

30 April 2018

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2018

The Directors of **Canyon Resources Ltd** (ASX: CAY) submit the report on the Company's activities for the quarter ending 31 March 2018.

Birsok Bauxite Project Cameroon

As has been previously announced, the Company completed a Prime Ministerial committee review process regarding Canyon's proposal to develop a Direct Shipping Ore (DSO) bauxite mining and export operation. Having received positive feedback regarding the results of that process, the Company continues to await a final approval regarding its proposal from the Government of Cameroon. Company Management have been in Cameroon and meeting with senior Government officials to complete this process.

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Directors & Management

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Non-Executive Chairman

Mr Phillip Gallagher

Managing Director

Mr Emmanuel Correia

Non-Executive Director

Mr Robert Marusco

Company Secretary

ASX Code: CAY

Website:

www.canyonresources.com.au

ABN 13 140 087 261

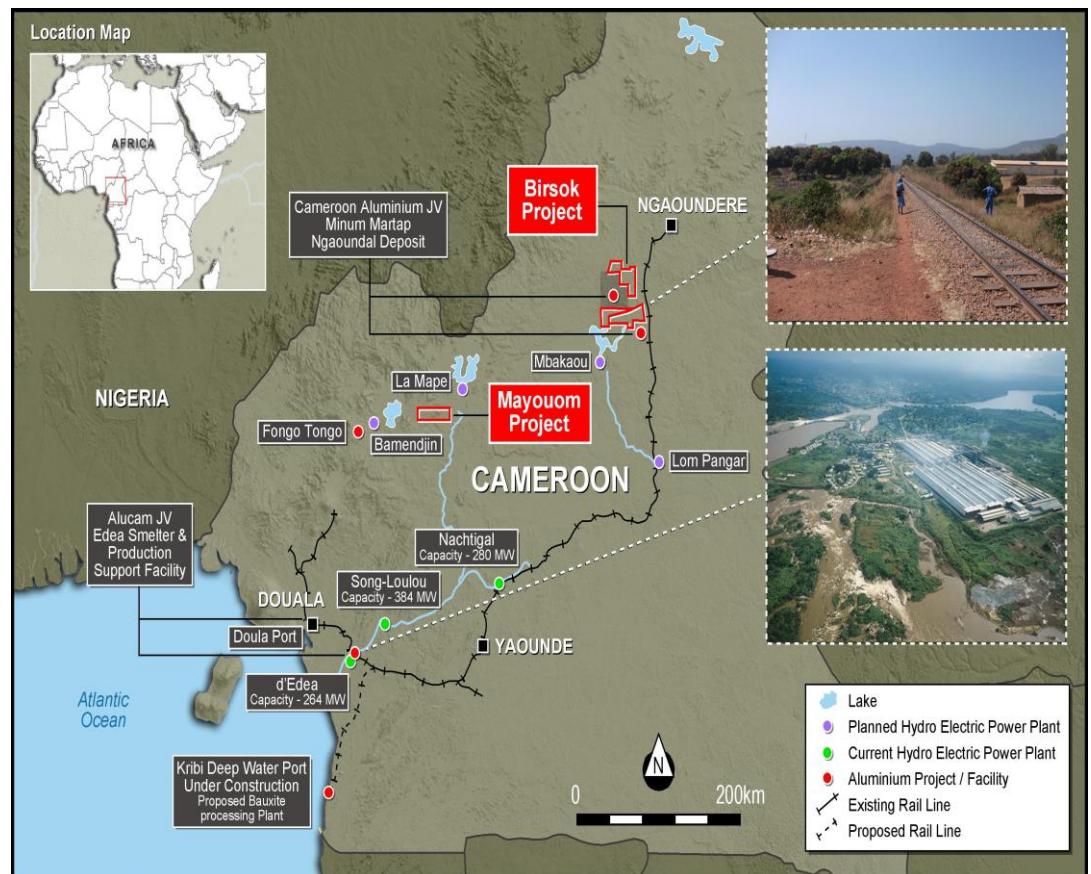


Figure 1: Birsook Bauxite and Mayouom Kaolin Project Locations

Mayouom Kaolin Project

On 10 April 2018 Canyon announced that the results from the initial sampling program for the Mayouom kaolin deposit in the North Western region of Cameroon. The results were very positive and show that Mayouom kaolin deposit has the clear potential for High Purity Alumina (HPA) production. The sampling program confirmed that there is high grade Aluminium Oxide (Al_2O_3) with continuity both vertically and horizontally with very low impurities. The announcement and all results from the initial sampling can be viewed [here](#).

Based on the initial sampling program, Canyon's independent metallurgical consultants, who have current HPA experience, consider Mayouom to be a high-grade low contaminant kaolin deposit that is amenable to producing a good Al_2O_3 concentrate potentially suitable for HPA production.

Canyon regards the procurement of a kaolin and potential HPA project in Cameroon as a positive and value accretive addition to the Company's project portfolio that is secondary to its focus on developing a large high grade bauxite project in Cameroon.

The Company is finalising the next phase of work for the Mayouom Project which will focus on identifying the extent of the kaolin alteration, dimensions of the deposit and the preparation of a JORC compliant resource.

The planned next phase of exploration works will include a combination of shallow observation pits, trenches and outcrop mapping will be used to construct a detailed geological map of the Mayouom area. A preliminary understanding of the extent of the kaolin alteration based on the mapping will be supplemented by a series of drill lines. The drilling will provide insight to the vertical and horizontal extent and morphology of the kaolin alteration.

All drill holes will be sampled and one meter composites will be assayed for their multi elemental composition. The initial delineation drill fences will be infilled at an appropriate spacing for resource drilling. The data collected from the field mapping and drilling programmes will be compiled into a Mayouom geological model and a JORC compliant resource statement.

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 March 2017	Interest at 30 March 2018
<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 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(316)	(884)
(b) development	-	-
(c) production	-	-
(d) staff costs	(143)	(465)
(e) administration and corporate costs	(79)	(565)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	11
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	(534)	(1,903)

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 (9 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	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	-	(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	-	2,732
3.4 Transaction costs related to issues of shares, convertible notes or options	-	(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	-	2,564

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3,293	2,201
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(534)	(1,903)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	(98)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	2,564
4.5 Effect of movement in exchange rates on cash held	16	11
4.6 Cash and cash equivalents at end of period	2,775	2,775

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	2,775	3,293
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)	2,775	3,293

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	86
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	

6.1 Payment of Directors Fees

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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	158
9.5 Administration and corporate costs	103
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	366

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: 30 April 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.