

ACTIVITIES REPORT FOR THE QUARTER ENDED 30 September 2018

The Directors of **Canyon Resources Ltd** (ASX: CAY) (Canyon) or (the Company) submit the report on the Company's activities for the quarter ending 30 September 2018.

OPERATIONAL

MINIM MARTAP PROJECT

The Directors of **Canyon** announced on 9 August 2018 that, after a significant negotiation period with the Government of Cameroon, the Company was granted three exploration permits that comprise the Minim Martap Bauxite Project in Cameroon ("Minim Martap" or "the Project").

The Minim Martap Project is a large scale bauxite deposit located in the Adamawa region of Cameroon, alongside Canyon's existing Birsok Bauxite Project. The Minim Martap Project encompasses two deposits, namely the Ngouandal and Minim Martap deposits, which are located within 25 km of each other. The total area of the permits is 1,349 km².



Figure 1: A typical bauxite plateau on the Minim Martap Project

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 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 and reactive silica, high gibbsite, low boehemite and low on other contaminants.

On the 4th September 2018 (subsequently updated on 20 September 2018 to be JORC (2012) compliant), the Company announced the resource on the Minim Martap Project. The upgraded resource is:

Table 1: Minim Martap Project Resource Statement

Resource Class	Tonnes (million)	Total Al ₂ O ₃ (average)	Total SiO ₂ (average)	Permit	No of Plateaux
Indicated	88	41.8%	1.3%	Ngaoundal	3
Inferred	466	46.2%	2.2%	Minim Martap	11
Total	550	45.5%	2.06%		14

Only approximately 40% of the available bauxite plateaux on the Minim Martap Project area have been tested to date, providing clear opportunity for Canyon to test additional new bauxite plateaux in the south of the Minim Martap permit and on the Makan permit.

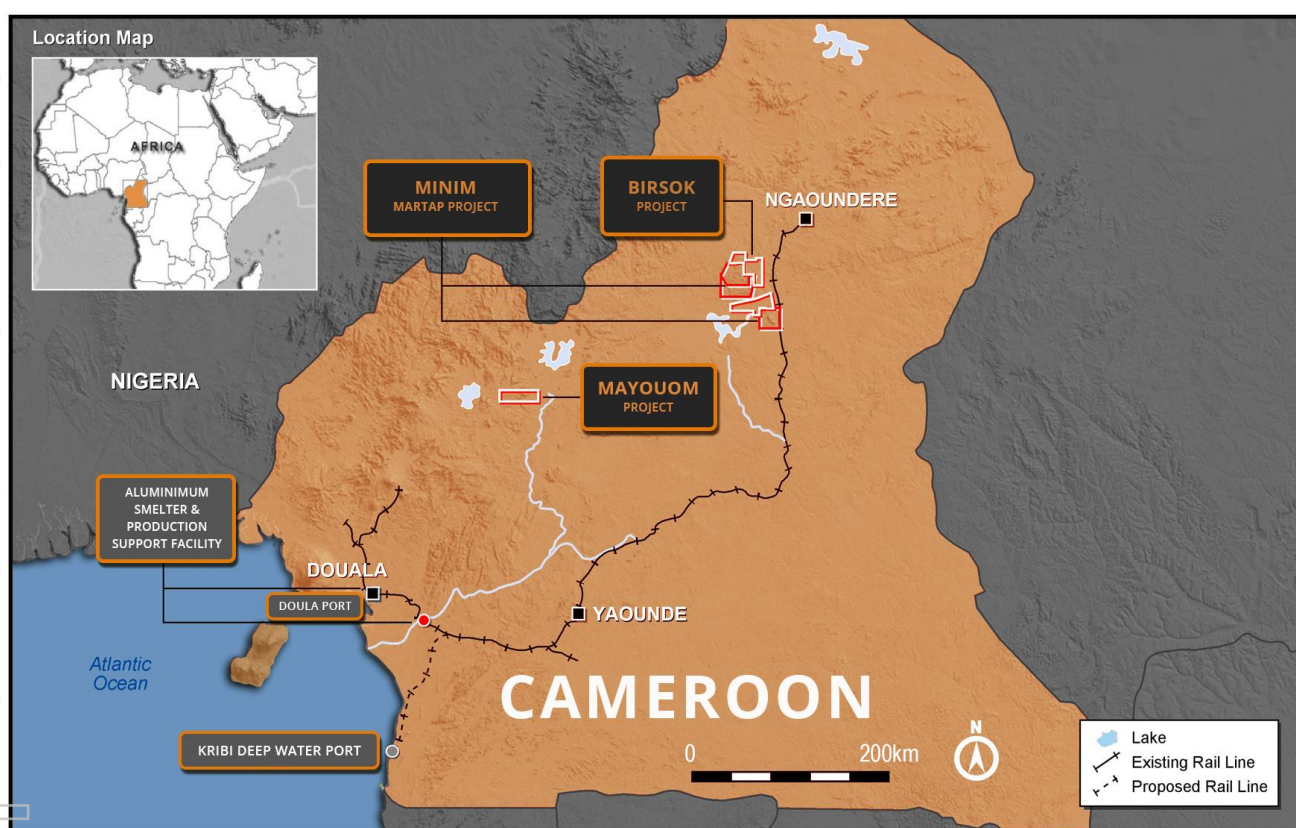


Figure 2: Location map of Minim Martap & Birsok Bauxite Projects & the Mayouom Kaolin Project in Cameroon.

Brief History of the Minim Martap Project

The Minim Martap Project encompasses two deposits, namely the Minim Martap and Ngaoundal deposits in the Adamawa region of Cameroon. The Cameroon Government's Mines and Geology division ("MGD") discovered the Minim Martap and Ngaoundal deposit in 1958. The deposit was studied initially by MGD and then by BRGM (The French Geological Survey) between 1958 and 1961. Exploration resumed between 1969 and 1972 by SEBACAM (Societe d'Etudes des Bauxite du Cameroun), a partnership between the Cameroon Government & French company, Groupe Pechiney (Pechiney Ugine Kuhlmann).

Cameroon Alumina Ltd Sarl (CAL), applied for and was granted two exploration permits over the Minim Martap and Ngaoundal deposits around 2006. Systematic exploration occurred in 2008 and 2009 with a drilling and assaying program at both Minim Martap and Ngaoundal. The drilling program was conducted by SRK Consulting on behalf of CAL and completed 852 holes for 11,358m of drilling across 14 plateaux on both the Minim Martap and Ngaoundal deposits.

Official Community and Media Launch in Cameroon

Following the granting of the Minim Martap project to Canyon, a series of major media and community launch events were held on Monday 17 September in the towns of Ngaoundal, Minim and Martap to celebrate the commencement of works on the Project by Camalco SA, Canyon's wholly owned subsidiary company in Cameroon (**Figures 3 & 4**). The town of Ngaoundal is located adjacent to the bauxite plateaux within the Ngaoundal permit. Both the villages of Minim and Martap are located next to the bauxite plateaux within the Minim Martap permit.



Figure 3: The official delegation for the launch ceremony in the town of Ngaoundal

Representatives from Canyon, along with a delegation from the Cameroon Ministry of Mines, Industry and Technological Development, including His Excellency the Minister of Mines Ernest Gwaboubou and the Governor of the Adamawa Region M. Kildaldi Taguieke Bukar with other local dignitaries, attended the events that were each highlighted by a traditional welcome by the local villagers.



Figure 4: A welcome banner and villagers at the village of Minim

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Subsequent to the end of the quarter, Canyon announced the following updates on the Minim Martap project.

Acquisition of the Birsok Joint Venture

On 12 October 2018, Canyon announced that it had signed a Letter of Intent (“LoI”) with Altus Strategies Plc (Altus), to transfer to Canyon a 100% interest in the Birsok and Mandoum licences (the “Birsok project”) and to terminate its existing bauxite Joint Venture Agreement (“JVA”) with Altus.

Under the terms of the LoI, which is subject to shareholder approval, Canyon will acquire 100% interest in the Birsok project and consolidates ownership of the bauxite plateaux in the region.

The Birsok project is located in central Cameroon and is contiguous with exploration licences covering the Minim Martap bauxite deposit (the “Minim Martap project”) which is owned by Canyon.

Terms of the LoI

Part A: In lieu of the termination of the JVA, Canyon will issue to Altus:

- 15,000,000 ordinary free trading Canyon shares (the “Initial Issue shares”)
- 10,000,000 ordinary Canyon shares, to be issued 12 months following the Initial Issue shares and subject to a 12 month voluntary escrow

Part B: In lieu of the transfer of the Birsok project:

- 5,000,000 ordinary Canyon shares, to be issued upon the execution of a mining convention on the Minim Martap project and subject to a 12 month voluntary escrow
- a US\$1.50 per tonne royalty on ore mined and sold from the Birsok project

The issue of shares by Canyon to Altus will be subject to final documentation, the termination of the JVA, the transfer of the Birsok project and any regulatory or other approvals as may be required.

Acquisition of Historic Minim Martap Drilling Core

On 16 October the Company announced the acquisition of the majority of the diamond drill core, coarse rejects and pulps (Figures 5 & 6) from approximately 9,000 samples from drilling completed in 2009 by the previous owners of the Minim Martap Project, Cameroon Alumina Ltd (CAL). Ownership of the samples was secured by a payment of 15,000,000 fcfa (approx. AUD\$37,000)

The samples acquired comprise approximately 70% of the samples and core from the 2009 CAL drilling campaign. As a result of securing the drill core and samples, Canyon is now in the enviable position of being able to use the extremely well preserved, stored and carefully documented material as a reference for future analysis and studies.



Figure 5: An example of the high quality storage of the drilling core, sealed in wooden boxes and covered



Figure 6: The previous drilling core in Fig 2 uncovered

Advancing the Project

Canyon is now implementing its development plan for the Minim Martap Project. Currently the Company is upgrading the existing access tracks to the targeted bauxite plateaux for the imminent commencement of the initial drilling program on the Project.

The next steps for the Company are:

- Complete the upgrades to access tracks to the targeted bauxite plateaux following the recent wet season.
- Commence the initial drilling program to target high grade plateaux resource upgrades and increase scale of total resource.
- Commence local community and stakeholder consultation.
- Commence initial environmental studies and baseline review.
- Commence the initial studies of existing rail line and the new rail link to the Kribi Deepwater Port.



Figure 7: Rail station at the town Ngaoundal, near the Minim Martap Project

Minim Martap Project Infrastructure

The Minim Martap Project is supported by its relative proximity to an operating rail line (Figure 7) connecting the Project area to the existing port of Douala. In addition, Canyon has engaged with the Government of Cameroon regarding an extension of the existing rail line to the new Kribi Deep Sea Port, which lies approximately 130km from the existing rail line (Figures 8 & 9). The Government is at an advanced feasibility and planning stage for this extension and has already started land clearing of the road and rail corridor to connect the port to the existing road and rail infrastructure.

Whilst operating the Birsok Bauxite Project over the past four years, Canyon has been working with Camrail, SA, the rail operator and the Government of Cameroon regarding the under-utilised capacity of the existing rail line.



Figure 8: Earth works at the Kribi Port area for the new highway and rail



Figure 9: The wharf and ship berthing area of the Kribi Deep Sea Port

Advancing the Project

During the Quarter Canyon started to assemble a team in Perth and Cameroon to advance the status of the Project and meet an aggressive development timetable. The Company will be immediately starting the following works;

- Commence feasibility studies focussing on mining, rail and port solutions and identifying potential offtake partners.
- Commence local community and stakeholder consultation informing them of the new ownership and prevailing development plan for the Project.

CORPORATE

\$5.0 Million Capital Raising

Canyon announced on 21 August 2018 that it had raised \$5.0 million at \$0.155 per share under the Company's existing 7.1 placement capacity.

The Company issued 26,129,031 new shares at \$0.155 per share raising a total of \$4,050,000 (before costs) as at 27 August 2018. The balance of the capital raise of \$950,000 through the issue of 6,129,033 new shares at \$0.155 per share was completed in the following 5 days.

As noted in ASX release 21 August 2018 the proceeds will be used to further develop the Company's Minim Martap Bauxite Project in Cameroon with initial focus on;

- Reviewing existing geological, metallurgical and environmental data;
- Commencing geological works, including confirmatory and exploration drilling;
- Commencing geological, environmental, community & infrastructure studies; and
- Defining an initial JORC (2012) compliant resource.

Appointment of Corporate Advisors

During the Quarter Canyon appointed of BW Equities Pty Ltd (BW) as the Company's corporate advisors.

BW have been appointed to an initial 12 month term and will assist the Company with capital requirements, strategy and market communications.

BW will receive a monthly retainer of \$5,000 per month for corporate advisory services and was issued an allocation of 5,000,000 options to acquire Canyon shares with an exercise price of \$0.20 and an expiry of 36 months from the date of \$5.0 Million Capital Raising

Option Conversion

During the Quarter a number of the holders of Options in the Company converted the Options to shares.

The following table sets out the Options converted, shares issued and funds raised.

Options Converted	Conversion Price	Funds Raised	Shares Issued
4,635,417	\$0.06	\$278,125	4,635,417
7,000,000	\$0.07	\$490,000	7,000,000
13,000,000	\$0.10	\$1,300,000	13,000,000

Annual Report

The Company issued its Annual Report to shareholders on 28 September 2018.

A copy of the report is available for downloading from either the Company's Website or the ASX Announcements website.

Enquiries:

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E: info@canyonresources.com.au

Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 30 June 2018	Interest at 30 September 2018
<u>MINIM MARTAP PROJECT</u>			
Ngouandal	Cameroon	Nil	Own 100%
Minim Martap	Cameroon	Nil	Own 100%
<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	n/a	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 25% (Acacia Mining plc 75%)
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 25% (Acacia Mining plc 75%)
<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		

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Competent Person Statement

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, Chief Geologist of Canyon Resources Ltd. 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.

Forward Looking Statements

All statements other than statements of historical fact included on this website 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.

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 2018

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	(1,366)	(1,366)
(b) development	-	-
(c) production	-	-
(d) staff costs	(304)	(304)
(e) administration and corporate costs	(238)	(238)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
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	(1,905)	(1,905)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(11)	(11)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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	(11)	(11)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	5,000	5,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	1,493	1,493
3.4	Transaction costs related to issues of shares, convertible notes or options	(344)	(344)
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	6,149	6,149

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,252	2,252
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,905)	(1,905)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(11)	(11)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	6,149	6,149
4.5	Effect of movement in exchange rates on cash held	3	3
4.6	Cash and cash equivalents at end of period	6,488	6,488

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	2,488	2,252
5.2 Call deposits	4,000	-
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)	6,488	2,252

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

267

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 and Bonuses

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

8. Financing facilities available

Add notes as necessary for an understanding of the position

**Total facility amount
at quarter end
\$A'000**

**Amount drawn at
quarter end
\$A'000**

8.1 Loan facilities

-

-

8.2 Credit standby arrangements

-

-

8.3 Other (please specify)

-

-

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.

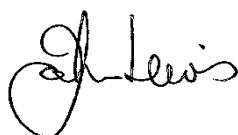
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9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	1,208
9.2	Development	-
9.3	Production	-
9.4	Staff costs	264
9.5	Administration and corporate costs	524
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	1,996

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				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

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: Date:31 October 2018.....
(Director/Company secretary)

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.