

30 April 2015

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2015

HIGHLIGHTS:

- ◀ **Completed exploration work including geological mapping, drill target definition and access clearing of newly defined bauxite plateaux over the Birsok Project.**
- ◀ **Signed an MOU with the rail and port operators in Cameroon to investigate rail, port and logistical services for the Birsok Bauxite Project.**
- ◀ **Executed an earn-in agreement with Acacia Mining PLC on the Pinarello and Konkolikan Projects in Burkina Faso.**
- ◀ **Acquired a 6 wheel drive/3 axle Land Cruiser mounted aircore drilling rig, registered in Cameroon that is ideally suited for drilling bauxite.**

The Directors of **Canyon Resources Ltd** (ASX:CAY) are pleased to report on the Company's activities for the quarter ending 31 March 2015.

Canyon Resources has continued to focus on advancing the development of the Birsok Bauxite Project in Cameroon. During the quarter Canyon completed a significant amount of field work on the projects in preparation for the upcoming drilling program, including geological mapping, drill target definition and access clearing of newly defined bauxite plateaux.

The Company took a significant step forward in the process of developing the Birsok Project into an operating DSO (Direct Shipping Ore) bauxite project when it entered into an MOU (Memorandum of Understanding) with Bolloré Africa Logistics Cameroun SA (Bolloré) and Camrail SA (Camrail) in February 2015 for the mutual cooperation of the parties to achieve a comprehensive logistics overview on both port and rail options for the Birsok Bauxite Project in Cameroon. The MOU is the first stage in negotiating a final contract for the rail and port services for the export of DSO bauxite from the Birsok Bauxite Project.

To secure its future drilling requirements in Cameroon and to realise future cost savings in exploration drilling, the Company purchased an Australian built, six wheel drive Toyota Landcruiser mounted aircore drilling rig in Cameroon.

Cameroon Exploration and Acquisition of Drilling Rig

In preparation for a planned pitting and drilling program, the Company completed a program of 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 the 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 all the targeted plateaux.

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 targets 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.

A drilling program in excess of 250 holes for approximately 3,000m is planned, including testing the new plateaux on the Mandoum permit as well as other plateau targets and infill drilling on existing bauxite- rich plateaux discovered on the Birsok Permit during the previous drilling program.



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

During the quarter the Company purchased an Australian built, six wheel drive Toyota Landcruiser mounted aircore drilling rig in Cameroon.

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 Company's first drilling program in Cameroon 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.

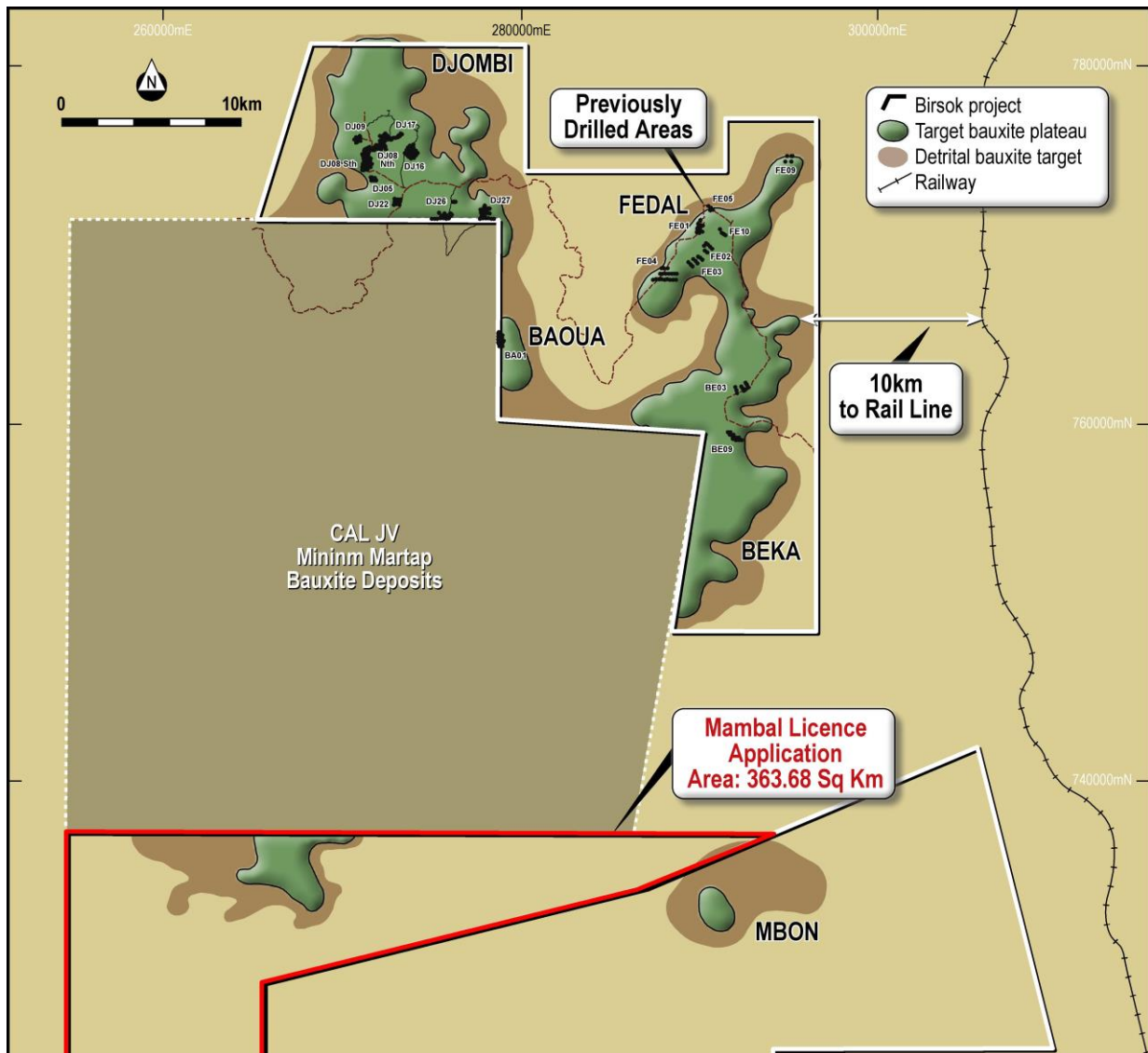


Figure 2: Prospect areas on the Birsok Project

Memorandum of Understanding with Rail and Port Operators

In February 2015 the Company entered into an MOU with the rail, Camrail SA (Camrail) and port operators, Bolloré Africa Logistics Cameroun SA (Bolloré) in Cameroon. This is a significant first step in the process of finalising binding contracts for the utilisation of the existing port and rail assets in Cameroon for the Birsok Project.

Bolloré is the operator of the Douala Port in Cameroon, which is directly serviced by the existing rail line running from the Birsok Project to the port. Bolloré is the leader in freight forwarding, logistics and transportation (maritime and road), as well as import and export, warehousing activities, and related ancillary services in the central African sub region and particularly in the Republic of Cameroon.

Camrail operates the existing rail line that passes approximately 10km from the Birsok Project. Initial studies completed by experts engaged by Canyon on technical data supplied by Camrail indicate that the rail line has the capability and capacity to transport commercial quantities of bauxite to the Douala Port.

The MOU is an agreement to review all the logistical and freight aspects related to the development of the Birsok Project with a common objective of executing a master contract for the provision of those related services by Bolloré and Camrail to the Canyon for the Birsok Project.

The scope of work within this initial MOU covers consideration of the logistical and operational areas that both Bolloré and Camrail can provide to Canyon, including the review and study of different logistical options for transportation of product and the development of optimal logistical solutions for product derived from the Birsok Bauxite Project.

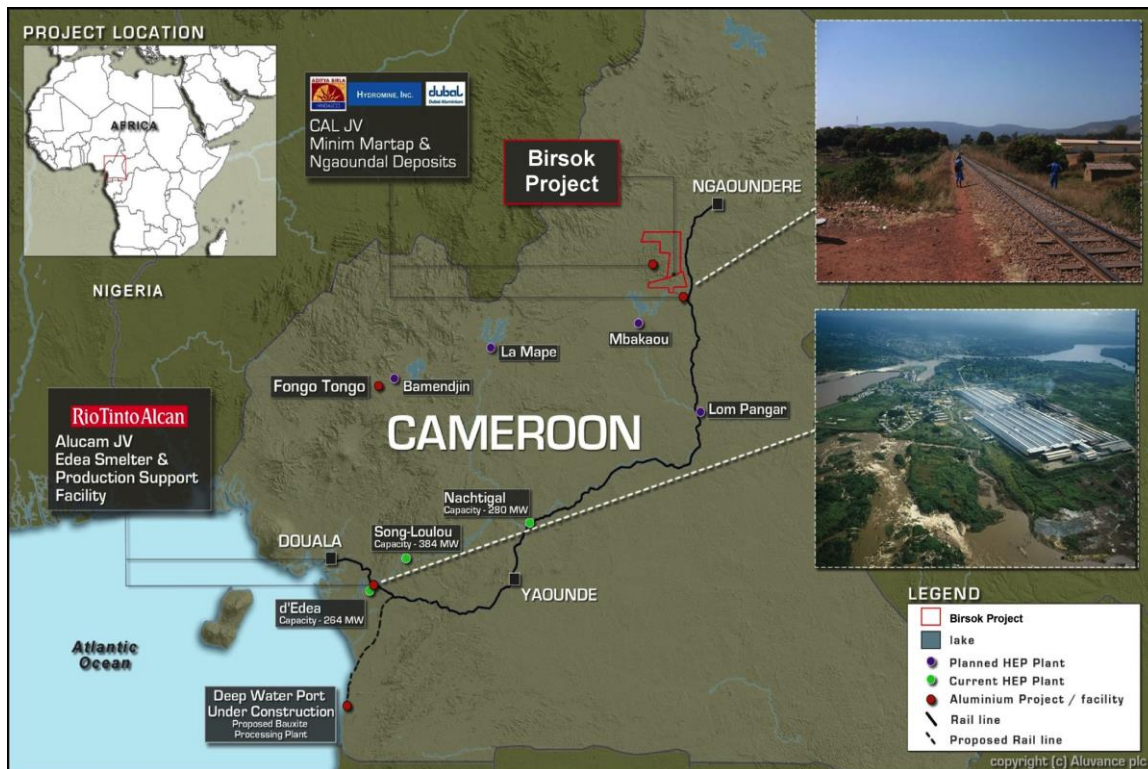


Figure 3 – Location of Canyon’s Birsok Bauxite Project in central Cameroon, showing the Camrail rail line and Douala Port

Burkina Faso

Earn- In Agreement with Acacia Mining PLC

Consistent with Company’s focus on the Birsok Project in Cameroon, in March 2015 the Company announced that Acacia Mining plc (“**Acacia**”, formerly known as African Barrick Gold plc) had entered into an earn in agreement with the Company over the Pinarello and Konkolikan Projects in south west Burkina Faso. Acacia can earn up to a 75% interest in the Projects by the completion of a cash payment and agreed exploration expenditure over a two year period.

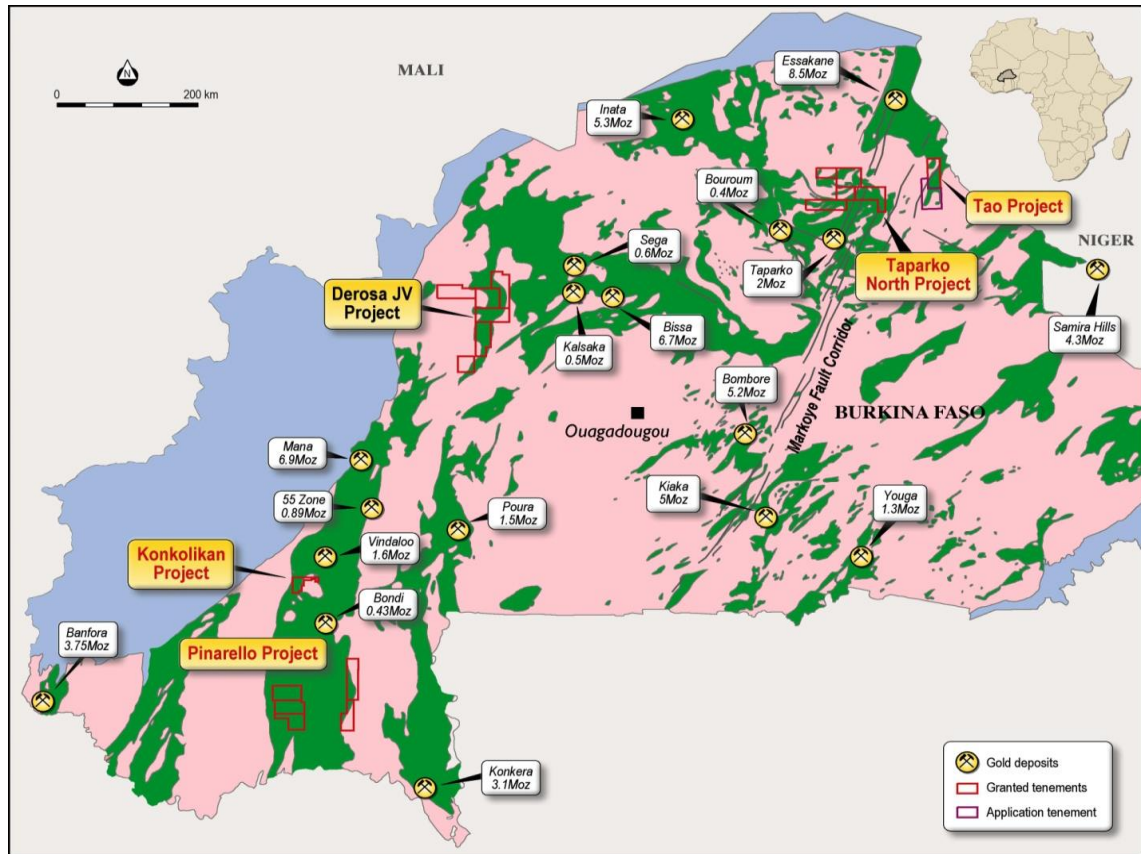


Figure 4: Canyon project locations in Burkina Faso

The terms of the transaction are:

- Acacia pay Canyon US\$400,000 on the execution of the agreement to earn a 51% interest in the Projects;
- Canyon is required to pay the outstanding and final vendor payment of up to US\$310,000 to secure 100% ownership of the Projects;
- Acacia earn a 75% interest via the expenditure of US\$1,500,000 on exploration over a two year period. Canyon may then elect to contribute to expenditure to maintain its interest at 25% or dilute via a standard dilution formula. Acacia will forfeit all its interest in the event that it fails to expend a minimum of US\$1,000,000 within 24 months prior to withdrawal;
- Acacia to pay Canyon US\$1,000,000 upon the definition of a 1.5 million ounce gold resource (Resource Payment); and
- Acacia to pay Canyon an additional US\$1,000,000 at the Decision to Mine, or US\$2,000,000 if the Resource Payment has not already been paid.

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.

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% Al₂O₃. 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 Al₂O₃ 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 13 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:

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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. 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 31 December 2014	Interest at 31 March 2015
<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>			
Sokrani	Burkina Faso	Agreement to acquire 100%	Agreement to acquire 49% (sale of 51% to Acacia Mining plc)
Niofera	Burkina Faso		
Baiera	Burkina Faso		
Sokrani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<u>Konkolikan Project</u>			
Konkolikan	Burkina Faso	Agreement to acquire 100%	Agreement to acquire 49% (sale of 51% to Acacia Mining plc)
<u>Derosa Project</u>			
Rassouli	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	Nil
Gourbala	Burkina Faso		
Boussou	Burkina Faso		
Souri	Burkina Faso		
Bompela	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	15% interest in joint venture with Rumble Resources Ltd
Sapala	Burkina Faso		
<u>Birsok Bauxite Project</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon	Nil	Agreement to earn up to 75%.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

CANYON RESOURCES LIMITED

ABN

13 140 087 261

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(94)	(515)
(b) development	-	-
(c) production	-	-
(d) administration	(211)	(580)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	11
1.5		
Net Operating Cash Flows	(302)	(1,084)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(113)	(113)
1.9 Proceeds from sale of:		
(a) prospects	510	510
(b) equity investments	44	93
(c) other fixed assets	5	45
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	446	535
1.13 Total operating and investing cash flows (carried forward)	144	(549)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	144	(549)
1.14	Cash flows related to financing activities		
	Proceeds from issues of shares, exercise of options, etc.	10	480
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – share issue costs	-	(39)
1.20			
	Net financing cash flows	10	441
	Net increase (decrease) in cash held	154	(108)
1.20	Cash at beginning of quarter/year to date	754	1,014
1.21	Exchange rate adjustments to item 1.20	(23)	(21)
1.22	Cash at end of quarter	885	885

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	93
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Executive and non-executive Directors' fees	85
	Remuneration paid to Rhod Grivas for geological services	8

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	120
4.2 Development	-
4.3 Acquisition of interests	463
4.4 Administration	183
Total	766

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	885	752
5.2 Term Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	885	752

Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Konkolikan Sokrani Niofera Sokrani 2 Soukoura 2	Agreement to acquire	Agreement to acquire 100%
		Boussou Gourbal Rassouli Souri	JV with Rumble Resources	15%
				Agreement to acquire 49% (sale of 51% to Acacia Mining plc) Nil
6.2	Interests in mining tenements acquired or increased	-	-	-


Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1 Preference +securities				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, etc.				
7.3 +Ordinary securities	122,906,489	122,906,489		
7.4 Changes during quarter (a) Increases through issues (b) Shares released from escrow (c) Decreases through returns of capital, buy-backs				
7.5 +Convertible securities	10 Class B	-		
7.6 Changes during quarter (a) Increases (b) Decreases	5 Class B	-		
7.7 Options <i>(description and conversion factor)</i>			Exercise price	Expiry date
	17,106,130	14,106,130	16 cents	29 February 2016
	60,843,977	60,843,977	6 cents	31 January 2017
	10,000,000	-	6.8 cents	22 February 2017
7.8 Issued during quarter	5,222,219	522,219	6 cents	31 January 2017
7.9 Exercised during quarter	-	-	-	-
7.10 Expired/lapsed during quarter	-	-	-	-
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Company Secretary

Date: 30 April 2015

Print name: Phillip MacLeod

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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