



Canyon Resources Limited

ABN 13 140 087 261

**Interim Financial Report
31 December 2016**

CORPORATE INFORMATION

Canyon Resources Limited

ABN 13 140 087 261

Directors

David Netherway

Phillip Gallagher

Emmanuel Correia

Company Secretary

Robert Marusco

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Share Register

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Solicitors

Steinepreis Paganin

Level 4, 16 Milligan Street

Perth WA 6000

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

Securities Exchange Listing

ASX Limited

ASX Code: CAY

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DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity comprising Canyon Resources Limited ("the Company" or "Canyon") and the entities it controlled for the half-year ended 31 December 2016 (together the "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 interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

David Netherway	Chairman
Phillip Gallagher	Managing Director
Emmanuel Correia	Non-executive Director (appointed 20 July 2016)
Rhoderick Grivas	Chairman (resigned 20 July 2016)

Review of Operations

The Directors of Canyon Resources Ltd ("Canyon" or "The Company") have continued the focus of developing a large scale DSO (Direct Shipping Ore) bauxite mining and export operation in Cameroon.

Canyon has been actively engaging with key stakeholders in this process, including the Government of Cameroon and infrastructure operators in the country.

The Company's Burkina Faso gold projects, in particular the Pinarello Project, which is in a joint venture with London listed Acacia Minerals, has shown some promising results from ongoing exploration.

Birsok Bauxite Project Cameroon

Canyon has maintained its focus on developing a high grade bauxite mining and DSO (Direct Shipping Ore) operation in Cameroon.

The Company continued high level discussions with the Government of Cameroon throughout the period in relation to the broad opportunity of developing a DSO bauxite operation in the Adamawa Province of Cameroon, including the possibility of securing additional permits in close proximity to the Company's existing Birsok joint venture project. The Company also engaged senior French legal counsel with significant African mining experience to assist Canyon in its discussions.

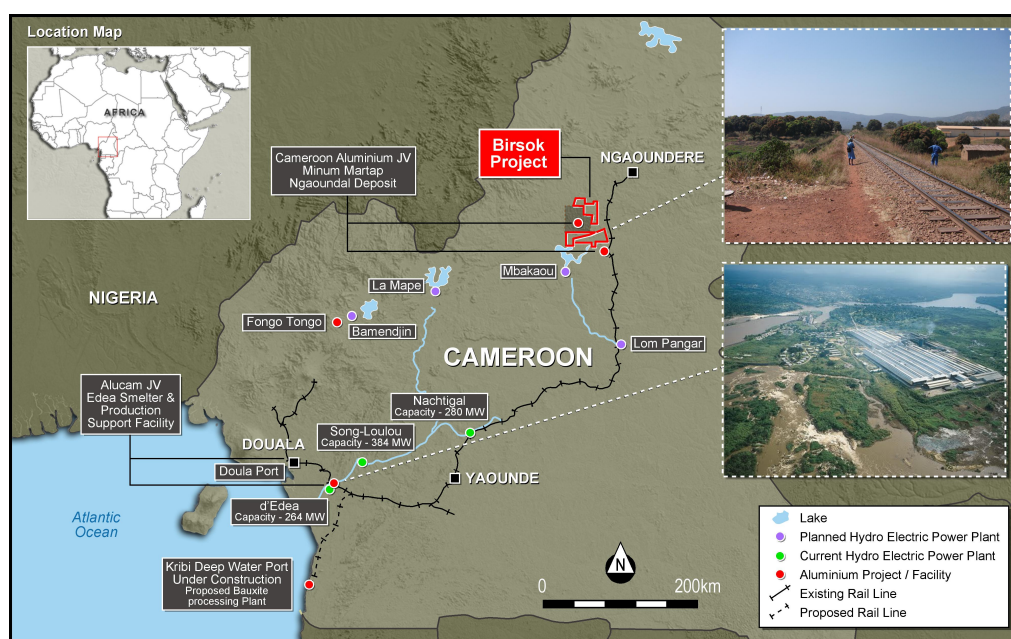


Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

DIRECTORS' REPORT (CONTINUED)

As a bauxite mining and export project contains a significant infrastructure component to its successful development, Canyon has been working with all the relevant stakeholders, including existing rail and port infrastructure operators in the country to present its development proposals for potential infrastructure solutions for a bauxite mining project in the Adamawa Province of Cameroon.

Previously completed exploration on the Birsok Project by Canyon has identified occurrences of high grade bauxite that is consistent with historical exploration in the region. This high grade low contaminant bauxite will be suitable for DSO export from Cameroon and bauxite of this overall grade is generally highly sought after by low temperature refiners throughout the world.



Figure 2: Ship berthing area at the Kribi Deep Water Port suitable for Panamax size vessels, with breakwater in the distance.

Canyon's preparations to recommence exploration on the Birsok Project are currently underway. The objective of the exploration program will be to complete additional exploration on the high grade, low contaminant bauxite identified from previous drilling programs and to test additional and new bauxite plateaux. The planned exploration program will also investigate other locations in the region that have the potential to host high grade bauxite.

DIRECTORS' REPORT (CONTINUED)



Figure 3: The Camrail rail line near to the Birsok Bauxite Project.

Burkina Faso – Joint Venture with Acacia Mining plc

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

Acacia completed an early stage exploration program on the permits which had positive and encouraging results including, 96 of 278 aircore (AC) holes drilled on the Pinarello Project producing anomalous gold results, and the identification of numerous extensive gold in soil anomalies ranging from 2km to 25km in length.

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

For further details on the exploration conducted by Acacia on the Pinarello Project, refer to : <http://www.acciamining.com/~media/Files/A/Acacia/presentations/2016/Exploration%20Roundtablev2%20-%20Nov%202016.pdf>)

DIRECTORS' REPORT (CONTINUED)

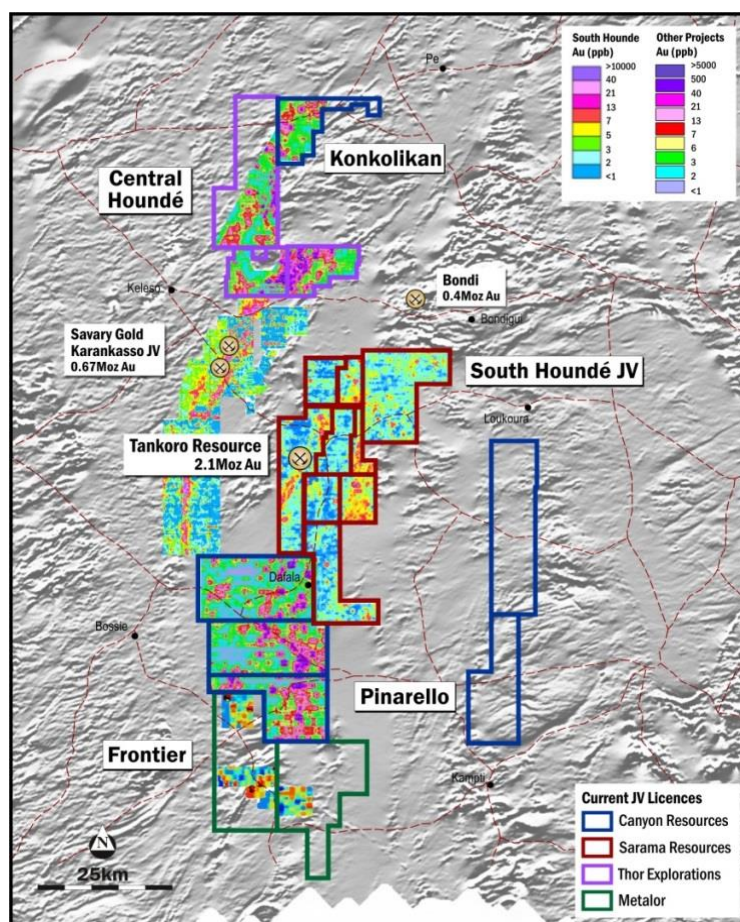


Figure 4: Map showing Acacia Mining holding on the Hounde belt in south west Burkina Faso. Canyon Resource JV permits are in blue.

Corporate

Mr David Netherway, previously a Non-Executive Director of the Company, became the Non-Executive Chairman of the Company on the 20 July 2016 following the resignation of Mr Rhod Grivas. Mr Netherway has been a Non-Executive Director of the Company since March 2014. Mr Emmanuel Correia was appointed to the board on 20 July 2016 as Non-Executive Director. Mr Correia is a Chartered Accountant and founding director of Peloton Capital and Peloton Advisory and has over 25 years public company and corporate finance experience in Australia, North America and the United Kingdom. He has held various senior positions with Deloitte and other accounting firms and boutique corporate finance houses.

On the 19th January 2017, the Company announced that it had entered into underwriting agreements with each of Barclay Wells Limited and BW Equities Pty Ltd ("Underwriters") to fully underwrite the Company's listed option series (ASX: CAYOA), up to a value of A\$3.405 million. Canyon had 56,753,252 listed CAYOA options on issue, exercisable at \$0.06 cents on or before 31 January 2017. The Company paid a fee to each of the Underwriters a fee equal to 6% of the amount underwritten by each Underwriter and issued a total of 10,000,000 options exercisable at \$0.12 on or before 16 February 2019 to the Underwriters.

On the 22nd February 2017, a series of unlisted incentive options previously issued to Company Directors expired. There were a total of 7,100,000 options priced at 6.8c. A total of 3,438,308 were exercised by the holders and the balance of 3,661,692 options were placed with sophisticated investors, raising the Company a total of \$482,800.

DIRECTORS' REPORT (CONTINUED)

Operating Result for the Period

The Group's operating loss for the half-year ended 31 December 2016 was \$1,155,316 (half-year ended 31 December 2015: \$1,025,349).

Review of Financial Condition

At 31 December 2016, the Group held \$471,153 in cash and cash equivalents (30 June 2016: \$446,405).

Significant Events Subsequent to Balance Date

Subsequent to the balance date, it was announced that the Company had entered into an underwriting agreement with Barclay Wells Limited and BW Equities Pty Ltd to fully underwrite the Company's listed option series (ASX: CAYOA) up to a value of \$3.405 million which were exercisable at \$0.06 cents on or before 5:00pm (AWST) 31 January 2017. Of the approximate 57 million CAYO options on issue at the time of the announcement of the underwriting, almost 47 million or 82% of the options were converted by option holders by the expiration date. The exercise of the options excluding the approximate 10 million CAYO options which will taken up by the underwriters raised a total of approximately \$2.805 million before costs. The underwritten options raised approximately \$600,000 in additional funds to bring the total capital raised to \$3.405 million before costs.

The following options were converted to shares subsequent to balance date:

- 57,588,593 listed options expiring 31 January 2017 at a price of 6 cents per share
- 7,400,000 unlisted options expiring 22 February 2017 at a price of 6.8 cents per share

Other than these matters, there have been no matters or circumstances that have arisen since 31 December 2016 that significantly affected or may significantly affect:

- The Group's operations in future years; or
- The results of those operations in future years; or
- The Groups state of affairs in future years.

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 5 and forms part of this Directors' Report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



.....
Phillip Gallagher

Managing Director

Perth, 14 March 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Canyon Resources Limited for the half-year ended 31 December 2016, 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 review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
14 March 2017



D I Buckley
Partner

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	31 December 2016 \$	31 December 2015 \$
Interest received		2,673	3,730
Foreign exchange gain/(loss)		(7,283)	9,534
		(4,610)	13,264
Employee expenses		(102,605)	(27,375)
Consultants and contractors		(151,927)	(144,137)
Director fees		(148,693)	(142,693)
Legal and professional fees		(46,155)	(156,483)
Occupancy		(11,429)	(8,105)
Depreciation		(11,488)	(21,058)
Compliance and regulatory		(60,376)	(29,520)
Administration		(31,637)	(121,503)
Share-based payments		(68,432)	(208,572)
Interest expense		(9,252)	(4,347)
Impairment of financial assets	2	(4,000)	(8,000)
Project evaluation		(365,153)	-
Exploration expensed as incurred		(139,559)	(166,820)
Loss before income tax		(1,155,316)	(1,025,349)
Income tax expense		-	-
Net loss after tax		(1,155,316)	(1,025,349)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Change in fair value of available-for-sale financial assets		-	(11,200)
Movement in foreign exchange on translation		(10,864)	5,656
Total other comprehensive (loss)/income		(10,864)	(5,544)
Total comprehensive loss for the period		(1,166,180)	(1,030,893)
Basic/diluted loss per share (cents per share)		(0.62)	(0.70)

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016**

	Notes	31 December 2016 \$	30 June 2016 \$
Assets			
Current Assets			
Cash and cash equivalents		471,153	446,405
Trade and other receivables		33,571	31,147
Other current assets		54,571	44,410
Total Current Assets		559,295	521,962
Non-Current Assets			
Other financial assets	2	8,000	12,000
Property, plant and equipment		102,735	116,376
Deferred exploration expenditure	3	1,017,222	1,027,394
Total Non-Current Assets		1,127,957	1,155,770
Total Assets		1,687,252	1,677,732
Liabilities			
Current Liabilities			
Trade and other payables		224,482	277,234
Provisions		48,259	41,981
Convertible notes	10	-	240,748
Total Current Liabilities		272,741	559,963
Total Liabilities		272,741	559,963
Net Assets		1,414,511	1,117,769
Equity			
Issued capital	4	23,058,413	21,628,155
Reserves		1,016,068	994,268
Accumulated losses		(22,659,970)	(21,504,654)
Total Equity		1,414,511	1,117,769

The accompanying notes form part of these financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued capital	Accumulated losses	Convertible note reserve	Available- for-sale reserve	Foreign currency reserve	Option and performance shares reserve	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	19,949,474	(17,114,945)	-	11,200	257,002	503,984	3,606,715
Loss for the period	-	(1,025,349)	-	-	-	-	(1,025,349)
Movement in foreign exchange on translation	-	-	-	-	5,656	-	5,656
Change in fair value of available-for-sale financial assets	-	-	-	(11,200)	-	-	(11,200)
Total comprehensive loss for the period	-	(1,025,349)	-	(11,200)	5,656	-	(1,030,893)
Shares issued for cash	760,000	-	-	-	-	-	760,000
Share issue costs	(84,854)	-	-	-	-	-	(84,854)
Convertible notes issued	-	-	45,455	-	-	-	45,455
Share-based payments	-	-	-	-	-	208,572	208,572
Balance at 31 December 2015	20,624,620	(18,140,294)	45,455	-	262,658	712,556	3,504,995
Balance at 1 July 2016	21,628,155	(21,504,654)	35,768	-	235,944	722,556	1,117,769
Loss for the period	-	(1,155,316)	-	-	-	-	(1,155,316)
Movement in foreign exchange on translation	-	-	-	-	(10,864)	-	(10,864)
Total comprehensive loss for the period	-	(1,155,316)	-	-	(10,864)	-	(1,166,180)
Shares issued on conversion of convertible notes	285,768	-	(35,768)	-	-	-	250,000
Shares issued for cash	1,160,123	-	-	-	-	-	1,160,123
Share issue costs	(15,633)	-	-	-	-	-	(15,633)
Issue of performance shares	-	-	-	-	-	68,432	68,432
Balance at 31 December 2016	23,058,413	(22,659,970)	-	-	225,080	790,988	1,414,511

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31 December 2016	31 December 2015
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(977,033)	(666,522)
Interest received	2,673	3,730
Net cash outflow from operating activities	(974,360)	(662,792)
Cash flows from investing activities		
Payments for exploration and evaluation	(139,559)	(204,187)
Net cash outflow from investing activities	(139,559)	(204,187)
Cash flows from financing activities		
Shares issued for cash	1,160,123	760,000
Share issue costs	(15,633)	(84,854)
Convertible notes issued for cash	-	500,000
Net cash inflow from financing activities	1,144,490	1,175,146
Net increase/(decrease) in cash held	30,571	308,167
Cash and cash equivalents at the beginning of the period	446,405	650,271
Effect of foreign exchange on cash balances held	(5,823)	9,082
Cash and cash equivalents at the end of the period	471,153	967,520

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The condensed consolidated financial statements are for the consolidated entity consisting of Canyon Resources Limited and its subsidiaries.

This condensed consolidated interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that the interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by Canyon Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

Adoption of new and revised Accounting Standards and Interpretations

In the half-year ended 31 December 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2016. The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2016.

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim period. These accounting policies are consistent with Australian Accounting Standards and with International Reporting Standards.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

Going Concern

The financial statements are prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of \$286,554 (30 June 2016: excess of current liabilities over current assets of \$38,001). On the 31 January 2017 the company raised \$3.408 million before costs from the exercise of 56,753,252 listed options and on the 22 February 2017 the company raised a further \$482,800 before costs in relation to 7,100,00 unlisted options of which 3,438,308 options were exercised by option holders and the balance of 3,661,692 were placed with sophisticated investors giving a total capital raised of \$3.890 million before costs. This provides the Company with a positive working capital position, and as such the Group has forecasted that it will not 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.

NOTE 2: OTHER FINANCIAL ASSETS

Available-for-sale financial assets carried at fair value:

Listed shares

	6 months to 31 December 2016	Year to 30 June 2016
	\$	\$
Shares in Rumble Resources Ltd at fair value	12,000	23,200
Impairment	(4,000)	-
Reversal of available-for-sale reserve	-	(11,200)
	8,000	12,000

The remaining 400,000 shares were revalued at 31 December 2016 in line with the Group's accounting policy to their fair value. Due to the significant and prolonged diminution in value an impairment charge of \$4,000 has been recognised during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 3: DEFERRED EXPLORATION EXPENDITURE

	6 months to 31 December 2016 \$	Year to 30 June 2016 \$
Exploration and evaluation phase		
Acquisition of tenements – at cost		
Balance at beginning of the period	1,027,394	3,186,349
Impairment of exploration assets	-	(2,135,217)
Effect of movement in exchange rates on carrying value	(10,172)	(23,738)
Total	1,017,222	1,027,394

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.

NOTE 4: ISSUED CAPITAL

	31 December 2016 \$	30 June 2016 \$
<i>Ordinary shares</i>		
Issued and fully paid	23,058,413	21,628,155

	6 months to 31 December 2016 No.	Year to 30 June 2016 No.	6 months to 31 December 2016 \$	Year to 30 June 2016 \$
<i>Movements in ordinary shares on issue</i>				
At beginning of period	174,898,796	137,544,214	21,628,155	19,949,474
- Shares issued for cash	6,200,000	31,275,714	682,000	1,497,000
- Options converted to shares	7,455,384	1,078,868	478,123	64,732
- Convertible notes converted	5,000,000	5,000,000	285,768	250,000
- Cost of share issues	-	-	(15,633)	(133,051)
At end of period	193,554,180	174,898,796	23,058,413	21,628,155

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 5: SEGMENT REPORTING

The following table presents the profit & loss and assets & liabilities information by segment provided to the Board of Directors for the half-year periods ended 31 December 2016 and 31 December 2015.

	Project Generation (Africa) \$	Unallocated (Corporate) \$	Total \$
31 December 2015			
Segment revenue and other income	-	13,264	13,264
Segment result	(184,005)	(841,344)	(1,025,349)
Included within segment results:			
Depreciation	(15,979)	(5,079)	(21,058)
Interest revenue	-	3,730	3,730
Impairment of financial assets	-	(8,000)	(8,000)
Segment assets	3,186,929	1,228,513	4,415,442
Segment liabilities	(143,816)	(766,631)	(910,447)
31 December 2016			
Segment revenue and other income	-	2,673	2,673
Segment result	(523,248)	(632,068)	(1,155,316)
Included within segment results:			
Depreciation	(9,170)	(2,318)	(11,488)
Interest revenue	-	2,673	2,673
Impairment of financial assets	-	(4,000)	(4,000)
Segment assets	555,709	1,131,543	1,687,252
Segment liabilities	(131)	(272,610)	(272,741)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 6: FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and liabilities.

Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and liabilities are determined (in particular, the valuation technique(s) and key input(s) used).

Financial assets/liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
	31 December 2016	30 June 2016				
	\$	\$				
Available-for-sale financial instruments	8,000	12,000	Level 1	Share price	None	None

There were no transfers between Level 1 and Level 2 in the period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The Directors consider that the carrying value of the financial assets and financial liabilities are recognised in the consolidated financial statements approximate their fair values.

All gains and losses included in other comprehensive income relate to available-for-sale assets held at the balance date are reported as changes of available-for-sale reserve unless the asset is impaired.

NOTE 7: COMMITMENTS

Commitments remain as those disclosed in the 30 June 2016 annual financial report.

NOTE 8: CONTINGENCIES

There has been no change in contingent liabilities since the 30 June 2016 annual financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 9: SHARE-BASED PAYMENTS

During the half year, the following performance shares were issued:

- 8,000,000 Director Performance Shares

Details of these issues are:

Performance Shares

8,000,000 Director Performance Shares were approved 25 November 2016 to Messrs David Netherway, Phillip Gallagher and Emmanuel Correia on the terms and conditions set out below:

Name	Performance Shares
David Netherway	2,500,000
Phillip Gallagher	2,500,000
Emmanuel Correia	3,000,000
Total	8,000,000

These performance shares were independently valued, using a valuation methodology based on the guidelines set out in AASB 2 *Share Based Payments*. Details of the assumptions used in the valuation of these performance shares issued are as follows:

Item	Performance Shares
Number of shares	8,000,000
Market price of shares as at 25 November 2016	\$0.10
Fair value per Performance share	\$0.10530

The value of \$68,432 has been expensed as share-based payments in the statement of comprehensive income for the period.

The Performance Shares will be issued for nil cash consideration as fully paid ordinary shares in the capital of the Company issued on the terms and conditions under the Canyon Long Term Incentive Plan and subject to the following vesting conditions:

- one third vest on delineating a resource of at least 150 MT on one of the Company's existing projects or a project to be acquired by the Company;
- one third vest on the raising of at least \$10million in support of a Company project; and
- one third vest on the Related party remaining with the Company for a minimum of 12 months.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 10: CONVERTIBLE NOTES

	6 months to 31 December 2016 \$	Year to 30 June 2016 \$
At beginning of period	240,748	-
Proceeds of issue	-	500,000
Equity component taken to reserves	-	(45,455)
Interest expense for the period ⁽¹⁾	9,252	26,515
Conversion to shares	(250,000)	(240,312)
At end of period	-	240,748

On 16 October 2015, the Company announced that to fund the Birsok Bauxite Project in Cameroon funds had been raised through the placement of 10 million convertible notes at an issue price of 5 cents issue to raise \$500,000 from sophisticated and professional investors. The key terms of the convertible notes were:

Principal	\$0.05
Interest Rate	Nil
Maturity Date	1 November 2016
Conversion Price	\$0.05, or, subject to not being prohibited by the ASX Listing Rules, if, after 1 May 2016 the Share price as traded on ASX on the Conversion Date is below \$0.05, a 15% discount to the 30 day volume weighted average price of Shares as traded on ASX immediately prior to the Conversion Date.
Security	Unsecured and the Noteholder will rank equally with all other unsecured creditors of the Company.
Quotation	The Company will not apply for quotation on ASX of the Convertible Notes.
Voting rights	The Convertible Notes shall not provide for any voting rights at shareholder meetings of the Company (unless otherwise required by the ASX Listing Rules or the Corporations Act).
Transferability	The Noteholder shall be permitted to transfer all or any of the Convertible Notes on the condition that the Noteholder procures that the assignee of the Convertible Notes agrees to be bound by the terms and conditions of this Deed and the assignee falls within one or more of the categories specified in sections 708(8), 708(10) or 708(11) of the Corporations Act.

(1) The interest for the period was calculated by apply an effective interest rate of 10% to the liability component for the period since the notes were issued.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 11: EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance date, it was announced that the Company had entered into an underwriting agreement with Barclay Wells Limited and BW Equities Pty Ltd to fully underwrite the Company's listed option series (ASX: CAYOA) up to a value of \$3.405 million which were exercisable at \$0.06 cents on or before 5:00pm (AWST) 31 January 2017. Of the approximate 57 million CAYO options on issue at the time of the announcement of the underwriting, almost 47 million or 82% of the options were converted by option holders by the expiration date. The exercise of the options excluding the approximate 10 million CAYO options which will taken up by the underwriters raised a total of approximately \$2.805 million before costs. The underwritten options raised approximately \$600,000 in additional funds to bring the total capital raised to \$3.405 million before costs.

The following options were converted to shares subsequent to balance date:

- 57,588,593 listed options expiring 31 January 2017 at a price of 6 cents per share
- 7,400,000 unlisted options expiring 22 February 2017 at a price of 6.8 cents per share

Other than these matters, there have been no matters or circumstances that have arisen since 31 December 2016 that significantly affected or may significantly affect:

- The Group's operations in future years; or
- The results of those operations in future years; or
- The Groups state of affairs in future years.

NOTE 12: RELATED PARTIES

For details of share-based payments to Directors refer to note 9. Other arrangements continue to be in place.

For details of these arrangements, refer to the 30 June 2016 annual report.

DIRECTORS' DECLARATION

In the opinion of the directors:

- 1 the financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, AASB 134 *"Interim Financial Reporting"* the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- 2 there are reasonable grounds to believe that Canyon Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.



Phillip Gallagher
Managing Director

Perth, 14 March 2017



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Canyon Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Canyon Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Canyon Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'D I Buckley'.

D I Buckley
Partner

Perth, Western Australia
14 March 2017