

31 July 2015

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2015

HIGHLIGHTS:

- **Drilling and pitting program on the Mandoum Permit utilising the Company owned drilling rig recently completed, samples currently in the laboratory for assay.**
- **Potential to establish a DSO mining operation supported by an existing, direct to port operating rail line within 10kms of the Project**
- **Consultants engaged to provide bauxite mining and logistical port and rail expertise to advance the development of the Birsok Project.**
- **\$500,000 placement completed to sophisticated investors.**

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 advance the development of the Birsok Bauxite Project in Cameroon. During the quarter Canyon commenced and has recently completed a drilling and pitting program on the Mandoum Permit, which is located on the south eastern corner of the Birsok Project.

The Company is continuing to conduct rail and port logistics studies to derive a development plan focussed on creating a profitable DSO (Direct Shipping Ore) export operation around potential resources on the Birsok Project. Canyon has recently engaged consultants with West African DSO bauxite expertise to assist the Company to advance the development of the Project and create an optimal logistical solution utilising the existing infrastructure in the country.

As has been previously announced, Canyon continues to assess advanced project opportunities in Cameroon that are consistent with Company's strategy of developing a profitable mining operation in the country.

Cameroon Exploration

The Company has recently completed a drilling and pitting program on the Mbon prospect area which is located on the Mandoum Permit on the Birsok Project. The program focussed on testing new plateaux on the permit utilising the recently acquired 6 wheel drive Toyota Landcruiser mounted aircore drilling rig.

Whilst it was not an ideal time to be drilling due to the impending commencement of the wet season in Cameroon, the rig performed well in the conditions and the Company was able to complete a significant percentage of the planned program before it was halted for the wet season



Figure 1: Drilling on the Mandoum Permit

The drilling program on the Mbon Prospect completed a total of 848m over 75 holes across 5 target plateaux for an average 11.3m per hole. Bauxite was observed from surface on all holes and drilling continued until the completion of bauxite mineralisation.

A total of 8 pits were hand dug in more difficult to access locations for a total of approximately 90m.

All assays were prepared at a laboratory in Cameroon and are currently at the ALS laboratory in Ireland for assay.

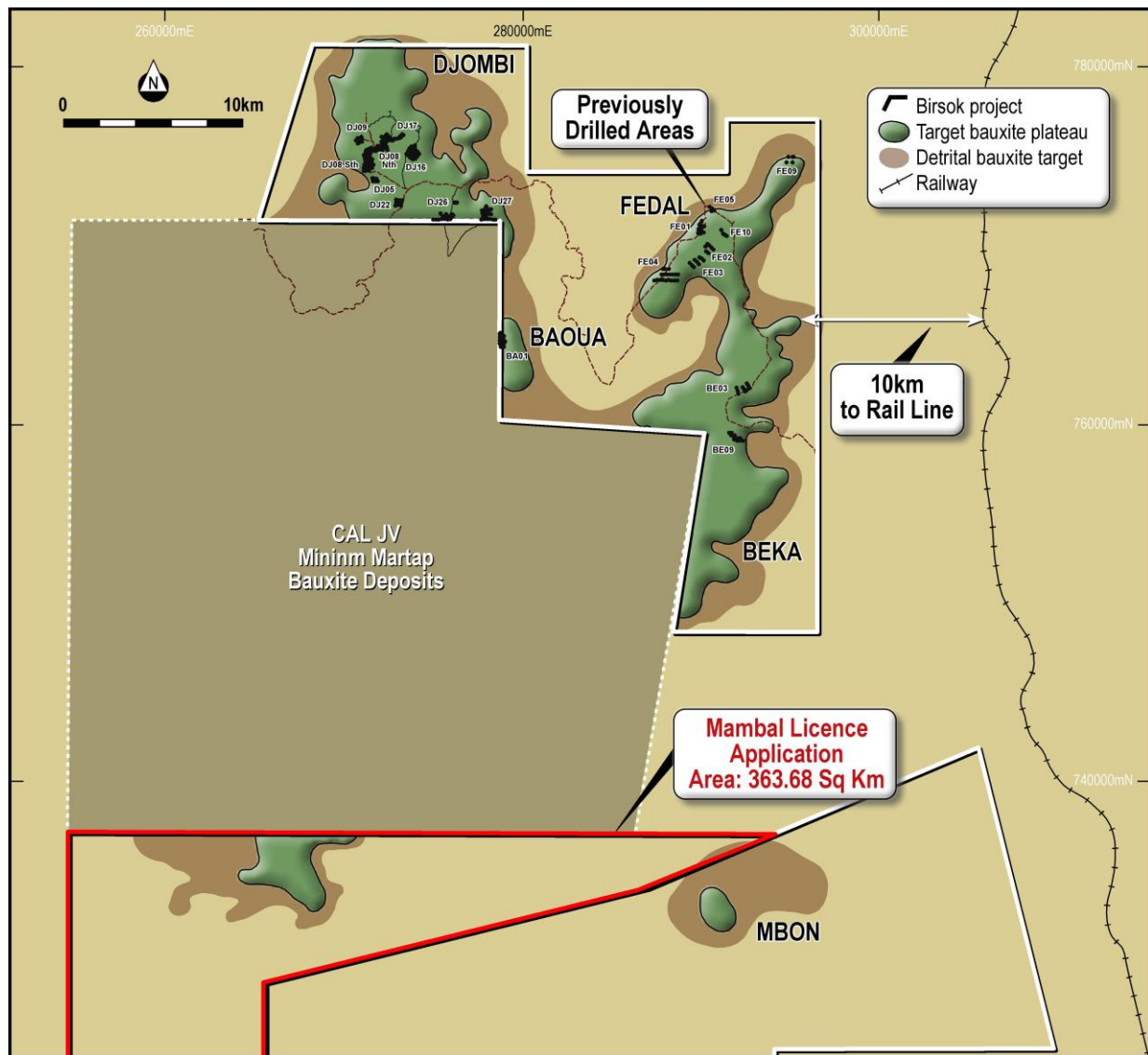


Figure 2: Prospect areas on the Birsok Project

Birsok Project Development

In addition to conducting in field exploration drilling and pitting, the Company is advancing its understanding of the Birsok project and the logistical options available to most cost effectively and efficiently advance the Project into operation.

In addition to the existing Camrail rail network, the Cameroon government recently announced that the China Harbour Engineering Corporation (CHEC), the company that constructed the recently completed deep water Kribi Port in southern Cameroon, have been engaged to commence a feasibility study on a new rail line joining the existing Camrail rail line to the Kribi Port. This is a significant step in the development of the infrastructure network in Cameroon and it will open access to the Kribi Port, potentially providing a direct ship loading solution for the Birsok Project.

Canyon has a unique opportunity to develop the Birsok project into a low CAPEX DSO export operation, after the delineation of bauxite resources. The Project is located alongside an operational and suitable rail line that runs to the operational Douala port and will ultimately be connected to the recently completed new Kribi deep water port. The existence of operational and suitable infrastructure in close proximity to the Project provides the opportunity to develop a 2-3 million tonne DSO bauxite export operation that requires minimal CAPEX for start-up and the potential to be upgraded to larger annual tonnages as the project develops.

Canyon has recently engaged consultants with significant recent West African bauxite project development and logistical expertise. The Company is currently considering logistical and operational options as it enters the pre development phase of the Birsok Project.

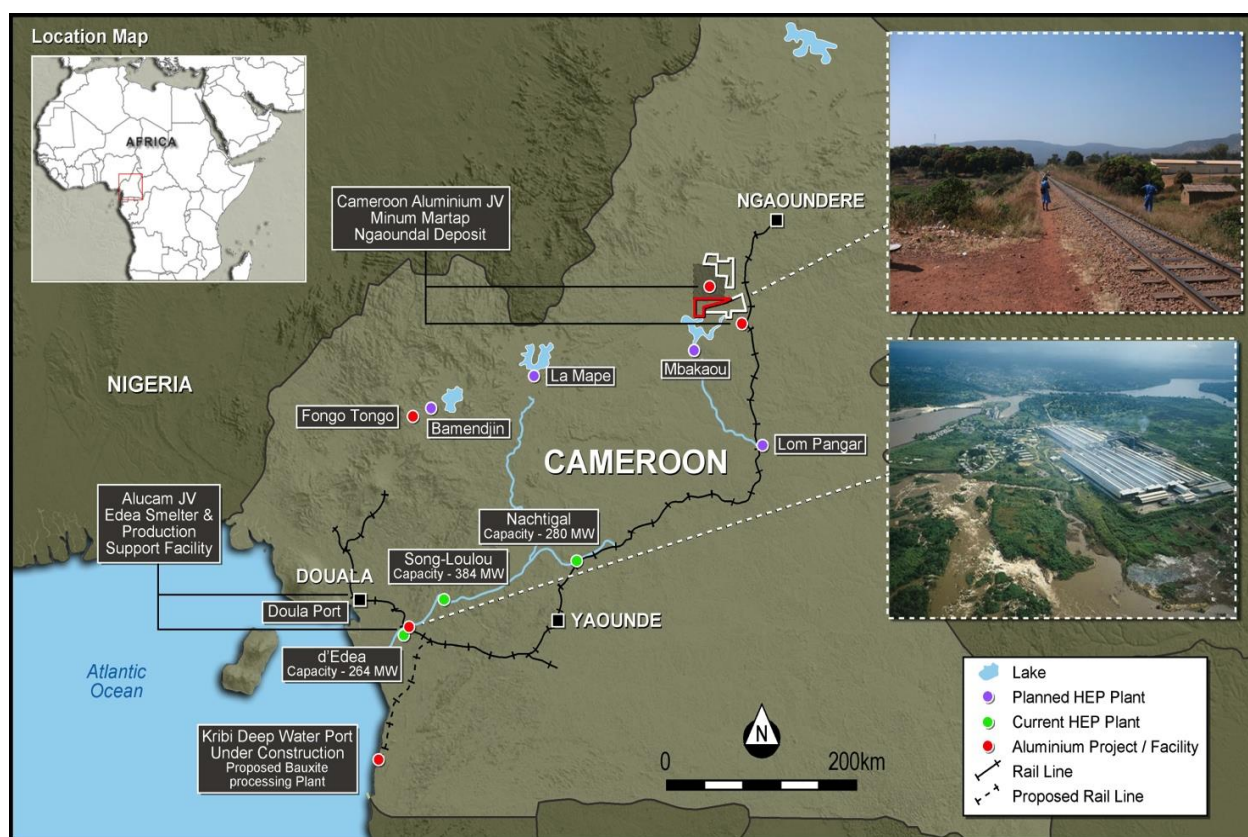


Figure 3 – Location of Canyon’s Birsok Bauxite Project in central Cameroon, showing the Camrail rail line and Douala Port

Corporate

On 8 May 2015 the Company announced a placement of approximately 14.28 million shares to sophisticated and professional investors to raise \$500,000 (before costs) to fund ongoing fieldwork and the recently completed drilling program on the Company’s Birsok Bauxite Project in Cameroon. The raising was priced at \$0.035.

On 29 May 2015 Mr Matthew Shackleton resigned as a Non Executive Director of the Company.

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 2,400km² over 13 permits in the Birimian greenstone belts of the West African craton.

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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 March 2015	Interest at 30 June 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 49% (sale of 51% to Acacia Mining plc)	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 49% (sale of 51% to Acacia Mining plc)	Agreement to acquire 49% (sale of 51% to Acacia Mining plc)
<u>Derosa Project</u>			
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%.