

30 January 2015

## **ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2014**

### **HIGHLIGHTS:**

- ◀ **Available alumina (AvAl) assays of up to 53.5% with <1% reactive silica (Rx.SiO<sub>2</sub>) returned with best intersections including:**
  - ◀ **6m @ 48.8% AvAl and 1.8% Rx.SiO<sub>2</sub>**
  - ◀ **6m @ 47.1% AvAl and 3.8% Rx.SiO<sub>2</sub>**
  - ◀ **8m @ 35.6% AvAl and 1.7% Rx.SiO<sub>2</sub>**
- ◀ **Results confirm the high grade alumina, low silica impurity content on main high grade plateaux targets**
- ◀ **High grade rock chip assays of up to 59.2% Al<sub>2</sub>O<sub>3</sub>/0.92% SiO<sub>2</sub> returned from previously untested plateaux, defining new targets for drilling**
- ◀ **Birsok permit renewal received, final condition precedent met for the commencement of the Joint Venture Agreement over the Birsok Project**
- ◀ **Initial rail study completed on data provided by Cameroon rail operator indicates the technical suitability and availability of the rail line for the transport of commercial quantities of bauxite**
- ◀ **Rail study also indicates limited infrastructure CAPEX requirement for an initial mine development**
- ◀ **Strategic placement closed oversubscribed, raising \$470,000**

The Directors of **Canyon Resources Ltd** (ASX:CAY) are pleased to report on the Company's activities for the quarter ending 31 December 2014.

The Company has focussed on advancing the development of the Birsok Bauxite Project in Cameroon during the December 2014 quarter which coincided with the local the wet season. During the quarter Canyon completed assay test work for confirmation of available alumina and reactive silica on samples collected from the first exploration drilling program and received initial results from consultants engaged to study the technical capabilities of existing rail infrastructure in Cameroon. The Company also successfully issued 10.4m shares at 4.5c raising \$470,000 in an oversubscribed placement to sophisticated and professional investors.

## Cameroon

On 11 December 2014 Canyon announced that it had received documentation from the Cameroon government granting the renewal of the Birsok permit for a further two years from 4 December 2014. The renewal of the Birsok permit was the final condition precedent to be satisfied under the Joint Venture Agreement (JVA) with UK based Altus Strategies Ltd (Altus). Under the terms of the JVA, Canyon issued Altus with 8 million ordinary shares on 24 December 2014 and settled 50% of the initial consideration deposit of \$75,000. The shares are subject to voluntary escrow until the earlier of the date Canyon completes the requirements to earn its initial 51% interest, or one year from the date of issue of the shares. Canyon can proceed to earn up to 75% of the Birsok Bauxite Project.

During the December quarter, results from rock chip samples taken from high priority unexplored plateaux on the Birsok Project area were received. Results from the rock chip samples are highly encouraging, with most samples returning very high  $>55\%$   $\text{Al}_2\text{O}_3$  and very low  $<2\%$  total silica, with the highest grade result being  $59.2\%$   $\text{Al}_2\text{O}_3$  with  $0.92\%$   $\text{SiO}_2$ . These results are consistent with results from other high grade plateaux on the Project area and indicate new areas of high grade bauxite for further drilling. Mapping and ongoing chip sampling programs were undertaken in preparation for the planned drilling program in early 2015.



Figure 1 – Location of Canyon’s Birsok Bauxite Project, accessible rail line, and Douala and Kribi Ports

## Current Exploration

Fieldwork has commenced on the Birsok Project following the wet season with an exploration team currently on site. Work is underway on the mapping and sampling of additional untested plateau on the Birsok and Mandoum permits as well as clearing lines for drill rig access for the upcoming drilling program.

## **Rail and Port Infrastructure Studies**

Canyon has developed a working relationship with the international logistics and transport group, Bollore. Bollore owns Camrail, the operators of the existing rail line that runs alongside the Birsok Bauxite Project, and holds the concession to operate the Doula Port in Cameroon. Camrail has provided detailed technical data on the rail line and its operations.

On 26 November 2014 the Company announced it had received an initial rail study completed by rail consultants, Clarendon Irving Pty. Ltd. and Andrew Neal & Associates, who were commissioned to review technical rail data supplied by Camrail. The study has provided a positive review of the data that indicates the suitability of the rail line to transport commercial quantities of bauxite from the Project area to the Douala Port without the need for significant capital expenditure or upgrade of the rail line.

Based on the positive initial rail study, Canyon has engaged the consultants to conduct a more detailed study of the rail and port infrastructure. This more detailed study is currently underway.

## **Burkina Faso**

Following social unrest and a change of government regime in Burkina Faso during the quarter, Canyon has taken a prudent position of watching developments in the country.

Canyon is currently reviewing its Burkina Faso projects and considering options for further development.

## **Corporate**

On 20 November 2014 the Company announced a successful and oversubscribed capital raising of \$470,000. The raising was priced at \$0.045, an approximate 3% discount to the weekly volume weighted average price at the time, with an attaching options entitlement. Options are exercisable at \$0.06, expire on 31 January 2017, and were issued on a 2:1 basis. 25% of the options will be issued subject to shareholder approval at a meeting to be held in late February 2015.

## **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, contiguous with the world class Minim Martap bauxite deposit and approximately 10km from an operating rail line.

In addition to the bauxite assets, Canyon has an established portfolio of highly prospective mineral exploration projects in Burkina Faso, which cover an area of approximately 3,500km<sup>2</sup> over 17 permits in the Birimian greenstone belts of the West African craton.

## **Enquiries:**

### **Phil Gallagher**

Managing Director

T: +61 8 6143 4256

E: [pgallagher@canyonresources.com.au](mailto:pgallagher@canyonresources.com.au)

The information in this report that relates to exploration results is based on information compiled by Mr Roger Speers, an employee of the Company and a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Speers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The exploration results are available to be viewed on the Company website [www.canyonresources.com.au](http://www.canyonresources.com.au). The Company confirms it is not aware of any new information that materially affects the information included in the original announcement. The Company confirms that the form and context in which the Competent Person's findings are present have not been materially modified from the original announcements.

Mr Speers consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

## Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 1 October 2014	Interest at 31 December 2014
<b><u>Taparko North Project</u></b>			
<b>Karga 2</b>	Burkina Faso	Own 100%	Own 100%
<b>Bani</b>	Burkina Faso		
<b>Diobou</b>	Burkina Faso		
<b>Tigou</b>	Burkina Faso	Rights to 100%	Rights to 100%
<b><u>Tao Project</u></b>			
<b>Tao</b>	Burkina Faso	Own 100%	Own 100%
<b><u>Pinarello Project</u></b>			
<b>Sokrani</b>	Burkina Faso	Agreement to acquire 100%	Agreement to acquire 100%
<b>Niofera</b>	Burkina Faso		
<b>Baiera</b>	Burkina Faso		
<b>Sokrani 2</b>	Burkina Faso		
<b>Soukoura 2</b>	Burkina Faso		
<b><u>Konkolikan Project</u></b>			
<b>Konkolikan</b>	Burkina Faso	Agreement to acquire 100%	Agreement to acquire 100%
<b><u>Derosa Project</u></b>			
<b>Rassouli</b>	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	15% interest in joint venture with Rumble Resources Ltd
<b>Gourbala</b>	Burkina Faso		
<b>Boussou</b>	Burkina Faso		
<b>Souri</b>	Burkina Faso		
<b>Bompela</b>	Burkina Faso		
<b>Sapala</b>	Burkina Faso		
<b><u>Birsok Bauxite Project</u></b>			
<b>Birsok</b>	Cameroon	Agreement to earn up to 75%. Agreement subject to conditions precedent.	Agreement to earn up to 75%.
<b>Mandoum</b>	Cameroon		
<b>Mambal (application)</b>	Cameroon	Nil	Agreement to earn up to 75%.