



Canyon Resources Limited
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31 October 2017

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 September 2017

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

Birsok Bauxite Project Cameroon

During the September quarter Canyon Resources (Canyon) made further progress in its endeavours to develop a major DSO bauxite mining and export operation in Cameroon.

Throughout the quarter Canyon continued to engage with the Cameroon 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 the country.

Canyon completed the extensive committee review process as designated by the Prime Ministerial decree and is now awaiting the formal notification of the completion and the results of that process.

Along with the ongoing Cameroon government committee process, Canyon has made progress in finalising a logistics solution and has fielded expressions of interest from significant infrastructure, construction and logistical operations providers to work with the Company to develop its bauxite mining and DSO export operation.

The Company's Birsok Project area is very well positioned approximately 10km from the operational rail line that runs from the Project area to the Doula Port.

Cameroon recently commissioned the new Kribi Deep Sea Port ("Kribi Port") and the road to connect the port is currently under construction with planning being advanced to construct the railway link providing Canyon with an end to end rail logistics solution for the export of DSO bauxite. Figure 1 shows the location of the project in relation to Cameroon and key infrastructure including the Kribi Port and the operating railway line.

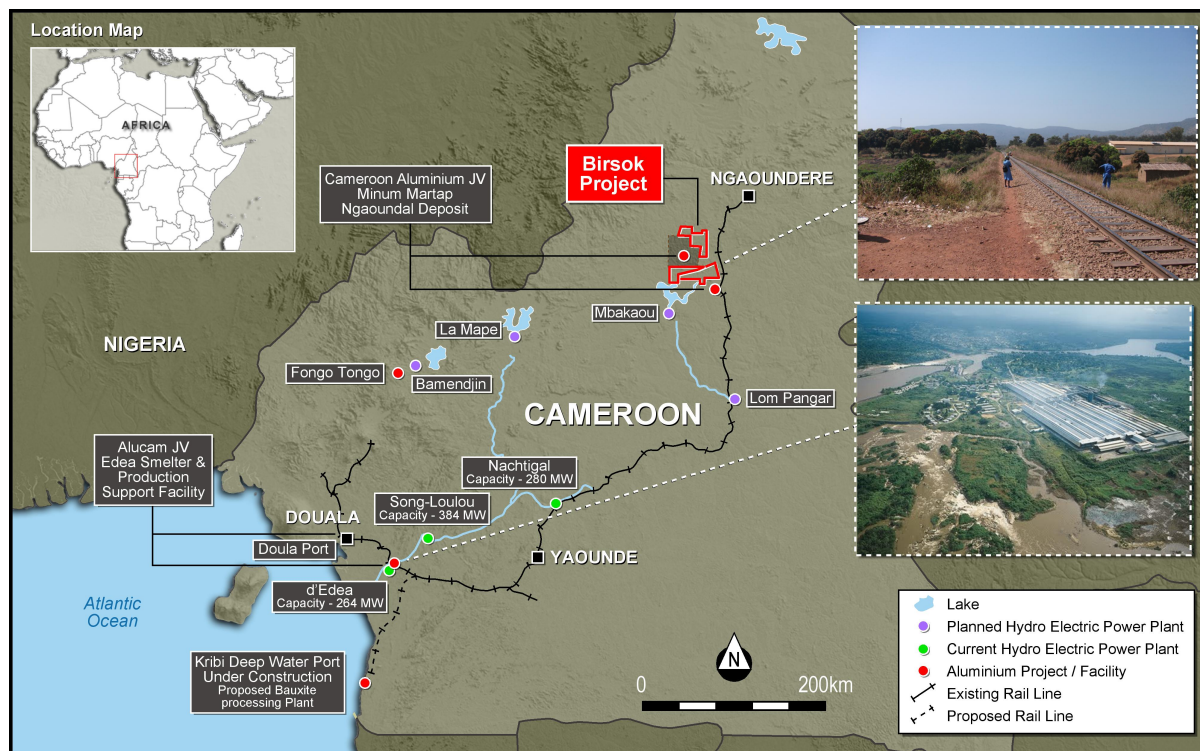


Figure 1: Birsok Bauxite Project Location

The Bauxite Market Outlook

During the September quarter the price of Aluminium continued to increase with the Aluminium price reaching a four year high subsequent to the quarter end. The continued price and demand growth for aluminium reinforces Canyon's view that there is a deficit of high grade low silica gibbsitic bauxite and that this shortage of high grade bauxite will grow over the next few years.

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 Houde 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.

A total of 1,073 soil samples, 23,089 metres of Aircore drilling and 6,401 metres of RC drilling have been completed during 2017. Results from RC drilling completed in Q2 and received in Q3 2017 were mixed with broad zones of gold anomalism and narrow higher grade zones intersected at the Gaghny Prospect whilst a higher grade result was returned on the northern Pinarello licence following up the projected extension of the Tankoro Trend. A programme of RC and diamond core drilling is being designed to follow-up this intersection during Q4 2017 and into Q1 2018.

Acacia recently released a more detailed report including 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/results-for-the-three-months-ended-30-sep-2017.pdf>

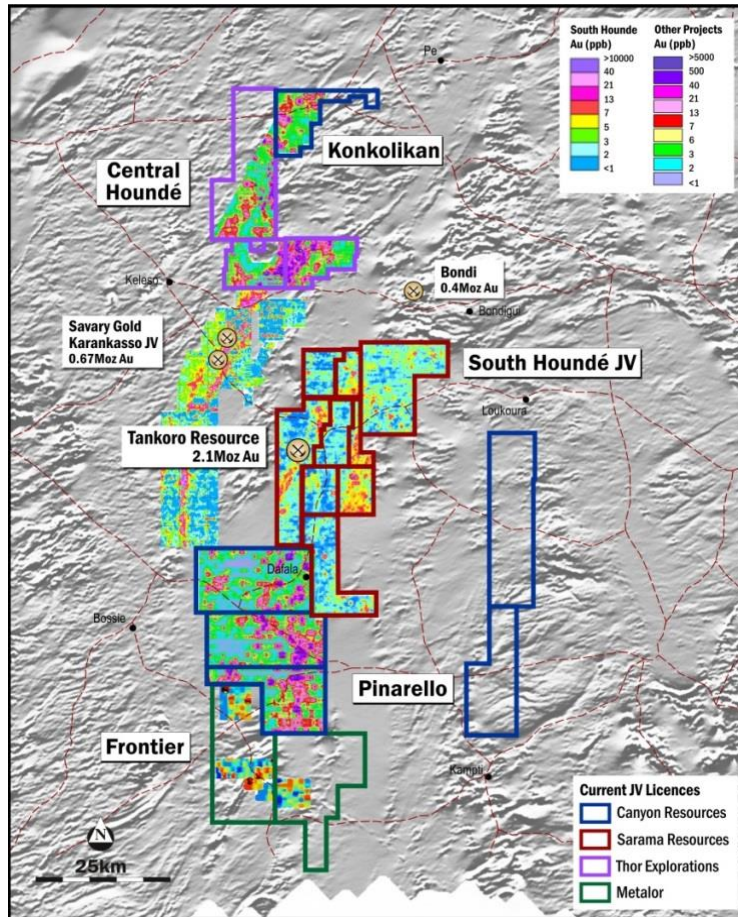


Figure 2: Map showing Acacia Mining holding on the Hounde belt in south west Burkina Faso. Canyon Resources JV permits are in blue.

Corporate Update

On 3 October 2017 the Company announced that 86% of the approximately 43 million unlisted class of options with an exercise price of 6 cents that expired on 29 September 2017, had been exercised by shareholders. CPS Capital Group Pty had unwritten the option exercise and exercised the remaining approximate 6 million options.

The exercise of the unlisted options, including those taken up by the Underwriters, raised a total of approximately \$2.614 million before costs.

Following the exercising of the options and all costs associated with the option underwriting, the Company has approximately \$4.1 million cash on hand.

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.

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Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 30 September 2016	Interest at 30 September 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		