



28 April 2017

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2017

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Non-Executive Chairman

Mr Phillip Gallagher

Managing Director

Mr Emmanuel Correia

Non-Executive Director

Mr Robert Marusco

Company Secretary

ASX Code: CAY

Website:

www.canyonresources.com.au

ABN 13 140 087 261

The Directors of **Canyon Resources Ltd** (ASX: CAY) are pleased to report on the Company's activities for the quarter ending 31 March 2017.

Birsok Bauxite Project Cameroon

The Company continues to focus on developing a bauxite mining and DSO (Direct Shipping Ore) operation in Cameroon.

During the quarter, the Government of Cameroon, via a Prime Ministerial decree, invited representatives of Canyon's Board and Management, along with the Company's legal counsel and technical experts and consultants to present to a Government inter-departmental committee comprised of senior technical representatives from various relevant Ministries, including the Ministry of Mines, Industry and Technological Development, Ministry of Transport, Ministry for the Environment, Nature Protection and Sustainable Development, Ministry of Economy, Planning and Regional Development, Ministry of State Property and Land Tenure, various Technical Advisors to the Prime Minister's office and a representative from the local rail operator.

The committee was convened over two weeks, at Canyon's expense, and conducted a detailed review and analysis of Canyon's proposals to develop a DSO bauxite mining and export operation in the country. The committee agenda was extensive and covered a number of key items, in particular, an assessment of the impact of a major mine development on the local population, the capacity and implications for existing infrastructure as a result of the possible construction of a major mining project in the Adamawa Region of the country, an assessment of the economic impacts of the Project both locally and nationally and an assessment of Canyon's capacity and technical expertise to execute its proposal.

Canyon was represented at these meetings by members of its Board and management team and representatives from its engineering, legal and financial partners. Canyon has received positive feedback from the committee meetings and is now working with the Government and committee to finalise the formal reporting process as quickly as possible.

As was previously announced, Canyon has recommenced exploration on the Birsok Project, with a geological team currently on the project site in Cameroon. The objective of the exploration program will be to complete additional exploration on the high grade, low contaminant bauxite identified from previous drilling programs and to test additional and new bauxite plateaux. The planned exploration program will also investigate other locations in the region that have the potential to host high grade bauxite.

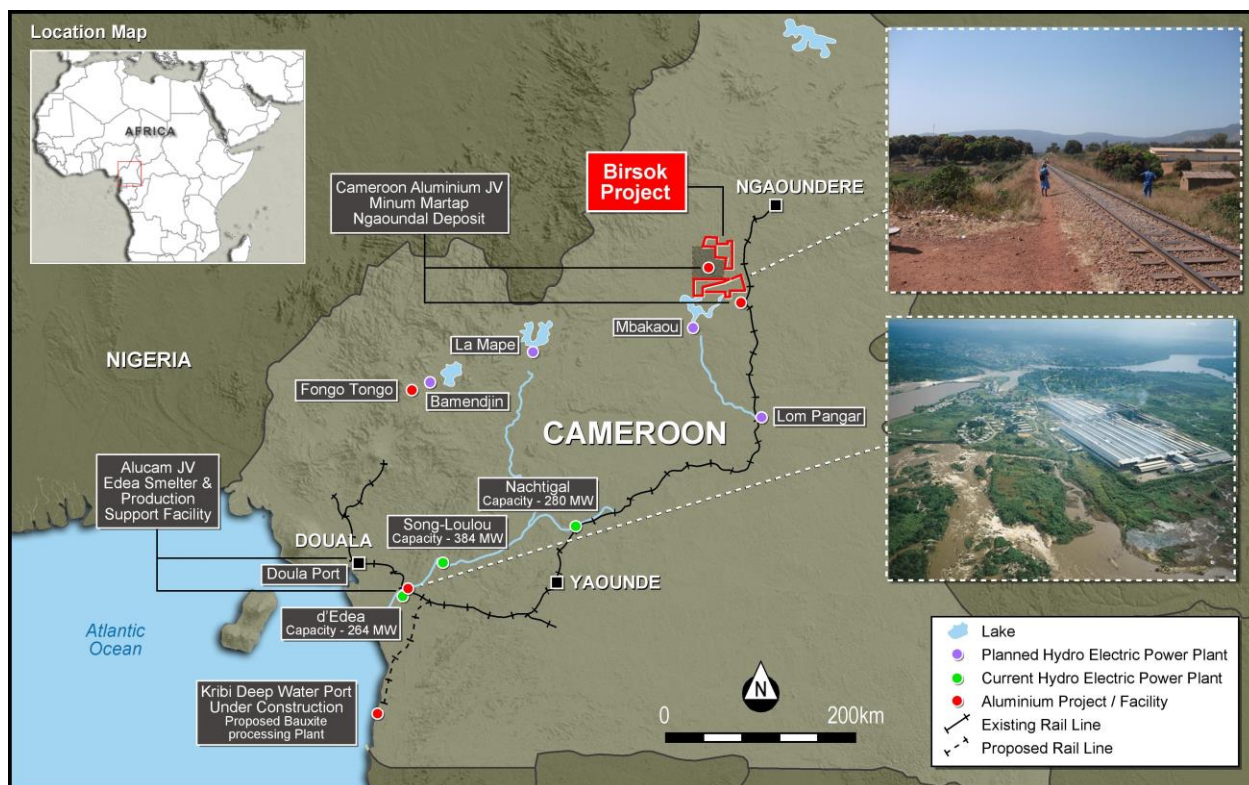


Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

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 Hounde greenstone belt in south western Burkina Faso. During the period Acacia informed Canyon that it has earned 75% of the projects having spent the required \$1,500,000 on exploration over two years from March 2015.

The Canyon/Acacia joint venture permits are part of a package of permits held by Acacia on the Hounde greenstone belt. Acacia are conducting regional exploration across the project area.

Aircore drilling was commenced by Acacia on the 24th January 2017 as part of the program across the wider Hounde Project area. By the end of March a total of 227 holes for an aggregate of 11,549m have been drilled on 3 regional wide spaced traverses.

The objective of the drilling program was to test Au-in-soil anomalies that are coincident with anomalous termite mound results and interpreted structural/magnetic targets.

An RC drilling program at the southern Gaghny prospect commenced on the 7th March. By the end of the quarter a total of 16 holes for an aggregate of 2,401m had been drilled.

Acacia plan ongoing field work in the second quarter, including, continuing the Aircore drilling program, further field geological mapping, soil sampling and trenching programs.

As well as continuing with data analysis and interpretation, integrating all data including mapping, geochemistry, drilling, IP and magnetic interpretation.

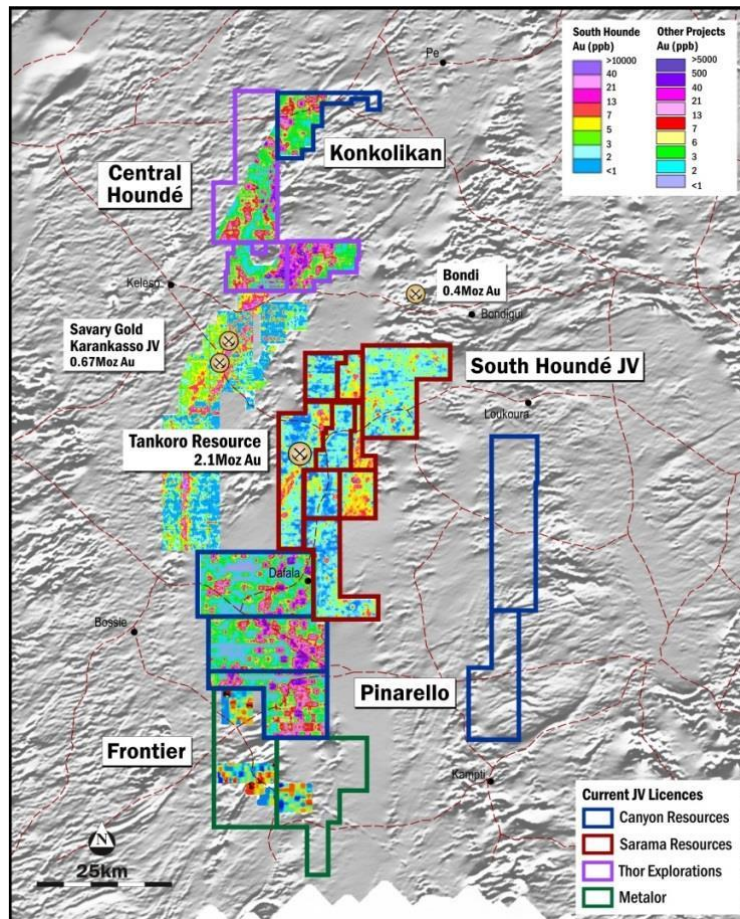


Figure 2: Map showing Acacia Mining holding on the Hounde belt in south west Burkina Faso. Canyon Resources JV permits are in blue.

Corporate

On the 19th January 2017, announced that it had entered into underwriting agreements with each of Barclay Wells Limited and BW Equities Pty Ltd ("Underwriters") to fully underwrite the Company's listed option series (ASX: CAYOA), up to a value of A\$3.405 million.

At the time of entering into the underwriting agreement, Canyon had 56,753,252 listed CAYOA options on issue, exercisable at \$0.06 cents on or before 5.00pm (AWST), 31 January 2017. A total of 56,753,252 shares were issued upon the exercise of the CAYOA options resulting in additional funding of A\$3.405 million (before expenses).

On the 6th March 2017 also issued a further 7,100,000 shares upon the exercise of the 7,100,000 unlisted options exercisable at \$0.068 cents resulting in additional funding of A\$482,800 (before expenses).

These two option exercises has ensured the Company is well funded for the next important phase of development of its bauxite assets in Cameroon.

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:**Phillip Gallagher**

Managing Director

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Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 31 December 2015	Interest at 31 December 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")

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(889)	(1,437)
(b) development	-	-
(c) production	-	-
(d) staff costs	(125)	(372)
(e) administration and corporate costs	(385)	(691)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	5
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	(1,397)	(2,495)

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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	(3)	(3)
	(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)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	682
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	3,977	4,454
3.4	Transaction costs related to issues of shares, convertible notes or options	(201)	(217)
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	3,776	4,919

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	466	423
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,397)	(2,495)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,776	4,919
4.5	Effect of movement in exchange rates on cash held	(10)	(12)
4.6	Cash and cash equivalents at end of period	2,832	2,832

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	2,832	466
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)	2,832	466

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
85
-

6.1 Payment of Directors Fees

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 \$A'000	Amount drawn at quarter end \$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.		


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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	250
9.2 Development	-
9.3 Production	-
9.4 Staff costs	124
9.5 Administration and corporate costs	129
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	503

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: 28 April 2017
(Company Secretary)

Print name: Robert Marusco

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.