



23 February 2011

## **High Grade Gold Intercepted at Tao Project Mineralised Strike Extended to Over 3km**

### **HIGHLIGHTS**

- **Tondoby Prospect gold mineralised strike extended by 600m by extensional RAB drilling to over 3km in length.**
- **Mineralisation remains open to the north and south, and at depth, with further results pending.**
- **Results from the RC drilling at the Tondoby Prospect include:**
  - **8m @ 30.04 g/t Au from 56m, including 4m @ 58.7 g/t Au (TDRC102)**
  - **8m @ 10.31 g/t Au from 100m (TDRC086)**
  - **4m @ 4.62 g/t Au from 88m (TDRC088)**
  - **8m @ 2.69 g/t Au from 72m (TDRC076)**
  - **4m @ 4.27 g/t Au from 112m (TDRC076)**

**Canyon Resources Ltd (ASX: CAY)** is pleased to announce reverse circulation (RC) and initial rotary air blast (RAB) drilling results from its Tao Project in north eastern Burkina Faso where it is has been focused on following up high grade gold mineralisation discovered by Canyon in 2011.

### **RC Drill Results**

Results returned identify the presence of additional high grade mineralisation at the Tondoby prospect.

The RC drilling was designed to continue delineating previously identified gold mineralisation and to follow up conceptual parallel lodes. Results from 29 RC holes have now been returned.

Encouragingly a new high grade gold lode has been intersected in the hanging wall of TDRC102. Based on this information, new geological models are being developed that will be tested in the near future.

Best results from this first batch of assays from this RC program include:

- **8m @ 30.04 g/t Au from 56m, including 4m @ 58.7 g/t Au (TDRC102)**
- **8m @ 10.31 g/t Au from 100m (TDRC086)**
- **4m @ 4.62 g/t Au from 88m (TDRC088)**

Other significant results are provided at Table 1 below.

## RAB Drill Results Extend Tondoby Strike

Testing of the Tondoby strike extensions has commenced using shallow RAB drilling. Encouragingly, results from the first RAB line situated 600m northeast of the most northern RC hole show that gold mineralisation continues, with a peak result of 2m @ 2.76 g/t Au in TNRAB011 (WGS84\_E – 211663; WGS84\_N – 1550414). RAB holes either side of this hole have also returned highly anomalous gold intercepts.

These results demonstrate a 600m extension to the known gold mineralised strike, which has now been tracked at the Tondoby prospect for over 3km. Additional RAB traverses have been drilled on 400m centres to the northeast along strike that also shows evidence of having intersected the Tondoby structure, with quartz-tourmaline-sulphide veins logged.

## Upcoming Drilling

The RAB rig has been secured by Canyon for the remainder of the field season and will continue to test the open strike extents of the mineralised Tondoby structure. Based on the successful results thus far, a second RAB rig is being sourced for the Tondoby strike extension program.

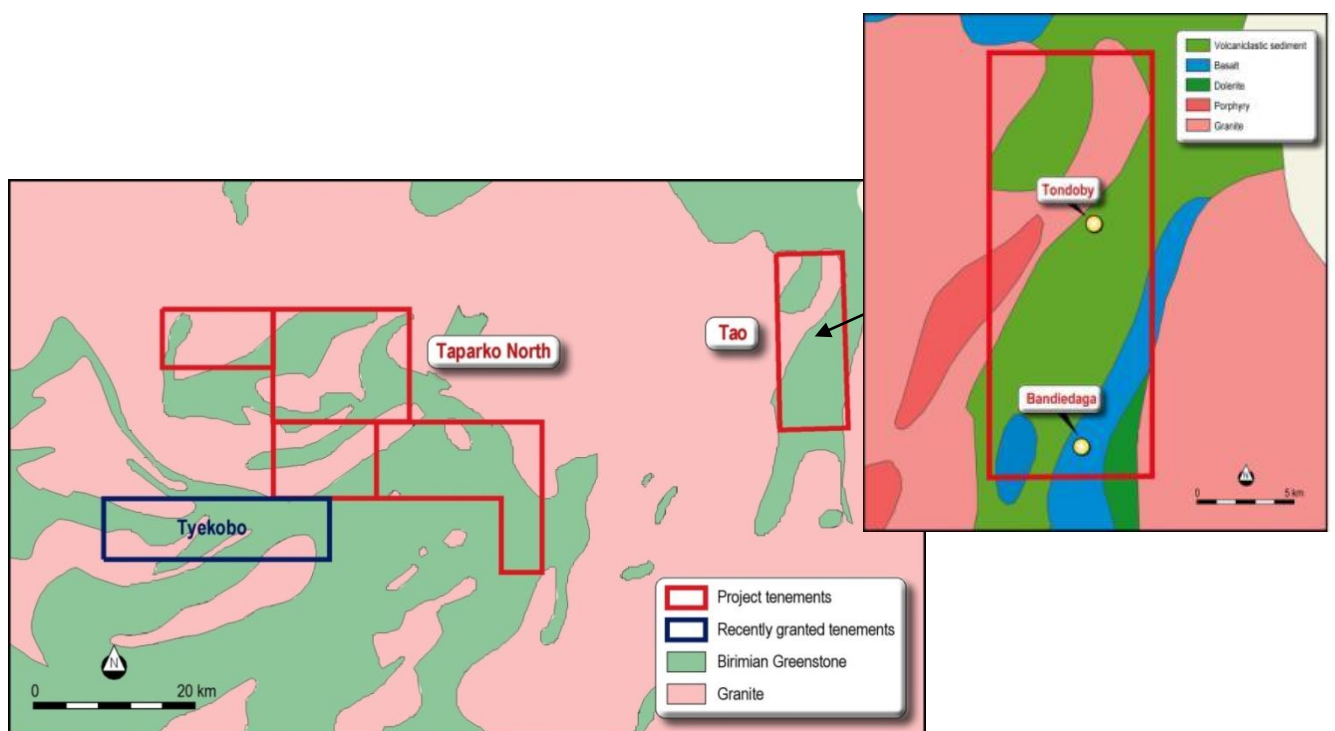


Figure 1: Location of the Tao Project

## About the Drilling Programs

A 5,188m RC drilling program at the Tondoby Prospect (within the Tao Project area) was undertaken in February 2012. The drilling was not an infill program but primarily focussed on further understanding the geological controls on mineralisation. Parallel or diverging lodes and overturned dip directions were tested as part of this program.

Mineralisation at Tondoby is hosted in a relatively brittle diorite in sheared contact with a ductile metasediment unit. Given the nature of the mineralisation at Tondoby it was thought the potential for additional riedel or flower structure hosted lodes was strong. The diverging lodes intersected in TDR0102 (8m @ 30.01g/t Au), TDR0096 and previously in TDR0020, have now demonstrated the potential for additional lodes being discovered at the Tondoby prospect. These concepts will be further tested in future drilling campaigns.

Evidence seen from small artisanal pits indicated the main Tondoby lode possibly becomes overturned in the southern portion. This was shown in TDR0086 (8m @ 10.31 g/t Au), the lode near the southern cross structure narrows and is overturned dipping back to the east-northeast. Whilst the lode narrows the grade increases, also evidenced in neighbouring traverses. Based on the dip change, additional drilling will be designed to track the high grade mineralisation in this portion of the prospect.

The ongoing shallow RAB program is testing the Tondoby shear along strike to the northeast. Traverses are on 400m centres with holes usually reaching refusal between 25m and 40m. A total of 5,494 metres in 146 holes have been drilled. Initial results from the first traverse (13 holes) of RAB drilling completed 600m grid north of the Tondoby RC have shown gold mineralisation continues with a peak result of 2m @ 2.76 g/t Au returned in TNRAB011. RAB holes either side also returned anomalous intersections. The gold is hosted in quartz-tourmaline-sulphide veins in a deformed Diorite unit. Diorite hosted alteration (magnetite–tourmaline–sulphide) and quartz veining has been logged in most of the completed RAB traverses near the shear metasediment contact. Results are expected shortly.

<b>Significant RC Drilling Results</b>						
<b>Hole ID</b>	<b>WGS84_E</b>	<b>WGS84_N</b>	<b>From (m)</b>	<b>To (m)</b>	<b>Interval (m)</b>	<b>Grade (g/t Au)</b>
<b>TDR0076</b>	210807	1547529	<b>72</b>	<b>80</b>	<b>8</b>	<b>2.69</b>
			<b>112</b>	<b>116</b>	<b>4</b>	<b>4.27</b>
TDR0078	210848	1547596	72	76	4	3.28
TDR0079	210886	1547581	148	152	4	1.78
TDR0082	210929	1547826	88	92	4	1.66
<b>TDR0086</b>	211062	1548286	<b>100</b>	<b>108</b>	<b>8</b>	<b>10.31</b>
<b>TDR0088</b>	211095	1548440	<b>88</b>	<b>92</b>	<b>4</b>	<b>4.62</b>
TDR0096	211114	1549116	16	24	8	1.37
TDR0101	211308	1549130	92	96	4	1.38
<b>TDR0102</b>	211331	1549213	<b>56</b>	<b>64</b>	<b>8</b>	<b>30.04</b>
			116	120	4	1.12

All holes are inclined at -50deg and drilled toward 290deg.  
Significant results defined as all composited intercepts above 1.0 g/t Au.  
Downhole intercepts are calculated using a 0.4 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 SGS Ouagadougou for 40g Au fire assay.  
Anomalous composite samples will have the corresponding 1m split samples submitted for Au fire assay.

**Table 1: Significant RC Drilling Results**

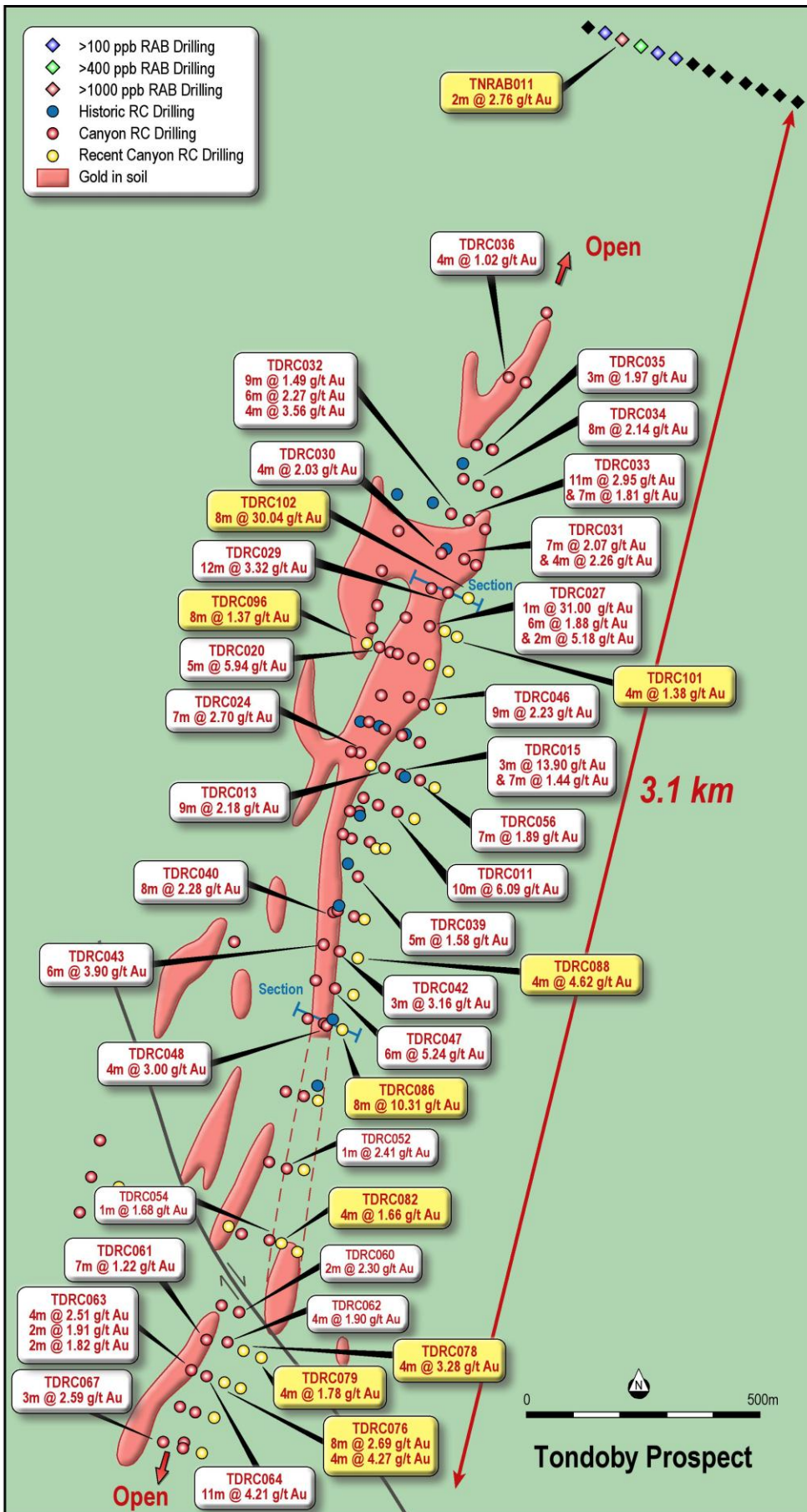


Figure 2: Drill hole location plan

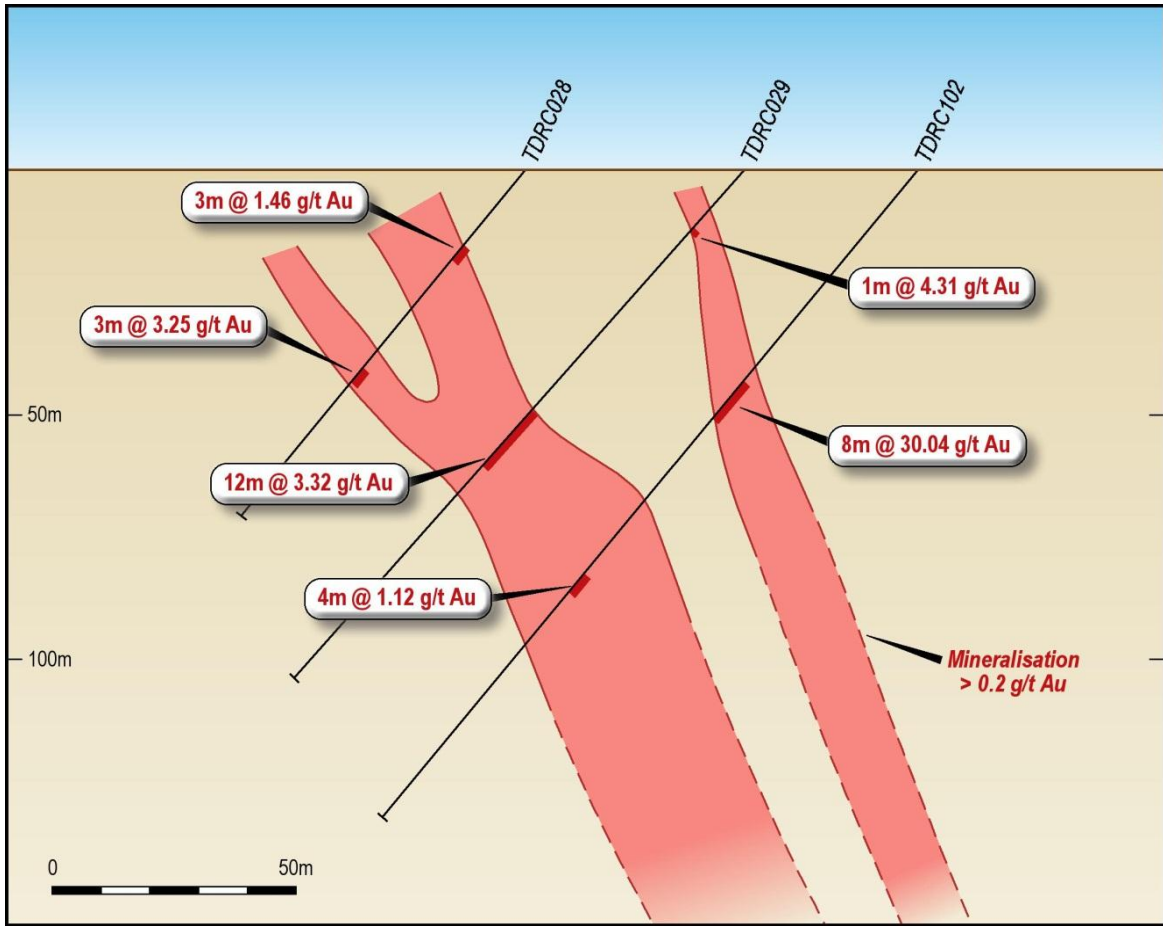


Figure 3: Section A.

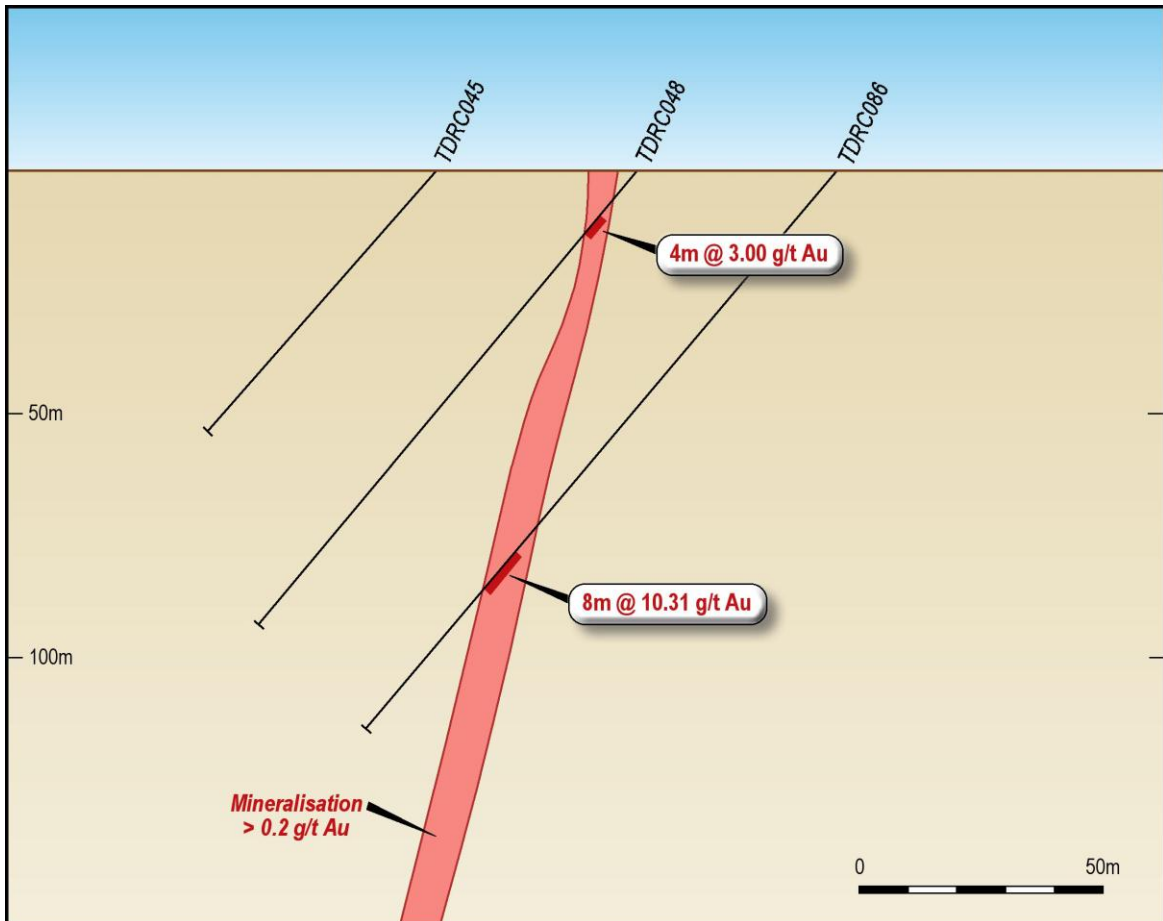


Figure 4: Section B.

## **About Canyon's Burkina Faso Projects**

Canyon's existing mineral exploration projects in Burkina Faso cover an area of over 4,000km<sup>2</sup> over 20 permits in the Birimian Greenstone Belts of the West African craton. These permits comprise five project areas known as the Taparko North Project, the Tao Project, the Wilier Project, the Pinarello 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 Wilier Project is comprised of two contiguous tenements in the Fada N'Gourma greenstone belt. Extensions of this greenstone belt host the 1.9 million ounce Samira Hill gold mine and the 1.1 million ounce Youga gold mine.

The Wilier Project is located on the Fada N'Gourma belt in eastern Burkina Faso. Extensions of the belt host the 1.9 million ounce Samira Hill gold mine and the 1.1 million ounce Youga gold mine.

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 four 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*