CANYON RESOURCES LIMITED

ABN 13 140 087 261

Annual Report
30 June 2017

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Corporate Directory

Directors
David Netherway
Phillip Gallagher
Emmanuel Correia (Appointed 20 July 2016)

Company Secretary
Robert Marusco (Appointed 20 July 2016)

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Auditor
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Perth Western Australia 6000

Securities Exchange Listing
ASX Limited
ASX Codes: CAY, CAYO

Directors' Report

Your directors submit the annual report of the consolidated entity comprising Canyon Resources Limited and the entities it controlled during the financial year ended 30 June 2017 ("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:
David Netherway
B.Eng (Mining), CDipAF, F.Aus.IMM, CP – Non-Executive Chairman

Appointed 17 March 2014

Mr Netherway is a mining engineer with over 40 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 New Liberty, 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 plc (ALS:AIM), Canyon's joint venture partner on the Birsok Project in Cameroon, the Chairman of Kilo Goldmines Inc (KGL:TSX-V) and a non-executive Director of Avesoro Resources Inc.

During the past 3 years Mr Netherway has held the position of Director of Crusader Resources Limited (1 July 2011 to 14 May 2015) and Gryphon Minerals Limited (1 October 2010 to 31 July 2013).

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 a co-founding director of Canyon Resources and has been the Managing Director of the Company since that time.

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

Directors' Report continued

Emmanuel Correia
BBus CA – Non-executive Director

Appointed 20 July 2016

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.

During the past three years, Mr Correia has held directorships with Rutila Resources Limited (resigned July 2015) and Ambassador Oil & Gas Limited (resigned August 2014).

Rhoderick Grivas
BSc, AICD, AusIMM, AIG – Chairman

Appointed 11 December 2009 – Resigned 20 July 2016

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.

COMPANY SECRETARY

Robert Marusco
BBus, CPA SA FIN ACSA GradDip ACG Dip FS(FP)

Appointed 15 July 2016

Mr Marusco has developed experience and competence in equity capital markets, debt advisory and operational knowledge in relation to capital raising support and facilitation, corporate management including company secretarial, governance and compliance dealing with the ASX, ASIC and other authorities for both ASX listed public and private corporations.

Phillip MacLeod
BBus, ASA, MAICD

Appointed 6 January 2010 – Resigned 20 July 2016

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:

Directors	Number of Fully Paid Ordinary Shares	Number of Performance Shares	Number of Unlisted Options Over Ordinary Shares
David Netherway	5,280,158	2,500,000	2,342,857
Phillip Gallagher	2,260,531	2,500,000	5,000,000
Emmanuel Correia	665,364	3,000,000	414,500

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

Option Series	Number of Options	Exercise Price	Expiry Date
Unlisted options	43,565,215	6.0 cents	29/9/2017
	7,000,000	7.0 cents	30/9/2018
	13,000,000	10.0 cents	30/9/2018
	4,635,417	6.0 cents	30/9/2018
	10,000,000	12.0 cents	19/02/2019

Details of ordinary shares issued by the company during or since the end of the financial year as a result of the exercise of options are:

Number Converted	Exercise Price	Expiry Date	Value Received
60,843,997	$0.06	31/1/2017	$3,650,639
10,000,000	$0.068	22/2/2017	$680,000
2,875,000	$0.06	29/9/2017	$172,500
1,000,000	$0.07	30/9/2018	$70,000

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.

Directors' Report - Review of Operations

The Directors of **Canyon Resources Ltd** (ASX: CAY) ("Canyon" or the "Company") focus for the 2016/2017 financial year has been to both advance the development of the Birsok direct shipping bauxite (DSO) project in Cameroon and progress its joint venture exploration projects in Burkina Faso.

In conjunction with progressing the Birsok Bauxite Project, Canyon has also been advancing opportunities to source further sizeable projects in Cameroon capitalising on the countries underdeveloped exploration and mining sector.

THE BIRSOK BAUXITE PROJECT

The Birsok Project area is well positioned approximately 10km from the operational rail line that runs from the Project area to the operational Doula Port.

Cameroon recently commissioned the new Kribi Deep Sea Port ("Kribi Port"), approximately 130km to the south of the Douala Port. A road to connect the Kribi Port to existing road infrastructure is currently under construction with planning being advanced to construct the railway link between existing rail line and new Port facility. The new rail line will potentially provide Canyon with an end to end rail logistics solution for the export of DSO bauxite from the Birsok Project directly to the Kribi Port. The Kribi Port has been designed to be suitable for the direct loading of Panamax size vessels. Figure 1 shows the location of the project in relation to Cameroon and key infrastructure including the Kribi Port and the operating railway line.

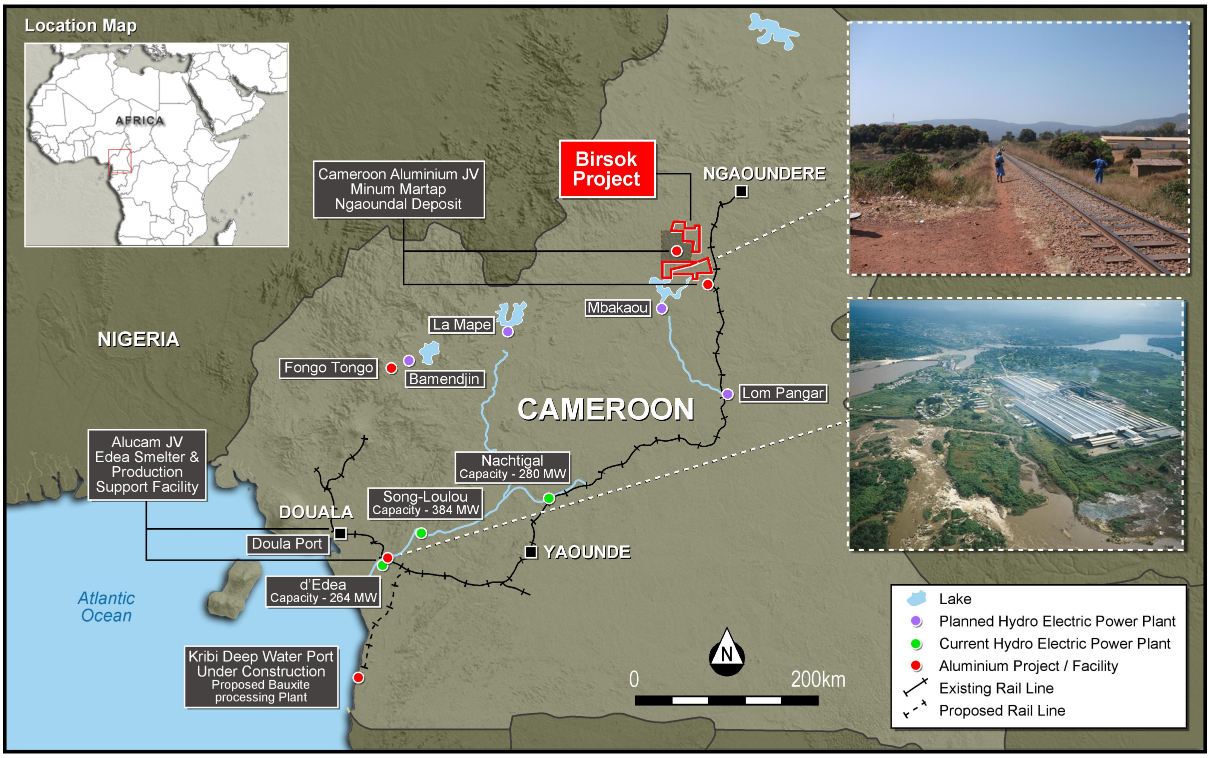

Figure 1: Birsok Bauxite Project Location

Directors' Report - Review of Operations continued

During the year the Company has been working with the Government of Cameroon to complete an agreement regarding the development of a significant bauxite mining and DSO export operation. As part of this process, in March 2017 the Government of Cameroon, via a Prime Ministerial decree, invited representatives of Canyon's Board and Management, along with the Company's legal counsel and technical experts and consultants to present to a Government inter-departmental committee comprised of senior technical representatives from various relevant Ministries, including the Ministry of Mines, Industry and Technological Development, Ministry of Transport, Ministry for the Environment, Nature Protection and Sustainable Development, Ministry of Economy, Planning and Regional Development, Ministry of State Property and Land Tenure, various Technical Advisors to the Prime Minister's office and a representative from the local rail operator.

The committee was convened over two weeks, at Canyon's expense, and conducted a detailed review and analysis of Canyon's proposal to develop a DSO bauxite mining and export operation in the country. The committee agenda was extensive and covered a number of key items, in particular, an assessment of the impact of a major mine development on the local population, the capacity and implications for existing infrastructure as a result of the possible construction of a major mining project in the Adamawa Region of the country, an assessment of the economic impacts of the Project both locally and nationally and an assessment of Canyon's capacity and technical expertise to execute its proposal.

Canyon was represented at these meetings by members of its Board and management team and representatives from its engineering, legal and financial partners. Canyon has received positive feedback from the committee meetings and is now working with the Government and committee to finalise the formal reporting process as quickly as possible. Canyon believes that this process was a positive step forward in its project development aspirations.

Following the positive results from the two-week Government inter-departmental committee presentations that were held during the March quarter of this year, the committee sent appointed representatives to review Canyon's field operations at the Birsok Bauxite Project and various projects in Burkina Faso.

The site visits were conducted by senior Government officials and members of the inter-departmental committee and were focused on reviewing Canyon's current and past operations, relating to its capacity to develop a significant DSO bauxite mining and export operation in the country. The committee members focused on the Company's compliance with all local legal requirements regarding environmental, fiscal laws and relations with local employees and people who live around the Company's operations.

The site visits to the Company's Birsok project and its joint venture operation in Burkina Faso were completed during May 2017 and were attended by a number of Government committee representatives and members of Canyon's management team. The visit reviewed all of Canyon's operations on the sites and its engagement with the local community. Canyon understands that the reports from the visits were positive and reinforced Canyon's capacity to execute its proposal's in Cameroon.

Canyon appreciated the opportunity to complete the extensive committee review process as designated by a decree from the Prime Minister's office and is now in follow up discussions with the Government of Cameroon regarding it Bauxite Project in Cameroon.

Directors' Report - Review of Operations continued

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

Figure 3: Construction underway of the road and rail corridor immediately east of the Kribi Deep Sea Port

Directors' Report - Review of Operations continued

THE BAUXITE MARKET OUTLOOK

During the year the Alumina and more particularly the Aluminum price reflected an increase in demand for the product which is consistent with Canyon's view that there is a deficit of high grade low silica gibbsitic bauxite and that this shortage of high grade bauxite will grow over the next few years.

Market forecasts show that as the grade in existing bauxite deposits that supply vertically integrated refineries around the world declines, there will be increased demand for DSO grade bauxite sourced from non-traditional markets, in particular bauxite with low reactive silica levels.

The forecast growth in global demand for bauxite, combined with the decline in the grade of existing bauxite deposits, should create demand for high grade bauxite this is particularly pertinent when viewed with the growth in demand and pricing for Alumina and Aluminum globally.

BURKINA FASO – JOINT VENTURE

Canyon Resources entered into a joint venture with Acacia Mining plc (Acacia) in March 2015 on the Pinarello and Konkolikan Projects located on the Hounde greenstone belt in south western Burkina Faso.

During the year Acacia completed their earn in of 75% of the Joint Venture having spent the required $1,500,000 on exploration over two years since March 2015.

Accordingly, the Joint Venture has entered the contributory/dilution phase of the agreement and as Canyon has elected not to contribute to the planned exploration programs over the next 12 months, Canyon expects to dilute its interest in the Joint Venture to approximately 11% ownership over the next 12 months.

Surface geochemical sampling undertaken on the Project areas has identified several very encouraging zones of gold anomalism coincident with the interpreted structural corridors, magnetic features and surface IP geophysical anomalies. During the latter part of the year the joint venture completed a structural targeting exercise, reviewed the surface gold anomalies from soil sampling, and undertook multi-element geochemical analysis, using a portable XRF, of all samples from the regional soil sampling programmes. As a result of this targeting exercise, 28 targets were delineated across the Pinarello project area, and field validation, geological mapping and further surface sampling programmes on priority target areas was commenced and will continue on the Project.

A total of 421 Aircore holes for an aggregate of 23,089 metres were completed on the Tankoro Corridor SW extension, Gaghny, Tangalobe, Dafala and Dopala prospects. 37 Reverse Circulation holes for an aggregate of 5,803 metres were drilled to follow up on positive results from earlier Aircore drilling.

Figure 4 below shows the location of the Company's projects in relation to Burkina Faso and surrounding countries.

The most recent review of work completed by Acacia on the Pinarello Project can be viewed at http://www.acaciamining.com/~/media/Files/A/Acacia/press-release/2017/2017-interim-results.pdf

Directors' Report - Review of Operations continued

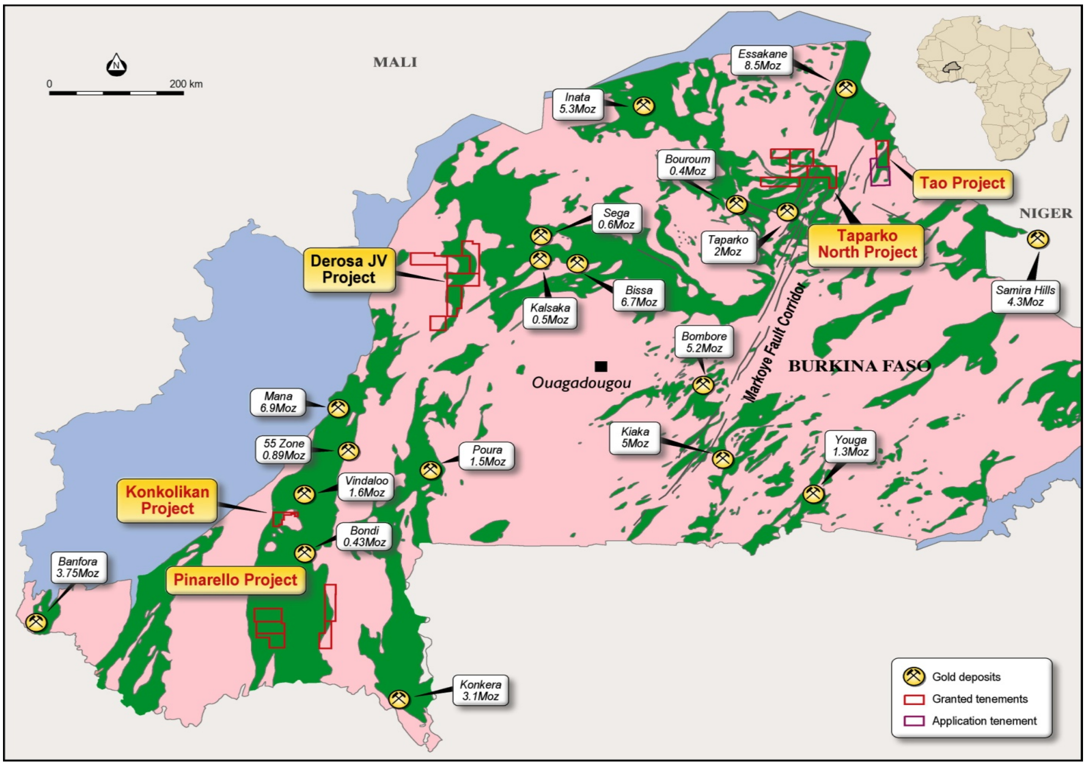

Figure 4: Burkina Faso Projects Locations

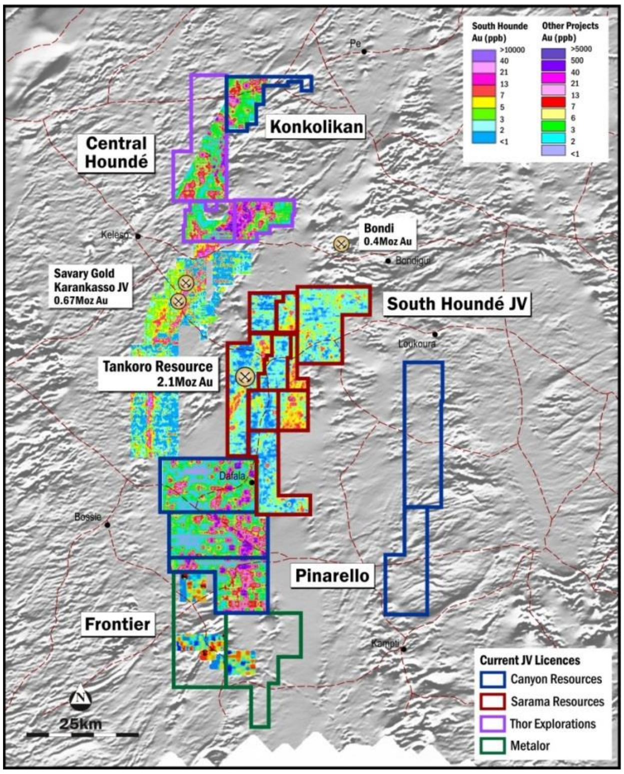

Figure 5: Map showing Acacia Mining holding on the Hounde belt in south west Burkina Faso. Canyon Resources JV permits are in blue.

Directors' Report - Review of Operations continued

CORPORATE

On 20 July 2016, the Company announced a number of Board changes.

Mr Rhod Grivas resigned as Chairman and director of Canyon Resources and Mr David Netherway, previously a Non-Executive Director of the Company, became the Non-Executive Chairman and Mr Emmanuel Correia was appointed to the board as Non-Executive Director of the Company.

On 19 January 2017 the Company entered into an underwriting agreement with Barclay Wells Limited and BW Equities Pty Ltd to fully underwrite the Company's listed 6 cent options series (ASX: CAYOA) up to the value of A$3.405 million.

By 31 January 2017 all of the Company's 60,843,977 listed CAYOA options with an exercise price of 6 cents were exercised.

By 22 February 2017 all of the Company's 10,000,000 unlisted options with an exercise price of 6.8 cents were exercised raising a total of $680,000 before costs.

OPERATING RESULT FOR THE YEAR

The consolidated entity's operating loss for the year ended 30 June 2017 was $3,567,660 (year ended 30 June 2016: $4,389,709). The result included the write-off of exploration and project evaluation expenditure incurred of $1,780,244 (30 June 2016: $357,870) and the impairment of exploration assets of $nil (2016: $2,135,217).

REVIEW OF FINANCIAL CONDITION

At 30 June 2017, the consolidated entity had $2,216,172 in cash balances (30 June 2016: $446,405).

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.

Directors' Report - continued

SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to year end the following options have been converted to shares raising $118,500:

Number Converted	Option Class	Value Received
1,975,000	$0.06 options expiring 29 September 2017	$118,500

An underwriting agreement was entered into on 27 September 2017 to fully underwrite the 43,565,215 unlisted options on issue, exercisable at $0.06 cents on or before 29 September 2017 to raise up to a value of $2.614million.

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

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.

Directors' Report - continued

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 2017. 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:

Directors

David Netherway (Non-Executive Chairman)

Rhoderick Grivas (Chairman - resigned 20 July 2016)

Phillip Gallagher (Managing Director)

Emmanuel Correia (Non-Executive Director - appointed 20 July 2016)

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.

REMUNERATION AND NOMINATION COMMITTEE

At this time David Netherway and Emmanuel Correia are the only members of the Remuneration and Nomination Committee following the resignation of Rhod Grivas in July 2016. The 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.

Directors' Report – Remuneration Report (Audited) Continued

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 2017 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 2017, 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 – Remuneration Report (Audited) Continued

EMPLOYEE SHARE PLAN

On 25 November 2016 Shareholders approved a new employee incentive scheme titled the Canyon Long Term Incentive Plan.

As a result of this Shareholder approval the Company will be able to issue options, performance rights or performance shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that 8,000,000 performance shares have to Directors following Shareholder approval at the Company's Annual General Meeting on 25 November 2016. Full details are contained in the Directors Report and Section 12 Share Based Payments.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Plan Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Securities to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

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 $210,000 per annum plus superannuation
- 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 Emmanuel Correia was engaged as a non-executive director effective from 20 July 2016 and receives a fee of $40,000 per annum in this capacity.

Directors' Report – Remuneration Report (Audited) Continued

Table 1: Remuneration of key management personnel (KMP) for the year ended 30 June 2017 and the year ended 30 June 2016:

	Year	Short-term Employee Benefits		Post-employment Benefits	Equity	Total	Performance Related
		Salary & Fees	Bonus	Superannuation	Share based payments		
Non-Executive director		$	$	$	$	$	%
Rhoderick Grivas (1) (Resigned 20 July 2016)	2017	6,667	-	633	-	7,300	-
	2016	73,333	-	6,967	43,125	123,425	35
David Netherway	2017	67,500	-	-	128,904	196,404	66
	2016	40,000	-	-	30,410	70,410	43
Emmanuel Correia (Appointed 20 July 2016)	2017	41,426	-	-	154,684	196,110	79
	2016	-	-	-	-	-	-
Sub-total Non-Executive Director	**2017**	**115,593**	-	**633**	**283,588**	**399,814**	
	2016	113,333	-	6,967	73,535	193,835	
Executive directors							
Phillip Gallagher (2)	2017	210,763	-	18,565	128,904	358,232	36
	2016	200,536	-	17,575	71,046	289,157	25
Sub-total Executive Directors	**2017**	**210,763**	-	**18,565**	**128,904**	**358,232**	-
	2016	200,536	-	17,575	71,046	289,157	-
Total	**2017**	**326,356**	-	**19,198**	**412,492**	**758,045**	
	2016	313,869	-	24,542	144,581	482,992	

(1) 2017 includes $2,500 (2016: $27,500) consulting fees paid for geological and management services.
(2) Includes accrued annual leave of $17,769 (2016: $15,536).

Directors' Report – Remuneration Report (Audited) Continued

SHARE-BASED PAYMENTS GRANTED AS COMPENSATION TO KEY MANAGEMENT PERSONNEL DURING THE CURRENT FINANCIAL YEAR

During the financial year performance shares were granted to key management personnel of the Company. Refer Note 12 for details. The performance shares remain held by those key management personnel at balance date and at the date of this report and have not vested.

The following remuneration options issued in prior years were converted to shares.

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

Director	Number of Options Granted as compensation	Number of Options Converted	Grant Date	Expiry Date	Exercise Price $	Value at Exercise Date $
David Netherway	1,500,000	1,500,000	24/02/2014	22/02/2017	0.068	102,000
Phillip Gallagher	3,000,000	438,308	24/02/2014	22/02/2017	0.068	29,805

OTHER RELATED PARTY TRANSACTIONS

There were no other related party transactions with key management personnel.

Directors' Report – Remuneration Report (Audited) Continued

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

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

						Vested as at end of year		
	Balance at beginning of year	**Purchased**	**Options exercised**	**Net change other #**	**Balance at end of year**	**Total**	**Exercisable**	**Not Exercisable**
30 June 2017								
Directors								
Rhoderick Grivas (1)	300,000	-	-	(300,000)	-	-	-	-
Phillip Gallagher	-	-	-	-	-	-	-	-
David Netherway	1,111,111	-	(1,111,111)	-	-	-	-	-
Emmanuel Correia (2)	-	-	-	-	-	-	-	-
Total	1,411,111	-	(1,111,111)	(300,000)	-	-	-	-
30 June 2016								
Directors								
Rhoderick Grivas (1)	415,385	-	-	(115,384)	300,000	300,000	300,000	-
Phillip Gallagher	20,000	-	-	(20,000)	-	-	-	-
David Netherway	1,111,111	-	-	-	1,111,111	1,111,111	1,111,111	-
Emmanuel Correia (2)	-	-	-	-	-	-	-	-
Total	1,546,496	-	-	(135,384)	1,411,111	1,411,111	1,411,111	-

Includes forfeitures, expired options and balance on resignation
(1) Resigned 20 July 2016

(2) Appointed 20 July 2016

Directors' Report – Remuneration Report (Audited) Continued

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL (continued)

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

	Balance at beginning of year	Purchased	Options exercised	Net change other #	Balance at end of year	Total	Exercisable	Not Exercisable
30 June 2017								
Directors								
Rhoderick Grivas (1)	5,000,000	-	-	(5,000,000)	-	-	-	-
Phillip Gallagher	8,000,000	-	(438,308)	(2,561,692)	5,000,000	5,000,000	5,000,000	-
David Netherway	3,842,857	-	(1,500,000)	-	2,342,857	2,342,857	2,342,857	-
Emmanuel Correia (2)	414,500	-	-	-	414,500	414,500	414,500	-
Total	17,257,357	-	(1,938,308)	(7,561,692)	7,757,357	7,757,357	7,757,357	-
30 June 2016								
Directors								
Rhoderick Grivas (1)	2,000,000	-	-	3,000,000	5,000,000	5,000,000	5,000,000	-
Phillip Gallagher	3,000,000	-	-	5,000,000	8,000,000	8,000,000	8,000,000	-
David Netherway	1,500,000	-	-	2,242,857	3,842,857	3,842,857	3,842,857	-
Emmanuel Correia (2)	-	-	-	-	-	-	-	-
Total	6,500,000	-	-	10,242,857	16,842,857	16,842,857	16,842,857	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 20 July 2016

(2) Appointed 20 July 2016

Directors' Report – Remuneration Report (Audited) Continued

SHARE HOLDINGS OF KEY MANAGEMENT PERSONNEL

Ordinary shares held in Canyon Resources Limited (number):

	Balance at beginning of year	Purchased	On exercise of options	Net change other #	Balance at end of year
30 June 2017					
Directors					
Rhoderick Grivas (1)	2,155,385	-	-	(2,155,385)	-
Phillip Gallagher	1,822,223	-	438,308	2,500,000	4,760,531
David Netherway	2,669,047	-	2,611,111	2,500,000	7,780,158
Emmanuel Correia (2)	665,364	-	-	3,000,000	3,665,364
Total	7,312,019	-	3,049,419	5,844,615	16,206,053
30 June 2016					
Directors					
Rhoderick Grivas (1)	2,165,385	-	-	(10,000)	2,155,385
Phillip Gallagher	1,742,223	80,000	-	-	1,822,223
David Netherway	1,333,333	1,335,714	-	-	2,669,047
Emmanuel Correia (2)	-	-	-	-	-
Total	5,240,941	1,415,714	-	(10,000)	6,646,655

Includes balance on resignation and issue of performance shares
(1) Resigned 20 July 2016

(2) Appointed 20 July 2016

END OF REMUNERATION REPORT

Directors' Report continued

DIRECTORS' MEETINGS

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

Director	Board Meetings	
	Meetings entitled to attend	Meetings attended
Rhoderick Grivas (1)	1	0
Phillip Gallagher	5	5
David Netherway	5	5
Emmanuel Correia (2)	5	5

(1) resigned 20 July 2016

(2) appointed 20 July 2016

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 Statement see page 73.

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 22 and forms part of this directors' report for the year ended 30 June 2017.

NON-AUDIT SERVICES

There were no non-audit services provided by our auditor, HLB Mann Judd during the year (2016: nil).

Signed in accordance with a resolution of the directors

Phillip Gallagher
Managing Director
Perth WA, 29th September 2017

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 2017, 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	**D I Buckley**
29 September 2017	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Note	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Other revenue	2	-	22,682
Interest received	2	8,658	8,137
		8,658	30,819
Exploration and evaluation expensed as incurred		(264,453)	(357,870)
Project evaluation expenses		(1,515,791)	(772,493)
Employee expenses		(209,076)	(61,630)
Consultants and contractors		(541,216)	(345,248)
Occupancy		(19,371)	(16,679)
Depreciation	2	(22,835)	(38,034)
Compliance and regulatory		(80,283)	(46,188)
Directors' fees		(327,009)	(280,193)
Administration		(110,794)	(82,169)
Foreign exchange loss		(13,224)	-
Doubtful debts		(26,215)	-
Share based payments		(436,799)	(208,572)
Impairment of plant and equipment		-	(49,179)
Impairment of exploration assets	11	-	(2,135,217)
Interest expense	2	(9,252)	(27,056)
Loss before income tax		**(3,567,660)**	**(4,389,709)**
Income tax expense	3	-	-
Loss for the year		**(3,567,660)**	**(4,389,709)**
Other comprehensive income			
Items that may be reclassified to profit or loss: Changes in the fair value of available-for-sale assets		400	(11,200)
Exchange differences on translation of foreign operations		(14,317)	(21,058)
Total other comprehensive loss		(13,917)	(32,258)
Total comprehensive loss		(3,581,577)	(4,421,967)
Basic loss per share (cents per share)	5	(1.62)	(2.84)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,216,172	446,405
Trade and other receivables	7	7,388	31,147
Other assets	8	67,837	44,410
Total current assets		**2,291,397**	**521,962**
Non-current assets			
Available-for-sale assets	9	12,400	12,000
Plant and equipment	10	95,451	116,376
Capitalised exploration expenditure	11	1,024,926	1,027,394
Total non-current assets		**1,132,777**	**1,155,770**
Total assets		**3,424,174**	**1,677,732**
LIABILITIES			
Current liabilities			
Trade and other payables	13	267,569	277,234
Provisions	14	44,298	41,981
Convertible notes	27	-	240,748
Total current liabilities		**311,867**	**559,963**
Total liabilities		**311,867**	**559,963**
Net assets		**3,112,307**	**1,117,769**
Equity			
Issued capital	16	26,508,395	21,628,155
Reserves	17	1,676,226	994,268
Accumulated losses	18	(25,072,314)	(21,504,654)
Total equity		**3,112,307**	**1,117,769**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2017

	Note	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,836,770)	(1,621,101)
Interest received		8,658	8,137
Interest paid		-	(541)
Net cash used in operating activities	6	(2,828,112)	(1,613,505)
Cash flows from investing activities			
Payments for property, plant and equipment		(3,034)	-
Payments for exploration and evaluation		(264,453)	(547,970)
Net cash used in investing activities		(267,487)	(547,970)
Cash flows from financing activities			
Proceeds from share issues		5,136,639	1,571,732
Cost of share issues		(247,323)	(133,051)
Proceeds from borrowings		-	500,000
Net cash provided by financing activities		4,889,316	1,938,681
Net decrease in cash and cash equivalents		1,793,717	(222,794)
Cash and cash equivalents at beginning of the year		446,405	650,271
Effect of foreign exchange movements on cash balances		(23,950)	18,928
Cash and cash equivalents at end of the year	6	**2,216,172**	**446,405**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

2016 Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Convertible Note Reserve $**	**Available-for-Sale Reserve $**	**Foreign Currency Translation Reserve $**	**Share Based Payment Reserve $**	**Total $**
Balance at 1 July 2015	19,949,474	(17,114,945)	-	11,200	257,002	503,984	3,606,715
Loss for the year	-	(4,389,709)	-	-	-	-	(4,389,709)
Changes in the fair value of available-for-sale assets	-	-	-	(11,200)	-	-	(11,200)
Movement in foreign exchange on translation	-	-	-	-	(21,058)	-	(21,058)
Total comprehensive (loss) for the year	-	(4,389,709)	-	(11,200)	(21,058)	-	(4,421,967)
Shares issued for cash	1,497,000	-	-	-	-	10,000	1,507,000
Options converted to shares	64,732	-	-	-	-	-	64,732
Convertible notes issued	-	-	45,455	-	-	-	45,455
Convertible notes converted to shares	250,000	-	(9,687)	-	-	-	240,313
Transaction costs	(133,051)	-	-	-	-	-	(133,051)
Share-based payments	-	-	-	-	-	208,572	208,572
Balance at 30 June 2016	**21,628,155**	**(21,504,654)**	**35,768**	**-**	**235,944**	**722,556**	**1,117,769**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

2017 Consolidated	Issued Capital $	Accumulated Losses $	Convertible Note Reserve $	Available-for-Sale Reserve $	Foreign Currency Translation Reserve $	Share Based Payment Reserve $	Total $
Balance at 1 July 2016	21,628,155	(21,504,654)	35,768	-	235,944	722,556	1,117,769
Loss for the year	-	(3,567,660)	-	-	-	-	(3,567,660)
Changes in the fair value of available-for-sale assets	-	-	-	400	-	-	400
Movement in foreign exchange on translation	-	-	-	-	(14,317)	-	(14,317)
Total comprehensive (loss) for the year	-	(3,567,660)	-	400	(14,317)	-	(3,581,577)
Shares issued for cash	682,000	-	-	-	-	-	682,000
Options converted to shares	4,454,639	-	-	-	-	-	4,454,639
Convertible notes converted to shares	285,768	-	(35,768)	-	-	-	250,000
Transaction costs	(542,167)	-	-	-	-	294,844	(247,323)
Issue of performance shares	-	-	-	-	-	436,799	436,799
Balance at 30 June 2017	**26,508,395**	**(25,072,314)**	**-**	**400**	**221,627**	**1,454,199**	**3,112,307**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

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 financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements the Company is a for-profit entity.

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, except for available-for-sale investments which are measured at fair value. 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.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

Standards and Interpretations in issue not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual report period ended 30 June 2017. There are no standards that are not yet effective that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

c. Statement of compliance

The financial report was authorised for issue on 29 September 2017.

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 Consolidated Financial Statements continued

For the Year Ended 30 June 2017

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 have 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 2017 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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Basis of consolidation (continued)

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Revenue recognition (continued)

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 and other taxes

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Income tax and other taxes (continued)

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Consolidated Financial Statements continued

For the Year Ended 30 June 2017

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 consolidated statement of profit or loss and other 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.

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 Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 asset but only when the reimbursement is virtually certain. The

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Cameroon is the West African Franc (XAF) and Burkina Faso is the Central 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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 $1,979,531 (2016: excess of current liabilities over current assets of $38,001).

2. REVENUE AND EXPENSES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
a) Revenue		
Bank interest received and receivable	8,658	8,137
Other revenue	-	22,682
b) Expenses		
Depreciation	22,835	38,034
Interest paid and payable	9,252	27,056

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

3. INCOME TAX

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
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:		
Accounting (loss) before tax from continuing operations	(3,567,660)	(4,389,709)
Tax at the applicable tax rate of 30%	(1,070,298)	(1,316,913)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	1,683	1,793
Movement in unrecognised temporary differences	(92,956)	375,472
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,161,571	939,648
Income tax expense	-	-
Unrecognised temporary differences		
Deferred tax assets at 30%		
Capital raising costs	35,588	89,221
Legal fees	2,652	3,744
Accruals	10,785	32,040
Provisions	16,104	14,292
Carry forward tax losses	6,989,233	5,827,661
	7,054,362	5,966,958
Unrecognised temporary differences		
Deferred tax liabilities at 30%		
Exploration expenditure	43,095	147,008
Unearned revenue	-	-
	43,095	147,008

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.

Notes to the Consolidated Financial Statements continued
For the Year Ended 30 June 2017

4. DIVIDENDS

The Company has not declared a dividend for the year ended 30 June 2017 (2016: Nil).

	CONSOLIDATED 2017 Cents per share	CONSOLIDATED 2016 Cents per share
5. LOSS PER SHARE		
Basic loss per share from continuing operations	(1.62)	(2.84)

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 ($)	(3,567,660)	(4,389,709)
Weighted average number of ordinary shares (number)	219,849,531	154,613,218

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
6. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2,216,172	446,405

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:		
Loss from ordinary activities after income tax	(3,567,660)	(4,389,709)
Exploration and evaluation expenditure reclassified	264,453	547,970
Depreciation	22,835	38,034
Doubtful debt	26,215	-
Share based payments	436,799	208,572
Interest expense – convertible note	9,252	26,515
Impairment of exploration assets	-	2,135,217
Foreign exchange gain	13,224	(22,682)
(Gain)/loss on disposal of plant and equipment	-	49,179
Changes in net assets and liabilities:		
(Increase)/decrease in other receivables	(2,455)	4,736
(Increase)/decrease in other assets	(23,427)	(3,377)
Increase/(decrease) in trade creditors and accruals	(9,665)	(218,182)
Increase/(decrease) in provisions	2,317	10,222
Cash flows used in operations	(2,828,112)	(1,613,505)

Non-cash financing and investing activities:		
Issue of options to brokers	294,844	63,991
Issue of options to directors and consultants	-	144,581
Issue of performance shares to directors and employees	436,799	-

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
7. TRADE AND OTHER RECEIVABLES		
Sundry receivable	-	26,215
GST recoverable	7,388	4,932
	7,388	31,147

There are no overdue but not impaired receivables.

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
8. OTHER CURRENT ASSETS		
Deposits	-	7,000
Prepayments	25,379	23,483
Other current assets	42,458	13,927
	67,837	44,410

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
9. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Shares in Rumble Resources Ltd	12,000	23,200
Impairment	-	-
Additions	-	-
Disposals	-	-
Changes in the fair value of available-for-sale assets	400	(11,200)
Fair value at end of year	12,400	12,000

The shares held in Rumble are categorised as level 1 securities.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

10. PROPERTY PLANT AND EQUIPMENT

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
Year ended 30 June 2016				
At 1 July 2015 net of accumulated depreciation	42,786	14,892	139,475	197,153
Additions	-	-	-	-
Disposals	(35,977)	(10,889)	(2,313)	(49,179)
Depreciation charge for the year	(5,699)	(3,434)	(28,901)	(38,034)
Foreign currency exchange differences	1,705	322	4,409	6,436
At 30 June 2016 net of accumulated depreciation	2,815	891	112,670	116,376

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
Year ended 30 June 2017				
At 1 July 2016 net of accumulated depreciation	2,815	891	112,670	116,376
Additions	-	3,034	-	3,034
Disposals	-	-	-	-
Depreciation charge for the year	(563)	(368)	(21,904)	(22,835)
Foreign currency exchange differences	-	-	(1,124)	(1,124)
At 30 June 2017 net of accumulated depreciation	2,252	3,557	89,642	95,451

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

10. PROPERTY PLANT AND EQUIPMENT (continued)

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
At 30 June 2016				
Cost or fair value	8,650	1,681	172,432	182,763
Accumulated depreciation	(5,835)	(790)	(59,762)	(66,387)
At 30 June 2016 net of accumulated depreciation	2,815	891	112,670	116,376
At 30 June 2017				
Cost or fair value	8,650	4,715	171,652	185,017
Accumulated depreciation	(6,398)	(1,158)	(82,010)	(89,566)
At 30 June 2017 net of accumulated depreciation	2,252	3,557	89,642	95,451

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

11. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Acquisition of permits – at cost		
Exploration and evaluation phase		
Balance at the beginning of the year	1,027,394	3,186,349
Impairment of exploration assets	-	(2,135,217)
Effect of movement in exchange rates on carrying value	(2,468)	(23,738)
Total exploration expenditure	1,024,926	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.

12. SHARE-BASED PAYMENTS

During the year, the following share based payments were issued:

- 10,000,000 Unlisted Advisor Options exercisable at $0.12 each on or before 19 February 2019
- 8,000,000 Director Performance Shares
- 3,000,000 Employee and Consultants Performance Shares

Details of these issues are:

Advisor options

10,000,000 Advisor Options were issued 1 May 2017 at $0.12 each expring 19 February 2019 to various parties as part consideration for the underwriting during the year. These options were valued using the Black and Scholes option valuation methodology taking into account the terms and conditions upon which the options were granted. Details of the assumptions used in the valuation of these options issued are as follows:

Item	Advisor Options
Number of options	10,000,000
Exercise price ($)	0.12
Valuation (issue) date	1 May 2017
Expiry date	19 February 2019
Expiration period (years)	1.8
Vesting date	nil
Exercise conditions	nil
Value	$0.029

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

12. SHARE-BASED PAYMENTS (continued)

Total value of $294,844 vested immediately and was recognised as capital raising expenses and included in the statement of financial position.

Performance Shares

On 25 November 2016 Shareholders approved a new employee incentive scheme titled the Canyon Long Term Incentive Plan.

As a result of this Shareholder approval the Company will be able to issue options, performance rights or performance shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Plan Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Securities to a related party or a person whose relation with the company or the related party is, in the ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

8,000,000 Director Performance Shares were approved 25 November 2016 to Messrs David Netherway, Phillip Gallagher and Emmanuel Correia, a further 3,000,000 Employee Performance Shares were issued under the Canyon Long Term Incentive Plan on 30 May 2017 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
Employees and consultants	3,000,000
Total	**11,000,000**

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	Director performance shares	Employee and consultants performance shares
Number of shares	8,000,000	3,000,000
Valuation (issue) date	25 November 2016	30 May 2017
Fair value per Performance share	$0.10530	$0.07907
Total fair value	$842,400	$237,210

At balance date the Directors have assessed that it is probable that the vesting conditions will be met and $436,799 has been expensed as share-based payments in the statement of profit of loss and other comprehensive income for the period.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

12. SHARE-BASED PAYMENTS (continued)

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 $10 million in support of a Company project; and
- one third vest on the Related party remaining with the Company for a minimum of 12 months.

	CONSOLIDATED			
	2017		2016	
	Number of Options (No.)	Weighted Average Exercise Price ($)	Number of Options (No.)	Weighted Average Exercise Price ($)
Outstanding at the beginning of the year	40,207,755	0.068	27,207,755	0.074
Granted during the year	10,000,000	0.12	16,000,000	0.074
Exercised during the year (1)	(18,211,111)	(0.065)	-	-
Expired during the year	-	-	(3,000,000)	(0.16)
Outstanding at the end of the year	31,996,944	0.086	40,207,755	0.068
Exercisable at the end of the year	31,996,944	0.086	40,207,755	0.068

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

12. SHARE-BASED PAYMENTS (continued)

(1) Options exercised during the year

The weighted average remaining contractual life for the share options outstanding as at 30 June 2017 was 177 days (2016: 458 days).

	Valuation Date	Number Exercised	Exercise Date	Share Price at Exercise Date
Unlisted options exercisable at $0.068 expiring 22 February 2017	24 February 2014	1,000,000	15 July 2016	$0.140
Unlisted options exercisable at $0.068 expiring 22 February 2017	24 February 2014	150,000	1 September 2016	$0.110
Unlisted options exercisable at $0.068 expiring 22 February 2017	24 February 2014	294,117	14 October 2016	$0.115
Unlisted options exercisable at $0.068 expiring 22 February 2017	24 February 2014	1,110,000	15 November 2016	$0.105
Unlisted options exercisable at $0.068 expiring 22 February 2017	24 February 2014	45,883	30 December 2016	$0.105
Unlisted options exercisable at $0.068 expiring 22 February 2017	24 February 2014	300,000	9 January 2017	$0.097
Unlisted options exercisable at $0.068 expiring 22 February 2017	24 February 2014	7,100,000	6 March 2017	$0.078
Unlisted options exercisable at $0.07 expiring 30 September 2018	17 March 2016	1,000,000	15 July 2016	$0.140
Listed options exercisable at $0.06 expiring 31 January 2017	Various	7,211,111	Various	$0.115
		18,211,111		

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
13. TRADE AND OTHER PAYABLES		
Trade payables (i)	223,601	122,886
Accrued expenses	35,950	125,815
Other	8,018	28,623
	267,569	277,234
(i) Trade payables are non-interest bearing and are normally settled on 30 day terms		
14. PROVISIONS		
Employee leave entitlements	44,298	41,981
15. REMUNERATION OF AUDITORS		
The auditor of the Group is HLB Mann Judd		
Amounts received & receivable by the auditor:		
Audit & review of the financial reports of the Group	38,000	37,750
	38,000	37,750

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

16. ISSUED CAPITAL

Issued Capital	2017 $	2016 $
Ordinary shares issued and fully paid	26,508,395	21,628,155

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.

Movement in Ordinary Shares on Issue	2017 Number	2017 $	2016 Number	2016 $
At beginning of year	174,898,796	21,628,155	137,544,214	19,949,474
- Shares issued for cash	6,200,000	682,000	31,275,714	1,497,000
- Performance shares	11,000,000	-	-	-
- Options converted to shares	72,743,977	4,454,639	1,078,868	64,732
- Convertible notes converted	5,000,000	285,768	5,000,000	250,000
- Cost of share issues		(542,167)		(133,051)
At end of year	**269,842,773**	**26,508,395**	**174,898,796**	**21,628,155**

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

Details of unissued ordinary shares in the Company under options are as follows:

Other Equity Securities	2017 Number	2016 Number
Listed options exercisable at 6.0 cents expiring 31 January 2017	-	60,843,977
Unlisted options exercisable at 6.8 cents expiring 22 February 2017	-	10,000,000
Unlisted options exercisable at 6.0 cents expiring 29 September 2017	45,540,215	46,440,215
Unlisted options exercisable at 7.0 cents expiring 30 September 2018	7,000,000	8,000,000
Unlisted options exercisable at 10.0 cents expiring 30 September 2018	13,000,000	13,000,000
Unlisted options exercisable at 6.0 cents expiring 30 September 2018	4,635,417	4,635,417
Unlisted options exercisable at 12.0 cents expiring 19 February 2019	10,000,000	-

Options carry no rights to dividends and have no voting rights.

At balance date there were 11,000,000 performance shares on issue (2016: nil). Refer to Note 12.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

17. RESERVES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Available-for-sale reserve		
Balance at beginning of year	-	11,200
Movement in fair value of available-for-sale assets	400	(11,200)
Balance at end of year	400	-
Convertible note reserve		
Balance at beginning of year	35,768	-
Equity component of convertible notes issued	-	45,455
Convertible notes converted to shares	(35,768)	(9,687)
Balance at end of year	-	35,768
Share based payment reserve		
Balance at beginning of year	722,556	503,984
Options issued to directors/consultants	-	144,581
Options issued to advisors	294,844	63,991
Options issued for cash	-	10,000
Performance shares issued to directors/employees	436,799	-
Balance at end of year	1,454,199	722,556
Foreign currency translation reserve		
Balance at beginning of year	235,944	257,002
Movement in foreign exchange on translation	(14,317)	(21,058)
Balance at end of year	221,627	235,944
Total	**1,676,226**	**994,268**

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 share based payment 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 or shares granted to consultants for services rendered, where the fair value of the services was to be determined by the number of equity instruments to be issued.

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 Consolidated Financial Statements continued

For the Year Ended 30 June 2017

18. ACCUMULATED LOSSES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Movement in accumulated losses:		
Balance at beginning of year	(21,504,654)	(17,114,945)
Transfer from reserve on expiry of options	-	-
Loss for the year	(3,567,660)	(4,389,709)
Balance at end of year	(25,072,314)	(21,504,654)

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 2017 $	CONSOLIDATED 2016 $
a) Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	2,216,172	446,405
Trade and other receivables	7,388	31,147
Available-for-sale financial assets	12,400	12,000
Financial Liabilities		
Trade and other payables	267,569	277,234
Convertible notes	-	240,748

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

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 2017		CONSOLIDATED 2016	
	Carrying amount $	**Interest rate %**	**Carrying amount $**	**Interest rate %**
Variable rate instruments				
Cash and bank balances	2,216,172	0.60	446,405	1.06

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 2016.

	Equity		Profit or Loss	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2017: Consolidated				
Variable rate instruments	22,162	(22,162)	22,162	(22,162)
30 June 2016: Consolidated				
Variable rate instruments	4,464	(4,464)	4,464	(4,464)

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

19. FINANCIAL INSTRUMENTS (continued)

(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.

(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 2017: Consolidated	Less than 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Total $
Financial Liabilities					
Non-interest bearing	267,569	-	-	-	267,569
	267,569	-	-	-	267,569

30 June 2016: Consolidated	Less than 1 month $	1 to 3 months $	3 months to 1 year $	1 to 5 years $	Total $
Financial Liabilities					
Non-interest bearing	183,219	19,015	315,748	-	517,982
	183,219	19,015	315,748	-	517,982

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

19. FINANCIAL INSTRUMENTS (continued)

(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.

(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	
	2017 $	**2016 $**	**2017 $**	**2016 $**
CFA Francs	(89,869)	(19,180)	206,445	12,739
British pounds	(20,742)	(51,805)	-	-
US dollars	-	-	7,411	7,660

Foreign currency sensitivity analysis

The Group is exposed to CFA Franc (XOF and XAF) 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:

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

19. FINANCIAL INSTRUMENTS (continued)

	Increase		Decrease	
	2017 $	**2016 $**	**2017 $**	**2016 $**
CFA Franc impact				
Profit or loss (i)	11,658	22	(11,658)	(22)
Other equity	-	-	-	-
GBP impact				
Profit or loss (i)	2,074	5,181	(2,074)	(5,181)
Other equity	-	-	-	-
USD impact				
Profit or loss (i)	741	766	(741)	(766)
Other equity	-	-	-	-

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

Fair value of financial instruments

The Group is disclosing the fair value of financial assets and financial liabilities by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2017 and 30 June 2016

Consolidated 30 June 2017	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Available-for-sale financial assets	12,400	-	-	12,400

Consolidated 30 June 2016	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Available-for-sale financial assets	12,000	-	-	12,000

Notes to the Consolidated Financial Statements continued
For the Year Ended 30 June 2017

20. COMMITMENTS

a) Exploration expenditure commitments

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Within one year	821,552	942,320
Later than one year but not later than 5 years	632,573	994,016
	1,454,125	1,936,336

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.

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

21. SEGMENT INFORMATION (continued)

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.

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.

Consolidated Year ended 30 June 2016:	**Exploration (Africa) $**	**Unallocated $**	**Total $**
Segment revenue	-	30,819	30,819
Segment result	(2,605,238)	(1,784,471)	(4,389,709)
Included within segment result:			
Depreciation	(27,930)	(10,104)	(38,034)
Interest revenue	-	8,137	8,137
Segment assets	1,133,514	544,218	1,677,732
Segment liabilities	(19,180)	(540,783)	(559,963)
Consolidated Year ended 30 June 2017:	**Exploration (Africa) $**	**Unallocated $**	**Total $**
Segment revenue	-	8,658	8,658
Segment result	(1,825,263)	(1,742,397)	(3,567,660)
Included within segment result:			
Depreciation	(18,047)	(4,788)	(22,835)
Interest revenue	-	8,137	8,137
Segment assets	1,305,584	2,118,590	3,424,174
Segment liabilities	(89,869)	(221,998)	(311,867)

Notes to the Consolidated Financial Statements continued
For the Year Ended 30 June 2017

22. RELATED PARTY DISCLOSURES

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

Name	Country of Incorporation	% Equity Interest		Investment $	
		2017	2016	2017	2016
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
Canyon Cameroon Pty Ltd	Australia	100	100	2	2
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
Camalco SA	Cameroon	100	100	22,810	22,810
Camalco Holdings Ltd	British Virgin Islands	100	100	134	134

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. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have eliminated on consolidation and are not including in this note.

Transactions with related entities:

Key Management Personnel (KMP) related entities

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

There were no other related party transactions between the Group and KMP related parties.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

23. PARENT ENTITY DISCLOSURES

	CONSOLIDATED 2017 $	CONSOLIDATED 2016 $
Financial position as at 30 June 2017		
ASSETS		
Current assets	2,084,953	509,225
Non current assets	1,249,352	1,149,326
Total assets	3,334,305	1,658,551
LIABILITIES		
Current liabilities	221,998	540,782
Total liabilities	221,998	540,782
EQUITY		
Issued capital	26,508,395	21,628,155
Accumulated losses	(24,850,687)	(21,268,710)
Reserves		
Available-for-sale reserve	400	-
Convertible note reserve	-	35,768
Share based payments	1,454,199	722,556
Total equity	3,112,307	1,117,769

Financial Performance for the year ended 30 June 2017

	Year ended 30 June 2017 $	Year ended 30 June 2016 $
Loss for the year	(3,581,977)	(4,410,767)
Other comprehensive income/(loss)	400	(11,200)
Total comprehensive loss	(3,581,577)	(4,421,967)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

24. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to year end the following options have been converted to shares raising $118,500:

Number Converted	Option Class	Value Received
1,975,000	$0.06 options expiring 29 September 2017	$118,500

An underwriting agreement was entered into on 27 September 2017 to fully underwrite the 43,565,215 unlisted options on issue, exercisable at $0.06 cents on or before 29 September 2017 to raise up to a value of $2.614 million.

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

25. CONTINGENCIES

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"), 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. ($150,000 has already been paid)

Earn 51% of the JV Company

Expenditure on the project by Canyon of $2 million over a five 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.

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 Consolidated Financial Statements continued

For the Year Ended 30 June 2017

25. CONTINGENCIES (continued)

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.

26. DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of Key Management Personnel

Directors

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

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

Total remuneration paid is as follows:

	2017 $	2016 $
Short-term benefits	326,356	313,869
Post-employment benefits	19,198	24,542
Share-based payment	412,492	144,581
	758,045	482,992

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2017

27. CONVERTIBLE NOTES

	2017 $	2016 $
Balance at the beginning of year	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)
Balance at end of year	-	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.

On 23 June 2016, 5 million of the convertible notes were converted to shares at an issue price of 5 cents each. Leaving 5 million convertible notes at the end of the year.

On 10 November 2016 the remaining 5 million convertible notes were converted to shares at an issue price of 5 cents each.

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

Directors' Declaration

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 2017 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 2017.

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

Phillip Gallagher
Director

Dated this 29th day of September 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Canyon Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Canyon Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 11 of the financial report	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises acquisition costs and then expenses further exploration and evaluation expenditure as incurred. The cost model is applied after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: ▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; ▪ We considered the Directors' assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We examined the exploration budget for the year ending 30 June 2018 and discussed with management the nature of planned ongoing activities; and ▪ We examined the disclosures made in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Canyon Resources Limited for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
29 September 2017

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 21 September 2017.

(a) Distribution of equity securities and voting rights

(i) Ordinary share capital

271,817,773 fully paid ordinary shares are held by 912 shareholders. All issued shares carry one vote per share and carry the rights to dividends.

The number of shareholders by size of holding:

Category	Number of holders	Number of Shares
1 - 1,000	24	3,940
1,001 - 5,000	40	123,369
5,001 - 10,000	83	765,473
10,000 - 100,000	399	18,869,029
100,000 and over	366	252,055,962
Total	912	271,817,773

There were 72 shareholders holding less than a marketable parcel at 21 September 2017.

Additional Securities Exchange Information continued

(ii) Options

The number of unlisted option holders by size of holding:

Category	Unquoted Options Ex 29 Sept 17 at $0.060	
	Number of holders	Number of options
1 – 1,000		
1,001 – 5,000		
5,001 – 10,000		
10,001 – 100,000	21	18,032,215
100,001 and over	59	28,308,000
	80	46,340,215

Category	Unquoted Options Ex 30 Sept 17 at $0.070		Unquoted Options Ex 30 Sept 17 at $0.10		Unquoted Options Ex 30 Sept 17 at $0.060	
	Number of holders	Number of options	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	-	-	-	-	2	150,000
100,001 and over	3	7,000,000	12	10,000,000	7	4,485,417
	3	**7,000,000**	**12**	**10,000,000**	**9**	**4,635,417**

Additional Securities Exchange Information continued

(b) Substantial shareholders (holding not less than 5%)

HSBC Custody Nominees (Australia) Limited 6.65%

ITB Holdings Pty Ltd <ITB Holdings Family A/C> 5.17%

The Company has not received any current substantial shareholder notices as at 21 September 2017.

(c) The numbers of unquoted equity securities are:

	Number	Expiry Date
Options exercisable at $0.060	43,565,215	29 Sept 2017
Options exercisable at $0.070	7,000,000	30 Sept 2018
Options exercisable at $0.100	13,000,000	30 Sept 2018
Options exercisable at $0.060	4,635,417	30 Sept 2018

Additional Securities Exchange Information continued

(d) Twenty largest holders of quoted equity securities are as at 21 September 2017:

Fully paid ordinary shares **Name**	**Number of Ordinary Shares Held**	**Percentage (%)**
HSBC Custody Nominees (Australia) Limited	18,077,457	6.65
IBT Holdings Pty Ltd<IBT Holdings Family A/C>	14,054,134	5.13
Canyon Incentive Trust Pty Ltd	11,000,000	4.05
Altus Strategies Ltd	8,000,000	2.94
Zero Nominees Pty Ltd	7,280,158	2.68
SISU International Pty Ltd	5,301,652	1.95
Christopher, Adrian & Sascha Squiers	4,384,095	1.61
Widerange Corporation Pty Ltd	3,425,569	1.26
Goodheart Pty Ltd	3,155,241	1.16
Dion Roberts	2,900,000	1.07
David Coveney	2,876,000	1.06
Richsham Nominess Pty Ltd	2,850,000	1.05
TR Nominess Pty Ltd	2,795,067	1.03
Michael Parish	2,606,167	0.96
Glenda Elizabeth Brown	2,530,737	0.93
Alitime Nominees Pty Ltd	2,500,000	0.92
Quartz Mountain Mining Pty Ltd<Bass Family A/C>	2,500,000	0.92
Sanperez Pty Ltd	2,316,768	0.85
Barclay Wells Pty Ltd <Nominee A/C>	2,250,000	0.83
Total	103,283,045	38.00

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

(f) There is no current on-market buy-back.

Corporate Governance Statement

The Company's 2017 Corporate Governance Statement has been released as a separate document and is located on our website at http://www.canyonresources.com.au/about-us/corporate-governance/.

Interest in Mineral Permits

Interest in, situation of and percentage interest in mineral permits held are:

Permits	Location	Interest
Tao Project		
Tao	Burkina Faso	Own 100%
Derosa Project		
Bompela	Burkina Faso	15% of JV
Sapala	Burkina Faso	15% of JV
Pinarello Project		
Sokrani	Burkina Faso	25% of JV
Niofera	Burkina Faso	25% of JV
Baiera	Burkina Faso	25% of JV
Sokrani 2	Burkina Faso	25% of JV
Soukoura 2	Burkina Faso	25% of JV
Konkolikan Project		
Konkolikan	Burkina Faso	25% of JV
Birsok Project		
Birsok	Cameroon	0%. JV to earn up to 75%.
Mandoum	Cameroon	0%. JV to earn up to 75%.
Mambal (application)	Cameroon	0%. JV to earn up to 75%.