



ACTIVITIES REPORT FOR THE QUARTER ENDED

31 December 2018

HIGHLIGHTS:

- Very high-grade bauxite trend identified at Minim Martap, Cameroon with initial drilling and exploration program underway
- Drilling targeting very-high grade plateaux within the existing bauxite resource
- Early drill holes have produced significantly thicker bauxite profiles than previous results indicate
- Canyon has identified new, large and previously untested bauxite plateaux for future drilling programs
- Initial reconnaissance on untested plateaux identifies significant bauxite profiles containing abundant visible gibbsite
- Airborne LIDAR survey completed to identify additional drill targets
- Former Syrah Resources Managing Director Tolga Kumova appointed strategic advisor
- Canyon Board members & advisor Tolga Kumova visited the Project and reviewed 2019 exploration strategy
- Agreement signed with key rail and infrastructure partner Mota-Engil

Canyon Resources Ltd (ASX: CAY) is pleased to report on activities at its projects including the Minim Martap Bauxite Project in Cameroon, central Africa, for the quarter ended 31 December 2018.

MINIM MARTAP PROJECT

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

Canyon commenced an initial air-core drilling campaign and exploration program on its Minim Martap Project in Cameroon in December 2018. The drilling program is targeting very high-grade bauxite plateaux the Company has identified across the Project tenements.

Canyon's initial reconnaissance and exploration on the Project highlighted the opportunity to substantially increase the size of the Minim Martap Project resource beyond the current JORC (2012) resource estimate of 550MT at an average grade of 45.5% Al₂O₃ and 2.06% SiO₂ (see Table 1).

ASX Code : CAY

31 January 2019

DIRECTORS & MANAGEMENT

David Netherway
Chairman

Phillip Gallagher
Managing Director

Emmanuel Correia
Non-executive Director

Steven Zaninovich
Non-executive Director

John Lewis
Company Secretary

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Table 1: Minim Martap Project Resource Statement - previously published on 9 August 2018 as JORC 2004 compliant subsequently upgraded to JORC 2012 compliant on 20 September 2018

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

Canyon has identified a substantial number of new previously untested bauxite plateaux within the Project area, and the Company now estimates that the drilling completed on the Project by the previous owners tested less than 30% of the available bauxite plateaux.



Figure 1: Drilling underway on the high-grade Beatrice bauxite plateau on the Minim Martap Project

The drilling and reconnaissance exploration is focusing on upgrading the grade and scale of the previously published JORC 2012-compliant Minim Martap and Ngaoundal bauxite resource. A detailed review of the Project area has identified a substantially greater number of bauxite plateaux at a larger size than previously understood. All the newly identified bauxite plateaux are at a similar altitude and have the same characteristics as previously drilled plateaux on the Project.

Canyon is utilising its own air-core drilling rig and a team of experienced personnel to conduct the first phase of drilling in the North-West quadrant of the Minim Martap licence. The initial drill program will target the previously drilled Beatrice, Agnes and Raymonde plateaux and the adjacent plateaux within the previously announced highly prospective North East/South West oriented high-grade bauxite plateau corridor.

The first phase of drilling on the Beatrice, Agnes and Raymonde plateaux will be on a 250 x 250 metre grid to infill previous drilling. Canyon will also twin several holes from earlier drilling programs to verify historic assays.

Logging of the early drill holes on the Beatrice Plateau has suggested that the bauxite profile is significantly thicker than previously reported. Canyon is preparing one metre composite samples for submission to ALS for detailed geochemical analysis at its facility in Loughrea, Ireland.

In addition to drilling, a team of local Cameroonian geologists are conducting initial reconnaissance exploration on previously untested bauxite plateau adjacent to the Beatrice, Agnes and Raymonde plateau. These untested bauxite plateaux are within the high-grade bauxite plateaux corridor zone. This initial reconnaissance exploration has identified many new zones of bauxite with a high level of visible gibbsite. These new areas will be a high priority for future drilling and exploration.

The next phase of the exploration drilling program will commence in early 2019 on a 500 x 250 metre grid and will make use of results from a high-resolution airborne LIDAR (light imaging, detection and ranging) survey recently completed over the project to delineate prospective plateaux within the high-grade corridor. Canyon will use this to identify high priority bauxite plateaux for future exploration drilling. The results from the LIDAR survey will also be utilized as part of Canyon's Pre-Feasibility and Environmental and Social Impact studies for the Project.

High Grade Cluster within the Minim Martap Resource

In November 2018, following detailed analysis of remote sensing imagery, the previous drilling and field mapping in the north-western and western part of the Minim Martap permit, Canyon was able to identify a very exciting high-grade bauxite trend with a distinct NE/SW-orientated lineation extending throughout the license area. (Figure 2).

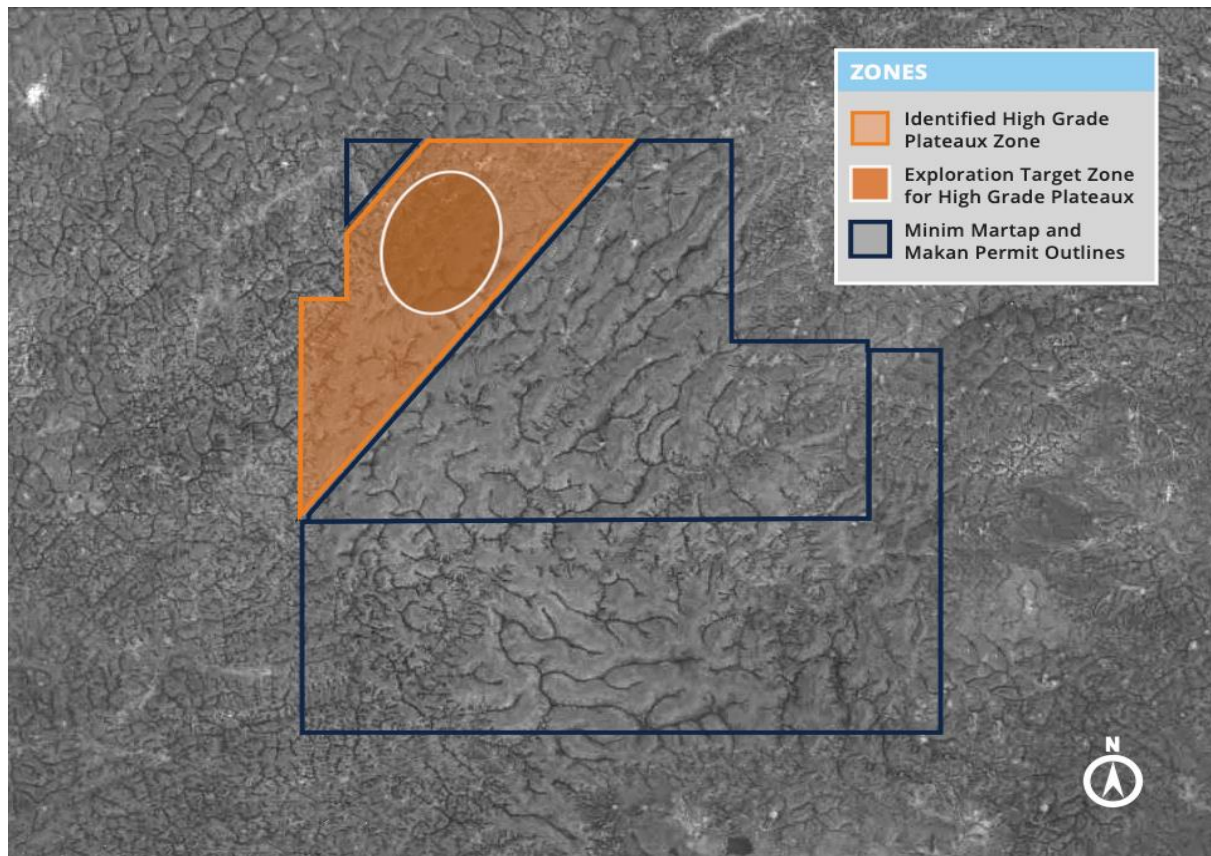


Figure 2: Minim Martap high-grade bauxite plateaux trend location

The high-grade plateaux follow a distinct lineation visible throughout the Minim Martap and Makan permits, extending into the southern area of the permits. Canyon believes there is potential for a substantial upgrade to the high-grade portion of the Minim Martap resource as less than 30% of the bauxite plateaux within the identified corridor have been tested to date.

In November 2018 the Company released a high grade resource that is within the existing resource and is consistent with the identified high grade plateau trend.

Table 2: Minim Martap Very High-Grade Plateaux Resource JORC (2012)

Plateau	Thickness	Al ₂ O ₃	Fe ₂ O ₃	SiO ₂	TiO ₂	Tonnes
Raymonde	9.1	49.2%	19.0%	2.1%	4.2%	73,537,378
Beatrice	7.3	50.8%	16.4%	2.7%	3.9%	37,093,601
Agnes	8.3	47.0%	22.1%	2.5%	3.6%	34,493,143
Total (W Av)		49.09%	19.22%	2.35%	4.00%	
Total (T)						145,124,122



Figure 3: Rock chip sample showing high levels of gibbsite-hosted Al₂O₃ from a previously untested area.

Project Launch Events

During the quarter a series of major media and community launch events were held 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. The town of Ngaoundal is located adjacent to the bauxite plateaux within the Ngaoundal permit, while the villages of Minim and Martap are located next to bauxite plateaux within the Minim Martap permit.

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Figure 4: Official delegation for ceremony in the town of Ngaoundal

A delegation of representatives from Canyon, and local senior management from Camalco SA, along with a delegation from the Ministry of Mines, Industry and Technological Development, including His Excellency The Minister of Mines Ernest Gwaboubo and the Governor of the Adamawa Region M. Kildaldi Taguieke Bukar and other local dignitaries, attended the events that were each highlighted by a traditional welcome by the local villagers and speeches from His Excellency, The Minister of Mines and from Canyon Resources Ltd.

In addition to the launch events, the Minister of Mines ceremonially started Canyon's own drilling rig on the Minim Martap permit to signify the commencement of work on the Project.



Figure 5: A welcome banner and villagers at the village of Minim

Bauxite de Minim-Martap

Le projet d'exploitation relancé

■ Le ministre des Mines, de l'Industrie et du Développement technologique a procédé lundi dernier, au lancement des activités de recherche.

Esaie MEIDOGO SHAKUR

Au bout de trois années de recherche, il est fort probable que le projet d'exploitation des gisements de bauxite de Minim Martap, Ngaoundal et Makan entre dans sa phase active. Le gouvernement camerounais vient d'engager une procédure d'urgence. Un permis de recherche spéciale d'une durée de trois ans assorti d'un cahier de charges précis a été attribué à la société de droit camerounaise Camalco, filiale de la société australienne Canyon Resources Ltd. La descente du ministre Ernest Gbwaboubou sur le terrain a consisté dans un premier temps à la visite des trois plateaux bauxitiques, suivie de la cérémonie proprement dite de lancement de la dernière phase de recherche prévue dans les localités de Minim Martap, Ngaoundal et Makan. Accompagné du gouverneur de la région de l'Adamaoua, Kildadi Taguié Boukar, le

Minimdt a sillonné tous les villages riverains de ce projet afin d'apporter l'unction du gouvernement et de rassurer les populations sur la prise en compte de leurs aspirations durant les négociations de la convention minière y relative qui précède la mise en exploitation de ce gisement. Il convient de rappeler que ces permis, autrefois détenus par la société Cameroun Alumina (Cal), avaient été reversés au domaine minier national le 25 avril 2016, suite au blocage des négociations. Ce blocage découlait de la non fourniture par la société Cal de toutes les études préalables définitives sur l'ensemble des composantes du projet (bauxite-alumine) assorties d'un modèle financier intégré d'une part et de la fébrilité de Duval Alumina de continuer à investir dans le projet d'autres part. C'est ainsi que le gouvernement a engagé des discussions avec la société Canyon resources et sa filiale camerounaise Camalco à l'effet d'évaluer ses capacités et le cas échéant,



La descente du ministre Ernest Gbwaboubou sur le site

lui attribuer le permis sollicité. Ce qui a abouti à la signature des permis en faveur de Camalco SA.

Lundi dernier, le managing director de Canyon resources, Philip Gallagher

a rassuré que « le cahier de charges sera respecté ». Pour Ernest Gbwaboubou, cette étape marque un tournant important dans la mise en œuvre de ce projet qui devrait sensi-

blement améliorer la qualité de vie des populations riveraines et du Cameroun en général, qui ont longtemps attendu l'exploitation de cette richesse.

Figure 6: Cameroon Tribune Newspaper article regarding the granting of the Minim Martap project to Canyon.

The launch events were a positive start to Canyon's development of the Minim Martap Bauxite Project. The Minim Martap Project is a mineral asset of major significance to Cameroon and Canyon is confident that this will be the beginning of a long term and sustainable bauxite mining and export operation that will be beneficial and positive for all stakeholders.

Appointment of Strategic Advisor

During the quarter, Canyon Resources appointed Tolga Kumova as its Strategic Advisor. Mr Kumova has 15 years' experience in stockbroking, corporate finance and corporate restructuring and has specialised in initial public offerings and capital requirements of mining focused companies.

He has raised more than \$500 million for mining ventures, varying from inception stage through to construction and development – the majority being raised for projects in Africa.

Mr Kumova was a founding shareholder of Syrah Resources Ltd, serving as Executive Director and Managing Director, leading the company from the resource phase to full funding and development. Canyon believes Mr Kumova's experience will be integral to its development of the Minim Martap project.

Rail and Infrastructure Partnership

Canyon entered into an agreement with Mota-Engil Engenharia e Construção África SA (Mota-Engil), providing a high level framework for Canyon and Mota-Engil to work together to develop the required rail and related infrastructure for Minim Martap.

To commence the partnership between Canyon and Mota-Engil, the parties agreed:

1. To undertake an initial assessment of the existing railway infrastructure and operations and for the construction of the railway spur line to connect the mine site train loading system to the existing railway line;
2. To undertake an initial study for the construction of the new multi user section of railway line linking the port of Kribi to the existing railway line.



Figure 9: Canyon Board and Management representatives with the Préfet and Sous-Préfet of the Tibaati Region.

Project Site Visit

Canyon's Chairman David Netherway, Managing Director Phillip Gallagher and advisor Tolga Kumova recently visited the Minim Martap Project site and stayed at the Company's exploration camp. The visit included a detailed review of the Company's exploration strategy and highlighted the potential for a substantial upgrade to the exploration program of the Project.

Acquisition of Previous Drilling Core

Canyon acquired the majority of the diamond drill core and coarse rejects and pulps from approximately 9,000 samples prepared for analysis from the drilling completed in 2009 by the previous owners of the Minim Martap Project, Cameroon Alumina Ltd (CAL). 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.

By acquiring a significant quantity of the diamond drill core, coarse rejects and pulps that were used for the analytical work which formed the foundation of the initial CAL resource Canyon is in an enviable position of being able to use the material as a reference for future analysis and studies.

Having ownership of the samples adds a degree of security and validation to the previous work on the project. The company's geological team were very impressed with the quality of the samples, the clear and legible logging and well ordered storage within the shed. The drilling core is a valuable acquisition for Canyon that will reduce the costs and requirements of future drilling campaigns."

The integrity of the samples is sufficient to use as duplicates for any geochemical refereeing or due diligence that might be required to validate the 2012 JORC compliant SRK resource model. Despite being almost 10 years old the samples are in excellent condition and can easily be matched up with the sample numbers in the previous database.



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

THE BIRSOK BAUXITE PROJECT

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

The Birsok project is located in central Cameroon and is contiguous with exploration licences covering the Minim Martap Project. The Birsok Project permits are located between the Minim Martap Project and the rail line and there were some shared bauxite plateaux between the Projects. Canyon now controls all of this area and this transaction removes the need to consult and potentially reach agreement with minority joint venture partners in relation to development plans to build a long term, high grade bauxite mining and export operation.

CORPORATE

Appointment of Company Secretary and CFO

In October 2018 the Board appointed Mr John Lewis as Joint Company Secretary and Chief Financial Officer of the company. Mr Lewis is an experienced Chartered Accountant who has in excess of 10 years' experience as a Company Secretary and Chief Financial Officer of ASX listed Companies. Mr Lewis commenced work alongside Mr Robert Marusco as Company Secretary who stepped down on 31 October 2018.

Registered Office and Principle Place of Business

The Company changed its registered office, principle place of business and contact details in October 2018 as follows:

Level 9, 863 Hay Street Perth WA 6000

PO Box 7606 Cloisters Square Post Office 6850

Results of the Annual General Meeting

Canyon held its AGM on 23 November 2018. A total of 14 resolutions were put to the meeting and all were passed unanimously on the show of hands.

COMPETENT PERSON'S 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.

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Canyon Resources Limited – Interest in Mineral Properties

Permits	Location	Interest at 30 September 2018	Interest at 31 December 2018
<u>BIRSOK BAUXITE PROJECT</u>			
Birsok	Cameroon	Agreement to earn up to 75%.	Agreement to earn up to 75%.
Mandoum	Cameroon		
Mambal (application)	Cameroon		
Ndjimom (Mayouom Project)	Cameroon	n/a	Own 100%
<u>MINIM MARTAP PROJECT</u>			
Ngaoundal	Cameroon	Own 100%	Own 100%
Minim Martap	Cameroon		
Markam	Cameroon		
<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		