

23 February 2015

Canyon Executes MOU with Rail and Port Operators in Cameroon

HIGHLIGHTS:

- ▶ Canyon has executed an MOU with Bolloré Africa Logistics Cameroon, operators of the Doula port and Camrail SA, the operator of the existing rail line, regarding the mutual cooperation of the parties to investigate rail, port and logistics services for the Company's Birsok Bauxite Project.
- ▶ The MOU is the first stage in negotiating a final contract for the rail and port services for the export of DSO bauxite from the Birsok Bauxite Project.
- ▶ The MOU covers the investigation of key logistics and transport services required to develop and operate the Birsok Bauxite Project as a DSO bauxite operation.

The Directors of **Canyon Resources Ltd** (ASX:CAY) ("Canyon" or "the Company") are pleased to announce the Company has executed a binding Memorandum of Understanding (MOU) with Bolloré Africa Logistics Cameroun SA (Bolloré) and Camrail SA (Camrail) for the mutual cooperation of the parties to achieve a comprehensive logistics overview on both port and rail options for the Birsok Bauxite Project in Cameroon.

Bolloré is the operator of the Douala Port in Cameroon, which is directly serviced by the existing Camrail rail line running from the Birsok Project to the port. Bolloré is the leader in freight forwarding, logistics and transportation (maritime and road), as well as import and export, warehousing activities, and related ancillary services in the central African sub region and particularly in the Republic of Cameroon.

Camrail operates the existing rail line that passes approximately 10km from the Birsok Project. Initial studies completed by experts engaged by Canyon on technical data supplied by Camrail indicate that the rail line has the capability and capacity to transport commercial quantities of bauxite to the Douala Port.

Managing Director of Canyon Resources, Mr Phillip Gallagher said *"The signing of an MOU with both Bolloré and Camrail is a very important step in the process of advancing the development of the Birsok Project as a low CAPEX DSO bauxite mining operation utilising existing rail and port infrastructure. As the operators of the existing rail network and the port facility, both Camrail and Bolloré will be important partners with Canyon in the development and operation of the Birsok Project and we are therefore very pleased that they are prepared to work with us at this initial stage to proactively investigate the logistical options for the Birsok Project, and their commitment to working to negotiate terms and conditions for the entry into a master agreement for the provision of door to door logistics and transportation services to Canyon. We are very pleased with the positive and proactive approach from both companies and look forward to developing and finalising an infrastructure solution for the Project."*

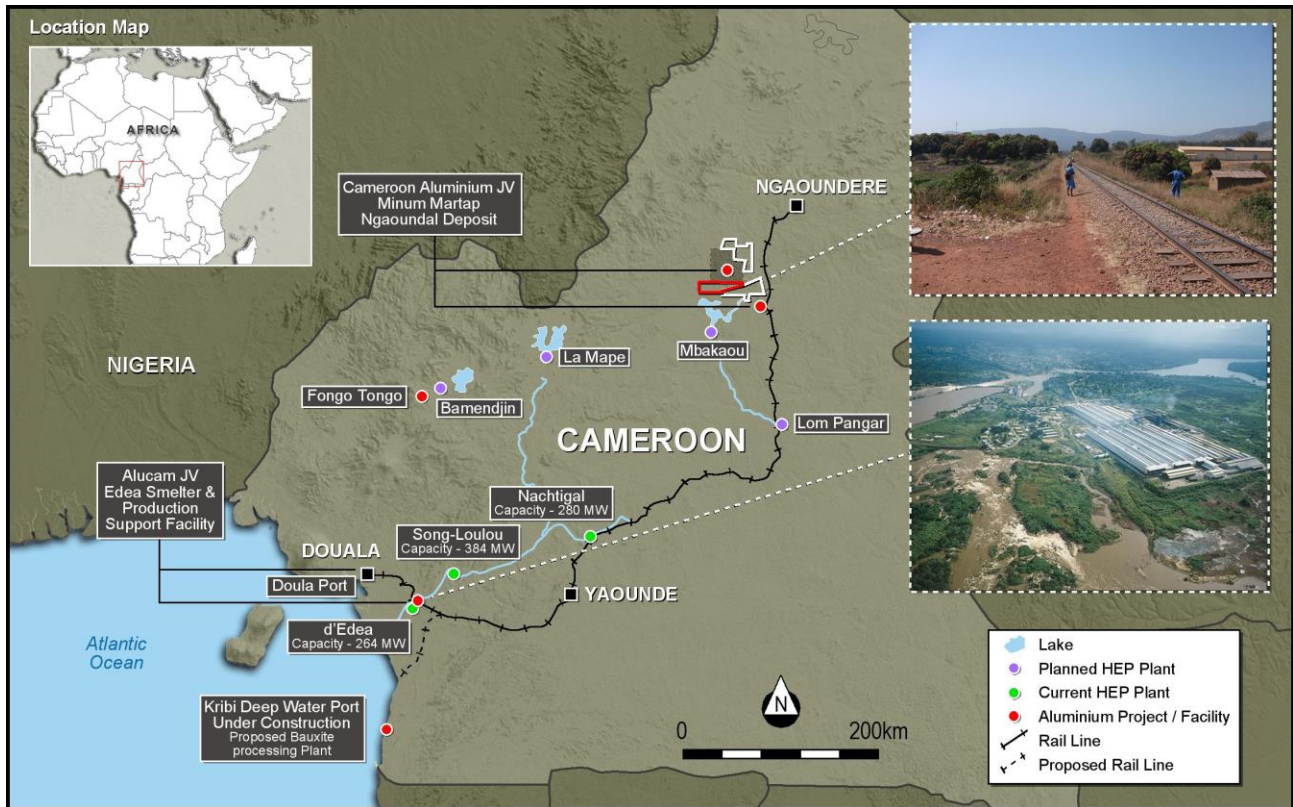


Figure 1 – Location of Canyon’s Birsok Bauxite Project in central Cameroon, showing the Camrail rail line and Douala Port.

The MOU is an agreement to review all the logistical and freight aspects related to the development of the Birsok Project with a common objective of executing a master contract for the provision of those related services by Bolloré and Camrail to the Canyon for the Birsok Project.

The scope of work within this initial MOU covers consideration of the logistical and operational areas that both Bolloré and Camrail can provide to Canyon, including the review and study of different logistical options for transportation of product and the development of optimal logistical solutions for product derived from the Birsok Bauxite Project.

Specific areas to be reviewed as part of the MOU include:

- Customs procedures
- Port infrastructure overview
- Import/export logistics execution plan
- Export freight options, including direct ship and trans ship loading options
- Rail execution plan
- Project logistics alternatives

The review will include quality and reliability standards, timing, phases of development and costs of the services.

With the execution of the MOU, Canyon will be increasing the focus on the logistical requirements of the Birsok Project and will be working with both Bolloré and Camrail to develop an optimal logistical solution and contracts for the provision of those services.

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 1), contiguous with the world class Minim Martap bauxite deposit and approximately 10km from an operating rail line.

During 2014 Canyon conducted an inaugural drilling program which returned high grade, low impurity bauxite mineralisation over the key plateaux tested, with multiple intersections of >50% Al_2O_3 . Canyon also commenced some early broad based laboratory testing of a selection of the drill samples to determine the suitability of the bauxite. Results on the priority plateaus were encouraging with good available Al_2O_3 and low reactive silica.

In addition to the bauxite assets, Canyon has an established portfolio of highly prospective gold exploration projects in Burkina Faso, which cover an area of approximately 3,500km² over 17 permits in the Birimian greenstone belts of the West African craton.

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