Canyon Resources Limited
ABN 13 140 087 261

Interim Financial Report
31 December 2019

CORPORATE INFORMATION

Canyon Resources Limited

ABN 13 140 087 261

Directors

David Netherway

Phillip Gallagher

Emmanuel Correia

Steven Zaninovich

Company Secretary

John Lewis

Registered office

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Share Register

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Solicitors

Allion Legal

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Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

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Securities Exchange Listing

ASX Limited

ASX Code: CAY

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Figure 1 - Minim Martap Camp

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 2019 (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
Steven Zaninovich	Non-executive Director

Review of Operations

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

Minim Martap Project

The Minim Martap Project is a world class bauxite deposit located in the Adamawa region of Cameroon. The Minim Martap Project encompasses two deposits, namely the Ngaoundal and Minim Martap deposits, which are located within 25 km of each other. The total area of the permits is 1,349 Km^2.

The Project is located adjacent to the operating rail line in Cameroon that runs directly to the Douala Port. The Douala Port is targeted as the operating port for the Stage-1 development phase of the Project. The new Kribi Deep Water Port, located in the south-west of the country, is operational and can directly load post-Panamax and Cape Class size vessels. It is intended to utilise the Kribi Port facility for the Stage-2 development of the Project and the Company is working with the Government of Cameroon and interested parties regarding the development of the rail extension to the Kribi Port.

The bauxite within the Minim Martap Project is a high grade, low contaminant bauxite that initial testing indicates is suitable for both low and high temperature alumina refining. The Company believes that the Minim Martap Project is the only bauxite deposit of this scale and high grade, low contaminant nature located outside of Guinea.

Figure 2: A typical bauxite plateau on the Minim Martap Project

In September 2019 Canyon announced a significant resource upgrade for its 100%-owned Minim Martap Bauxite Project in Cameroon with the total tonnes increasing 62% and the Indicated Resource component increasing by 850%.

The Minim Martap Project has a JORC (2012) total resource estimate of **892Mt at 45.1% Al_2O_3, 2.8% SiO_2** (Cut-off Grade 35% Al_2O_3) included in Table 1 below, and within this is a high-grade component of **431Mt at 48.8% Al_2O_3 and 2.6% SiO_2** (Cut-off Grade 45% Al_2O_3)[1] included in Table 2 below.

[1] Announced on 27 September 2019

DIRECTORS' REPORT (CONTINUED)

Permit	Inferred			Indicated			Total		
	Mt	Al_2O_3	SiO_2	Mt	Al_2O_3	SiO_2	Mt	Al_2O_3	SiO_2
Minim-Martap	47.5	44.1	3.4	732	45.7	3.1	779	45.6	3.1
Ngaoundal	5.3	41.6	1.0	103	41.7	1.0	108	41.7	1.0
Makan	0.1	45.8	2.7	4.6	47.0	1.6	4.7	46.9	1.6
Total (at 35% Al_2O_3)	**53**	**43.8**	**3.1**	**839**	**45.2**	**2.8**	**892**	**45.1**	**2.8**

Table 1: Minim Martap Project Resource JORC (2012) – Cut-off Grade 35% Al_2O_3

The Resource upgrade was independently completed on a plateau by plateau basis by Mining Plus UK Pty Ltd. The Resource upgrade was estimated using ordinary kriging to determine a total resource (at 35% Al_2O_3 cut-off grade) with its higher-grade component (at 45% Al_2O_3 cut-off grade).

- Total Bauxite resources have increased from 550Mt at 45.5% Al_2O_3 and 2.1% SiO_2 to **892Mt at 45.1% Al_2O_3 and 2.8% SiO_2**.
- High-grade Bauxite resources have increased from 251Mt at 50.8% Al_2O_3 and 1.9% SiO_2 to **431Mt at 48.8% Al_2O_3 and 2.6% SiO_2**.
- Drilling has identified substantial zones of higher grade >50% Al_2O_3 with very low silica within the resource.

Permit	Inferred			Indicated			Total		
	Mt	Al_2O_3	SiO_2	Mt	Al_2O_3	SiO_2	Mt	Al_2O_3	SiO_2
Minim-Martap	21	47.4	2.1	398	48.9	2.6	419	48.9	2.6
Ngaoundal	0.2	45.7	0.9	8.3	46.5	1.1	8.5	46.5	1.1
Makan	0.05	47.6	2.3	3.4	48.4	1.4	3.4	48.4	1.4
Total (at 45% Al_2O_3)	**21.2**	**47.4**	**2.1**	**410**	**48.9**	**2.6**	**431**	**48.8**	**2.6**

Table 2: Minim Martap Project High Grade Resource JORC (2012) – Cut-off Grade 45% Al_2O_3

Resource estimation work completed for the bauxite ore shows the bauxite is near-surface and contains minimal levels of lower grade material as overburden or intraburden.

Previous work on the Project confirmed the high quality nature of the bauxite present and the suitability of the ores to both low and high temperature digestion within Bayer Process alumina plants globally.

Scoping Study

On 26 November 2019 the Company announced the results from its Scoping Study for the Stage-1 development of the Project.

The Scoping Study represented an interim milestone in the Minim Martap Pre-Feasibility Study (**PFS**) which was initiated in 2019 and is anticipated to be presented as a 2-Stage, 2-Port development opportunity in the first half of 2020.

The Scoping Study was supported by a variety of leading consultants including Ausenco, Mining Plus and Wood Mackenzie and draws on a wealth of industry knowledge in rail and port operations, bauxite mining and bulk commodities.

The Study demonstrated that the Stage-1 of the Mining Martap Project is a robust, stand-alone, project with significant upside potential via a longer mine life underpinned by a high grade, large volume resource thought to be the only Guinea-style bauxite deposit outside of Guinea The current resource still only represents approximately 50% of the available target bauxite plateaux on the Project area.

Canyon is planning the development of the Project in a 2-Stage, 2-Port execution programme with initial production exported though the port of Douala utilising the existing rail and port infrastructure. As the Study demonstrates, Stage-1 is expected to be a self-supporting bauxite project with a relatively simple and faster path to operations. Stage-2 is anticipated to unlock higher export volumes and a lower operating cost.

DIRECTORS' REPORT (CONTINUED)

Financial evaluation of Stage-1 of the Minim Martap Project demonstrates the potential for a robust project leveraging existing infrastructure and high-quality product. All figures provided in this Scoping Study are real as of October 2019. The key economic modelling outcomes are shown in Table 3 below.

Table 3 - Key economic outcomes of the Scoping Study.

Production			Avg - Yr	
Production rate	Mt		3.00	
Capital				
Total	USD 000		77,658	
Capital intensity	USD/t capacity		25.89	
Operating Costs				
C1 costs	USD/t FOB		43.26	
Product Grade		Benchmark	Avg - 20Yr	
Available alumina grade	%	44.00	49.89	
Reactive silica grade	%	3.00	1.44	
Ore moisture content	%	10.00	10.00	
Realised Price			Avg -20Yr	
Realised price	USD/t FOB		58.09	
Cashflow				
Cumulative undiscounted free cash flows	USD 000		541,515	
Average annual undiscounted free cash flows	USD 000		27,076	
Valuation	Discount	NPV (USD 000)	IRR	Payback
Project return -pre tax	10.00%	210,635	47.49%	-
Project return -post tax	10.00%	170,511	45.72%	2.96 Yr(s)
Tax and Royalty		Duration	Rate	
State royalty: Holiday		5.00 Yr(s)	-	
State royalty: Nominal		-	5.00%	
Corporate tax: Holiday		5.00 Yr(s)	-	
Corporate tax: Nominal		-	30.00%	

Notes:

- All figures are on a 100% project basis.
- Ore mined includes material sent to stockpiles and reclaimed in later periods.
- Available alumina calculated by subtracting reactive silica from total alumina. Reactive silica calculated as 60% of total silica.
- Tax and Royalty holidays consistent with in-country mining agreements.
- 20-year economic modelling period.

DIRECTORS' REPORT (CONTINUED)

Figure 3 -The Douala (Left) and Kribi (Right) Ports in Cameroon

The Stage-2 development of the Project, which is being investigated as part of the PFS currently underway, will focus on the improvement of Stage-1, and the transition from Stage-1 to Stage-2, via the installation of the Kribi rail extension allowing for potentially higher production rates through the existing deep-water port of Kribi.

Canyon is currently focussing on the completion and delivery of the PFS in the first half of 2020 and the completion of the Definitive Feasibility Study for the Stages 1 and 2 of the Project thereafter.

Figure 4 - The Camrail rail operation in Cameroon showing the daily freight and passenger trains

DIRECTORS' REPORT (CONTINUED)

Figure 5 - The Canyon/Camalco exploration team with local Ministry of Labour delegates

BURKINA FASO

Canyon's only active operation in Burkina Faso is on its Pinarello and Konkolikan Projects (Pinarello), located in the south west of the country. These Projects are subject to an earn in agreement with London based Acacia Mining PLC (Acacia) which was acquired by Barrick Gold Corporation in December 2019.

Due to the difficult security position in Burkina Faso the Company has ceased any work on these projects until it is confident the situation has improved. Acacia has continued exploration at Pinarello and as a result Canyon's equity in the JV has diluted to payments determined at the decision to mine stage.

DIRECTORS' REPORT (CONTINUED)

Corporate

On 29 July 2019 Canyon successfully completed a $4,000,000 capital raising (before costs) by way of a private placement of 25,000,000 new fully paid ordinary shares in the Company at an issue price of $0.16 per share. Canyon issued the new shares to sophisticated and professional investors using the Company's capacity under Listing Rule 7.1 and without disclosure, in reliance on the exemption from disclosure in section 708 of the Corporations Act 2001 (Cth). BW Equities acted as lead manager for the placement.

At the AGM on 27 November 2019 shareholders approved the following security issues:

1. 1,800,000 Performance Rights in favour of the Non-executive Director, Steve Zaninovich. These Rights are subject to the following vesting conditions:
   (a) One third will vest upon the completion of 12 months tenure as a Non-executive director of the Company from the date of the AGM;
   (b) One third will vest upon the Company completing a capital raising of a minimum of $10,000,000 within the next 24 months;
   (c) One third will vest upon the Company completing a PFS, over the Minim Martap Bauxite Project, from which a maiden Bauxite Ore Reserve can be calculated.
2. 20,000,000 shares to Mr Serge Asso'o pursuant to the Consulting Agreement in relation to the Minim Martap Project.
3. 15,000,000 shares to Altus Strategies PLC (Altus) pursuant to the agreement entered into in October 2017 for the termination of the Birsok Joint Venture Agreement (Birsok JV) and the acquisition of the Birsok Project by Canyon. With the agreement of Altus these shares were placed in voluntary escrow for a period of 12 months from their date of issue.

On 23 December 2019 Canyon announced it had received commitments to undertake a share placement of 15,625,000 fully paid ordinary shares in the Company to both existing and new sophisticated shareholders at an issue price of $0.16 per share to raise $2,500,000 million before costs. The share placement was completed 24 December 2019.

Also on 23 December 2019 the Board of Canyon commenced a Share Purchase Plan (SPP) to raise up to $1,500,000 at the same issue price as the above placement. Eligible shareholders could subscribe for up to $30,000 worth of shares under the SPP. The SPP closed on 7 February 2020 and raised an $843,000.

Figure 6 – Canyon Projects in Cameroon.

DIRECTORS' REPORT (CONTINUED)

COMPETENT PERSON'S STATEMENT

The information in this Interim Financial Report that relates to current exploration results is based on information compiled by Dr Alexander Shaw, Chief Geologist of Canyon Resources Ltd.

The information in this document that relates to previous exploration results is based upon information from the report titled Minim Martap-Ngaoundal Bauxite Deposit Exploration Program and Resource Assessment by SRK Consulting (Australasia), September 2009 and available data compiled by Dr Alexander Shaw. The information in the document is an accurate representation of the available data and study for the Minim Martap Project.

Dr Shaw is a Member of the Australian Institute of Geoscientists (AIG) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Dr Shaw consents to the inclusion in the document of the matters based on his information in the form and context in which it appears.

The information in this document that relates to mineral resources is based on information compiled or reviewed by Mr Mark Gifford, an independent Geological expert consulting to Canyon Resources Limited. Mr Mark Gifford is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Mr Gifford consents to the inclusion in the document of the matters based on his information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

All statements other than statements of historical fact included in this document including, without limitation, statements regarding future plans and objectives of Canyon, are forward-looking statements. When used in this document, forward-looking statements can be identified by words such as 'anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are

not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Canyon that could cause Canyon's actual results to differ materially from the results expressed or anticipated in these statements.

Canyon cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Canyon does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this document, except where required by applicable law and stock exchange listing requirements.

DIRECTORS' REPORT (CONTINUED)

Operating Result for the Period

The Group's operating loss for the half-year ended 31 December 2019 was $3,197,867 (half-year ended 31 December 2018: $3,724,966).

Review of Financial Condition

At 31 December 2019, the Group held $3,989,848 in cash and cash equivalents (30 June 2019: $2,219,716).

Significant Events Subsequent to Balance Date

The 1,800,000 Performance Rights approved at the Company's 2019 AGM referred to above were issued on 17 January 2020.

The SPP which was announced on 17 December 2019, closed on 7 February 2020. Acceptances for shares totalling $843,000 were received and as result 5,268,750 shares were issued under the SPP.

On 10 February 2020 the Company issued 20,000,000 shares to Mr Serge Asso'o pursuant to the Consulting Agreement entered into in 2018.

Also on 10 February 2020, the Company issued 15,000,000 shares to Altus pursuant to the agreement to terminate the Birsok JV. With the agreement of Altus these shares were placed in voluntary escrow for a period of 12 months from their date of issue.

Other than the above, there have been no further matters or circumstances that have arisen since 31 December 2019 that significantly affected or may significantly affect:

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

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 10 and forms part of this Directors' Report for the half-year ended 31 December 2019.

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, 13 March 2020

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 2019, 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
13 March 2020

L Di Giallonardo
Partner

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31 December 2019 $	31 December 2018 $
Interest received		13,321	25,720
		13,321	**25,720**
Foreign exchange loss		(8,389)	(8,943)
Employee expenses		(827,568)	(418,008)
Consultants and contractors		(214,639)	(172,992)
Director fees		(274,996)	(350,634)
Legal and professional fees		(78,942)	(41,013)
Occupancy		(96,916)	(82,276)
Depreciation		(54,448)	(20,885)
Compliance and regulatory		(88,582)	(115,178)
Administration		(483,744)	(460,195)
Share-based payments		(573,727)	(2,078,761)
Impairment of exploration expenditure	3	(509,237)	-
Interest expense		-	(1,801)
Loss before income tax		**(3,197,867)**	**(3,724,966)**
Income tax expense		-	-
Net loss after tax		**(3,197,867)**	**(3,724,966)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Change in fair value of equity investments		637	(4,461)
Items that may be reclassified to profit or loss			
Movement in foreign exchange on translation		(77,761)	(64,878)
Total other comprehensive loss		**(77,124)**	**(69,339)**
Total comprehensive loss for the period		**(3,274,991)**	**(3,794,305)**
Basic/diluted loss per share (cents per share)		**(0.61)**	**(1.06)**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	31 December 2019 $	30 June 2019 $
Assets			
Current Assets			
Cash and cash equivalents		3,989,848	2,219,716
Trade and other receivables		32,599	13,942
Other current assets		299,124	300,048
Total Current Assets		4,321,571	2,533,706
Non-Current Assets			
Other financial assets	2	21,351	20,714
Property, plant and equipment		472,290	501,694
Deferred exploration expenditure	3	9,566,044	8,179,090
Total Non-Current Assets		10,059,685	8,701,498
Total Assets		14,381,256	11,235,204
Liabilities			
Current Liabilities			
Trade and other payables		444,060	837,429
Provisions		120,623	107,281
Total Current Liabilities		564,683	944,710
Total Liabilities		564,683	944,710
Net Assets		13,816,573	10,290,495
Equity			
Issued capital	4	47,656,525	41,462,717
Reserves		5,683,336	5,153,199
Accumulated losses		(39,523,288)	(36,325,421)
Total Equity		13,816,573	10,290,495

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued capital	Accumulated losses	Fair value Reserve	Foreign currency reserve	Share based payments reserve	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2018	**29,353,851**	**(28,064,185)**	**9,641**	**270,832**	**1,733,250**	**3,303,389**
Loss for the period	-	(3,724,966)	-	-	-	(3,724,966)
Change in fair value of equity investment	-	-	(4,461)	-	-	(4,461)
Movement in foreign exchange on translation	-	-	-	(64,878)	-	(64,878)
Total comprehensive loss for the period	**-**	**(3,724,966)**	**(4,461)**	**(64,878)**	**-**	**(3,794,305)**
Share based payments	2,040,000	-	-	-	2,727,090	4,767,090
Shares issued for cash	7,068,125	-	-	-	-	7,068,125
Share issue costs	(350,345)	-	-	-	-	(350,345)
Conversion of performance shares	798,820	-	-	-	(798,820)	-
Balance at 31 December 2018	**38,910,451**	**(31,789,151)**	**5,180**	**205,954**	**3,661,520**	**10,993,954**
Balance at 1 July 2019	**41,462,717**	**(36,325,421)**	**11,235**	**141,544**	**5,000,420**	**10,290,495**
Loss for the period	-	(3,197,867)	-	-	-	(3,197,867)
Change in fair value of equity investments	-	-	637	-	-	637
Movement in foreign exchange on translation	-	-	-	(77,761)	-	(77,761)
Total comprehensive loss for the period	**-**	**(**3,197,867**)**	**637**	**(77,761)**	**-**	**(3,274,991)**
Shares issued for exploration and evaluation acquisition	-	-	-	-	33,534	33,534
Shares issued for cash	6,500,000	-	-	-	-	6,500,000
Share issue costs	(306,192)	-	-	-	-	(306,192)
Value of performance rights expensed	-	-	-	-	573,727	573,727
Balance at 31 December 2019	**47,656,525**	**(39,523,288)**	**11,872**	**63,783**	**5,607,681**	**13,816,573**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	31 December 2019	31 December 2018
	$	$
Cash flows from operating activities		
Payments to suppliers and employees	(2,463,147)	(1,673,073)
Interest received	13,321	25,720
Net cash outflow from operating activities	(2,449,826)	(1,647,353)
Cash flows from investing activities		
Payments for exploration and evaluation	(1,948,952)	(1,701,065)
Payment for property, plant and equipment	(32,263)	(123,535)
Net cash outflow from investing activities	(1,981,215)	(1,824,600)
Cash flows from financing activities		
Shares issued for cash	6,500,000	7,068,125
Share issue costs	(306,192)	(350,345)
Net cash inflow from financing activities	6,193,808	6,717,780
Net increase in cash held	1,762,767	3,245,827
Cash and cash equivalents at the beginning of the period	2,219,716	2,261,663
Effect of foreign exchange on cash balances held	7,365	(24,861)
Cash and cash equivalents at the end of the period	3,989,848	5,482,629

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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'.

These interim consolidated financial statements were authorised for issue on 12 March 2020.

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

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 2019 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.

Going Concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The company has incurred a comprehensive loss for the period ended 31 December 2019 of $3,274,991 (2018: $3,794,305). As at 31 December 2019, the company's current assets exceeded its current liabilities by $3,756,888 (30 June 2019: $1,588,996).

The ability of the Group to continue as a going concern is dependent on securing additional funding through capital raising. To address the future funding requirements of the Group the directors have undertaken the following initiatives:

- entered into discussions to secure additional equity funding from current or new shareholders including the commencing a Share Purchase Plan which raised $843,000 when it closed on 7 February 2020;
- undertaken a programme to continue to monitor the Group's ongoing working capital requirements and minimum expenditure commitments; and
- continued their focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

The directors are confident that they will be able to complete a capital raising that will provide the Group with sufficient funding to meet its minimum expenditure commitments and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on the going concern basis.

However, in the event that the Group is not able to successfully complete the fundraising referred to above, a material uncertainty would exist that may cause significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new and revised Accounting Standards and Interpretations

In the half-year ended 31 December 2019, 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 2019. 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 2019.

AASB 16 Leases

Change in accounting policy

AASB 16 Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019 which results in changes in the classification, measurement and recognition of leases. The changes removes the distinction between 'operating and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial Impact on accumulated losses under this approach, and comparatives have not been restated.

The Group leases a virtual office. Prior to 1 July 2019, the lease was classified as an operating lease. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, the Group recognises a right-of-use asset and a corresponding liability at the date which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

Where leases have a term of less than 12 months or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Impact on adoption of AASB 16

The adoption of AASB 16 has not resulted in any changes in respect of all operating leases, as the exiting lease at 1 July 2019 met the appropriate exemption criteria of having a term of less than 1 year.

The net impact on accumulated losses on 1 July 2019 was $nil.

Practical expedients applied

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- For existing contracts as at 1 July 2019, the Group has elected to apply the definition of lease contained in AASB 117 and Interpretation 4 and has not applied AASB 16 to contracts that were previously not identified as leases under AASB 117 and Interpretation 4;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, with no right-of-use asset nor lease liability recognised.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2019 that are relevant to the Group and effective for the half year reporting periods beginning on or after 1 January 2020.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretation in issue not yet adopted on the Group and therefore no material change is necessary to 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2019.

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.

NOTE 2: OTHER FINANCIAL ASSETS

	6 months to 31 December 2019 $	Year to 30 June 2019 $
Financial assets carried at fair value through other comprehensive income:		
Listed shares – Level 1		
Shares in Rumble Resources Ltd at fair value at beginning of the period	20,714	19,120
Changes in the fair value	637	1,594
Fair value at end of the period	21,351	20,714

The 318,670 shares in Rumble Resources Ltd were revalued at 31 December 2019 in line with the Group's accounting policy to their fair value. The directors have made an irrevocable election to account for the shares at fair value through other comprehensive income as the investment will be held for the medium to long term.

NOTE 3: DEFERRED EXPLORATION EXPENDITURE

	6 months to 31 December 2019 $	Year to 30 June 2019 $
Balance at beginning of the period	8,179,090	1,054,306
Capitalised expenditure – Minim Martap	1,879,613	3,741,599
Acquisition of tenements – value of shares issued	33,534	3,370,192
Impairment of Exploration Expenses	(509,237)	-
Effect of movement in exchange rates on carrying value	(16,956)	12,993
Total	**9,566,044**	**8,179,090**

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.

During the period the Board recommended the Impairment of the value previously capitalised for the Pinerello Project in Burkina Faso due to the difficult security position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Shares Issued for the Acquisition of the Minim Martap Project

In August 2018 Canyon announced that it had been granted the licences for the Minim Martap Project.

The Company had engaged Mr Serge Asso'o to assist it in its negotiations with the Government and to navigate the many levels of Government involved in the acquisition. The Company agreed to pay Mr Asso'o a success fee comprised of Canyon shares upon the successful granting of the Project to Canyon and the satisfaction of a number of project related milestones:

Subject to shareholder approval, Mr Asso'o will be issued the following tranches of shares:

1. 30,000,000 ordinary Canyon shares following approval of grant of Minim Martap project from the Cameroon Government.
    - 50% of the shares will be voluntarily escrowed for 6 months after their issue.
2. 20,000,000 ordinary Canyon shares 12 months after the granting of permits.
    - 50% of the shares will be voluntarily escrowed for 6 months after their issue.
3. 20,000,000 ordinary Canyon shares upon the completion and execution of a final detailed Mining Convention with the Government of Cameroon for the mine and infrastructure related to the Minim Martap project. A final Mining Convention includes all rail, port, other infrastructure and land access agreements for the Project, all taxation agreements and other duties relating to the Project, commitments regarding local employment, environmental and community agreements and all other agreements with the Government of Cameroon that relate to the long term operation of the Project.
4. 30,000,000 ordinary Canyon shares following the issuing of a Mining Permit, the securing and confirmation of full mine funding and the Final Investment Decision by the Board to commence mine construction. A mining permit can only be issued by the Government of Cameroon upon the execution of the Mining Convention, a detailed Bankable Feasibility Study (BFS) being accepted by the Government and the securing of full funding for the mine construction.

After receiving shareholder approval, Canyon issued the first Tranche of Shares to Mr Asso's in December 2018. As a result the company recorded an amount of $2,040,000 in the year ended 30 June 2019 as a cost of Acquisition of the Minim Martap Project being the fair value (market price) of the first tranche of shares (30,000,000) at the measurement date being 15 August 2017, the date the agreement was entered into. The second tranche vested 12 months from granting of the permits and shareholder approval to issue the shares was granted at the AGM on 27 November 2019. As a result, the Company has recorded a total amount of $1,363,726 in relation to the second tranche in the year ended 30 June 2019 and during the current half-year.

As of balance date the full amount of the value of each of Tranche 1 and 2 has been recognised.

No amounts have been recognised in relation to tranches 3 or 4. This will be reassessed by the directors as the Project progresses.

Acquisition of Birsok

On 12 October 2018 the Company Announced that it signed a Letter of Intent ("LoI") with Altus Strategies Plc (Altus), to transfer to Canyon a 100% interest in the Birsok and Mandoum licences (the "Birsok project") and to terminate its existing bauxite Joint Venture Agreement ("JVA") with Altus.

The Terms of LoI are:
Part A: In lieu of the termination of the JVA, Canyon will issue to Altus:

1. 15,000,000 ordinary free trading Canyon shares (the "Initial Issue shares");
2. 10,000,000 ordinary Canyon shares, to be issued 12 months following the Initial Issue shares and subject to a 12 month voluntary escrow.

Part B: In lieu of the transfer of the Birsok project:

1. 5,000,000 ordinary Canyon shares, to be issued upon the execution of a mining convention on the Minim Martap project and subject to a 12 month voluntary escrow;
2. a US$1.50 per tonne royalty on ore mined and sold from the Birsok project.

As at the balance date settlement of the transaction has not been completed and as a result no value has been attributed to the transaction in these accounts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 4: ISSUED CAPITAL

	31 December 2019 $	30 June 2019 $
Ordinary shares		
Issued and fully paid	47,656,525	41,462,717

	6 months to 31 December 2019 No.	Year to 30 June 2019 No.	6 months to 31 December 2019 $	Year to 30 June 2019 $
Movements in ordinary shares on issue				
At beginning of period	418,276,469	315,382,988	41,462,717	29,353,851
- Shares issued for cash	40,625,000	32,258,064	6,500,000	5,000,000
- Performance shares	-	-	-	798,820
- Performance rights	-	6,000,000		1,359,600
- Options converted to shares	-	34,635,417	-	3,268,125
'- Shares issued in lieu of payment	-	30,000,000	-	2,040,000
- Cost of share issues	-	-	(306,192)	(357,679)
At end of period	458,901,469	418,276,469	47,656,525	41,462,717

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 2019 and 31 December 2018.

	Project Generation (Africa) $	Unallocated (Corporate) $	Total $
31 December 2018			
Segment revenue and other income	-	25,720	25,720
Segment result	(415,455)	(3,309,511)	(3,724,966)
Segment assets	5,388,549	6,168,603	11,557,152
Segment liabilities	(145)	(563,053)	(563,198)
31 December 2019			
Segment revenue and other income	-	13,321	13,321
Segment result	(1,322,938	(1,874,929)	(3,197,867)
Segment assets	5,489,749	8,891,507	14,381,256
Segment liabilities	(268,343)	(296,340)	(564,683)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

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).

	Fair value as at					
Financial assets/liabilities	**31 December 2019**	**30 June 2019**	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable input(s) to fair value**
	$	**$**				
Equity investments designated as fair value through other comprehensive income	21,351	20,714	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 2019.

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.

NOTE 7: COMMITMENTS

Commitments remain as those disclosed in the 30 June 2019 annual financial report.

NOTE 8: CONTINGENCIES

There has been no change in contingent liabilities since the 30 June 2019 annual financial report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

NOTE 9: SHARE-BASED PAYMENTS

Performance Shares/Rights

On 25 November 2016 Shareholders approved a new employee incentive scheme titled the Canyon Long Term Incentive Plan (Plan). At the AGM on 27 November 2019, Shareholders reconfirmed the adoption of the 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.

On 23 November 2018, 18,000,000 Director Performance Rights were approved by shareholders for the benefit of Messrs David Netherway, Phillip Gallagher and Emmanuel Correia.

The Performance Rights will vest subject to the following vesting conditions and otherwise on the terms set out in the Company's Long Term Incentive Plan:

- one third vest on delineating a further JORC 2012 compliant inferred (or greater) mineral resource of at least 100 MT of bauxite at 47% Al_2O_3 on Minim Martap Bauxite Project (vested during the year ended 30 June 2019);
- one third vest on the raising of at least a further $10,000,000 in support of the Minim Martap Bauxite Project; and
- one third vest on participant remaining with the Company for a minimum of 12 months from the date of issue.

At balance date the Directors have assessed that it is probable that the vesting conditions will be met for the second and third tranches and the cumulative value has been expensed as share-based payments in relation to these Rights in the statement of comprehensive income up to balance date. The performance rights were valued at 22.6 cents per Right on the grant date being the date of the Company's 2018 AGM, with the current period expense being $543,840.

Further at the AGM on 27 November 2019 Shareholders approved the issue of 1,800,000 Performance Rights to Non-executive Director Steve Zaninovich. The Performance Rights will vest subject to the following vesting conditions and otherwise on the terms set in the Company's Long Term Incentive Plan:

- One third will vest upon the completion of 12 months tenure as a Non-executive director of the Company from the date of the AGM;
- One third will vest upon the Company completing a capital raising of a minimum of $10.0 million within the next 24 months;
- One third will vest upon the Company completing a PFS, over the Minim Martap Bauxite Project, from which a maiden Bauxite Ore Reserve can be calculated.

At balance date the Directors have assessed that it is probable that the vesting conditions will be met and $29,887 has been expensed as share-based payments in relation to these Rights in the statement of comprehensive income for the period. The performance rights were valued at 20.08 cents per Right on the grant date being the date of the Company's 2019 AGM.

NOTE 10: EVENTS SUBSEQUENT TO BALANCE DATE

The Performance Rights approved at the Company's 2019 AGM referred to above were issued on 17 January 2020.

The SPP closed on 7 February 2020. Acceptances for shares totalling $843,000 were received and as result 5,268,750 shares were issued under the SPP.

On 10 February 2020 the Company issued 20,000,000 shares to Mr Serge Asso'o pursuant to the Consulting Agreement entered into in 2018.

Also on 10 February 2020, the Company issued 15,000,000 shares to Altus pursuant to the agreement to terminate the Birsok JV.

Other than the above, there have been no further matters or circumstances that have arisen since 31 December 2019 that significantly affected or may significantly affect:

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

NOTE 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 2019 annual report.

DIRECTORS' DECLARATION

In the opinion of the directors:

1 the financial statements and notes set out on pages 11 to 21 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 2019 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, 13 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Canyon Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Canyon Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, 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 half-year financial report of Canyon Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2019 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*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2019 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.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
13 March 2020