Canyon Resources Limited

ABN 13 140 087 261

Interim Financial Report
31 December 2012

CORPORATE INFORMATION

Canyon Resources Limited

ABN 13 140 087 261

Directors

Rhoderick Grivas

Phillip Gallagher

Matthew Shackleton

Company Secretary

Phillip MacLeod

Registered office and principal place of business

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West Perth WA 6872

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Share Register

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Web: computershare.com.au

Solicitors

Steinepreis Paganin

Level 4, 16 Milligan Street

Perth WA 6000

Auditors

HLB Mann Judd

Level 4, 130 Stirling Street

Perth WA 6000

Securities Exchange Listing

ASX Limited

ASX Code: CAY

Contents

DIRECTORS' REPORT

Your Directors submit the financial report of the consolidated entity (or Group) comprising Canyon Resources Limited ("the Company") and the entities it controlled for the half-year ended 31 December 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

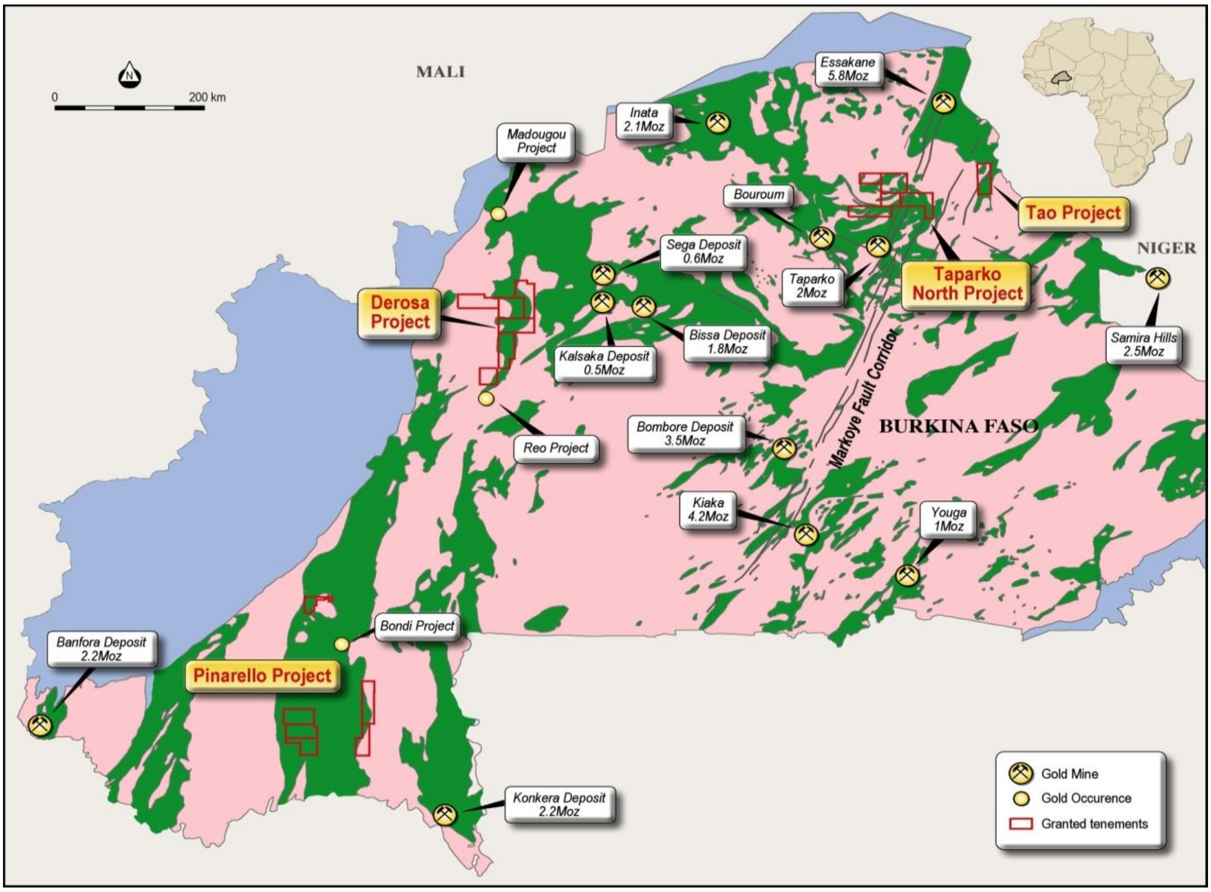
The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

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

Review of Operations

Canyon Resources ("Canyon", "the Company") is a West African focussed minerals exploration Company with four project areas in Burkina Faso. The projects are over 18 permits covering an area of 3,500km².

The Company was actively exploring its projects over the period and has continued with its strategy of testing and developing its project areas whilst reviewing new project opportunities in the region.



Canyon Project location map

Tao Project

The Tao Project is the Company's most advanced exploration project and is located in the North East of Burkina Faso. The project is a single permit of 189km² with a previously untested 20km shear zone located in the project area running from the north to south of the permit. Canyon currently has the permit immediately to the south of the Tao Project area under application and awaiting approval.

The following exploration programs were completed during the period;

- **6,000m RAB drilling campaign in July 2012.**
- **3,058m RC drilling program in December 2012**
- **8,000m RAB drilling program in December 2012**

DIRECTORS' REPORT (CONTINUED)

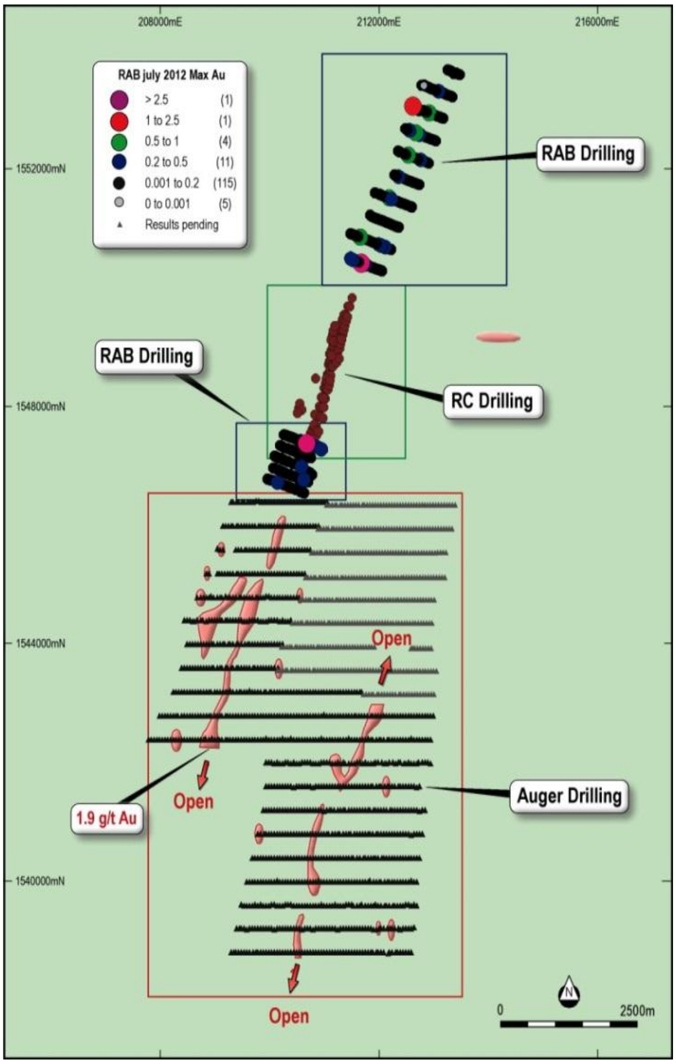
Review of Operations (continued)

Tao Project (continued)

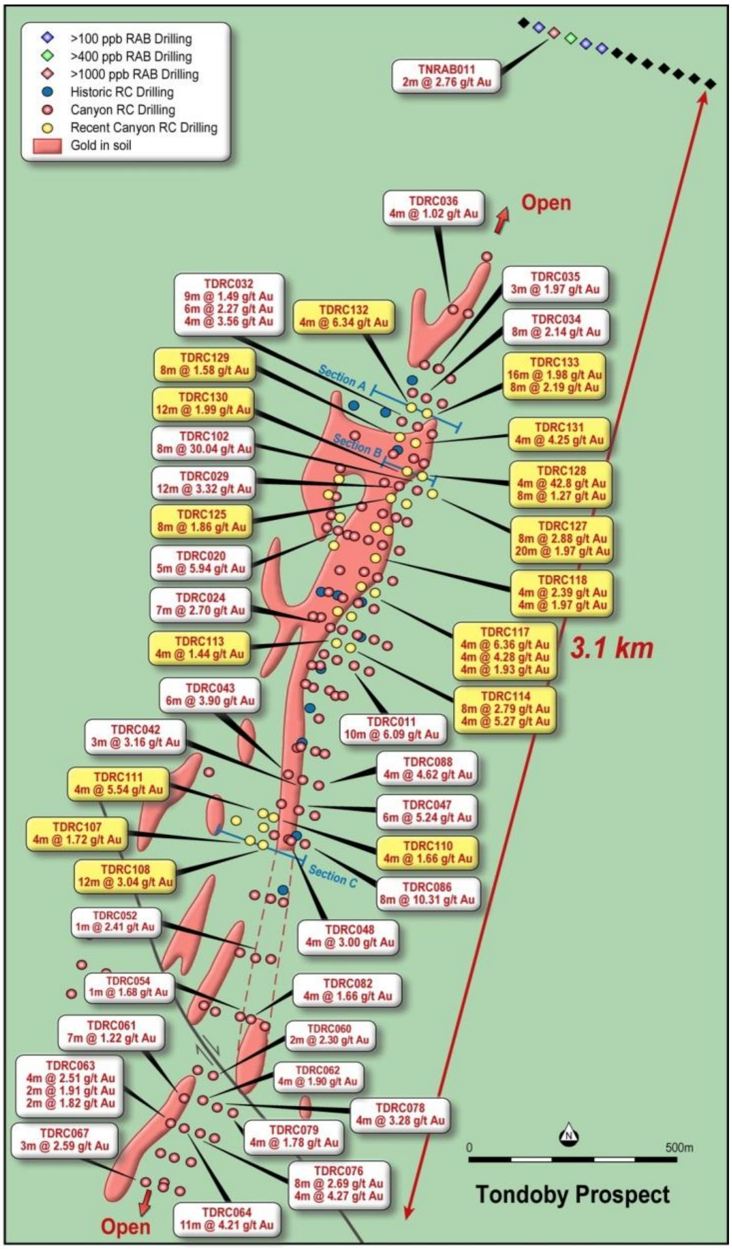
In July 2012 foillowing the completion of a 6,000m RAB campaign and the receipt of results of assays from previous auger drilling, the Company announced the extension of the identified mineralisation at the Tondoby prospect to over 12km and remaining open in all directions and the identification of a new structure of over 5km parallel to the main Tondoby structure which remains open.

Results from the completed RC drilling were subsequently released in January 2013 with highlight results of:

- **4m @ 42.8 g/t Au**
- **12m @ 3.04 g/t Au**
- **20m @ 1.97 g/t Au**
- **16m @1.98 g/t Au**



Summary of exploration completed on the Tao Project



Tondoby drill hole location and results plan.

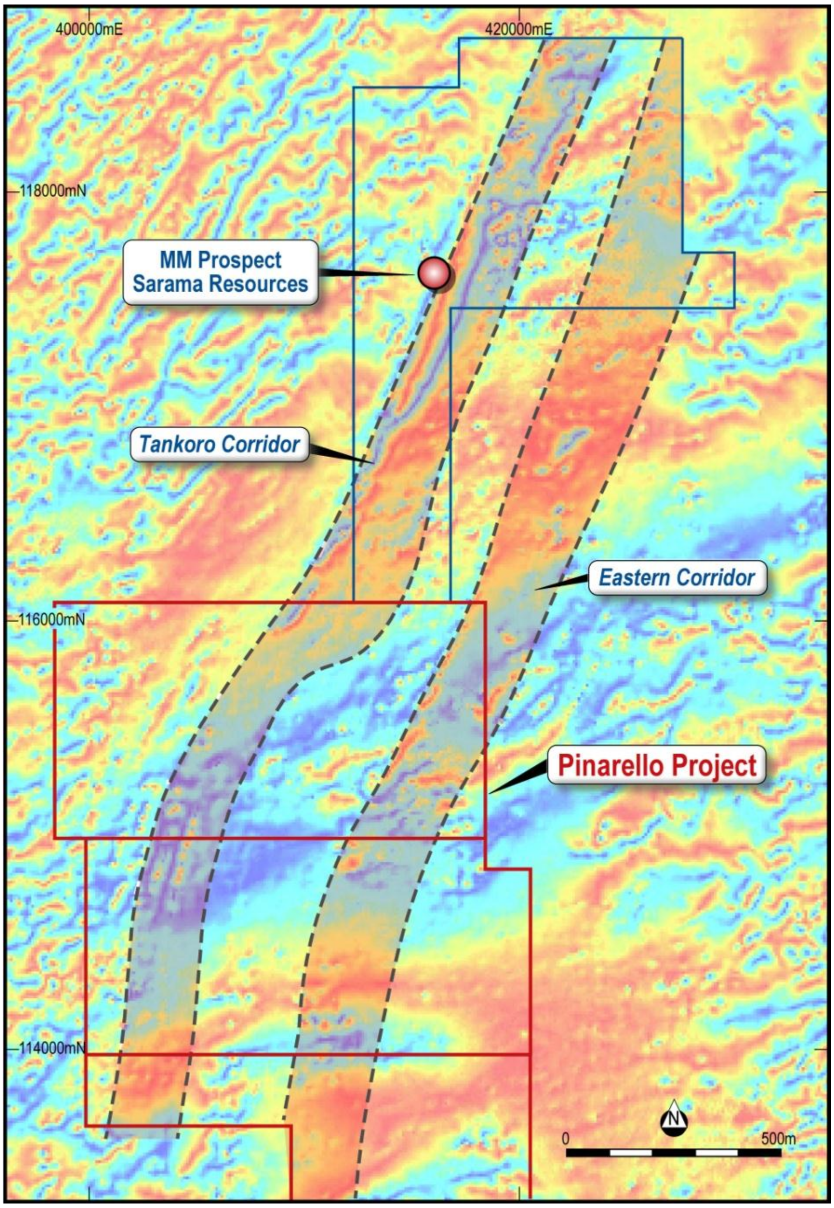
DIRECTORS' REPORT (CONTINUED)

Review of Operations (continued)

Pinarello Project

The Pinarello Project is located on the gold endowed Hounde gold belt in south west Burkina Faso. The project comprises six permits over 1,104km², providing significant exposure to a gold belt that has produced some high grade results from recent exploration on contiguous permits by other companies.

The Company is about to commence an auger drilling program on an area identified as a potential extension of mineralisation from exploration conducted on contiguous permits.



Trend of mineralisation in the Pinarello project permits

DIRECTORS' REPORT (CONTINUED)

Review of Operations (continued)

Taparko North Project

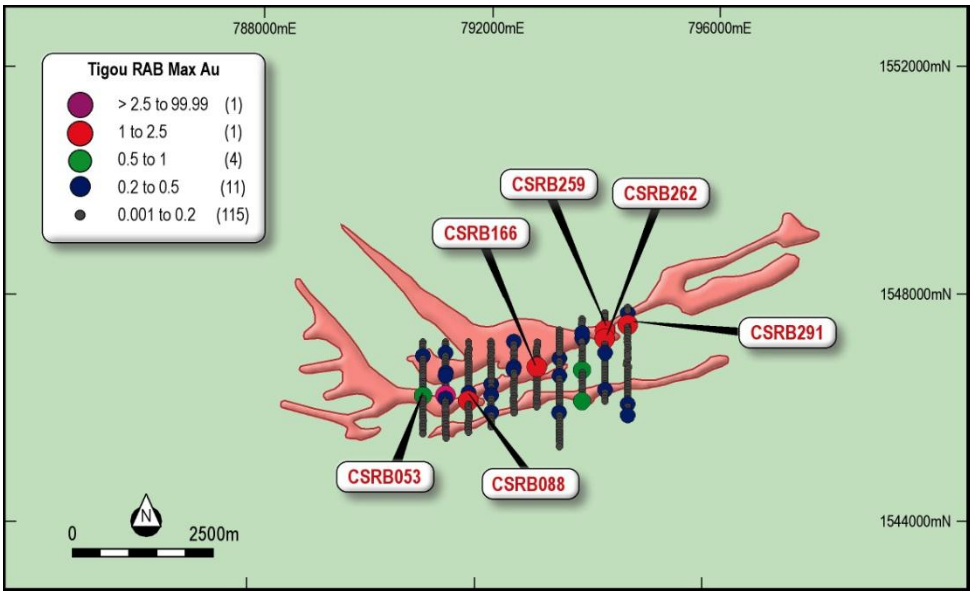
The Taparko North Project is located in the north east of Burkina Faso on the Markoye fault corridor and along strike from the multi million ounce Taparko gold mine. The project comprises five permits over 941km².

During the period the Company announced the completion of the following exploration programs;

- **11,025m RAB drilling program on the CS Prospect**
- **4,360m RAB drilling on the Karga Prospect**
- **3,086m auger drilling program on the Tyekobo permit.**

Results from the completed RAB drilling program on the CS prospect was over approximately 5km targeting the previously identified auger soil geochemistry gold in soil anomaly and included;

- **2m @ 12.0g/t Au from surface**
- **2m @ 1.30g/t Au from 10m**
- **12m @ 0.50g/t Au from 20m**



CS prospect showing RAB results over auger geochemistry anomaly

Derosa Poject

The Derosa project is located in the north of Burkina Faso and comprises six permits over a total area of 1,383km^2.

Canyon has entered into a Farm-out agreement with Rumble Resources Limited who can earn a 75% interest through expenditure on the project of $3,000,000. Under the agreement Canyon received consideration of $561,501 comprising cash and shares during the half-year.

In January 2013 following detailed field mapping and sampling Rumble announced the identification of a large artisanal mining camp on the project area and rock chip sampling showing grades of up to 16g/t Au.

Competent Person's Statement

The information in this report that relates to Exploration Results has been compiled by Mr Rhod Grivas who is a director of the Company. He is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Rhod Grivas consents to the inclusion of the information in the form and context in which it appears.

DIRECTORS' REPORT (CONTINUED)

Corporate

During the half-year Canyon received 1,500,000 shares in Rumble Resources Limited in accordance with the terms of the Farm-out agreement entered into on 2 May 2012 on the Derosa Project in Burkina Faso. The Company also received cash reimbursements of $201,501.

The Company also recently completed a capital raising details of which can be found under "Significant Events Subsequent to Balance Date".

Operating Result for the Period

The consolidated entity's operating loss for the half-year ended 31 December 2012 was $999,654 (2011: $1,815,689).

Review of Financial Condition

At 31 December 2012, the consolidated entity had $1,699,897 in cash and term deposit investment balances (30 June 2012: $3,008,811).

Significant Events Subsequent to Balance Date

Subsequent to the balance date the Company completed a capital raising of $1,209,000 before issue costs through the issue of 9.3 million shares at an issue price of $0.13 each and $569,400 via a Share Purchase Plan.

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

Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 6 and forms part of this Directors' Report for the half-year ended 31 December 2012.

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

………………………………………………..

Phillip Gallagher

Managing Director

Perth, 15 March 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Canyon Resources Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
15 March 2013

L DI GIALLONARDO
Partner, HLB Mann Judd

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Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	31 December 2012 $	31 December 2011 $
Interest received		48,093	95,270
Consideration received from Farm-out agreement	2	561,501	-
Sundry income		26,979	-
		636,573	**95,270**
Employee expenses		(68,230)	(74,082)
Consultants and contractors		(136,426)	(112,494)
Director fees		(153,838)	(158,050)
Legal and professional fees		(34,462)	(22,559)
Occupancy		(39,655)	(51,915)
Depreciation		(30,130)	(18,508)
Compliance and regulatory		(23,646)	(27,425)
Administration		(94,897)	(120,474)
Finance expenses		-	(92)
Share-based payment expense		(4,394)	-
Impairment of financial assets	3	(180,000)	-
Impairment of exploration assets	4	(160,849)	-
Exploration expensed as incurred		(709,700)	(1,325,360)
Loss before income tax		**(999,654)**	**(1,815,689)**
Income tax expense		-	-
Net loss after tax		**(999,654)**	**(1,815,689)**
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Movement in foreign exchange on translation		**(8,544)**	**(32,540)**
Total other comprehensive loss		**(8,544)**	**(32,540)**
Total comprehensive loss for the period		**(1,008,198)**	**(1,848,229)**
Basic loss per share (cents per share)		**(1.74)**	**(4.00)**

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	Notes	31 December 2012 $	30 June 2012 $
Assets			
Current Assets			
Cash and cash equivalents		934,021	2,258,811
Trade and other receivables		236,999	277,717
Term deposit investments		765,876	750,000
Other current assets		50,317	68,447
Total Current Assets		1,987,213	3,354,975
Non-Current Assets			
Other financial assets	3	180,000	-
Property, plant and equipment		220,010	245,894
Deferred exploration expenditure	4	5,600,450	5,261,732
Total Non-Current Assets		6,000,460	5,507,626
Total Assets		7,987,673	8,862,601
Liabilities			
Current Liabilities			
Trade and other payables		344,513	360,620
Provisions		105,666	110,183
Total Current Liabilities		450,179	470,803
Total Liabilities		450,179	470,803
Net Assets		7,537,494	8,391,798
Equity			
Issued capital	5	15,858,555	15,709,055
Reserves		704,885	709,035
Accumulated losses		(9,025,946)	(8,026,292)
Total Equity		7,537,494	8,391,798

The accompanying notes form part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Issued capital	Accumulated losses	Foreign currency reserve	Option reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2011	**8,999,565**	**(3,302,818)**	**61,460**	**747,089**	**6,505,296**
Loss for the period	-	(1,815,689)	-	-	(1,815,689)
Movement in foreign exchange on translation	-	-	(32,540)	-	(32,540)
Total comprehensive loss for the period	**-**	**(1,815,689)**	**(32,540)**	**-**	**(1,848,229)**
Shares issued for tenements	48,000	-	-	-	48,000
Shares issued for cash	5,138,300	-	-	-	5,138,300
Share issue costs	(353,957)	-	-	-	(353,957)
Balance at 31 December 2011	**13,831,908**	**(5,118,507)**	**28,920**	**747,089**	**9,489,410**
Balance at 1 July 2012	**15,709,055**	**(8,026,292)**	**135,093**	**573,942**	**8,391,798**
Loss for the period	-	(999,654)	-	-	(999,654)
Movement in foreign exchange on translation	-	-	(8,544)	-	(8,544)
Total comprehensive loss for the period	**-**	**(999,654)**	**(8,544)**	**-**	**(1,008,198)**
Shares issued for tenements	149,500	-	-	-	149,500
Share based payment	-	-	-	4,394	4,394
Balance at 31 December 2012	**15,858,555**	**(9,025,946)**	**126,549**	**578,336**	**7,537,494**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	31 December 2012 $	31 December 2011 $
Cash flows from operating activities		
Cash receipts from customers	26,979	-
Payments to suppliers and employees	(530,875)	(529,929)
Interest received	63,611	112,827
Net cash outflow from operating activities	(440,285)	(417,102)
Cash flows from investing activities		
Payments to term deposit investments	(15,876)	-
Proceeds from term deposit investments	-	569,699
Payments for exploration and evaluation	(757,815)	(1,497,971)
Proceeds from Farm-out agreement	201,501	-
Proceeds from disposal of exploration interests	50,000	-
Payments for acquisition of projects	(350,067)	(480,703)
Payments for plant and equipment	(4,246)	(52,632)
Net cash outflow from investing activities	(876,503)	(1,461,607)
Cash flows from financing activities		
Proceeds from share issues	-	5,138,300
Payments for share issue costs	-	(353,957)
Net cash inflow from financing activities	-	4,784,343
Net increase/(decrease) in cash held	(1,316,788)	2,905,634
Cash and cash equivalents at the beginning of the period	2,258,811	1,463,220
Effect of foreign exchange on cash balances held	(8,002)	(3,482)
Cash and cash equivalents at the end of the period	934,021	4,365,372

The accompanying notes form part of these financial statements

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

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

It is recommended that the interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by Canyon Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

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

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

Significant accounting judgments and key estimates

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

In preparing this interim report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial report for the year ended 30 June 2012.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2011.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no change necessary to Group accounting policies.

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 Group 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 Group 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (continued)

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 other category. 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.

Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

NOTE 2: CONSIDERATION RECEIVED FROM FARM-OUT AGREEMENT

	31 December 2012	30 June 2012
	$	$
Farm-out agreement with Rumble Resources Limited:		
Listed shares	360,000	-
Cash	201,501	-
	561,501	-

NOTE 3: OTHER FINANCIAL ASSETS

	31 December 2012	30 June 2012
	$	$
Available-for-sale financial assets carried at fair value:		
Listed shares	360,000	-
Impairment charge	(180,000)	-
	180,000	-

Listed shares comprising 1,500,000 ordinary shares in Rumble Resources Limited ("Rumble") received 9 November 2012 in accordance with a Farm-out agreement entered into with Rumble on the Derosa project in Burkina Faso. The shares were revalued at 31 December 2012 in line with the Group accounting policy to their fair value thus incurring an impairment charge of $180,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 4: DEFERRED EXPLORATION EXPENDITURE

	6 months to 31 December 2012 $	Year to 30 June 2012 $
Acquisition of tenements – at cost		
Exploration and evaluation phase		
Balance at beginning of the period	5,261,732	3,271,757
Carrying value of tenement on sale	-	(330,000)
Purchase of tenements - cash	350,067	567,975
Purchase of tenements - shares	149,500	1,752,000
Impairment of exploration assets (1)	(160,849)	-
Total	**5,600,450**	**5,261,732**

(1) During the period the Group relinquished its interest in the Willier exploration project in Burkina Faso. The carrying value of the project was $160,849.

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.

NOTE 5: ISSUED CAPITAL

	31 December 2012 $	30 June 2012 $
Ordinary shares		
Issued and fully paid	15,858,555	15,709,055

	31 December 2012 No.	31 December 2011 No.	31 December 2012 $	31 December 2011 $
Movements in ordinary shares on issue				
At 1 July	56,750,832	41,047,002	15,709,055	8,999,565
Share-based payments	-	150,000	-	48,000
Shares issued for cash	-	11,953,830	-	5,138,300
Shares issued for exploration assets	650,000	-	149,500	-
Cost of share issues	-	-	-	(353,957)
At 31 December	57,400,832	53,150,832	15,858,555	13,831,908

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 6: SEGMENT REPORTING

The following table presents the profit & loss and assets & liabilities information by segment provided to the Board of Directors for the half-year periods ended 31 December 2012 and 31 December 2011.

	Cue Project (Western Australia) $	Project Generation (Africa) $	Unallocated (Corporate) $	Total $
31 December 2011				
Segment revenue	-	-	95,270	95,270
Segment result	(23,537)	(1,319,999)	(472,153)	(1,815,689)
Included within segment results:				
Depreciation	-	(15,772)	(2,736)	(18,508)
Financial income	-	-	95,270	95,270
Segment assets	445,012	3,645,492	5,897,444	9,987,948
Segment liabilities	-	(317,176)	(181,362)	(498,538)
31 December 2012				
Segment revenue	-	588,480	48,093	636,573
Segment result	-	(282,069)	(717,585)	(999,654)
Included within segment results:				
Depreciation	-	(19,169)	(10,961)	(30,130)
Financial income	-	-	48,093	48,093
Impairment of financial assets	-	-	(180,000)	(180,000)
Impairment of exploration assets	-	(160,849)	-	(160,849)
Segment assets	200,000	5,756,268	2,031,405	7,987,673
Segment liabilities	-	(272,490)	(177,689)	(450,179)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 7: COMMITMENTS

a) Exploration expenditure commitments

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

	31 December 2012	30 June 2012
	$	$
Within one year	1,901,284	1,147,125
Later than one year but not later than 5 years	7,605,136	4,588,500
	9,506,420	5,735,625

b) Operating lease commitments

Within one year	83,702	46,928
Later than one year but not later than 5 years	15,267	80,154
	98,969	127,082

Included in commitments is the minimum annual expenditure of AUD$726,979 required to maintain rights to the Derosa project in Burkina Faso. The project is the subject of a Farm-out agreement with Rumble Resources Limited. Rumble can earn a 75% interest in the project through expenditure of $3,000,000.

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

NOTE 8: CONTINGENT LIABILITIES

Project acquisition contingent liabilities

At the reporting date the consolidated entity has the following contingent liabilities under agreements entered into for the acquisition of exploration projects.

In November 2011 the consolidated entity acquired the Pinarello project in Burkina Faso. Under the agreement consideration comprises the following contingent liabilities:

- US$240,000 on the second anniversary of the signing of the agreement
- US$310,000 on the third anniversary of the signing of the agreement

At any time after the first payment Canyon may elect not to proceed with the acquisition in which case Canyon would not be liable for any further cash payments to the vendor, resulting in the full impairment of carried forward costs at that time.

Under the agreement to acquire the Derosa project the consolidated entity is required to make the following payments and share issues:

- US$100,000 on the second anniversary of the permits being granted
- US$290,000 and the issue of 100,000 shares on the third anniversary of the permits being granted

Canyon may withdraw from the agreement at any time however, should Canyon not make the purchase payments the agreement will be terminated and Canyon will forfeit its right to ownership and will not have the right to be reimbursed.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 9: EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the balance date the Company completed a capital raising of $1,209,000 before issue costs through the issue of 9.3 million shares at an issue price of $0.13 each and $569,400 via a Share Purchase Plan.

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

DIRECTORS' DECLARATION

In the opinion of the directors:

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

(a) complying with Accounting Standards, AASB 134 *"Interim Financial Reporting*" and the Corporations Regulations 2001; and

(b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

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

Phillip Gallagher
Managing Director

Perth, 15 March 2013

Accountants | Business and Financial Advisers

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

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Canyon Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of the consolidated entity for the half-year ended 31 December 2012 included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the half-year financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the half-year financial report. If users of the half-year financial report are concerned with the inherent risks arising from publication on a website they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information contained in this website version of the half-year financial report.

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

HLB Mann Judd

HLB MANN JUDD
Chartered Accountants

L DI GIALLONARDO
Partner

Perth, Western Australia
15 March 2013