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**CANYON RESOURCES LIMITED****ACN 140 087 261****NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 9.30am

**DATE:** Friday, 25 November 2016

**PLACE:** Level 4, 16 Milligan Street  
Perth, Western Australia

***The business of the Meeting affects your shareholding and your vote is important.***

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm on 23 November 2016.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DAVID NETHERWAY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of rule 16.4 of the Constitution and for all other purposes, David Netherway, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – EMMANUEL CORREIA

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of rule 16.1(a) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Emmanuel Correia, a Director who was appointed as an additional Director on 20 July 2016, retires, and being eligible, is elected as a Director."*

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## 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 6,200,000 Shares on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. RESOLUTION 6 – ADOPTION OF THE CANYON LONG TERM INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled the Canyon Long Term Incentive Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 8. RESOLUTION 7 – ISSUE OF PERFORMANCE SHARES TO DAVID NETHERWAY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 6, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,500,000 Performance Shares to David Netherway (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 9. RESOLUTION 8 – ISSUE OF PERFORMANCE SHARES TO PHILLIP GALLAGHER

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 6, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 2,500,000 Performance Shares to Phillip Gallagher (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**10. RESOLUTION 9 – ISSUE OF PERFORMANCE SHARES TO EMMANUEL CORREIA**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, subject to the passing of Resolution 6, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 3,000,000 Performance Shares to Emmanuel Correia (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**Dated: 21 October 2016**

**By order of the Board**

**Robert Marusco**  
**Company Secretary**

### **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

### **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9217 2400.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.canyonresources.com.au](http://www.canyonresources.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## **2.3 Previous voting results**

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DAVID NETHERWAY**

### **3.1 General**

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

David Netherway, who has served as a director since 17 March 2014 and was last re-elected on 21 November 2014, retires by rotation and seeks re-election.

### **3.2 Qualifications and other material directorships**

Mr Netherway is a mining engineer with over 35 years of experience in the mining industry and until the takeover by Gryphon Minerals Limited, was CEO of Shield Mining Limited, an ASX listed exploration company. He was involved in the construction and development of the New Liberty, Iduapriem, Siguiri and Kiniero gold mines in West Africa and has extensive mining experience in Africa, Australia, China, Canada, India and the former Soviet Union.

Mr Netherway was the Chairman of Afferro Mining, a UK listed iron ore exploration and development company in Cameroon until December 2013 when Afferro was subject to a US\$200 million dollar takeover by AIM listed International Mining and Infrastructure Corporation plc. He is also the Chairman of Altus Strategies Limited, Canyon's joint venture partner on the Birsok Project in Cameroon.

During the past 3 years Mr Netherway has held the position of Director of Crusader Resources Limited (1 July 2011 to 14 May 2015) and Gryphon Minerals Limited (1 October 2010 to 31 July 2013).

### **3.3 Independence**

If elected the board considers Mr Netherway will be an independent director.

### **3.4 Board recommendation**

The Board supports the re-election of Mr Netherway and recommends that Shareholders vote in favour of Resolution 2.

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## **4. RESOLUTION 3 – ELECTION OF DIRECTOR – EMMANUEL CORREIA**

### **4.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.



Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Correia, having been appointed by other Directors on 20 July 2016 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

#### **4.2 Qualifications and other material directorships**

Mr Correia is a Chartered Accountant and founding director of Peloton Capital and Peloton Advisory and has over 25 years public company and corporate finance experience in Australia, North America and the United Kingdom. He has held various senior positions with Deloitte and other accounting firms and boutique corporate finance houses.

During the past three years, Mr Correia has held directorships with Rutila Resources Limited (resigned July 2015) and Ambassador Oil & Gas Limited (resigned August 2014).

#### **4.3 Independence**

Mr Correia has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers that Mr Correia will be an independent director.

#### **4.4 Board recommendation**

The Board supports the re-election of Mr Correia and recommends that Shareholders vote in favour of Resolution 3.

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### **5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

#### **5.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of

\$18,451,880 (based on the number of Shares on issue and the closing price of Shares on the ASX on 6 October 2016).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has two classes of quoted Equity Securities on issue, being the Shares (ASX Code: CAY) and Options (ASX Code: CAYOA). The Company also has 5 classes of unquoted Options on issue and 1 class of convertible notes.

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

## **5.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

### **(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 5.2(a)(i), the date on which the Equity Securities are issued.

### **(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 12 October 2016.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	0.06 50% decrease in Issue Price	0.12 Issue Price	0.180 50% increase in Issue Price
184,518,796 (Current Variable A)	Shares issued - 10% voting dilution	18,451,880 Shares	18,451,880 Shares	18,451,880 Shares
	Funds raised	\$1,107,113	\$2,214,226	\$3,321,338
276,778,194 (50% increase in Variable A)	Shares issued - 10% voting dilution	27,677,819 Shares	27,677,819 Shares	27,677,819 Shares
	Funds raised	\$1,660,669	\$3,321,338	\$4,982,007
369,037,592 (100% increase in Variable A)	Shares issued - 10% voting dilution	36,903,759 Shares	36,903,759 Shares	36,903,759 Shares
	Funds raised	\$2,214,226	\$4,428,451	\$6,642,677

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 184,518,796 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 12 October 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.

4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new mineral resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current mineral assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources mineral assets and investments including expenses associated with such acquisitions) or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 27 November 2015 (**Previous Approval**).

The Company has issued 14,300,000 Shares pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 25 November 2015, the Company also issued a further 16,502,985 Shares and 59,920,000 Options which represents approximately 29% of the total diluted number of Equity Securities on issue in the Company on 25 November 2015, which was 262,294,535.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### 5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

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## 6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES

### 6.1 General

On 11 July 2016, the Company issued 6,200,000 Shares at an issue price of \$0.11 per Share to raise \$682,000.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 6,200,000 Shares were issued;
- (b) the issue price was \$0.11 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to
  - (i) Steve Smith 415 Pty Ltd;
  - (ii) Mr Daniel James Rootes;
  - (iii) Mr Christopher James Martin;
  - (iv) North Gate Capital Pty Ltd;
  - (v) Alitime Nominees Pty Ltd;
  - (vi) Mr David Charles Neesham;

- (vii) Mr Brian Frederick Collins;
  - (viii) Tpj Mowbray Pty Ltd;
  - (ix) Richsham Nominees Pty Ltd; and
  - (x) Balion Pty Ltd.
- (e) None of these subscribers are related parties of the Company; and
- (f) the funds raised from this issue were used to meet ongoing costs associated with identification and evaluation of advanced project opportunities in Cameroon, ongoing evaluation of the Birsok bauxite project, costs of the issue and general working capital.

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## 7. RESOLUTION 6 – APPROVAL OF CANYON LONG TERM INCENTIVE PLAN

Resolution 6 seeks Shareholders approval for the adoption of the employee incentive scheme titled the Canyon Long Term Incentive Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to issue options, performance rights or performance shares (**Plan Securities**) under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no securities have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Plan Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Securities to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (+61 8 6143 4256). Shareholders are invited to contact the Company if they have any queries or concerns.

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## **8. RESOLUTION 7, 8 AND 9 – ISSUE OF PERFORMANCE SHARES TO RELATED PARTIES**

### **8.1 General**

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Plan (refer Resolution 6) to issue Performance Shares to each of Messrs David Netherway, Phillip Gallagher and Emmanuel Correia (**Related Parties**) on the terms and conditions set out below.

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (i) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (ii) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

It is the view of the Directors that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Performance Shares to the Related Parties.

### **8.2 Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.14**

Pursuant to and in accordance with the requirements of sections 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Shares to the Related Parties:

- (a) the related parties are Messrs Netherway, Gallagher and Correia and they are related parties by virtue of being Directors;
- (b) the maximum number of Performance Shares to be issued to the Related Parties (or their nominees) is:
  - (i) 2,500,000 Performance Shares to Mr David Netherway;
  - (ii) 2,500,000 Performance Shares to Mr Phillip Gallagher; and
  - (iii) 3,000,000 Performance Shares to Mr Emmanuel Correia;
- (c) no securities have previously been issued under the Plan nor has the Plan previously been adopted by Shareholders.
- (d) all Directors are entitled to participate in the Plan;
- (e) the Performance Shares will be issued to the Related Parties no later than 12 months after the date of the Meeting (or such later date as



permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Performance Shares will be issued on one date;

- (f) the Performance Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (g) the Performance Shares issued to the Related Parties will be fully paid ordinary shares in the capital of the Company issued on the terms and conditions under the Plan and subject to the following vesting conditions:
  - (i) one third vest on delineating a resource of at least 150 MT on one of the Company's existing projects or a project to be acquired by the Company;
  - (ii) one third vest on the raising of at least \$10 million in support of a Company project; and
  - (iii) one third vest on the Related party remaining with the Company for a minimum of 12 months;
- (h) the value of the Performance Shares and the pricing methodology is set out in Schedule 2;
- (i) the relevant interests of the Related Parties in securities of the Company are set out below:

<b>Related Parties</b>	<b>Shares</b>	<b>Options</b>
David Netherway	2,669,047	4,953,968 <sup>1</sup>
Phillip Gallagher	1,822,223	8,080,000 <sup>2</sup>
Emmanuel Correia	665,364	414,500 <sup>3</sup>

**Notes**

<sup>1</sup> 1,111,111 listed Options exercisable at \$0.06 each on or before 31/1/2017, 342,857 unlisted Options exercisable at \$0.06 each on or before 29/9/2017, 1,500,000 unlisted Options exercisable at \$0.068 each on or before 22/2/2017 and 2,000,000 unlisted Options exercisable at \$0.07 each on or before 30/9/2018.

<sup>2</sup> 3,000,000 unlisted Options exercisable at \$0.068 each on or before 22/2/2017, 80,000 unlisted Options exercisable at \$0.06 each on or before 29/9/2017, 3,000,000 unlisted Options exercisable at \$0.07 each on or before 30/9/2018 and 2,000,000 unlisted Options exercisable at \$0.10 each on or before 30/9/2018.

<sup>3</sup> Options (exercisable at \$0.06 each on or before September 2017).

- (j) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

<b>Related Parties</b>	<b>Current Financial Year</b>	<b>Previous Financial Year<sup>1</sup></b>
David Netherway	40,000	70,410
Phillip Gallagher	220,000	289,157
Emmanuel Correia	40,000	Nil

**Notes**

<sup>1</sup> Includes salary & fees, superannuation and equity based payments.

- (k) if the maximum number of Performance Shares are issued to the Related Parties, a total of 8,000,000 Performance Shares would be issued. This will increase the number of Shares on issue from 184,518,796 to 191,518,796 (assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.2%, comprising 1.3% by Mr Netherway, 1.3% by Mr Gallagher and 1.6% by Mr Correia.
- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	18 cents	7 July 2016
Lowest	4.2 cents	5 Feb 2016
Last	11.5 cents	12 Oct 2016

- (m) the primary purpose of the issue of the Performance Shares to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (n) Mr Netherway declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued Performance Shares in the Company should Resolution 7 be passed. However, in respect of Resolutions 8 and 9, Mr Netherway recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Performance Shares to the Related Parties will align the interests of the Related Parties with those of Shareholders by creating a stronger link between performance resulting in increased Shareholder value and reward to the Related Parties. Each Related Party will have a greater involvement with, and share in, any future growth and profitability of the Company;
  - (ii) the grant of the Performance Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Shares upon the terms proposed;
- (o) Mr Gallagher declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Shares in the Company should Resolution 8 be passed. However, in respect of Resolutions 7 and 9, Mr Gallagher recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);

- (p) Mr Correia declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Shares in the Company should Resolution 9 be passed. However, in respect of Resolutions 7 and 8, Mr Correia recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (n);
- (q) in forming their recommendations, each Director considered the experience of each other Related Parties, the existing and proposed contribution of each Related Parties to the Company and the current market practices when determining the number of Performance Shares to be granted; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 7 to 9.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Canyon Resources Limited (ACN 140 087 261).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Performance Share** means a Share allocated in accordance with the Plan that is subject to restrictions on Dealing, Vesting Conditions (as defined in the Plan) and/or other restrictions or conditions.

**Plan** means the Canyon Long Term Incentive Plan the subject of Resolution 6.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**WST** means Western Standard Time as observed in Perth, Western Australia.

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 25 NOVEMBER 2015**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 7/12/15 3B – 8/12/15	10,000,000	Unquoted Options exercisable at 6 cents each expiring 29/9/17	Sophisticated and professional investors (placement participants)	Nil No discount	Consideration: Nil cash consideration – free attaching to shares and convertible notes Current value <sup>4</sup> = \$151,371
Issue – 7/12/15 3B – 8/12/15	5,000,000	Unquoted Options exercisable at 6 cents each expiring 29/9/17	Capital Investment Partners Pty Ltd	Nil No discount	Consideration: Nil cash consideration – issued for corporate advisory services Current value <sup>4</sup> = \$77,685
Issue & 3B 22/12/15	7,000,000	Unquoted Options exercisable at 7 cents each expiring 30/9/18	Directors	Nil No discount	Consideration: Nil cash consideration – Director Performance Shares Current value <sup>4</sup> = \$107,557
Issue & 3B 22/12/15	3,000,000	Unquoted Options exercisable at 10 cents each expiring 30/9/18	Directors	Nil No discount	Consideration: Nil cash consideration – Director Performance Shares Current value <sup>4</sup> = \$38,353
Issue – 23/2/16 3B – 24/2/16	5,000,000	Unquoted Options exercisable at 6 cents each expiring 30/9/18	Clients of Capital Investments Partners Pty Ltd	\$0.001 No discount (unquoted)	Amount raised = \$5,000 Amount spent = \$5,000 Use of funds: working capital
Issue – 23/2/16 3B – 24/2/16	10,000,000	Unquoted Options exercisable at 10 cents each expiring 30/9/18	Clients of Capital Investments Partners Pty Ltd	\$0.0005 No discount (unquoted)	Amount raised = \$5,000 Amount spent = \$5,000 Use of funds: working capital
Issue – 16/3/16 3B – 17/3/16	14,300,000	Shares <sup>2</sup>	Sophisticated and professional investors (placement participants)	\$0.05 Discount – 1.96%	Amount raised = \$715,000 Amount spent = \$715,000 Use of funds: Working capital and advancing project in Cameroon
Issue – 16/3/16 3B – 17/3/16	21,450,000	Unquoted Options exercisable at 6 cents each expiring 29/9/17	Sophisticated and professional investors (placement participants)	Nil No discount	Consideration: Nil cash consideration – free attaching to shares Current value <sup>4</sup> = \$295,352

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 16/3/16 3B – 17/3/16	1,000,000	Unquoted Options exercisable at 7 cents each expiring 30/9/18	Employees	Nil No discount	Consideration: Nil cash consideration – issued under employee option scheme Current value <sup>4</sup> = \$16,635
Issue – 7&8/6/16 3B 8/6/16	1,078,868	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.06 (exercise of options) Discount: 52%	Amount raised = \$64,732 Amount spent = \$64,732 Use of funds: Working capital
Issue – 7&8/6/16 3B 8/6/16	440,000	Shares <sup>2</sup>	Director related entities who participated in placement	\$0.05 Discount: 60%	Amount raised = \$22,000 Amount spent = \$22,000 Use of funds: Working capital
Issue – 7&8/6/16 3B 8/6/16	440,000	Unquoted Options exercisable at 6 cents each expiring 29/9/17	Director related entities who participated in placement	Nil No discount	Consideration: Nil cash consideration – free attaching to shares Current value <sup>4</sup> = \$5,532
Issue – 23/6/16 3B – 28/6/16	5,000,000	Shares <sup>2</sup>	To convertible note holders upon conversion of convertible note	Nil No discount	Consideration: Nil cash consideration – issued on conversion of convertible notes Current value <sup>4</sup> = \$500,000
Issue – 11/7/16 3B 12/7/16	6,200,000	Shares <sup>2</sup>	Sophisticated and professional investors (placement participants)	\$0.11 Discount: 29%	Amount raised = \$682,000 Amount spent = \$192,000 Use of funds: Working capital and advancing project in Cameroon Amount remaining = \$490,000 Proposed use of remaining funds <sup>3</sup> : As above
Issue – 8/7/16 3B 12/7/16	500,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.06 (exercise of options) Discount: 66.6%	Amount raised = \$30,000 Amount spent = \$Nil Use of funds: Working capital Amount remaining = \$30,000 Proposed use of remaining funds <sup>3</sup> : Working capital
Issue & 3B – 15/7/16	120,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.06 (exercise of options) Discount: 60%	Amount raised = \$7,200 Amount spent = Nil Use of funds: working capital Amount remaining = \$7,200 Proposed use of remaining funds <sup>3</sup> : working capital

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue & 3B – 15/7/16	1,000,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.068 (exercise of options) Discount: 54.6%	Amount raised = \$68,000 Amount spent = \$Nil Use of funds: working capital Amount remaining = \$68,000 Proposed use of remaining funds <sup>3</sup> : working capital
Issue & 3B – 15/7/16	1,000,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.07 (exercise of options) Discount: 53.3%	Amount raised = \$70,000 Amount spent = \$Nil Use of funds: working capital Amount remaining = \$70,000 Proposed use of remaining funds <sup>3</sup> : working capital
Issue – 10/8/16 3B – 11/8/16	120,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.06 (exercise of options) Discount: 57%	Amount raised = \$7,200 Amount spent = \$Nil Use of funds: working capital Amount remaining = \$7,200 Proposed use of remaining funds <sup>3</sup> : working capital
Issue – 1/9/16 3B – 2/9/16	300,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.06 (exercise of options) Discount: 40%	Amount raised = \$18,000 Amount spent = \$Nil Use of funds: working capital Amount remaining = \$18,000 Proposed use of remaining funds <sup>3</sup> : working capital
Issue – 1/9/16 3B – 2/9/16	150,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.068 (exercise of options) Discount: 32%	Amount raised = \$10,200 Amount spent = \$Nil Use of funds: working capital Amount remaining = \$10,200 Proposed use of remaining funds <sup>3</sup> : working capital
Issue – 1/9/16 3B – 2/9/16	100,000	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.06 (exercise of options) Discount: 40%	Amount raised = \$6,000 Amount spent = \$Nil Use of funds: working capital Amount remaining = \$6,000 Proposed use of remaining funds <sup>3</sup> : working capital
Issue – 12/10/16 3B – 12/10/16	494,117	Shares <sup>2</sup>	To option holders upon exercise of options	\$0.068 (exercise of options) Discount: 32%	Amount raised = \$32,000 Amount spent = \$Nil Use of funds: working capital Amount remaining = \$32,000 Proposed use of remaining funds <sup>3</sup> : working capital

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated



on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.

2. Fully paid ordinary shares in the capital of the Company, ASX Code: CAY (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
4. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.10) or Options (\$0.035) as the context requires on the ASX on 6 October 2016. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

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**SCHEDULE 2 – VALUATION OF PERFORMANCE SHARES**

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Valuation methodology based on rules set out in Division 83A of the Income Tax Assessment Act Guide to market valuation

The Performance Shares to be issued to the Related Parties pursuant to Resolutions 7 to 9 have been independently valued.

Using the valuation model noted above and based on the assumptions set out below, the Performance Shares were ascribed a value range, as follows:

<b>Assumptions:</b>	
Valuation date	14 October 2016
Market price of Shares as at 13 October 2016	\$0.11
10 day VWAP	\$0.1022
Valuation	50% of 10 day VWAP
<b>Indicative value per Performance Share</b>	<b>\$0.0511</b>
- Mr David Netherway	\$127,750
- Mr Phillip Gallagher	\$127,750
- Mr Emmanuel Correia	\$153,300

Note: The valuation ranges noted above are not necessarily the market prices that the Performance Shares could be traded at and they are not automatically the market prices for taxation purposes.

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**SCHEDULE 3 – TERMS AND CONDITIONS OF CANYON LONG TERM INCENTIVE PLAN**

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Item	Summary
Eligibility	<p>Offers may be made at the discretion of the board of directors of Canyon (Board) to employees of Canyon or any other person that the Board determines to be eligible to receive a grant under the Plan.</p>
Types of securities	<p>The Plan Rules provide flexibility for Canyon to grant one or more of the following securities as incentives, subject to the terms of individual offers:</p> <ul style="list-style-type: none"><li>- options;</li><li>- performance rights; or</li><li>- performance shares.</li></ul> <p>Options are straightforward, they are an entitlement for the holder to receive a share on satisfaction of relevant vesting conditions, by paying an applicable exercise price. Typically the vesting conditions for an option plan are limited to time based hurdles.</p> <p>A performance right is effectively a zero priced option that vests subject to the satisfaction of relevant vesting conditions. The vesting conditions are typically a combination of time and performance based milestones. The Board has discretion to determine the vesting conditions (and particularly any performance based hurdles such as TSR metrics) for each individual grant.</p> <p>Performance Shares are not dissimilar to performance shares, although the share is issued up-front (for nil consideration) and is subject to buy-back/forfeiture arrangements should the relevant vesting conditions (including performance base metrics) not be met.</p>
Offers under the Plan	<p>Unless otherwise specified in an offer document, the Board has the discretion to settle performance rights or options with a cash equivalent payment.</p> <p>The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer options, performance rights and performance shares in individual offer documents.</p>
Issue price	<p>Unless the Board determines otherwise, no payment is required for a grant (as oppose to exercise) of an option, performance right or performance share under the Plan.</p>

Item	Summary
Vesting	Options must be exercised by the employee and the employee is required to pay the exercise price to be allocated Shares.  Vesting of options, performance rights and performance shares under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document.
Lapsing and forfeiture	Subject to the rules of the Plan ( <b>Rules</b> ) and the terms of the specific offer document, any option, performance rights or performance shares will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied.
Cessation of employment	Under the Rules, the Board has a broad discretion in relation to the treatment of entitlements on cessation of employment. It is proposed that individual offer documents will provide more specific detail on how the entitlements will be treated if the participating employee ceases employment.
Clawback and preventing inappropriate benefits	The Rules provide the Board with customary "clawback" powers if, amongst other things, the participant has acted fraudulently or dishonestly, engaged in gross misconduct or if the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of control	The Board may determine that all or a specified number of a participant's options, performance rights or performance shares will vest or cease to be subject to restrictions where there is a change of control event in accordance with the Rules. It is intended that individual offer documents will provide more specific information on how the entitlements will be treated on a change of control.

## PROXY FORM

CANYON RESOURCES LIMITED  
ACN 140 087 261

### ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 9.30am, on Friday, 25 November 2016 at Level 4, 16 Milligan Street, Perth, Western Australia, and at any adjournment thereof.

#### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 6, 7, 8 and 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 6, 7, 8 and 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

#### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

#### Voting on business of the Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-Election of Director – David Netherway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Re-Election of Director – Emmanuel Correia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of Prior Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Adoption of Canyon Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Issue of Performance Shares to David Netherway	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Issue of Performance Shares to Phillip Gallagher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Issue of Performance Shares to Emmanuel Correia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

#### Signature of Shareholder(s):

##### Individual or Shareholder 1

Sole Director/Company Secretary

##### Shareholder 2

Director

##### Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail  
in relation to this Proxy Form:

YES ☐ NO ☐

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Canyon Resources Limited, C/o PO Box 840, South Perth WA 6951; or
  - (b) facsimile to the Company on facsimile number +61 8 9217 2401,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**