



Canyon Resources Limited
ACN 140 087 261
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31 July 2017

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2017

The Directors of **Canyon Resources Ltd** (ASX: CAY) are pleased to report on the Company's activities for the quarter ending 30 June 2017.

Birsok Bauxite Project Cameroon

Throughout the June quarter Canyon continued to engage with the Government inter-departmental committee, formed via a Prime Ministerial decree, to analyse Canyon's proposal to develop a major DSO bauxite mining and export operation in Cameroon.

Following the positive results from the two week presentations that were held during the March quarter of this year, the committee sent appointed representatives to review Canyon's field operations at the Birsok Bauxite Project and its Projects in Burkina Faso.

The site visits were conducted by senior Government officials and members of the Government committee and were focussed on reviewing Canyon's current and past operations, relating to its capacity to develop a significant DSO bauxite mining and export operation in the country. The committee members focussed on the Company's compliance with all local legal requirements regarding environmental, fiscal laws and relations with local employees and people who live around the Company's operations.

The site visits to the Company's Birsok project and its joint venture operation in Burkina Faso were completed during May and were attended by a number of Government committee representatives and members of Canyon's management team. The visit reviewed all of Canyon's operations on the sites and its engagement with the local community. Canyon understands that the reports from the visits were very positive and reinforced Canyon's capacity to execute its proposal's in Cameroon.

Canyon appreciated the opportunity to complete the extensive committee review process as designated by a decree from the Prime Minister's office and is now in follow up discussions with the Government of Cameroon regarding its Bauxite Project in Cameroon.

Canyon's geological team have ceased further work on the Birsok Project due to the wet season on the area and pending the receipt of the final response from the Government inter-departmental committee.

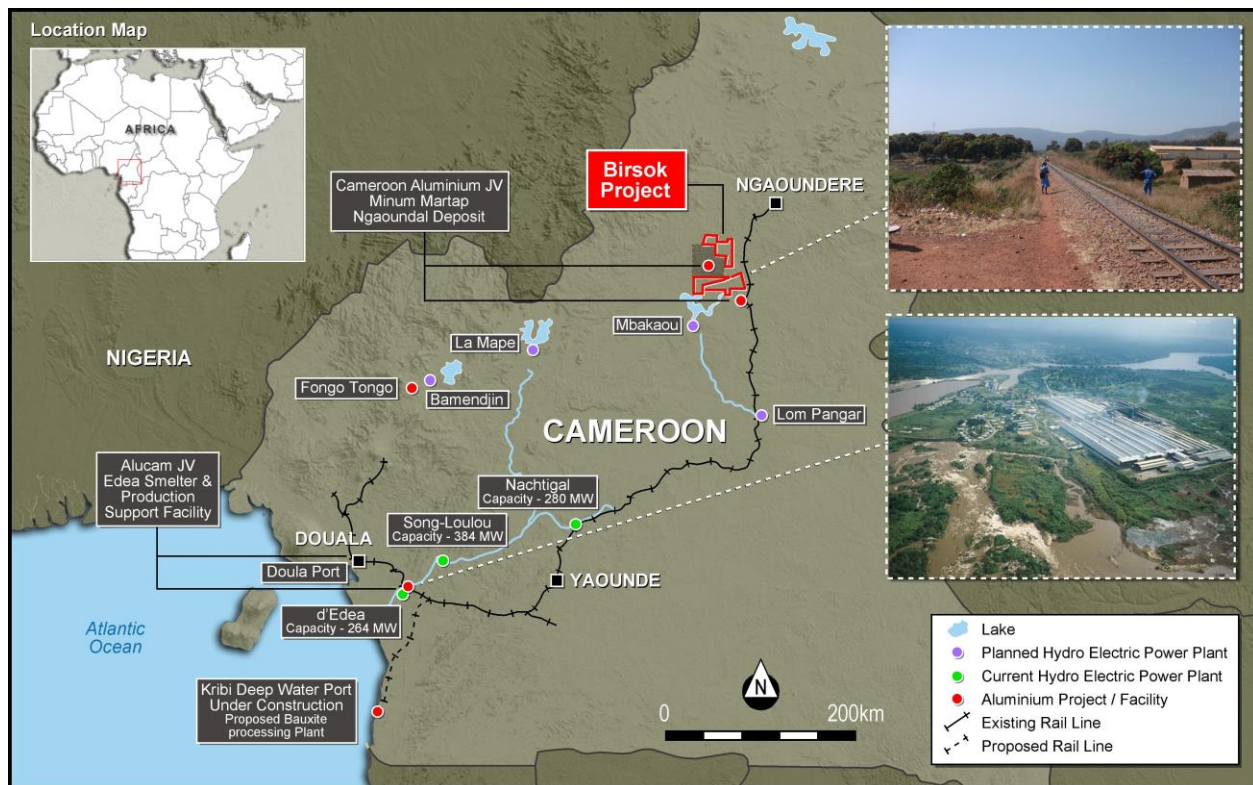


Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

Burkina Faso – Joint Venture with Acacia Mining plc

Canyon Resources 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 has earned 75% of the Joint Venture now having spent the required \$1,500,000 on exploration over two years since March 2015. Accordingly the Joint Venture has entered the contributory/dilution phase of the agreement and as Canyon has elected not to contribute to the planned exploration programs over the next 12 months, Canyon expects to dilute its interest in the Joint Venture to approximately 11% ownership over the next 12 months.

Surface geochemical sampling undertaken over the past 2 years on the Project areas has identified several very encouraging zones of gold anomalism coincident with the interpreted structural corridors, magnetic features and surface IP geophysical anomalies. During the quarter the joint venture completed a structural targeting exercise, reviewed the surface gold anomalies from soil sampling, and undertook multi-element geochemical analysis, using a portable XRF, of all samples from the regional soil sampling programmes. As a result of this targeting exercise, 28 targets were delineated across the Pinarello project area, and field validation, geological mapping and further surface sampling programmes on priority target areas was commenced.

Follow up of the previous season's surface geochemical and Aircore drilling programs continue at Pinarello. A total of 421 Aircore holes for an aggregate of 23,089 metres were completed on the Tankoro Corridor SW extension, Gaghny, Tangalobe, Dafala and Dopala prospects. More significant results from 2016 / 2017 Aircore drilling campaigns were followed up with 37 RC holes for an aggregate of 5,803 metres. While not all results are available yet, results are considered mixed with a number of significant gold intercepts.

Acacia recently released a summary of results from the drilling referred to above and this can be reviewed at <http://www.acaciamining.com/~media/Files/A/Acacia/press-release/2017/2017-interim-results.pdf>

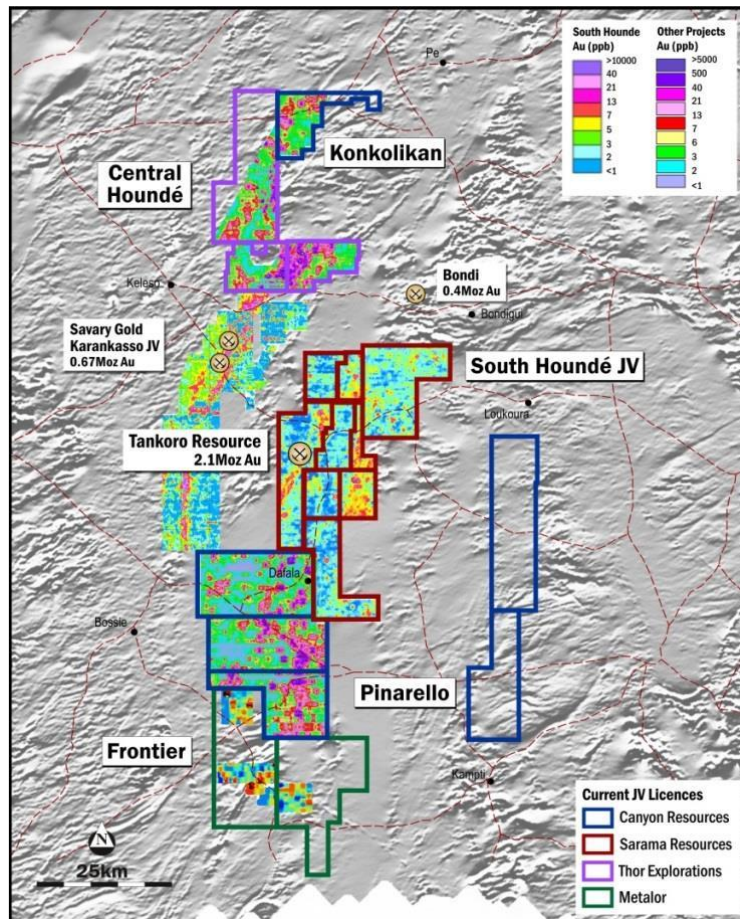


Figure 2: Map showing Acacia Mining holding on the Hounde belt in south west Burkina Faso. Canyon Resources JV permits are in blue.

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 currently has a 25% Joint Venture interest (Acacia 75%) in a portfolio of 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.

Enquiries:

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Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 30 June 2016	Interest at 30 June 2017
<u>Birsok Bauxite Project</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
<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>			
Sokarani	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 25% (Acacia Mining plc 75%)
Niofera	Burkina Faso		
Baniera	Burkina Faso		
Sokarani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<u>Konkolikan Project</u>			
Konkolikan	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 25% (Acacia Mining plc 75%)
<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		

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CANYON RESOURCES LIMITED

ABN

13 140 087 261

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(344)	(1,781)
(b) development	-	-
(c) production	-	-
(d) staff costs	(125)	(497)
(e) administration and corporate costs	(198)	(889)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(663)	(3,158)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	(3)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	682
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	4,454
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(217)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	4,919

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,832	423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(663)	(3,158)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	4,919
4.5	Effect of movement in exchange rates on cash held	32	20
4.6	Cash and cash equivalents at end of period	2,201	2,201

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	2,201	2,832
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,201	2,832

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
86
-

6.1 Payment of Directors Fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

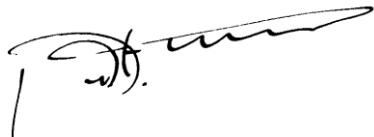
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	240
9.2 Development	-
9.3 Production	-
9.4 Staff costs	124
9.5 Administration and corporate costs	149
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	513

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Sokarani, Noifera, Baniera, Sokarani 2, Soukoura 2, Konkolikan, Permits, Burkina Faso	Joint venture with Acacia Mining plc	49%	25%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil	Nil	Nil	Nil

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Date: 31 July 2017

Print name: **Robert Marusco**
Company Secretary

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.