



9 January 2017

Dear Option Holder

YOUR OPTIONS TO ACQUIRE CANYON RESOURCES LIMITED SHARES AT \$0.06 PER SHARE EXPIRE ON 31 JANUARY 2017.

We are writing to you as a registered holder of options in Canyon Resources Limited (exercisable at \$0.06 on or before 31/01/2017) (**Options**) to remind you that the Options will expire at 5:00pm (AEDT) on 31 January 2017.

Your Option holding may be exercised in **whole or in part** by payment of \$0.06 for each Option by no later than 31 January 2017. If payment is not received by 5:00pm (AEDT) on 31/01/2017 the Options will lapse and all rights under the Options will cease at that time.

The courses of action available to you as a holder of these soon to expire Options are:

- a) Exercise the Options on or before 5.00pm (AEDT) on 31/01/2017.
- b) Do nothing (i.e. allow your Options to expire). If you do not exercise or sell your Options they will expire on 31/01/2017 and your right to subscribe for ordinary shares in Canyon Resources Limited at \$0.06 per share will lapse.

There is no obligation on Option holders to exercise their Options. However, under paragraph 6.1 of Appendix 6A of the Australian Securities Exchange (**ASX**) Listing Rules, the Company is required to advise Option holders of the information contained in this notice.

The market sale price of ordinary shares in Canyon Resources Limited on ASX was \$0.105 on 6 January 2017, being the last trading day prior to the date of this notice.

During the three (3) months preceding the date of this notice:

- the highest market sale price of ordinary shares on ASX was \$0.135 on 4 November 2016; and
- the lowest market sale price of ordinary shares on ASX was \$0.095 on 1 December 2016.

If you wish to exercise your Options you must complete an "Option Exercise Notice" form and forward it together with payment of \$0.06 per Option in accordance with the instructions on the form. Your completed form and payment (in clear funds) must be received no later than 5:00pm (AEDT) on 31/01/2017.

An Option Exercise form is enclosed for any option holder who may have misplaced their original form.

Yours Faithfully

A handwritten signature in black ink, appearing to read "R. Marusco", written over a horizontal line.

Robert Marusco
Company Secretary

Application Form on Exercise of Options Expiring 31 January 2017

To the Directors, Canyon Resources Limited

I/We hereby exercise option(s) and hand you herewith my/our cheque for \$

being \$0.06 per share on application for ordinary shares in the capital of the Company.

I/We request that you allot me that number of shares and I/we agree to accept that number of shares on the terms below and the Constitution of the Company, and I/we authorise you to place my/our name on the register.

My/Our SRN/HIN (as shown on my/our Issuer Sponsored holding statement or CHES holdings statement) is

Sign Here – This section must be signed for your instructions to be executed

I/We authorise you to act in accordance with my/our instructions set out above.

Individual or Securityholder 1

Director

Securityholder 2

Director/Company Secretary

Securityholder 3

**Sole Director and
Sole Company Secretary**

*Note: when signed under Power of Attorney, the attorney states that they have not received a notice of revocation.
Computershare Investor Services Pty Limited needs to sight a certified copy of the Power of Attorney.*

Contact Name

Contact Telephone Number

Day/Date

Month

Year

 / /

**Terms and Conditions of
Options overleaf**

LODGEMENT INSTRUCTIONS

Cheques shall be in Australian currency made payable to Canyon Resources Limited and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged at the Company's Registry, Computershare Investor Services Pty Limited, GPO Box D182, Perth WA 6840.

TERMS & CONDITIONS OF OPTIONS EXPIRING 31 JANUARY 2017

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) **Entitlement**
Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price**
Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).
- (c) **Expiry Date**
Each Option will expire at 5:00 pm (WST) on 31 January 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (Notice of Exercise) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of Shares on exercise**
Within 15 Business Days after the later of the following:
 - (i) the Exercise Date; and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
 but in any case no later than 20 Business Days after the Exercise Date, the Company will:
 - (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
 If a notice delivered under (g)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (h) **Shares issued on exercise**
Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (i) **Quotation of Shares issued on exercise**
If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
- (j) **Reconstruction of capital**
If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues**
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (l) **Change in exercise price**
An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (m) **Quotation**
The Company will apply for quotation of the Options on ASX.
- (n) **Transferability**
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.