



Canyon Resources Limited
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29 April 2016

ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2016

HIGHLIGHTS:

- ◀ **A continued focus on determining the optimal logistical and commercial solution for a DSO bauxite export operation in Cameroon .**
- ◀ **Ongoing presentations to senior members of the Cameroon Government to reinforce Canyon's exploration and development plans.**
- ◀ **Leading consultants are working with Canyon to provide bauxite marketing, market intelligence, legal, mining, logistical, port and rail expertise.**
- ◀ **Planning underway to commence a well drilling program on the Birsok Project area as part of a local community engagement program.**
- ◀ **A \$700,000 capital raising completed during the quarter.**

The Directors of **Canyon Resources Ltd** (ASX: CAY) are pleased to report on the Company's activities for the quarter ending 31 March 2016.

Canyon Resources ("Canyon" or the "Company") has focussed on defining an effective end to end logistical solution for development of a bauxite mining and DSO (Direct Shipping Ore) export operation in Cameroon. The Company is working to develop a profitable bauxite mining and DSO export operation, mining high grade, low impurity bauxite of the type found on the Company's Birsok Project and utilising existing rail and port infrastructure to minimise capital expenditure requirements.

As the Project is located approximately 700km along an existing rail line to an existing port, defining a logistics solution to transport the bauxite to port is crucial in the ultimate development of a bauxite project in that area. Work completed by the Company, in particular relating to the previously announced MOU with the rail and port operators in Cameroon, along with a site visit to the new Kribi Deep Water Port and technical data from the port have further advanced Canyon's understanding of the logistical capacity in country. Canyon has engaged leading consultants to provide legal, corporate and government advisory, mining and technical advice in Cameroon to ensure an optimal outcome in this work. The bauxite province in which Canyon's Birsok Project is located is in a unique position for a bulk commodity project in Africa, being located alongside an operating rail line that runs to an existing port and newly built deep water port facility.

As has been previously announced, Canyon continues to assess and review advanced project opportunities in Cameroon to add to the Birsok Project. Canyon is working to secure advanced projects that are consistent with Company's strategy of developing a profitable mining operation utilising existing infrastructure in the country. The Company has engaged a local consultant to assist with the identification, review and acquisition of appropriate projects.

To this end, Canyon and its local team in Cameroon continue to make a concerted effort to engage with senior decision makers within the Government of Cameroon to present the Company's plans for the development of a bauxite industry in the country. During the quarter Canyon presented a detailed proposal to the Government of Cameroon for the development of a significant bauxite industry in the Adamawa Region of Cameroon that could transform the mining industry in the country. The proposal was well received and the Company is following up on its proposal to the Government with a view to finalising an arrangement with the Government in the coming months.

Community Engagement Program

As part of the Company's obligations to the local community around the Project area, Canyon has engaged a local supplier to commence planning of a program to drill water wells in the area.

The planned wells are intended to help local communities in the region where although there is significant rainfall during the 'wet season' most of the water drains very quickly and streams flow intermittently, leading to limited water for towns and villages during the dry season and poor water quality. Additional wells provide local towns and villages with a more reliable water source and less time spent collecting water during the dry season.

Community consultation will be commencing in the coming weeks with work to start soon after.

The Bauxite Market

Canyon continues to hold the view that there is a deficit of high grade low silica gibbsitic bauxite of the type found on the Birsok Project and that this shortage of high grade bauxite will grow over the next few years. Market forecasts show that as the grade in existing bauxite deposits that supply vertically integrated refineries around the world declines, there will be increased demand for DSO grade bauxite sourced from non traditional markets, in particular bauxite with low reactive silica levels. The forecast growth in global demand for bauxite, combined with the decline in the grade of existing bauxite deposits, should create demand for high grade bauxite supplies in the future. Market forecasts show an increase in demand for bauxite of over 45% from the current volume mined by 2030. (CM Group)

Canyon believes that the Birsok Project, with the high grades of bauxite found in previous exploration, along with the access to a deep water port and rail infrastructure, is well positioned to take advantage of this expected demand.

Forecast Global Bauxite Demand

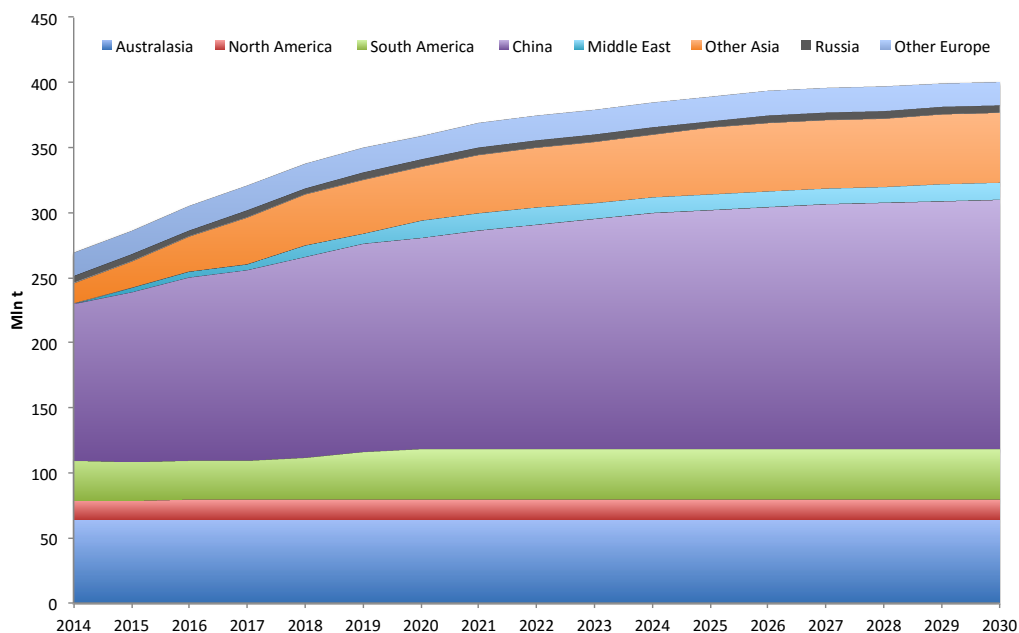


Figure 1: Forecast future global demand for bauxite (Source: CM Group)

Corporate

During March 2016 the Company announced the completion of a raising of \$715,000. The Company issued 14,300,000 shares at a price \$0.05 per share with 1 attaching unlisted option for every share issued. The options are exercisable at 6 cents each and expire 29 September 2017.

The placement was managed by Barclay Wells Limited and the Company issued 7 million options to Barclay Wells for the management of the placement.

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 2), 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 $>50\% \text{ Al}_2\text{O}_3$. 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 plateaux 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.

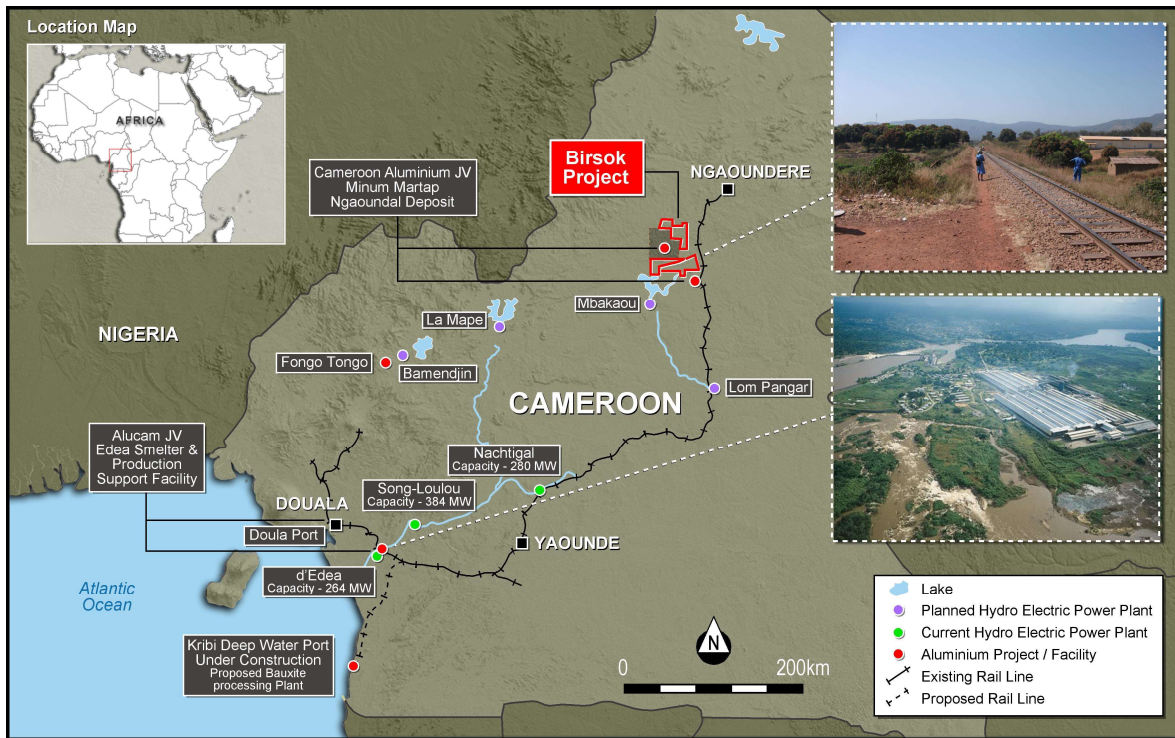


Figure 2: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

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The information in this report that relates to exploration results is based on information compiled by Mr Rhod Grivas, an employee of the Company and a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Grivas 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'. The exploration results are available on the Company website www.canyonresources.com.au. The Company confirms it is not aware of any new information that materially affects the information included in the original announcement. The Company confirms that the form and context in which the Competent Person's findings are present, have not been materially modified from the original announcements. Mr Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 31 December 2015	Interest at 31 March 2016
<u>Birsok Bauxite Project</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
<u>Taparko North Project</u>			
Karga 2	Burkina Faso	Own 100%	Own 100%
Bani	Burkina Faso		
Diobou	Burkina Faso		
Tigou	Burkina Faso	Rights to 100%	Rights to 100%
<u>Tao Project</u>			
Tao	Burkina Faso	Own 100%	Own 100%
<u>Pinarello Project</u>			
Sokrani	Burkina Faso	Agreement to acquire 49% (sale of 51% to Acacia Mining plc)	Own 49% (Acacia Mining plc 51%)
Niofera	Burkina Faso		
Baiera	Burkina Faso		
Sokrani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<u>Konkolikan Project</u>			
Konkolikan	Burkina Faso	Agreement to acquire 49% (sale of 51% to Acacia Mining plc)	Own 49% (Acacia Mining plc 51%)
<u>Derosa Project</u>			
Bompela	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd	15% interest in joint venture with Rumble Resources Ltd
Sapala	Burkina Faso		