

31 January 2018

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2017

The Directors of **Canyon Resources Ltd** (ASX: CAY) submit the report on the Company's activities for the quarter ending 31 December 2017.

Birsok Bauxite Project Cameroon

Following the completion of the previously announced Prime Ministerial committee review process regarding Canyon's proposal to develop a Direct Shipping Ore (DSO) bauxite mining and export operation, the Company received positive feedback regarding the results of that process during the December quarter

Canyon now awaits final approval regarding its proposal from the Government of Cameroon.

Based on the positive feedback from the Committee and senior Government representatives, Canyon has expanded its team on the ground in Cameroon, including appointing a senior Exploration Manager.

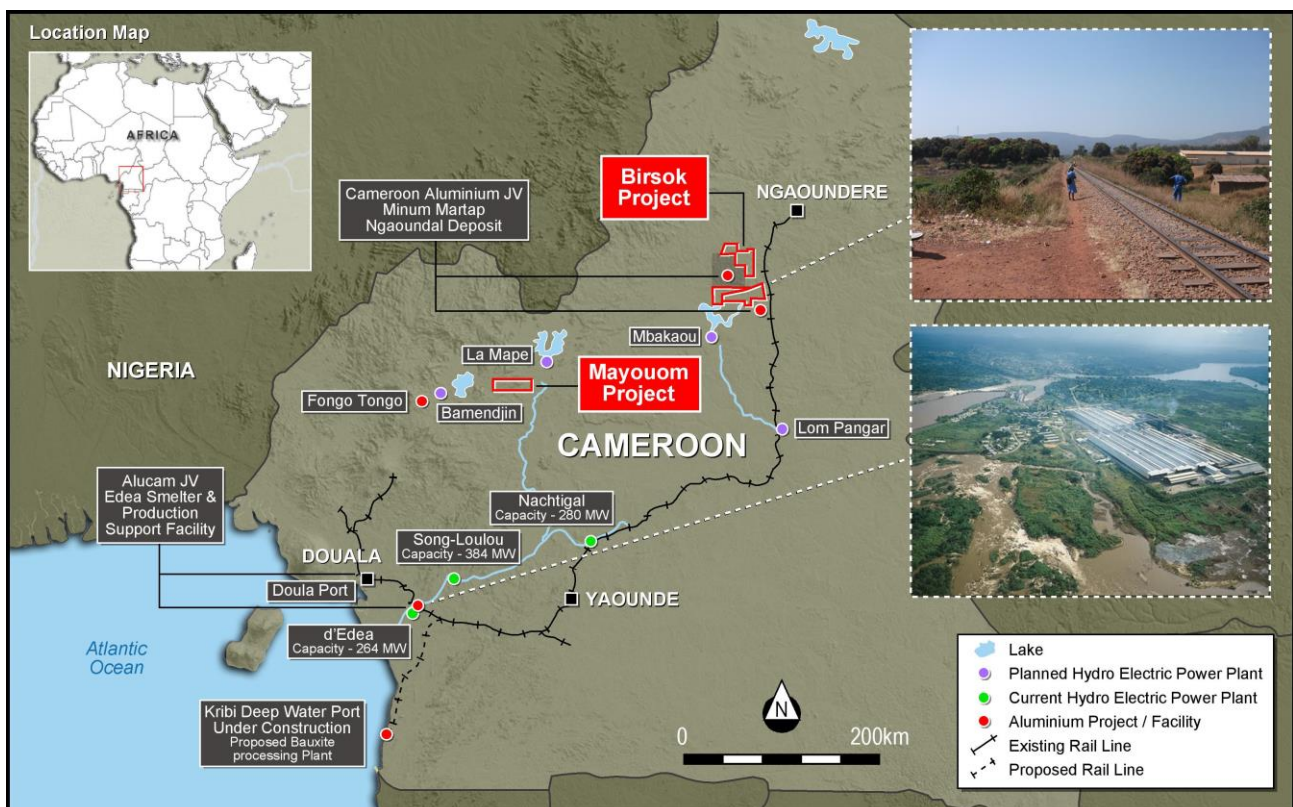


Figure 1: Birsok Bauxite and Mayouom Kaolin Project Locations

Mayouom Project Cameroon

In addition to the negotiations regarding the bauxite project development, Canyon has also continued to investigate other opportunities in Cameroon, that allows the Company to leverage its presence and expertise in country.

Earlier in 2017, the Company sourced some past academic papers that identified a potential Kaolin Clay deposit in Cameroon, that may have suitability for High Purity Alumina (HPA) production. Based on the information in the academic papers, and for minimal cost, the Company lodged an exploration permit application for the area identified in the academic papers.

The permit ("Mayouom Project") was granted in early December 2017 and is located approximately 500km north east of the capital city, Yaounde. Canyon regards the granting of the kaolin and potential HPA project as a very low cost and opportunistic addition to the Company's project portfolio that is secondary to its focus on developing a large high grade bauxite project in Cameroon.

In January 2018, a Canyon geological team visited the Mayouom Project to conduct initial exploration and sampling.

A total 30 samples were collected from 3 pre-existing artisanal kaolin pits and from 3 shallow (1.5m deep) sample pits.

The samples will be sent to a laboratory in South Africa where mineralogical analysis will provide insight into the viability of the material for conversion to HPA.



Figure 2: Fine grained, massive and brilliant white coloured kaolin from the newly granted Mayouom Project

The fine grained relatively homogenous nature of the kaolin identified during the initial exploration, the thickness of the deposit exposed and the extent of the intense kaolinisation is unusual and has potential for an extensive high grade deposit.

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 December 2016	Interest at 30 December 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%.
Ndjimom (Mayouom Project)	Cameroon	n/a	Own 100%
<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")

31 DECEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(426)	(568)
(b) development	-	-
(c) production	-	-
(d) staff costs	(174)	(322)
(e) administration and corporate costs	(165)	(486)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	7
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	(761)	(1,369)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(105)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	7	7
	(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	7	(98)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	998	2,732
3.4	Transaction costs related to issues of shares, convertible notes or options	(168)	(168)
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	830	2,564

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,219	2,201
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(761)	(1,369)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	7	(98)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	830	2,564
4.5	Effect of movement in exchange rates on cash held	(2)	(5)
4.6	Cash and cash equivalents at end of period	3,293	3,293

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	3,293	3,219
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)	3,293	3,219

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
123
-

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.		

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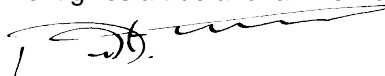
9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	105
9.2	Development	-
9.3	Production	-
9.4	Staff costs	138
9.5	Administration and corporate costs	80
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	323

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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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:


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(Company secretary)

Date: 31 January 2018

Print name: Robert Marusco.....

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.