



21 August 2018

Ms Elizabeth Harris
ASX Compliance
Level 40, Central Park
152 – 158 St Georges Terrace
PERTH WA 6000

By E Mail; elizabeth.harris@asx.com.au penelope.reid@asx.com.au

Dear Ms Harris

ASX Limited Aware Query

Canyon Resources Limited ("the Company") refers to the ASX Limited ("ASX") Aware Query letter of 21 August 2018.

The Company has addressed the questions and requests in the same order as the ASX letter dated 21 August 2018 as follows;

1. When did CAY first become aware of the Capital Raising? In answering this question, please state the date and time CAY first became aware of the Capital Raising.

The Board was of the view that at some point after it was successful in securing the Minim Martap Bauxite project ("the Project") (as announced to ASX on 9 August 2018) that it would need to give consideration to raising some additional capital to fund the proposed development activities in relation to the Project.

The Board determined to commence negotiations on the terms of a capital raising early on Friday 17 August 2018. Thereafter the Company proceed to negotiate the terms of the Capital Raising including its price and quantum which subsequently resulted in the announcement on Monday 20 August 2018.

2. When did CAY commence discussions with any external party about a capital raising? In answering this question, please state the date and time CAY commenced discussions.

On Friday 17 August 2018 the Company commenced negotiations in relation to a capital raising with prospective investors.

3. When did the board of directors of CAY resolve to request the Capital Raising Trading Halt? In answering this question, please state the date and time this resolution was made.

The Board made the formal decision to request a trading halt early morning 7am WST on Friday 17 August 2018 whilst it negotiated the terms of a potential capital raising.

4. When did the board of directors of CAY resolve to conduct the Capital Raising?

The board formally resolved to proceed with a capital raising on Monday 20 August 2018 based on feedback received on and after Friday 17 August 2018 regarding the terms of a potential capital raise, including pricing and demand for such a raise.

5. When did CAY execute a mandate with, or otherwise engage, BW Equities Pty Ltd in relation to the Capital Raising?

BW Equities Pty Ltd were given authorisation to complete a \$5,000,000 capital raising at \$0.155 per share to institutional investors on Monday 20 August 2018.

The terms of an ongoing corporate advisory mandate were agreed with BW Equities Pty Ltd on Monday 20 August 2018 in conjunction with the finalisation of the capital raising.

6. Does CAY consider the Capital Raising to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes.

7. If the answer to question 6 is "no", please advise the basis for that view.

Not applicable.

8. If the answer to question 6 is "yes" and CAY first became aware of discussions about conducting, or an intention to conduct, a capital raising before the Price and Volume Query, did CAY make any announcement prior to the Price and Volume Query which disclosed that information? If so, please provide details. If not, please explain why such information was not released to the market at an earlier time, commenting specifically on when you believe CAY was obliged to release such information under Listing Rules 3.1 and 3.1A and what steps CAY took to ensure that such information was released promptly and without delay.

The Price and Volume Query from the ASX on Thursday 16 August 2018 required a response by the Company by 5.00pm on the same day. The Company met this request by responding to the ASX by 3.50pm on that day.

The decision to seek to negotiate a capital raising was made on Friday 17 August 2018. The terms of the capital raising were not finalised and agreed to by the Company until Monday 20 August 2018.

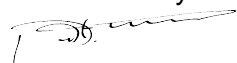
9. Please confirm that CAY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company confirms that it is in compliance with the Listing Rules and in particular, Listing Rule 3.1.

10. Please confirm that CAY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CAY with delegated authority from the board to respond to ASX on disclosure matters.

The Company confirms that the responses outlined above have been authorised and approved in accordance with its published continuous disclosure policy.

Yours faithfully



Robert Marusco
Company Secretary



21 August 2018

Mr Robert Marusco

Company Secretary
Canyon Resources Limited
Level 1, South Mill Centre
9 Bowman Street
South Perth WA 6151

Dear Mr Marusco

Canyon Resources Limited ("CAY"): aware query

ASX Limited ("ASX") refers to the following:

- A. The ASX price and volume query sent to CAY at 3.03 pm WST on 16 August 2018 regarding a change in the price of CAY's securities from an intra-day low of \$0.16 on 9 August 2018 to a high of \$0.245 on 16 August 2018 and an increase in volume in trading of CAY's securities on 16 August 2018 ("Price and Volume Query") and CAY's response received by ASX at 3.50 pm WST on 16 August 2018 which was subsequently released on the ASX Market Announcements Platform ("Platform") and contained the following statements:
- "The Company is not aware of any information that has not already been announced which might explain the recent trading in the Securities of the Company."
 - "The Company notes the following two recent significant announcements made as possible explanations for the recent price and volume movements:
 - I. On 9 August 2018, the Company announced that it had been successful in being granted a three year permit in relation to the Minim Martap Bauxite project in Cameroon; and
 - II. On 9 August 2018 the Company also announced a detailed report prepared by SRK Consulting (Australia) Pty Ltd in relation to the Minim Martap project."
 - "The Company confirms it is in compliance with the Listing Rules and in particular, Listing Rule 3.1."
 - "The Company confirms that the responses outlined above have been authorised and approved in accordance with its published continuous disclosure policy."
- B. CAY's request received by ASX at 7.53 am WST on 17 August 2018 for its securities to be placed in a trading halt pending the release of an announcement in relation to a capital raising ("Capital Raising Trading Halt").
- C. CAY's announcement entitled "\$5 Million Institutional Placement" ("Capital Raising") released on the Platform at 10.57 am on 21 August 2018, disclosing that CAY "has received commitments from institutional and sophisticated investors to raise \$5.0 million in a heavily oversubscribed placement".
- D. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
- "an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"*

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, ASX asks CAY to respond separately to each of the following questions and requests for information:

1. When did CAY first become aware of the Capital Raising? In answering this question, please state the date and time CAY first became aware of the Capital Raising.
2. When did CAY commence discussions with any external party about a capital raising? In answering this question, please state the date and time CAY commenced discussions.
3. When did the board of directors of CAY resolve to request the Capital Raising Trading Halt? In answering this question, please state the date and time this resolution was made.
4. When did the board of directors of CAY resolve to conduct the Capital Raising?
5. When did CAY execute a mandate with, or otherwise engage, BW Equities Pty Ltd in relation to the Capital Raising?
6. Does CAY consider the Capital Raising to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
7. If the answer to question 6 is “no”, please advise the basis for that view.
8. If the answer to question 6 is “yes” and CAY first became aware of discussions about conducting, or an intention to conduct, a capital raising before the Price and Volume Query, did CAY make any announcement prior to the Price and Volume Query which disclosed that information? If so, please provide details. If not, please explain why such information was not released to the market at an earlier time, commenting specifically on when you believe CAY was obliged to release such information under Listing Rules 3.1 and 3.1A and what steps CAY took to ensure that such information was released promptly and without delay.
9. Please confirm that CAY is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

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10. Please confirm that CAY's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of CAY with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 7 am WST on 23 August 2018**.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CAY's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that CAY's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, providing the information requested in this letter.

Further, if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CAY's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in this letter and may require CAY to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We will require the request for the trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you do not respond to this letter by the deadline set out above or if ASX does not consider your response to be satisfactory, ASX is likely to suspend trading in CAY's securities under Listing Rule 17.3.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Penelope Reid

Adviser, Listings Compliance (Perth)