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Canyon Signs Initial Strategic Agreement with Key Rail and Infrastructure Partner

HIGHLIGHTS:

- **Canyon Resources Ltd has entered into an agreement with Mota-Engil Africa providing the framework for the potential development of a total infrastructure and mining solution for the Minim Martap Project.**
- **Mota-Engil and Canyon will immediately commence the initial rail studies on the existing rail line and the rail link to the Kribi Deep Water Port.**
- **Mota-Engil has significant expertise in rail construction and related logistics, EPCM capability and construction and mining services.**
- **Mota-Engil has the ability to assist Canyon in arranging funding for the rail infrastructure solution.**
- **Mota-Engil is a global construction and infrastructure company with current mining contracting, road and rail construction contracts in Africa.**

The Directors of **Canyon Resources Ltd** (ASX: **CAY**) (**Canyon**) are pleased to announce that it has entered into an agreement with Mota-Engil Engenharia e Construção África SA (**Mota-Engil**) that provides a high level framework for Canyon and Mota-Engil to work together to develop the required rail and related infrastructure for the Minim Martap Project (**the Project**).

To commence the partnership between Canyon and Mota-Engil, the parties have agreed:

1. To undertake an initial assessment of the existing railway infrastructure and operations and for the construction of the railway spur line to connect the mine site train loading system to the existing railway line;
2. To undertake an initial study for the construction of the new multi user section of railway line linking the port of Kribi to the existing railway line

The Parties are currently finalising the scope of work in relation to the initial assessment of the existing rail line and the initial study for the construction of the new multi user section of railway linking the port of Kribi to the existing railway line.

Canyon Resources Managing Director, Mr Phillip Gallagher said that *“The agreement with Mota-Engil Africa is a key milestone for Canyon in the development of the Minim Martap Project. Mota-Engil are a leading Engineering, Procurement, and Construction Management (EPCM) and mining contracting company in Africa who have been operating throughout the African continent for over 70 years. Mota-Engil can provide the required rail and construction expertise as well as becoming the potential future mining contractor for the Project. This agreement provides Canyon the opportunity to leverage Mota-Engil’s vast African infrastructure, logistics and construction experience and aligns the two companies to deliver a positive outcome for the Minim Martap Project, whilst giving Canyon the flexibility to engage alternative partners and solutions if required.”*

“Mota-Engil have a history and a demonstrated capacity of providing funding options to similar infrastructure projects in Africa.”

“We will commence the partnership with Mota-Engil by conducting initial rail studies, focussing on the existing rail line and the construction of additional rail line to the recently completed Kribi Deep Water Port”.

“We are very pleased that a company of Mota-Engil Africa’s capacity and standing and who have reviewed the Minim Martap Project, can see the potential of the Project and have agreed at this early stage in the Project’s development cycle to partner with Canyon in the Project’s development.”

About Mota-Engil

Mota-Engil is a Portuguese company listed on the Portuguese stock exchange. Mota-Engil has operations throughout Africa, Europe and Latin America and have operated throughout the African continent for over 70 years.

Mota-Engil currently has a major civil construction project in Cameroon and is operating numerous major infrastructure and mining projects throughout Africa.

Current or recently completed projects by Mota-Engil that are relevant to the Mini Martap project include:

- Vale Moatize Coal Mine - Mozambique
 - Construction and contract mining services to the Moatize Coal Mine.
- Anglo Gold Ashanti Siguiri Gold Mine – Republic of Guinea
 - Mining contractor for the multimillion ounce Siguiri Gold Mine.
- Hwange Colliery Zimbabwe
 - Mining and haulage/transportation contractor
- The recent rehabilitation and upgrade of 575km of rail line in Mozambique.
- Constructed the first 202km section of new rail linking Tanzania, Rwanda and Burundi.

In addition to the mining and rail related construction and contracts, Mota-Engil has many other contracts in Africa across various disciplines, including road construction, airport construction and upgrades, hotel, office and sporting stadium construction as well as major waste management contracts.

The Minim Martap Bauxite Project

The Minim Martap Project is located in the Adamawa region of Cameroon, alongside Canyon's existing Birsok Bauxite Project. The Minim Martap Project encompasses two deposits, Ngouandal and Minim Martap, which are located within 25km of each other. The total area of the permits is 1,349 km².

The three exploration permits are valid for a three-year period and contain a number of predefined work commitments that are consistent with the Company's development proposal.

Previous work completed by Canyon Resources on the contiguous Birsok Project, sometimes sharing plateaux with the Minim Martap Project, has given the Company a strong understanding of the physical and geochemical characteristics of the local bauxite. The bauxite is generally high alumina, low total and reactive silica, high gibbsite, low boehmite and low on other contaminants.

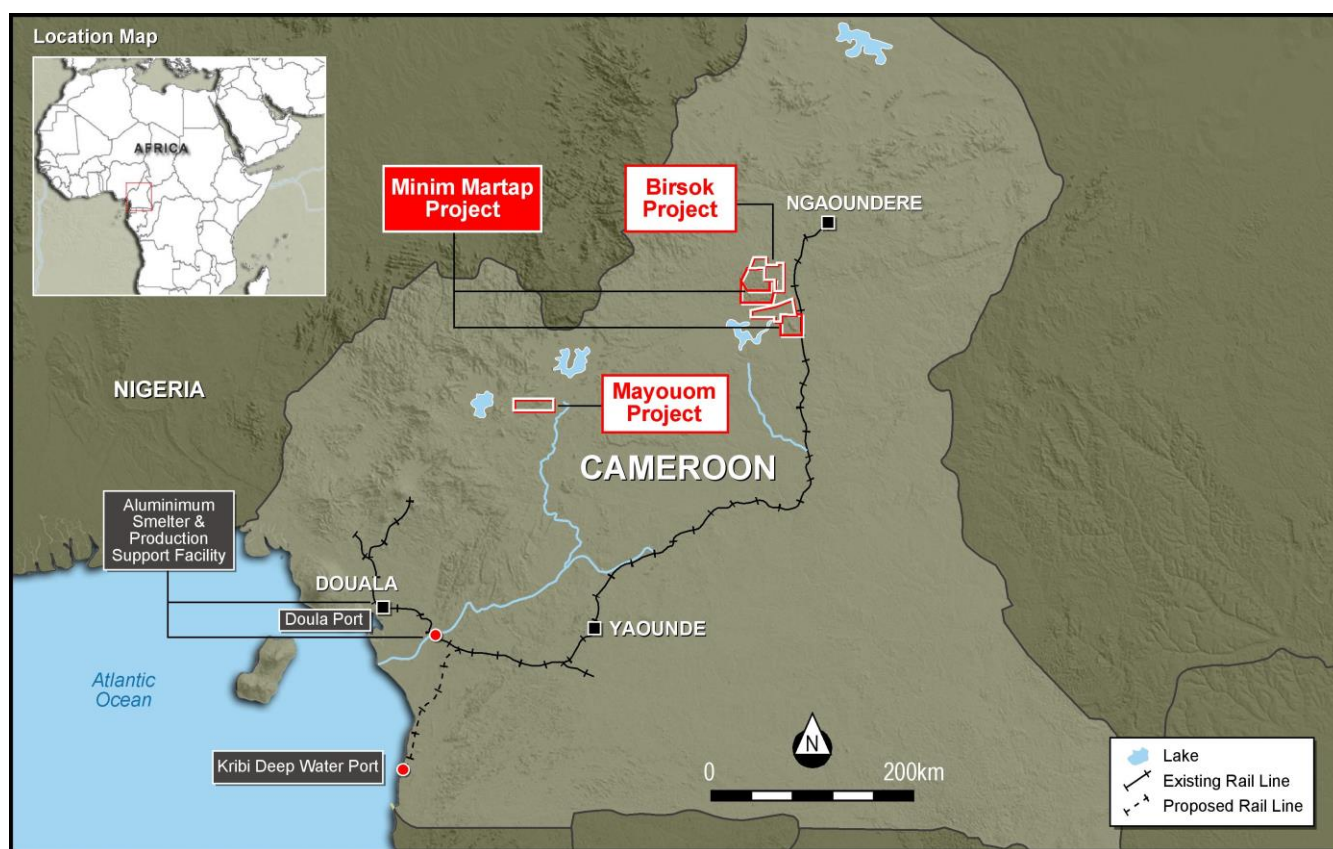


Figure 1: Location map of the Minim Martap and Birsok Bauxite Projects and the Mayouom Kaolin Project in Cameroon.

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