Canyon Resources Limited

ABN 13 140 087 261

Interim Financial Report
31 December 2017

CORPORATE INFORMATION

Canyon Resources Limited

ABN 13 140 087 261

Directors

David Netherway

Phillip Gallagher

Emmanuel Correia

Company Secretary

Robert Marusco

Registered office

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Share Register

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Web: computershare.com.au

Solicitors

Steinepreis Paganin

Level 4, 16 Milligan Street

Perth WA 6000

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

Securities Exchange Listing

ASX Limited

ASX Code: CAY

CONTENTS

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity comprising Canyon Resources Limited ("the Company" or "Canyon") and the entities it controlled for the half-year ended 31 December 2017 (together the "Group"). In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

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

David Netherway	Chairman
Phillip Gallagher	Managing Director
Emmanuel Correia	Non-executive Director

Review of Operations

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

Canyon continued to engage with the Cameroon Government inter-departmental committee, formed via a Prime Ministerial decree, to analyse Canyon's proposal to develop a major DSO bauxite mining and export operation in the country.

During the quarter the Company applied for and was granted a permit that, based on some published academic papers, showed prospectivity for Kaolin Clay deposit in Cameroon, which may have suitability for High Purity Alumina (HPA) production.

Birsok Bauxite Project Cameroon

During the period Canyon continued in its endeavours to develop a major DSO bauxite mining and export operation in Cameroon.

Throughout the period Canyon continued to engage with the Cameroon Government inter-departmental committee, formed via a Prime Ministerial decree, to analyse Canyon's proposal to develop a major DSO bauxite mining and export operation in the country.

Canyon has completed the extensive committee review process as designated by the Prime Ministerial decree and the Company received positive feedback regarding the results of that process. The Canyon management team has spent significant time in Cameroon during the period engaging with senior Government officials to complete the negotiations regarding its proposals for the Project.

Canyon now awaits final approval regarding its proposal from the Government of Cameroon.

Along with the ongoing Cameroon government committee process, Canyon has made progress in assessing a logistics solution and has fielded expressions of interest from significant infrastructure, construction, mining and logistical operators to assist in the development of a bauxite mining and DSO export operation.

During the period and based on the positive feedback from the Committee and senior Government representatives, Canyon has expanded its team on the ground in Cameroon, including appointing a senior Exploration Manager.

DIRECTORS' REPORT (CONTINUED)

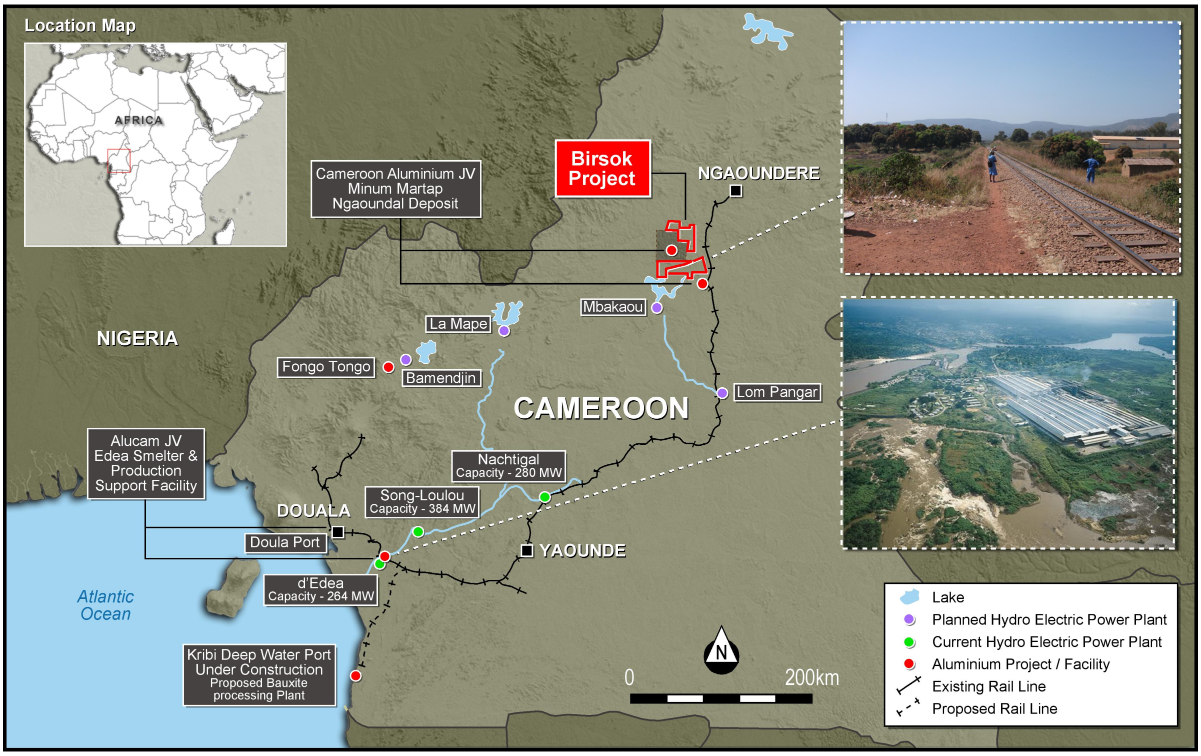

Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

Mayouom Project Cameroon

During the period Canyon continued to investigate other opportunities in Cameroon, that allows the Company to leverage its presence and expertise in country.

The Company had sourced some past academic papers that identified a potential Kaolin Clay deposit in Cameroon, which may have suitability for High Purity Alumina (HPA) production. Based on the information in the academic papers, and for minimal cost, the Company lodged an exploration permit application for the area identified in the academic papers.

The permit ("Mayouom Project") was granted in early December 2017 and is located approximately 500km north east of the capital city, Yaounde. Canyon regards the granting of the kaolin and potential HPA project as a very low cost and opportunistic addition to the Company's project portfolio that is secondary to its focus on developing a large high grade bauxite project in Cameroon.

In January 2018, a Canyon geological team visited the Mayouom Project to conduct initial exploration and sampling.

A total 30 samples were collected from 3 pre-existing artisanal kaolin pits and from 3 shallow (1.5m deep) sample pits. The Company expects that the results from the sampling program will be received in the short term.

DIRECTORS' REPORT (CONTINUED)

Figure 2: Fine grained, massive and brilliant white coloured kaolin from the newly granted Mayouom Project

The fine grained relatively homogenous nature of the kaolin identified during the initial exploration, the thickness of the deposit exposed and the extent of the intense kaolinisation is unusual and has the potential to host an extensive high grade deposit.

Burkina Faso – Joint Venture with Acacia Mining plc

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

Acacia has earnt 75% of the Joint Venture now 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 Canyon has elected not to contribute to the planned exploration programs over the next 12 months.

A total of 1,073 soil samples, 23,089 metres of Aircore drilling and 6,401 metres of RC drilling were completed on the canyon/Acacia JV permits during 2017. Results from RC drilling completed in Q2 and received in Q3 2017 were mixed with broad zones of gold anomalism and narrow higher grade zones intersected at the Gaghny Prospect whilst a higher grade result was returned on the northern Pinarello licence following up the projected extension of the Tankoro Trend. A programme of RC and diamond core drilling is being designed to follow-up this intersection during Q4 2017 and into Q1 2018.

Acacia recently released a more detailed report including a summary of results from the drilling referred to above and this can be reviewed at http://www.acaciamining.com/~/media/Files/A/Acacia/press-release/2017/results-for-the-three-months-ended-30-sep-2017.pdf

DIRECTORS' REPORT (CONTINUED)

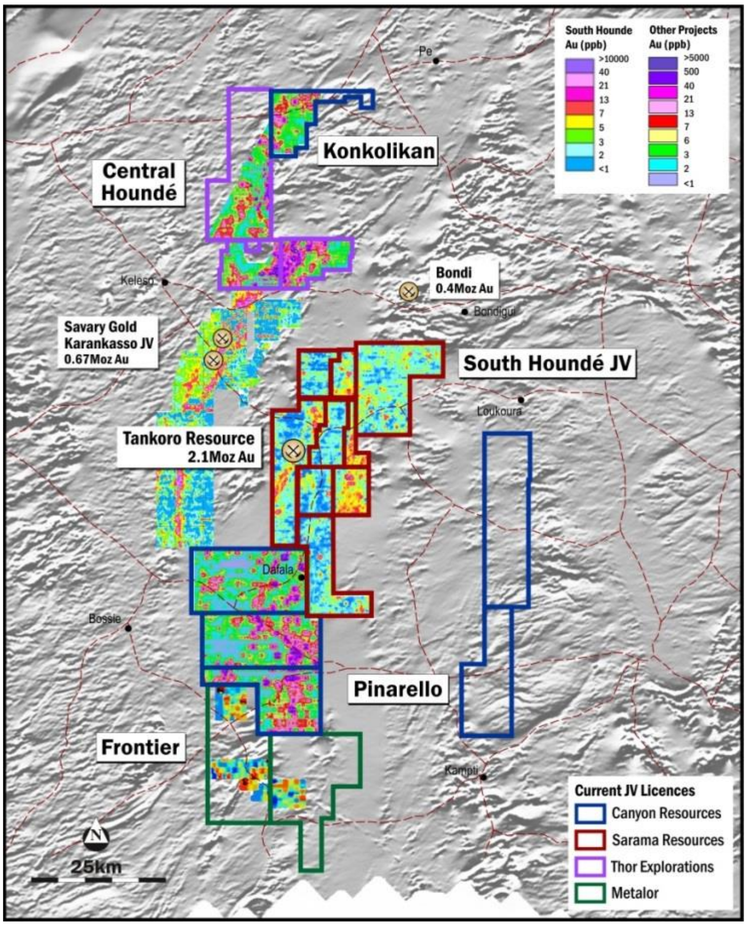

Figure 3: Map showing Acacia Mining holding on the Hounde belt in south west Burkina Faso. Canyon Resource JV permits are in blue.

Corporate

On 3 October 2017 the Company announced that 86% of the approximately 43 million unlisted class of options with an exercise price of 6 cents that expired on 29 September 2017, had been exercised by shareholders. CPS Capital Group Pty had unwritten the option exercise and exercised the remaining approximate 6 million options.

The exercise of the unlisted options, including those taken up by the Underwriters, raised a total of approximately $2.614 million before costs.

Operating Result for the Period

The Group's operating loss for the half-year ended 31 December 2017 was $1,576,269 (half-year ended 31 December 2016: $1,155,316).

Review of Financial Condition

At 31 December 2017, the Group held $3,324,425 in cash and cash equivalents (30 June 2017: $2,216,172).

DIRECTORS' REPORT (CONTINUED)

Significant Events Subsequent to Balance Date

There have been no matters or circumstances that have arisen since 31 December 2017 that significantly affected or may significantly affect:

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

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 7 and forms part of this Directors' Report for the half-year ended 31 December 2017.

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

Phillip Gallagher

Managing Director

Perth, 15 March 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Canyon Resources Limited for the half-year ended 31 December 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 review; and

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

Perth, Western Australia	**D I Buckley**
15 March 2018	**Partner**

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 $	31 December 2016 $
Interest received		6,655	2,673
Other income		4,688	-
Foreign exchange gain/(loss)		(2,284)	(7,283)
		9,059	**(4,610)**
Employee expenses		(114,877)	(102,605)
Consultants and contractors		(136,494)	(151,927)
Director fees		(170,957)	(148,693)
Legal and professional fees		(33,893)	(46,155)
Occupancy		(17,162)	(11,429)
Depreciation		(18,289)	(11,488)
Compliance and regulatory		(60,159)	(60,376)
Administration		(85,550)	(31,637)
Share-based payments		(328,884)	(68,432)
Interest expense		-	(9,252)
Impairment of financial assets	2	-	(4,000)
Project evaluation		(542,415)	(365,153)
Exploration expensed as incurred		(76,648)	(139,559)
Loss before income tax		**(1,576,269)**	**(1,155,316)**
Income tax expense		-	-
Net loss after tax		**(1,576,269)**	**(1,155,316)**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets		12,747	-
Movement in foreign exchange on translation		33,764	(10,864)
Total other comprehensive (loss)/income		**46,511**	**(10,864)**
Total comprehensive loss for the period		**(1,529,758)**	**(1,166,180)**
Basic/diluted loss per share (cents per share)		**(0.54)**	**(0.62)**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Notes	31 December 2017 $	30 June 2017 $
Assets			
Current Assets			
Cash and cash equivalents		3,324,425	2,216,172
Trade and other receivables		5,872	7,388
Other current assets		27,593	67,837
Total Current Assets		3,357,890	2,291,397
Non-Current Assets			
Other financial assets	2	22,626	12,400
Property, plant and equipment		187,880	95,451
Deferred exploration expenditure	3	1,040,426	1,024,926
Total Non-Current Assets		1,250,932	1,132,777
Total Assets		4,608,822	3,424,174
Liabilities			
Current Liabilities			
Trade and other payables		84,821	267,569
Provisions		47,912	44,298
Total Current Liabilities		132,733	311,867
Total Liabilities		132,733	311,867
Net Assets		4,476,089	3,112,307
Equity			
Issued capital	4	29,353,851	26,508,395
Reserves		1,770,821	1,676,226
Accumulated losses		(26,648,583)	(25,072,314)
Total Equity		4,476,089	3,112,307

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Issued capital	Accumulated losses	Convertible note reserve	Available-for-sale reserve	Foreign currency reserve	Option and performance shares reserve	Total Equity
	$	$	$	$	$	$	$
Balance at 1 July 2016	**21,628,155**	**(21,504,654)**	**35,768**	**-**	**235,944**	**722,556**	**1,117,769**
Loss for the period	-	(1,155,316)	-	-	-	-	(1,155,316)
Movement in foreign exchange on translation	-	-	-	-	(10,864)	-	(10,864)
Total comprehensive loss for the period	**-**	**(1,155,316)**	**-**	**-**	**(10,864)**	**-**	**(1,166,180)**
Shares issued on conversion of convertible notes	285,768	-	(35,768)	-	-	-	250,000
Shares issued for cash	1,160,123	-	-	-	-	-	1,160,123
Share issue costs	(15,633)	-	-	-	-	-	(15,633)
Issue of performance shares	-	-	-	-	-	68,432	68,432
Balance at 31 December 2016	**23,058,413**	**(22,659,970)**	**-**	**-**	**225,080**	**790,988**	**1,414,511**
Balance at 1 July 2017	**26,508,395**	**(25,072,314)**	**-**	**400**	**221,627**	**1,454,199**	**3,112,307**
Loss for the period	-	(1,576,269)	-	-	-	-	(1,576,269)
Change in fair value of available for sale financial asset	-	-	-	12,747	-	-	12,747
Movement in foreign exchange on translation	-	-	-	-	33,764	-	33,764
Total comprehensive loss for the period	**-**	**(1,576,269)**	**-**	**12,747**	**33,764**	**-**	**(1,529,758)**
Vested performance shares	280,800	-	-	-	-	(280,800)	-
Shares issued for cash	2,732,413	-	-	-	-	-	2,732,413
Share issue costs	(167,757)	-	-	-	-	-	(167,757)
Issue of performance shares	-	-	-	-	-	328,884	328,884
Balance at 31 December 2017	**29,353,851**	**(26,648,583)**	**-**	**13,147**	**255,391**	**1,502,283**	**4,476,089**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	31 December 2017	31 December 2016
	$	$
Cash flows from operating activities		
Payments to suppliers and employees	(1,298,880)	(977,033)
Interest received	6,655	2,673
Net cash outflow from operating activities	(1,292,225)	(974,360)
Cash flows from investing activities		
Payments for exploration and evaluation	(76,648)	(139,559)
Payment for property, plant and equipment	(106,778)	-
Proceeds from sale of investments	7,210	-
Net cash outflow from investing activities	(176,216)	(139,559)
Cash flows from financing activities		
Shares issued for cash	2,732,413	1,160,123
Share issue costs	(167,757)	(15,633)
Net cash inflow from financing activities	2,564,656	1,144,490
Net increase/(decrease) in cash held	1,096,215	30,571
Cash and cash equivalents at the beginning of the period	2,216,172	446,405
Effect of foreign exchange on cash balances held	12,038	(5,823)
Cash and cash equivalents at the end of the period	3,324,425	471,153

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

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

It is recommended that the interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Canyon Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

Adoption of new and revised Accounting Standards and Interpretations

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2017. The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

Significant accounting judgments and key estimates

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2017.

Accounting policies and methods of computation

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 2: OTHER FINANCIAL ASSETS

	6 months to 31 December 2017 $	Year to 30 June 2017 $
Available-for-sale financial assets carried at fair value:		
Listed shares – Level 1		
Shares in Rumble Resources Ltd at fair value at beginning of the period	12,400	12,000
Disposals	(2,440)	-
Changes in the fair value of available-for-sale assets	12,666	400
Fair value at end of the period	22,626	12,400

During the period 81,330 shares were sold, receiving consideration of $7,210. The remaining 318,670 shares were revalued at 31 December 2017 in line with the Group's accounting policy to their fair value

NOTE 3: DEFERRED EXPLORATION EXPENDITURE

	6 months to 31 December 2017 $	Year to 30 June 2017 $
Exploration and evaluation phase		
Acquisition of tenements – at cost		
Balance at beginning of the period	1,024,926	1,027,394
Effect of movement in exchange rates on carrying value	15,500	(2,468)
Total	**1,040,426**	**1,024,926**

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 4: ISSUED CAPITAL

	31 December 2017 $	30 June 2017 $
Ordinary shares		
Issued and fully paid	29,353,851	26,508,395

	6 months to 31 December 2017 No.	Year to 30 June 2017 No.	6 months to 31 December 2017 $	Year to 30 June 2017 $
Movements in ordinary shares on issue				
At beginning of period	269,842,773	174,898,796	26,508,395	21,628,155
- Shares issued for cash	-	6,200,000	-	682,000
- Conversion of performance shares	-	11,000,000	280,800	-
- Options converted to shares	45,540,215	72,743,977	2,732,413	4,454,639
- Convertible notes converted	-	5,000,000	-	285,768
- Cost of share issues	-	-	(167,757)	(542,167)
At end of period	315,382,988	269,842,773	29,353,851	26,508,395

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 5: SEGMENT REPORTING

The following table presents the profit & loss and assets & liabilities information by segment provided to the Board of Directors for the half-year periods ended 31 December 2017 and 31 December 2016.

	Project Generation (Africa)	Unallocated (Corporate)	Total
	$	$	$
31 December 2016			
Segment revenue and other income	-	2,673	2,673
Segment result	(523,248)	(632,068)	(1,155,316)
Segment assets	555,709	1,131,543	1,687,252
Segment liabilities	(131)	(272,610)	(272,741)
31 December 2017			
Segment revenue and other income	-	9,059	9,059
Segment result	(646,652)	(929,617)	(1,576,269)
Segment assets	596,214	4,012,608	4,608,822
Segment liabilities	(137)	(132,596)	(132,733)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 6: FINANCIAL INSTRUMENTS

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

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

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

Financial assets/liabilities	Fair value as at 31 December 2017 $	Fair value as at 30 June 2017 $	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Available-for-sale financial instruments	22,626	12,400	Level 1	Share price	None	None

There have been no transfers between the levels of the fair value hierarchy during the six months to 31 December 2017.

The methods and valuation used for the purpose of measuring the fair value are unchanged compared to the previous reporting period.

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

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

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

NOTE 7: COMMITMENTS

Commitments remain as those disclosed in the 30 June 2017 annual financial report.

NOTE 8: CONTINGENCIES

There has been no change in contingent liabilities since the 30 June 2017 annual financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

NOTE 9: SHARE-BASED PAYMENTS

Performance Shares

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

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.

No new performance shares were issued during the period to 31 December 2017.

At balance date the Directors have assessed that it is probable that the vesting conditions will be met and $328,884 has been expensed as share-based payments in the statement comprehensive income for the period.

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

- one third vest on delineating a resource of at least 150 MT on one of the Company's existing projects or a project to be acquired by the Company;
- one third vest on the raising of at least $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.

As at 31 December 2017 2,666,666 of the performances shares had vested, on completion of the minimum 12 months of service, resulting in $280,000 being recognised in issued capital.

The achievement date for the capital raise vesting condition has been extended to 30 September 2018.

NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE

There have been no matters or circumstances that have arisen since 31 December 2017 that significantly affected or may significantly affect:

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

NOTE 11: RELATED PARTIES

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

For details of these arrangements, refer to the 30 June 2017 annual report.

DIRECTORS' DECLARATION

In the opinion of the directors:

1 the financial statements and notes set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:

(a) complying with Accounting Standards, AASB 134 *"Interim Financial Reporting*" the Corporations Regulations 2001 and other mandatory professional reporting requirements: and

(b) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

2 there are reasonable grounds to believe that Canyon Resources Limited will be able to pay its debts as and when they become due and payable.

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

Phillip Gallagher
Managing Director

Perth, 15 March 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Canyon Resources Limited

Report on the Condensed Interim financial report

Conclusion

We have reviewed the accompanying interim financial report of Canyon Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the interim financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D I Buckley
Partner

Perth, Western Australia
15 March 2018