok Project in 2017. 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.

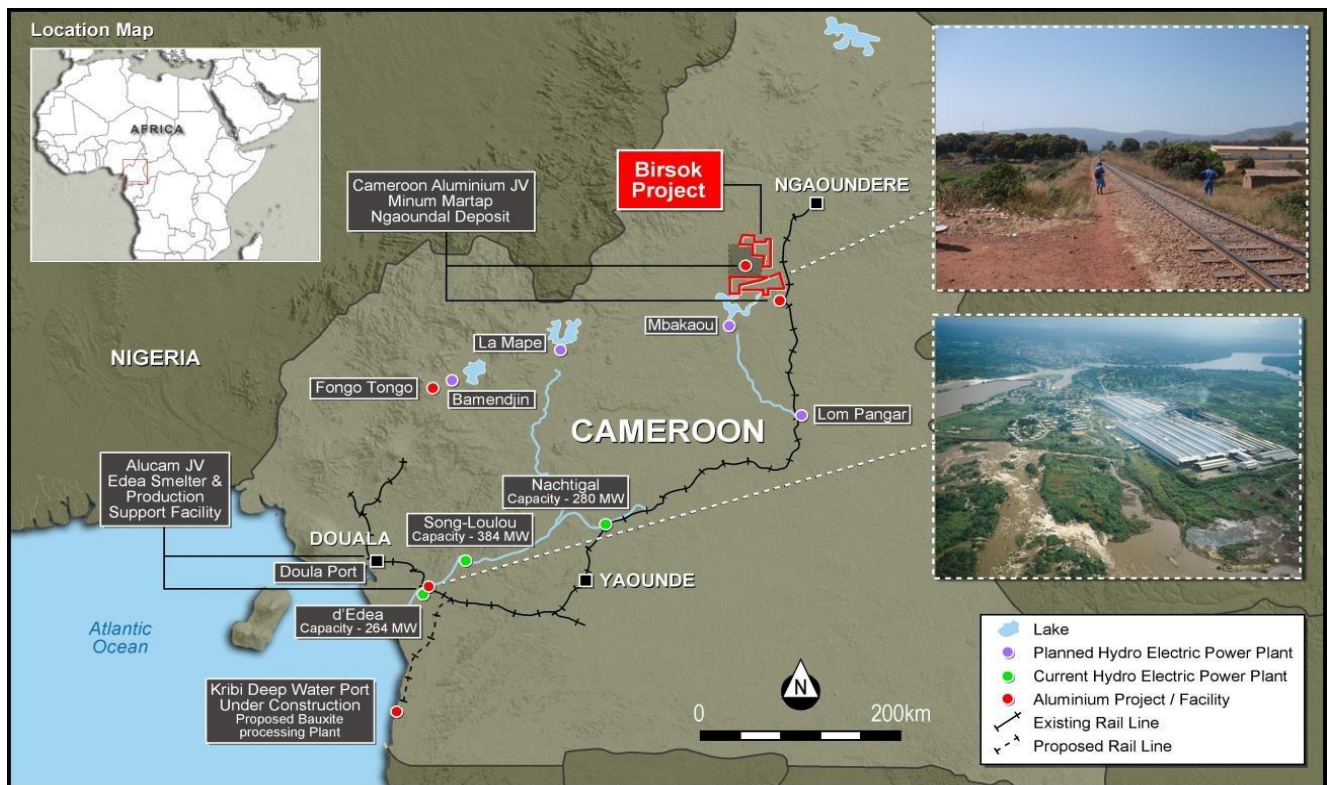


Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

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 (see figure 2). 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.acaciamining.com/~media/Files/A/Acacia/presentations/2016/Exploration%20Roundtable%20-%20Nov%202016.pdf>

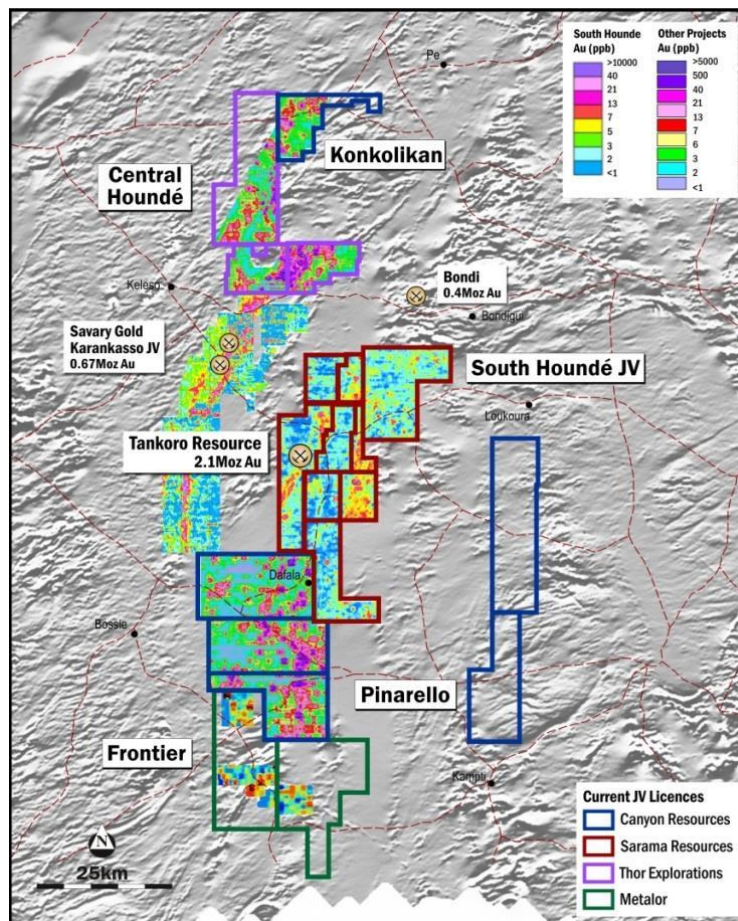


Figure 2: Map showing soil anomalies identified on the Pinarello Project in south west Burkina Faso. Canyon Resources JV permits are in blue. (Image supplied by Acacia Mining)

Corporate

On the 19th January 2017, announced that it had entered into underwriting agreements with each of Barclay Wells Limited and BW Equities Pty Ltd (“Underwriters”) to fully underwrite the Company’s listed option series (ASX: CAYOA), up to a value of A\$3.405 million.

At the time of entering into the underwriting agreement, Canyon had 56,753,252 listed CAYOA options on issue, exercisable at \$0.06 cents on or before 5.00pm (AWST), 31 January 2017. The underwriting has given Canyon a level of certainty that the options will result in funding of A\$3.405 million (before expenses) through the exercise of these options, ensuring the Company is well funded for the next important phase of development of its bauxite assets in Cameroon.

In consideration for the underwriting, the Company will pay each of the Underwriters a fee equal to 6% of the amount underwritten by each Underwriter and will also issue each of the Underwriters 5,000,000 options exercisable at \$0.12 on or before 16 February 2019.



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:

Phillip Gallagher

Managing Director

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Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 31 December 2015	Interest at 31 December 2016
<u>Birsok Bauxite Project</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon		
<u>Taparko North Project</u>			
Karga 2	Burkina Faso	Own 100%	Own 100%
Bani	Burkina Faso		
Diobou	Burkina Faso		
Tigou	Burkina Faso	Rights to 100%	Rights to 100%
<u>Tao Project</u>			
Tao	Burkina Faso	Own 100%	Own 100%
<u>Pinarello Project</u>			
Sokrani	Burkina Faso	Agreement to acquire 49% (sale of 51% to Acacia Mining plc)	Own 49% (Acacia Mining plc 51%)
Niofera	Burkina Faso		
Baiera	Burkina Faso		
Sokrani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<u>Konkolikan Project</u>			
Konkolikan	Burkina Faso	Agreement to acquire 49% (sale of 51% to Acacia Mining plc)	Own 49% (Acacia Mining plc 51%)
<u>Derosa Project</u>			
Bompela	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	15% interest in joint venture with Rumble Resources Ltd
Sapala	Burkina Faso		