

26 March 2015

Canyon Acquires Drilling Rig in Cameroon and Prepares for Drilling

HIGHLIGHTS:

- ▶ **Canyon has acquired a 6 wheel drive/3 axle Land Cruiser mounted aircore drilling rig, registered in Cameroon that is ideally suited for bauxite resource drilling.**
- ▶ **Provides a cost and time effective drilling solution**
- ▶ **Field work has been underway since January, with geological mapping and drill target definition well advanced on new plateaux. Over 22km of hand clearing completed.**
- ▶ **Preparation underway for mobilisation of the rig to commence drilling on the Birsok Project.**

The Directors of **Canyon Resources Ltd** (ASX:CAY) ("**Canyon**" or the "**Company**") are pleased to announce the purchase of an Australian built, six wheel drive Toyota Landcruiser mounted aircore drilling rig in Cameroon, and the completion of extensive field preparation work for a planned 3,000m drilling program on the Company's flagship DSO Bauxite Birsok Project ("**Project**").

Aircore drilling is an efficient and cost effective way to test for bauxite. Air core drilling reduces in-hole contamination and the resulting sampling and assaying can be used in most cases for resource estimations.

The most expensive component of the previous drilling program was the transport and clearing required to locate the larger track mounted drill rig on to the plateaux. The lighter, 6 wheel drive rig will give easier and lower impact access onto the plateaux, reducing the need for access clearing.

In addition, owning a Cameroon registered drilling rig will remove time and cost inefficiencies associated with mobilisation and custom processing. This is expected to significantly improve efficiency and significantly reduce the costs of future drilling programs on the Project. Canyon is in the process of finalising an arrangement with a drilling contractor to manage the rig maintenance and staffing for drilling programs on a commercial basis.

A drilling program in excess of 250 holes for approximately 3,000m is planned, testing the new plateaux on the Mandoum permit as well as other plateau targets and infill drilling on existing bauxite-rich plateaux discovered during the previous drilling program. In-sourcing of the drilling function also positions Canyon for cost-effective participation in project acquisition opportunities that may materialise.

Managing Director of Canyon Resources, Phillip Gallagher said; *“The acquisition of the aircore drilling rig already registered in Cameroon is a positive step forward for the Company and in the development of the Birsok Bauxite Project. Access to drilling rigs in Cameroon has been limited and the acquisition will guarantee that the Company will have on going flexibility and availability of the rig, as well as significantly reducing the costs of drilling on the Project.*

We have had geological teams on the Project since January completing geological mapping, drill hole targeting and clearing work on various plateaux in preparation for the upcoming drilling program. Now that the acquisition of the rig has been completed, we are preparing the rig to commence drilling as soon as possible.”

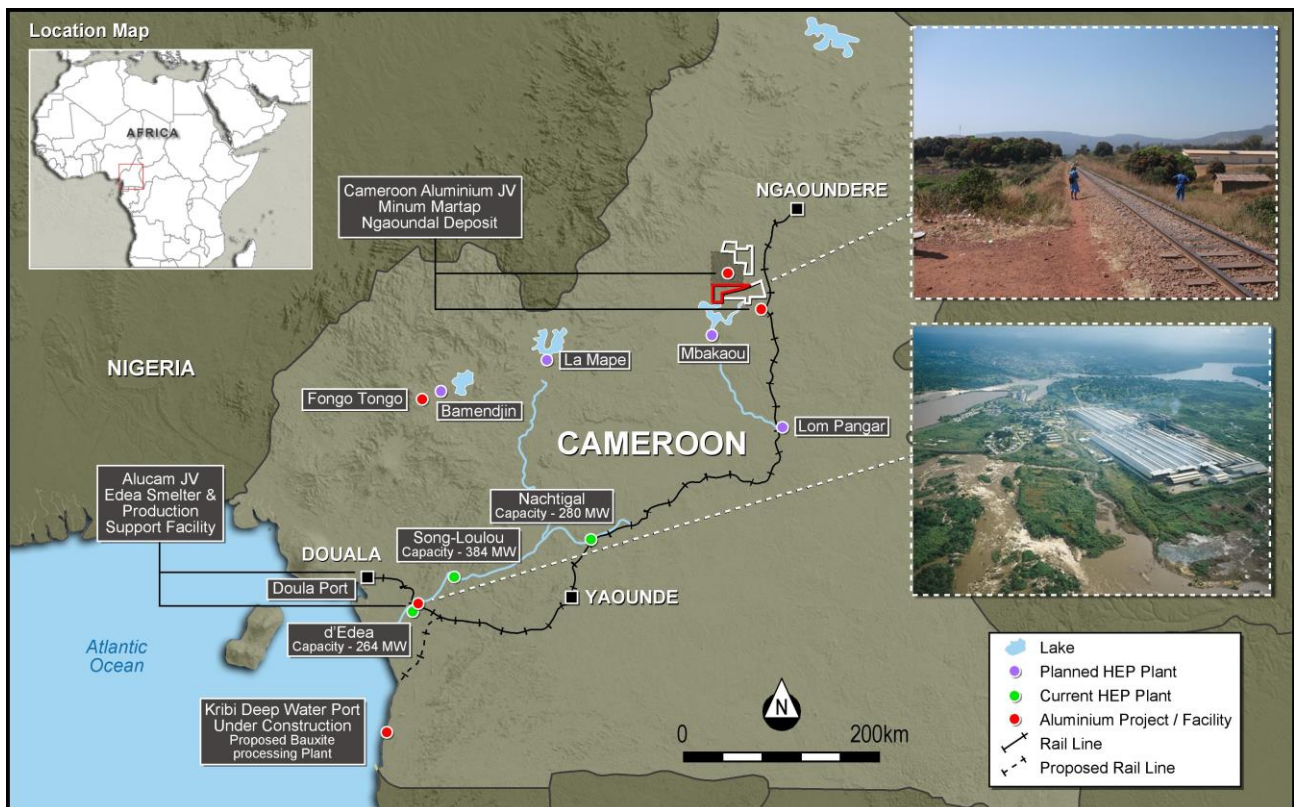
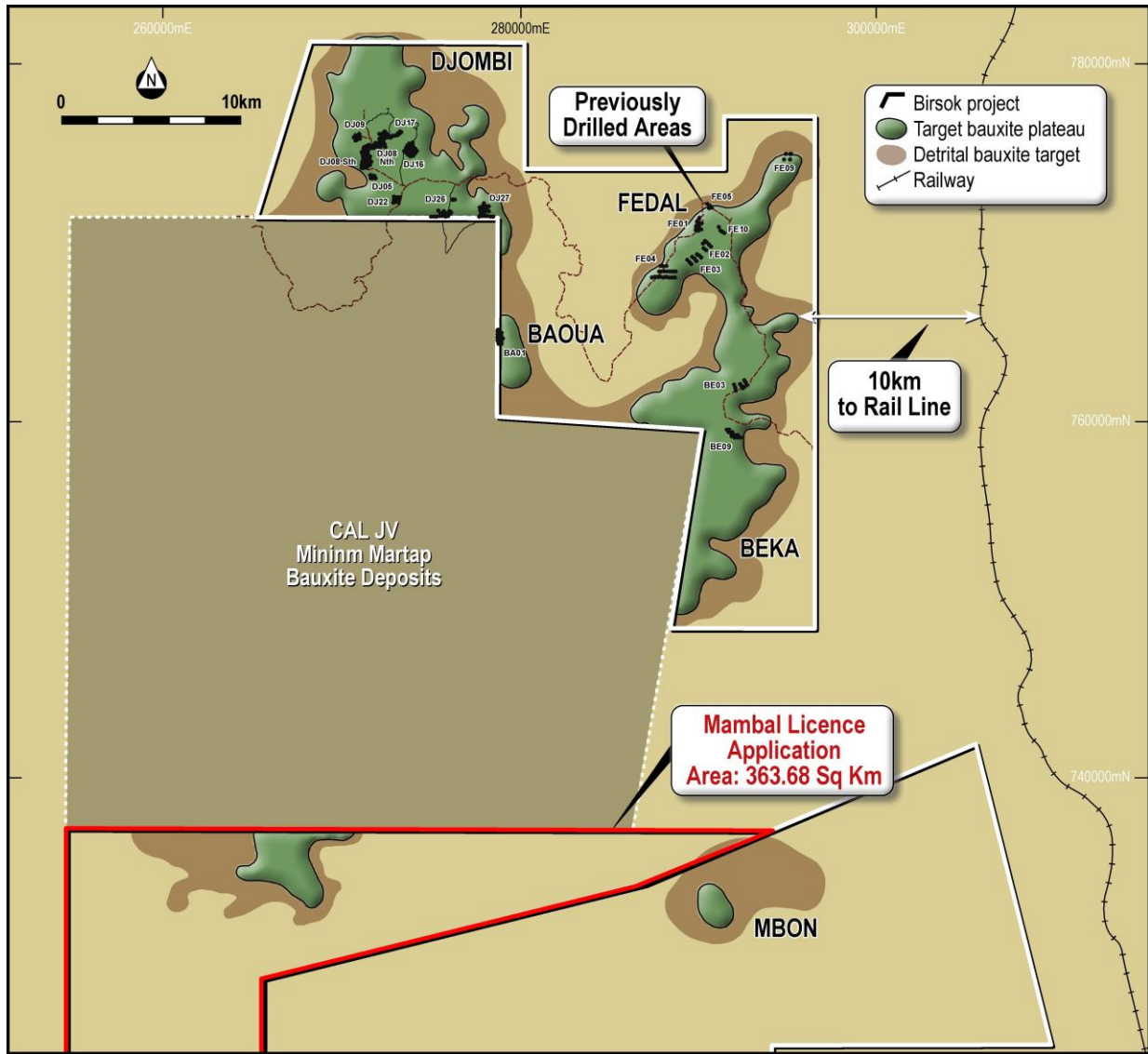


Figure 1: Aircore drilling rig mounted on a six wheel drive Toyota Landcruiser acquired by Canyon

Field work on the Birsok Project commenced in January 2015 with geological mapping, drill target definition and access clearing of newly defined plateaux at Djombi on the Birsok Permit, and at the Mbon prospects on the Mandoum Permit.

A total of 9 high priority, high quality new bauxite plateau targets have been defined at Djombi and Beka prospects on the Birsok Permit, with around 2,000m of drilling planned. Pegging of holes and approximately 12km of rig access clearing to the drill sites has been completed for the highest priority first 5 plateaux and it is anticipated that all clearing work for the remaining plateaux will be completed during March.

A small field camp has been established on the Mandoum permit. Up to 8 potential new target plateaux have been identified, with mapping and drill planning completed for the two highest priority to date. Approximately 10km of access has been cleared by hand for drill rig access, through sometimes difficult terrain and river crossings. Around 1,000m of drilling have been planned and work on refining the program is continuing.



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.

During 2014 Canyon conducted an inaugural drilling program which returned high grade, low impurity bauxite mineralisation over the key plateaux tested, with multiple intersections of $>50\% \text{ Al}_2\text{O}_3$. Canyon also commenced some early broad based laboratory testing of a selection of the drill samples to determine the suitability of the bauxite. Results on the priority plateaus were encouraging with good available Al_2O_3 and low reactive silica.

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 3,500km² over 17 permits in the Birimian greenstone belts of the West African craton. The Company has recently farmed out the Pinarello/Konkolikan project to Acacia Mining plc.

Enquiries:

Phil Gallagher

Managing Director

T: +61 8 6143 4256

E: pgallagher@canyonresources.com.au

The information in this report that relates to exploration results is based on information compiled by Mr Rhoderick Grivas, an employee of the Company and a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Grivas 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'.