

SEPTEMBER 2019 QUARTERLY ACTIVITIES REPORT

Highlights

- Canyon completes resource upgrade for Minim Martap Bauxite Project, improving both scale and categorisation to 892Mt at 45.1% Al₂O₃, 2.8% SiO₂ (total);
- Indicated Resource increased by 850%, to 839 Mt at 45.2% Al₂O₃, 2.8% SiO₂ (total);
- Includes a high-grade (Cut-off Grade 45% Al₂O₃) Indicated resource of 431Mt at 48.8% Al₂O₃, 2.6% SiO₂ (total) containing substantial zones of >50% Al₂O₃ with very low contaminants;
- Resource upgrade confirms the Minim Martap Project as a global Tier 1 bauxite project, a “Guinea style” bauxite deposit strategically located in Cameroon;
- Very high-grade > 50% Al₂O₃ and low total SiO₂ results received from drilling on the Makan and Ngaoundal licences.

PROJECT ACTIVITIES

Canyon Resources (“Canyon” or “The Company”) is pleased to report on activities at its projects including the Minim Martap Bauxite Project (Project) in Cameroon, for the quarter ended 30 September 2019.

In September, Canyon announced a Bauxite Resource (Resource) upgrade for the Project, which saw a 62% increase in tonnage to **892Mt at 45.1% Al₂O₃, 2.8% total SiO₂** including an Indicated Resource of **839Mt at 45.2% Al₂O₃, 2.8% total SiO₂** (Table 1) and a high-grade resource of **431Mt at 48.8% Al₂O₃, 2.6% total SiO₂**. (Table 2)

The Resource upgrade follows the successful first year of extensive evaluation and detailed fieldwork, completed by Canyon, since being granted the Project on 11 July 2018. The work focussed on initially reviewing and verifying the exploration work completed by the former owners, then identifying and mapping all the target bauxite plateaux and finally testing new previously unexplored bauxite plateaux.

The combined exploration completed by both Canyon and the previous owners of the Project has tested less than 50% of the targeted bauxite plateaux, with some larger plateaux close to the rail yet to be drilled. All of the targeted plateaux have the same characteristics as the high-grade plateaux tested to date. There is clear potential for further substantial increases in the scale of the Project.

Project Licence:	Inferred			Indicated			Total		
	Mt	Al ₂ O ₃	SiO ₂	Mt	Al ₂ O ₃	SiO ₂	Mt	Al ₂ O ₃	SiO ₂
Minim-Martap	47.5	44.1	3.4	732	45.7	3.1	779	45.6	3.1
Ngaoundal	5.3	41.6	1.0	103	41.7	1.0	108	41.7	1.0
Makan	0.1	45.8	2.7	4.6	47.0	1.6	4.7	46.9	1.6
Total (at 35% Al ₂ O ₃)	53	43.8	3.1	839	45.2	2.8	892	45.1	2.8

Table 1: Minim Martap Project Resource JORC (2012) – Cut-off Grade 35% Al₂O₃

The Resource upgrade was completed on a plateau by plateau basis by Mining Plus Pty Ltd (Bristol, UK). The Resource upgrade was estimated using ordinary kriging, including the total resource (at 35% Al₂O₃ cut-off grade) (*Table 1*) and its higher-grade component (at 45% Al₂O₃ cut-off grade) (*Table 2*).

- Total Bauxite Resource increased from 550Mt at 45.5% Al₂O₃ and 2.1% SiO₂¹ to 892Mt at 45.1% Al₂O₃ and 2.8% SiO₂.
- High-grade Bauxite Resources increased from 251Mt at 50.8% Al₂O₃ and 1.9% SiO₂² to 431Mt at 48.8% Al₂O₃ and 2.6% SiO₂.
- Drilling also identified substantially higher grade zones >50% Al₂O₃ with very low silica within the Resource.

Project Licence:	Inferred			Indicated			Total		
	Mt	Al₂O₃	SiO₂	Mt	Al₂O₃	SiO₂	Mt	Al₂O₃	SiO₂
Minim-Martap	21	47.4	2.1	398	48.9	2.6	419	48.9	2.6
Ngaoundal	0.2	45.7	0.9	8.3	46.5	1.1	8.5	46.5	1.1
Makan	0.05	47.6	2.3	3.4	48.4	1.4	3.4	48.4	1.4
Total (at 45% Al ₂ O ₃)	21.2	47.4	2.1	410	48.9	2.6	431	48.8	2.6

Table 2: Minim Martap Project High Grade Resource JORC (2012) – Cut-off Grade 45% Al₂O₃

As part of the ongoing geological evaluation, Canyon is reviewing the remaining plateaux throughout the tenements which were previously identified as prospective for bauxite resources. Recent exploration yielded **high-grade** bauxite results³ in the Makan tenement.

The Company is confident that the recent success of this first program in the Makan licence can continue throughout the identified plateau areas yet to be explored. The Makan drilling explored a very small percentage of the new plateau areas identified by the Company's exploration team, with large areas of identified yet unexplored plateau remaining to be tested.

Drilling Results

Prior to announcing the Project Resource upgrade, Canyon reported high-grade results from an initial exploration drilling program conducted on the Sophia Plateau on the Makan Licence.

Significant intervals of more than 50% Al₂O₃ were identified in 23 of the initial 27-hole program completed in July 2019, including:

- 12m at 50.1% Al₂O₃ and 1.1% SiO₂ (total) from surface⁴
- 7m at 50.1% Al₂O₃ and 1.9% SiO₂ (total) from surface
- 7m at 50.4% Al₂O₃ and 1.0% SiO₂ (total) from surface
- 7m at 51.0% Al₂O₃ and 1.1% SiO₂ (total) from surface
- 8m at 51.3% Al₂O₃ and 1.1% SiO₂ (total) from 1m⁴
- 11m at 50.9% Al₂O₃ and 0.9% SiO₂ (total) from 2m⁴
- 8m at 51.2% Al₂O₃ and 1.1% SiO₂ (total) from surface
- 5m at 53.7% Al₂O₃ and 1.1% SiO₂ (total) from surface.

¹ Announced 20 September 2018

² Announced 16 November 2018

³ Announced 6 August 2019.

⁴ Drilling ended in mineralisation, due to wet drilling conditions.

The initial success of drilling in Makan outlined the potential for further high-grade bauxite plateaux in addition to those already identified at the Project. The Makan licence includes the second largest bauxite plateau at the Project which presents a priority target for future drilling.

Canyon also reported positive results from the air-core drilling program conducted over three plateaux on the Ngaoundal Licence, confirming the project's broad, high-grade, low contaminant bauxite deposit which outcrops from surface.

The results from Ngaoundal returned intersections greater than 45% Al_2O_3 and very low total SiO_2 , averaging 43.5% Al_2O_3 and 1.0% total SiO_2 for the 49 drill holes completed.

Drilling intersections included:

- 8m at 45.1% Al_2O_3 and 0.8% SiO_2 (total) from 1m⁵
- 9m at 45.6% Al_2O_3 and 0.9% SiO_2 (total) from 2m⁵
- 7m at 46.5% Al_2O_3 and 1.1% SiO_2 (total) from surface⁵
- 8m at 45.7% Al_2O_3 and 0.9% SiO_2 (total) from surface⁵
- 9m at 45.8% Al_2O_3 and 0.7% SiO_2 (total) from 1m⁵
- 7m at 45.0% Al_2O_3 and 0.6% SiO_2 (total) from 2m⁵
- 10m at 50.1% Al_2O_3 and 0.7% SiO_2 (total) from surface⁵.

Throughout the next 12 months, Canyon will complete targeted resource drilling to support delivery of a PFS for the Project.

Pre-Feasibility Study

Canyon has initiated a Pre-Feasibility Study (PFS) for the Project, which will evaluate the technical, developmental and commercial solutions for monetisation of the bauxite resource. This work is focussed on delivering an optimal mine, rail and port solution for the Project and is supported by an Environmental and Social Impact Assessment which has commenced with baseline studies progressing in country.

CORPORATE ACTIVITIES

In July, Canyon secured further funding for the Minim Martap Pre-Feasibility Study (PFS) through the successful completion of a \$4.0 million capital raising (before costs) by way of a private placement of 25 million new fully paid ordinary shares in the Company to sophisticated and professional investors at an issue price of \$0.16 per share.

Canyon issued the new shares to sophisticated and professional investors using the Company's capacity under Listing Rule 7.1 and without disclosure in reliance on the exemption from disclosure in section 708 of the Corporations Act 2001 (Cth). BW Equities, the Company's Corporate Advisors, acted as lead manager for the placement.

Canyon also issued its Audited Annual Financial Report during the September Quarter.

Finally the Company scheduled its Annual General Meeting of Shareholders for the 27th November 2019 when it issued the Notice of Meeting to Shareholders on 24 October 2019. The AGM will be held at the Company's offices.

⁵ Drilling ended in mineralisation, due to wet drilling conditions.

About Canyon Resources

The Minim-Martap Bauxite Project

The Minim Martap Project is located in the Adamawa region of Cameroon, adjacent to Canyon's existing Birsok Bauxite Project, encompassing two deposits, Ngouandal and Minim Martap, which are located within 25km of each other. The total area of the permits is 1,349 km². New drilling in the Makan area now adds this project to the list of bauxite deposits under management by Canyon.

The Project is adjacent to an operating rail line with heavy ore transport capacity with a proposed extension to the Kribi deep-water port which has the ability to direct ship load Panamax size vessels.

The three exploration permits are valid for a three-year period and contain a number of predefined work commitments that are consistent with the Company's development proposal.

Previous work completed by Canyon Resources on the contiguous Birsok Project, sometimes sharing plateaux with the Minim Martap Project, has given the Company a strong understanding of the physical and geochemical characteristics of the local bauxite. The bauxite is generally high alumina, low total & reactive silica, high gibbsite, low boehemite and low on other contaminants.

Figure 1. Location map of the Company's Bauxite Projects and proximity of Camrail rail line



Corporate Snapshot

Directors and Management

David Netherway – Non-executive Chairman

Phillip Gallagher – Managing Director

Emmanuel Correia – Non-executive Director

Steven Zaninovich – Non-executive Director

John Lewis – Company Secretary

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E: info@canyonresources.com.au

COMPETENT PERSON'S STATEMENT

The information in this ASX release that relates to current exploration results is based on information compiled by Dr Alexander Shaw, Chief Geologist of Canyon Resources Ltd.

The information in this document that relates to previous exploration results is based upon information from the report titled Minim Martap-Ngaoundal Bauxite Deposit Exploration Program and Resource Assessment by SRK Consulting (Australasia), September 2009 and available data compiled by Dr Alexander Shaw. The information in the announcement is an accurate representation of the available data and study for the Minim Martap Project.

Dr Shaw is a Member of the Australian Institute of Geoscientists (AIG) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Dr Shaw consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to mineral resources is based on information compiled or reviewed by Mr Mark Gifford, an independent Geological expert consulting to Canyon Resources Limited. Mr Mark Gifford is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Mr Gifford consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears."

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included in this announcement including, without limitation, statements regarding future plans and objectives of Canyon, are forward-looking statements. When used in this announcement, forward-looking statements can be identified by words such as 'anticipate', "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Canyon that could cause Canyon's actual results to differ materially from the results expressed or anticipated in these statements.

Canyon cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Canyon does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by applicable law and stock exchange listing requirements.

CANYON RESOURCES LIMITED – INTEREST IN MINERAL PROPERTIES

Permits	Location	Interest at 31 December 2018	Interest at 31 March 2019
<u>MINIM MARTAP PROJECT</u>			
Ngaoundal	Cameroon	Own 100%	Own 100%
Minim Martap	Cameroon		
Makan	Cameroon		
<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%.
Ndjimom (Mayouom Project)	Cameroon	Own 100%	Own 100%
<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>			
Sokarani	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
Niofera	Burkina Faso		
Baniera	Burkina Faso		
Sokarani 2	Burkina Faso		
Soukoura 2	Burkina Faso		
<u>KONKOLIKAN PROJECT</u>			
Konkolikan	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)	Own 49% (sale of 51% to Acacia Mining plc)
<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		

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

CANYON RESOURCES LIMITED

ABN

13 140 087 261

Quarter ended ("current quarter")

30 SEPTEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,445)	(1,445)
(b) development	-	-
(c) production	-	-
(d) staff costs	(534)	(534)
(e) administration and corporate costs	(474)	(474)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,448)	(2,448)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(32)	(32)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(32)	(32)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,000	4,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(281)	(281)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	3,719	3,719

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,216	2,216
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,448)	(2,448)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(32)	(32)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,719	3,719

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	3,454	3,454

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	454	2,216
5.2	Call deposits	3,000	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,454	2,216

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	143
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

6.1 Payment of Directors Fees

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available
Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
- 8.2 Credit standby arrangements
- 8.3 Other (please specify)

Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
-	-
-	-
-	-

- 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,110
9.2 Development	-
9.3 Production	-
9.4 Staff costs	331
9.5 Administration and corporate costs	257
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	1,698

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here: .
(Director/Company secretary)

Date: ...31 October 2019.....

Print name: John Lewis.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.