
CANYON RESOURCES LIMITED

ACN 140 087 261

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:00am (WST)

DATE: 21 November 2014

PLACE: The Celtic Club
48 Ord Street
West Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 6143 4256.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the meeting of the Shareholders to which this Notice of Meeting relates will be held at 9:00am (WST) on 21 November 2014 at:

The Celtic Club

48 Ord Street

West Perth, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 19 November 2014.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-Chair proxy to Chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. ANNUAL FINANCIAL REPORT

To receive and consider the Annual Financial Report, including Directors' declarations, the Director's report, the Remuneration Report and the auditor's report, for the financial year ended 30 June 2014.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's Annual Financial Report for the financial year ended 30 June 2014."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 3 – APPROVAL TO ISSUE SHARES – CAMEROON PROJECTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company issue up to 8,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 4 – ELECTION OF A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, Mr David Netherway, being a Director and holding office until this Meeting, offers himself for re-election in accordance with rule 16.3(b) of the Constitution and for all other purposes, and being eligible, is re-elected as a Director of the Company."

6. RESOLUTION 3 – RE-ELECTION OF A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of rule 16.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Matthew Shackleton, a Director of the Company, retires by rotation and, being eligible for re-election, is re-elected as a Director of the Company."

DATED: 17 OCTOBER 2014

BY ORDER OF THE BOARD



**PHILLIP MACLEOD
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the Annual Financial Report of the Company for the financial year ended 30 June 2014 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's Annual Report to Shareholders unless specifically requested to do so. The Company's Annual Report is available on its website at www.canyonresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the Directors of the company.

The remuneration report sets out the company's remuneration arrangements for the Directors and senior management of the company. The remuneration report is part of the Directors' report contained in the annual financial report of the company for a financial year.

The Chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of Directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the company who were in office when the Directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the Managing Director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the company is approved will be the Directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

3.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 2, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 5.2 below).

The effect of Resolution 2 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 2 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

3.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has three classes of quoted Equity Securities on issue, being the Shares (ASX Code: CAY) and two series of Options (ASX Code: CAYO and CAYOA). The Company also has unquoted Options and convertible securities on issue.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

3.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 2:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 3.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and

the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid); (**10% Placement Capacity Period**).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	2.2 cents 50% decrease in Issue Price	4.4 cents Issue Price	8.8 cents 100% increase in Issue Price
104,462,039 (Current)	Shares issued	10,446,203 Shares	10,446,203 Shares	10,446,203 Shares
	Funds raised	\$229,816	\$459,633	\$919,266
156,693,058 (50% increase)	Shares issued	15,669,305 Shares	15,669,305 Shares	15,669,305 Shares
	Funds raised	\$344,725	\$689,449	\$1,378,899
208,924,078 (100% increase)	Shares issued	20,892,407 Shares	20,892,407 Shares	20,892,407 Shares
	Funds raised	\$459,633	\$919,266	\$1,838,532

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 104,462,039 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 17 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new mineral resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current mineral assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources, mineral assets and investments (including expenses associated with such acquisitions) or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Details of Equity Securities issued in the 12 months preceding the date of Meeting**

On 18 November 2013, the Company received Shareholder approval for the Additional Placement Capacity at its 2013 annual general meeting. No Shares have been issued under the Additional Placement Capacity subsequent to that meeting Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months before this Meeting (that is, since 21 November 2013) is 82,910,154 (being 32,955,077 Shares and 49,955,077 Options). The total number of Equity Securities on issue at 21 November 2013 was 71,506,962 Shares, 17,356,130 Options and 15 convertible securities (convertible to 15,000,000 Shares). The total number of Equity Securities issued in the 12 months since 21 November 2013 is 80% of the total number of Equity Securities on issue at 21 November 2013 on a fully diluted basis.
- The details for each separate issue of Equity Securities issued during the 12 months preceding the date of the Meeting are:

Date of issue:	10 February 2014
Number of Equity Securities:	18,655,061 Shares 18,655,061 Options
Summary of terms:	Shares – fully paid ordinary New quoted Options exercisable at 6 cents each expiring 31 January 2017.
Basis on which recipients were determined:	Pro rata non-renounceable entitlement issue to existing shareholders.
Price:	4.5 cents per Share with a free attaching option for each Share issued.
Discount to market price:	The Shares were issued at a 0.3 cents discount to the market closing price of 4.8 cents on 12 February 2014. The Options were a new class so no discount to market price is applicable.
Total cash consideration received:	\$839,478
Amount of cash consideration spent:	All funds raised spent on exploration in Burkina Faso and Cameroon; costs of the issue; and working capital.
Intended use for remaining amount of cash:	Not applicable.

Date of issue:	10 and 11 March 2014 and 23 April 2014
Number of Equity Securities:	7,300,016 Shares 7,300,016 Options
Summary of terms:	Shares – fully paid ordinary Quoted Options exercisable at 6 cents each expiring 31 January 2017.
Basis on which recipients were determined:	Placement of shortfall from pro rata entitlement issue to clients of Hartleys Limited and Patersons Securities Limited.
Price:	4.5 cents per Share with a free attaching option for each Share issued.
Discount to market price:	The Shares were issued with no discount to the market price of 4.4 cents. This class of Options had not traded at the time of this issue.
Total cash consideration received:	\$328,500
Amount of cash consideration spent:	Approximately \$232,000 spent on exploration in Cameroon; costs of the issue; and working capital.
Intended use for remaining amount of cash:	Exploration on projects in Cameroon, Burkina Faso and working capital.

Date of issue:	19 March and 23 April 2014
Number of Equity Securities:	10,000,000
Summary of terms:	Unquoted Options exercisable at 6.8 cents each expiring 22 February 2017.
Basis on which recipients were determined:	The Options were issued to Directors, officers and staff (or their nominees) under the Company's incentive Option plan. Options were issued to Directors or their nominees with approval of shareholders at a meeting held 24 February 2014.
Price:	Nil.
Discount to market price:	Not applicable.
Total cash consideration received:	Nil.

Date of issue:	19 May 2014
Number of Equity Securities:	7,000,000 Shares 7,000,000 Options
Summary of terms:	Shares – fully paid ordinary Quoted Options exercisable at 6 cents each expiring 31 January 2017.
Basis on which recipients were determined:	Placement of Shares and attaching Options made to sophisticated investor clients of Hartleys Limited and Patersons Securities Limited.
Price:	4.5 cents per Share with a free attaching option for each Share issued.
Discount to market price:	The Shares were issued with a 0.2 cent discount to the market price of 4.7 cents. The Options were issued with a 1.4 cent discount to the last traded price prior to the issue.
Total cash consideration received:	\$315,000
Amount of cash consideration spent:	Nil.
Intended use for remaining amount of cash:	Exploration on projects in Cameroon, Burkina Faso and working capital.

Date of issue:	23 April and 19 May 2014
Number of Equity Securities:	7,000,000 Options
Summary of terms:	Quoted Options exercisable at 6 cents each expiring 31 January 2017.
Basis on which recipients were determined:	Options issued to nominees of brokers associated with and supportive of the entitlement and shortfall issue and subsequent placements.
Price:	Nil. Issued as part consideration for assisting the Company with an entitlement and shortfall issue and placement of Shares and attaching Options.
Discount to market price:	The Options were issued with a 1.4 cent discount to the last traded price prior to the issues.
Current value of the non-cash consideration:	Based on a price of 1.1 cents per Option as at 17 October 2014, the current value of the 7,000,000 Options is \$77,000.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

3.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

4. RESOLUTION 3 – APPROVAL TO ISSUE SHARES – CAMEROON PROJECTS

4.1 General

On 24 December 2013, the Company announced that it had entered in a farm-in and joint venture agreement with wholly owned subsidiaries of UK based Altus Strategies Ltd (**Altus Group**), to acquire up to a 75% interest in the Birsok Bauxite Project in an emerging bauxite province in Cameroon (**Cameroon Projects Agreement**). Under the terms and conditions of the Agreement, upon settlement of the Agreement, the Company is to issue 8,000,000 Shares (**Initial Consideration Shares**) to the Altus Group (or their nominees) who is the vendor under the Agreement.

At a meeting of shareholders held on 24 February 2014, Shareholders approved the issue of the Initial Consideration Shares for the purposes of ASX Listing Rule 7.1. The approval granted was for a period of three months from the date of that meeting. The approval period expired on 23 May 2014. The Company was not in a position to issue those Shares before that date. Accordingly, those 8,000,000 Shares were not issued.

At a subsequent meeting of shareholders held 7 August 2014, Shareholders again approved the issue of the Initial Consideration Shares for the purposes of ASX Listing Rule 7.1 with the approval granted for a period of 3 months from the date of that meeting. The approval period expires on 7 November 2014. If the Company is not in a position to issue the Initial Consideration Shares by that date the Company will seek approval for the issue for the purposes of ASX Listing Rule 7.1 at this Meeting.

If the issue of the 8,000,000 Shares is made prior to 7 November 2014, Resolution 3 will be withdrawn and will not be put to the Meeting.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Resolution 3 again seeks Shareholder approval for the issue of the 8,000,000 Initial Consideration Shares to the Altus Group (or their nominees) upon settlement of the Agreement.

The effect of Resolution 3 will be to allow the Company to issue the Initial Consideration Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity or additional 10% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the maximum number of Shares to be issued is 8,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue will occur on the same date;

- (c) the Shares are being issued for nil cash consideration as part consideration under the Agreement;
- (d) the Shares will be issued to the vendors under the Agreement (or their nominees) all of whom are wholly owned subsidiaries of Altus Strategies Ltd, a UK based company. None of the vendors are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Shares as the Shares will be issued as part consideration pursuant to the Agreement to earn up to a 75% interest in the Cameroon Projects on the terms and conditions announced by the Company to ASX on 24 December 2013.

5. RESOLUTION 4 - ELECTION OF A DIRECTOR – MR DAVID NETHERWAY

Mr Netherway was appointed by the Board as an additional Director of the Company on 17 March 2014.

Pursuant to rule 16.3 of the Constitution, Mr Netherway holds office until this Meeting, and being eligible, offers himself for election as a Director of the Company.

Details of the qualifications and experience of Mr Netherway are available in the 2014 Annual Report of the Company and on the Company's web site at www.canyonresources.com.au.

6. RESOLUTION 5 – RE-ELECTION OF A DIRECTOR – MR MATTHEW SHACKLETON

ASX Listing Rule 14.4 provides that a Director of an entity must not hold office (without re-election) past the third AGM following the Director's appointment or 3 years, whichever is the longer.

Rule 16.4 of the Constitution requires that one third (or, if their number is not a whole multiple of three, then the number nearest to but not exceeding one-third) of the Company's Directors must retire at each annual general meeting. A Director who retires under rule 16.4 is eligible for re-election.

In determining the number of Directors to retire, no account is to be taken of a Director who only holds office until the next annual general meeting pursuant to clause 16.3 of the Constitution.

Mr Shackleton retires by rotation and offers himself for re-election.

Details of the qualifications and experience of Mr Shackleton are available in the 2014 Annual Report of the Company and on the Company's web site at www.canyonresources.com.au.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in section 3.1 of the Explanatory Statement.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the Chair of the Meeting.

Company means Canyon Resources Limited (ACN 140 087 261).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Directors means the current Directors of the Company.

Eligible Entity has the meaning set out in the ASX Listing Rules.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Variable A means "A" as set out in the calculation in section 3.2 of the Explanatory Statement.

WST means Western Standard Time as observed in Perth, Western Australia.

PROXY FORM
CANYON RESOURCES LIMITED
ACN 140 087 261
ANNUAL GENERAL MEETING

I/We, being a Shareholder of Canyon Resources Limited entitled to attend and vote at the Meeting, hereby appoint

Name of proxy

OR

the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 9:00am (WST), on 21 November 2014 at The Celtic Club, 48 Ord Street, West Perth, WA, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	☐	☐	☐
Resolution 2 – Approval of 10% Placement Capacity	☐	☐	☐
Resolution 3 – Approval to issue Shares for Cameroon Project	☐	☐	☐
Resolution 4 – Election of a Director – D Netherway	☐	☐	☐
Resolution 5 – Re-election of a Director – M Shackleton	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail

in relation to this Proxy Form: YES ☐ NO ☐

Instructions for Completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole Director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole Director can also sign alone. Otherwise, a Director jointly with either another Director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Canyon Resources Limited, PO Box 270, West Perth WA 6872; or
 - (b) facsimile to the Company on facsimile number +61 8 9389 1464; or
 - (c) email to the Company at pmacleod@gapcs.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.