CANYON RESOURCES LIMITED

(ABN 13 140 087 261)

Annual Report
30 June 2014

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CORPORATE INFORMATION

Canyon Resources Limited

ABN 13 140 087 261

Directors

Rhoderick Grivas

Phillip Gallagher

Matthew Shackleton

David Netherway

Company Secretary

Phillip MacLeod

Registered office

7/29 The Avenue

Nedlands Western Australia 6009

Tel: +61 8 9389 7050

Principal place of business

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Fax: +61 8 9324 1502
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Share Register

Computershare Limited

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Perth Western Australia 6000

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Fax: +61 8 9323 2033
Web: www.computershare.com.au

Solicitor

Steinepreis Paganin

Level 4, The Read Buildings

16 Milligan Street

Perth Western Australia 6000

Auditor

HLB Mann Judd

Level 4, 130 Stirling Street

Perth Western Australia 6000

Securities Exchange Listing

ASX Limited

ASX Codes: CAY, CAYO

CHAIRMAN'S LETTER

On behalf of your Board of Directors, I am pleased to present to you the Annual Report of Canyon Resources Limited ("Canyon" or "the Company") for the year ended 30 June 2014.

The past year has been a transformational period with the Company entering into an agreement to acquire the Birsok Bauxite Project ("Birsok Project") in central Cameroon.

The Birsok Project is located adjacent to the world class Minim Martap deposit and is close to existing rail to port infrastructure, potentially keeping any capital expenditure on the project development to a minimum. Reverse circulation drilling conducted by the Company within 6 months of acquiring the project has confirmed the presence of high grade bauxite on a number of plateaux.

The fundamentals for bauxite look strong and there is currently upward pressure on the bauxite price due to bans on bauxite exports from Indonesia and the decline in traditional high grade deposits around the world.

Canyon believes that Cameroon is under explored and has suitable infrastructure with capacity for a direct ship bauxite operation. The Company is focused on exploring and developing the Birsok project whilst also conducting exploration in Cameroon to identify other bauxite rich areas. The Company recently applied for a license, abutting the southern extension of the Minim Martap tenure, which has a large un-explored plateau.

Mr David Netherway, who is Chairman of the Birsok Project vendor group Altus Strategies Ltd, joined the Canyon Board of Directors on 17 March 2014. David has had significant experience working in senior roles in junior resources companies that have advanced and developed projects throughout Africa and specifically in West Africa. David's experience and knowledge has proved to be a valuable addition to the board.

I wish to extend my thanks to the Board of Canyon for their contributions and efforts during the year. I want also to thank all shareholders who have continued to support Canyon in what has been a difficult year in the junior resources markets. Canyon remains committed to pursuing a strategy that will deliver value to shareholders and I look forward to a mutually successful year ahead.

Yours faithfully

Rhoderick Grivas
Chairman

DIRECTORS' REPORT

Your directors submit the annual financial report of the consolidated entity comprising Canyon Resources Limited and the entities it controlled during the financial year ended 30 June 2014 ("consolidated entity," "Canyon" or "Group"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors:

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications and experience:

Rhoderick Grivas BSc, AICD, AusIMM, AIG, Chairman

Appointed 11 December 2009

Mr Grivas is a geologist with over 25 years of experience in corporate and technical management of junior exploration companies. He has held a number of executive director positions with junior resource companies including ASX and TSX listed entities.

During the past three years Mr Grivas was Non-Executive Chairman of Lodestar Minerals Ltd (August 2007 to April 2012), Equator Resources Limited (September 2011 to January 2013) and Coventry Resources Limited (August 2010 to December 2012). Mr Grivas is currently Chairman of Southern Crown Resources Limited.

Phillip Gallagher BBus, Managing Director

Appointed 19 October 2009

Mr Gallagher has extensive experience in senior commercial and operational roles in both private and public companies. He was previously Managing Director of ASX listed Empire Beer Group Ltd and Marketing Manager Western Australia for the Fosters Group.

During the past three years, Mr Gallagher has held no other directorships.

Matthew Shackleton BComm, MBA, FCA, Non-Executive Director

Appointed 19 October 2009

Mr Shackleton has over 20 years of experience in senior finance, corporate and general management roles in Western Australia and overseas. Mr Shackleton is a Fellow of the Institute of Chartered Accountants in Australia.

During the past three years Mr Shackleton has held the position of Managing Director with Mount Magnet South NL (April 2008 to January 2012) and Executive Chairman with Goldphyre Resources Limited (July 2014 – present).

DIRECTORS' REPORT (CONTINUED)

David Netherway B.Eng (Mining), CDipAF, F.Aus.IMM, CP

Appointed 17 March 2014

Mr Netherway is a mining engineer with over 35 years of experience in the mining industry and until the takeover by Gryphon Minerals Limited, was CEO of Shield Mining Limited, an ASX listed exploration company. He was involved in the construction and development of the Iduapriem, Siguiri and Kiniero gold mines in West Africa and has extensive mining experience in Africa, Australia, China, Canada, India and the former Soviet Union.

Mr Netherway was the Chairman of Afferro Mining, a UK listed iron ore exploration and development company in Cameroon until December 2013 when Afferro was subject to a US$200 million dollar takeover by AIM listed International Mining and Infrastructure Corporation plc. He is also the Chairman of Altus Strategies Limited, Canyon's joint venture partner on the Birsok Project in Cameroon.

During the past 3 years Mr Netherway has held the position of Director of Crusader Resources Limited (1 July 2011 to present) and Gryphon Minerals Limited (1 October 2010 to 31 July 2013).

Company Secretary:

Phillip MacLeod BBus, ASA, MAICD

Appointed 6 January 2010

Mr MacLeod has, over the past 20 years, provided corporate, management and accounting services to Australian and international public companies involved in the resources, technology, healthcare and property industries.

DIRECTORS' REPORT (CONTINUED)

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company were:

Director	Number of fully paid ordinary shares	Number of listed options over ordinary shares	Number of unlisted options over ordinary shares
Rhoderick Grivas	1,965,385	415,385	2,000,000
Phillip Gallagher	1,520,001	20,000	3,000,000
Matthew Shackleton	1,775,001	140,000	1,500,000
David Netherway	1,111,111	1,111,111	1,500,000

Details of unissued ordinary shares in the Company under options as at the date of this report are as follows:

Options series	Number of options	Exercise price	Expiry date
Listed options	14,106,130	16.0 cents	29/2/2016
Unlisted brokers' options	3,000,000	16.0 cents	29/2/2016
Listed options	39,955,077	6.0 cents	31/1/2017
Unlisted incentive options	8,000,000	6.8 cents	22/2/2017

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal activities

The principal activity of the entities within the consolidated entity during the year was bauxite and gold exploration.

REVIEW OF OPERATIONS

EXPLORATION

The 2013/2014 financial year has been a significant year for Canyon Resources, with the Company entering into an agreement in December 2013 to earn up to a 75% interest in the Birsok Bauxite Project in Cameroon.

Cameroon

The Birsok Project is located in central Cameroon and is contiguous to the world class, high grade Minim Martap bauxite deposit. The Project is comprised of two permits over 1,457km^2 and is located along raised plateaux similar to the nearby Minim Martap deposit. The project is within 10km of an existing operating rail line that is connected to the existing port in Cameroon and will be connected via a new spur line to the new deep water port currently under construction in the south-west of Cameroon.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

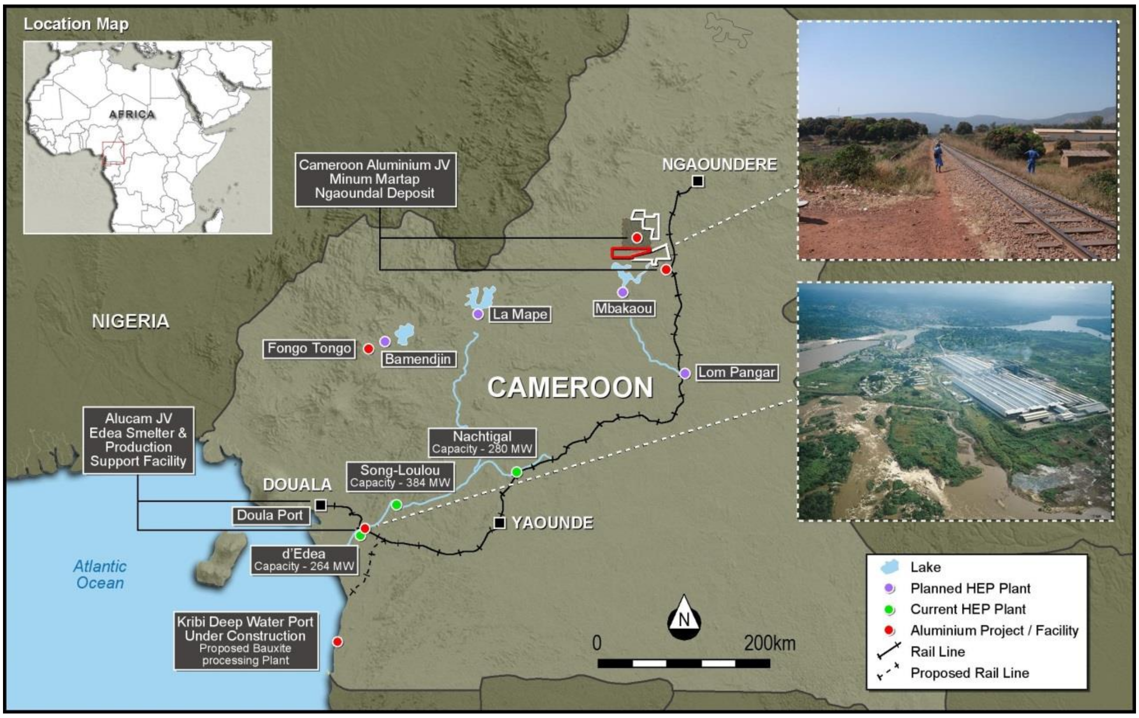

Figure 1: Birsok Project location map, showing the rail line and ports in Cameroon.

In May 2014 the Company announced the commencement of the initial drilling program on the Birsok Project. The program was planned to test the tenor, thickness and extent of bauxite mineralisation identified previously from mapping and sampling across priority target areas.

A total of 329 RC (Reverse Circulation) holes for 3,563m of drilling were completed on nineteen plateau targets over the four main prospects within the northern Birsok permit (Figure 2). Assay results from the drilling program returned several thick, high-grade, intersections from surface, in all the prospects targeted in this first round of reconnaissance drilling. Results from the drilling returned particularly high aluminium oxide (Al_2O_3) grades, several greater than 50%, and low total silica (SiO_2), less than 5%, in several plateaux, particularly from the Baoua prospect. These results confirm the potential for the Company to establish a direct shipping ore (DSO) bauxite resource with similar characteristics to the contiguous Minim Martap deposit.

Significant Intersections returned from the drilling program included:

- **11m** @ **51.9% Al_2O_3** and 2.9% total SiO_2 from surface
- **10m** @ **54.4% Al_2O_3** and 2.6% total SiO_2 from surface
- **7m** @ **55.5% Al_2O_3** and 1.7% total SiO_2 from surface
- **6m** @ **54.0% Al_2O_3** and 2.6% total SiO_2 from surface
- **5m** @ **46.5% Al_2O_3** and 2.9% total SiO_2 from surface and **6m** @ **55.4% Al_2O_3** and 4.0% total SiO_2 from 9m
- **4m** @ **54.7% Al_2O_3** and 1.4% total SiO_2 from surface
- **4m** @ **53.8% Al_2O_3** and 4.8% total SiO_2 from surface
- **6m** @ **46.7% Al_2O_3** and 10.5% total SiO_2 from surface
- **9m** @ **41.6% Al_2O_3** and 6.3% total SiO_2 from surface

For further details please refer to Company ASX announcements.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

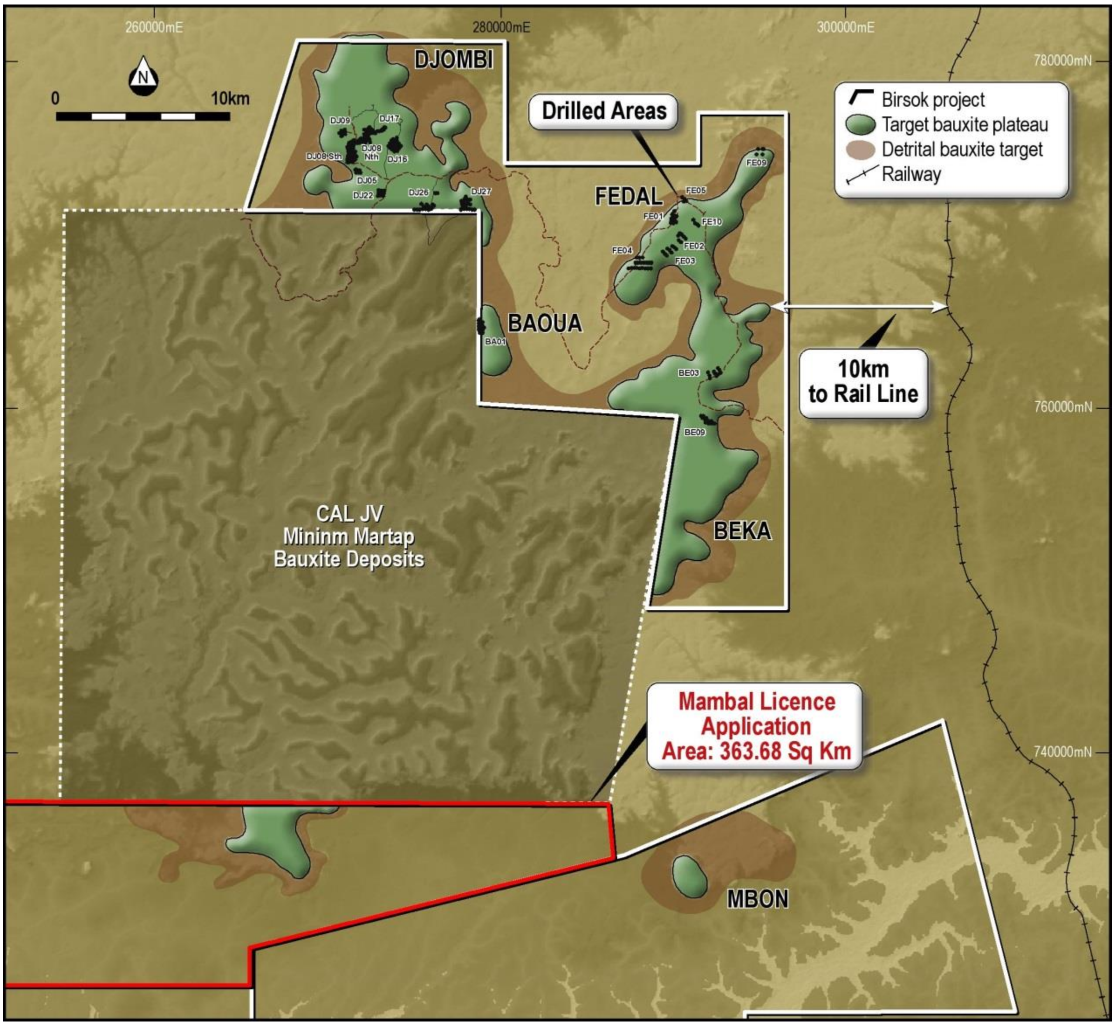

Figure 2: *Location Map showing drill hole collars and the Mambal license under application in relation the Birsok Project licenses.*

Reconnaissance work around the project area identified further bauxite rich plateau abutting the southern boundary of the Minim Martap license in the vicinity of the existing Project area. An application has been lodged for the 364km^2 Mambal licence to increase the total footprint of the Birsok Project to 1,811km^2.

The Company is currently undertaking analysis to prioritise target prospect areas for follow up testing and future drilling. In addition, samples from the identified prospects have been sent for testing of available alumina and reactive silica contents.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Images 1&2: RC rig drilling on the Birsok Project

Following the current wet season rains, it is expected that work will recommence on the Project in the fourth quarter of 2014.

The second phase drilling program is planned to test the additional plateaux defined by recent mapping and targeting on the northern Birsok permit, and first drill testing of plateaux on the Mandoum permit.

The Company has secured access to a Landcruiser mounted aircore drilling rig for the next drilling program. This rig will allow easier access around the Project area and is expected to significantly reduce drilling and support costs for future drilling.

The Birsok permit is currently in the process of renewal with all documentation having been lodged with the Ministry of Industry, Mines & Technological Development in Cameroon. The local joint venture company in Cameroon has received a letter dated 14 April 2014 signed by the Minister of Industry, Mines & Technological Development stating that the application has been positively reviewed and the permit renewal is expected imminently.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Image 3: six wheel drive mounted RAB/Aircore rig secured for future drilling

Canyon is continuously reviewing additional business development opportunities to increase shareholder value. The Company is currently focusing on additional opportunities in Cameroon, in particular bauxite projects in the vicinity of the Birsok Project.

Cameroon is a generally under explored jurisdiction and Canyon believes that as a relatively early mover in the country there will be cost effective opportunities to secure additional project areas to grow the scale of its operations in the country.

Summary of Initial Birsok Drilling Program

The phase one drilling program successfully tested the major plateau targets defined from the previous surface work undertaken by Canyon's joint venture partner, intersecting lateritic bauxite mineralisation of various grade, thickness and quality at all prospect sites tested.

Several plateaux of high grade bauxite, with Al_2O_3 grades of over 40% (including several with significant intersections over 50%), accompanied by low total silica (<10% SiO_2) have been defined warranting further drilling, metallurgical testing and potential resource definition drilling. This programme is planned to commence after the completion of first pass testing of the Mandoum plateaux and other mapped plateau that have not yet been drilled.

Further details have been released previously by the Company in ASX announcements.

Baoua Prospect

The Baoua prospect, contiguous to the east of the Minim Martap deposit, has produced the highest grade Al_2O_3, lowest total silica assays and thickest intersections of bauxite from drilling. It is a plateau of 700m strike length and up to 350m across, with the best results forming an average bauxite thickness of just over 6m, grading 44% Al_2O_3 and 8.9% total silica. It is open to the north and east and warrants further access clearing and drilling.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

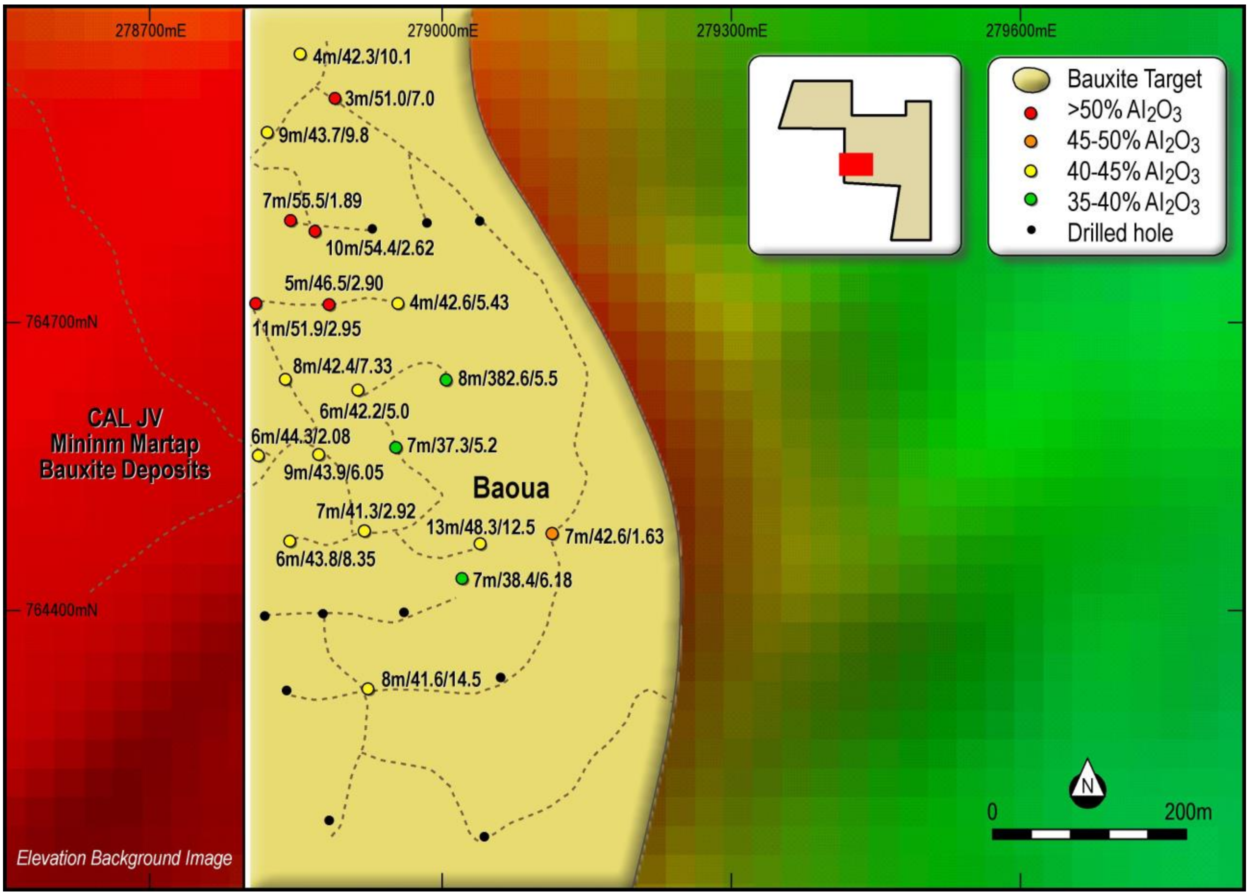

Figure 3: Baoua high-grade intersections and plateau. Holes shown have intersections above 35% Al_2O_3 and below 15% SiO_2. Holes with black circle do not meet intersection criteria.

NB – 11m/51.9/2.95 = 11m thick @ 51.9% Al_2O_3 and 2.95% total SiO_2

Djombi Prospect

A total of 9 plateaux were tested on the Djombi prospect. All plateaux except DJ09, intersected encouraging high grades over 40% Al_2O_3 and generally a 2-6m thickness range of bauxitic material. The total silica content tends to vary between plateaux and needs further analysis. As highlighted in previous ASX announcements (22 July & 4 August 2014), the plateau area consisting of DJ08 South, DJ08 North and DJ17 is the most promising (figure 3), being over 3.5km long, up to 400m wide and averaging around 4.2m thickness, with Al_2O_3 grades averaging around 42%. Total silica content over such a wide areas varies, with results in holes of sub-10% common, particularly in the centre of DJ08 South. The overall average silica content of holes with significant intersections (as defined by having an average Al_2O_3 grade of >35%, minimum thickness of 2m, maximum 2m internal dilution), is encouraging at less than 15%.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

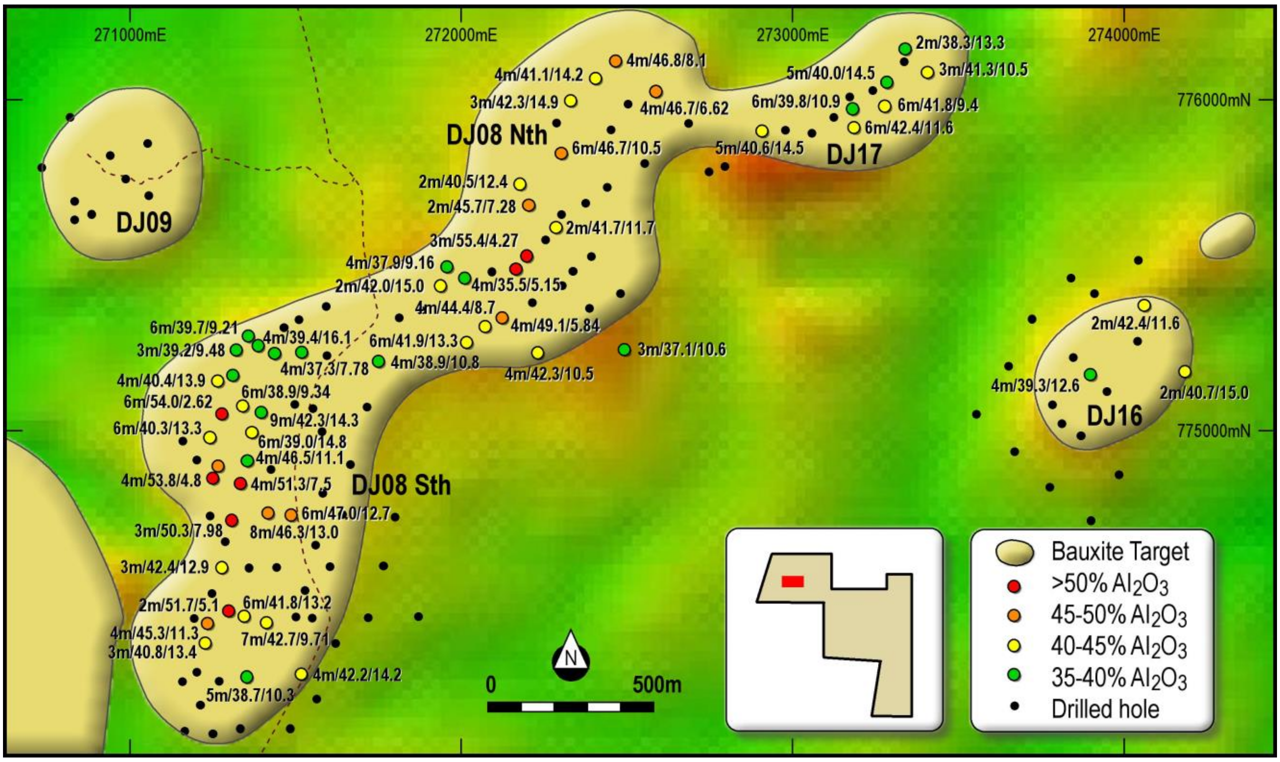

Figure 4: Djombi plateau DJ08 Sth, DJ08 Nth and DJ17. – Holes shown have intersections above 35% Al_2O_3 and below 15% SiO_2. Holes with black circle do not meet intersection criteria.

NB – 11m/51.9/2.95 = 11m thick @ 51.9% Al_2O_3 and 2.95% total SiO_2

Plateau DJ27 (refer ASX announcement dated 14 June 2014) is also a significant plateau with high average Al_2O_3 grades and relatively low silica contents. Holes with significant intersections highlight a zone of average thickness around 6m of bauxite, at 38% Al_2O_3 and total silica of 8.5%, striking for 800m and up to 700m wide (figure 5).

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

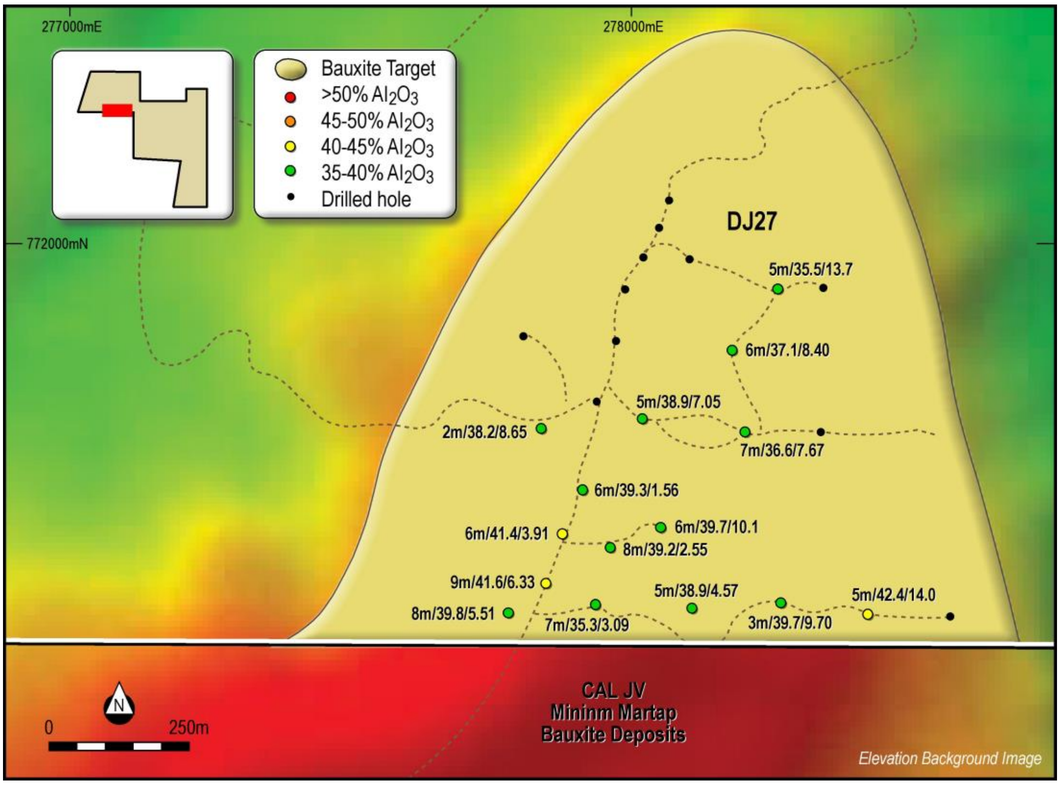

Figure 5: Djombi plateau DJ27. – Holes shown have intersections above 35% Al_2O_3 and below 15% SiO_2. Holes with black circle do not meet intersection criteria.

NB – 11m/51.9/2.95 = 11m thick @ 51.9% Al_2O_3 and 2.95% total SiO_2

Other plateaux such as DJ05, DJ16, DJ22 and DJ26 show some encouraging intersections with significant bauxite Al_2O_3 grades around 40%, 2-4m range of thicknesses, and variable silica generally averaging around 20%. Test work will need to be undertaken to test the significance of the silica content to the resource potential. It is possible that some form of screening or washing of the high silica clay from the lateritic bauxite may be of benefit by concentrating the bauxite grades and reducing silica content.

Fedal Prospect

Results from the Fedal prospect were generally disappointing relative to other prospects, with few areas returning significant size potential for the high Al_2O_3 grade, low silica bauxite best suited for DSO. Generally results indicated 3-4m of lateritic bauxite, probably more detrital or colluvial in nature, rather than in-situ plateau, around 35-40% Al_2O_3 and total silica content around 20-25%. Additional work is required to fully understand the geological and topographic setting, however the area is a lower priority than the higher-grade prospects drilled in this initial phase of drilling.

Beka Prospect

Time and access constraints only allowed for two plateaux to be tested in this round of drilling. Several more targets have been identified and will be tested in the next phase of exploration. BE09 provided the most encouragement with an average thickness of around 2.5m of lateritic bauxite at 41% Al_2O_3 but with relatively high total silica content of around 20% being defined from the drilling, over a low relief ridge 800m long by 200m wide. Further work on delineating other plateaux in the area and providing access for drilling is planned.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Burkina Faso

Canyon Resources has a highly prospective portfolio of five gold projects that provides a footprint of over 3,500km^2 in strategic locations throughout Burkina Faso. During a difficult period for junior gold exploration companies in West Africa, Canyon continued to advance the development of its Burkina Faso projects and exploration work was focused on the Pinarello, Konkolikan and Taparko North Projects.

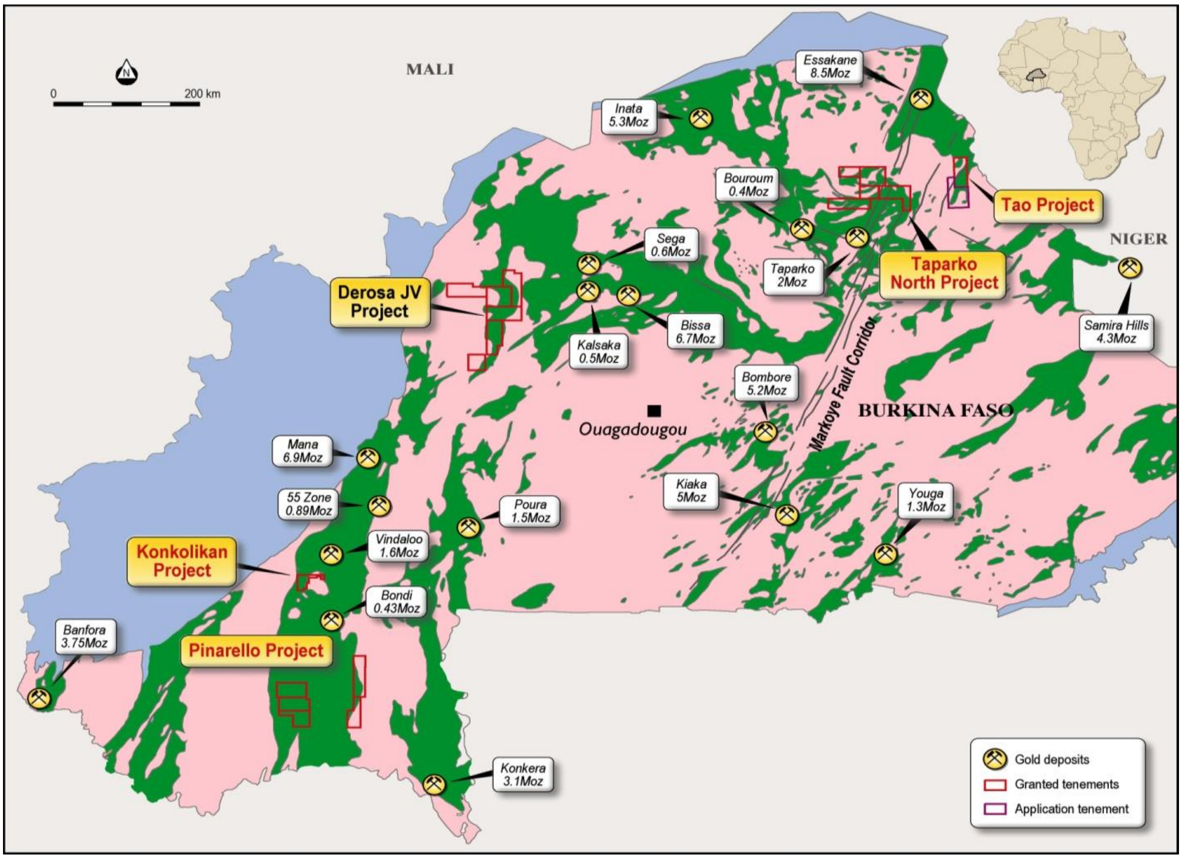

Figure 6: Burkina Faso Project Location Map

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Pinarello Project

In July 2013 the Company announced the identification of three new gold targets on the Pinarello Project, located on the Houndé Gold Belt in south west Burkina Faso. The soil sampling campaign successfully identified an extension of the Tankoro gold corridor seven kilometres into the Pinarello Project permits at the Soukoura prospect and extensions to the Gagnhy and Togoba artisanal workings.

Further details have been provided previously by the Company in ASX announcements.

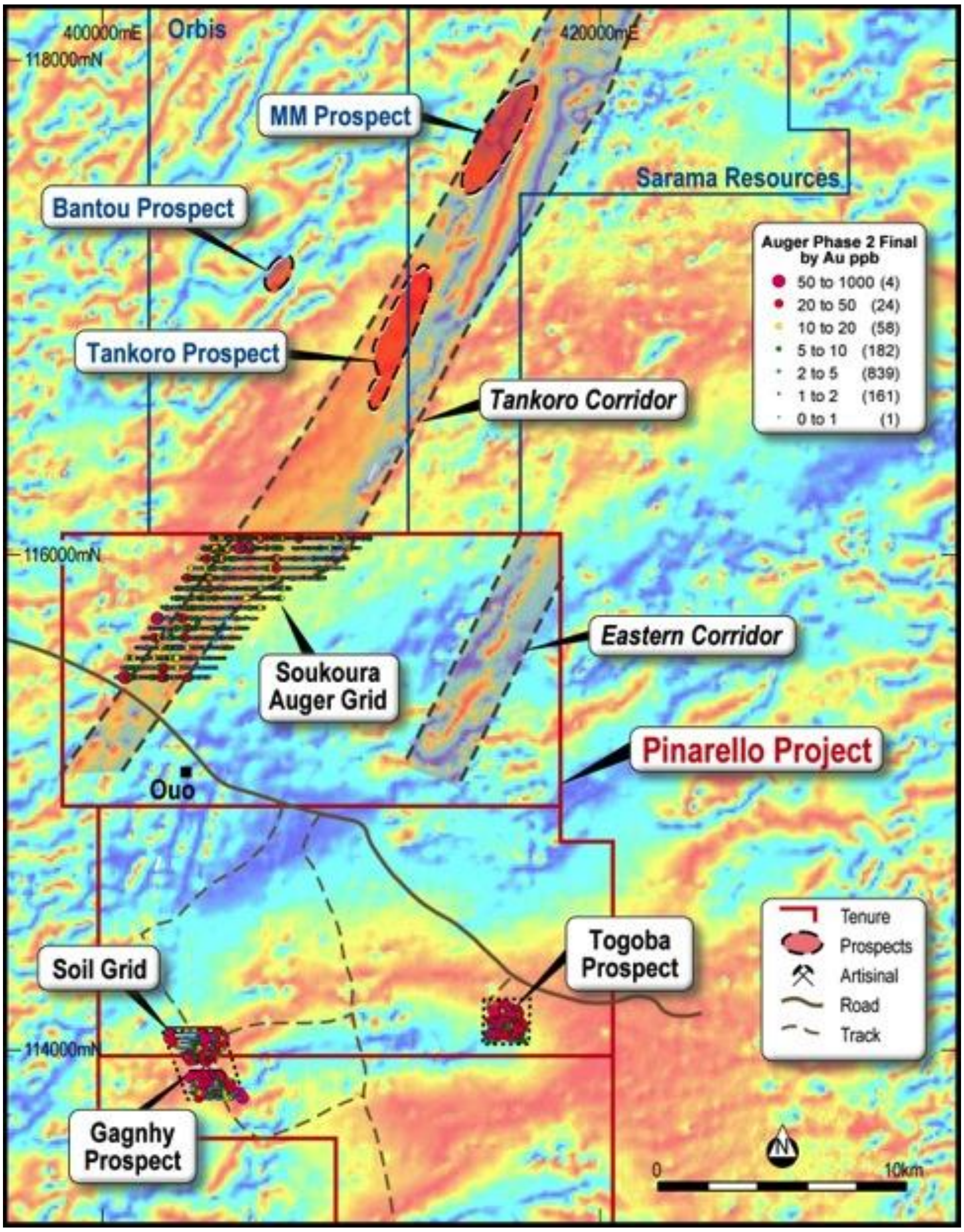

Figure 7: Pinarello Project western permit package and prospects

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Soukoura Prospect Auger Drilling

Canyon has completed a 5,563 metre auger geochemistry program at the Soukoura prospect with a total of 1,322 samples collected from the interface between the transported lateritic overburden and the weathered saprolite.

The results of the auger drilling highlighted the south west striking continuation of the Tankoro mineralised trend over the 7 kilometres tested by the auger program. Analysis returned assays up to 274ppbAu with a low order anomaly of between 5 and 10ppb over the entire strike of the drilling and a number of higher order anomalies over 20ppb Figure 7.

The Tankoro corridor remains open on Canyon's Pinarello Project to the southwest beyond the extent of the auger geochemistry.

Gagnhy Soil Geochemistry

The Gaghny prospect is based around an artisanal mining operation that follows the strike of two quartz vein sets. Canyon's technical team conducted a soil sampling program along strike north and south from the Gagnhy artisanal workings, collecting a total of 583 samples in two phases.

The soil sampling programs identified a 2.9km long, north north-east striking 400 metres wide,+15ppb Au anomaly, open along strike at both ends, with a peak assay of 1.2ppm Au. Major cross cutting zones strike northwest-southeast for over 2.5km around the central artisanal workings, the same orientation as significant mineralised structures in the workings.

Togoba Soil Geochemistry

The Togoba artisanal workings are relatively small in comparison to those workings at Gagnhy. A number of pits have been sunk on small veinlets located in sheared and altered sedimentary rock, striking north-east. A soil sampling program was completed and several encouraging anomalous gold results were returned including a peak assay of 967ppb (0.967g/t), as well as one of 883ppb Au.

From the 278 samples collected, 21 samples were above 100ppb and although results at this stage don't provide a coherent orientation they indicate significant +200ppb soil anomalism in and around the artisanal workings and extending over large portions of the sampled area.

Follow up sampling and testing is warranted on both prospects.

Konkolikan Project

Canyon's Konkolikan Project is a single permit of 100.1km² situated in the Houndé gold belt. The Project is situated on the same regional mineralised structure that hosts Endeavour Mining Corporation's Houndé Project and Rox Gold Inc.'s high grade Yaramoko Project.

The central area of the Houndé gold belt, where Canyon's Konkolikan Project is situated, has become known for hosting high grade gold deposits. The Konkolikan Project is located on a granite intrusion and is in a similar geological setting as Rox Gold's high grade Zone 55 deposit, located at the Yaramoko Project (Figure 8).

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

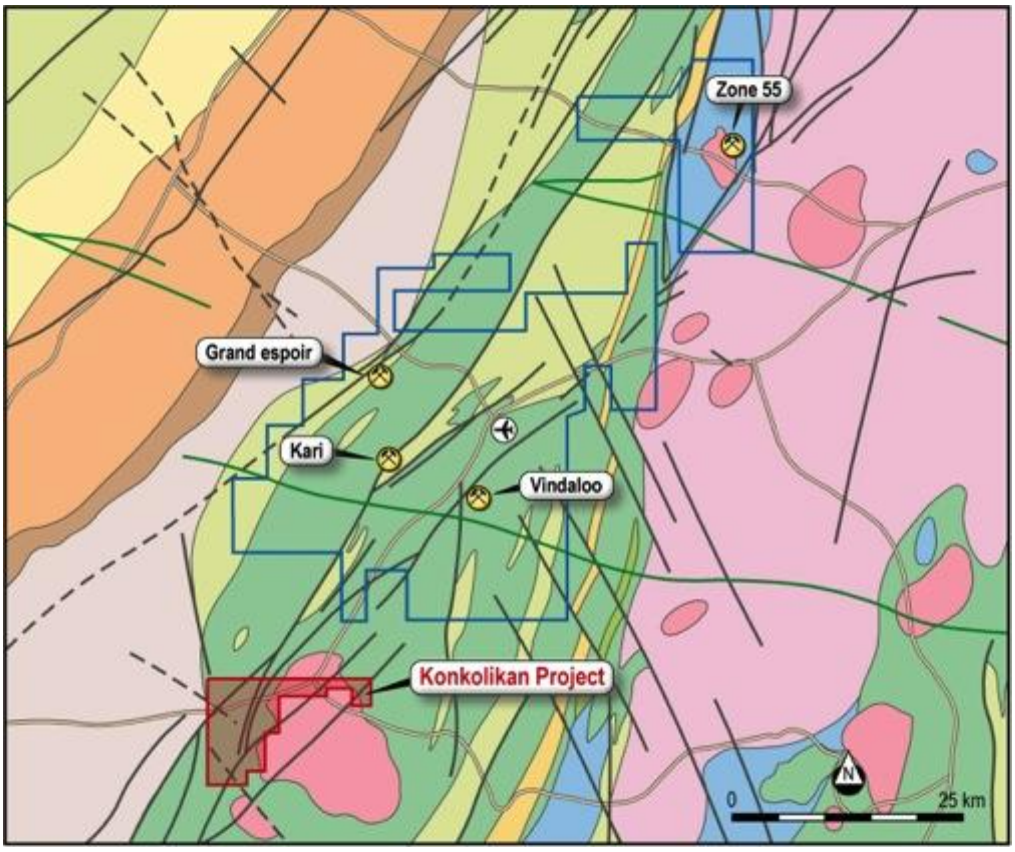

Figure 8: Regional geology map highlighting Konkolikan Project; Endeavour's Hounde Project and Rox Gold's Yaramoko Project

Taparko North Project

In March and April 2014 the Company completed a two hole 369m Reverse Circulation (RC) drilling program at the Karga prospect on the Taparko North Project targeting coincident multi- element auger soil geochemical and ground electromagnetic (EM) anomalies that suggested the potential for VMS (Volcanogenic Massive Sulphide) style Cu-Zn mineralisation.

Whilst drilling successfully explained the EM and auger anomalism by intersecting high sulphide zones with weak associated Cu-Zn anomalism, there were no economically significant assay results, with a peak assay of 3m @ 2700ppm Zn and 1m @ 411ppm Cu being returned.

Further details have previously been provided by the Company in ASX announcements.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS (CONTINUED)

Competent Person's Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Rhoderick Grivas, a Director and employee of the Company and a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Grivas has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Grivas consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. All exploration results reported have previously been released to ASX and are available to be viewed on the Company website www.canyonresources.com.au. The Company confirms it is not aware of any new information that materially affects the information included in the original announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

CORPORATE

The Company was pleased to announce the appointment of Mr David Netherway to the board on 17 March 2014. Mr Netherway is a mining engineer with over 35 years of experience in the mining industry and is the chairman of Altus Strategies Limited, Canyon's joint venture partner on the Birsok Bauxite Project.

Mr Netherway has a wealth of experience of the exploration and development of mining projects in Africa and adds valuable expertise to the Canyon Resources Board of Directors.

During the year the Company successfully completed a non-renounceable entitlement issue raising a total of $1,482,978 before costs through the issue of 32,955,087 shares at an issue price of 4.5 cents per share. The shares were issued with an attaching option exercisable at 6 cents and an expiry date of 31 January 2017.

Operating result for the year

The consolidated entity's operating loss for the year ended 30 June 2014 was $2,627,530 (year ended 30 June 2013: $2,564,910). The result included the write-off of exploration and evaluation expenditure incurred of $1,105,608 (30 June 2013: $1,574,973) in accordance with the consolidated entity's accounting policy and impairments of exploration assets of $498,980 (2013: $164,359).

Review of financial condition

At 30 June 2014, the consolidated entity had $1,013,900 in cash and term deposit balances (30 June 2013 $2,076,136).

Significant changes in the state of affairs

In the opinion of directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the year.

Significant events after balance date

Subsequent to the balance date the Company disposed of an 85% interest in its Derosa Project in Burkina Faso for a consideration of 2 million ordinary shares in Rumble Resources Limited. The Company will continue to hold a 15% interest in the Project. Other than the above there were no material events subsequent to the balance date.

DIRECTORS' REPORT (CONTINUED)

Likely developments and expected results

Subject to cash reserves and the ability to replenish those reserves, the consolidated entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

Environmental legislation

With respect to its environmental obligations regarding its exploration activities the consolidated entity endeavours to ensure that it complies with all regulations when carrying out any exploration work and is not aware of any breach at this time.

Indemnification and insurance of Directors and Officers

The Company has entered into Director and Officer Protection Deeds ("Deed") with each Director and the Company Secretary ("Officers"). Under the Deed, the Company indemnifies the relevant Officer to the maximum extent permitted by law against legal proceedings, and any damage or loss incurred in connection with the Officer being an officer of the Company. The Company has paid insurance premiums to insure the Officers against liability arising from any claim against the Officers in their capacity as officers of the Company.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the key management personnel of Canyon for the financial year ended 30 June 2014. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the executives in the Company and the Group.

Key Management Personnel:

(i) Directors

Rhoderick Grivas (Chairman)

Philip Gallagher (Managing Director)

Matthew Shackleton (Non-Executive Director)

David Netherway (Non-Executive Director, appointed 17 March 2014)

(ii) Executives

Philip MacLeod (Company Secretary)

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration Committee

All directors at this time are members of the Remuneration Committee. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The maximum aggregate payable to non-executive directors approved by shareholders is $300,000 per annum.

Each non-executive director receives a fee for being a director of the Company. The remuneration of non-executive directors for the year ended 30 June 2014 is detailed in Table 1 in this report.

Director and executive remuneration

Remuneration may consist of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, obtaining external advice on policies and practices. The Board has access to external, independent advice where necessary.

Directors and executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company. The fixed remuneration component of the Company directors and other KMP is detailed in Table 1.

Variable remuneration

The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is to be set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Actual payments which may be granted to each executive depend on the extent to which specific operating targets set at the beginning of the financial year are met. For the year to 30 June 2014, and to the date of this report, the Company had not made any payments under a short term incentive program.

The Company may also make long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Employee Share Option Plan

Under the terms of the Company's employee share option plan (Plan), the Board may offer free options to eligible persons or Directors of the Company or any subsidiary based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in future and other factors the Board considers relevant. Upon receipt of such an offer, the eligible person may nominate an associate to be issued with the options. The maximum number of options to be issued under the Plan at any one time is 5% of the total number of shares on issue in the Company provided that the Board may increase this percentage, subject to the Corporations Act and the ASX listing rules.

Employment Contracts

The Company has executed an Executive Service agreement with Mr Phillip Gallagher, the Managing Director. The agreement provides for the following terms and conditions:

- Remuneration of $185,000 per annum plus superannuation (reduced from $230,000 plus superannuation on 1 August 2013).
- The agreement may be terminated by the Company giving 6 months' notice. Mr Gallagher can terminate the agreement by giving 3 months' written notice.

Mr Rhod Grivas was engaged effective from 1 February 2013 to provide geological and management services. The arrangement provides for monthly remuneration equivalent to $30,000 per annum plus superannuation (reduced from $70,000 plus superannuation on 1 April 2014) for a time commitment to the Company of 1 day per week. There is no specific termination clause. Mr Grivas also receives a fee of $50,000 per annum plus superannuation as Chairman.

DIRECTORS' REPORT (CONTINUED)

Table 1: Remuneration of key management personnel (KMP) for the year ended 30 June 2014 and the year ended 30 June 2013:

		Short-term employee benefits		Post-employment benefits	Equity	Total	Option Related
		Salary & fees	Bonus	Superannuation	Share options		
Non-Executive director							
Rhoderick Grivas(1)	2014	112,500	-	10,406	26,096	149,002	17.51
	2013	91,667	-	8,250	-	99,917	-
Matthew Shackleton (2)	2014	43,600	-	-	19,572	63,172	30.98
	2013	48,600	-	-	-	48,600	-
David Netherway (appointed 17 March 2014)	2014	11,613	-	-	19,572	31,185	62.76
Sub-total Non-Executive director	**2014**	**167,713**	**-**	**10,406**	**65,240**	**243,359**	**26.81**
	2013	**140,267**	**-**	**8,250**	**-**	**148,517**	**-**
Executive directors							
Phillip Gallagher	2014	188,750	-	17,459	39,144	245,353	15.95
	2013	230,000	-	20,700	-	250,700	-
Sub-total Executive directors	**2014**	**188,750**	**-**	**17,459**	**39,144**	**245,353**	**15.95**
	2013	**230,000**	**-**	**20,700**	**-**	**250,700**	**-**
Other KMP							
Chris Connell (resigned 15 March 2013)	2013	249,714	-	18,540	-	268,254	-
Phillip MacLeod	2014	48,000	-	-	13,048	61,048	21.37
	2013	48,000	-	-	-	48,000	-
Sub-total Other KMP	**2014**	**48,000**	**-**	**-**	**13,048**	**61,048**	**21.37**
	2013	**297,714**	**-**	**18,540**	**-**	**316,254**	**-**
Total	**2014**	**404,463**	**-**	**27,865**	**117,432**	**549,760**	**21.36**
	2013	**667,981**	**-**	**47,490**	**-**	**715,471**	**-**

1. 2014 includes $62,500 plus superannuation and 2013 includes $41,667 plus superannuation paid for geological and management services.
2. 2013 includes consulting fees of $5,000 paid for financial management services.

No element of remuneration noted above is performance-related.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Share-based payments granted as compensation to key management personnel during the current financial year

During and since the financial year, share options were granted to the following key management personnel of the Company and the entities it controlled as part of their remuneration.

	Date granted and vested	Number of options granted and vested	Value per option at grant date (cents)	Expiry date	% compensation for year consisting of options
Directors					
Rhoderick Grivas	24 February 2014	2,000,000	1.30	22 February 2017	17.51
Phil Gallagher	24 February 2014	3,000,000	1.30	22 February 2017	15.95
Matthew Shackleton	24 February 2014	1,500,000	1.30	22 February 2017	30.98
David Netherway	24 February 2014	1,500,000	1.30	22 February 2017	62.76
Executives					
Phil MacLeod	24 February 2014	1,000,000	1.30	22 February 2017	21.37

No options granted to directors or executives were exercised during the year. No options lapsed during the year.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Option holdings of Key Management Personnel

Listed options over ordinary shares held in Canyon Resources Limited (number):

						Vested as at end of year		
30 June 2014	Balance at beginning of year	Purchased	Options exercised	Net change Other #	Balance at end of year	Total	Exercisable	Not Exercis-able
Directors								
Rhoderick Grivas	115,385	300,000	-	-	415,385	415,385	415,385	-
Phillip Gallagher	20,000	-	-	-	20,000	20,000	20,000	-
Matthew Shackleton	20,000	120,000	-	-	140,000	140,000	140,000	-
David Netherway(1)	-	1,111,111	-	-	1,111,111	1,111,111	1,111,111	-
Executives								
Phillip MacLeod	-	-	-	-	-	-	-	-
Total	155,385	1,531,111	--	-	1,686,496	1,686,496	1,686,496	-

Includes forfeitures, expired options and balance on resignation

(1) Appointed 17 March 2014

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Option holdings of Key Management Personnel (continued)

Listed options over ordinary shares held in Canyon Resources Limited (number):

30 June 2013	Balance at beginning of year	Purchased	Options exercised	Net change Other #	Balance at end of year	Vested as at end of year Total	Exercisable	Not Exercis-able
Directors								
Rhoderick Grivas	-	115,385	-	-	115,385	115,385	115,385	-
Phillip Gallagher	-	20,000	-	-	20,000	20,000	20,000	-
Matthew Shackleton	-	20,000	-	-	20,000	20,000	20,000	-
Executives								
Chris Connell (1)	-	-	-	-	-	-	-	-
Phillip MacLeod	-	-	-	-	-	-	-	-
Total	-	155,385	-	-	155,385	155,385	155,385	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 15 March 2013

Unlisted options over ordinary shares held in Canyon Resources Limited (number):

30 June 2014	Balance at beginning of year	Granted as remune-ration	Options exercised	Net change Other #	Balance at end of year	Vested as at end of year Total	Exercisable	Not Exercis-able
Directors								
Rhoderick Grivas	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Phillip Gallagher	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000	-
Matthew Shackleton	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000	-
David Netherway (1)	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000	
Executives								
Phillip MacLeod	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Total	-	9,000,000	-	-	9,000,000	9,000,000	9,000,000	-

Includes forfeitures, expired options and balance on resignation

(1) Appointed 17 March 2014

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Option holdings of Key Management Personnel (continued)

Unlisted options over ordinary shares held in Canyon Resources Limited (number):

						Vested as at end of year		
30 June 2013	Balance at beginning of year	Granted as remune-ration	Options exercised	Net change Other #	Balance at end of year	Total	Exercisable	Not Exercis-able
Directors								
Rhoderick Grivas	2,000,000	-	-	(2,000,000)	-	-	-	-
Phillip Gallagher	3,000,000	-	-	(3,000,000)	-	-	-	-
Matthew Shackleton	1,000,000	-	-	(1,000,000)	-	-	-	-
Executives								
Chris Connell (1)	2,000,000	-	-	(2,000,000)	-	-	-	-
Phillip MacLeod	500,000	-	-	(500,000)	-	-	-	-
Total	8,500,000	-	-	(8,500,000)	-	-	-	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 15 March 2013

Shareholdings of Key Management Personnel

Ordinary shares held in Canyon Resources Limited (number):

30 June 2014	Balance at beginning of year	Purchased	On exercise of options	Net change other #	Balance at end of year
Directors					
Rhoderick Grivas	1,665,385	300,000	-	-	1,965,385
Phillip Gallagher	1,520,001	-	-	-	1,520,001
Matthew Shackleton	1,655,001	120,000	-	-	1,775,001
David Netherway (1)	-	1,111,111	-	-	1,111,111
Executives					
Phillip MacLeod	40,000	-	-	-	40,000
Total	4,880,387	1,531,111	-	-	6,411,498

a) Appointed 17 March 2014

includes balance on resignation

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings of Key Management Personnel (continued)

Ordinary shares held in Canyon Resources Limited (number):

30 June 2013	Balance at beginning of year	Purchased	On exercise of options	Net change other #	Balance at end of year
Directors					
Rhoderick Grivas	1,550,000	115,385	-	-	1,665,385
Phillip Gallagher	1,500,001	20,000	-	-	1,520,001
Matthew Shackleton	1,635,001	20,000	-	-	1,655,001
Executives					
Chris Connell (2)	20,000	-	-	(20,000)	-
Phillip MacLeod	40,000	-	-	-	40,000
Total	4,745,002	155,385	-	(20,000)	4,880,387

b) Resigned 15 March 2013

includes balance on resignation

END OF REMUNERATION REPORT

Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Board Meetings	
Director	**Number of meetings eligible to attend**	**Number of meetings attended**
Rhoderick Grivas	11	11
Phillip Gallagher	11	11
Matthew Shackleton	11	11
David Netherway*	2	2

*appointed 17 March 2014

The Company has an Audit & Risk Committee and a Nomination and Remuneration Committee. Membership of these committees and meetings held by these committees is set out in the Corporate Governance section on page 82.

DIRECTORS’ REPORT (CONTINUED)

Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditor, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 28 and forms part of this directors’ report for the year ended 30 June 2014.

Non-Audit Services

There were no non-audit services provided by our auditor, HLB Mann Judd during the year (2013: nil).

Signed in accordance with a resolution of the directors.

Phillip Gallagher
Managing Director
Perth WA, 30th September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Canyon Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**L Di Giallonardo**
30 September 2014	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

		CONSOLIDATED	
		2014	**2013**
	Notes	**$**	**$**
Revenue from Earn In agreement	2	-	264,422
Gain on sale of exploration assets	2	-	360,000
Other revenue	2	16,147	36,514
Foreign exchange gains	2	-	372
Interest received	2	34,714	75,906
		50,861	737,214
Exploration and evaluation expensed as incurred		(1,105,608)	(1,574,973)
Employee expenses		(50,163)	(60,516)
Consultants and contractors		(205,388)	(257,205)
Occupancy		(20,164)	(124,942)
Depreciation	2	(44,072)	(54,559)
Compliance and regulatory		(34,456)	(42,255)
Directors' fees		(306,877)	(394,217)
Administration		(282,203)	(289,678)
Option issue expenses		(130,480)	-
Impairment of exploration assets		(498,980)	(164,359)
Impairment of financial assets	10	-	(330,000)
Impairment of trade receivables		-	(9,342)
Interest expense	2	-	(78)
Loss before income tax		**(2,627,530)**	**(2,564,910)**
Income tax expense	3	-	-
Loss for the year		**(2,627,530)**	**(2,564,910)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Changes in the fair value of available-for-sale assets		23,272	-
Exchange differences on translation of foreign operations		15,280	96,868
Total other comprehensive income		38,552	96,868
Total comprehensive loss		**(2,588,978)**	**(2,468,042)**
Basic loss per share (cents per share)	5	(3.21)	(4.13)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

		CONSOLIDATED	
		2014	**2013**
	Notes	**$**	**$**
Assets			
Current assets			
Cash and cash equivalents	6	1,013,900	2,076,136
Trade and other receivables	7	82,582	19,099
Other current assets	8	42,766	66,642
Total current assets		**1,139,248**	**2,161,877**
Non-current assets			
Available for sale financial assets	9	54,250	30,000
Property, plant and equipment	10	105,009	212,501
Capitalised exploration expenditure	11	5,634,641	5,838,671
Total non-current assets		**5,793,900**	**6,081,172**
Total assets		**6,933,148**	**8,243,049**
Liabilities			
Current liabilities			
Trade and other payables	13	260,156	461,964
Provisions	14	41,819	45,937
Total current liabilities		**301,975**	**507,901**
Total liabilities		**301,975**	**507,901**
Net assets		**6,631,173**	**7,735,148**
Equity			
Issued capital	16	18,770,707	17,514,184
Reserves	17	638,608	375,970
Accumulated losses	18	(12,778,142)	(10,155,006)
Total equity		**6,631,173**	**7,735,148**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Issued capital	Accumulated losses	Available-for-sale reserve	Foreign currency translation reserve	Option reserve	Total
	$	$	$	$	$	$
2013 Consolidated						
Balance at 1 July 2012	15,709,055	(8,026,292)	-	135,093	573,942	8,391,798
Loss for the year	-	(2,564,910)	-	-	-	(2,564,910)
Movement in foreign exchange on translation	-	-	-	96,868	-	96,868
Total comprehensive income/(loss) for the year	-	(2,564,910)	-	96,868	-	(2,468,042)
Shares issued for cash	1,833,800	-	-	-	-	1,833,800
Shares and options issued for tenements	149,500	-	-	-	4,394	153,894
Transaction costs	(176,302)	-	-	-	-	(176,302)
Options issued to brokers	(139,615)	-	-	-	139,615	-
Transfer from reserve on expiry of options	137,746	436,196	-	-	(573,942)	-
Balance at 30 June 2013	**17,514,184**	**(10,155,006)**	**-**	**231,961**	**144,009**	**7,735,148**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Issued capital	Accumulated losses	Available for sale reserve	Foreign currency translation reserve	Option reserve	Total
	$	$	$	$	$	$
2014 Consolidated						
Balance at 1 July 2013	17,514,184	(10,155,006)	-	231,961	144,009	7,735,148
Loss for the year	-	(2,627,530)	-	-	-	(2,627,530)
Changes in the fair value of available-for-sale assets	-	-	23,272	-	-	23,272
Movement in foreign exchange on translation	-	-	-	15,280	-	15,280
Total comprehensive income/(loss) for the year	-	(2,627,530)	23,272	15,280	-	(2,588,978)
Shares issued for cash	1,482,978	-	-	-	-	1,482,978
Transaction costs	(128,455)	-	-	-	-	(128,455)
Share based payments	-	-	-	-	130,480	130,480
Options issued to brokers	(98,000)	-	-	-	98,000	-
Transfer from reserve on expiry of options	-	4,394	-	-	(4,394))	-
Balance at 30 June 2014	**18,770,707**	**(12,778,142)**	**23,272**	**247,241**	**368,095**	**6,631,173**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

		CONSOLIDATED	
		2014	**2013**
	Notes	**$**	**$**
Cash flows from operating activities			
Payments to suppliers & employees		(983,267)	(1,044,725)
Interest received		37,258	87,738
Interest paid		-	(78)
Net cash used in operating activities	6	(946,009)	(957,065)
Cash flows from investing activities			
Transfers from term deposit investments		-	750,000
Payments for exploration and evaluation		(1,257,303)	(1,669,661)
Payments for property, plant and equipment		(10,269)	(1,983)
Proceeds from sale of property, plant and equipment		28,146	-
Proceeds from sale/earn in of prospects		-	548,034
Payments for prospects		(255,987)	(383,327)
Net cash used in investing activities		(1,495,413)	(756,937)
Cash flows from financing activities			
Proceeds from share issues		1,482,978	1,833,800
Cost of share issues		(128,455)	(176,302)
Net cash provided by financing activities		1,354,523	1,657,498
Net decrease in cash and cash equivalents		(1,086,899)	(56,504)
Cash and cash equivalents at beginning of the year		2,076,136	2,258,811
Effect of foreign exchange movements on cash balances		24,663	(126,171)
Cash and cash equivalents at end of the year	6	**1,013,900**	**2,076,136**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Canyon Resources Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia, Cameroon and Burkina Faso, West Africa. The entity's principal activities are bauxite and gold exploration.

b. Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to its operations and effective for the current year.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Group include:

AASB 10 Consolidated Financial Statements, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

When effective Applicable to annual reporting periods beginning on or after 1 January 2013

30 June 2014 – Applicability – Full years Mandatory

30 June 2014 – Applicability – Half-years Already Implemented

This Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee.

Accordingly, this Standard identifies the principles of control, determines how to identify control and whether or not the investee should be consolidated and the principles for the preparation of consolidated financial statements.

AASB 11 Joint Arrangements, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

When effective Applicable to annual reporting periods beginning on or after 1 January 2013

30 June 2014 – Applicability – Full years Mandatory

30 June 2014 – Applicability – Half-years Already implemented

This Standard replaced AASB 131 Interests in Joint Ventures.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint arrangements are now either joint operations or joint ventures. The determination of the type of joint arrangement requires a party to assess the rights and obligations and then to account for those rights and obligations in accordance with the type of joint arrangement. The application of the standard did not result in any change to this financial report.

AASB 127 Separate Financial Statements (2011), AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

When effective Applicable to annual reporting periods beginning on or after 1 January 2013

30 June 2014 – Applicability – Full years Mandatory

30 June 2014 – Applicability – Half-years Already implemented

This Standard now only deals with the requirements for separate financial statements.

Requirements for consolidated financial statements are now contained in AASB 10 Consolidated Financial Statements.

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and joint ventures are accounted for either at cost, or in accordance with AASB 9 Financial Instruments.

The recognition of dividends, certain Group reorganisations and disclosure requirements are also included in this Standard. The application of this standard did not result in any change to this financial report.

AASB 13 Fair value

When effective Applicable to annual reporting periods beginning on or after 1 January 2013

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant.

As required under AASB 13, the change to fair value measurements on adoption of the standard is applied prospectively, in the same way as a change in an accounting estimate. Comparative amounts have not been restated. There is no material change arising from the application of this standard.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 128 Investments in Associates and Joint Ventures (2011), AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

When effective Applicable to annual reporting periods beginning on or after 1 January 2013

30 June 2014 – Applicability – Full years Mandatory

30 June 2014 – Applicability – Half-years already implemented

This Standard supersedes AASB 128 Investments in Associates.

The Standard prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases) as well as prescribes how investments in associates and joint ventures should be tested for impairment. The application of this standard did not result in any change to this financial report.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

When effective Applicable to annual reporting periods beginning on or after 1 July 2013

30 June 2014 – Applicability – Full years Mandatory

30 June 2014 – Applicability – Half-years Mandatory

Amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs.

Disclosure requirements in relation to remuneration referred to in s.300(1)(c) of the Corporations Act 2001 are detailed in Regulation 2M.3.03 of the Corporation Regulations 2001.

Standards and Interpretations in issue not yet adopted

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

c. Statement of compliance

The financial report was authorised for issue on 30 September 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model and is based on assumptions disclosed in periods disclosed when the equity instruments are granted.

Exploration and evaluation costs carried forward:

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of “fair value less costs to sell” and “value in use”. In determining value in use, future cash flows are based on various parameters.

Variations to expected future cash flows and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

e. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Canyon Resources Limited (‘Company’ or ‘parent entity’) as at 30 June 2014 and the results of all subsidiaries for the year then ended. Canyon Resources Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group’s interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Basis of consolidation (continued)

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Canyon Resources Limited.

f. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Sale of exploration assets

Revenue is recognised when title to the exploration assets has passed at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the assets;
- the Group retains no effective control over the assets sold;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group.

Earn In agreements

Reimbursements which can be claimed by the Company under the terms of the Earn In agreement are recognised as income at the time the Company is entitled to those reimbursements.

g. Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Income tax (continued)

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h. Cash and cash equivalents

Cash includes cash on hand and at call and deposits with banks or financial institutions and investments in money market instruments which are readily convertible to cash and used in the cash management function on a day to day basis, net of bank overdraft.

i. Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs, other than share issue costs, directly attributable to the acquisition.

j. Exploration and evaluation expenditure

Exploration and evaluation costs, excluding the costs of acquiring tenements and permits, are expensed as incurred. Acquisition costs will be assessed on a case by case basis and, if appropriate, they will be capitalised. These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- They are expected to be recouped through successful development and exploitation of the area of interest or;
- The activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest, are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full to the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where a decision has been made to proceed with development in respect of an area of interest the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

k. Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l. Recoverable amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

n. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

o. Share based payment transactions

Equity settled transactions:

The Group may provide benefits to full and part time employees (including senior executives), officers and directors in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is a plan currently in place to provide these benefits being the Employee Share Option Plan (ESOP), which provides benefits to directors, officers and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, further details of which are given in Note 12.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Canyon Resources Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Motor vehicles – 4 years

Equipment – 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the other expenses line item.

(ii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

q. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Provisions (continued)

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) In-country time in lieu

The liability for weekends worked on exploration activity outside Australia is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made.

r. Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

s. Earnings per share

Basic earnings per share is calculated as net profit/loss, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Canyon Resources Limited.

u. Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Financial assets (continued)

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

v. Foreign currency translation

Both the functional and presentation currency of Canyon Resources Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations in Burkina Faso is the West African Franc (XOF).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Canyon Resources Limited at the rate of exchange ruling at the balance date and their statements of profit or loss and other comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w. Parent Entity Financial Information

The financial information for the parent entity, Canyon Resources Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Canyon Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

x. Going Concern

The financial report is prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of $837,273 (2013: $1,653,976). Notwithstanding this positive working capital position, the Group has forecast that it will need to seek additional funding in the coming year in order to meet its planned exploration expenditure for the next twelve months from the date of signing this financial report. These arrangements may include a capital raising or entering into a sale or joint venture of assets. This need may be adversely impacted by uncertain market conditions, approval by regulatory bodies or by adverse results from exploration activity. As a result of these conditions there exists a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2. REVENUE AND EXPENSES

	CONSOLIDATED	
	2014	2013
	$	$
(a) Revenue		
Revenue from Earn in agreement	-	264,422
Gain on sale of exploration asset	-	360,000
Gain on sale of plant and equipment	9,375	-
Bank interest received and receivable	34,714	75,906
Foreign exchange gains	-	372
Other revenue	6,772	36,514
(b) Expenses		
Depreciation	44,072	54,559
Bank interest paid and payable	-	78

NOTE 3. INCOME TAX

	CONSOLIDATED	
The prima facie income tax expense on pre-tax accounting (loss) from operations reconciles to the income tax expense in the financial statements as follows:	2014 $	2013 $
Accounting (loss) before tax from continuing operations	(2,627,530)	(2,564,910)
Tax at the applicable tax rate of 30%	(788,259)	(769,473)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	39,859	1,344
Movement in unrecognised temporary differences	(103,855)	1,183
Tax effect of current year tax losses for which no deferred tax asset has been recognised	852,255	766,946
Income tax expense	-	-

Unrecognised temporary differences

Deferred tax assets at 30%

Capital raising costs	245,642	274,084
Investments	92,018	99,000
Legal fees	14,812	4,038
Accruals	12,190	31,057
Provisions	12,546	14,454
Carry forward tax losses	3,904,141	3,051,886
	4,281,349	3,474,519

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3. INCOME TAX (CONTINUED)

	CONSOLIDATED	
	2014	2013
	$	$
Unrecognised temporary differences (continued)		
Deferred tax liabilities at 30%		
Unearned revenue	635	1,310
	635	1,310

The potential deferred tax benefit of tax losses has not been recognised as an asset because recovery of tax losses is not considered probable in the context of AASB 112. The benefit of these tax losses will only be realised if:

a) The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.

b) The Company complies with the conditions for deductibility imposed by the law; and

c) No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

NOTE 4. DIVIDENDS

The Company has not declared a dividend for the year ended 30 June 2014 (2013: Nil).

NOTE 5. LOSS PER SHARE

	CONSOLIDATED	
	2014	2013
	Cents per share	Cents per share
Basic loss per share from continuing operations	(3.21)	(4.13)

Basic loss per share
The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

- Loss ($)	(2,627,530)	(2,564,910)
- Weighted average number of ordinary shares (number)	81,772,651	62,175,973

Diluted loss per share
Diluted loss per share has not been calculated as the result is anti-dilutive in nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Cash at bank and on hand	1,013,900	2,076,136

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents as shown in the statement of cash flows is equivalent to the balance in the statement of financial position as noted above.

Reconciliation of loss for the year to net cash flows from operating activities:

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Loss from ordinary activities after income tax	(2,627,530)	(2,564,910)
Exploration and evaluation expenditure reclassified	1,105,608	1,561,818
Revenue derived from exploration activities reclassified	-	(264,422)
Depreciation	44,072	54,559
Option issue expenses	130,480	-
Impairment of exploration assets	498,980	164,359
Impairment of financial assets	-	330,000
Impairment of trade receivables	-	9,342
Gain on sale of exploration assets	-	(360,000)
(Gain)/loss on sale of plant and equipment	1,122	-
Foreign exchange movements	-	100,973
Changes in net assets and liabilities:		
(Increase)/Decrease in other receivables	(19,062)	(18,184)
(Increase)/Decrease in other assets	26,747	(7,699)
Increase/(Decrease) in trade creditors and accruals	(102,308)	101,345
Increase/(Decrease) in provisions	(4,118)	(64,246)
Cash flows used in operations	(946,009)	(957,065)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 6. CASH AND CASH EQUIVALENTS (CONTINUED)

Non-cash financing and investing activities:

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Issue of options to brokers	98,000	139,615
Issue of options to directors and consultants	128,455	-
Shares issued for tenements	-	149,500
Sale of tenements – shares received from Rumble Resources Limited	-	360,000

NOTE 7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Sale of motor vehicles	44,421	-
Earn in agreement recoupment of costs	-	978
Sundry receivable	10,450	-
PAYG Tax withheld	8,976	9,504
Interest receivable	2,115	4,368
GST/PAYG recoverable	16,620	4,249
	82,582	19,099

NOTE 8. OTHER CURRENT ASSETS

Deposits	7,000	20,797
Prepayments	25,002	41,424
Other current assets	10,764	4,421
	42,766	66,642

NOTE 9. AVAILABLE FOR SALE FINANCIAL ASSETS

Non-current

Shares in Rumble Resources Ltd at cost	30,000	360,000
Increase in fair value taken to available-for-sale reserve	24,250	-
Decrease in fair value recognised in statement of profit or loss and other comprehensive income	-	(330,000)
Fair value at end of year	54,250	30,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Motor vehicle	Office equipment	Computer equipment	Field equipment	Total
Year ended 30 June 2013	$	$	$	$	$
At 1 July 2012 net of accumulated depreciation	104,279	75,705	12,698	53,212	245,894
Additions	-	573	1,410	-	1,983
Depreciation charge for the year	(26,897)	(22,665)	(3,967)	(1,030)	(54,559)
Foreign currency exchange differences	9,474	8,019	1,421	269	19,183
At 30 June 2013 net of accumulated depreciation	86,856	61,632	11,562	52,451	212,501
Year ended 30 June 2014					
At 1 July 2013 net of accumulated depreciation	86,856	61,632	11,562	52,451	212,501
Additions	-	-	10,278	-	10,278
Disposals	(75,428)	(3,022)	-	-	(78,450)
Depreciation charge for the year	(19,292)	(13,223)	(3,837)	(7,720)	(44,072)
Foreign currency exchange differences	7,864	7,673	1,086	(11,871)	4,752
At 30 June 2014 net of accumulated depreciation	-	53,060	19,089	32,860	105,009

	Motor vehicle	Office equipment	Computer equipment	Field equipment	Total
Consolidated	**$**	**$**	**$**	**$**	**$**
At 30 June 2013					
Cost or fair value	142,381	104,279	16,793	54,033	317,486
Accumulated depreciation	(57,937)	(46,125)	(6,830)	(1,643)	(112,535)
Foreign currency exchange differences	2,412	3,478	1,599	61	7,550
At 30 June 2013 net of accumulated depreciation	86,856	61,632	11,562	52,451	212,501
At 30 June 2014					
Cost or fair value	-	98,563	27,071	54,033	179,667
Accumulated depreciation	-	(56,654)	(10,667)	(9,363)	(76,684)
Foreign currency exchange differences	-	11,151	2,685	(11,810)	2,026
At 30 June 2014 net of accumulated depreciation	-	53,060	19,089	32,860	105,009

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 11. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Acquisition of tenements - at cost		
Exploration and evaluation phase		
Balance at the beginning of the year	5,838,671	5,261,732
Purchase of tenements – cash	255,987	383,327
Purchase of tenements – shares	-	149,500
Impairment of exploration assets	(498,980)	(164,359)
Effect of movement in exchange rates on carrying value	38,963	208,471
Total exploration expenditure	5,634,641	5,838,671

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas. The Company relinquished its rights to the Tyekobo permit during the year resulting in an impairment of exploration assets of $111,661 and following a review of the Derosa project an impairment of $387,319 in the carrying value was recognised.

NOTE 12. SHARE BASED PAYMENTS

Listed options

7,000,000 listed options were issued to a broker for their services in assisting with a raising of capital undertaken by the Company during the year. The value of the options issued was $98,000 and was charged against issued capital as a capital raising cost (2013: $139,615).

Unlisted options

There were 10,000,000 options granted during the year by the Company (2013: 3,250,000). Of these, 8,000,000 options were issued to directors as incentive options, 2,000,000 options were issued to consultants as incentive options.

The options outstanding at 30 June 2014 had a weighted average exercise price of $0.079 and a remaining average contractual life of 2 years and 6 months. 250,000 options expired on 12 April 2014

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 12. SHARE BASED PAYMENTS (CONTINUED)

Unlisted options (continued)

The value of the unlisted options issued to directors and consultants has been calculated using the Black-Scholes method and has been recognised in the option reserve over the period of vesting (from date of issue to 30 June 2014).

The inputs to the options valuation were:

Dividend yield (%)	n/a
Expected volatility (%)	90
Risk-free interest rate (%)	2.98
Expected life of option (years)	3
Exercise price (cents)	6.80
Grant date share price (cents)	4.0

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of the Company is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

	CONSOLIDATED			
	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	$	No.	$
Outstanding at the beginning of the year	3,250,000	0.182	12,500,000	0.325
Granted during the year	17,000,000	0.065	3,250,000	0.182
Expired during the year	(250,000)	0.450	(12,500,000)	0.325
Outstanding at the end of the year	20,000,000	0.079	3,250,000	0.182
Exercisable at the end of the year	20,000,000	0.079	3,250,000	0.182

There were no options exercised during the year (2013: none).

The share options outstanding at the end of the year had an exercise price of between \$0.06 and \$0.16 (2013: between \$0.16 and \$0.45) and a weighted average remaining contractual life of 30 months (2013: 30 months).

The weighted average fair value of options granted during the year was \$0.0184 (2013: \$0.043).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 13. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2014	2013
	$	$
Trade payables (i)	109,624	344,394
Accrued expenses	150,532	117,570
	260,156	461,964

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms

NOTE 14. PROVISIONS

	CONSOLIDATED	
	2014	2013
	$	$
Employee leave entitlements	41,819	45,937

NOTE 15. REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2014	2013
	$	$
The auditor of the Group is HLB Mann Judd		
Amounts received & receivable by the auditor :		
- audit and review of the financial reports of the Group	35,200	30,985
	35,200	30,985

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 16. ISSUED CAPITAL

	2014	2013
	$	$
Issued capital		
Ordinary shares issued and fully paid	18,770,707	17,514,184

Ordinary shares entitle the holder to participate in dividends and in the proceeds and winding up of the Company in proportion to the number of and amounts paid on the shares held.

Fully paid ordinary shares carry one vote per share and the right to dividends.

	2014		2013	
	Number of shares	$	Number of shares	$
Movement in ordinary shares on issue				
At beginning of year	71,506,962	17,514,184	56,750,832	15,709,055
- Shares issued for cash	32,955,077	1,482,978	14,106,130	1,833,800
- Shares issued for tenements	-	-	650,000	149,500
- Cost of options issued to brokers	-	(98,000)	-	(139,615)
- Cost of share issues	-	(128,455)	-	(176,302)
- Transfer from option reserve (1)	-	-	-	137,746
At end of year	104,462,039	18,770,707	71,506,962	17,514,184

(1) Issue costs relating to options issued to brokers amounting to $137,746 were transferred from the option reserve to share capital on their expiry date of 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 17. RESERVES

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Available-for-sale reserve		
Balance at beginning of year	-	-
Movement in fair value of available-for-sale assets	23,272	-
Balance at end of year	23,272	-
Option reserve		
Balance at beginning of year	144,009	573,942
Options issued to directors/consultants	130,480	4,394
Options issued to broker	98,000	139,615
Options transferred to accumulated losses on expiry	(4,394)	(436,196)
Options transferred to issued capital on expiry	-	(137,746)
Balance at end of year	368,095	144,009
Foreign currency translation reserve		
Balance at beginning of year	231,961	135,093
Movement in foreign exchange on translation	15,280	96,868
Balance at end of year	247,241	231,961
Total	628,977	375,970

The available-for-sale reserve is used to record increases in fair value of available-for-sale assets and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

The option reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 12 for further information on these options. The reserve is also used to record the value of options granted to a sponsoring broker as part of the Company’s share placements as well as options granted to consultants for services rendered.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18. ACCUMULATED LOSSES

	CONSOLIDATED	
	2014	2013
	$	$
Movement in accumulated losses:		
Balance at beginning of year	(10,155,006)	(8,026,292)
Transfer from reserve on expiry of options	4,394	436,196
Loss for the year	(2,627,530)	(2,564,910)
Balance at end of year	(12,778,142)	(10,155,006)

NOTE 19. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash, term deposits, trade payables and trade receivables. These financial instruments arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

	CONSOLIDATED	
	2014	2013
(a) Categories of financial instruments	$	$
Financial assets		
Cash and cash equivalents	1,013,900	2,076,136
Trade and other receivables	65,963	19,099
Financial liabilities		
Trade and other payables	260,156	461,964

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents.

The Company has no borrowings.

Profile

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	CONSOLIDATED 2014		CONSOLIDATED 2013	
	Carrying amount	**Interest rate**	**Carrying amount**	**Interest rate**
	$	**%**	**$**	**%**
Fixed rate instruments				
Cash and bank balances	-	-	-	-
Term deposit investments	-	-	-	-
	-	-	-	-
Variable rate instruments				
Cash and bank balances	1,013,900	2.19	2,076,136	2.56

Cash flow sensitivity analysis for fixed rate instruments

A change of 100 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2013.

	Equity		**Profit and loss**	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2014: Consolidated				
Fixed rate instruments	-	-	-	-
30 June 2013: Consolidated				
Fixed rate instruments	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012.

	Equity		Profit and loss	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2014: Consolidated				
Variable rate instruments	10,139	(10,139)	10,139	(10,139)
30 June 2013: Consolidated				
Variable rate instruments	20,761	(20,761)	20,761	(20,761)

Funds that are not required in the short term are placed on deposit for a period of no more than 6 months at a fixed interest rate. The Group's exposure to interest rate risk and the effective interest rate by maturity is set out below. As the Group has no borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

(c) Net fair values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying value.

(d) Commodity price risk

The Group's exposure to price risk is minimal.

(e) Credit risk

There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, and trade receivables, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves.

The following table details the Group's expected contractual maturity for its financial liabilities:

30 June 2014: Consolidated	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Financial liabilities	$	$	$	$	$
Non-interest bearing	260,156	-	-	-	260,156
	260,156	-	-	-	260,156

30 June 2013: Consolidated	**Less than 1 month**	**1 to 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total**
Financial liabilities	$	$	$	$	$
Non-interest bearing	461,964	-	-	-	461,964
	461,964	-	-	-	461,964

(g) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Group funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating capital raisings as required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 19. FINANCIAL INSTRUMENTS (CONTINUED)

(h) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group has no hedging policy in place to manage those risks however all foreign exchange purchases are settled promptly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
CFA Francs	(60,197)	(172,615)	4,421	34,184
British pounds	(69,916)	-	-	-
US dollars	(38,986)	(101,714)	-	-

Foreign currency sensitivity analysis

The Group is exposed to CFA Franc (XOF) British pounds (GBP) and US Dollar (USD) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit or loss and other equity and the balances below would be negative:

	Increase		Decrease	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
CFA Franc impact				
Profit or loss (i)	5,578	13,843	(5,578)	(13,843)
Other equity	-	-	-	-
GBP impact				
Profit or loss (i)	6,992	-	(6,992)	-
Other equity	-	-	-	-
USD impact				
Profit or loss (i)	3,899	10,171	3,899	(10,171)
Other equity	-	-	-	-

(i) This is mainly attributable to the exposure outstanding on CFA Franc, GBP and USD payables at year end in the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 20. COMMITMENTS

a) Exploration expenditure commitments

In order to maintain current rights of tenure to mining tenements and permits, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements:

	CONSOLIDATED	
	2014	**2013**
	$	**$**
Within one year	1,333,636	1,310,293
Later than one year but not later than 5 years	5,334,544	5,241,172
	6,668,180	6,551,465

b) Operating lease commitments

Within one year	11,325	16,988
Later than one year but not later than 5 years	-	9,910
	11,325	26,898

If the Company decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTE 21. SEGMENT INFORMATION

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating tenements and permits where the tenements and permits are considered to form a single project. This is indicated by:

- having the same ownership structure;
- exploration being focused on the same mineral or type of mineral;
- exploration programs targeting the tenements and permits as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the areas; and
- shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21. SEGMENT INFORMATION (CONTINUED)

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables.

	Exploration (Africa)	**Unallocated**	**Total**
Year ended 30 June 2014: Consolidated	**$**	**$**	**$**
Segment revenue	9,375	6,772	16,147
Segment result	(1,627,538)	(999,992)	(2,627,530)
Included within segment result:			
Depreciation	(30,977)	(13,095)	(44,072)
Interest revenue	-	34,714	34,714
Segment assets	5,700,826	1,232,322	6,933,148
Segment liabilities	(135,223)	(166,752)	(301,975)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 21. SEGMENT INFORMATION (CONTINUED)

	Exploration (Africa)	Unallocated	Total
Year ended 30 June 2013: Consolidated	**$**	**$**	**$**
Segment revenue	660,936	76,278	737,214
Segment result	(1,078,394)	(1,486,516)	(2,564,910)
Included within segment result:			
Depreciation	(25,033)	(29,526)	(54,559)
Interest revenue	-	75,906	75,906
Segment assets	5,851,019	2,392,030	8,243,049
Segment liabilities	(329,996)	(177,905)	(507,901)

NOTE 22. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Canyon Resources Limited and the subsidiaries listed in the following table.

	Country of	% Equity Interest		Investment $	
Name	Incorporation	2014	2013	2014	2013
Neufco Pty Ltd	Australia	100	100	1	1
Canyon West Africa Pty Ltd	Australia	100	100	1	1
Askia Sarl Pty Ltd	Australia	100	100	1	1
Canyon Derosa Pty Ltd	Australia	100	100	1	1
Askia Minerals Sarl	Burkina Faso	100	100	1	1
Canyon West Africa Sarl	Burkina Faso	100	100	1	1
CSO Sarl	Burkina Faso	100	100	1	1
Derosa Sarl	Burkina Faso	100	100	1	1

Canyon Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 22. RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with related entities:

Director related entities

Remuneration (excluding the reimbursement of costs) received or receivable by directors of the Company and aggregate amounts paid to superannuation funds in connection with the retirement of directors are disclosed in the Remuneration Report included in the Directors' Report.

During the year there were no other related party transactions between the Group and related parties.

NOTE 23. PARENT ENTITY DISCLOSURES

Financial position as at 30 June 2014

	30 June 2014 $	30 June 2013 $
Assets		
Current assets	1,119,585	2,119,797
Non-current assets	5,388,087	5,297,873
Total assets	6,507,672	7,417,670
Liabilities		
Current liabilities	166,752	162,215
Total liabilities	166,752	162,215
Equity		
Issued capital	18,770,707	17,514,184
Accumulated losses	(12,811,523)	(10,402,738)
Reserves		
Available-for-sale reserve	23,272	-
Share-based payments	358,464	144,009
Total equity	6,340,920	7,255,455

Financial performance for the year ended 30 June 2014

	Year ended 30 June 2014 $	Year ended 30 June 2013 $
Loss for the year	(2,408,785)	(2,812,644)
Other comprehensive income	23,272	-
Total comprehensive loss	(2,385,513)	(2,812,644)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 24. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the balance date the Company disposed of an 85% interest in its Derosa project in Burkina Faso for a consideration of 2 million ordinary shares in Rumble Resources Limited. The Company will continue to hold a 15% interest in the project.

Other than the above there were no material events subsequent to the balance date.

NOTE 25. CONTINGENCIES

a) Under the agreement to acquire the Tigou permit that forms part of the Taparko North project, the consolidated entity is required to pay a 2% net smelter royalty to the vendors or pay US$2,000,000 per permit to pay out the royalty.

b) As part of the agreement whereby Canyon through its subsidiary CSO Sarl will have the option to acquire 100% of the Pinarello project upon payment of US$310,000 on 21 October 2014.

Canyon may withdraw from the agreement at any time however, should Canyon not make the purchase payments the agreement will be terminated and Canyon will forfeit its right to ownership and will not have the right to be reimbursed.

Under the agreement the consolidated entity is required to pay a 1% net smelter royalty to the vendors.

c) As part of the farm-in and incorporated joint venture agreement between the Company and Alures Mining Limited, a UK based subsidiary of Altus Strategies Limited (“Altus”), subject to the renewal of the Birsok licence, Canyon can earn up to a 75% interest in the Birsok bauxite project in Cameroon through the following:

Initial Consideration

A cash payment of $150,000.

The issue of 8,000,000 Canyon shares to Altus Group (Initial Consideration Shares), which have been agreed to be subject to voluntary escrow until the earlier of;

(i) the date the Company completes the requirements to earn its initial 51% interest; or

(ii) 1 year from the date of issue of these shares.

Earn 51% of the JV Company

Expenditure on the project by Canyon of $2 million over a two year period, which shall include a minimum of 10,000m of aircore or equivalent expenditure on RC (reverse circulation) or diamond drilling.

Earn 75% of the JV Company

Expenditure on the project by Canyon of an additional $4 million over a further three year period.

At 75% Altus may elect to contribute and if they elect not to contribute they can be diluted to 10% by the expenditure of an additional $1.5 million for each 5% interest. If Altus is diluted to 10%, Canyon can elect to buy out the remaining 10% at a value to be determined by an independent valuation.

Canyon is required to spend a minimum of $500,000 if it chooses to withdraw from the agreement.

A 5% net profit from the Birsok Project (Royalty) is held by a third party and Canyon may purchase the Royalty for a cash payment of US$1 million at any time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 25. CONTINGENT LIABILITIES

Potential Deferred Consideration

Upon achievement of certain value-adding milestones to the project, Altus Group may earn deferred consideration, as follows:

$1.5 million of Canyon shares, at a deemed issue price equal to the 45 trading day volume weighted average price of Canyon's ordinary shares trading on ASX ending on the day immediately prior to the date of satisfaction of this milestone, upon the definition of a minimum 150Mt JORC compliant resource with a minimum grade of 45% Al_2O_3 and a maximum of 2% reactive SiO_2 (as opposed to total SiO_2 content); and

$1.5 million of Canyon shares upon the completion of a feasibility study (to a bankable or definitive level), the grant of a mining lease on the Project, and the completion of a capital raising by Canyon to provide for 100% of Canyon's required capital expenditure to reach first production of bauxite from the Project, to be issued at the same price as that capital raising.

Other than those disclosed above there are no contingencies outstanding at the end of the year.

NOTE 26. DIRECTORS' AND EXECUTIVES' DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

Rhoderick Grivas	Chairman
Phillip Gallagher	Managing Director
Matthew Shackleton	Director (non-executive)
David Netherway	Director (non-executive, appointed 17 March 2014)

(ii) Executives

Phillip MacLeod	Company Secretary

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

Total remuneration paid is as follows:

	2014	2013
	$	$
Short-term benefits	404,463	667,981
Post-employment benefits	27,865	47,490
Share-based payment	117,432	-
	549,760	715,471

DIRECTORS' DECLARATION

1. In the opinion of the directors of Canyon Resources Limited (the 'Company'):

   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year then ended; and

      ii. complying with Australian Accounting Standards and Corporations Regulations 2001 professional reporting requirements and other mandatory requirements;

   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

This declaration is signed in accordance with a resolution of the Board of Directors.

Phillip Gallagher

Director

Dated this 30th day of September 2014

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Canyon Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Canyon Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1 (c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of Canyon Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (c).

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(x) in the financial report, which indicates that the Group will need to seek additional funding in the coming year in order to meet its planned exploration expenditure. Should the Group not be successful in raising these additional funds, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Canyon Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
30 September 2014

ADDITIONAL SECURITIES EXCHANGE INFORMATION

Additional information required by the ASX Limited and not shown elsewhere in this report is as follows. This information is current as at 19 September 2014.

(a) Distribution of equity securities and voting rights

i. Ordinary share capital

- 104,462,039 fully paid ordinary shares are held by 719 shareholders. All issued shares carry one vote per share and carry the rights to dividends.

The number of shareholders by size of holding:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	15	4,993
1,001 – 5,000	40	122,131
5,001 – 10,000	96	893,509
10,001 – 100,000	356	15,417,893
100,001 and over	212	88,023,513
Total	719	104,462,039

ii. Convertible securities

- 5 Class A held by 4 holders.
- 10 Class B held by 4 holders.

Convertible securities do not carry the right to vote.

The number of convertible security holders by size of holding:

	Class A Convertible Securities		Class B Convertible Securities	
	Number of holders	Number of securities	Number of holders	Number of securities
1 – 1,000	4	5	4	10
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001 – 100,000	-	-	-	-
100,001 and over	-	-	-	-
Total	4	5	4	10

iii. Options

- 54,061,207 listed options are held by 387 option holders. 13,000,000 unlisted options are held by 9 option holders. Options do not carry the right to vote.

The number of option holders by size of holding:

	Options expiring 29 Feb 2016 Exercisable at $0.16 (Quoted)		Options expiring 31 Jan 2017 Exercisable at $0.06 (Quoted)	
	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	4	2,456
1,001 – 5,000	-	-	29	108,367
5,001 – 10,000	-	-	21	172,169
10,001 – 100,000	85	4,277,372	119	5,505,146
100,001 and over	50	9,828,758	79	34,166,939
Total	135	14,106,130	252	39,955,077

	Options expiring 29 Feb 2016 Exercisable at $0.16 (Unquoted)		Options expiring 22 Feb 2017 Exercisable at $0.068 (Unquoted)	
	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001 – 100,000	-	-	-	-
100,001 and over	3	3,000,000	6	10,000,000
Total	3	3,000,000	6	10,000,000

(b) Substantial shareholders

The Company has not received any current substantial shareholder notices as at 19 September 2014.

(c) The numbers of unquoted equity securities are:

	Number	Expiry date
Options exercisable at $0.16	3,000,000	29 February 2016
Options exercisable at $0.068	10,000,000	22 February 2017
Class A convertible securities	5	
Class B convertible securities	10	

Names of holders of 20% or more of unquoted equities:

	Unquoted equity security	Number	Percentage
Zenix Nominees Pty Ltd	Options expiring 29 February 2016 Exercisable at $0.16	2,000,000	67
Goodheart Pty Ltd	Options expiring 22 February 2017 Exercisable at $0.068	2,000,000	20
Fremantle Enterprises Pty Ltd	Options expiring 22 February 2017 Exercisable at $0.068	3,000,000	30

(d) There are 81 holders of an unmarketable parcel of shares at a share price of $0.053. There are 56 holders of an unmarketable parcel of listed options expiring 29 February 2016 at an option price of $0.007 and 110 holders of an unmarketable parcel of listed options expiring 31 January 2017 at an option price of $0.012.

(e) Twenty largest holders of quoted equity securities are:

Fully paid ordinary shares

Name	Number	Percentage
HSBC Custody Nominees (Australia) Limited	10,006,593	9.58
Kingslane Pty Ltd	2,186,345	2.09
Michael Parish	1,950,000	1.87
Goodheart Pty Ltd	1,915,384	1.83
Precambrian Pty Ltd	1,900,000	1.82
Matthew & Nicole Shackleton	1,775,001	1.70
Morou Francois Ouedrago	1,700,000	1.63
Louie Gerovich	1,358,630	1.30
Widerange Corporation Pty Ltd	1,346,600	1.29
Sanperez Pty Ltd	1,237,576	1.18
William Hernstadt	1,173,655	1.12
Fremantle Enterprises Pty Ltd	1,120,001	1.07
Zero Nominees Pty Ltd	1,111,111	1.06
Patrice Chevalier	1,063,830	1.02
AWD Consultants Pty Ltd	1,000,000	0.96
Wersman Nominees Pty Ltd	1,000,000	0.96
Tony Ferencakovic	948,585	0.91
Jean Luc Roy	900,000	0.86
Dixtru Pty Limited	886,295	0.85
Allan Madigan	820,000	0.78
Total	35,399,606	33.88

Options exercisable at $0.16 expiring 29 February 2016

Name	Number	Percentage
Dixtru Pty Limited	750,000	5.32
Technica Pty Ltd	625,000	4.43
Florin Mining Investment Company Limited	475,000	3.37
Lomacott Pty Ltd	400,000	2.84
Wersman Nominees Pty Ltd	385,000	2.73
AWD Consultants Pty Ltd	365,384	2.59
Goffacan Pty Ltd	300,461	2.13
AWD Consultants Pty Ltd	300,000	2.13
Tromso Pty Ltd	300,000	2.13
Martin Music	293,000	2.08
John, Chuck & Dixie Bartle	270,000	1.91
Cairnglen Investments Pty Ltd	250,000	1.77
Michael Parish	250,000	1.77
Mykel Pty Ltd	233,923	1.66
Amalgamated Dairies Ltd	200,000	1.42
M Ivey Pty Ltd	200,000	1.42
Philip & Millie Shurey	158,461	1.12
Storms Snow Cloud Pty Ltd	154,000	1.09
CW Associates Pty Limited	153,847	1.09
Barralong Capital Pty Ltd	150,000	1.06
Total	6,214,076	44.06

Options exercisable at $0.06 expiring 31 January 2017

Name	Number	Percentage
Zenix Nominees Pty Ltd	6,500,000	16.27
HSBC Custody Nominees (Australia) Ltd	6,168,864	15.44
Dixtru Pty Ltd	1,650,000	4.13
Zero Nominees Pty Ltd	1,111,111	2.78
Sanperez Pty Ltd	1,079,192	2.70
First Investment Partners Pty Ltd	1,000,000	2.50
P R Perry Nominees Pty Ltd	750,000	1.88
Wersman Nominees Pty Ltd	615,000	1.54
AWD Consultants Pty Ltd	600,000	1.50
Michael Parish	550,000	1.38
Angela Day	500,000	1.25
Oceanic Capital Pty Ltd	400,000	1.00
AWD Consultants Pty Ltd	384,616	0.96
Louie Gerovich	350,000	0.88
Capetown Investments Pty Ltd	333,334	0.83
Omega Investments Pty Ltd	333,334	0.83
Storms Snow Cloud Pty Ltd	333,334	0.83
Widerange Corporation Pty Ltd	330,100	0.83
John, Chuck & Dixie Bartle	300,000	0.75
Kah Howe Chan	300,000	0.75
Total	23,588,885	59.03

(f) The Company does not have any securities on issue subject to escrow.

(g) Interest in, situation of and percentage interest in mining permits held are:

Permits	**Location**	**Interest**
Taparko North Project		
Karga 2	Burkina Faso	Own 100%
Bani	Burkina Faso	Own 100%
Diobou	Burkina Faso	Own 100%
Tigou	Burkina Faso	Rights to 100%
Tao Project		
Tao	Burkina Faso	Own 100%
Derosa Project*		
Rassouli	Burkina Faso	15% of JV to acquire 100%
Gourbala	Burkina Faso	15% of JV to acquire 100%
Boussou	Burkina Faso	15% of JV to acquire 100%
Souri	Burkina Faso	15% of JV to acquire 100%
Bompela	Burkina Faso	15% of JV to acquire 100%
Sapala	Burkina Faso	15% of JV to acquire 100%
Pinarello Project		
Sokrani	Burkina Faso	Agreement to acquire 100%
Niofera	Burkina Faso	Agreement to acquire 100%
Baiera	Burkina Faso	Agreement to acquire 100%
Sokrani 2	Burkina Faso	Agreement to acquire 100%
Soukoura 2	Burkina Faso	Agreement to acquire 100%
Konkolikan Project		
Konkolikan	Burkina Faso	Agreement to acquire 100%
Birsok Project		
Birsok	Cameroon	0%. JV to earn up to 75%.
Mandoum	Cameroon	0%. JV to earn up to 75%.

CORPORATE GOVERNANCE COMPLIANCE STATEMENT

Canyon Resources Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at www.canyonresources.com.au

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Corporate Governance Compliance

A description of the Company's main corporate governance practices are set out below. All these practices, unless otherwise stated, have been in place for the financial year ended 30 June 2014. The Company has considered the ASX Corporate Governance Principles and the corresponding Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices
Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 2.1		✓
Recommendation 2.2		✓
Recommendation 2.3	✓	
Recommendation 2.4	✓	
Recommendation 2.5	✓	
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 3.2	✓	
Recommendation 3.3		✓
Recommendation 3.4	✓	
Recommendation 4.1	✓	
Recommendation 4.2	✓	
Recommendation 4.3	✓	
Recommendation 4.4	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 7.1	✓	
Recommendation 7.2	✓	
Recommendation 7.3	✓	
Recommendation 8.1	✓	
Recommendation 8.2	✓	
Recommendation 8.3	✓	

Disclosure – Principles & Recommendations

Principle 1 – Lay solid foundations for management and oversight

"Companies should establish and disclose the respective roles and responsibilities of board and management."

Recommendation 1.1:

Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executives and approving their remuneration;
- Appointing and removing the Company Secretary and Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of the Company and measuring performance of management against approved strategies;
- Review of the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and capital expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non-financial key performance indicators;
- Monitoring the Company's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing the Company's financial affairs;
- Review and ratify systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and
- Ensuring that policies and compliance systems consistent with the Company's objectives and best practice are in place and that the Company and its officers act legally, ethically and responsibly on all matters.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Managing Director who acts in the capacity as CEO and his performance is monitored and evaluated by the Board.

Some Board functions may be handled through Board Committees. These committees are appointed when the size and scale of operations requires. However, the Board as a whole is responsible for determining the extent of powers residing in each Committee and is ultimately responsible for accepting, modifying or rejecting Committee recommendations.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Board is responsible for evaluating the performance of senior executives. The performance of senior executives is reviewed at least annually with reference to the terms of their employment contracts. Performance evaluations of senior executives were undertaken during the period in accordance with the disclosed procedure.

Principle 2 – Structure the board to add value

"Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."

Recommendation 2.1:

A majority of the Board should be independent directors.

Disclosure:

The Company did not have a majority of independent directors for the year. The Chairman, Mr Rhod Grivas, provided geological and management services to the Company.

Mr Shackleton (Non-Executive Director) and Mr Netherway (Non-Executive Director) are independent directors.

Recommendation 2.2:

The Chair should be an independent director.

Disclosure:

Mr Grivas is Chair of the Board. As noted above, Mr Grivas has provided geological and management services to the Company during the year.

Recommendation 2.3:

The roles of the Chair and CEO should not be exercised by the same individual.

Disclosure:

The role of the Chairman and the CEO are not exercised by the same person.

The division of responsibilities between the Chairman and the CEO is set out in the Board Charter.

Recommendation 2.4:

The Board should establish a Nomination Committee.

Disclosure:

A Nomination Committee has been established.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

Disclosure:

The remuneration committee is responsible for evaluation of the performance of the CEO. The Chairman is responsible for evaluation of the Board and the committees.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance.

Induction procedures are in place for all directors and senior executives report to the Board as to their area of responsibility at each Board meeting, if required.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director and re-election procedure

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

In accordance with the Constitution, one third of the directors retires by rotation each year and may offer themselves for re-election.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to the Board duties and physical ability to undertake the Board duties and responsibilities.

Identification of Independent Directors

Mr Shackleton (Non-Executive Director) and Mr Netherway (Non-Executive Director) are independent in terms of the ASX Corporate Governance Council's discussion of independent status.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

Principle 3 – Promote ethical and responsible decision-making

"Companies should actively promote ethical and responsible decision-making."

Recommendation 3.1:

Companies should establish a Code of Conduct and disclose the code or a summary of the code.

Disclosure:

The Company has a Code of Conduct that applies to all directors, senior executives, employees and contractors. The Code is disclosed on the Company's web site.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of the policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board has adopted a Diversity Policy. The Board recognises the benefits of having an appropriate blend of diversity on the Board and in all areas of the Group's business.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Disclosure:

The Board has not established formal measurable objectives for achieving gender diversity as they are not considered to be warranted given the size and stage of development of the organization.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Disclosure:

	Proportion
Women employees in the Group:	1 of 8
Women in senior executive positions:	0 of 3
Women on the Board:	0 of 4

Principle 4 – Safeguard integrity in financial reporting

"Companies should have a structure to independently verify and safeguard the integrity of their financial reporting"

Recommendation 4.1

The Board should establish an Audit Committee.

Disclosure:

An Audit and Risk Committee has been established.

Recommendation 4.2:

The Audit Committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent Chair, who is not Chair of the Board; and
- has at least three members.

Disclosure:

With the appointment of Mr Netherway the Audit and Risk Committee now meets the compositional requirements set out in Recommendation 4.2.

Recommendation 4.3:

The Audit Committee should have a formal charter.

Disclosure:

The Audit and Risk Committee has adopted a formal Charter.

Recommendation 4.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

Disclosure:

Committee Members (qualifications of members set out in the Directors' Report)	**Number of meetings eligible to attend**	**Number of meetings attended**
Matthew Shackleton (Chairman)	2	2
Rhod Grivas	2	2
David Netherway	1	1

Principle 5 – Make timely and balanced disclosure

"Companies should promote timely and balanced disclosure of all material matters concerning the company."

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

In order to ensure that the Company meets its obligations with regard to the continuous disclosure requirements, the Company has adopted a Continuous Disclosure Policy.

The Continuous Disclosure Policy sets out the Company's obligations and its policies and procedures to ensure timely and accurate disclosure of price sensitive information to the market.

Principle 6 – Respect the rights of shareholders

"Companies should respect the rights of shareholders and facilitate the effective exercise of those rights."

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has a Shareholder Communications Policy and a website for making information available to shareholders. Shareholders are encouraged to attend and participate in general meetings.

Principle 7 – Recognise and manage risk

"Companies should establish a sound system of risk oversight and management and internal control."

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a Risk Management Policy. Risk management is overseen by the Audit and Risk Committee. The overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
   - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
   - litigation and claims; and
   - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Company has an effective risk management system and that major risks to the Company are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Company has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Company's control environment.

Recommendation 7.2:

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

Management designs, implements and maintains risk management and internal control systems to manage the Company's material business risks. As part of regular reporting procedure, management report to the Board confirming that those risks are being managed effectively.

The Company policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

An Audit and Risk Management Committee has been formed but due to the current composition of the Board the role of the Committee is undertaken by the full Board. No internal audit function exists. All functions, roles and responsibilities with regard to risk oversight and management and internal control are undertaken by Management and overseen by the Board as at the date of this report.

Recommendation 7.3:

The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Disclosure:

The Board has received the declaration from the Chief Executive Officer and person assuming the role of Chief Financial Officer.

Principle 8 – Remunerate fairly and responsibly

"Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear."

Recommendation 8.1:

The Board should establish a Remuneration Committee.

Disclosure:

A Remuneration and Nomination Committee has been established.

Recommendation 8.2:

The Remuneration Committee should be structure so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and
- has at least three members.

Disclosure:

Committee Members (qualifications of members set out in the Directors' Report)	**Number of meetings eligible to attend**	**Number of meetings attended**
Matthew Shackleton (Chairman)	1	1
Rhod Grivas	1	1
David Netherway	1	1

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.