



17 January 2013

High Grade Gold Intercepts at Tao Project

HIGHLIGHTS

- **High grade intercepts returned from recent RC drilling at the Tondoby Prospect**
- **Results from the RC drilling at Tondoby include;**
 - **4m @ 42.8 g/t Au (TDRC128)**
 - **12m @ 3.04 g/t Au (TDRC108)**
 - **20m @ 1.97 g/t Au (TDRC117)**
 - **16m @1.98 g/t Au (TDRC133)**
- **Further RC Drilling planned to test additional high grade gold targets resulting from new understanding of lode geometries at Tondoby**
- **RAB drilling currently underway to the south of Tondoby**

Canyon Resources Ltd (ASX: CAY) is pleased to announce results from its recently completed RC (reverse circulation) drilling campaign on the Tao Project in north eastern Burkina Faso.

A 3,058m RC drilling program has been carried out at the Tondoby Prospect to follow up previous drilling and to test new concepts for additional mineralisation. High grade gold mineralisation continues to be intercepted over 3km in strike length at this prospect.

In addition to the high grade intercepts, the drilling increased understanding of the geological controls on mineralisation and gold lode geometries, identifying a pivot zone where the dip of the mineralised lodes changes orientation towards the west and an associated increase in grade. This new understanding opens up additional areas for drill testing that may identify a high grade zone that was previously thought to be un-mineralised.

The drilling at the Tondoby Prospect has reaffirmed the strong gold results intersected in the Company's previous campaigns, with best results from the recent drilling including:

- **4m @ 42.8 g/t Au (TDRC128)**
- **12m @ 3.04 g/t Au (TDRC108)**
- **20m @ 1.97 g/t Au (TDRC117)**
- **16m @1.98 g/t Au (TDRC133)**

About the drilling

The 3,058m December 2012 RC program across the Tondoby Prospect (within the Tao Project area) focussed on further understanding the geological controls on mineralisation, gold lode geometries and infilling areas lacking RC drilling.

Evidence seen from small artisanal pits indicates that the main Tondoby lode possibly becomes overturned in the southern portion. This was shown in TDRC086 (**8m @ 10.31 g/t Au**), the lode near the southern cross structure narrows and is overturned dipping back to the east-northwest. Whilst the lode narrows the grade increases, also evidenced in neighbouring traverses. Based on the dip change, additional drilling was carried out to test this concept. The results were very encouraging with strong evidence supporting the change of dip orientation and an associated increase in grade.

This discovery will open up additional areas of strike that will require testing for west dipping gold lodes. Zones previously thought un-mineralised now have the potential to host further high grade gold mineralisation. Additional RC drilling programs are being planned to further test this concept.

A RAB drilling program is currently underway at Tondoby testing the extensions of the mineralising structure to the south of the main Tondoby prospect. The holes have been designed to follow up the high grade gold in soil anomalies returned late last year.

The RAB program will focus on identifying additional gold mineralisation along the Tondoby Shear and expanding the magnitude and scope of the Tondoby gold prospect beyond the already identified 3km of mineralised strike length. First results from the RAB program are expected shortly.

At the Tao Project, gold anomalism has been identified over a 12km strike on the Tondoby Prospect by reconnaissance drilling undertaken by Canyon. The Company believes there is potential for this to continue for a significant distance. This is also supported by artisanal mining sites coincident with the gold in soil anomaly extending 5km to the south of the main Tondoby drilling.

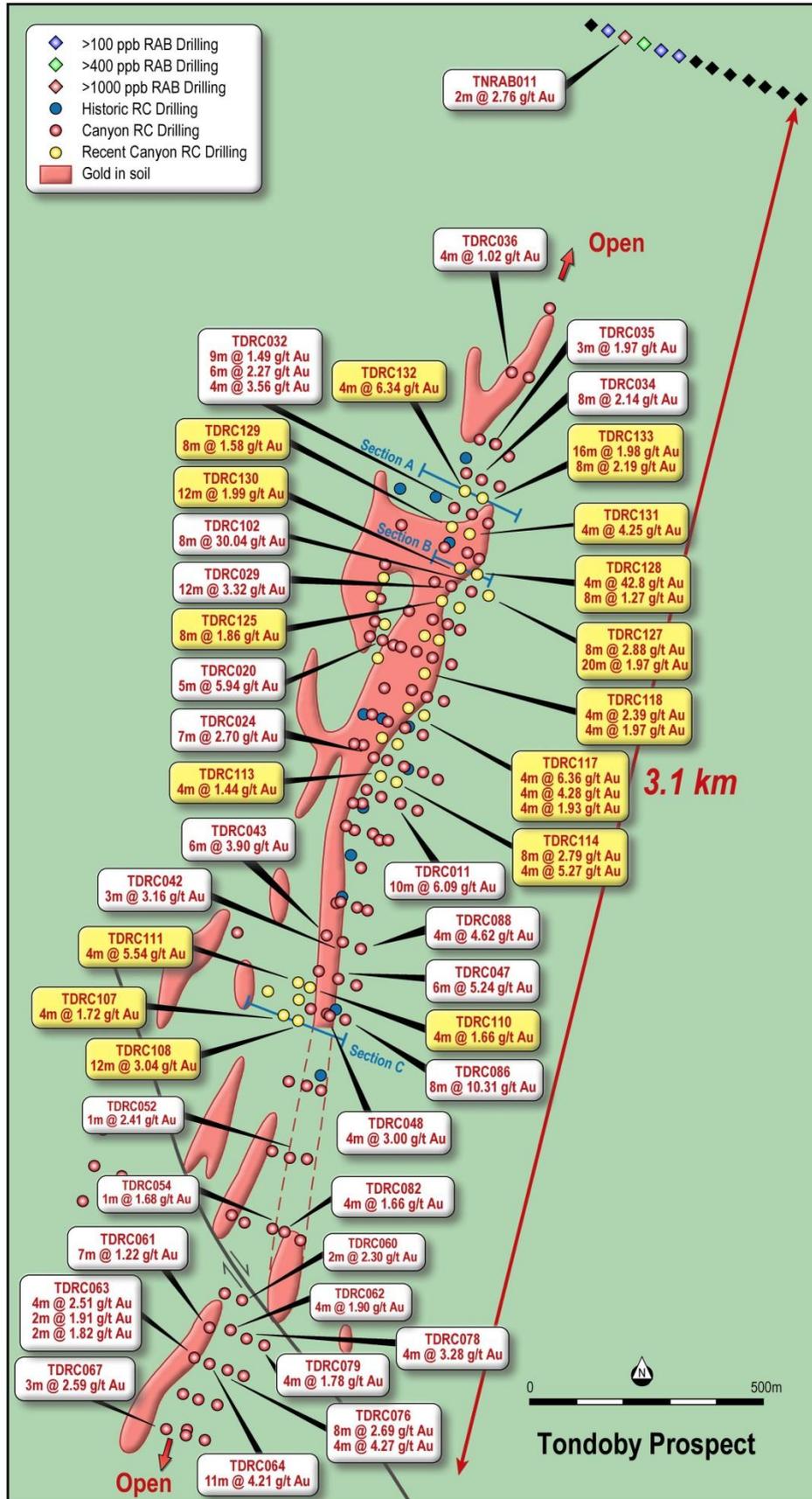


Figure 1: Tondoby drill hole location plan.

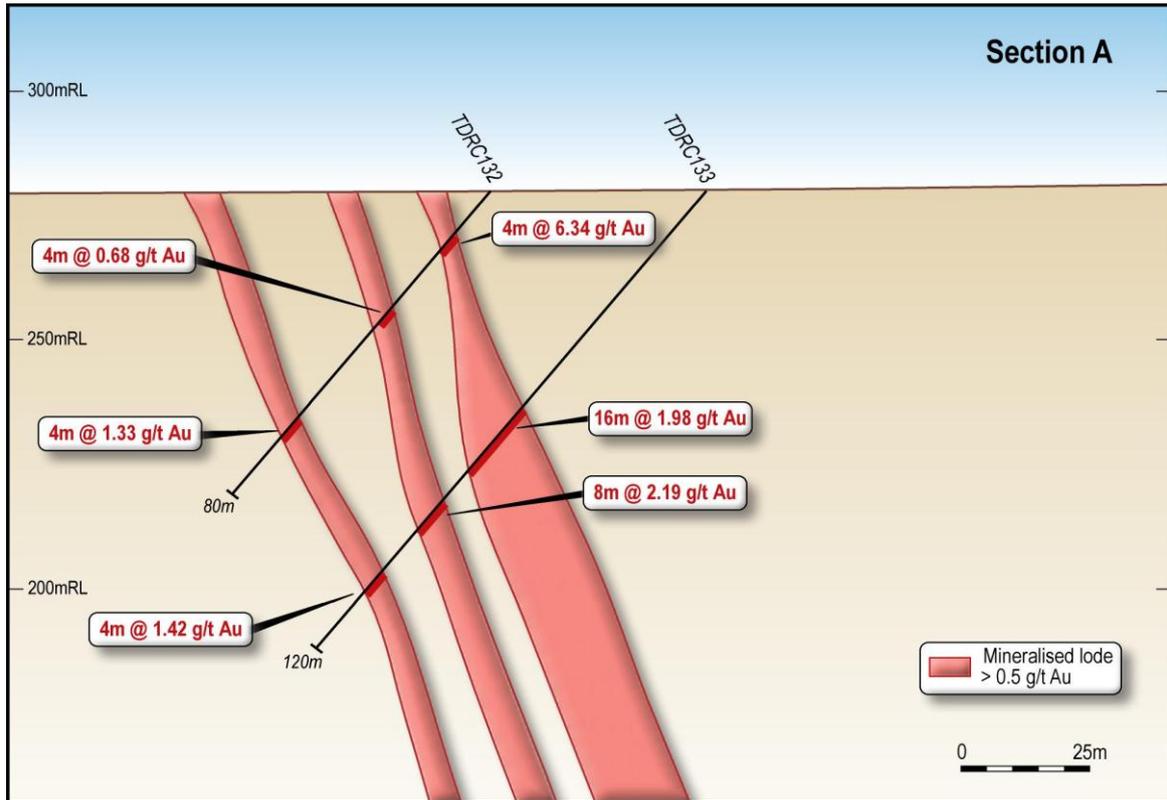


Figure 2: RC Drill Section A

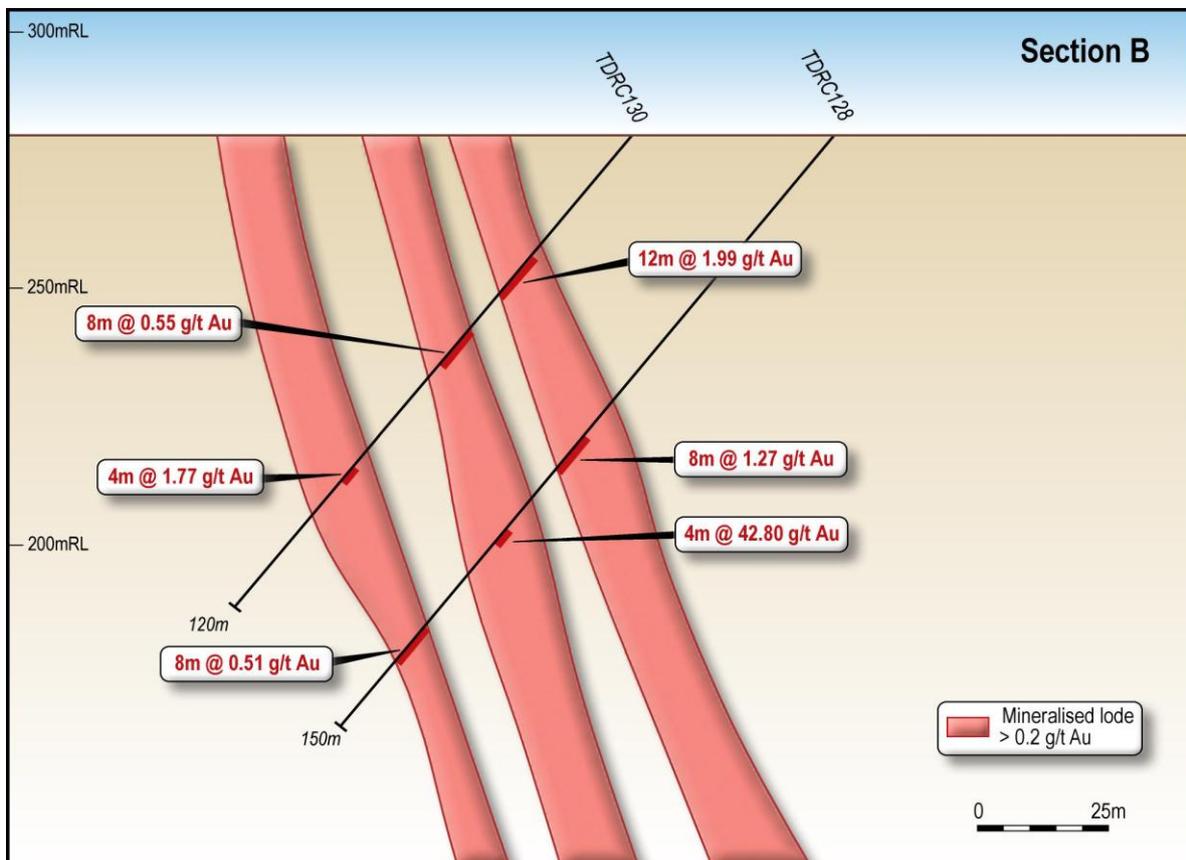


Figure 3: RC Drill Section B

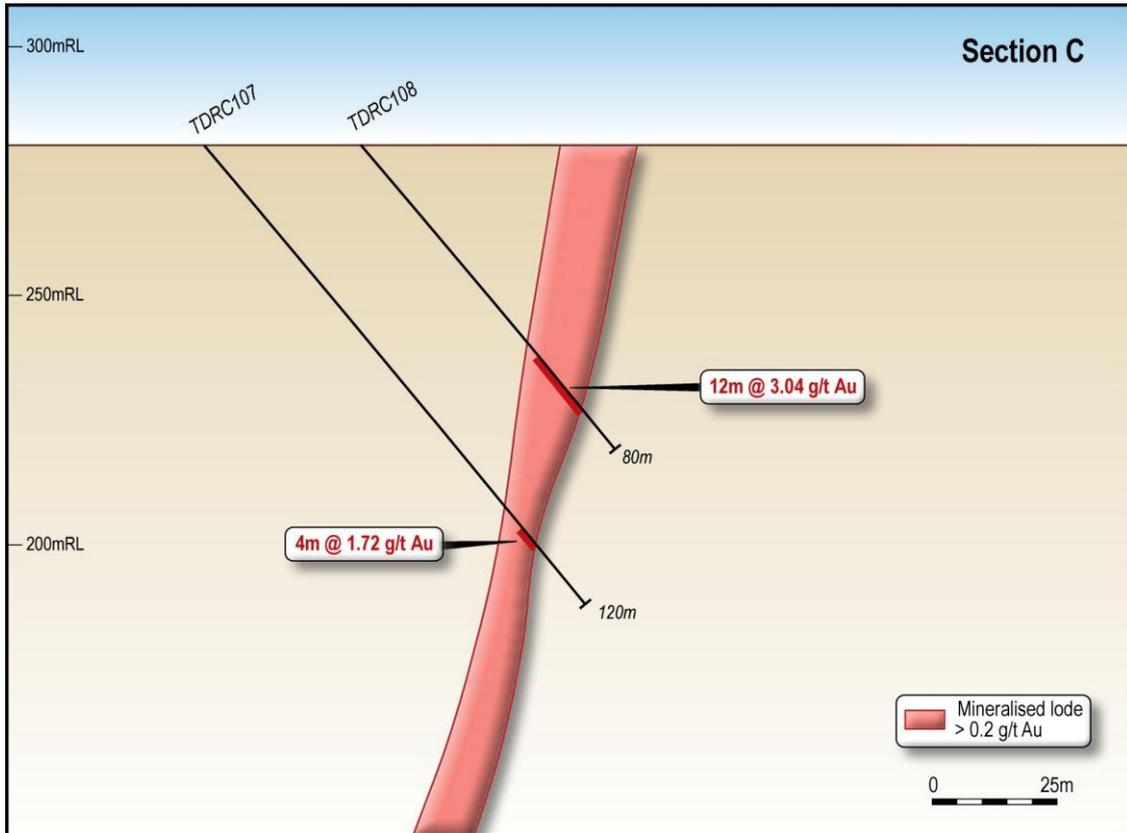


Figure 4: RC Drill Section C

Significant RC Drilling Results						
Hole ID	WGS84_E	WGS84_N	From (m)	To (m)	Interval (m)	Grade (g/t Au)
TDR107	210931	1548292	100	104	4	1.72
TDR108	210961	1548282	56	62	12	3.04
TDR110	210987	1548355	0	4	4	1.66
TDR111	210962	1548365	68	72	4	5.54
TDR113	211139	1548812	12	16	4	1.44
TDR114	211172	1548799	56	64	8	2.79
			76	80	4	5.37
TDR117	211231	1548945	24	28	4	4.28
			52	56	4	1.93
			80	84	4	6.36
TDR118	211235	1549035	48	52	4	2.39
			64	68	4	1.97
TDR125	211270	1549194	48	56	8	1.86
			64	68	4	1.04
TDR127	211370	1549203	120	128	8	2.88
			140	160	20	1.97

TDR128	211345	1549251	76	84	8	1.27
			100	104	4	42.8
TDR129	211293	1549353	28	36	8	1.58
			68	72	4	1.17
TDR130	211308	1549265	28	40	12	1.99
			84	88	4	1.77
TDR131	211329	1549339	72	76	4	4.25
TDR132	211318	1549431	12	16	4	6.34
			60	64	4	1.33
TDR133	211357	1549417	56	72	16	1.98
			80	88	8	2.19
TDR135	211142	1548894	0	4	4	1.04
			24	28	4	1.01

All holes are inclined at -50 deg and drilled toward 290deg (except TDR107 – 112 drilled towards 090deg).
 Significant results defined as all composited intercepts above 1.0 g/t Au.
 Downhole intercepts are calculated using a 0.5 g/t Au cut with allowing for 4m internal waste.
 True intercept width's can be approximated from example sections, although there is variability in mineralisation dip.
 Each metre sample was riffle split, with the 4m composite collected from the riffle split material.
 4m composite samples were submitted to ALS Ouagadougou for 50g Au fire assay.
 Anomalous composite samples will have the corresponding 1m split samples submitted for Au fire assay.

Table 1: Significant RC Drilling Results

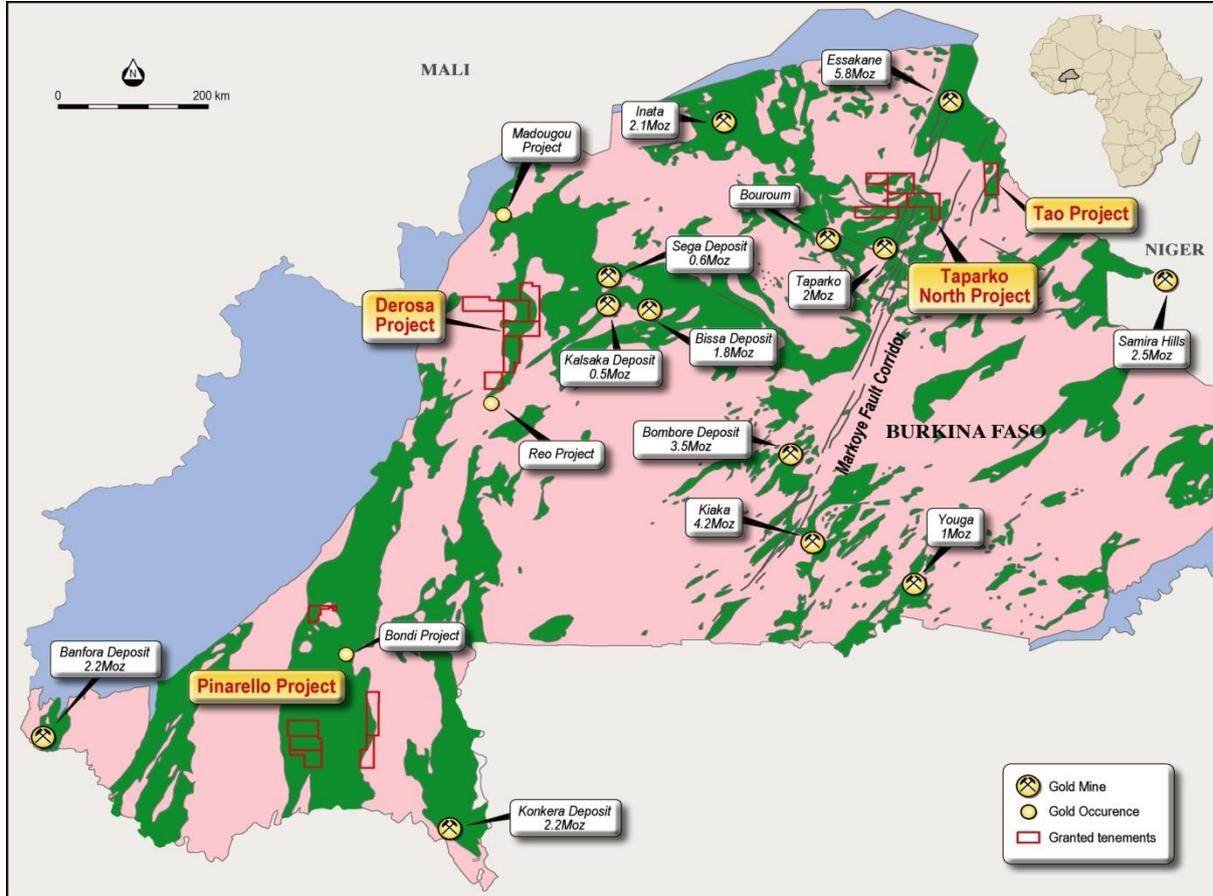


Figure 5: Canyon Project Location Map

About the Burkina Faso Projects

Canyon's existing mineral exploration projects in Burkina Faso cover an area of approximately 3,500km² over 18 permits in the Birimian Greenstone Belts of the West African craton. These permits comprise four project areas known as the Taparko North Project, the Tao Project, the Pinarello Project and the Derosa Project.

The Tao Project lies in the Gorouol Greenstone Belt which hosts the country's largest deposit, the major Essakane gold mine. [Previous](#) RC drilling by Canyon at Tao has intersected high grade gold mineralisation including;

- **8m @ 30.04 g/t Au from 56m, incl. 4m @ 58.7 g/t Au**
- **8m @ 10.31 g/t Au from 100m**
- **12m @ 2.47 g/t Au from 84m**
- **4m @4.62 g/t Au from 88m**

The Taparko North Project is situated in the Yalogo Belt. This greenstone belt hosts the Taparko gold mine and the large Inata gold mine.

Significantly, both projects are situated along north east striking structures. The major gold endowed northeast–southwest trending Markoye Fault is recognised as hosting both the Taparko and Essakane gold deposits and the Bomboré gold deposit, situated along strike to the south west. Numerous artisanal gold occurrences have also been located along the trend of the Markoye Fault within the Taparko North Project.

The Pinarello Project comprises six exploration permits with a combined area of 1,104km². The project area is located on the Hounde Greenstone Belt in the highly prospective south west region of Burkina Faso. The Hounde Greenstone Belt hosts a number of significant gold deposits including the Mana gold mine and the Bondi Project.

The Derosa Project is a package of six recently granted exploration permits. The permits offer an early stage exploration opportunity in area that has active artisanal mining and significant exploration potential. Rumble Resources Limited is earning up to a 75% interest in the Derosa project from Canyon, which will require Rumble to spend \$3 million on exploration of the project over a 5 year period and meet project acquisition costs.

Canyon's projects represent a combination of outstanding geological and structural settings in highly gold endowed Birimian Greenstone Belts, with recognised major gold hosting structures traversing the project areas. As such, the project areas have potential to host significant mineral 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.