Canyon Resources Limited

ABN 13 140 087 261

Interim Financial Report
31 December 2014

CORPORATE INFORMATION

Canyon Resources Limited

ABN 13 140 087 261

Directors

Rhoderick Grivas

Phillip Gallagher

Matthew Shackleton

David Netherway

Company Secretary

Phillip MacLeod

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Share Register

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Web: www.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

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DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity (or Group) comprising Canyon Resources Limited ("the Company" or "Canyon") and the entities it controlled for the half-year ended 31 December 2014. 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.

Rhoderick Grivas	Chairman
Phillip Gallagher	Managing Director
Matthew Shackleton	Non-executive Director
David Netherway	Non-executive Director

Review of Operations

Canyon Resources Ltd ("Canyon" or "the Company") is focused on developing the Birsok Bauxite Project in central Cameroon as a DSO (Direct Shipping Ore) export operation. Canyon also owns three gold projects in Burkina Faso.

Exploration - Cameroon

Birsok Project

The Birsok Bauxite Project is located in central Cameroon and is contiguous with the world class high grade Minim Martap bauxite deposit. The Project is comprised of two permits over 1,462km^2 and a permit under application for an additional 315km^2. The Project area is strategically located approximately 10km from the operational rail line that runs to the Doula port facility.

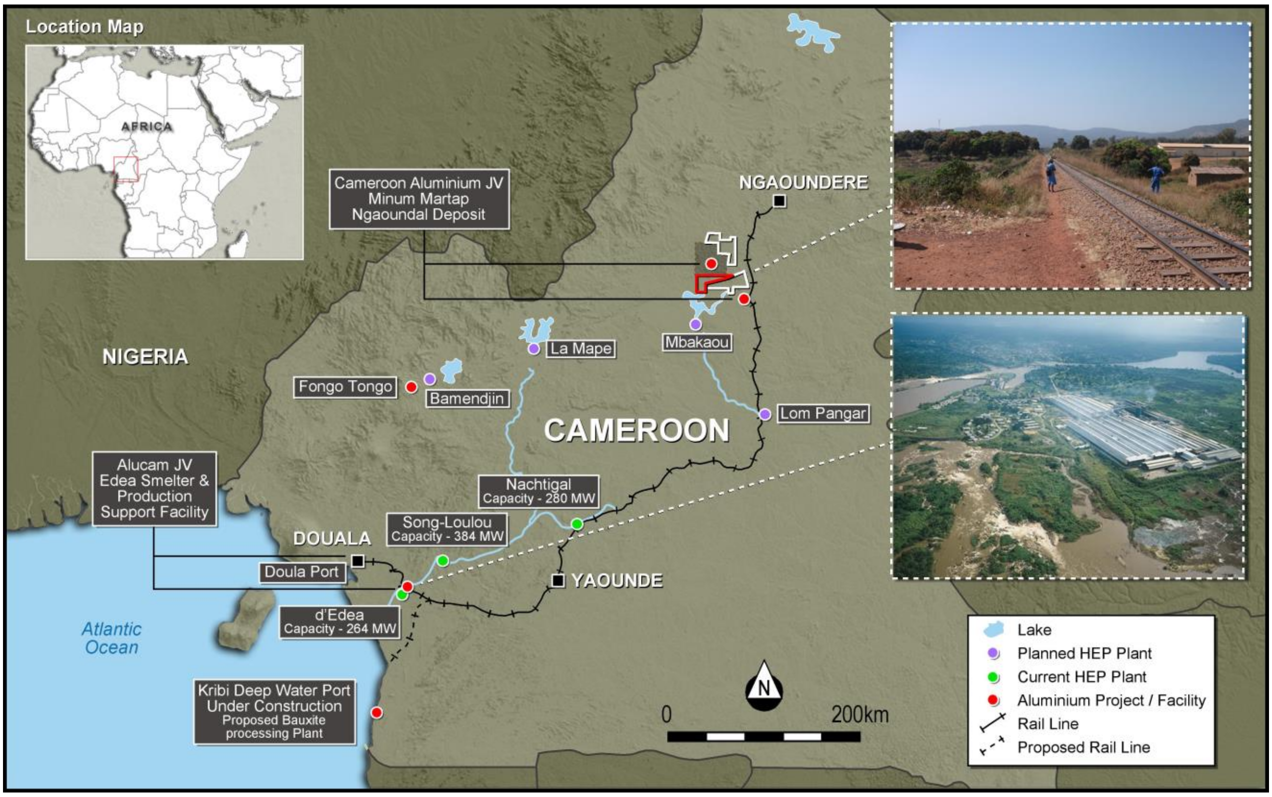

Figure 1 – Location plan showing Birsok Bauxite Project licenses and infrastructure

DIRECTORS' REPORT (CONTINUED)

Review of Operations (continued)

During the half-year the Company completed an initial drilling program of 329 holes for 3,556m on 19 plateau targets over four of the main prospects on the Birsok Bauxite Project. The initial results were reported in June and August 2014. Further analysis of selected samples sent for confirmation of available alumina (AvAl) and reactive silica (Rx.SiO_2) confirmed the existence of very high available alumina of up to 53.5% with <1% reactive silica. The results from the test work were highly encouraging and confirm the high grade alumina and low silica impurity content of the bauxite on the main high grade plateau targets.

Best drillhole intersections returned from the test work include:

- 6m @48.8% AvAl and 1.8% Rx.SiO_2
- 6m @ 47.1% AvAl and 3.8% Rx.SiO_2
- 8m @ 35.6% AvAl and 1.7% Rx.SiO_2

Canyon commissioned an initial rail infrastructure study based on data provided to the Company by the Cameroon rail operator, Camrail SA. The results of the study indicated the technical suitability and availability of the rail line for the transport of commercial quantities of DSO bauxite to the Douala port.

On 23 February 2015 the Company announced that it had executed a Memorandum of Understanding with Camrail SA, the operator of the existing rail line, and Bolloré Africa Logistics Cameroon, the operator of the Douala port, regarding mutual cooperation of the parties to investigate rail, port and logistics services for the Birsok Bauxite Project.

The Company currently has geological teams on site testing and mapping previously untested plateaux on the Project and preparing for an upcoming drilling program.

Exploration - Burkina Faso

The Company holds the Pinarello/Konkolikan, Tao and Taparko North gold projects in Burkina Faso. During the half-year Canyon has been focused on the development of the Birsok Bauxite Project in Cameroon and is reviewing a number of options for its projects in Burkina Faso.

Competent Person's Statement

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

Corporate

In November 2014 Canyon completed a strategic capital raising of $470,000 to sophisticated and professional investors. The Company issued 10.4 million shares at $0.045 each with an attaching option entitlement. The options are exercisable at $0.06, expire 31 January 2017 and were issued on a 2:1 basis. 25% of the options were issued following shareholder approval at a meeting held on 11 March 2015.

In December 2014, following notification of the renewal of the Birsok exploration permit in Cameroon, Canyon issued 8 million shares to UK based Altus Strategies Ltd (Altus) pursuant to the terms of the Joint Venture Agreement (JVA) with Altus. Under the terms of the JVA the Company can earn up to a 75% interest in the Birsok Bauxite Project.

Operating Result for the Period

The consolidated entity's operating loss for the half-year ended 31 December 2014 was $1,162,510 (half-year ended 31 December 2013: $843,802).

DIRECTORS' REPORT (CONTINUED)

Review of Operations (continued)

Review of Financial Condition

At 31 December 2014, the consolidated entity held $753,966 in cash and cash equivalents (30 June 2014: $1,013,900).

Significant Events Subsequent to Balance Date

In March 2015 Canyon entered into a joint venture agreement with Acacia Mining Plc, a UK listed African gold producer for the Pinarello and Konkolikan Projects in Burkina Faso. Canyon will receive US$400,000 in consideration for a 51% interest in the projects and will make the balance of the vendor payments. Acacia can increase its interest to 75% through spending US$1.5 milliion on exploration expenses over a 2 year period. Canyon may then elect to contribute to expenditure to maintain its 25% interest or dilute via a standard dilution formula. Acacia will forfeit its interest in the event that it fails to spend a minimum of US$1 million within 24 months prior to withdrawal. Canyon is to receive US$1 million upon the definition of a minimum 1.5 million ounce gold resource. On a decision to mine an additional US$1 million is to be paid to Canyon (US$2 million if a minimum 1.5 million ounce resource is not defined prior to the decision to mine).

No matter or circumstance, other than the above, has arisen which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial 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 4 and forms part of this Directors' Report for the half-year ended 31 December 2014.

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.

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Phillip Gallagher

Managing Director

Perth, 16 March 2015

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 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
16 March 2015

D I Buckley
Partner

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	31 December 2014 $	31 December 2013 $
Interest received		7,513	20,964
Sundry income		29,882	-
		37,395	**20,964**
Employee expenses		(16,676)	(31,883)
Consultants and contractors		(96,842)	(98,626)
Director fees		(172,801)	(131,971)
Legal and professional fees		(20,281)	(45,796)
Occupancy		(9,510)	(10,917)
Depreciation		(11,573)	(24,486)
Compliance and regulatory		(22,769)	(15,669)
Administration		(81,650)	(85,594)
Impairment of available-for-sale financial assets	2	(28,492)	-
Impairment of exploration assets	3	(461,347)	(110,099)
Exploration expensed as incurred		(277,964)	(309,725)
Loss before income tax		**(1,162,510)**	**(843,802)**
Income tax expense		-	-
Net loss after tax		**(1,162,510)**	**(843,802)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Transfer from available-for-sale reserve to profit and loss		28,492	-
Transfer to profit and loss on sale of available-for-sale financial assets		(28,740)	-
Items that may be reclassified to profit or loss			
Net change in fair value of available-for-sale financial assets	2	(23,024)	17,072
Movement in foreign exchange on translation		37,511	168,052
Total other comprehensive income		**14,239**	**185,124**
Total comprehensive loss for the period		**(1,148,271)**	**(658,678)**
Basic loss per share (cents per share)		**(1.09)**	**(1.18)**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	31 December 2014 $	30 June 2014 $
Assets			
Current Assets			
Cash and cash equivalents		753,966	1,013,900
Trade and other receivables		31,258	82,582
Available-for-sale financial assets	2	76,500	54,250
Other current assets		45,344	42,766
Total Current Assets		907,068	1,193,498
Non-Current Assets			
Property, plant and equipment		94,467	105,009
Deferred exploration expenditure	3	6,066,701	5,634,641
Total Non-Current Assets		6,161,168	5,739,650
Total Assets		7,068,236	6,933,148
Liabilities			
Current Liabilities			
Trade and other payables		710,040	260,156
Provisions		43,858	41,819
Total Current Liabilities		753,898	301,975
Total Liabilities		753,898	301,975
Net Assets		6,314,338	6,631,173
Equity			
Issued capital	4	19,602,143	18,770,707
Reserves		652,847	638,608
Accumulated losses		(13,940,652)	(12,778,142)
Total Equity		6,314,338	6,631,173

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued capital	Accumulated losses	Available-for-sale reserve	Foreign currency reserve	Option reserve	Total Equity
	$	$	$	$	$	$
Balance at 1 July 2013	**17,514,184**	**(10,155,006)**	**-**	**231,961**	**144,009**	**7,735,148**
Loss for the period	-	(843,802)	-	-	-	(843,802)
Net change in fair value of available-for-sale financial assets	-	-	17,072	-	-	17,072
Movement in foreign exchange on translation	-	-	-	168,052	-	168,052
Total comprehensive loss for the period	**-**	**(843,802)**	**17,072**	**168,052**	**-**	**(658,678)**
Balance at 31 December 2013	**17,514,184**	**(10,998,808)**	**17,072**	**400,013**	**144,009**	**7,076,470**
Balance at 1 July 2014	**18,770,707**	**(12,778,142)**	**23,272**	**247,241**	**368,095**	**6,631,173**
Loss for the period	-	(1,162,510)	-	-	-	(1,162,510)
Transfer to profit and loss from available-for-sale reserve	-	-	28,492	-	-	28,492
Transfer to profit and loss on sale of available-for-sale financial assets	-	-	(28,740)	-	-	(28,740)
Net change in fair value of available-for-sale financial assets	-	-	(23,024)	-	-	(23,024)
Movement in foreign exchange on translation	-	-	-	37,511	-	37,511
Total comprehensive loss for the period	**-**	**(1,162,510)**	**(23,272)**	**37,511**	**-**	**(1,148,271)**
Shares issued to acquire exploration asset	400,000	-	-	-	-	400,000
Shares issued for cash	470,000	-	-	-	-	470,000
Share issue costs	(38,564)	-	-	-	-	(38,564)
Balance at 31 December 2014	**19,602,143**	**(13,940,652)**	**-**	**284,752**	**368,095**	**6,314,338**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014	31 December 2013
	$	$
Cash flows from operating activities		
Payments to suppliers and employees	(421,950)	(390,882)
Interest paid	(51)	-
Interest received	8,301	23,508
Net cash outflow from operating activities	(413,700)	(367,374)
Cash flows from investing activities		
Proceeds from sale of available-for-sale financial assets	48,726	-
Payments for exploration and evaluation	(368,064)	(629,991)
Payments for acquisition of projects	-	(160,205)
Proceeds from sale of plant and equipment	40,310	-
Payments for plant and equipment	-	(2,682)
Net cash outflow from investing activities	(279,028)	(792,878)
Cash flows from financing activities		
Shares issued for cash	470,000	-
Share issue costs	(38,564)	-
Net cash inflow from financing activities	431,436	-
Net decrease in cash held	(261,292)	(1,160,252)
Cash and cash equivalents at the beginning of the period	1,013,900	2,076,136
Effect of foreign exchange on cash balances held	1,358	5,853
Cash and cash equivalents at the end of the period	753,966	921,737

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 2014 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.

Amendments to AASBs and the new Interpretation that are mandatory for the current reporting period

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 their operations and effective for the current half-year.

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

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
    - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
    - Part C: 'Materiality'

Impact of the application of AASB 1031 'Materiality' (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The adoption of AASB 1031 does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact of the application of AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities' (Amendments to AASB 132)

The Group has applied the amendments to AASB 132 for the first time in the current year. The amendments to AASB 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments does not have any material impact on the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'

The Group has applied the amendments to AASB 136 for the first time in the current year. The amendments to AASB 136 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by AASB 13 'Fair Value Measurements'.

The application of these amendments does not have any material impact on the disclosures in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2013-9 'Amendments to Australian Accounting Standards'– Part B: 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete references to AASB 1031, at the same time it makes various editorial corrections to Australian Accounting Standards as well. The adoption of this amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

Impact of the application of AASB 2014-1 'Amendments to Australian Accounting Standards'

Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycle'

The Annual Improvements 2010-2012 Cycle include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to AASB 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to AASB 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of AASB 9 or AASB 139 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to AASB 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The amendments to AASB 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of AASB 13 clarify that the issue of AASB 13 and consequential amendments to AASB 139 and AASB 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to AASB 116 and AASB 138 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to AASB 124 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The 'Annual Improvements 2011-2013 Cycle' include a number of amendments to various AASBs, which are summarised below.

The amendments to AASB 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to AASB 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, AASB 139 or AASB 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within AASB 132.

The amendments to AASB 140 clarify that AASB 140 and AASB 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of AASB 140; and

(b) the transaction meets the definition of a business combination under AASB 3.

Part C – 'Materiality'

This amending standard makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031, which historically has been referenced in each Australian Accounting Standard.

The adoption of amending standard does not have any material impact on the disclosures or the amounts recognised in the Group's condensed consolidated financial statements.

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 Company'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 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014 (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 $153,170 (30 June 2014: $891,523). Notwithstanding this positive working capital position, the Group has forecast that it will need to seek additional funding in the coming year in order to meet its planned exploration expenditure for the next twelve months from the date of signing this financial report. These arrangements may include a capital raising or entering into a sale or joint venture of assets. This need may be adversely impacted by uncertain market conditions, approval by regulatory bodies or by adverse results from exploration activity. As a result of these conditions there exists a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the Financial Report.

NOTE 2: AVAILABLE-FOR-SALE FINANCIAL ASSETS

	6 months to 31 December 2014		Year to 30 June 2014	
	No. shares	**$**	**No. shares**	**$**
Available-for-sale financial assets carried at fair value:				
Listed shares				
Balance at beginning of period	1,550,000	54,250	1,550,000	30,000
Available-for-sale financial assets received as consideration for sale of interest in exploration asset (1)	2,000,000	94,000	-	-
Available-for-sale financial assets sold during the period (2)	(1,000,000)	(48,726)	-	-
Net change in fair value	-	(23,024)	-	24,250
Balance at end of period	**2,550,000**	**76,500**	**1,550,000**	**54,250**

Listed shares comprise 2,550,000 ordinary shares in Rumble Resources Limited (“Rumble”).

1) 2 million shares in Rumble were received in July 2014 as consideration for the sale of an 85% interest in the Derosa project in Burkina Faso.
2) 1 million shares in Rumble were sold on market during the period.

In line with the Group’s accounting policy the remaining 2,550,000 shares were revalued at 31 December 2014 to their fair value thus incurring an impairment charge of $28,492.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 3: DEFERRED EXPLORATION EXPENDITURE

	6 months to 31 December 2014 $	Year to 30 June 2014 $
Exploration and evaluation phase		
Acquisition of tenements – at cost		
Balance at beginning of period	5,634,641	5,838,671
Purchase of tenements – cash paid or payable (1)	552,597	255,987
Purchase of tenements – shares (1)	400,000	-
Sale of interest in tenements (2)	(94,000)	-
Impairment of exploration assets (3)	(461,347)	(498,980)
Effect of movement in exchange rates on carrying value	34,810	38,693
Balance at end of period	**6,066,701**	**5,634,641**

(1) In December 2014 the Company issued 8 million ordinary shares with a fair value of $400,000 as initial consideration under the terms of the joint venture agreement with Altus Strategies Limited for the Birsok Bauxite Project in Cameroon. A cash payment of $150,000 has also been recognised as payable under the terms of the joint venture agreement.

Under the terms of the Pinarello acquisition agreement a final payment of US$310,000 has been recognised by the group as payable.

(2) In July 2014 the Group relinquished an 85% interest in the Derosa Project in Burkina Faso for consideration of 2 million shares in Rumble Resources Limited with a fair value of $94,000.

(3) At the balance date the Board resolved to record an impairment of $461,347 in the carrying value of the Pinarello Project on the basis of the value in the project agreed under the Joint Venture agreement with Acacia Mining Plc entered into in March 2015 (refer Note 9: "Events Subsequent To The Balance Date").

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 2014

NOTE 4: ISSUED CAPITAL

	31 December 2014 $	30 June 2014 $
Ordinary shares		
Issued and fully paid	**19,602,143**	**18,770,707**

	6 months to 31 December 2014 No.	Year to 30 June 2014 No.	6 months to 31 December 2014 $	Year to 30 June 2014 $
Movements in ordinary shares on issue				
Balance at beginning of period	104,462,039	71,506,962	18,770,707	17,514,184
- Shares issued for cash	10,444,450	32,955,077	470,000	1,482,978
- Shares issued for exploration assets	8,000,000	-	400,000	-
- Cost of options issued to brokers	-	-	-	(98,000)
- Cost of share issues	-	-	(38,564)	(128,455)
Balance at end of period	**122,906,489**	**104,462,039**	**19,602,143**	**18,770,707**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5: SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board of directors in order to allocate resources to the segment and to assess its performance.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Board for the half-year periods ended 31 December 2014 and 31 December 2013.

	Project Generation (Africa)	Unallocated (Corporate)	Total
	$	$	$
31 December 2013			
Segment revenue	-	20,964	20,964
Segment result	(437,752)	(406,050)	(843,802)
Included within segment results:			
Depreciation	(17,928)	(6,558)	(24,486)
Interest revenue	-	20,964	20,964
Impairment of exploration assets	(110,099)	-	(110,099)
Segment assets	6,222,625	1,077,289	7,299,914
Segment liabilities	(29,890)	(193,554)	(223,444)
31 December 2014			
Segment revenue	982	36,413	37,395
Segment result	(743,014)	(419,496)	(1,162,510)
Included within segment results:			
Depreciation	(7,733)	(3,840)	(11,573)
Interest revenue	-	7,513	7,513
Impairment of exploration assets	(461,347)	-	(461,347)
Impairment of financial assets	-	(28,492)	(28,492)
Segment assets	6,220,612	847,624	7,068,236
Segment liabilities	(667,630)	(86,268)	(753,898)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 2014	30 June 2014	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	76,500	54,250	Level 1	Share price	None	None

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 7: COMMITMENTS

a) Exploration expenditure commitments

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

	31 December 2014	30 June 2014
	$	$
Within one year	4,157,903	1,333,636
Later than one year but not later than 5 years	5,363,432	5,334,544
	9,521,335	6,668,180

b) Operating lease commitments

Within one year	14,935	11,325
Later than one year but not later than 5 years	32,358	-
	47,293	11,325

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

NOTE 8: CONTINGENT LIABILITIES

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

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

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

Earn 51% of the JV Company

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

Earn 75% of the JV Company

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 8: CONTINGENT LIABILITIES (CONTINUED)

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

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

A 5% net profit from the Birsok Bauxite 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.

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% $Al2O_3$ and a maximum of 2% reactive SiO_2 (as opposed to total SiO_2 content); and

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

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

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

In March 2015 Canyon entered into a joint venture agreement with Acacia Mining Plc, a UK listed African gold producer for the Pinarello and Konkolikan Projects in Burkina Faso. Canyon will receive US$400,000 in consideration for a 51% interest in the projects and will make the balance of the vendor payments. Acacia can increase its interest to 75% through spending US$1.5 milliion on exploration expenses over a 2 year period. Canyon may then elect to contribute to expenditure to maintain its 25% interest or dilute via a standard dilution formula. Acacia will forfeit its interest in the event that it fails to spend a minimum of US$1 million within 24 months prior to withdrawal. Canyon is to receive US$1 million upon the definition of a minimum 1.5 million ounce gold resource. On a decision to mine an additional US$1 million is to be paid to Canyon (US$2 million if a minimum 1.5 million ounce resource is not defined prior to the decision to mine).

No matter or circumstance, other than the above, has arisen which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

In the opinion of the directors:

1 the financial statements and notes set out on pages 5 to 18 are in accordance with the *Corporations Act 2001*, including:

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

(b) giving a true and fair view of the Group's financial position as at 31 December 2014 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, 16 March 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

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

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Canyon Resources Limited ("the company"), which comprises the condensed consolidated statement of financial position as at 31 December 2014, 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 then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the 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 financial report that 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 consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 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

Without modifying our conclusion, we draw attention to Note 1 in the financial statements which indicates that the Group has forecast that it will need to seek additional funding in the coming year in order to meet its planned exploration expenditure for the next twelve months. Should the Company be unable to obtain sufficient funding as outlined in Note 1, there is a material uncertainty that may cast significant doubt whether it will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
16 March 2015