

31 July 2018

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2018

The Directors of **Canyon Resources Ltd** (ASX: CAY) submit the report on the Company's activities for the quarter ending 30 June 2018.

Birsok Bauxite Project Cameroon

As previously announced, Canyon Resources has undertaken and as it understands, completed an exhaustive review and due diligence process with the Government of Cameroon regarding the Company's proposal to develop a Direct Shipping Ore (DSO) bauxite mining and export operation.

Despite having received regular positive feedback during the quarter regarding the outcome of that process, the Company continues to wait for final documented notification regarding its proposal from the Government of Cameroon.

Canyon is frustrated with the time it is taking to reach a formal outcome in relation to its proposal. Canyon continues to spend considerable time and effort to obtain formal notification in relation to its proposal. Based on the feedback received during the quarter, the Company is confident of receiving a formal outcome to its proposal, from the Government in the near future.

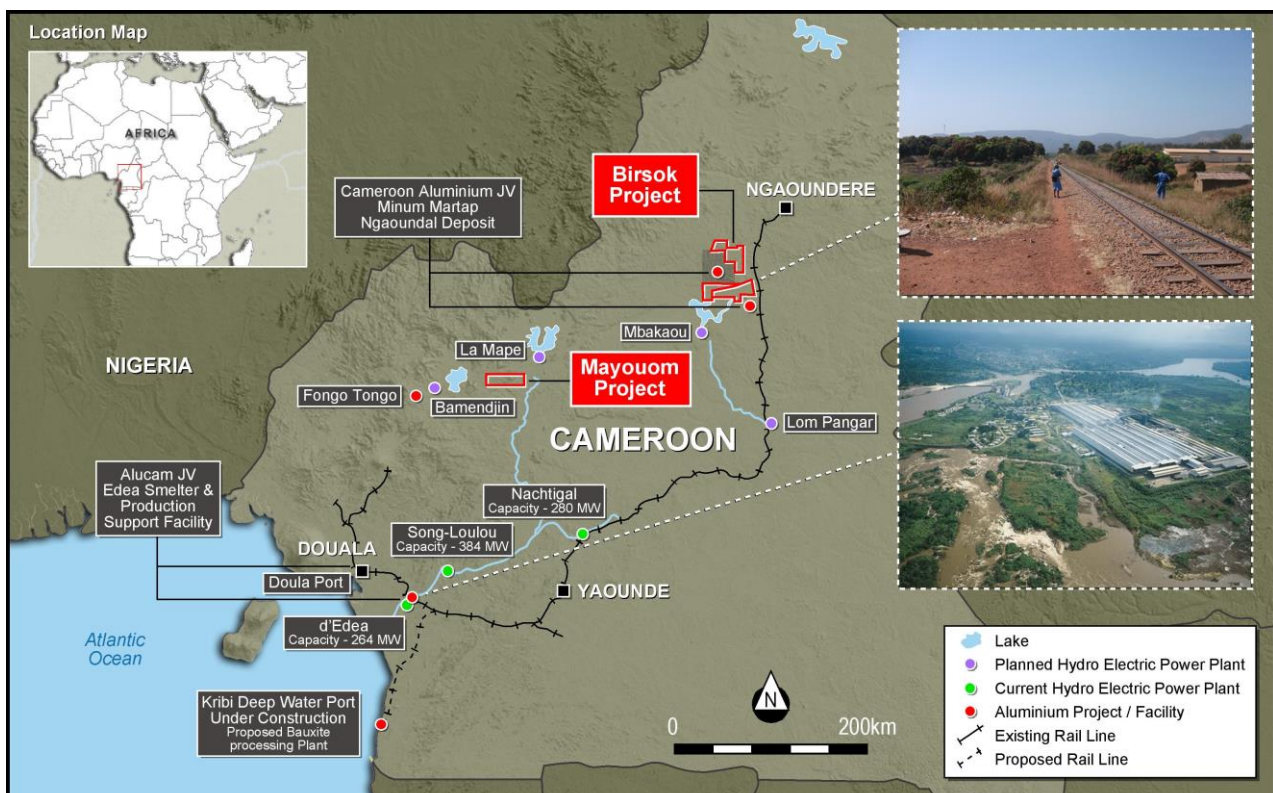


Figure 1: Birsok Bauxite and Mayouom Kaolin Project Location

Mayouom Kaolin Project

During the quarter, the Company spent considerable time engaging with local communities and stakeholders within the Project area in order to build trust and support for the Mayouom Project. This was required as there has never been any modern mineral exploration completed in this area before.

Meaningful and transparent engagement with these parties has highlighted the shared benefits and the opportunities the Project potentially provides and the Company has been pleased with the positive reception from local community and government leaders. Canyon will work with the local community to mitigate negative environmental and social impacts and maximise positive socio-economic and developmental impacts throughout the Project's life-cycle.



Figure 2: Mayouom divisional officer and community representatives with Canyon staff

Exploration work during the quarter focussed on outcrop mapping throughout the licence and identification of additional areas of kaolin alteration. Within the Mayouom area, targets identified during the mapping phase were further investigated by digging a series of observation pits. This work resulted in a significant increase to the size of the prospective zone of mineralisation. The potential strike length of the deposit is now greater than 1km and the width is up to 300m wide. These dimensions need to be thoroughly and systematically investigated with exploration drilling and sampling during the next phase of work, but it is indicative of a deposit of potentially substantial scale. The drilling program will aim to identify the extent of the kaolin alteration, dimensions of the deposit and obtain a thorough understanding of the geochemistry and the kaolin's suitability for conversion to High Purity Alumina (HPA). The program will contribute data to the formulation of a geological model and initiate the preparation of a JORC compliant resource.

In preparation for the commencement of the drilling phase at the Mayouom Project, under difficult rainy season conditions, the Company has significantly improved (resurfaced, widened and installed drainage) 5.2km of dirt road, upgraded two bridges so that drill rigs and trucks can safely pass over them, built a new 1km access road to the site from the existing rehabilitated road and prepared drill lines and pads across the target area.



Figure 3: Road and bridge upgrades for drilling rig access on the Mayouom Project

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:

Phillip Gallagher

Managing Director

T: +61 8 6382 3342

E: pgallagher@canyonresources.com.au

Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 30 June 2017	Interest at 30 June 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")

30 JUNE 2018

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	(308)	(1,192)
(b) development	-	-
(c) production	-	-
(d) staff costs	(126)	(591)
(e) administration and corporate costs	(104)	(669)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	14
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	(535)	(2,438)

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 (12 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	2,775	2,201
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(535)	(2,438)
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	12	23
4.6	Cash and cash equivalents at end of period	2,252	2,252

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	2,252	2,775
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)	2,252	2,775

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
58
-

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	158
9.5	Administration and corporate costs	128
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	391

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:
Director



Date: 31/07/18

Print name: Phillip Gallagher

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.