



CANYON RESOURCES LIMITED

ABN 13 140 087 261

Annual Report
30 June 2016

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Corporate Directory

Directors

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

Company Secretary

Robert Marusco (Appointed 20 July 2016)

Registered Office

Level 3, Suite 5, 9 Bowman Street
South Perth, Western Australia, 6151
T: +61 8 9217 2400

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

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 2016 ("consolidated entity," "Canyon" or "Group"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Names, qualifications and experience:

David Netherway

B.Eng (Mining), CDipAF, F.Aus.IMM, CP – Non-Executive Chairman

Appointed 17 March 2014

Mr Netherway is a mining engineer with over 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 New Liberty, Iduapriem, Siguiri and Kiniero gold mines in West Africa and has extensive mining experience in Africa, Australia, China, Canada, India and the former Soviet Union.

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

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.

Emmanuel Correia

BBus CA – Non-executive Director

Appointed 20 July 2016

Mr Correia is a Chartered Accountant and founding director of Peloton Capital and Peloton Advisory and has over 25 years public company and corporate finance experience in Australia, North America and the United Kingdom. He has held various senior positions with Deloitte and other accounting firms and boutique corporate finance houses.

Directors' Report continued

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

Rhoderick Grivas

BSc, AICD, AusIMM, AIG – Chairman

Appointed 11 December 2009 – Resigned 20 July 2016

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

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

COMPANY SECRETARY

Robert Marusco

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

Appointed 15 July 2016

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

Phillip MacLeod

BBus, ASA, MAICD

Appointed 6 January 2010 – Resigned 20 July 2016

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

Directors' Report continued

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

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

Directors	Number of Fully Paid Ordinary Shares	Number of Listed Options Over Ordinary Shares	Number of Unlisted Options Over Ordinary Shares
David Netherway	2,669,047	1,111,111	3,842,857
Phillip Gallagher	1,822,223	-	8,080,000
Emmanuel Correia	665,364	-	414,500

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

Option Series	Number of Options	Exercise Price	Expiry Date
Listed options	59,673,977	6.0 cents	31/1/2017
Unlisted incentive options	8,850,000	6.8 cents	22/2/2017
Unlisted options	46,340,215	6.0 cents	29/9/2017
	7,000,000	7.0 cents	30/9/2018
	13,000,000	10.0 cents	30/9/2018
	4,635,417	6.0 cents	30/9/2018

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

Number Converted	Exercise Price	Expiry Date	Value Received
1,170,000	\$0.06	31/1/2017	\$70,200
1,150,000	\$0.068	22/2/2017	\$78,200
100,000	\$0.06	29/9/2017	\$6,000
1,000,000	\$0.07	30/9/2018	\$70,000

DIVIDENDS

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

PRINCIPAL ACTIVITIES

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

Directors' Report - Review of Operations

Canyon Resources ("Canyon" or the "Company") focus for the 2015/2016 financial year has been to advance the development of the Birsok Bauxite Project in Cameroon and to identify new projects for development. The Company has focused on gaining a more detailed understanding of the logistical solutions in Cameroon for the export of bauxite, in particular utilising the Kribi Deep Sea Port and the existing rail line operated by Camrail.

During the year Canyon engaged external expertise in both Australia and Cameroon regarding legal and regulatory matters, bauxite mining, rail and port solutions, the bauxite market and bauxite marketing. The results from this work gives the Company confidence that a logistical solution for the Birsok Project may be achievable utilising the existing rail line and the Kribi deep water port.

In addition to developing the Birsok Project, the Company identified an opportunity to source additional sizeable Projects in Cameroon, due to the country having an underdeveloped exploration and mining sector. Canyon has worked to assess and review advanced project opportunities in Cameroon that are consistent with Company's strategy of developing a profitable mining operation utilising existing infrastructure in the country. The Company continues to identify and progress these opportunities.

During the year Canyon has, on a number of occasions met with senior decision makers within the Government of Cameroon to present the Company's plans for the development of a bauxite industry in the Country. During the year the Company engaged a local consulting group who is assisting the Company in this regard.

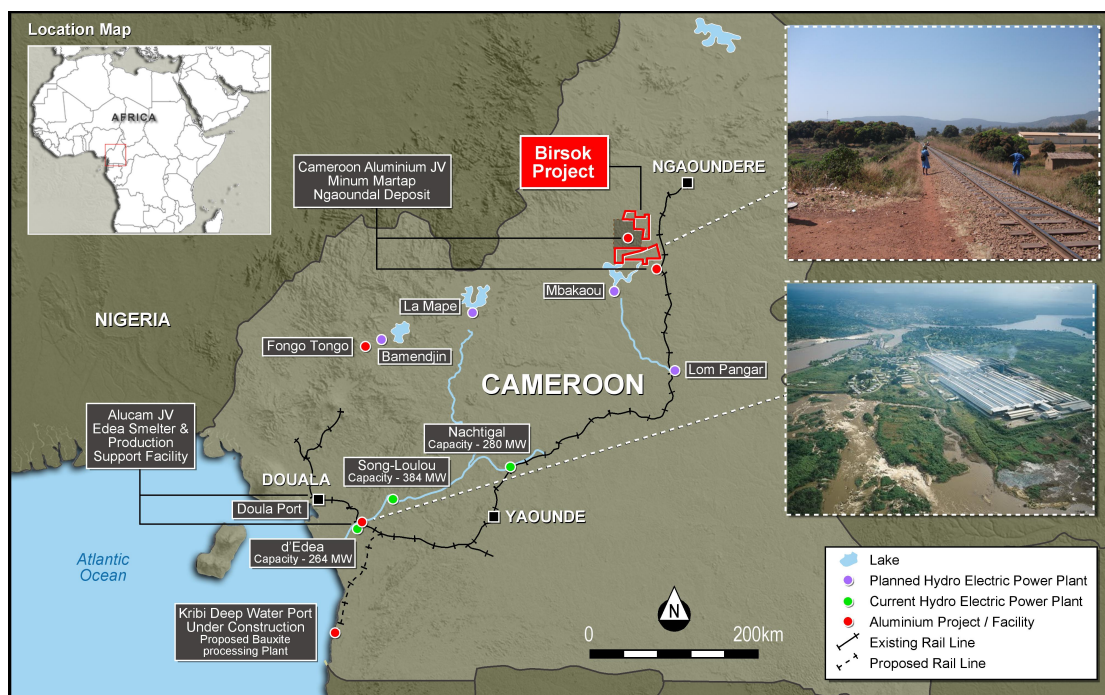


Figure 1: Location of Canyon's Birsok Bauxite Project, Cameroon, West Africa

Directors' Report - Review of Operations continued

THE BIRSOK BAUXITE PROJECT

The Birsok Project area is strategically located approximately 10km from the operational rail line that runs from the Project area to the Doula Port, a shallow water port that up until the completion of the Kribi deep water port was the only sea export channel

Results from drilling previously completed on the Birsok Project confirmed the existence of very high available alumina (AvAl) of up to 53.5% with <1% reactive silica (Rx.SiO₂). The results from the test work confirm the high grade alumina and low silica impurity content from the bauxite on the main high grade plateau targets that is suitable for DSO (Direct Shipping Ore) export.

During the year Canyon completed an initial drilling and pitting program on the Mbon Prospect located on the Mandoum Permit within the Birsok Project. A total of 75 holes for 848m were drilled and 8 pits were completed for 47m.

Significant assay results from the drilling program were:

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

Table 1 – Drilling and Pitting Statistics, Mbon Prospect, Mandoum

HOLES/PITS	Prospect	Holes/Pits	Metres
MBRC001 - MBRC025	MB08	25	309
MBRC026 - MBRC030	MB09	5	46
MBRC031 - MBRC049; MBRC065-66	MB07	21	243
MBRC050 - MBRC064	MB12	15	145
MBRC067 - MBRC075	MB13	9	105
Total Drill Metres		75	848
Pit 01 - 08	MB01	8	47

Directors' Report - Review of Operations continued

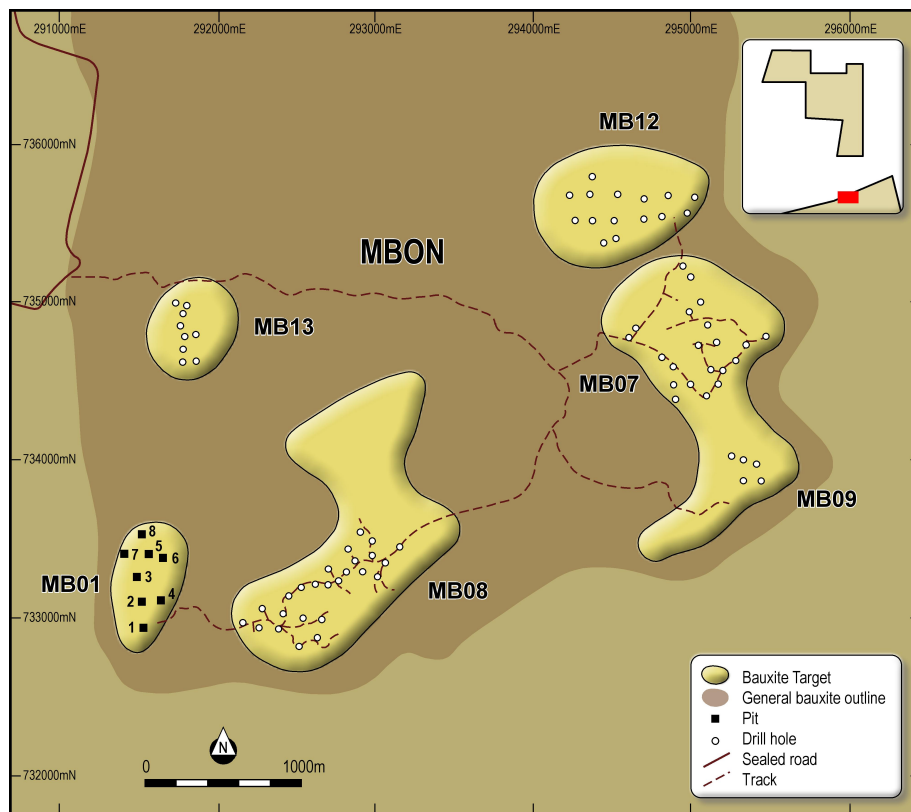


Figure 2: Drill Holes and Pits on Mbon prospect target plateau on the Mandoum permit

BIRSOK PROJECT LOGISTICS SOLUTION

A key focus for the successful development of the Birsok Project is to determine a logistics solution that allows the transportation of bauxite from the mine site in the Adamawa region of Cameroon, to the Kribi Port, to be loaded onto appropriate Ocean Going Vessels (OGV's).

As the Project is closely located to the operating rail line in country, Canyon has made a significant effort in understanding the condition, limitations and the technical capability of the Camrail rail line. Canyon has had numerous meetings with the rail line operators and completed reviews of the rail line, with a view to determining an optimal rail solution.

During the year Canyon management have completed numerous site visits to the Kribi Deep Water Port in south western Cameroon. The visits and technical discussions with port representatives have indicated that the Kribi Port is suitable for the direct ship loading of DSO bauxite onto Panamax size OGV's, and potentially Cape class sized OGV's. There is very deep water, up to 25m deep, within 1km of the port that could potentially provide a cost effective trans-shipping solution onto larger size OGV's.

Directors' Report - Review of Operations continued



Figure 3: The wharf and ship berthing area of the Kribi Deep Sea Port

As the Kribi Port has only recently completed Stage One of its construction, there is vacant land in the immediate area surrounding the port that may be available for the stockpiling of bauxite and direct loading onto OGV's. This creates an opportunity for a simple and low capital cost port logistics solution.

Having access to deep water port capabilities opens up potential of markets in the Atlantic Basin, Middle East, India and China for the export of bauxite. The Birsok project is in a unique position compared to most bauxite projects in West Africa of being potentially able to direct ship load large vessels without the need for significant capital expenditure on this infrastructure.



Figure 4: Earth works at the Kribi Port area for the new highway and rail

Directors' Report - Review of Operations continued



Figure 5: New container storage area and cranes at the Kribi Deep Sea Port

THE BAUXITE MARKET

Canyon continues to hold the view that there is a deficit of high grade low silica gibbsitic bauxite and that this shortage of high grade bauxite will grow over the next few years. Market forecasts show that as the grade in existing bauxite deposits that supply vertically integrated refineries around the world declines, there will be increased demand for DSO grade bauxite sourced from non traditional markets, in particular bauxite with low reactive silica levels. The forecast growth in global demand for bauxite, combined with the decline in the grade of existing bauxite deposits, should create demand for high grade bauxite of over 45% by 2030 from the current volume mined. (CM Group)

Directors' Report - Review of Operations continued

Forecast Global Bauxite Demand

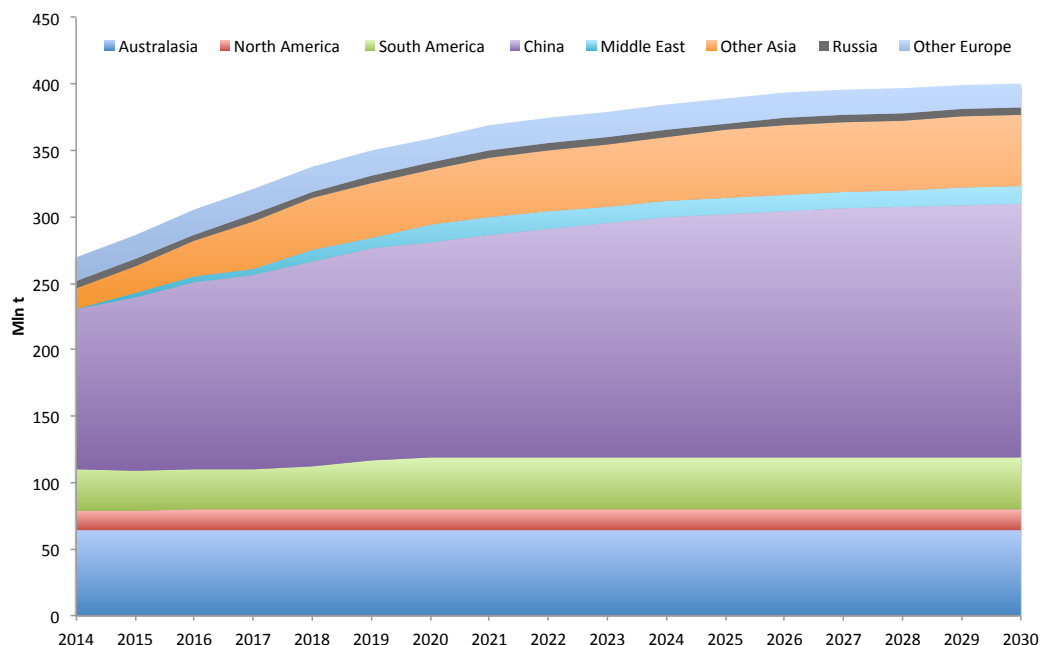


Figure 6 - Forecast future global demand for bauxite (Source: CM Group)

BURKINA FASO

Canyon Resources Ltd has two active projects in Burkina Faso on its Pinarello and Konkolikan Projects, located in the south west of the country. These Projects are subject to an earn in agreement with London based Acacia Mining PLC (**Acacia**).

It has been a difficult year in Burkina Faso, on 16 September 2015, Acacia Mining PLC informed Canyon of a Force Majeure event in Burkina Faso due to political unrest resulting from a military coup. Since that event, there was a terrorist incident at a hotel in Ouagadougou in January 2016. Fortunately, the country has had no significant political or terrorism incidents since this time.

Following the Force Majeure event in 2015, Acacia recommenced and are continuing active exploration on the Pinarello and Konkolikan Projects.

Directors' Report - Review of Operations continued

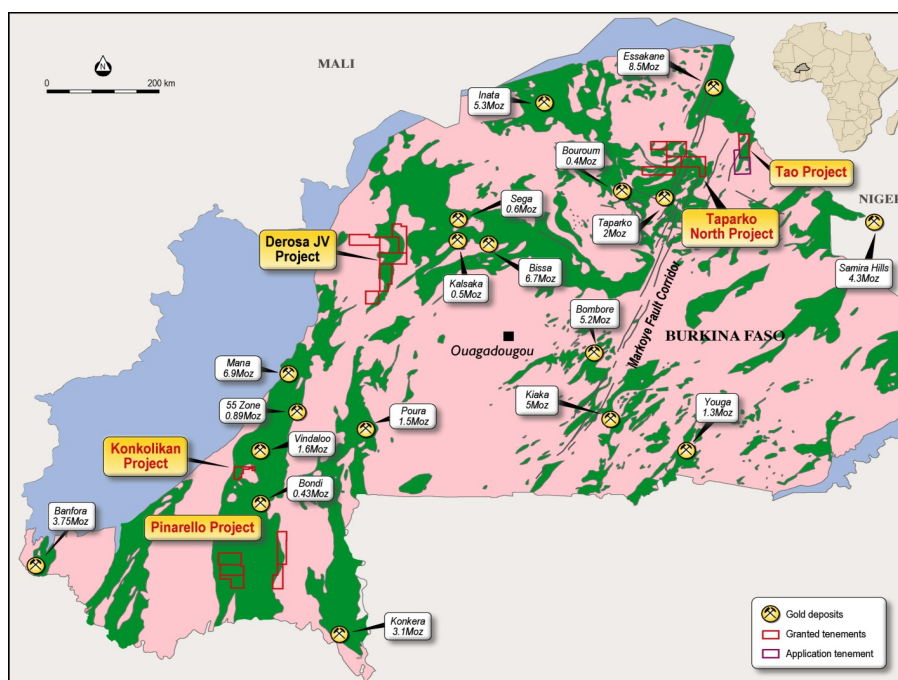


Figure 7: Location of Canyon's Projects, Burkina Faso, West Africa

CORPORATE

In October 2015, the Company completed a raising of \$1 million. The raising was completed in two tranches.

Tranche 1 being a placement at \$0.05 per share with one attaching unlisted option for every two shares issued. The options are exercisable at 6 cents each and expire 29 September 2017. Tranche 2 was completed with the issue of 10,000,000 Convertible Notes at an issue price of 5 cents per Note with one free attaching option for every two Notes issued. The Notes are unsecured, with a 0% interest/coupon rate. The Notes are convertible at a conversion price of 5 cents, 12 months from the date of issue. If after 1 May 2016, the Company's share price is below 5 cents, the conversion price will be reduced to a 15% discount to the previous 30 day VWAP at the time of conversion. The share price after 1 May 2016 was not below 5 cents and conversion price has not been reduced. The Notes can be converted at any time before the end of the 12 month period. The Notes are transferable. The options are unlisted, exercisable at 6 cents each and expire 29 September 2017. 5,000,000 of the Convertible Notes were converted to ordinary shares on 29 June 2016 at 5 cents.

On 11 March 2016 the Company announced that it had raised \$700,000 by way of a placement of 14,000,000 shares to sophisticated and professional investors. The shares were issued at 5 cents per share with 1 attaching unlisted option for every share issued.

On 30 June 2016 the Company announced that it had raised \$660,000 by way of placement of 6,000,000 shares to sophisticated and professional investors. The shares were issued at 11 cents per share.

Subsequent to the end of the financial year on 20 July 2016, the Company announced new Board appointments and a resignation.

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

Directors' Report - Review of Operations continued

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'.

OPERATING RESULT FOR THE YEAR

The consolidated entity's operating loss for the year ended 30 June 2016 was \$4,389,709 (year ended 30 June 2015: \$4,336,803). The result included the write-off of exploration and evaluation expenditure incurred of \$357,870 (30 June 2015: \$765,947) and the impairment of exploration assets of \$2,135,217 (2015: \$2,799,571).

REVIEW OF FINANCIAL CONDITION

At 30 June 2016, the consolidated entity had \$446,405 in cash balances (30 June 2015 \$650,271).

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

On 11 July 2016 the company issued 6,200,000 shares at an issue price of \$0.11 to raise \$682,000 to meet ongoing costs associated with identification and evaluation of advanced project opportunities in Cameroon, ongoing evaluation of the Birsok bauxite project, costs of the issue and general working capital.

On the 20 July 2016 the company announced the appointment of Emmanuel Correia to the Board as a non-executive director and the resignation of Rhod Grivas as a director. Robert Marusco was appointed company secretary following the resignation of Phil Macleod.

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.

Directors' Report - continued

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.

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 2016. The information provided in this remuneration report has been audited as required by Section 308 (3C) of the Corporations Act 2001.

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

Key Management Personnel:

Directors

David Netherway (Non-Executive Chairman)

Rhoderick Grivas (Chairman, resigned 20 July 2016)

Phillip Gallagher (Managing Director)

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

REMUNERATION PHILOSOPHY

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

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

REMUNERATION AND NOMINATION COMMITTEE

At this time David Netherway and Emmanuel Correia are the only members of the Remuneration and Nomination Committee following the resignation of Rhod Grivas in July 2016. The Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Directors' Report – Remuneration Report (Audited) Continued

REMUNERATION STRUCTURE

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

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

Directors' Report – Remuneration Report (Audited) Continued

Table 1: Remuneration of key management personnel (KMP) for the year ended 30 June 2016 and the year ended 30 June 2015:

	Year	Short-term Employee Benefits		Post-employment Benefits	Equity	Total	Option Related
		Salary & Fees	Bonus	Superannuation	Share Options		
Non-Executive director		\$	\$	\$	\$	\$	%
Rhoderick Grivas (1) (Resigned 20 July 2016)	2016	73,333	-	6,967	43,125	123,425	35
	2015	80,000	-	7,600	-	87,600	-
David Netherway	2016	40,000	-	-	30,410	70,410	43
	2015	40,000	-	-	-	40,000	-
Emmanuel Correia (Appointed 20 July 2016)	2016	-	-	-	-	-	-
	2015	-	-	-	-	-	-
Sub-total Non-Executive Director	2016	113,333	-	6,967	73,535	193,835	
	2015	120,000	-	7,600	-	127,600	
Executive directors							
Phillip Gallagher (2)	2016	200,536	-	17,575	71,046	289,157	25
	2015	203,868	-	19,367	-	223,235	-
Sub-total Executive Directors	2016	200,536	-	17,575	71,046	289,157	-
	2015	203,868	-	19,367	-	223,235	-
Total	2016	313,869	-	24,542	144,581	482,992	
	2015	323,868	-	26,967	-	350,835	

(1) 2016 includes \$50,000 (2015: \$50,000) consulting fees paid for geological and management services.

(2) Includes accrued leave cash payment of \$15,536 (2015: \$18,868).

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, share options were granted to key management personnel of the Company. Refer Note 12 for details.

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.

OTHER RELATED PARTY TRANSACTIONS

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

Directors' Report – Remuneration Report (Audited) Continued

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL

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

	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 2016								
Directors								
Rhoderick Grivas (2)	415,385	-	-	(115,384)	300,000	300,000	300,000	-
Phillip Gallagher	20,000	-	-	(20,000)	-	-	-	-
David Netherway	1,111,111	-	-	-	1,111,111	1,111,111	1,111,111	-
Emmanuel Correia (3)	-	-	-	-	-	-	-	-
Executives								
Phillip MacLeod	-	-	-	-	-	-	-	-
Total	1,546,496	-	-	(135,384)	1,411,111	1,411,111	1,411,111	-
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	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 29 May 2015

(3) Resigned 20 July 2016

(2) Resigned 20 July 2016

Directors' Report – Remuneration Report (Audited) Continued

OPTION HOLDINGS OF KEY MANAGEMENT PERSONNEL (continued)

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

	Balance at beginning of year	Purchased	Options exercised	Net change other #	Balance at end of year	Total	Exercisable	Not Exercisable
30 June 2016								
Directors								
Rhoderick Grivas (2)	2,000,000	-	-	3,000,000	5,000,000	5,000,000	5,000,000	-
Phillip Gallagher	3,000,000	-	-	5,000,000	8,000,000	8,000,000	8,000,000	-
David Netherway	1,500,000	-	-	2,142,857	3,642,857	3,642,857	3,642,857	-
Executives								
Phillip MacLeod (3)	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Total	7,500,000	-	-	(10,142,857)	17,642,857	17,642,857	17,642,857	-
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	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 29 May 2015

(3) Resigned 20 July 2016

(2) Resigned 20 July 2016

Directors' Report – Remuneration Report (Audited) Continued

SHARE HOLDINGS OF KEY MANAGEMENT PERSONNEL

Ordinary shares held in Canyon Resources Limited (number):

	Balance at beginning of year	Purchased	On exercise of options	Net change other #	Balance at end of year
30 June 2016					
Directors					
Rhoderick Grivas (2)	2,165,385	-	-	(10,000)	2,155,385
Phillip Gallagher	1,742,223	80,000	-	-	1,822,223
David Netherway	1,333,333	1,135,714	-	-	2,469,047
Emmanuel Correia (3)	-	-	-	-	-
Executives					
Phillip MacLeod (4)	40,000	-	-	-	40,000
Total	5,280,941	1,215,714	-	(10,000)	6,486,655
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

Includes forfeitures, expired options and balance on resignation

(1) Resigned 29 May 2015

(3) Appointed 20 July 2016

(2) Resigned 20 July 2016

(4) Resigned 20 July 2016

END OF REMUNERATION REPORT

Directors' Report continued

DIRECTORS' MEETINGS

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

Director	Board Meetings	
	Meetings Held	Meetings Attended
Rhoderick Grivas (1)	2	2
Phillip Gallagher	2	2
David Netherway	2	2
Emmanuel Correia (2)	0	0

(1) resigned 20 July 2016

(2) appointed 20 July 2016

The Company has an Audit & Risk Committee and a Nomination and Remuneration Committee. Membership of these committees and meetings held by these committees is set out in the Corporate Governance Statement see page 73.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires our auditor, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 24 and forms part of this directors' report for the year ended 30 June 2016.

NON-AUDIT SERVICES

There were no non-audit services provided by our auditor, HLB Mann Judd during the year (2015: nil).

Signed in accordance with a resolution of the directors



Phillip Gallagher
Managing Director
Perth WA, 30th September 2016

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 2016, 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 2016



D I Buckley
Partner

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2016

		CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
	Note		
Gain on sale of shares	2	-	94,054
Other revenue	2	22,682	1,136
Interest received	2	8,137	11,185
		30,819	106,375
Exploration and evaluation expensed as incurred		(357,870)	(765,947)
Project evaluation expenses		(772,493)	-
Employee expenses		(61,630)	(44,373)
Consultants and contractors		(345,248)	(160,127)
Occupancy		(16,679)	(18,368)
Depreciation	2	(38,034)	(27,703)
Compliance and regulatory		(46,188)	(39,429)
Directors' fees		(280,193)	(346,873)
Administration		(82,169)	(212,024)
Option issue expenses		(208,572)	-
Impairment of plant and equipment		(49,179)	-
Impairment of exploration assets	11	(2,135,217)	(2,799,571)
Impairment of financial assets	6	-	(28,492)
Interest expense	2	(27,056)	(271)
Loss before income tax		(4,389,709)	(4,336,803)
Income tax expense	3	-	-
Loss for the year		(4,389,709)	(4,336,803)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Changes in the fair value of available-for-sale assets		(11,200)	(12,072)
Exchange differences on translation of foreign operations		(21,058)	9,761
Total other comprehensive loss		(32,258)	(2,311)
Total comprehensive loss		(4,421,967)	(4,339,114)
Basic loss per share (cents per share)	5	(2.84)	(3.72)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2016

	Note	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	446,405	650,271
Trade and other receivables	7	31,147	35,883
Other assets	8	44,410	41,033
Total current assets		521,962	727,187
Non-current assets			
Available-for-sale assets	9	12,000	23,200
Plant and equipment	10	116,376	197,153
Capitalised exploration expenditure	11	1,027,394	3,186,349
Total non-current assets		1,155,770	3,406,702
Total assets		1,677,732	4,133,889
LIABILITIES			
Current liabilities			
Trade and other payables	13	277,234	495,415
Provisions	14	41,981	31,759
Convertible notes	27	240,748	-
Total current liabilities		559,963	527,174
Total liabilities		559,963	527,174
Net assets		1,117,769	3,606,715
Equity			
Issued capital	16	21,628,155	19,949,474
Reserves	17	994,268	772,186
Accumulated losses	18	(21,504,654)	(17,114,945)
Total equity		1,117,769	3,606,715

The accompanying notes form part of these financial statements.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2016

	Note	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,621,101)	(791,536)
Interest received		8,137	12,821
Interest paid		(541)	(271)
Net cash used in operating activities	6	(1,613,505)	(778,986)
Cash flows from investing activities			
Payments for exploration and evaluation		(547,970)	(752,023)
Payments for property, plant and equipment		-	(112,555)
Proceeds from sale of property, plant and equipment		-	40,308
Proceeds from sale of shares		-	178,540
Proceeds from sale of prospects		-	510,465
Payments for prospects		-	(363,357)
Net cash used in investing activities		(547,970)	(498,622)
Cash flows from financing activities			
Proceeds from share issues		1,571,732	988,765
Cost of share issues		(133,051)	(74,109)
Proceeds from borrowings		500,000	-
Net cash provided by financing activities		1,938,681	914,656
Net decrease in cash and cash equivalents		(222,794)	(362,952)
Cash and cash equivalents at beginning of the year		650,271	1,013,900
Effect of foreign exchange movements on cash balances		18,928	(677)
Cash and cash equivalents at end of the year	6	446,405	650,271

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

	Issued Capital \$	Accumulated Losses \$	Available-for- Sale Reserve \$	Foreign Currency Translation Reserve \$	Option Reserve \$	Total \$
2015 Consolidated						
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.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2016

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

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

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

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

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

The financial report has also been prepared on a historical cost basis, except for available-for-sale investments which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

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

b. Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

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

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

Standards and Interpretations in issue not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual report period ended 30 June 2016. There are no standards that are not yet effective that are expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

c. Statement of compliance

The financial report was authorised for issue on 30 September 2016.

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Critical accounting estimates and judgements

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

Share-based payment transactions:

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

Exploration and evaluation costs carried forward:

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

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

e. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Canyon Resources Limited ('Company' or 'parent entity') as at 30 June 2016 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 2016

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 2016

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 2016

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 2016

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 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p. Property, plant and equipment

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

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

Motor vehicles – 4 years

Equipment – 5 years

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

(i) Impairment

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

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

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

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

(ii) De-recognition and disposal

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

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

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Provisions

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

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

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

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

Employee leave benefits

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

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

(ii) Long service leave

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

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 2016

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 2016

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 (XAF/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 2016

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 liabilities over current assets of \$38,001 (2015: excess of current assets over current liabilities of \$200,013). 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 2016 \$	CONSOLIDATED 2015 \$
a) Revenue		
Gain on sale of listed shares	-	94,054
Bank interest received and receivable	8,137	11,185
Other revenue	22,682	1,136
b) Expenses		
Depreciation	38,034	27,703
Interest paid and payable	27,056	271

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

3. INCOME TAX

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
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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	(4,389,709)	(4,336,803)
Tax at the applicable tax rate of 30%	(1,316,913)	(1,301,041)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	1,793	1,099
Movement in unrecognised temporary differences	375,472	238,777
Tax effect of current year tax losses for which no deferred tax asset has been recognised	939,648	1,061,165
Income tax expense	-	-

Unrecognised temporary differences

Deferred tax assets at 30%

Capital raising costs	89,221	176,671
Investments	-	636,570
Legal fees	3,744	10,140
Accruals	32,040	77,332
Provisions	14,292	10,229
Carry forward tax losses	5,827,661	4,888,014
	5,966,958	5,798,956

Unrecognised temporary differences

Deferred tax liabilities at 30%

Exploration expenditure	147,008	265,433
Unearned revenue	-	144
	147,008	265,577

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 2016

4. DIVIDENDS

The Company has not declared a dividend for the year ended 30 June 2016 (2015: Nil).

	CONSOLIDATED 2016 Cents per share	CONSOLIDATED 2015 Cents per share
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5. LOSS PER SHARE

Basic loss per share from continuing operations	(2.84)	(3.72)
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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 (\$)	(4,389,709)	(4,336,803)
Weighted average number of ordinary shares (number)	154,613,218	116,616,970

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 2016

	CONSOLIDATED 2016 Cents per share	CONSOLIDATED 2015 Cents per share
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6. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	446,405	650,271
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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	(4,389,709)	(4,336,803)
Exploration and evaluation expenditure reclassified	547,970	765,947
Directors fees for exploration services	-	32,850
Depreciation	38,034	27,703
Option issue expenses	208,572	-
Interest expense – convertible note	26,515	-
Impairment of exploration assets	2,135,217	2,799,571
Impairment of financial assets	-	28,492
Foreign exchange gain	(22,682)	-
Gain on sale of listed shares	-	(94,054)
(Gain)/loss on disposal of plant and equipment	49,179	(308)
Changes in net assets and liabilities:		
Decrease in other receivables	4,736	6,699
(Increase)/decrease in other assets	(3,377)	2,338
Increase/(decrease) in trade creditors and accruals	(218,182)	(1,361)
Increase/(decrease) in provisions	10,222	(10,060)
Cash flows used in operations	(1,613,505)	(778,986)

Non-cash financing and investing activities:

Issue of options to brokers	63,991	135,889
Issue of options to directors and consultants	144,581	-
Shares issued for prospect	-	400,000

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
7. TRADE AND OTHER RECEIVABLES		
Earn in agreement recoupment of costs	-	19,839
Sundry receivable	26,215	-
Interest receivable	-	479
GST recoverable	4,932	15,565
	31,147	35,883
There are no overdue but not impaired receivables.		
8. OTHER CURRENT ASSETS		
Deposits	7,000	7,000
Prepayments	23,483	22,663
Other current assets	13,927	11,370
	44,410	41,033
9. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Shares in Rumble Resources Ltd at cost	23,200	54,250
Impairment	-	(28,492)
Additions	-	94,000
Disposals	-	(84,486)
Changes in the fair value of available-for-sale assets	(11,200)	(12,072)
Fair value at end of year	12,000	23,200

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

10. PROPERTY PLANT AND EQUIPMENT

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

10. PROPERTY PLANT AND EQUIPMENT continued

Consolidated		Office Equipment (\$)	Computer Equipment (\$)	Field Equipment (\$)	Total (\$)
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
At 30 June 2016					
Cost or fair value	-	8,650	1,681	172,324	182,655
Accumulated depreciation	-	(5,835)	(790)	(59,762)	(66,387)
Foreign currency exchange differences	-	-	-	108	108
At 30 June 2016 net of accumulated depreciation	-	2,815	891	112,670	116,376

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

11. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2016 (\$)	CONSOLIDATED 2015 (\$)
Acquisition of permits – at cost		
Exploration and evaluation phase		
Balance at the beginning of the year	3,186,349	5,634,641
Purchase of permits – cash paid or payable	-	552,597
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	(2,135,217)	(2,799,571)
Effect of movement in exchange rates on carrying value	(23,738)	3,147
Total exploration expenditure	1,027,394	3,186,349

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:

Tao	\$2,117,500 (i)
Derosa	\$17,717 (ii)

- (i) Impaired as no further expenditure is planned on the project.
- (ii) Impaired as no further expenditure is planned on the project.

12. SHARE-BASED PAYMENTS

Listed options

There were no listed options issued as share-based payments during the year (2015: nil).

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

12. SHARE-BASED PAYMENTS (continued)

Unlisted options

During the year, the following options were issued:

- 5,000,000 Unlisted Advisor Options exercisable at \$0.06 each on or before 29 September 2017
- 7,000,000 Unlisted Incentive Options exercisable at \$0.07 each on or before 30 September 2018
- 3,000,000 Unlisted Incentive Options exercisable at \$0.10 each on or before 30 September 2018

Details of these issues are:

Advisor options

5,000,000 Advisor Options were approved 27 November 2015 at \$0.06 each expiring 29 September 2017 to Barclay Wells as part consideration for the ongoing capital raising and general corporate advice provided. These options were valued using the Black and Scholes option valuation methodology taking into account the terms and conditions upon which the options were granted. Details of the assumptions used in the valuation of these options issued are as follows:

Item	Advisor Options
Number of options	5,000,000
Exercise price (\$)	0.06
Valuation (approval) date	27 November 2015
Expiry date	29 September 2017
Expiration period (years)	1.84
Vesting date	nil
Exercise conditions	nil
Value	\$0.0128

Total value of \$63,991 vested immediately and expensed as share-based payments in the statement of comprehensive income.

Incentive options

10,000,000 Director Incentive Options were approved 27 November 2015 to Messrs Phillip Gallagher, Rhoderick Grivas and David Netherway on the terms and conditions set out below:

- 7,000,000 Incentive Options A exercisable at \$0.07 each on or before 30 September 2018
- 3,000,000 Incentive Options B exercisable at \$0.10 each on or before 30 September 2018

These were granted as follows:

Name	Incentive Options A	Incentive Options B
Phillip Gallagher	3,000,000	2,000,000
Rhoderick Grivas	2,000,000	1,000,000
David Netherway	2,000,000	-
Total	7,000,000	3,000,000

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

12. SHARE-BASED PAYMENTS (continued)

These options were valued using the Black and Scholes option valuation methodology taking into account the terms and conditions upon which the options were granted. Details of the assumptions used in the valuation of these options issued are as follows:

Item	Incentive Options A	Incentive Options B
Number of options	7,000,000	3,000,000
Exercise price (\$)	0.07	0.10
Valuation (approval) date	27 November 2015	27 November 2015
Expiry date	30 September 2018	30 September 2018
Expiration period (years)	2.84	2.84
Vesting date	nil	nil
Exercise conditions	nil	nil
Value	\$0.0152	\$0.0127

Total value of \$144,581 vested during the financial period and has been expensed as share-based payments in the statement of profit or loss and comprehensive income.

The share options outstanding at the end of the year had an exercise price of between \$0.06 and \$0.10 (2015: between \$0.06 and \$0.16) and a weighted average remaining contractual life of 28 months (2015: 20 months). The weighted average fair value of options granted during the year was \$0.040 (2015: \$0.060).

	CONSOLIDATED			
	2016		2015	
	Number of Options (No.)	Weighted Average Exercise Price (\$)	Number of Options (No.)	Weighted Average Exercise Price (\$)
Outstanding at the beginning of the year	26,996,944	0.074	20,000,000	0.079
Granted during the year	15,000,000	0.073	6,996,644	0.060
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	41,996,944	0.074	26,996,644	0.074
Exercisable at the end of the year	41,996,944	0.073	26,996,944	0.074

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
13. TRADE AND OTHER PAYABLES		
Trade payables (i)	122,886	220,545
Accrued expenses	125,815	274,870
Other	28,623	-
	277,234	495,415

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

14. PROVISIONS

Employee leave entitlements	41,981	31,759
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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	37,750	33,200
	37,750	33,200

16. ISSUED CAPITAL

Issued Capital	2016 \$	2015 \$
Ordinary shares issued and fully paid	21,628,155	19,949,474

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	2016 Number	2016 \$	2015 Number	2015 \$
At beginning of year	137,544,214	19,949,474	104,462,039	18,770,707
- Shares issued for cash	31,275,714	1,497,000	25,082,175	988,765
- Shares issued for tenements	-	-	8,000,000	400,000
- Cost of options issued to brokers	-	-	-	(135,889)
- Options converted to shares	1,078,868	64,732	-	-
- Convertible notes converted	5,000,000	250,000	-	-
- Cost of share issues		(133,051)		(74,109)
At end of year	174,898,796	21,628,155	137,544,214	19,949,474

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 2016

17. RESERVES

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Available-for-sale reserve		
Balance at beginning of year	11,200	23,272
Movement in fair value of available-for-sale assets	(11,200)	(12,072)
Balance at end of year	-	11,200
Convertible note reserve		
Balance at beginning of year	-	-
Equity component of convertible notes issued	45,455	-
Convertible notes converted to shares	(9,687)	-
Balance at end of year	35,768	-
Option reserve		
Balance at beginning of year	503,984	368,095
Options issued to directors/consultants	144,581	-
Options issued to advisors	63,991	135,889
Options issued for cash	10,000	-
Options transferred to accumulated losses on expiry	-	-
Balance at end of year	722,556	503,984
Foreign currency translation reserve		
Balance at beginning of year	257,002	247,241
Movement in foreign exchange on translation	(21,058)	9,761
Balance at end of year	235,944	257,002
Total	994,268	772,186

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 2016

18. ACCUMULATED LOSSES

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Movement in accumulated losses:		
Balance at beginning of year	(17,114,945)	(12,778,142)
Transfer from reserve on expiry of options	-	-
Loss for the year	(4,389,709)	(4,336,803)
Balance at end of year	(21,504,654)	(17,114,945)

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 2016 \$	CONSOLIDATED 2015 \$
a) Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	446,405	650,271
Trade and other receivables	31,147	20,318
Available-for-sale financial assets	12,000	23,200
Financial Liabilities		
Trade and other payables	277,234	495,415
Convertible notes	240,748	-

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

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 2016		CONSOLIDATED 2015	
	Carrying amount \$	Interest rate %	Carrying amount \$	Interest rate %
Variable rate instruments				
Cash and bank balances	446,405	1.06	650,271	0.71

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 2015.

	Equity		Profit or Loss	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2016: Consolidated				
Variable rate instruments	4,464	(4,464)	4,464	(4,464)
30 June 2015: Consolidated				
Variable rate instruments	6,503	(6,503)	6,503	(6,503)

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 2016

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 2016: 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	183,219	19,015	315,748	-	517,982
	183,219	19,015	315,748	-	517,982
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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

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	
	2016 (\$)	2015 (\$)	2016 (\$)	2015 (\$)
CFA Francs	(19,180)	(47,999)	12,739	19,839
British pounds	(51,805)	(123,938)	-	-
Euros	-	(4,581)	-	-
US dollars	-	(156,573)	7,660	143,696

Foreign currency sensitivity analysis

The Group is exposed to CFA Franc (XOF and XAF) 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 2016

19. FINANCIAL INSTRUMENTS (continued)

	Increase		Decrease	
	2016 (\$)	2015 (\$)	2016 (\$)	2015 (\$)
CFA Franc impact				
Profit or loss (i)	622	2,816	(622)	(2,816)
Other equity	-	-	-	-
GBP impact				
Profit or loss (i)	5,181	12,394	(5,181)	(12,394)
Other equity	-	-	-	-
EUR impact				
Profit or loss (i)	-	458	-	(458)
Other equity	-	-	-	-
USD impact				
Profit or loss (i)	766	1,712	(766)	(1,712)
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 2016 and 30 June 2015

Consolidated 30 June 2016	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Available-for-sale financial assets	12,000	-	-	12,000
Consolidated 30 June 2015	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Available-for-sale financial assets	23,200	-	-	23,200

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

20. COMMITMENTS

a) Exploration expenditure commitments

	CONSOLIDATED 2016 \$	CONSOLIDATED 2015 \$
Within one year	942,320	769,564
Later than one year but not later than 5 years	994,016	3,078,256
	1,936,336	3,847,820
b) Operating lease commitments		
Within one year	-	14,935
Later than one year but not later than 5 years	-	24,891
	-	39,826

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 2016

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 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)
Consolidated Year ended 30 June 2016:	Exploration (Africa) (\$)	Unallocated (\$)	Total (\$)
Segment revenue	-	30,819	30,819
Segment result	(2,605,238)	(1,784,471)	(4,389,709)
<i>Included within segment result:</i>			
Depreciation	(27,930)	(10,104)	(38,034)
Interest revenue	-	8,137	8,137
Segment assets	1,133,514	544,218	1,677,732
Segment liabilities	(19,180)	(540,783)	(559,963)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

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 \$	
		2016	2015	2016	2015
Neufco Pty Ltd	Australia	100	100	1	1
Canyon West Africa Pty Ltd	Australia	100	100	1	1
Askia Sarl Pty Ltd	Australia	100	100	1	1
Canyon Derosa Pty Ltd	Australia	100	100	1	1
Canyon Cameroon Pty Ltd	Australia	100	-	2	-
Askia Minerals Sarl	Burkina Faso	100	100	1	1
Canyon West Africa Sarl	Burkina Faso	100	100	1	1
CSO Sarl	Burkina Faso	100	100	1	1
Derosa Sarl	Burkina Faso	100	100	1	1
Camalco SA	Cameroon	100	-	22,810	-
Camalco Holdings Ltd	British Virgin Islands	100	-	134	-

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

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company have eliminated on consolidation and are not including in this note.

Transactions with related entities:

KMP related entities

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

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

23. PARENT ENTITY DISCLOSURES

	CONSOLIDATED 2016 (\$)	CONSOLIDATED 2015 (\$)
Financial position as at 30 June 2016		
ASSETS		
Current assets	509,225	594,200
Non current assets	1,149,326	3,330,407
Total assets	1,658,551	3,924,607
LIABILITIES		
Current liabilities	540,782	317,892
Total liabilities	540,782	317,892
EQUITY		
Issued capital	21,628,155	19,949,474
Accumulated losses	(21,268,710)	(16,857,943)
Reserves		
Available-for-sale reserve	-	11,200
Convertible note reserve	35,768	-
Share based payments	722,556	503,984
Total equity	1,117,769	3,606,715

Financial Performance for the year ended 30 June 2016

	Year ended 30 June 2016 \$	Year ended 30 June 2015 \$
Loss for the year	(4,410,767)	(4,046,420)
Other comprehensive income/(loss)	(11,200)	(12,072)
Total comprehensive loss	(4,421,967)	(4,058,492)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

24. EVENTS SUBSEQUENT TO REPORTING DATE

On 11 July 2016 the company issued 6,200,000 shares at an issue price of \$0.11 to raise \$682,000 to meet ongoing costs associated with identification and evaluation of advanced project opportunities in Cameroon, ongoing evaluation of the Birsok bauxite project, costs of the issue and general working capital.

Subsequent to year end the following options have been converted to shares raising \$224,400:

Number Converted	Option Class	Value Received
1,170,000	\$0.06 options expiring 31 January 2017	\$70,200
1,150,000	\$0.068 options expiring 22 February 2017	\$78,200
100,000	\$0.06 options expiring 29 September 2017	\$6,000
1,000,000	\$0.07 options expiring 30 September 2018	\$70,000

On the 20 July 2016 the company announced the appointment of Emmanuel Correia to the Board as a non-executive director and the appointment of David Netherway as non-executive Chairman following the resignation of Rhod Grivas as Chairman. Robert Marusco was also appointed company secretary following the resignation of Phil Macleod.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

25. CONTINGENCIES (continued)

Potential Deferred Consideration

Upon achievement of certain value-adding milestones to the project, Altus Group may earn deferred consideration, as follows:

\$1.5 million of Canyon shares, at a deemed issue price equal to the 45 trading day volume weighted average price of Canyon's ordinary shares trading on ASX ending on the day immediately prior to the date of satisfaction of this milestone, upon the definition of a minimum 150Mt JORC compliant resource with a minimum grade of 45% Al₂O₃ and a maximum of 2% reactive SiO₂ (as opposed to total SiO₂ content); and

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

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

26. DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of Key Management Personnel

Directors

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

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

Total remuneration paid is as follows:

	2016 \$	2015 \$
Short-term benefits	313,869	421,415
Post-employment benefits	24,542	26,967
Share-based payment	144,581	-
	482,992	448,382

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2016

27. CONVERTIBLE NOTES

	2016 \$	2015 \$
Balance at the beginning of year	-	-
Proceeds of issue	500,000	-
Equity component taken to reserves	(45,455)	-
Interest expense for the period (1)	26,515	-
Conversion to shares	(240,312)	-
Balance at end of year	240,748	-

On 16 October 2015, the Company announced that to fund the Birsok Bauxite Project in Cameroon funds had been raised through the placement of 10 million convertible notes at an issue price of 5 cents issue to raise \$500,000 from sophisticated and professional investors. The key terms of the convertible notes were:

Principal	\$0.05
Interest Rate	Nil
Maturity Date	1 November 2016
Conversion Price	\$0.05, or, subject to not being prohibited by the ASX Listing Rules, if, after 1 May 2016 the Share price as traded on ASX on the Conversion Date is below \$0.05, a 15% discount to the 30 day volume weighted average price of Shares as traded on ASX immediately prior to the Conversion Date.
Security	Unsecured and the Noteholder will rank equally with all other unsecured creditors of the Company.
Quotation	The Company will not apply for quotation on ASX of the Convertible Notes.
Voting rights	The Convertible Notes shall not provide for any voting rights at shareholder meetings of the Company (unless otherwise required by the ASX Listing Rules or the Corporations Act).
Transferability	The Noteholder shall be permitted to transfer all or any of the Convertible Notes on the condition that the Noteholder procures that the assignee of the Convertible Notes agrees to be bound by the terms and conditions of this Deed and the assignee falls within one or more of the categories specified in sections 708(8), 708(10) or 708(11) of the Corporations Act.

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

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

Directors' Declaration

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

- a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 2016.

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

A handwritten signature in black ink, appearing to be 'P. Gallagher', with a long horizontal stroke extending to the right.

Phillip Gallagher
Director

Dated this 30th day of September 2016

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 2016, the consolidated statement of 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 of the Group comprising 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 gives a true and fair view and 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*, the consolidated financial statements comply 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 about 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 preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' 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*.

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 financial position as at 30 June 2016 and 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

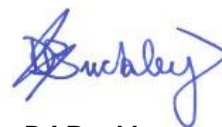
We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is 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 2016 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 2016

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 26 September 2016.

(a) Distribution of equity securities and voting rights

i. Ordinary share capital

- 184,518,796 fully paid ordinary shares are held by 836 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	22	4,763
1,001 - 5,000	43	134,328
5,001 - 10,000	83	783,495
10,000 - 100,000	386	17,832,488
100,000 and over	302	165,763,722
Total	836	184,518,796

ii. Convertible securities

- 8 Class B held by 6 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	6	8
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,000 - 100,000	-	-
100,000 and over	-	-
Total	6	8

Additional Securities Exchange Information continued

iii. Options

- 59,673,977 listed options are held by 247 option holders. 79,825,632 unlisted options are held by 111 option holders. Options do not carry the right to vote.

The number of listed option holders by size of holding:

Listed Options expiring 31 Jan 2017 Exercisable at \$0.060 (Quoted)		
Category	Number of holders	Number of options
1 - 1,000	4	2,456
1,001 - 5,000	27	100,811
5,001 - 10,000	13	102,192
10,000 - 100,000	96	5,352,701
100,001 and over	107	54,115,817
	247	59,673,977

The number of unlisted option holders by size of holding:

Unquoted Options Ex 22 Feb 17 at \$0.068			Unquoted Options Ex 29 Sept 17 at \$0.060	
Category	Number of holders	Number of options	Number of holders	Number of options
1 - 1,000	-	-		
1,001 - 5,000	-	-		
5,001 - 10,000	-	-		
10,001 - 100,000	-	-	21	18,032,215
100,001 and over	5	8,850,000	59	28,308,000
	5	8,850,000	80	46,340,215

	Unquoted Options Ex 30 Sept 17 at \$0.070		Unquoted Options Ex 30 Sept 17 at \$0.10		Unquoted Options Ex 30 Sept 17 at \$0.060	
Category	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-	-	-
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	2	150,000
100,001 and over	3	7,000,000	12	10,000,000	7	4,485,417
	3	7,000,000	12	10,000,000	9	4,635,417

Additional Securities Exchange Information continued

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

HSBC Custody Nominees (Australia) Limited 6.49%

The Company has not received any current substantial shareholder notices as at 30 September 2016.

(c) The numbers of unquoted equity securities are:

	Number	Expiry Date
Options exercisable at \$0.068	8.850.000	22 Feb 2017
Options exercisable at \$0.060	46.340.215	29 Sept 2017
Options exercisable at \$0.070	7.000.000	30 Sept 2018
Options exercisable at \$0.100	13.000.000	30 Sept 2018
Options exercisable at \$0.060	4.635.417	30 Sept 2018
Class B convertible securities	6	-

Additional Securities Exchange Information continued

(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	11,981,593	6.49
Asterion AV Ltd	8,000,000	4.34
Zero Nominees Pty Ltd	4,669,047	2.53
SISU International Pty Ltd	4,051,652	2.20
IBT Holdings Pty Ltd	3,772,624	2.04
David Coveney	3,238,177	1.75
Christopher Squiers	2,945,054	1.60
Widerange Corporation Pty Ltd	2,925,162	1.59
Dion Roberts	2,610,000	1.41
Alitime Nominees Pty Ltd	2,500,000	1.35
Richsham Nominess Pty Ltd	2,500,000	1.35
A C P Investments Pty Ltd	2,377,083	1.29
Sharic Superannuation Pty Ltd	2,000,000	1.08
Michael Parish	1,950,000	1.06
Goodheart Pty Ltd	1,915,384	1.04
ABN Amro Clearing Sydney Nominees Pty Ltd	1,780,059	0.97
Morou Ouedrago	1,700,000	0.92
TR Nominess Pty Ltd	1,600,000	0.87
Ian Shotam	1,508,050	0.82
David Argyle	1,500,000	0.81
Total	65,523,885	35.51

Additional Securities Exchange Information continued

Listed Options exercisable at \$0.06 expiring 31 January 2017

Name	Number	Percentage (%)
HSBC Custody Nominees (Australia) Ltd	6,168,864	10.34
IBT Holdings Pty Ltd	4,250,000	7.12
Matthew Bull	2,075,059	3.48
Bruce Maluish	2,000,000	3.35
Gregorach Pty Ltd	1,466,666	2.46
Angela Rowe	1,400,000	2.35
Matthew Bull	1,300,000	2.18
Gyton Pty Ltd	1,111,112	1.86
Zero Nominees	1,111,111	1.86
Sanperez Pty Ltd	1,079,192	1.81
PW and VJ Cooper Pty Ltd	1,011,112	1.69
Buprestid Pty Limited	1,000,000	1.68
Kings of Leon Pty Ltd	1,000,000	1.68
Widerange Corporation Pty Ltd	930,100	1.56
Shane & Caroline Lehmann	894,657	1.50
Rodney & Janine Wilmot	873,375	1.46
Gavin Lehmann	825,000	1.38
Quartz Mountain Mining Pty Ltd	800,000	1.34
Pamela Neesham	785,000	1.32
Terry & Victoria Gardiner	772,270	1.29
Total	30,853,518	51.71

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

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

Corporate Governance Statement

The Company's 2016 Corporate Governance Statement has been released as a separate document and is located on our website at <http://www.canyonresources.com.au/about-us/corporate-governance/>.

Interest in Mineral Permits

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

Permits	Location	Interest
<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%.