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New Project Acquisition

- **Canyon to acquire the Wilier Project in eastern Burkina Faso, comprising two granted permits totalling 490km² in area.**
- **The Wilier Project is located in the Fada N’Gourma greenstone belt. Extensions of the belt host the 2.5 million ounce Samira Hill gold mine and the 1.1 million ounce Youga gold mine.**
- **Increases Canyon’s total exploration area to 3,010 km² in four separate project areas.**

Canyon Resources Limited (“Canyon” or “the Company”) (ASX:CAY) is pleased to announce that it has entered into an agreement with a local vendor to purchase a new project, the Wilier Project, comprising two granted contiguous exploration permits in eastern Burkina Faso.

This acquisition is consistent with Canyon’s previously announced strategy of continuing to selectively grow its exploration portfolio in Burkina Faso whilst actively exploring its existing projects.

Canyon’s Managing Director, Mr Phillip Gallagher said, “We have had the opportunity to review a number of project areas for potential acquisition in Burkina Faso and the Wilier Project exceeds our criteria for early stage projects. It is a testament to our team on the ground in Burkina Faso, managed by our Exploration Manager Mr Chris Connell, that we are able to secure projects with such high exploration potential at a reasonable purchase price.”

Canyon will initiate a first pass exploration program on Wilier at the commencement of the new exploration season in Burkina Faso, which is expected to commence in October 2011.

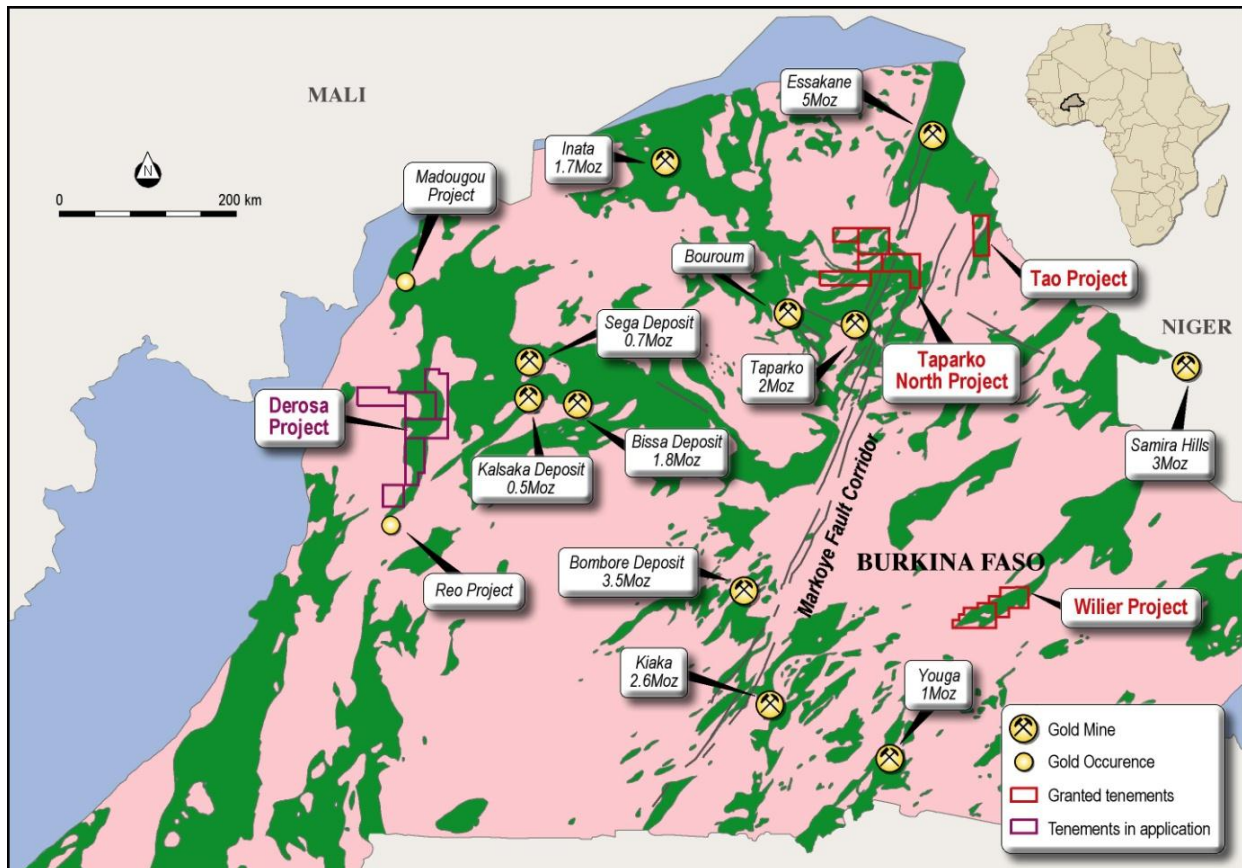


Figure 1: Regional interpreted geology map highlighting Canyon's project areas.

About the Wilier Project

The Wilier Project comprises two granted exploration permits, Tibaari and Boudangou, with a combined area of 490 km². With the addition of the Wilier Project, Canyon now has exploration permits totalling 3,010 km² in four separate project areas; Taparko North, Tao, Derosa and Wilier projects (see figure 1).

The Wilier permits are located approximately 200 kilometres to the east of Burkina Faso's capital city Ouagadougou, and occur within the Fada N'Gourma Greenstone Belt. The northern extension of the Fada N'Gourma Greenstone Belt hosts Niger's largest gold deposit, the Samira Hill gold mine (a 2.5 million ounce deposit). The Fada N'Gourma Greenstone Belt also represents the north eastern extension of the Youga Greenstone Belt that hosts the 1Mtpa Youga open pit gold mine (reserves and resources of 1.1 million ounces).

The Wilier Project covers a north east trending sequence of Birimian greenstones and felsic intrusives with several areas of artisanal gold workings identified on the permits. The artisanal workings are generally associated with north east trending regional shear zones.

There is no previous geochemical or drilling data available for the Wilier Project. As such, Canyon is planning a comprehensive first pass exploration program to test the prospectivity of the Wilier Project. Activities will include extensive auger geochemical drilling, rotary air blast (RAB) drilling, field reconnaissance mapping and rock chip sampling.

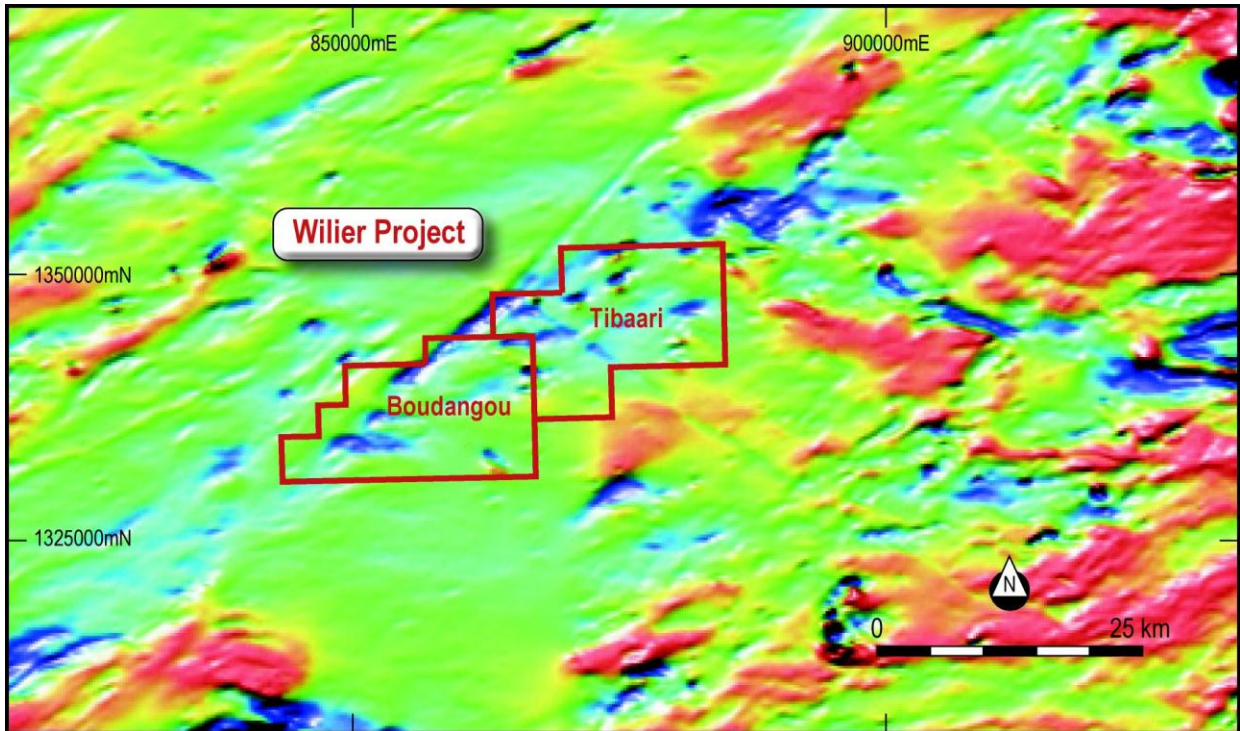


Figure 2: Aeromagnetic image showing the location of the Wilier Project

Summary of the Purchase Agreement

Canyon will acquire 100% of the Wilier Project via an initial payment on signing of the Agreement and a series of payments over a three year period. The payments are to be made at Canyon's election and if Canyon chooses not to make one of the payments it will hand back ownership of the tenements.

To gain 100% ownership of both tenements Canyon is required to pay the following;

- US\$120,000 upon the signing of the Agreement;
- US\$100,000 on the 1st anniversary of the signing of the Agreement;
- US\$100,000 on the 2nd anniversary of the signing of the Agreement; and
- US\$ 80,000 on the 3rd anniversary of the signing of the Agreement.

About Canyon's Burkina Faso Projects

In addition to 490km² Wilier Project, Canyon's existing mineral exploration projects in Burkina Faso cover an area of 2,520km² over 10 permits in the Birimian Greenstone Belts of the West African craton. These permits comprise three project areas known as the Taparko North Project, the Tao Project and the Derosa Project.

The Taparko North 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 Project lies in the Gorouol Greenstone Belt which hosts the country's largest deposit, the 5 million ounce Essakane gold mine.

Significantly, both 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 3.5 million ounce 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 Derosa Project is a package of permits currently under application. The permits are along the structure from Middle Island Resources Limited's Reo Project and offer an early stage exploration opportunity in area that has active artisanal mining and significant exploration potential.

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 three project areas have potential to host significant mineral resources, as demonstrated by recent exploration results.

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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.