

ASX Release

10 December 2010

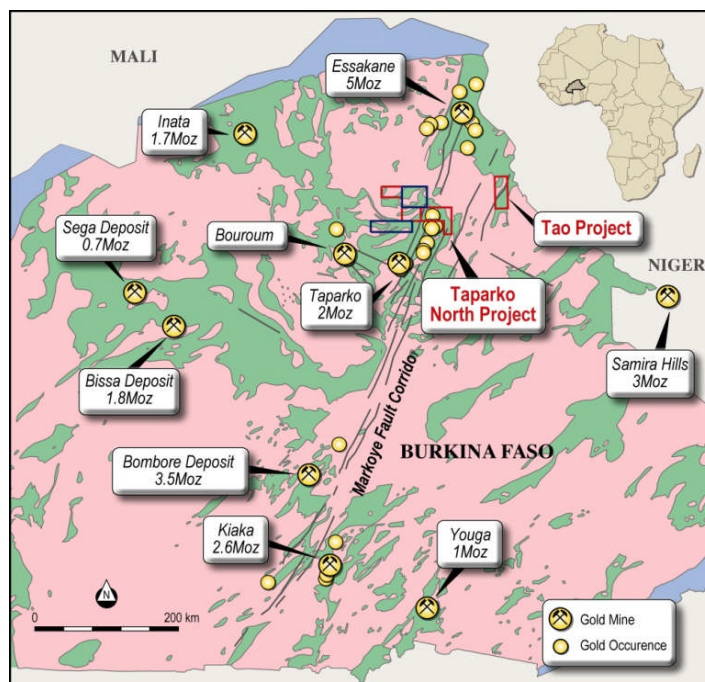
Canyon Acquires Two New Gold Tenements in Burkina Faso

- Two new gold tenements acquired from a local vendor
- Tenements contiguous to Canyon's Tarparko North project
- Tenements along strike from highly-prospective Markoye Fault system, which hosts a number of multi-million ounce gold deposits
- Canyon's total tenement holding increased to more than 1,100km²

Canyon Resources Limited ("Canyon" "the Company") (ASX: CAY) is pleased to announce that it has secured two new gold tenements, Tigou and Tyekobo, from a local vendor, in Burkina Faso, West Africa.

The newly granted tenements are contiguous to Canyon's 100%-owned Tarparko North Project. The purchase of the two tenements increases the Tarparko North project area by 466km² and increases Canyon's total landholding in Burkina Faso to 1,124km².

The new areas extend Canyon's coverage along the Markoye Fault, which hosts a number of multi million ounce gold deposits, including the Tarparko (1.7Moz), Essakane (5.3Moz), Kiaka (2.7Moz) and Bomboré (3.5Moz) gold deposits.



Blue outlines demonstrate new tenements, Tigou and Tyekobo



Canyon Resources Limited

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Canyon Managing Director Phil Gallagher said “the acquisition further demonstrated the Company’s ability to execute its stated strategy of growing shareholder value via acquisition of gold project areas in West Africa.”

“The new acquisitions show our continued commitment to developing our Burkina Faso projects” Mr Gallagher said.

“The Tigou and Tyekobo tenements are along the Markoye Fault area and have active artisanal mining operations and demonstrated gold mineralisation.”

“We will extend our current auger drilling program to commence exploration drilling on these new tenements early in 2011.”

Mr Gallagher said Canyon had demonstrated since listing on the Australian Securities Exchange (ASX) in June 2010 that the Company would quickly act upon new opportunities and were focussed on the active exploration of its project areas.

“Having reached agreement for the acquisition of the Tao and Taparko North Gold Projects in September of this year, we have already commenced auger drilling and soil sampling on these projects” he said

“We have now secured additional tenements to add to the project area and we expect to commence RC drilling in the first quarter of 2011.”

“In addition to commencing exploration, we have worked hard to create strong relationships in Burkina Faso, and the purchase of these tenements is testament to the time spent on the ground in country since securing the initial projects.”

“We are continuing to assess new project acquisition opportunities in the region.”

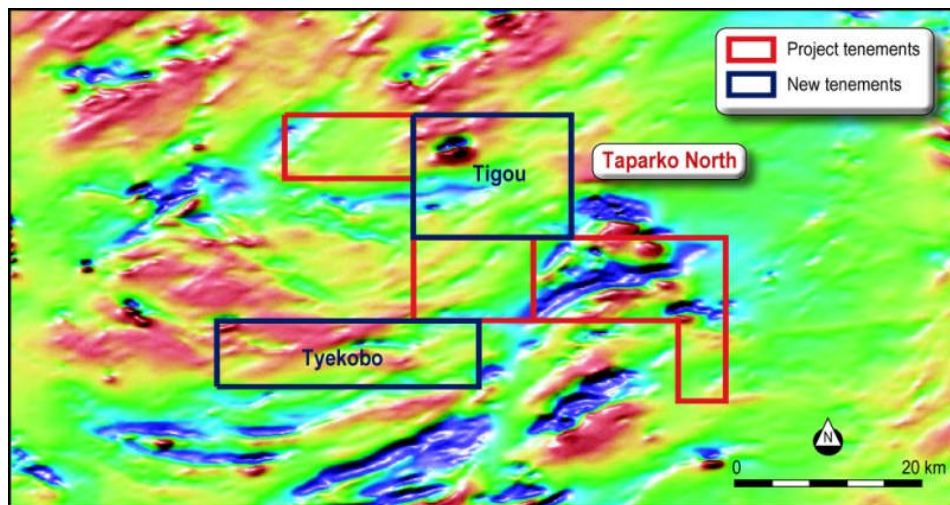
“Recent visits to the new tenement areas have identified previously unknown artisanal workings and look to be highly prospective.”

Mr Gallagher said initial work would be conducted by Canyon’s Exploration Manager Mr Chris Connell and would quickly proceed to commencing auger drilling and soil sampling on the project areas.

Mr Connell said the new permit areas were chosen due to their structural and geological setting.

“The proximity to the Markoye structure, combined with major cross-cutting, northwest trending structures makes this ground highly prospective for gold mineralisation,” Mr Connell said. “Recent visits to the new tenement areas have identified previously unknown artisanal workings along the projected strike of several of these major cross-cutting structures.

“Owning a large contiguous land holding allows for more effective drill targeting by building-up a regional geological and geochemical understanding.”

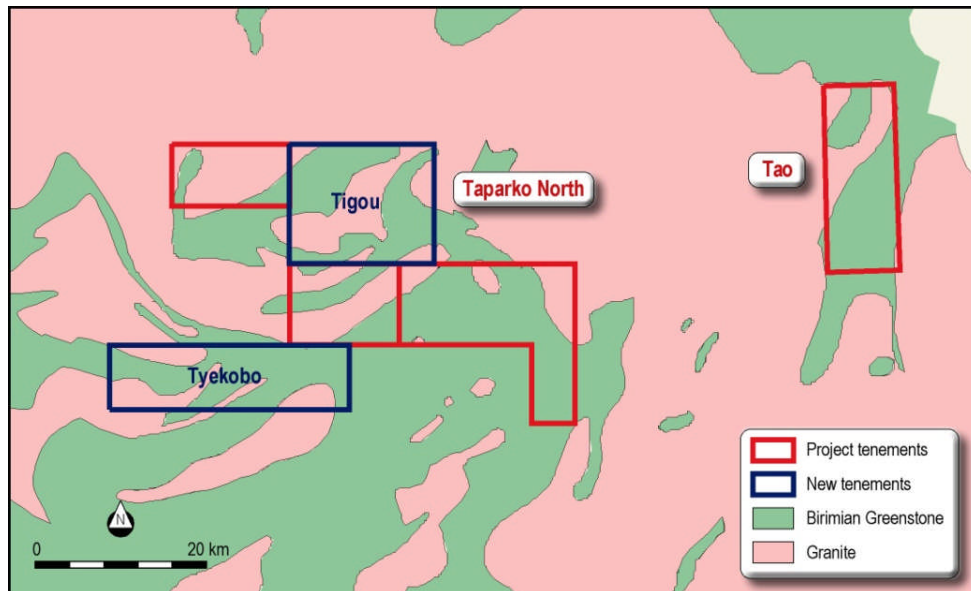


Artisanal workings on the Tigou tenement

Details of the Agreement

Under the terms of the acquisition agreement, Canyon has secured the right to purchase a 100% ownership of the two tenements, Tigou and Tyekobo, through the payment to the local vendor of US\$50,000 and 750,000 shares over a three year period. The payments are to be made on an annual basis and Canyon has the right to withdraw from or accelerate the timing of the payments.

In addition, the Company must meet minimum expenditure commitments on the two tenements of US\$800,000 over the three years. The agreement also provides the vendor a 2% net smelter return royalty, which can be bought out by Canyon for US\$2,000,000 per tenement if required at a later date.



Artisanal gold washing camp on the Tigou tenement

About Canyon's Burkina Faso Gold Projects

Canyon's Burkina Faso gold project tenements cover an area of 1,124km² over six permits in the Birimian Greenstone Belts of the West African Craton. These permits comprise two project areas known as the Taparko North Gold Project and the Tao Gold Project. Both gold projects are easily accessible by road, being approximately 240km northeast of Ouagadougou, the capital of Burkina Faso.



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The Taparko North Gold Project is situated in the Yalogo Belt. This greenstone belt hosts the 2 million ounce Taparko gold mine and the 1.7 million ounce Inata gold mine.

The Tao Gold Project lies in the Gorouol Greenstone Belt which hosts Burkina Faso's largest gold deposit, the 5 million ounce Essakane gold mine.

Significantly, both gold projects are situated along north east striking structures. The major gold endowed north east – south west trending Markoye Fault is recognised as hosting both the Taparko and Essakane gold deposits and the 2.7 million ounce Bomboré gold deposit, situated along strike to the south west. Numerous artisanal gold workings are also located along the trend of the Markoye Fault within Canyon's Taparko North Gold Project.

The gold projects represent a combination of outstanding geological and structural settings in the highly gold endowed Birimian Greenstone Belts, with recognised major gold hosting structures traversing the project areas. As such, the Taparko North and the Tao Gold Projects have tremendous potential to host significant gold resources.

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The information in this report that relates to Exploration Results has been compiled by Mr Chris Connell who is an employee of the Company. Mr Connell is a member of the Australian Institute of Geoscientists. He has sufficient experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Chris Connell consents to the inclusion of the information in the form and context in which it appears.