

20 August 2015

First Phase of Drilling at Mandoum Completed; Highly Encouraging Initial Assays

HIGHLIGHTS:

- Drilling has been completed at the Mandoum permit with 75 holes drilled on 5 prospect plateaus for 848m. All samples in lab and being processed.
- Assays for first 10 holes received; highly encouraging, significant available alumina assays returned from 5 holes:
 - 6m @ 34.4% AvAl and 6.42% RxSiO₂ from surface MBRC005
 - 3m @ 33.8% AvAl and 8.20% RxSiO₂ from 2m MBRC004
 - 3m @ 32.1% AvAl and 7.60% RxSiO₂ from surface MBRC006
 - 2m @ 34.0% AvAl and 5.20% RxSiO₂ from surface MBRC010
 - 2m @ 30.0% AvAl and 8.50% RxSiO₂ from 1m MBRC003

The Directors of **Canyon Resources Ltd** (ASX:CAY) are pleased to announce that the first phase of the previously announced drilling program has been completed, with 75 holes for 848m drilled at the Mandoum permit (Table & Figure 1). 'Wet Season' rains has scheduled a temporary cessation of the program, with the planned holes on the Birsok permit remaining to be drilled. A pitting program was also completed on the MB01 prospect, with 8 pits completed for 47m.

Table 1 – Drilling and Pitting Statistics, Mbon Prospect, Mandoum

HOLES/PITS	Prospect	Holes/Pits	Metres
MBRC001 - MBRC025	MB08	25	309
MBRC026 - MBRC030	MB09	5	46
MBRC031 - MBRC049; MBRC065-66	MB07	21	243
MBRC050 - MBRC064	MB12	15	145
MBRC067 - MBRC075	MB13	9	105
Total Drill Metres		75	848
Pit 01 - 08	MB01	8	47

All pit and drilling samples have been sent to ALS laboratory in Cameroon for preparation and available alumina/reactive silica analysis in Brisbane, Australia. The Mandoum camp has been secured and all crews de-mobilised until the wet season is finished. The Company owned drilling rig performed well in difficult access conditions. The advantage of the 6 wheel drive Landcruiser mounted drilling rig was evident with this program, as no expensive dozing access was required. All drilling was prepared with environmentally low impact, hand-cut access tracks, employing local villagers.

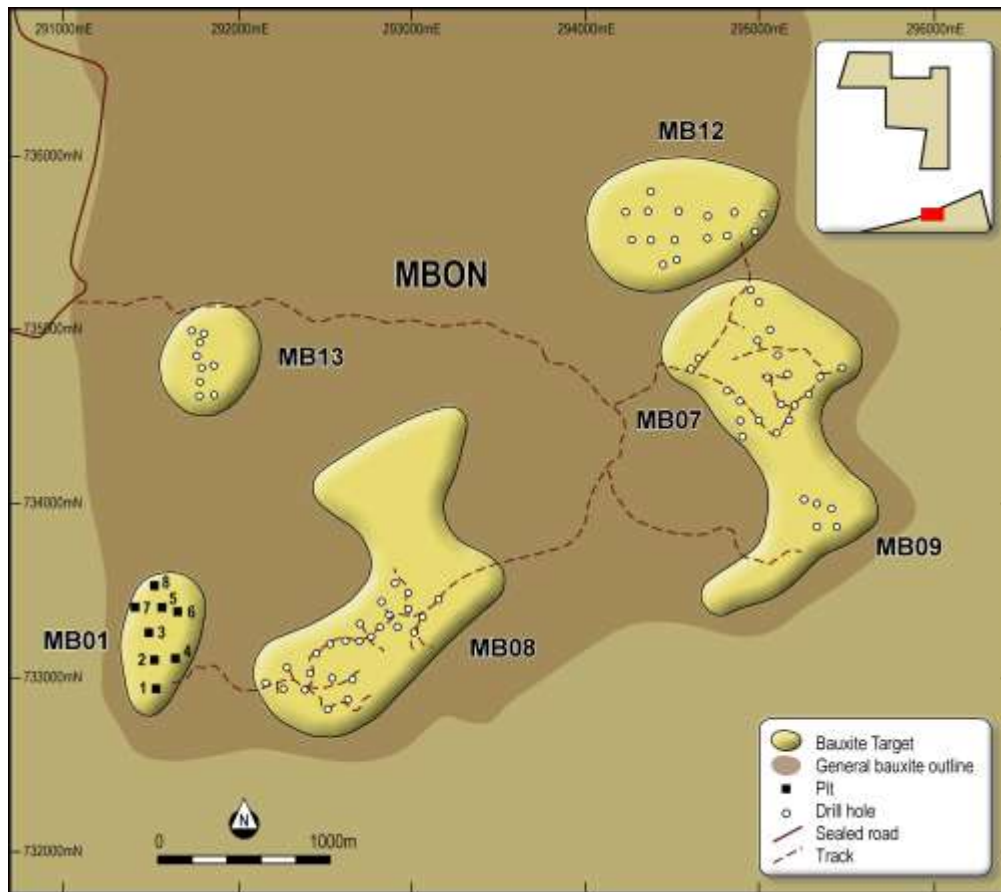


Figure 1 –Completed Holes and Pits on Mbon prospect target plateau on the Mandoum permit

Eight high priority target plateaux remain to be drilled at the Djombi prospect area on Birsok, for around 2,000m of drilling (Figure 2).

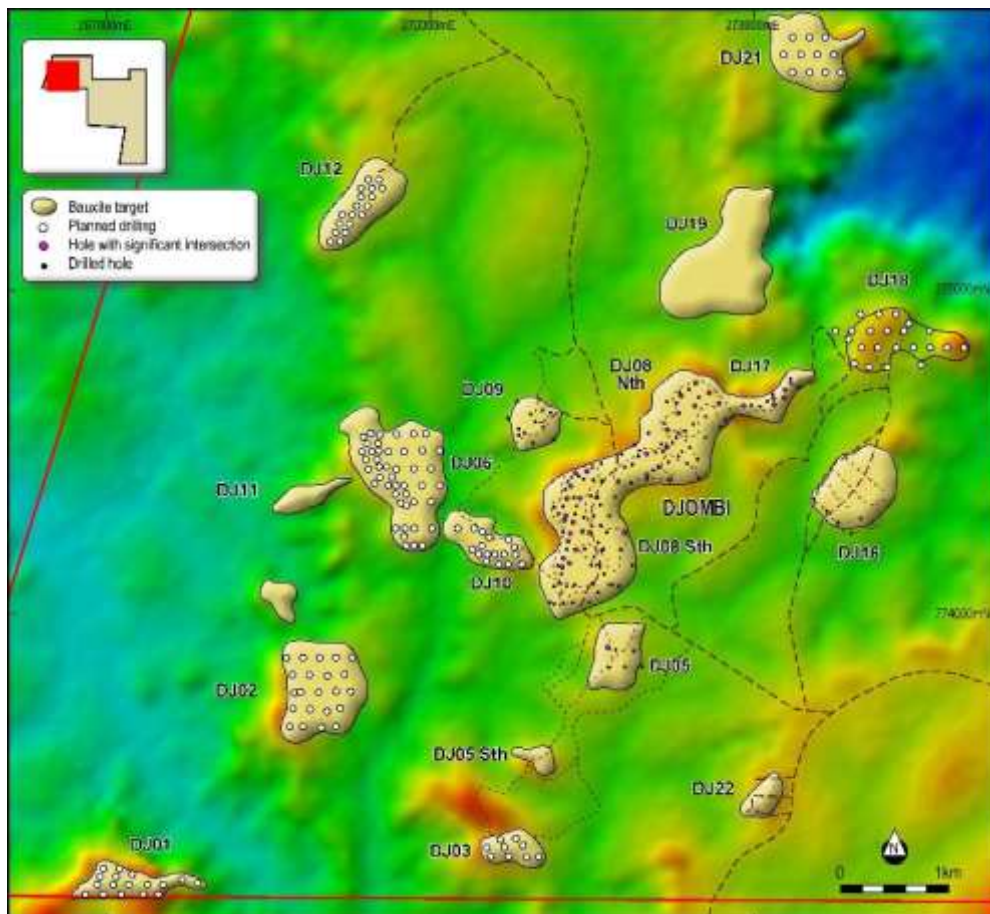


Figure 2 – Planned Holes, Djombi plateau prospects, Birsok permit

Assay Results

Assays for the first 10 holes have been returned, with half of them producing significant and highly encouraging assays (Table 2; Figure 3). Samples were analysed for available alumina (AvAl %) and reactive silica (Rx.SiO₂ %) at ALS laboratory in Brisbane, Australia.

Table 2 – Significant Assays, MB08 plateau, Mbon prospect

HOLEID	EOH	UTM_E	UTM_N	RL	FROM	TO	INT	Av.AI %	Rx.SiO ₂ %
MBRC003	12	292905	733552	1090	1	3	2	30.0	8.50
MBRC004	9	292912	733299	1106	2	5	3	33.8	8.20
MBRC005	9	292824	733438	1109	0	6	6	34.4	6.42
MBRC006	18	292757	733242	1124	0	3	3	32.1	7.60
MBRC010	15	292385	732936	1175	0	2	2	34.0	5.20

NB –Intersections included that average greater than 30% AvAl and less than 10% Rx.SiO₂, max.2m internal waste, minimum 2m thick. Holes that are not listed do not satisfy these criteria. All assays in % by microwave digestion – ICP-AES. All holes vertical (-90 deg dip) and therefore no azimuth

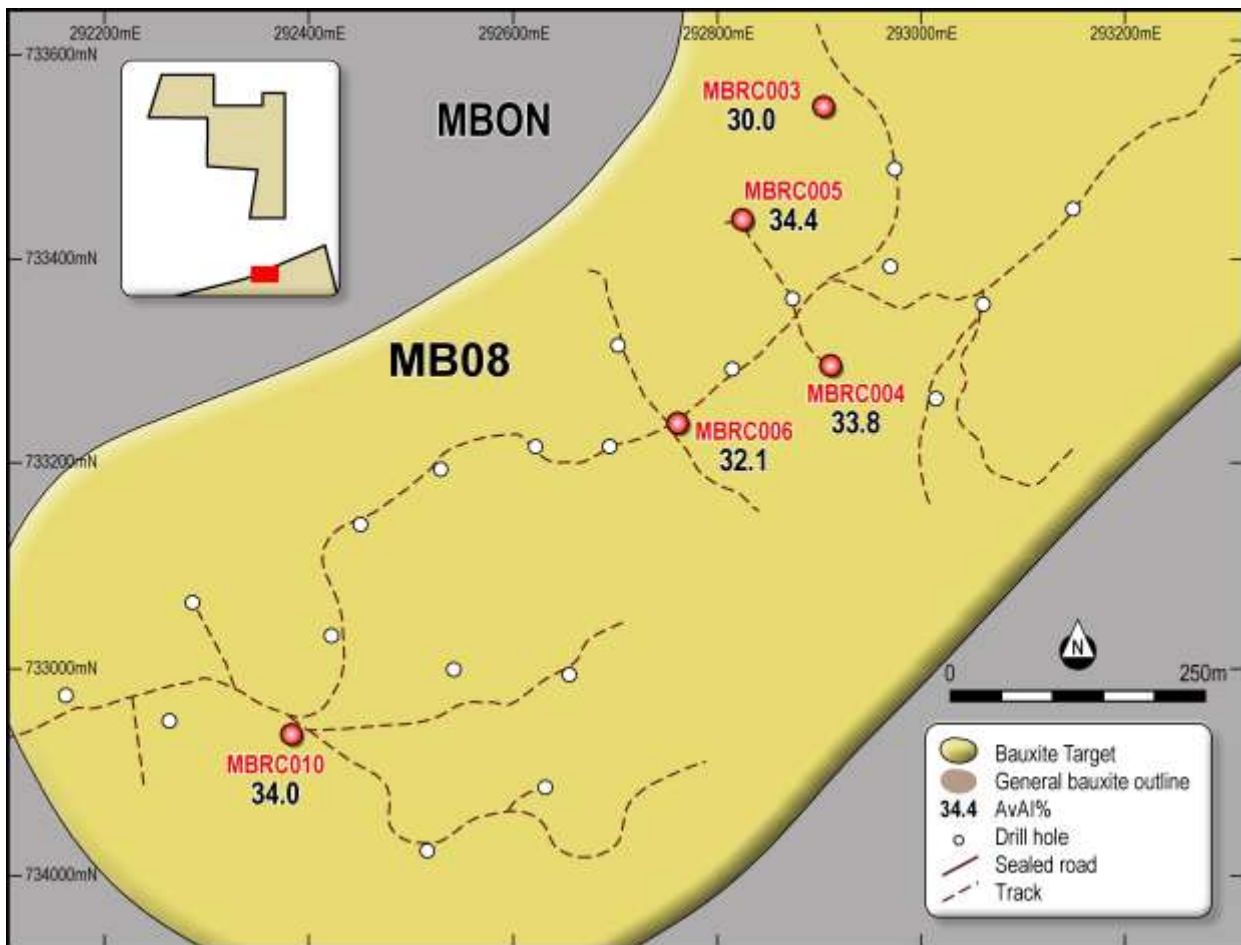


Figure 3 – Completed holes on Mbon prospect's plateau MB08, highlighted holes with significant assays

Managing Director of Canyon Resources, Phillip Gallagher said;

"We are very pleased to report that the recently purchased drilling rig performed as hoped and we have successfully completed the planned initial Mbon drilling program at Mandoum. The wet season and subsequent access conditions has forced a temporary halt to the drilling. We are also encouraged by early signs with half of the first batch of 10 holes returning significant available alumina assays.

The rest of the assay results are expected over the next 4 to 6 weeks. We are confident that the results will be encouraging, showing significant tonnage potential on the Mandoum permit, which when added to the successfully defined bauxite plateaux from the first round of drilling on the Birsok permits; will continue us on our pathway to a sizeable quality bauxite resource and advance the objective of developing a 2-3 million tonne per annum DSO mining operation utilising the existing rail and port infrastructure.

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

Canyon conducted an inaugural drilling program in 2014 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 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.

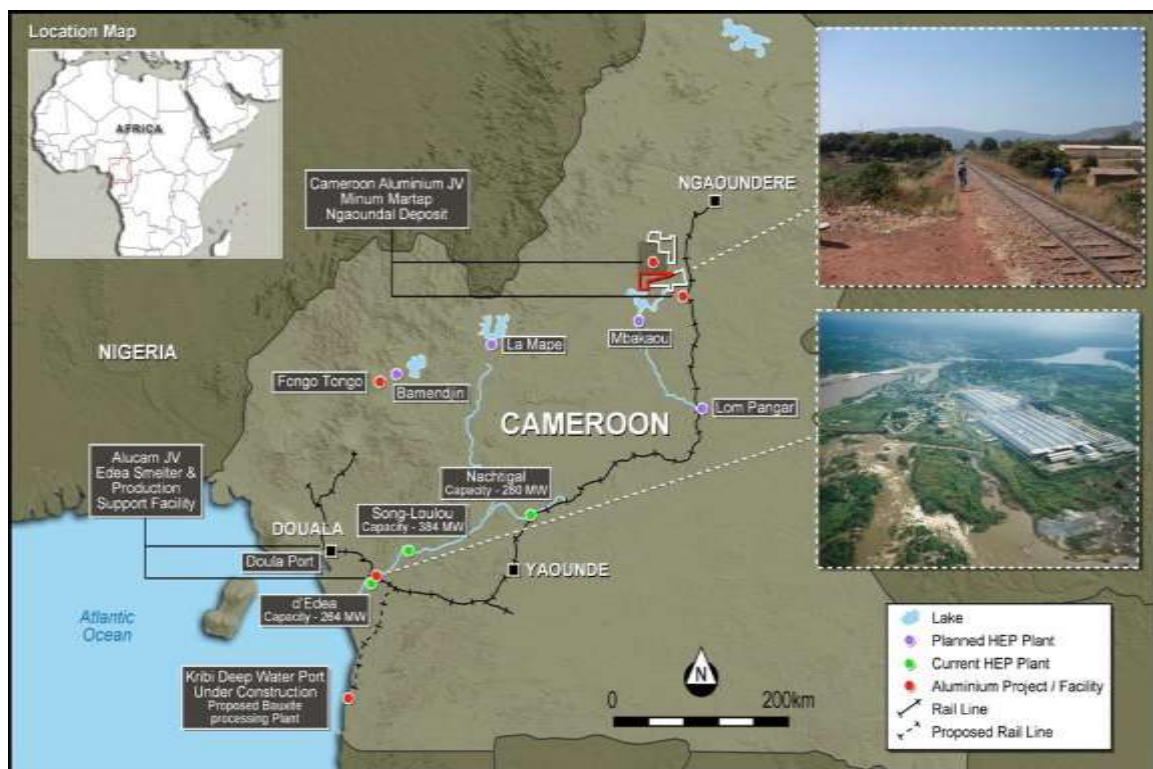


Figure 4 – Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

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The information in this report that relates to exploration results is based on information compiled by Mr Roger Speers, an employee of the Company and a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Speers has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

APPENDIX 1

JORC TABLE 1

Section 1 Sampling Techniques and Data

Criteria	Explanation	Notes
Sampling techniques	- Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	- Drill samples are taken every 1m vertically down the hole - Samples are passed through a cyclone mounted on the rig, put into a large plastic bag then 'spear' sampled by a hand-held PVC tube device, producing a sample (1-2kg) which is sent to the lab; the remainder (3-7kg) being collected in the plastic bag, clearly labelled and stored in a sample farm for as long as required. - The 1kg samples are split, crushed and pulverised in the lab to provide a charge for assay. - Pit samples were taken by vertical channel sampling of pit walls as the pit was being dug, by chisel & geological hammer, in a strict continuous channel 10cm deep and 15cm across. A 1-2kg sample was sent to the lab, and the pit digging results in a large record sample maintained on the site of the pit.
Drilling techniques	Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	- Drilling was conducted using a wheel mounted 6WD Landcruiser rig, by aircore (AC) method with a 75mm clay cutting blade bit with 3m long rods. - The compressor produces 150-200psi air to the rig.
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	- Samples are visually assessed for recovery, moisture and contamination and weighed with scales off the cyclone. The data is recorded digitally and on paper for later reference when looking at grades v recovery analysis. - Cyclone is regularly cleaned, sealed against fines loss and is speared across the entire sample to ensure a representative sample is sent to the lab. - From assays to date, no relationship exists between recovery and grade.
Logging	- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. - Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. - The total length and percentage of the relevant intersections logged.	- All 1m drill samples were logged for lithology, colour, alteration and weathering by full time company geologists and correlated against assays and surface mapping. It is qualitative in nature. - All samples are logged even if some are not sampled. - No diamond core was drilled.
Sub-sampling techniques and sample preparation	- If core, whether cut or sawn and whether quarter, half or all core taken. - If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. - For all sample types, the nature, quality and appropriateness of the sample preparation technique. - Quality control procedures adopted for all sub-sampling	- Dry 1m samples from the cyclone mounted on the rig are collected and spear sampled by a PVC tube, producing a ~1kg sample which is sent to the lab. - No wet or moist samples were encountered in this program.

Criteria	Explanation	Notes
	stages to maximise representivity of samples. - Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. - Whether sample sizes are appropriate to the grain size of the material being sampled.	- A field duplicate is taken every 25 samples - Sample sizes are considered appropriate for the style of mineralisation, thickness and consistency of the intersections, the sampling methodology and assay value ranges for bauxite.
Quality of assay data and laboratory tests	- The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. - For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. - Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	- Drill and pit samples were submitted to ALS Sample prep facility in Yaounde, Cameroon, then the pulps are sent by ALS to their Lab in Brisbane, Australia for Available Alumina and Reactive Silica analysis. - Samples were weighed, dried in an oven at 60-120°C; crushed so 70% passed -2mm then oversize samples were riffle split to 250g samples and pulverised so 85% passed 75 micron. A 50-100g pulp is sent to ALS Brisbane from Yaounde for AvAl/RxSiO₂ analysis. - Samples were analysed by ALS Global, an internationally recognised lab. For AvAl; the sample is microwave digested in NaOH; diluted in HCl, then analysed by ICP-AES technique. The remainder of the sample is acidified with concentrated HCl and analysed for RxSiO₂; standard and internationally recognised tests for bauxite. - Owner In-house QA-QC was conducted on the laboratory QC samples (Standards, Blanks and Lab Duplicates). - Canyon inserts their own QA/QC samples into the sample train; 1 CRM, blank and field duplicate every 25 samples. Results to date are well within acceptable limits. Field duplicates correlate at above 95% to original samples. Standards have performed very well. - No geophysical tools were used for any analysis. An Innovex Omega X HPXRF device was used purely for in house comparison and test work. All published data is from laboratory analysis.
Verification of sampling and assaying	- The verification of significant intersections by either independent or alternative company personnel. - The use of twinned holes. - Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. - Discuss any adjustment to assay data.	- All drilled interval drill cuttings are recorded on the ground and photographed. Assay results and intersections are visually checked against this record and where possible, in the field, by company geologists and the competent person - Observations were recorded in hard copy then electronically data entered in an auto-validating database structure against library of data codes for consistency. - Hard copy is kept and digital copy is backed up. Sample pulps and coarse rejects have been retained. It is planned to use an umpire lab for independent verification of assay results once all initial results have been received. - No twinned holes were drilled.
Location of data points	Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Hole collars and pits were located using a standard hand held GPS with reported accuracy of less than 5 metres in the X,Y

Criteria	Explanation	Notes
	• Specification of the grid system used. • Quality and adequacy of topographic control.	plane using the WGS84 UTM z33N grid. This is appropriate for this stage of exploration. • Down hole surveys have not been taken as drill holes are all less than 40m in depth and drilled vertically through the predominantly flat lying laterite.
Data spacing and distribution	• Data spacing for reporting of Exploration Results. • Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. • Whether sample compositing has been applied.	• Holes were nominally drilled on a wide spaced reconnaissance type grid of 320 x 160m, though commonly infilled down to a resource style spacing of up to 80m x 80m in places. Spacing is sufficient for Exploration Target to inferred resource size only. • No sample compositing has been applied.
Orientation of data in relation to geological structure	• Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. • If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• Drilling was vertical, the best orientation to test targeted horizontal to mildly undulating surface weathered mineralisation. • Drill patterns were orientated orthogonally across the broad orientation of the plateau targets, holes were staggered to produce a net like grid over the targets where possible
Sample security	• The measures taken to ensure sample security.	• Samples were submitted by the permit owner's employees and chain of custody was recorded. Once submitted to the prep lab samples were tracked by the owner.
Audits or reviews	• The results of any audits or reviews of sampling techniques and data.	• The competent person conducted a review / visit of the Lab facilities in Yaounde in 2013 & 14. And is in regular communication with the lab staff.

JORC TABLE 1
Section 2 Reporting of Exploration Results

Criteria	Explanation
Mineral tenement and land tenure status	- Birsok Permis de Recherche 198 and Mandoum Permis de Recherche 174 are currently held by Aucam SA, signatory to the JV agreement with Canyon whereby Canyon can earn 75% in the parent company of Aucam SA or in the parent of any company to which these licences are transferred. All work reported was done on the Mandoum Permit. - Mandoum is currently in the process of a standard renewal. All required documentation has been lodged with and accepted by the Ministry of Mines, Industry and Technological Development. - Legal due diligence on the tenure and holding companies was conducted by independent Cameroon lawyers during Dec 2013. - There are no impediments to exploration, as exploration can continue while Mandoum is subject to renewal. Renewal of Mandoum is a condition precedent of the agreement with the owners.
Exploration done by other parties	The Birsok and Mandoum projects are adjacent to the Minim Martap bauxite deposit which was reportedly drilled in 2009. Bauxite plateaux continue onto the projects. Bauxite mineralisation was initially reported by the government and has been followed up by Aucam and Canyon with 719 bauxite samples from in excess of 2,500 observations, and now in excess of 3,000m of AC/RC drilling from over 300 holes.
Geology	Mineralisation type is laterite bauxite evident on and adjacent to plateaux.
Drill hole Information	75 holes have been drilled for 848m on 5 plateau targets on Mandoum during Jun – July 2015. 8 geologically sampled pits were dug on one plateau target.
Data aggregation methods	No data aggregation methods have been used.
Relationship between mineralisation widths and intercept lengths	All drill holes are vertical and intersect the tabular, flat lying mineralisation orthogonally, and represent close to true thickness.
Diagrams	Diagram provided show drill collar and therefore sample locations with reference to coordinates and a scale. This is appropriate for this early stage exploration and shallow vertical drilling.
Balanced reporting	- Assays for 114 samples from 1 plateau target have been reported to date, reflecting 14% of the samples collected, including standards and blanks. Results in table are reported with a minimum thickness of 2 metres and above 30% AvAI and below 10% Rx.SiO₂, holes not reported do not satisfy this criteria. - This announcement refers to check assaying from 114 selected samples from the first round of drilling, representing approx.14% of total samples, across all prospects drilled.
Other substantive exploration data	None to report.
Further work	- Drilling completed to date indicates the presence of bauxite mineralisation only. Further drilling is required to verify any continuity of intersected bauxite. - Further exploration will involve follow up infill drilling of currently targeted known plateau targets; detailed 3D interpretation of results, metallurgical testing of samples, geological mapping of other bauxite rich plateaux to confirm more primary targets; followed by RC or aircore drilling to test the strike/depth extent of the mineralisation. Access roads have been put in place and will continue to be developed' more detailed environmental approvals are underway. - Additional permit applications have been made targeting more of the bauxite plateau margins of the Minim Martap bauxite plateau system. Country wide targeting is also taking place.