



19 January 2017

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Non-Executive Director

Mr Robert Marusco
Company Secretary

ASX Code: CAY

Website: www.canyonresources.com.au

ABN 13 140 087 261

OPTION UNDERWRITING

Canyon Resources Ltd (Canyon or the Company) (ASX: CAY) is pleased to announce that it has entered into an underwriting agreement to fully underwrite the Company's listed option series (ASX: CAYOA) up to a value of A\$3.405 million.

Canyon has 56,753,252 listed CAYOA options on issue, exercisable at \$0.06 cents on or before 5.00pm (AWST), 31 January 2017. The underwriting gives Canyon a level of certainty that the options will result in funding of A\$3.2 million, ensuring the Company is well funded for the next important phase of development of its bauxite assets in Cameroon.

Barclay Wells Limited and BW Equities Pty Ltd ("Barclays" and "BW" or "Underwriters") will act as the Joint Underwriters to the option underwriting.

The CAYOA options expire on 31 January 2017 and option holders are advised to contact the Company Secretary with any queries in relation to the exercise of options. The Company also dispatched an Option Expiry letter to option holders on the 9 January 2017 and also released this letter to the ASX on the same day.

Option underwriting – Additional information

The underwriting agreement is conditional upon all representations and warranties made by the Company in the agreement (which are standard in nature).

The Company expects it will announce the number of shares to be issued as a result of this underwriting on or about 7 February 2017.

In consideration for the underwriting, the Underwriters will receive a fee of 6.00% of the amount underwritten plus reimbursement of reasonable costs up to \$2,500 excluding GST.

To the extent any sub-underwriters engaged by the Underwriters are unable to fulfil their commitment in relation to the underwriting, the agreement contains provisions for the total number of options to be underwritten by the Underwriters to be reduced by the amount of the relevant sub-underwriter's commitment.

The underwriting agreement contains standard termination provisions for an agreement of this type.

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

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.

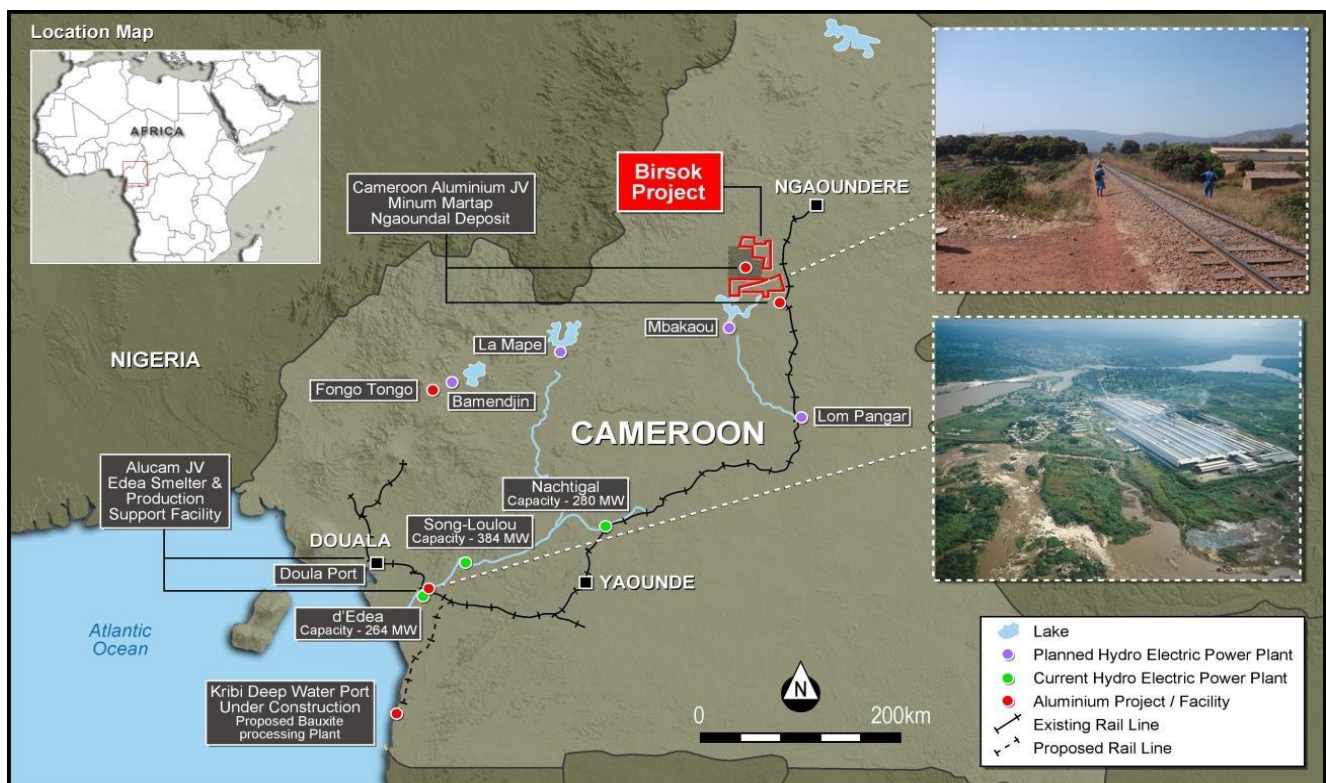


Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

Burkina Faso – Joint Venture with Acacia Mining plc

Canyon entered into a joint venture with Acacia Mining plc (Acacia) in March 2015 on the Pinarello and Konkolikan Projects located on the Hounde greenstone belt in south western Burkina Faso (see figure 2). Acacia can earn up to 75% of the projects by the expenditure of \$1,500,000 on exploration over two years from March 2015. Acacia currently have 51% equity of the Projects.

Acacia have conducted ongoing early stage exploration on the permits with positive and encouraging results received to date including, 96 of 278 aircore (AC) holes drilled on the Pinarello Project producing anomalous gold results, and the identification of numerous extensive gold in soil anomalies ranging from 2km to 25km in length.

Acacia plan approximately 35,000m of AC and Reverse Circulation (RC) drilling on the Pinarello Project in 2017.

For further details on the exploration conducted by Acacia on the Pinarello Project, refer to : <http://www.acaciamining.com/~media/Files/A/Acacia/presentations/2016/Exploration%20Roundtable%20-%20Nov%202016.pdf>

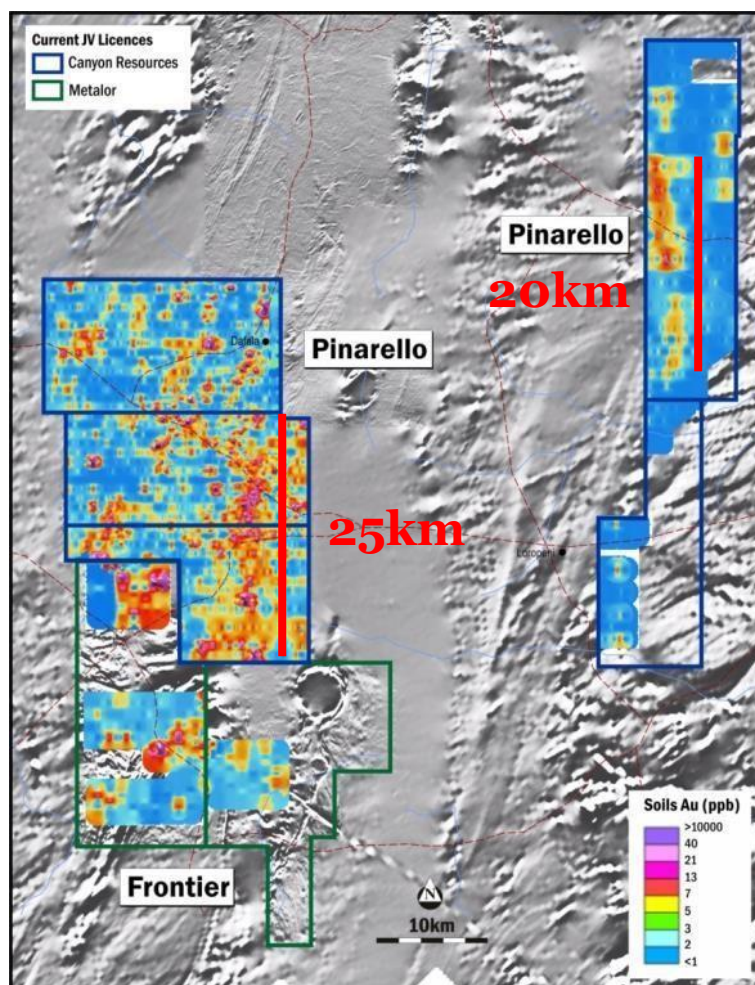


Figure 2: Map showing soil anomalies identified on the Pinarello Project in south west Burkina Faso. Canyon Resources JV permits are in blue. (Image supplied by Acacia Mining)



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