

31 October 2016

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2016

The Directors of **Canyon Resources Ltd** (ASX: CAY) are pleased to report on the Company's activities for the quarter ending 30 September 2016.

During the quarter, Canyon Resources has continued its focus on advancing its plans to develop a bauxite mining and export operation in Cameroon. Canyon has continued to engage with leading consultants in the bauxite mining, logistics and marketing areas regarding the development of its Birsok Project in Cameroon, whilst also considering and reviewing additional deposits in the country.

The Company has actively engaged with senior Government of Cameroon representatives to present its proposals and to negotiate an agreement for the development of a bauxite mine and Direct Shipping Ore (DSO) export operation in Cameroon. During the period, the Company engaged senior French legal counsel with significant African mining experience to assist Canyon in its discussions with the Government and to ensure that the Company's activities are in accordance with the Cameroon Mining Code.

As the Company's proposal for the development of a bauxite industry in Cameroon differs from previously unsuccessful development proposals put forward by other companies, Canyon has ensured that it has clearly communicated its plans and demonstrated its technical expertise and capacity to develop the Project to key decision makers within the Government of Cameroon.

Canyon continues to assess and review advanced project opportunities in Cameroon that are consistent with the Company's strategy of developing a profitable bauxite mining and export operation utilising existing infrastructure in the country.



**Figure 1: Ship berthing area at the Kribi Port suitable for Panamax size vessels,
with breakwater in the distance**

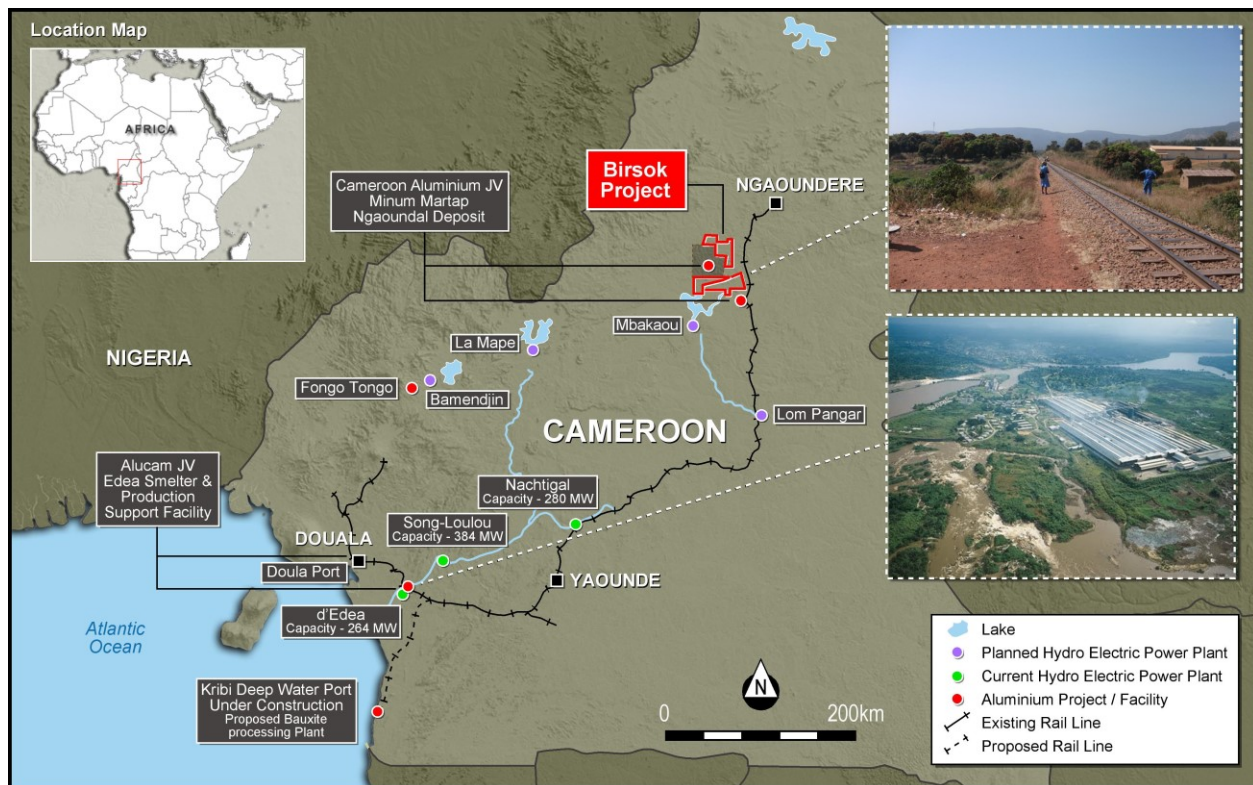


Figure 2: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

Burkina Faso – Joint Venture with Acacia Mining plc

Canyon Resources entered into a joint venture with Acacia Mining plc (Acacia) in March 2015 on the Pinarello and Konkolikan Projects located on the Houde greenstone belt in south western Burkina Faso. Acacia can earn up to 75% of the projects by the expenditure of \$1,500,000 on exploration over two years from March 2015.

Acacia have conducted ongoing exploration on the permits with positive and encouraging results received to date.

Acacia have recently released the following update on exploration work completed on the Pinarello and Konkolikan Project JV permits.

“Regional reconnaissance surface soil sampling programmes have defined a number of significant gold-in-soil anomalies on the property. Coincident chargeability /resistivity/auger and soil geochemical targets along the corridor have been targeted for follow up. A total of 78 AC holes for 5,286 metres were completed primarily on the Tankoro South Structural Corridor (8km strike) before the weather and access issues due to seasonal rains suspended field based activities.

Results are considered encouraging with in excess of 30% of holes returning anomalous intercepts. Field programmes, including continuation of AC drill programs, will commence as soon as access is possible after the wet season.”

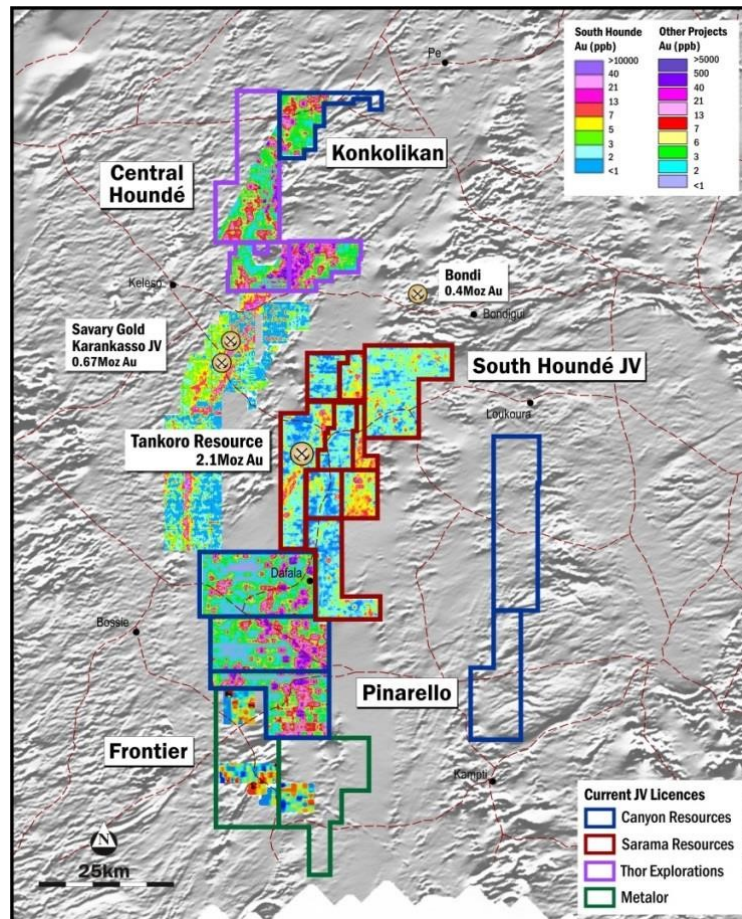


Figure 3: Map showing Acacia Mining holding on the Hounde belt in south west Burkina Faso. Canyon Resources JV permits are in blue.

About Canyon Resources Limited

In 2013, Canyon announced a farm-in transaction to acquire up to 75% of the Birsok Bauxite Project in Cameroon, which is considered highly prospective for high grade DSO bauxite. The Birsok Bauxite Project is strategically located in an emerging bauxite region of Cameroon (Figure 2), contiguous with the world class Minim Martap bauxite deposit and approximately 10km from an operating rail line.

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.

Enquiries:

Phil Gallagher

Managing Director

T: +61 8 6143 4256

E: pgallagher@canyonresources.com.au

Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 31 December 2015	Interest at 31 March 2016
<u>Birsok Bauxite Project</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
<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)	Own 49% (Acacia Mining plc 51%)
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)	Own 49% (Acacia Mining plc 51%)
<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		

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CANYON RESOURCES LIMITED

ABN

13 140 087 261

Quarter ended ("current quarter")

30 SEPTEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (.3..months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(301)	(301)
(b) development	-	-
(c) production	-	-
(d) staff costs	(100)	(100)
(e) administration and corporate costs	(179)	(179)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(578)	(578)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (.3..months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	682	682
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	224	224
3.4	Transaction costs related to issues of shares, convertible notes or options	(16)	(16)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	890	890

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	423	423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(578)	(578)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	890	890
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	730	730

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	730	423
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	730	423

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
69
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--

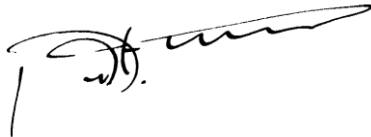
9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	
9.2	Development	
9.3	Production	
9.4	Staff costs	
9.5	Administration and corporate costs	
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 31 October 2016

Print name: Robert Marusco
 Company Secretary

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.