



CANYON RESOURCES LIMITED

(ABN 13 140 087 261)

**Annual Report
30 June 2015**

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Corporate Directory

Directors

Rhoderick Grivas
Phillip Gallagher
David Netherway

Company Secretary

Phillip MacLeod

Registered Office

108 Forrest Street
Cottesloe, Western Australia, 6011
T: +61 8 6161 5822

Principal Place of Business

353 Rokeby Road
Subiaco, Western Australia, 6008
T: +61 8 6143 4256
F: +61 8 9324 1502
www.canyonresources.com.au

Share Registry

Computershare Limited
Level 11, 172 St Georges Terrace
Perth, Western Australia, 6000
T: +61 8 9323 2000
F: +61 8 9323 2033
www.computershare.com.au

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan St
Perth, Western Australia, 6000

Auditor

HLB Mann Judd
Level 4, 130 Stirling Street
Perth Western Australia 6000

Securities Exchange Listing

ASX Limited
ASX Codes: CAY, CAYO

Chairman's Letter

Dear Shareholder,

On behalf of your Board of Directors, I have pleasure in presenting the Canyon Resources Ltd ("Canyon" or the "Company") Annual Report for the year ended 30 June 2015.

During the reporting year Canyon has continued to undertake field exploration on the Birsok Project in Cameroon as well as assess merger and acquisition opportunities with the potential to add shareholder value.

The resources market remained difficult throughout the financial year but Canyon resisted the tendency of other similar sized exploration companies to go into hibernation. Instead the Company has cut corporate costs where possible, put in place cost minimisation strategies and continued to advance with exploration. To that end the purchase of the aircore drilling rig in Cameroon has enabled Canyon to continue cost effectively drilling the bauxite plateaux at the Birsok Project. The drilling is now being completed at a fraction of the cost of previous contract drilling programs including hand clearing of lines rather than expensive earth moving required for the larger rigs. Where the company-owned, LandCruiser mounted drill rig is unable to get access, Canyon is using local labour to dig pits and sample the bauxite profile. This approach will continue after the completion of the wet season.

Whilst the current resource market is challenging, it also creates acquisition opportunities. Canyon continues to review opportunities that will complement the current approach of the Company.

I wish to extend my sincere thanks to the Board and management of Canyon for their contributions and efforts to date. Your Managing Director, Phil Gallagher has worked tirelessly in a challenging market to oversee the Company and keep shareholders informed. Appreciation is also extended to new and existing shareholders for their continued support.

Your Board remains committed to pursuing a strategy to deliver long-term growth for shareholders and we look forward to success in the financial year ahead.

Yours faithfully



Rhod Grivas
Chairman

Directors' Report

Your directors submit the annual report of the consolidated entity comprising Canyon Resources Limited and the entities it controlled during the financial year ended 30 June 2015 ("consolidated entity," "Canyon" or "Group"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Names, qualifications and experience:

Rhoderick Grivas

BSc, AICD, AusIMM, AIG – Chairman

Appointed 11 December 2009

Mr Grivas is a geologist with over 25 years of experience in corporate and technical management of junior exploration companies. He has held a number of executive director positions with junior resource companies including ASX and TSX listed entities.

During the past three years Mr Grivas was Non-Executive Chairman of Lodestar Minerals Ltd (August 2007 to April 2012), Equator Resources Limited (September 2011 to January 2013) and Coventry Resources Limited (August 2010 to December 2012). Mr Grivas is currently Chairman of Southern Crown Resources Limited.

Phillip Gallagher

BBus - Managing Director

Appointed 19 October 2009

Mr Gallagher has extensive experience in senior commercial and operational roles in both private and public companies. He was previously Managing Director of ASX listed Empire Beer Group Ltd and Marketing Manager Western Australia for the Fosters Group.

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

David Netherway

B.Eng (Mining), CDipAF, F.Aus.IMM, CP

Appointed 17 March 2014

Mr Netherway is a mining engineer with over 35 years of experience in the mining industry and until the takeover by Gryphon Minerals Limited, was CEO of Shield Mining Limited, an ASX listed exploration company. He was involved in the construction and development of the Iduapriem, Siguiri and Kiniero gold mines in West Africa and has extensive mining experience in Africa, Australia, China, Canada, India and the former Soviet Union.

Mr Netherway was the Chairman of Afferro Mining, a UK listed iron ore exploration and development company in Cameroon until December 2013 when Afferro was subject to a US\$200 million dollar takeover by AIM listed International Mining and Infrastructure Corporation plc. He is also the Chairman of Altus Strategies Limited, Canyon's joint venture partner on the Birsok Project in Cameroon.

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

Directors' Report continued

Matthew Shackleton

BComm, MBA, FCA, Non - Executive Director

Appointed 19 October 2009, resigned 29 May 2015

During the past three years Mr Shackleton has held the position of Executive Chairman with Goldphyre Resources Limited (July 2014 – present).

COMPANY SECRETARY

Phillip MacLeod

BBus, ASA, MAICD

Appointed 6 January 2010

Mr MacLeod has, over the past 20 years, provided corporate, management and accounting services to Australian and international public companies involved in the resources, technology, healthcare and property industries.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of the Company were:

Directors	Number of Fully Paid Ordinary Shares	Number of Listed Options Over Ordinary Shares	Number of Unlisted Options Over Ordinary Shares
Rhoderick Grivas	2,165,385	415,385	2,000,000
Phillip Gallagher	1,742,223	20,000	3,000,000
David Netherway	1,619,047	1,111,111	1,642,857

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

Option Series	Number of Options	Exercise Price	Expiry Date
Listed options	14,106,130	16.0 cents	29/2/2016
Unlisted brokers' options	3,000,000	16.0 cents	29/2/2016
Listed options	60,843,977	6.0 cents	31/1/2017
Unlisted incentive options	10,000,000	6.8 cents	22/2/2017
Unlisted brokers' options	6,996,644	6.0 cents	29/9/2017

Directors' Report continued

DIVIDENDS

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

PRINCIPAL ACTIVITIES

The principal activity of the entities within the consolidated entity during the year was bauxite and gold exploration.

Directors' Report - Review of Operations

EXPLORATION

Cameroon

The focus for Canyon Resources during the 2015 financial year has been the advancement of the Birsok Bauxite Project in Cameroon. This has been achieved by:

- geological mapping and target definition followed by access clearing and drilling and pitting on the project area to gain a greater understanding of the potential resource size and grade;
- completion of desktop rail and port studies by external consultants;
- the signing of a memorandum of understanding with Camrail and Bollore Logistics West Africa regarding the development of a mine to port logistics solution; and
- the acquisition of a six wheel drive Toyota LandCruiser mounted aircore drilling rig.

Canyon believes there is an opportunity to develop the Birsok Project into a profitable Direct Shipping Ore (DSO) mining and export operation utilising existing rail and port infrastructure in the country. The Company has identified areas of high grade bauxite on its permits that initial testing shows is gibbsite hosted and suitable for low temperature refining, which is ideal for DSO export.

The Birsok Project is located in Adamawa Province in central Cameroon and is contiguous to the world class Minim Martap bauxite deposit. The project is comprised of two permits over 1,457km² with an additional permit of approximately 500km² under application and is located along raised plateaux extending from the nearby Minim Martap deposit. The project is within 10km of an existing operating rail line that is connected to the existing port in Cameroon and is expected to be connected via a new spur line to the new Kribi deep water port in the south west of Cameroon.

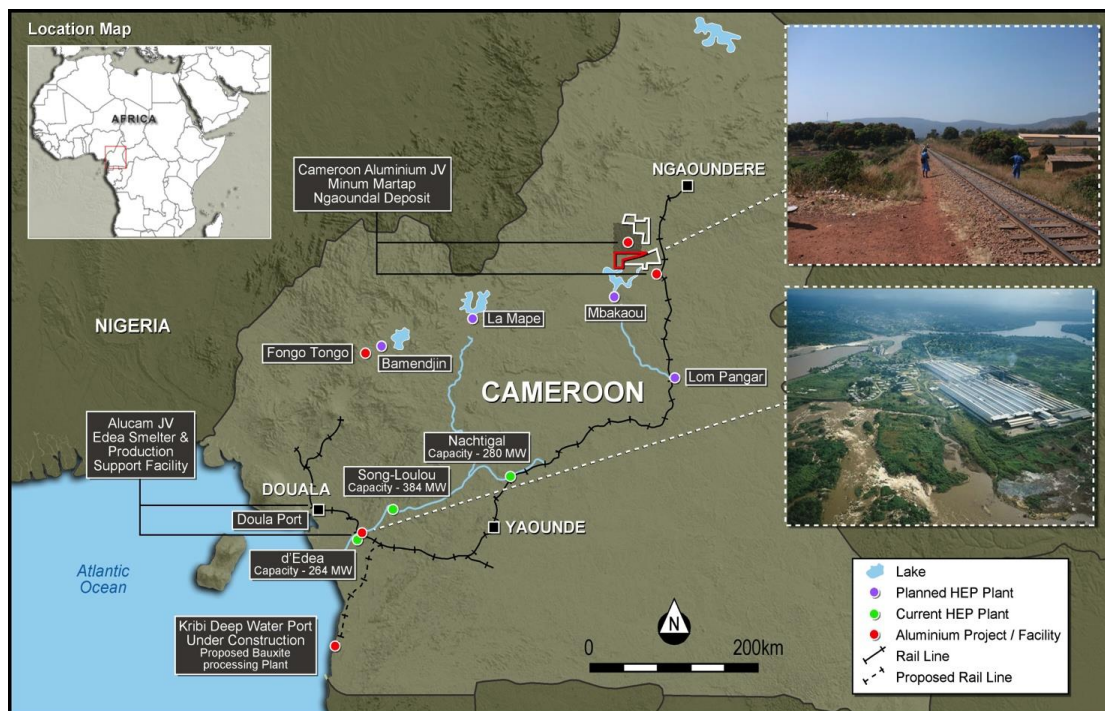


Figure 1: Birsok Project location map, showing the rail line and ports in Cameroon.

Directors' Report - Review of Operations continued

The Birsok Project Cameroon

Exploration continued on the Birsok Project throughout the year, with the completion of a drilling and pitting program on the Mandoum Permit, additional mapping, rock chip sampling, target generation and drill site clearing and access on the Birsok Permit and further analysis of samples collected from the previous RC drilling campaign completed in June 2014, for available alumina (AvAl) and reactive silica (Rx.SiO₂). Very good available alumina assays of up to 53.5% with <1% reactive silica were returned from the assay test work.

Best drillhole intersections returned from the further analysis were:

- 6m @ 48.8% AvAl and 1.8% Rx.SiO₂
- 6m @ 47.1% AvAl and 3.8% Rx.SiO₂
- 8m @ 35.6% AvAl and 1.7% Rx.SiO₂

Assays of the higher Al₂O₃ grade material (>45% Al₂O₃) show consistently that the available alumina is over 80% of the total Al₂O₃, which is a very positive result. Reactive silica between 40 – 55% Al₂O₃ is 70% or less the total silica, and under 10% in total. Table 1 below highlights the proportions of available silica and reactive silica over various grade intervals of total Al₂O₃.

Al ₂ O ₃ Grade Range	Al ₂ O ₃ %	AvAl %	AvAl/Al ₂ O ₃ %	SiO ₂ %	Rx.SiO ₂ %	Rx.SiO ₂ /SiO ₂ %
>55%	56.7	50.4	89.1	0.90	0.69	76.1
50 - 55	52.5	44.0	83.8	7.63	5.60	70.4
45 - 50	46.6	38.8	83.3	11.3	6.62	63.8
40 - 45	42.4	32.9	77.6	12.2	8.44	70.4
<35%	33.6	21.3	63.4	14.8	11.8	72.6

Table 1 – Ratio of AvAl & RxSiO₂ to Original XRF Assay Al₂O₃/SiO₂ by Grade Range

Analysing the silica grade thresholds shows a strong AvAl proportion at <15% total silica, with a consistent proportion of reactive silica of around 70% over all silica grade ranges (Table 2).

Total Silica Grade Range	Total SiO ₂ %	% Rx.SiO ₂	% RxSiO ₂	% Al ₂ O ₃	% AvAl	Ratio AvAl/Al ₂ O ₃ %
<5%	2.27	1.57	70.5	48.1	43.3	90.2%
5-10%	7.36	5.45	73.6	43.8	37.3	85.0%
10-15%	12.1	8.16	67.1	44.6	35.0	77.9%
>15%	22.3	15.7	70.5	39.7	24.1	59.7%

Table 2 - Average AvAl and RxSiO₂ Results across SiO₂ Grade Ranges

Results from the rock chip samples taken while mapping and generating drill targets on newly defined plateaux were highly encouraging, with most samples returning very high >55% Al₂O₃ and very low <2% total silica, with the highest grade result being 59.2% Al₂O₃ with 0.92% SiO₂. These results are consistent with results from other high grade plateaux on the Project area and helped delineate new areas of high grade bauxite for further drilling.

Directors' Report - Review of Operations continued

The Birsok Project Cameroon continued

During June 2015, and prior to the onset of the wet season, the Company commenced a drilling program for approximate 3,000m designed to test 15 newly defined target plateaux over the Mandoum and Birsok permits, utilising the Company-owned LandCruiser mounted aircore drilling rig purchased this financial year. Work also commenced on digging exploration pits in areas of high grade, consistent and massive looking bauxite outcrop at one of the target plateau at Mandoum that is inaccessible by drill rig.

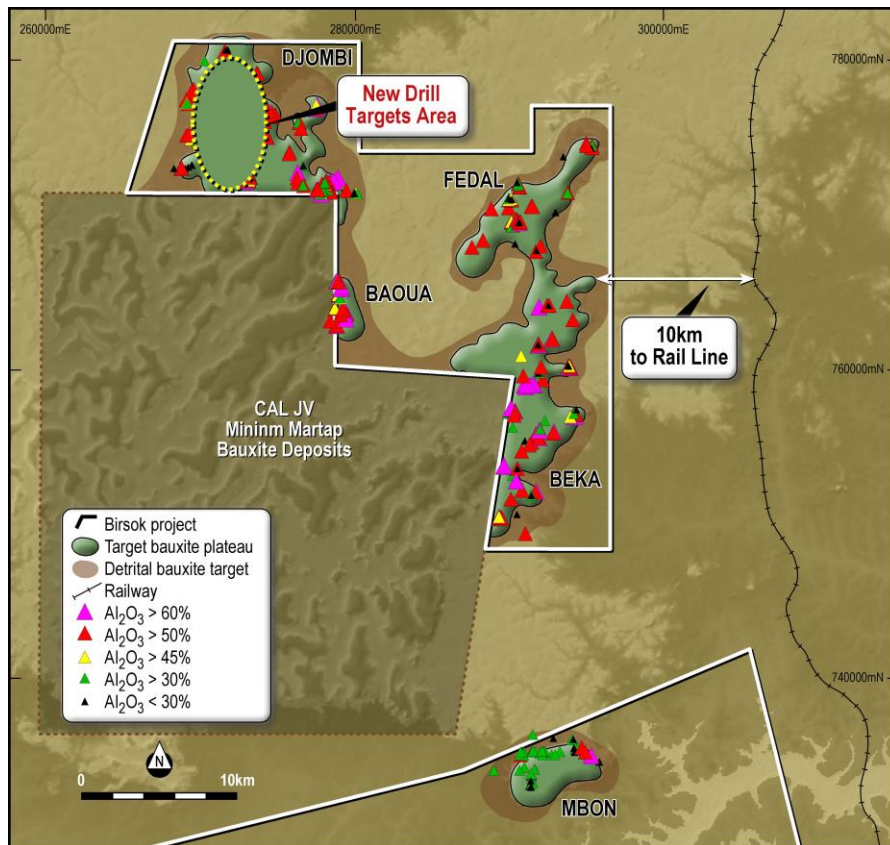


Figure 2 – Combined map of project area, permits with generally defined plateau prospects.

Directors' Report - Review of Operations continued

The Birsok Project Cameroon continued

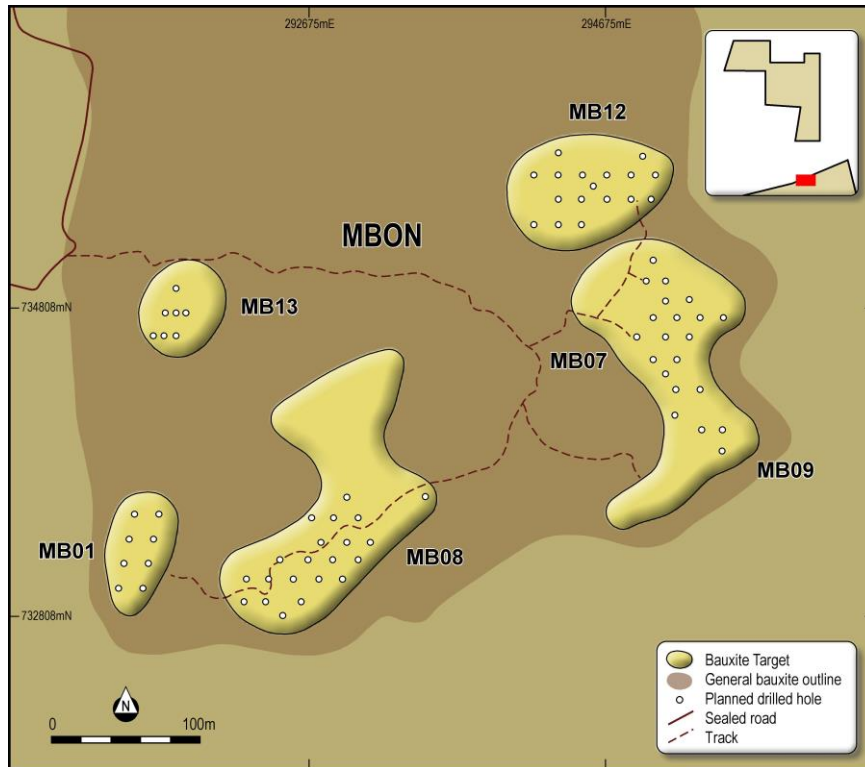


Figure 3 – Newly defined target plateau and planned drill hole locations on the Mandoum Permit

Subsequent to the end of the financial year, the first phase of that program was completed at Mandoum, where 75 holes for 848m were drilled and 8 pits were dug for 69m. The Company has received some initial results from this drilling program that were announced on 20 August 2015. The results were highly encouraging, with significant available alumina assays returned from 5 holes out of the 10 submitted:

- 6m @ 34.4% AvAl and 6.42% RxSiO₂ from surface
- 3m @ 33.8% AvAl and 8.20% RxSiO₂ from 2m
- 3m @ 32.1% AvAl and 7.60% RxSiO₂ from surface
- 2m @ 34.0% AvAl and 5.20% RxSiO₂ from surface
- 2m @ 30.0% AvAl and 8.50% RxSiO₂ from 1m

It should be noted that the analysis of these samples differ from the last drilling program in that the analysis technique measures available Al₂O₃ rather than total Al₂O₃, providing a result more reflective of what is expected to be extracted using the Bayer process, which is the most common alumina refining process.

Directors' Report - Review of Operations continued

The Birsok Project Cameroon continued

Rail and Port

On 18 November 2014, Canyon announced the completion of an initial rail study by rail consultants Clarendon Irving Pty. Ltd. and Andrew Neal & Associates, who were commissioned to review technical rail data supplied by Camrail, the operators of the existing rail line that runs alongside the Birsok Bauxite Project in Cameroon. The study provided a positive review of the data that indicated the suitability of the rail line to transport commercial quantities of bauxite from the project area to an existing port in Cameroon.

Following the positive outcome from the initial rail study, on the 23 February 2015 Canyon announced the signing of a binding Memorandum of Understanding (MOU) with Bolloré Africa Logistics Cameroun SA (Bolloré) and Camrail SA (Camrail) for the mutual cooperation of the parties to achieve a comprehensive logistics overview on both port and rail options for the Birsok Bauxite Project in Cameroon.

Bolloré is the operator of the Douala Port in Cameroon, which is directly serviced by the existing Camrail rail line running from the Birsok Project to the port. Bolloré is the leader in freight forwarding, logistics and transportation (maritime and road), as well as import and export, warehousing activities, and related ancillary services in the central African sub region and particularly in the Republic of Cameroon.

Camrail operates the existing rail line that passes approximately 10km from the Birsok Project. Initial studies completed by experts engaged by Canyon on technical data supplied by Camrail indicate that the rail line has the capability and capacity to transport commercial quantities of bauxite to the Douala Port.

The scope of work within this initial MOU covers consideration of the logistical and operational areas that both Bolloré and Camrail can provide to Canyon, including the review and study of optimal logistical solutions for transportation of bauxite from the Birsok Bauxite Project.

Specific areas to be reviewed as part of the MOU include:

- Customs procedures
- Port infrastructure overview
- Import/export logistics execution plan
- Export freight options, including direct ship and trans ship loading options
- Rail execution plan
- Project logistics alternatives

The review will include quality and reliability standards, timing, phases of development and costs of the services.

Directors' Report - Review of Operations continued

The Birsok Project Cameroon continued

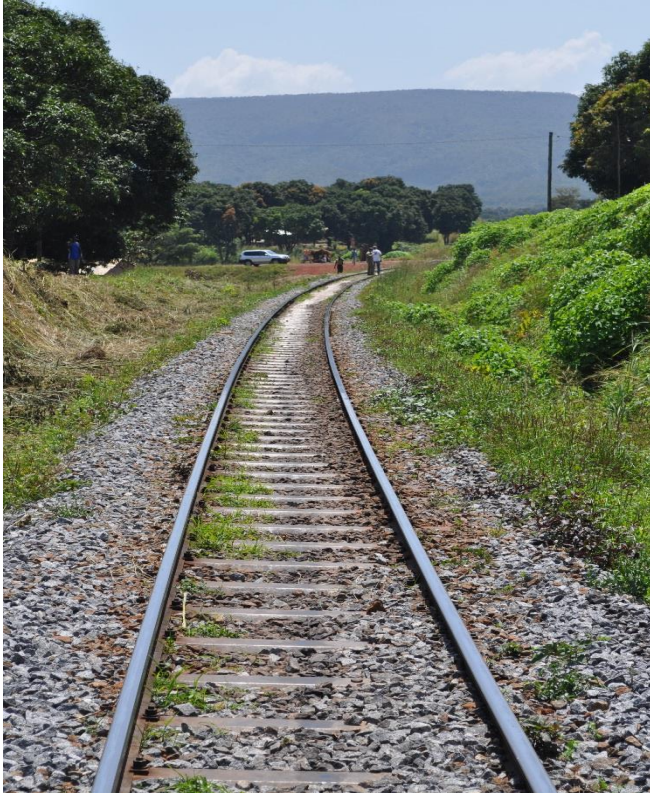


Figure 2: The Camrail rail line near to the Birsok Bauxite Project

Acquisition of Drilling Rig

In March 2015 Canyon purchased of an Australian built, six wheel drive Toyota LandCruiser mounted aircore drilling rig in Cameroon.

Aircore drilling is an efficient and cost effective way to test for bauxite. Air core drilling reduces in-hole contamination and the resulting sampling and assaying can be used in most cases for resource estimations.

The most expensive component of the initial drilling program completed by Canyon in Cameroon was the transport and clearing required to locate a larger track mounted drill rig on to the plateaux. The lighter, 6 wheel drive rig has provided easier and lower impact access onto the bauxite plateaux, reducing the need for access clearing and minimizing the environmental impact.

Owning a Cameroon registered drilling rig has removed time and cost inefficiencies associated with mobilisation and custom processing. This has improved efficiency and significantly reduced the costs of the June 2015 drilling program.

Directors' Report - Review of Operations continued

The Birsok Project Cameroon continued



Figure 3: Canyon owned drilling rig working on the Mandoum Permit, July 2015

Permits

During December 2014 Canyon announced that it had received documentation from the Cameroon government granting the renewal of the Birsok permit for a further two years from 4 December 2014. The renewal of the Birsok Permit was the final condition precedent to be satisfied under the Joint Venture Agreement (JVA) with UK based Altus Strategies Ltd (Altus). Under to the terms of the JVA, Canyon issued Altus with 8 million ordinary shares. The shares are subject to voluntary escrow until the earlier of the date Canyon completes the requirements to earn its initial 51% interest, or one year from the date of issue of the shares. Canyon can proceed to earn up to 75% of the Birsok Bauxite Project.

The Mandoum permit is in the process of a standard renewal and the Mambal permit application is continuing through the approval process. Canyon has received feedback from the Ministry of Mines of Cameroon that the renewal and granting processes, while taking an extended period of time are proceeding normally and the Company can expect the approvals in the coming months.

Directors' Report - Review of Operations continued

Burkina Faso

With the focus now on developing the Birsoke Project in Cameroon, Canyon entered into an agreement with London listed Acacia Mining plc (formerly known as African Barrick Gold plc) on the Pinarello and Konkolikan Projects in Burkina Faso and finalised arrangements with Rumble Resources Ltd regarding the Derosa Project joint venture.

In March 2015 Canyon announced that Acacia Mining plc had entered into an earn-in agreement with the Company over the Pinarello and Konkolikan Projects in south west Burkina Faso. Acacia can earn up to a 75% interest in the Projects by the completion of a cash payment and agreed exploration expenditure over a two year period.

The terms of the transaction are:

- Acacia made a payment to Canyon of US\$400,000 upon the execution of the agreement earning a 51% interest in the Projects;
- Canyon is required to pay the outstanding and final vendor payment of up to US\$310,000 to secure 100% ownership of the Projects;
- Acacia earn a 75% interest via the expenditure of US\$1,500,000 on exploration over a two year period. Acacia will forfeit all its interest in the event that it fails to expend a minimum of US\$1,000,000 within 24 months prior to withdrawal. Canyon may then elect to contribute to expenditure to maintain its interest at 25% or dilute via a standard dilution formula;
- Acacia to pay Canyon US\$1,000,000 upon the definition of a 1.5 million ounce gold resource (Resource Payment); and
- Acacia to pay Canyon an additional US\$1,000,000 at the Decision to Mine, or US\$2,000,000 if the Resource Payment has not already been paid.

In July 2014 Canyon announced a variation to the joint venture agreement with Rumble Resources Ltd (Rumble) on the Derosa Project in Burkina Faso. Rumble had been entitled to earn up to 75% of the Project via the expenditure of US\$3,000,000 on the Project. The parties agreed to vary the terms giving Rumble an 85% ownership of the Project.

- Rumble acquired 85% of the Derosa Project following the issue to Canyon of 2,000,000 fully paid ordinary shares in Rumble.
- On the announcement of a 500,000 ounce inferred resource Rumble will pay Canyon an additional \$250,000 worth of listed fully paid ordinary shares in Rumble.
- Canyon has retained a 15% free carry interest in the Derosa Project up to the decision to do a pre-feasibility report.

All details in this review of operations has previously been announced to the market by lodging news releases on the ASX platform. For further information, including JORC exploration result tables, please review the previous ASX releases.

The information in this report that relates to exploration results is based on information compiled by Mr Roger Speers, an employee of the Company and a Competent Person who is a Member of the Australian Institute of Geoscientists. Mr Speers 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'.

Directors' Report - Review of Operations continued

CORPORATE

During the year the Company successfully completed a placement of 10,444,450 shares at an issue price of 4.50 cents per share raising a total of \$470,000 before costs. The Company also raised \$489,765 before costs through the placement of 13,993,281 shares at an issue price of 3.50 cents.

During the year the Company issued 8,000,000 shares and paid \$75,000 cash as part of the initial consideration under the joint venture agreement with Altus Strategies Limited for the Birsok project in Cameroon.

The Company received the sum of US\$400,000 from Acacia Mining Plc on execution of an earn-in agreement over the Pinarello and Konkolikan projects in Burkina Faso.

The Company received 2,000,000 fully paid ordinary shares in joint venture partner Rumble Resources Limited as initial consideration for an 85% interest in the Derosa project in Burkina Faso.

During the year Matt Shackleton resigned from the position of non-executive director with the Company.

Directors' Report continued

OPERATING RESULT FOR THE YEAR

The consolidated entity's operating loss for the year ended 30 June 2015 was \$4,336,803 (year ended 30 June 2014: \$2,627,530). The result included the write-off of exploration and evaluation expenditure incurred of \$765,947 (30 June 2014: \$1,105,608) in accordance with the consolidated entity's accounting policy and impairments of exploration assets of \$2,799,571 (2014: \$498,980).

REVIEW OF FINANCIAL CONDITION

At 30 June 2015, the consolidated entity had \$650,271 in cash balances (30 June 2014 \$1,013,900).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the year.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Subsequent to the balance date the Company completed a placement of 6,250,000 shares at an issue price of 4 cents per share to raise the sum of \$250,000 before issue costs. The placement included 1 free attaching option for every 2 shares issued. The options are exercisable at 6 cents each and expire 29 September 2017. The funds will be used for ongoing exploration on the Birsok project in Cameroon and continued identification and evaluation of project opportunities in the region.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Subject to cash reserves and the ability to replenish those reserves, the consolidated entity will continue its mineral exploration activity at and around its exploration projects with the object of identifying commercial resources.

ENVIRONMENTAL LEGISLATION

With respect to its environmental obligations regarding its exploration activities the consolidated entity endeavours to ensure that it complies with all regulations when carrying out any exploration work and is not aware of any breach at this time.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Director and Officer Protection Deeds ("Deed") with each Director and the Company Secretary ("Officers"). Under the Deed, the Company indemnifies the relevant Officer to the maximum extent permitted by law against legal proceedings, and any damage or loss incurred in connection with the Officer being an officer of the Company. The Company has paid insurance premiums to insure the Officers against liability arising from any claim against the Officers in their capacity as officers of the Company.

Directors' Report – Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for the key management personnel of Canyon for the financial year ended 30 June 2015. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company, and includes the executives in the Company and the Group.

Key Management Personnel:

(i) Directors

Rhoderick Grivas (Chairman)

Phillip Gallagher (Managing Director)

David Netherway (Non-Executive Director)

Matthew Shackleton (Non-Executive Director, resigned 29 May 2015)

(ii) Executives

Phillip MacLeod (Company Secretary)

REMUNERATION PHILOSOPHY

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

REMUNERATION AND NOMINATION COMMITTEE

At this time David Netherway and Rhod Grivas are the only members of the Remuneration and Nomination Committee following the resignation of Matthew Shackleton in May 2015. The Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

REMUNERATION STRUCTURE

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Directors' Report – Remuneration Report (Audited) Continued

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The maximum aggregate payable to non-executive directors approved by shareholders is \$300,000 per annum.

Each non-executive director receives a fee for being a director of the Company. The remuneration of non-executive directors for the year ended 30 June 2015 is detailed in Table 1 in this report.

DIRECTOR AND EXECUTIVE REMUNERATION

Remuneration may consist of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

FIXED REMUNERATION

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, obtaining external advice on policies and practices. The Board has access to external, independent advice where necessary.

Directors and executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company. The fixed remuneration component of the Company directors and other KMP is detailed in Table 1.

VARIABLE REMUNERATION

The objective of the short term incentive program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available is to be set at a level so as to provide sufficient incentive to the executive to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Actual payments which may be granted to each executive depend on the extent to which specific operating targets set at the beginning of the financial year are met. For the year to 30 June 2015, and to the date of this report, the Company had not made any payments under a short term incentive program.

The Company may also make long term incentive payments to reward senior executives in a manner that aligns this element of remuneration with the creation of shareholder wealth.

Directors' Report – Remuneration Report (Audited) Continued

EMPLOYEE SHARE OPTION PLAN

Under the terms of the Company's employee share option plan (Plan), the Board may offer free options to eligible persons or Directors of the Company or any subsidiary based on a number of criteria including contribution to the Company, period of employment, potential contribution to the Company in future and other factors the Board considers relevant. Upon receipt of such an offer, the eligible person may nominate an associate to be issued with the options. The maximum number of options to be issued under the Plan at any one time is 5% of the total number of shares on issue in the Company provided that the Board may increase this percentage, subject to the Corporations Act and the ASX listing rules.

EMPLOYMENT CONTRACTS

The Company has executed an Executive Service agreement with Mr Phillip Gallagher, the Managing Director. The agreement provides for the following terms and conditions:

- Remuneration of \$185,000 per annum plus superannuation
- The agreement may be terminated by the Company giving 6 months' notice. Mr Gallagher can terminate the agreement by giving 3 months' written notice.

Mr Rhod Grivas was engaged effective from 1 February 2013 to provide geological and management services. The arrangement provides for monthly remuneration equivalent to \$30,000 per annum plus superannuation for a time commitment to the Company of 1 day per week. There is no specific termination clause. Mr Grivas also receives a fee of \$50,000 per annum plus superannuation as Chairman.

Directors' Report – Remuneration Report (Audited) Continued

Table 1: Remuneration of key management personnel (KMP) for the year ended 30 June 2015 and the year ended 30 June 2014:

	Year	Short-term Employee Benefits		Post-employment Benefits	Equity	Total	Option Related
		Salary & Fees	Bonus	Superannuation	Share Options		
Non-Executive director		\$	\$	\$	\$	\$	%
Rhoderick Grivas (1)	2015	80,000	-	7,600	-	87,600	-
	2014	112,500	-	10,406	26,096	149,002	17.51
Matthew Shackleton (Resigned 29 May 2015)	2015	49,547	-	-	-	49,547	-
	2014	43,600	-	-	19,572	63,172	30.98
David Netherway (Appointed 17 March 2014)	2015	40,000	-	-	-	40,000	-
	2014	11,613	-	-	19,572	31,185	62.76
Sub-total Non-Executive Director	2015	169,547	-	7,600	-	177,147	-
	2014	167,713	-	10,406	65,240	243,359	26.81
Executive directors							
Phillip Gallagher (2)	2015	203,868	-	19,367	-	223,235	-
	2014	188,750	-	17,459	39,144	245,353	15.95
Sub-total Executive Directors	2015	203,868	-	19,367	-	223,235	-
	2014	188,750	-	17,459	39,144	245,353	15.95
Executives							
Phillip MacLeod (3)	2015	48,000	-	-	-	48,000	-
	2014	48,000	-	-	13,048	61,048	21.37
Sub-total Executives	2015	48,000	-	-	-	48,000	-
	2014	48,000	-	-	13,048	61,048	21.37
Total	2015	421,415	-	26,967	-	448,382	-
	2014	404,463	-	27,865	117,432	549,760	21.36

(1) 2015 includes \$30,000 (2014: \$62,500) plus superannuation paid for geological and management services.

(2) Includes accrued leave cash payment of \$18,868 plus superannuation.

(3) In addition, GAP Corporate Services, an entity related to Phil MacLeod was paid a total of \$54,584 (2014: \$47,306) for accounting services provided to the Group.

No element of remuneration noted above is performance-related

Directors' Report – Remuneration Report (Audited) Continued

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

During and since the end of the financial year, there were no share options that were granted to key management personnel of the Company and the entities it controlled as part of their remuneration.

No options granted to directors or executives were exercised during the year. No options lapsed during the year. There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Directors' Report – Remuneration Report (Audited) Continued

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

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

	Balance at beginning of year	Purchased	Options exercised	Net change other #	Balance at end of year	Vested as at end of year		
						Total	Exercisable	Not Exercisable
30 June 2015								
Directors								
Rhoderick Grivas	415,385	-	-	-	415,385	415,385	415,385	-
Phillip Gallagher	20,000	-	-	-	20,000	20,000	20,000	-
Matthew Shackleton (1)	140,000	-	-	(140,000)	-	-	-	-
David Netherway	1,111,111	-	-	-	1,111,111	1,111,111	1,111,111	-
Executives								
Phillip MacLeod	-	-	-	-	-	-	-	-
Total	1,686,496	-	-	(140,000)	1,546,496	1,546,496	1,546,496	-
30 June 2014								
Directors								
Rhoderick Grivas	115,385	300,000	-	-	415,385	415,385	415,385	-
Phillip Gallagher	20,000	-	-	-	20,000	20,000	20,000	-
Matthew Shackleton	20,000	120,000	-	-	140,000	140,000	140,000	-
David Netherway (2)	-	1,111,111	-	-	1,111,111	1,111,111	1,111,111	-
Executives								
Phillip MacLeod	-	-	-	-	-	-	-	-
Total	155,385	1,531,111	-	-	1,686,496	1,686,496	1,686,496	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 29 May 2015

(2) Appointed 17 March 2014

Directors' Report – Remuneration Report (Audited) Continued

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL (continued)

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

	Balance at beginning of year	Granted as remuneration	Options exercised	Net change other #	Balance at end of year	Vested as at end of year		
						Total	Exercisable	Not Exercisable
30 June 2015								
Directors								
Rhoderick Grivas	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
Phillip Gallagher	3,000,000	-	-	-	3,000,000	3,000,000	3,000,000	-
Matthew Shackleton (1)	1,500,000	-	-	(1,500,000)	-	-	-	-
David Netherway	1,500,000	-	-	-	1,500,000	1,500,000	1,500,000	-
Executives								
Phillip MacLeod	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Total	9,000,000	-	-	(1,500,000)	7,500,000	7,500,000	7,500,000	-
30 June 2014								
Directors								
Rhoderick Grivas	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
Phillip Gallagher	-	3,000,000	-	-	3,000,000	3,000,000	3,000,000	-
Matthew Shackleton	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000	-
David Netherway (2)	-	1,500,000	-	-	1,500,000	1,500,000	1,500,000	-
Executives								
Phillip MacLeod	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Total	-	9,000,000	-	-	9,000,000	9,000,000	9,000,000	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 29 May 2015

(2) Appointed 17 March 2014

Directors' Report – Remuneration Report (Audited) Continued

SHARE HOLDINGS OF KEY MANAGEMENT PERSONNEL

Ordinary shares held in Canyon Resources Limited (number):

	Balance at beginning of year	Purchased	On exercise of options	Net change other #	Balance at end of year
30 June 2015					
Directors					
Rhoderick Grivas	1,965,385	200,000	-	-	2,165,385
Phillip Gallagher	1,520,001	222,222	-	-	1,742,223
Matthew Shackleton (1)	1,775,001	-	-	(1,775,001)	-
David Netherway	1,111,111	222,222	-	-	1,333,333
Executives					
Phillip MacLeod	40,000	-	-	-	40,000
Total	6,411,498	644,444	-	(1,775,001)	5,280,941
30 June 2014					
Directors					
Rhoderick Grivas	1,665,385	300,000	-	-	1,965,385
Phillip Gallagher	1,520,001	-	-	-	1,520,001
Matthew Shackleton	1,655,001	120,000	-	-	1,775,001
David Netherway (2)	-	1,111,111	-	-	1,111,111
Executives					
Phillip MacLeod	40,000	-	-	-	40,000
Total	4,880,387	1,531,111	-	-	6,411,498

Includes forfeitures, expired options and balance on resignation

(1) Resigned 29 May 2015

(2) Appointed 17 March 2014

END OF REMUNERATION REPORT

Directors' Report continued

DIRECTORS' MEETINGS

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

Director	Board Meetings	
	Meetings Held	Meetings Attended
Rhoderick Grivas	6	6
Phillip Gallagher	6	6
Matthew Shackleton*	5	5
David Netherway	6	5

*resigned 29 May 2015

The Company has an Audit & Risk Committee and a Nomination and Remuneration Committee. Membership of these committees and meetings held by these committees is set out in the Corporate Governance section on page 82.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditor, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 26 and forms part of this directors' report for the year ended 30 June 2015.

NON-AUDIT SERVICES

There were no non-audit services provided by our auditor, HLB Mann Judd during the year (2014: nil).

Signed in accordance with a resolution of the directors.



Phillip Gallagher
Managing Director
Perth WA, 30th September 2015



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Canyon Resources Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
30 September 2015

A handwritten signature in blue ink, appearing to read 'D I Buckley', with a stylized flourish at the end.

D I Buckley
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

		CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
	Note		
Gain on sale of shares	2	94,054	-
Other revenue	2	1,136	16,147
Interest received	2	11,185	34,714
		106,375	50,861
Exploration and evaluation expensed as incurred		(765,947)	(1,105,608)
Employee expenses		(44,373)	(50,163)
Consultants and contractors		(160,127)	(205,388)
Occupancy		(18,368)	(20,164)
Depreciation	2	(27,703)	(44,072)
Compliance and regulatory		(39,429)	(34,456)
Directors' fees		(346,873)	(306,877)
Administration		(212,024)	(282,203)
Option issue expenses		-	(130,480)
Impairment of exploration assets		(2,799,571)	(498,980)
Impairment of financial assets	6	(28,492)	-
Interest expense	2	(271)	-
Loss before income tax		(4,336,803)	(2,627,530)
Income tax expense	3	-	-
Loss for the year		(4,336,803)	(2,627,530)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Changes in the fair value of available-for-sale assets		(12,072)	23,272
Exchange differences on translation of foreign operations		9,761	15,280
Total other comprehensive income		(2,311)	38,552
Total comprehensive loss		(4,339,114)	(2,588,978)
Basic loss per share (cents per share)	5	(3.72)	(3.21)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	650,271	1,013,900
Trade and other receivables	7	35,883	82,582
Other assets	8	41,033	42,766
Total current assets		727,187	1,139,248
Non-current assets			
Available-for-sale assets	9	23,200	54,250
Plant and equipment	10	197,153	105,009
Capitalised exploration expenditure	11	3,186,349	5,634,641
Total non-current assets		3,406,702	5,793,900
Total assets		4,133,889	6,933,148
LIABILITIES			
Current liabilities			
Trade and other payables	13	495,415	260,156
Provisions	14	31,759	41,819
Total current liabilities		527,174	301,975
Total liabilities		527,174	301,975
Net assets		3,606,715	6,631,173
Equity			
Issued capital	16	19,949,474	18,770,707
Reserves	17	772,186	638,608
Accumulated losses	18	(17,114,945)	(12,778,142)
Total equity		3,606,715	6,631,173

The accompanying notes form part of these financial statements.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2015

	Note	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
Cash flows from operating activities			
Payments to suppliers and employees		(791,536)	(983,267)
Interest received		12,821	37,258
Interest paid		(271)	-
Net cash used in operating activities	6	(778,986)	(946,009)
Cash flows from investing activities			
Payments for exploration and evaluation		(752,023)	(1,257,303)
Payments for property, plant and equipment		(112,555)	(10,269)
Proceeds from sale of property, plant and equipment		40,308	28,146
Proceeds from sale of shares		178,540	-
Proceeds from sale of prospects		510,465	-
Payments for prospects		(363,357)	(255,987)
Net cash used in investing activities		(498,622)	(1,495,413)
Cash flows from financing activities			
Proceeds from share issues		988,765	1,482,978
Cost of share issues		(74,109)	(128,455)
Net cash provided by financing activities		914,656	1,354,523
Net decrease in cash and cash equivalents		(362,952)	(1,086,899)
Cash and cash equivalents at beginning of the year		1,013,900	2,076,136
Effect of foreign exchange movements on cash balances		(677)	24,663
Cash and cash equivalents at end of the year	6	650,271	1,013,900

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

	Issued Capital \$	Accumulated Losses \$	Available-for- Sale Reserve \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
2014 Consolidated						
Balance at 1 July 2013	17,514,184	(10,155,006)	-	231,961	144,009	7,735,148
Loss for the year	-	(2,627,530)	-	-	-	(2,627,530)
Changes in the fair value of available-for-sale assets	-	-	23,272	-	-	23,272
Movement in foreign exchange on translation	-	-	-	15,280	-	15,280
Total comprehensive (loss) for the year	-	(2,627,530)	23,272	15,280	-	(2,588,978)
Shares issued for cash	1,482,978	-	-	-	-	1,482,978
Transaction costs	(128,455)	-	-	-	-	(128,455)
Share-based payments	-	-	-	-	130,480	130,480
Options issued to brokers	(98,000)	-	-	-	98,000	-
Transfer from reserve on expiry of options	-	4,394	-	-	(4,394)	-
Balance at 30 June 2014	18,770,707	(12,778,142)	23,272	247,241	368,095	6,631,173

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

2015 Consolidated	Issued Capital \$	Accumulated Losses \$	Available-for- Sale Reserve \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
Balance at 1 July 2014	18,770,707	(12,778,142)	23,272	247,241	368,095	6,631,173
Loss for the year	-	(4,336,803)	-	-	-	(4,336,803)
Changes in the fair value of available-for-sale assets	-	-	(12,072)	-	-	(12,072)
Movement in foreign exchange on translation	-	-	-	9,761	-	9,761
Total comprehensive (loss) for the year	-	(4,336,803)	(12,072)	9,761	-	(4,339,114)
Shares issued for cash	988,765	-	-	-	-	988,765
Shares issued for prospect	400,000	-	-	-	-	400,000
Transaction costs	(74,109)	-	-	-	-	(74,109)
Options issued to brokers	(135,889)	-	-	-	135,889	-
Balance at 30 June 2015	19,949,474	(17,114,945)	11,200	257,002	503,984	3,606,715

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and complies with other requirements of the law.

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

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Canyon Resources Limited and its subsidiaries.

The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia, Cameroon and Burkina Faso, West Africa. The entity's principal activities are bauxite and gold exploration.

b. Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are relevant to its operations and effective for the current year.

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities AASB 10 Consolidated Financial Statements
- ASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2014-1 Amendments to Australian Accounting Standards

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

Standards and Interpretations in issue not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual report period ended 30 June 2015. There are no standards that are not yet effective that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Statement of compliance

The financial report was authorised for issue on 30 September 2015.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

d. Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based upon historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model and is based on assumptions disclosed in periods disclosed when the equity instruments are granted.

Exploration and evaluation costs carried forward:

The recoverability of the carrying amount of exploration and evaluation costs carried forward have been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on various parameters.

Variations to expected future cash flows and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

e. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Canyon Resources Limited ('Company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Canyon Resources Limited and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Basis of consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Canyon Resources Limited.

f. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Sale of exploration assets

Revenue is recognised when title to the exploration assets has passed at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the assets;
- the Group retains no effective control over the assets sold;
- the amount of revenue can be measured reliably; and
- it is probable that the economic benefits associated with the transaction will flow to the Group.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Revenue recognition (continued)

Earn In agreements

Reimbursements which can be claimed by the Company under the terms of the Earn In agreement are recognised as income at the time the Company is entitled to those reimbursements.

g. Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Income tax (continued)

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

h. Cash and cash equivalents

Cash includes cash on hand and at call and deposits with banks or financial institutions and investments in money market instruments, which are readily convertible to cash and used in the cash management function on a day to day basis, net of bank overdraft.

i. Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs, other than share issue costs, directly attributable to the acquisition.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Exploration and evaluation expenditure

Exploration and evaluation costs, excluding the costs of acquiring tenements and permits, are expensed as incurred. Acquisition costs will be assessed on a case-by-case basis and, if appropriate, they will be capitalised. These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- They are expected to be recouped through successful development and exploitation of the area of interest or;
- The activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest, are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full to the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where a decision has been made to proceed with development in respect of an area of interest the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

k. Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l. Recoverable amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have not been discounted.

m. Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

o. Share-based payment transactions

Equity settled transactions:

The Group may provide benefits to full and part time employees (including senior executives), officers and directors in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is a plan currently in place to provide these benefits being the Employee Share Option Plan (ESOP), which provides benefits to directors, officers and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black and Scholes model, further details of which are given in Note 12.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Canyon Resources Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Motor vehicles – 4 years

Equipment – 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year-end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the other expenses line item.

(ii) De-recognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) In-country time in lieu

The liability for weekends worked on exploration activity outside Australia is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

s. Earnings per share

Basic earnings per share is calculated as net profit/loss, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

t. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Canyon Resources Limited.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Foreign currency translation

Both the functional and presentation currency of Canyon Resources Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations in Cameroon and Burkina Faso is the West African Franc (XOF).

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Canyon Resources Limited at the rate of exchange ruling at the balance date and their statements of profit or loss and other comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

w. Parent Entity Financial Information

The financial information for the parent entity, Canyon Resources Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Canyon Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Going Concern

The financial report is prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of \$200,013 (2014: \$837,273). 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 Group 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.

2. REVENUE AND EXPENSES

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
a) Revenue		
Gain on sale of listed shares	94,054	-
Gain on sale of plant and equipment	-	9,375
Bank interest received and receivable	11,185	34,714
Other revenue	1,136	6,772
b) Expenses		
Depreciation	27,703	44,072
Bank interest paid and payable	271	-

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

3. INCOME TAX

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
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The prima facie income tax expense on pre-tax accounting (loss) from operations reconciles to the income tax expense in the financial statements as follows:

Accounting (loss) before tax from continuing operations	(4,336,803)	(2,627,530)
Tax at the applicable tax rate of 30%	(1,301,041)	(788,259)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	1,099	39,859
Movement in unrecognised temporary differences	238,777	(103,855)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	1,061,165	852,255
Income tax expense	-	-

Unrecognised temporary differences

Deferred tax assets at 30%

Capital raising costs	176,671	245,642
Investments	636,570	92,018
Legal fees	10,140	14,812
Accruals	77,332	12,190
Provisions	10,229	12,546
Carry forward tax losses	4,888,014	3,904,141
	5,798,956	4,281,349

Unrecognised temporary differences

Deferred tax liabilities at 30%

Exploration expenditure	265,433	-
Unearned revenue	144	635
	265,577	635

The potential deferred tax benefit of tax losses has not been recognised as an asset because recovery of tax losses is not considered probable in the context of AASB 112. The benefit of these tax losses will only be realised if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.
- The Company complies with the conditions for deductibility imposed by the law; and
- No changes in tax legislation adversely affect the Company in realising the benefit from the deduction for the loss.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

4. INCOME TAX

The Company has not declared a dividend for the year ended 30 June 2015 (2014: Nil).

	CONSOLIDATED 2015 Cents per share	CONSOLIDATED 2014 Cents per share
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5. LOSS PER SHARE

Basic loss per share from continuing operations	(3.72)	(3.21)
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Basic Loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

Loss (\$)	(4,336,803)	(2,627,530)
Weighted average number of ordinary shares (number)	116,616,970	81,772,651

Diluted loss per share

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

	CONSOLIDATED 2015 Cents per share	CONSOLIDATED 2014 Cents per share
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6. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	650,271	1,013,900
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Cash at bank earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents as shown in the statement of cash flows is equivalent to the balance in the statement of financial position as noted above.

Reconciliation of loss for the year to net cash flows from operating activities:

Loss from ordinary activities after income tax	(4,336,803)	(2,627,530)
Exploration and evaluation expenditure reclassified	765,947	1,105,608
Directors fees for exploration services	32,850	-
Depreciation	27,703	44,072
Option issue expenses	-	130,480
Impairment of exploration assets	2,799,571	498,980
Impairment of financial assets	28,492	-
Gain on sale of listed shares	(94,054)	-
(Gain)/loss on sale of plant and equipment	(308)	1,122
Changes in net assets and liabilities:		
(Increase)/decrease in other receivables	6,699	(19,062)
(Increase)/decrease in other assets	2,338	26,747
Increase/(decrease) in trade creditors and accruals	(1,361)	(102,308)
Increase/(decrease) in provisions	(10,060)	(4,118)
Cash flows used in operations	(778,986)	(946,009)

Non-cash financing and investing activities:

Issue of options to brokers	135,889	98,000
Issue of options to directors and consultants	-	128,455
Shares issued for prospect	400,000	-

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
7. TRADE AND OTHER RECEIVABLES		
Sale of motor vehicles	-	44,421
Earn in agreement recoupment of costs	19,839	-
Sundry receivable	-	10,450
PAYG Tax withheld	-	8,976
Interest receivable	479	2,115
GST recoverable	15,565	16,620
	35,883	82,582
8. OTHER CURRENT ASSETS		
Deposits	7,000	7,000
Prepayments	22,663	25,002
Other current assets	11,370	10,764
	41,033	42,766
9. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Shares in Rumble Resources Ltd at cost	54,250	30,000
Impairment	(28,492)	-
Additions	94,000	-
Disposals	(84,486)	-
Changes in the fair value of available-for-sale assets	(12,072)	24,250
Fair value at end of year	23,200	54,250

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

10. PROPERTY PLANT AND EQUIPMENT

Consolidated	Motor Vehicle (\$)	Office Equipment (\$)	Computer Equipment (\$)	Field Equipment (\$)	Total (\$)
Year ended 30 June 2014					
At 1 July 2013 net of accumulated depreciation	86,856	61,632	11,562	52,451	212,501
Additions	-	-	10,278	-	10,278
Disposals	(75,428)	(3,022)	-	-	(78,450)
Depreciation charge for the year	(19,292)	(13,223)	(3,837)	(7,720)	(44,072)
Foreign currency exchange differences	7,864	7,673	1,086	(11,871)	4,752
At 30 June 2014 net of accumulated depreciation	-	53,060	19,089	32,860	105,009
Year ended 30 June 2015					
At 1 July 2014 net of accumulated depreciation	-	53,060	19,089	32,860	105,009
Additions	-	-	867	111,688	112,555
Disposals	-	-	-	-	-
Depreciation charge for the year	-	(9,950)	(5,157)	(12,596)	(27,703)
Foreign currency exchange differences	-	(324)	93	7,523	7,292
At 30 June 2015 net of accumulated depreciation	-	42,786	14,892	139,475	197,153

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

10. PROPERTY PLANT AND EQUIPMENT continued

Consolidated	Motor Vehicle (\$)	Office Equipment (\$)	Computer Equipment (\$)	Field Equipment (\$)	Total (\$)
At 30 June 2014					
Cost or fair value	-	98,563	27,071	54,033	179,667
Accumulated depreciation	-	(56,654)	(10,667)	(9,363)	(76,684)
Foreign currency exchange differences	-	11,151	2,685	(11,810)	2,026
At 30 June 2014 net of accumulated depreciation	-	53,060	19,089	32,860	105,009
At 30 June 2015					
Cost or fair value	-	98,563	27,938	165,721	292,222
Accumulated depreciation	-	(60,103)	(15,267)	(34,110)	(109,480)
Foreign currency exchange differences	-	4,326	2,221	7,864	14,411
At 30 June 2015 net of accumulated depreciation	-	42,786	14,892	139,475	197,153

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

11. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2015 (\$)	CONSOLIDATED 2014 (\$)
Acquisition of permits – at cost		
Exploration and evaluation phase		
Balance at the beginning of the year	5,634,641	5,838,671
Purchase of permits – cash paid or payable	552,597	255,987
Purchase of permits – shares	400,000	-
Consideration from sale of interest in permits– cash received	(510,465)	-
Consideration from sale of interest in permits - shares	(94,000)	-
Impairment of exploration assets	(2,799,571)	(498,980)
Effect of movement in exchange rates on carrying value	3,147	38,963
Total exploration expenditure	3,186,349	5,634,641

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.

The Group reviewed the following projects resulting in impairments to their carrying values:

Taparko North	\$2,133,935 (i)
Pinarello	\$444,994 (ii)
Derosa	\$220,643 (ii)

- (i) Impaired as no further expenditure is planned on the project
- (ii) Impaired based on consideration received for interests disposed of during the year

12. SHARE-BASED PAYMENTS

Listed options

There were no listed options issued as share-based payments during the year (2014: 7,000,000 options valued at \$98,000).

Unlisted options

6,996,644 unlisted options were issued to a broker for their services in assisting with a capital raising undertaken by the Company during the year. The value of the options issued was \$135,889 and was charged against issued capital as a capital raising cost (2014: 10,000,000 incentive options were issued to Directors and consultants).

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

12. SHARE-BASED PAYMENTS continued

The value of the unlisted options issued to brokers has been calculated using the Black-Scholes method and has been recognised in the option reserve over the period of vesting (from date of issue to 30 June 2015).

The inputs to the options valuation were

Dividend yield	(%)	n/a
Expected volatility	(%)	147
Risk-free interest rate	(%)	2.03
Expected life of option	(years)	2.33
Exercise price	(cents)	6.00
Grant date share price	(cents)	4.00

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility of the Company is indicative

	CONSOLIDATED			
	2015		2014	
	Number of Options (No.)	Weighted Average Exercise Price (\$)	Number of Options (No.)	Weighted Average Exercise Price (\$)
Outstanding at the beginning of the year	20,000,000	0.079	3,250,000	0.182
Granted during the year	6,996,644	0.060	17,000,000	0.065
Expired during the year	-	-	(250,000)	0.450
Outstanding at the end of the year	26,996,644	0.074	20,000,000	0.079
Exercisable at the end of the year	26,996,944	0.074	20,000,000	0.079

of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

There were no options exercised during the year (2014: none).

The share options outstanding at the end of the year had an exercise price of between \$0.06 and \$0.16 (2014: between \$0.06 and \$0.16) and a weighted average remaining contractual life of 20 months (2014: 30 months). The weighted average fair value of options granted during the year was \$0.0194 (2014: \$0.0184).

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
13. TRADE AND OTHER PAYABLES		
Trade payables (i)	220,545	109,624
Accrued expenses	274,870	150,532
	495,415	260,156

(i) Trade payables are non-interest bearing and are normally settled on 30 day terms

14. PROVISIONS

Employee leave entitlements	31,759	41,819
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15. REMUNERATION OF AUDITORS

The auditor of the Group is

HLB Mann Judd

Amounts received & receivable by the auditor:

Audit & review of the financial reports of the Group	33,200	35,200
	33,200	35,200

16. ISSUED CAPITAL

Issued Capital	2015 \$	2014 \$
Ordinary shares issued and fully paid	19,949,474	18,770,707

Ordinary shares entitle the holder to participate in dividends and in the proceeds and winding up of the Company in proportion to the number of and amounts paid on the shares held.

Movement in Ordinary Shares on Issue	2015 Number	2015 \$	2014 Number	2014 \$
At beginning of year	104,462,039	18,770,707	71,506,962	17,514,184
- Shares issued for cash	25,082,175	988,765	32,955,077	1,482,978
- Shares issued for tenements	8,000,000	400,000	-	-
- Cost of options issued to brokers		(135,889)		(98,000)
- Cost of share issues		(74,109)		(128,455)
At end of year	137,544,214	19,949,474	104,462,039	18,770,707

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

17. RESERVES

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
Available-for-sale reserve		
Balance at beginning of year	23,272	-
Movement in fair value of available-for-sale assets	(12,072)	23,272
Balance at end of year	11,200	23,272
Option reserve		
Balance at beginning of year	368,095	144,009
Options issued to directors/consultants	-	130,480
Options issued to broker	135,889	98,000
Options transferred to accumulated losses on expiry	-	(4,394)
Balance at end of year	503,984	368,095
Foreign currency translation reserve		
Balance at beginning of year	247,241	231,961
Movement in foreign exchange on translation	9,761	15,280
Balance at end of year	257,002	247,241
Total	772,186	638,608

The available-for-sale reserve is used to record increases in fair value of available-for-sale assets and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

The option reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration. Refer to Note 12 for further information on these options. The reserve is also used to record the value of options granted to a sponsoring broker as part of the Company's share placements as well as options granted to consultants for services rendered.

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

18. ACCUMULATED LOSSES

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
Movement in accumulated losses:		
Balance at beginning of year	(12,778,142)	(10,155,006)
Transfer from reserve on expiry of options	-	4,394
Loss for the year	(4,336,803)	(2,627,530)
Balance at end of year	(17,114,945)	(12,778,142)

19. FINANCIAL INSTRUMENTS

The Group's principal financial instruments comprise cash, term deposits, trade payables and trade receivables. These financial instruments arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk, foreign exchange risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
a) Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	650,271	1,013,900
Trade and other receivables	20,318	65,156
Available-for-sale financial assets	23,200	54,250
Financial Liabilities		
Trade and other payables	495,415	260,156

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

19. FINANCIAL INSTRUMENTS continued

b) Interest rate risk

The Group is exposed to interest rate risk due to variable interest being earned on its assets held in cash and cash equivalents.

The Company has no borrowings.

Profile

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	CONSOLIDATED 2015		CONSOLIDATED 2014	
	Carrying amount \$	Interest rate %	Carrying amount \$	Interest rate %
Variable rate instruments				
Cash and bank balances	650,271	0.71	1,013,900	2.19

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	Equity		Profit or Loss	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2015: Consolidated				
Variable rate instruments	6,503	(6,503)	6,503	(6,503)
30 June 2014: Consolidated				
Variable rate instruments	10,139	(10,139)	10,139	(10,139)

Funds that are not required in the short term are placed on deposit for a period of no more than 6 months at a fixed interest rate. The Group's exposure to interest rate risk and the effective interest rate by maturity is set out below. As the Group has no borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

(c) Net fair values

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities approximates their carrying value.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

19. FINANCIAL INSTRUMENTS continued

(d) Commodity price risk

The Group's exposure to price risk is minimal.

(e) Credit risk

There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, and trade receivables, the Company's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised third parties, there is no requirement for collateral.

(f) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves.

The following table details the Group's expected contractual maturity for its financial liabilities:

30 June 2015: Consolidated	Less than 1 month (\$)	1 to 3 months (\$)	3 months to 1 year (\$)	1 to 5 years (\$)	Total (\$)
<i>Financial Liabilities</i>					
Non-interest bearing	306,175	114,240	75,000	-	495,415
	306,175	114,240	75,000	-	495,415
 30 June 2014: Consolidated	 Less than 1 month (\$)	 1 to 3 months (\$)	 3 months to 1 year (\$)	 1 to 5 years (\$)	 Total (\$)
<i>Financial Liabilities</i>					
Non-interest bearing	260,156	-	-	-	260,156
	260,156	-	-	-	260,156

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

19. FINANCIAL INSTRUMENTS continued

(g) Capital Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Group funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating capital raisings as required.

(h) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group has no hedging policy in place to manage those risks however all foreign exchange purchases are settled promptly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

	Liabilities		Assets	
	2015 (\$)	2014 (\$)	2015 (\$)	2014 (\$)
CFA Francs	(47,999)	(60,197)	19,839	4,421
British pounds	(123,938)	(69,916)	-	-
Euros	(4,581)	-	-	-
US dollars	(156,573)	(38,986)	143,696	-

Foreign currency sensitivity analysis

The Group is exposed to CFA Franc (XOF) British pounds (GBP), Euro (EUR) and US Dollar (USD) currency fluctuations.

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit or loss and other equity and the balances below would be negative:

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

19. FINANCIAL INSTRUMENTS continued

	Increase		Decrease	
	2015 (\$)	2014 (\$)	2015 (\$)	2014 (\$)
CFA Franc impact				
Profit or loss (i)	2,816	5,578	(2,816)	(5,578)
Other equity	-	-	-	-
GBP impact				
Profit or loss (i)	12,394	6,992	(12,394)	(6,992)
Other equity	-	-	-	-
EUR impact				
Profit or loss (i)	458	-	(458)	-
Other equity	-	-	-	-
USD impact				
Profit or loss (i)	1,712	3,899	(1,712)	(3,899)
Other equity	-	-	-	-

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

Fair value of financial instruments

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

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

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 June 2015 and 30 June 2014

Consolidated 30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Available-for-sale financial assets	23,200	-	-	23,200
Consolidated 30 June 2014	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Available-for-sale financial assets	54,250	-	-	54,250

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

20. COMMITMENTS

a) Exploration expenditure commitments

	CONSOLIDATED 2015 \$	CONSOLIDATED 2014 \$
Within one year	769,564	1,333,636
Later than one year but not later than 5 years	3,078,256	5,334,544
	3,847,820	6,668,180

b) Operating lease commitments

Within one year	14,935	11,325
Later than one year but not later than 5 years	24,891	-
	39,826	11,325

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

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

21. SEGMENT INFORMATION

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating tenements and permits where the tenements and permits are considered to form a single project. This is indicated by:

- having the same ownership structure;
- exploration being focused on the same mineral or type of mineral;
- exploration programs targeting the tenements and permits as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the areas; and
- shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

21. SEGMENT INFORMATION continued

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Consolidated Year ended 30 June 2014:	Exploration (Africa) (\$)	Unallocated (\$)	Total (\$)
Segment revenue	9,375	6,772	16,147
Segment result	(1,627,538)	(999,992)	(2,627,530)
<i>Included within segment result:</i>			
Depreciation	(30,977)	(13,095)	(44,072)
Interest revenue	-	34,714	34,714
Segment assets	5,700,826	1,232,322	6,933,148
Segment liabilities	(135,223)	(166,752)	(301,975)
Consolidated Year ended 30 June 2015:	Exploration (Africa) (\$)	Unallocated (\$)	Total (\$)
Segment revenue	926	105,449	106,375
Segment result	(1,487,894)	(2,848,909)	(4,336,803)
<i>Included within segment result:</i>			
Depreciation	(15,127)	(12,576)	(27,703)
Interest revenue	-	11,185	11,185
Segment assets	3,495,062	638,827	4,133,889
Segment liabilities	(422,683)	(104,491)	(527,174)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

22. RELATED PARTY DISCLOSURES

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

Name	Country of Incorporation	% Equity Interest		Investment \$	
		2015	2014	2015	2014
Neufco Pty Ltd	Australia	100	100	1	1
Canyon West Africa Pty Ltd	Australia	100	100	1	1
Askia Sarl Pty Ltd	Australia	100	100	1	1
Canyon Derosa Pty Ltd	Australia	100	100	1	1
Askia Minerals Sarl	Burkina Faso	100	100	1	1
Canyon West Africa Sarl	Burkina Faso	100	100	1	1
CSO Sarl	Burkina Faso	100	100	1	1
Derosa Sarl	Burkina Faso	100	100	1	1

Canyon Resources Limited is the ultimate Australian parent entity and ultimate parent of the Group.

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with related entities:

KMP related entities

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

During the year Rhod Grivas was paid \$30,000 plus superannuation (2014: \$62,500 plus superannuation) for geological and management services provided to the Group.

During the year GAP Corporate Services, an entity related to Phil MacLeod was paid a total of \$54,584 (2014: \$47,306) for accounting services provided to the Group.

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

23. PARENT ENTITY DISCLOSURES

	CONSOLIDATED 2015 (\$)	CONSOLIDATED 2014 (\$)
Financial position as at 30 June 2015		
ASSETS		
Current assets	594,200	1,119,585
Non current assets	3,330,407	5,388,087
Total assets	3,924,607	6,507,672
LIABILITIES		
Current liabilities	317,892	166,752
Total liabilities	317,892	166,752
EQUITY		
Issued capital	19,949,474	18,770,707
Accumulated losses	(16,857,943)	(12,811,523)
Reserves		
Available-for-sale reserve	11,200	23,272
Share based payments	503,984	358,464
Total equity	3,606,715	6,340,920

Financial Performance for the year ended 30 June 2015

	Year ended 30 June 2015 \$	Year ended 30 June 2014 \$
Loss for the year	(4,046,420)	(2,408,785)
Other comprehensive income/(loss)	(12,072)	23,272
Total comprehensive loss	(4,058,492)	(2,385,513)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

24. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the balance date the Company completed a placement of 6,250,000 shares at an issue price of 4 cents per share to raise the sum of \$250,000 before issue costs. The placement included 1 free attaching option for every 2 shares issued. The options are exercisable at 6 cents each and expire 29 September 2017. The funds will be used for ongoing exploration on the Birsok Project in Cameroon and continued identification and evaluation of project opportunities in the region.

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

25. CONTINGENCIES

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

Initial Consideration

A cash payment of \$75,000. (\$75,000 has already been paid)

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.

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 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% Al₂O₃ and a maximum of 2% reactive SiO₂ (as opposed to total SiO₂ content); and

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2015

25. CONTINGENCIES continued

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

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

26. DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of Key Management Personnel

Directors

Rhoderick Grivas	Chairman
Phillip Gallagher	Managing Director
David Netherway	Director (non-executive)
Matthew Shackleton	Director (non-executive, resigned 29 May 2015)

Executives

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

Total remuneration paid is as follows:

	2015 \$	2014 \$
Short-term benefits	421,415	404,463
Post-employment benefits	26,967	27,865
Share-based payment	-	117,432
	448,382	549,760

Directors' Declaration

In the opinion of the directors of Canyon Resources Limited (the 'Company'):

- a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards and Corporations Regulations 2001 professional reporting requirements and other mandatory requirements;
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

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

A handwritten signature in black ink, appearing to read 'Phillip Gallagher', with a stylized flourish at the end.

Phillip Gallagher
Director

Dated this 30th day of September 2015



Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Canyon Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Canyon Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group. The Group comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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



Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

- (a) the financial report of Canyon Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(x) to the financial report which indicates the Group will need to seek additional funding in the coming year. Should the Company not be able to raise sufficient capital, there is a material uncertainty that may cast significant doubt on the ability of the Group to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion the remuneration report of Canyon Resources Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

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

HLB Mann Judd
Chartered Accountants

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

D I Buckley
Partner

Perth, Western Australia
30 September 2015

Additional Securities Exchange Information

Additional information required by the ASX Limited and not shown elsewhere in this report is as follows. This information is current as at 28 September 2015.

(a) Distribution of equity securities and voting rights

i. Ordinary share capital

- 144,079,928 fully paid ordinary shares are held by 678 shareholders. All issued shares carry one vote per share and carry the rights to dividends.

The number of shareholders by size of holding:

Category	Number of holders	Number of Shares
1 - 1,000	18	6,457
1,001 - 5,000	36	106,269
5,001 - 10,000	87	810,664
10,000 - 100,000	289	12,432,685
100,000 and over	248	130,723,853
Total	678	144,079,928

ii. Convertible securities

- 10 Class B held by 4 holders.

Convertible securities do not carry the right to vote.

The number of convertible security holders by size of holding:

Class B Convertible Securities		
Category	Number of holders	Number of securities
1 - 1,000	4	10
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,000 - 100,000	-	-
100,000 and over	-	-
Total	4	10

Additional Securities Exchange Information continued

iii. Options

- 74,950,107 listed options are held by 387 option holders. 23,121,643 unlisted options are held by 9 option holders. Options do not carry the right to vote.

The number of option holders by size of holding:

Category	Options expiring 29 Feb 2016 Exercisable at \$0.16 (Quoted)		Options expiring 31 Jan 2017 Exercisable at \$0.06 (Quoted)	
	Number of holders	Number of options	Number of holders	Number of options
1 - 1,000	-	-	4	2,456
1,001 - 5,000	-	-	29	108,367
5,001 - 10,000	-	-	21	172,169
10,000 - 100,000	84	4,277,372	104	4,585,493
100,000 and over	50	9,828,758	95	55,975,492
	134	14,106,130	253	60,843,977

Category	Options expiring 29 Feb 2016 Exercisable at \$0.16		Options expiring 22 Feb 2017 Exercisable at \$0.068		Options expiring 29 Sept 2017 Exercisable at \$0.06	
	Number of	Number of	Number of	Number of	Number of	Number of
1 - 1,000	-	-	-	-	-	-
1,001 - 5,000	-	-	-	-	-	-
5,001 - 10,000	-	-	-	-	-	-
10,000 - 100,000	-	-	-	-	7	473,215
100,000 and over	3	3,000,000	6	10,000,000	22	9,648,428
	3	3,000,000	6	10,000,000	29	10,121,643

(b) Substantial shareholders

The Company has not received any current substantial shareholder notices as at 28 September 2015.

(c) The numbers of unquoted equity securities are:

	Number	Expiry Date
Options exercisable at \$0.16	3,000,000	29 February 2016
Options exercisable at \$0.068	10,000,000	22 February 2017
Options exercisable at \$0.06	10,121,643	29 September 2017
Class B convertible securities	10	-

Additional Securities Exchange Information continued

Names of holders of 20% or more of unquoted equities:

	Unquoted equity security	Number	Percentage
Zenix Nominees Pty Ltd	Options expiring 29 February 2016 Exercisable at \$0.16	2,000,000	67
Goodheart Pty Ltd	Options expiring 22 February 2017 Exercisable at \$0.68	2,000,000	20
Fremantle Enterprises Pty	Options expiring 22 February 2017 Exercisable at \$0.068	2,000,000	30
Barclay Wells Ltd	Options expiring 29 September 2017 Exercisable at \$0.06	2,371,428	23

(d) Twenty largest holders of quoted equity securities are:

Fully paid ordinary shares		
Name	Number of Ordinary Shares Held	Percentage (%)
HSBC Custody Nominees (Australia) Limited	10,006,593	6.95
Asterion AV Ltd	8,000,000	5.55
David Coveney	2,738,177	1.90
Zero Nominees Pty Ltd	2,681,547	1.86
Widerange Corporation Pty Ltd	2,503,742	1.74
AWD Consultants Pty Ltd	2,500,000	1.74
Christopher Squiers	2,156,571	1.50
Kingslane Pty Ltd	2,106,096	1.46
William Hernstadt	2,000,000	1.39
Michael Parish	1,950,000	1.35
Goodheart Pty Ltd	1,915,384	1.33
Dixtru Pty Limited	1,886,295	1.31
Morou Francois Ouedrago	1,700,000	1.18
Inkese Pty Ltd	1,500,000	1.04
Dion Roberts	1,498,870	1.04
Matthew & Nicole Shackleton	1,458,887	1.01
Precambrian Pty Ltd	1,400,000	0.97
Louie Gerovich	1,394,000	0.97
Phillip Perry	1,388,889	0.96
Fremantle Enterprises Pty Ltd	1,342,223	0.93
Total	52,127,274	36.18

Additional Securities Exchange Information continued

Options exercisable at \$0.16 expiring 29 February 2016

Name	Number	Percentage (%)
Dixtru Pty Limited	750,000	5.32
Technica Pty Ltd	625,000	4.43
Florin Mining Investment Company Limited	475,000	3.37
Lomacott Pty Ltd	400,000	2.84
Wersman Nominees Pty Ltd	385,000	2.73
AWD Consultants Pty Ltd	365,384	2.59
Goffacan Pty Ltd	300,461	2.13
AWD Consultants Pty Ltd	300,000	2.13
Tromso Pty Ltd	300,000	2.13
Martin Music	293,000	2.08
John, Chuck & Dixie Bartle	270,000	1.91
Cairnglen Investments Pty Ltd	250,000	1.77
Michael Parish	250,000	1.77
Mykel Pty Ltd	233,923	1.66
Amalgamated Dairies Ltd	200,000	1.42
M Ivey Pty Ltd	200,000	1.42
Philip & Millie Shurey	158,461	1.12
Storms Snow Cloud Pty Ltd	154,000	1.09
CW Associates Pty Limited	153,847	1.09
Barralong Capital Pty Ltd	150,000	1.06
Total	6,214,076	44.06

Corporate Governance Statement

The Company's 2015 Corporate Governance Statement has been released as a separate document and is located on our website at <http://www.canyonresources.com.au/about-us/corporate-governance/>.

Additional Securities Exchange Information continued

Options exercisable at \$0.06 expiring 31 January 2017

Name	Number	Percentage (%)
Zenix Nominees Pty Ltd	6,500,000	10.68
HSBC Custody Nominees (Australia) Ltd	6,168,864	10.14
AWD Consultants Pty Ltd	2,600,000	4.27
Bruce Maluish	2,000,000	3.29
Phillip Perry	1,777,778	2.92
Gregorach Pty Ltd	1,666,666	2.74
Dixtru Pty Ltd	1,650,000	2.71
Scintilla Strategic Investments Ltd	1,600,000	2.63
William Hernstadt	1,300,000	2.14
Angela Rowe	1,200,000	1.97
Gyton Pty Ltd	1,111,112	1.83
PW & VJ Cooper Pty Ltd	1,111,112	1.83
Zero Nominees Pty Ltd	1,111,111	1.83
Sanperez Pty Ltd	1,079,192	1.77
6466 Investments Pty Ltd	1,000,000	1.64
G J MacArthur & Co Pty Ltd	1,000,000	1.64
Rodney & Janine Wilmot	1,000,000	1.64
Widerange Corporation Pty Ltd	930,100	1.53
Clouday Pty Ltd	888,888	1.46
P R Perry Nominees Pty Ltd	750,000	1.23
Total	36,444,823	59.89

- (e) There are 81 holders of an unmarketable parcel of shares at a share price of \$0.051.
There are 52 holders of an unmarketable parcel of listed options expiring 29 February 2016 at an option price of \$0.009 and 113 holders of an unmarketable parcel of listed options expiring 31 January 2017 at an option price of \$0.011.
- (f) The Company does not have any securities on issue subject to escrow.
- (g) There is no current on-market buy-back.

Interest in Mineral Permits

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

Permits	Location	Interest
<u>Taparko North Project</u>		
Karga 2	Burkina Faso	Own 100%
Bani	Burkina Faso	Own 100%
Diobou	Burkina Faso	Own 100%
Tigou	Burkina Faso	Rights to 100%
<u>Tao Project</u>		
Tao	Burkina Faso	Own 100%
<u>Derosa Project</u>		
Bompela	Burkina Faso	15% of JV to acquire 100%
Sapala	Burkina Faso	15% of JV to acquire 100%
<u>Pinarello Project</u>		
Sokrani	Burkina Faso	49% of JV to acquire 100%
Niofera	Burkina Faso	49% of JV to acquire 100%
Baiera	Burkina Faso	49% of JV to acquire 100%
Sokrani 2	Burkina Faso	49% of JV to acquire 100%
Soukoura 2	Burkina Faso	49% of JV to acquire 100%
<u>Konkolikan Project</u>		
Konkolikan	Burkina Faso	49% of JV to acquire 100%
<u>Birsok Project</u>		
Birsok	Cameroon	0%. JV to earn up to 75%.
Mandoum	Cameroon	0%. JV to earn up to 75%.
Mambal (application)	Cameroon	0%. JV to earn up to 75%.