CANYON RESOURCES LIMITED

ABN 13 140 087 261

Annual Report
30 June 2018

Contents

Corporate Directory

Directors
David Netherway
Phillip Gallagher
Emmanuel Correia

Company Secretary
Robert Marusco

Registered Office
Level 1, 9 Bowman Street
South Perth, Western Australia, 6151
T: +61 8 9217 2400

Principal Place of Business
Level 9, 863 Hay Street
Perth, Western Australia, 6000
T: +61 8 6382 3342
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
Allion Partners
Level 9
863 Hay Street
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 2018 ("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 40 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 plc (ALS:AIM), Canyon's joint venture partner on the Birsok Project in Cameroon, the Chairman of Kilo Goldmines Inc (KGL:TSX-V) and a non-executive Director of Avesoro Resources Inc.

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 a co-founding director of Canyon Resources and has been the Managing Director of the Company since that time.

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

Directors' Report continued

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.

Mr Correia specialises in corporate finance, corporate strategy, mergers and acquisitions and capital raising activities.

Mr Correia is currently a non-executive director of Orminex Limited and Argent Minerals Limited. 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).

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.

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 Performance Shares	Number of Unlisted Options Over Ordinary Shares
David Netherway	6,456,348	1,666,667[1]	2,000,000
Phillip Gallagher	3,173,864	1,666,667[2]	5,000,000
Emmanuel Correia	2,079,864	2,000,000[3]	-

Note 1; Mr Netherway was issued 2,500,000 Performance Shares to the Canyon Long Term Incentive Plan Trust which was approved by shareholders 25 November 2016. The Performance Shares carried certain vesting conditions as follows;

a) one third vest on the Related party remaining with the Company for a minimum of 12 months
b) one third vest on the raising of at least $10 million in support of a Company project; and
c) one third vest on delineating a resource of at least 150MT on one of the Company's existing projects or a project to be acquired by the Company

Vesting condition a) noted above was satisfied during the financial year ended 30 June 2018 resulting in 833,333 shares vesting in Mr Netherway.

Note 2; Mr Gallagher was issued 2,500,000 Performance Shares to the Canyon Long Term Incentive Plan Trust which was approved by shareholders 25 November 2016. The Performance Shares carried certain vesting conditions as follows;

a) one third vest on the Related party remaining with the Company for a minimum of 12 months
b) one third vest on the raising of at least $10 million in support of a Company project; and
c) one third vest on delineating a resource of at least 150MT on one of the Company's existing projects or a project to be acquired by the Company

Vesting condition a) noted above was satisfied during the financial year ended 30 June 2018 resulting in 833,333 shares vesting in Mr Gallagher.

Note 3; Mr Correia was issued 3,000,000 Performance Shares to the Canyon Long Term Incentive Plan Trust which was approved by shareholders 25 November 2016. The Performance Shares carried certain vesting conditions as follows;

a) one third vest on the Related party remaining with the Company for a minimum of 12 months
b) one third vest on the raising of at least $10 million in support of a Company project; and
c) one third vest on delineating a resource of at least 150MT on one of the Company's existing projects or a project to be acquired by the Company

Vesting condition a) noted above was satisfied during the financial year ended 30 June 2018 resulting in 1,000,000 shares vesting in Mr Correia.

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
	5,000,000	7.0 cents	30/9/2018
	2,250,000-	10.0 cents-	30/9/2018
	10,000,000	12.0 cents	19/02/201919/02/2019
	5,000,000	20.0 cents	05/09/2021

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
45,540,215	$0.06	29/09/2017	$2,732,413
4,635,417	$0.06	30/09/2018	$278,125
10,750,000	$0.10	30/09/2018	$1,075,000
2,000,000	$0.07	30/09/208	$140,000

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 2017/2018 financial year was to secure the Minim Martap Bauxite Project ("Minim Martap" or the "Project") in Cameroon. The Minim Martap Bauxite Project is contiguous to Canyon's existing Birsok Bauxite Project and in some locations, share the same bauxite plateau.
During the year Canyon had been engaged in a confidential and significant process of review and negotiation with the Government of Cameroon regarding the Minim Martap Bauxite Project and was successfully granted the three exploration permits that comprise the Project in August 2018.

During the year Canyon also identified and made application for a permit relating to a potentialKaolin/High Purity Alumina project in Cameroon. The Company was granted an exploration permit for the Mayouom Project and completed an initial exploration program in March 2018. The results from the initial sampling program for the Mayouom Kaolin deposit were very positive and showed clear potential for High Purity Alumina (HPA) production

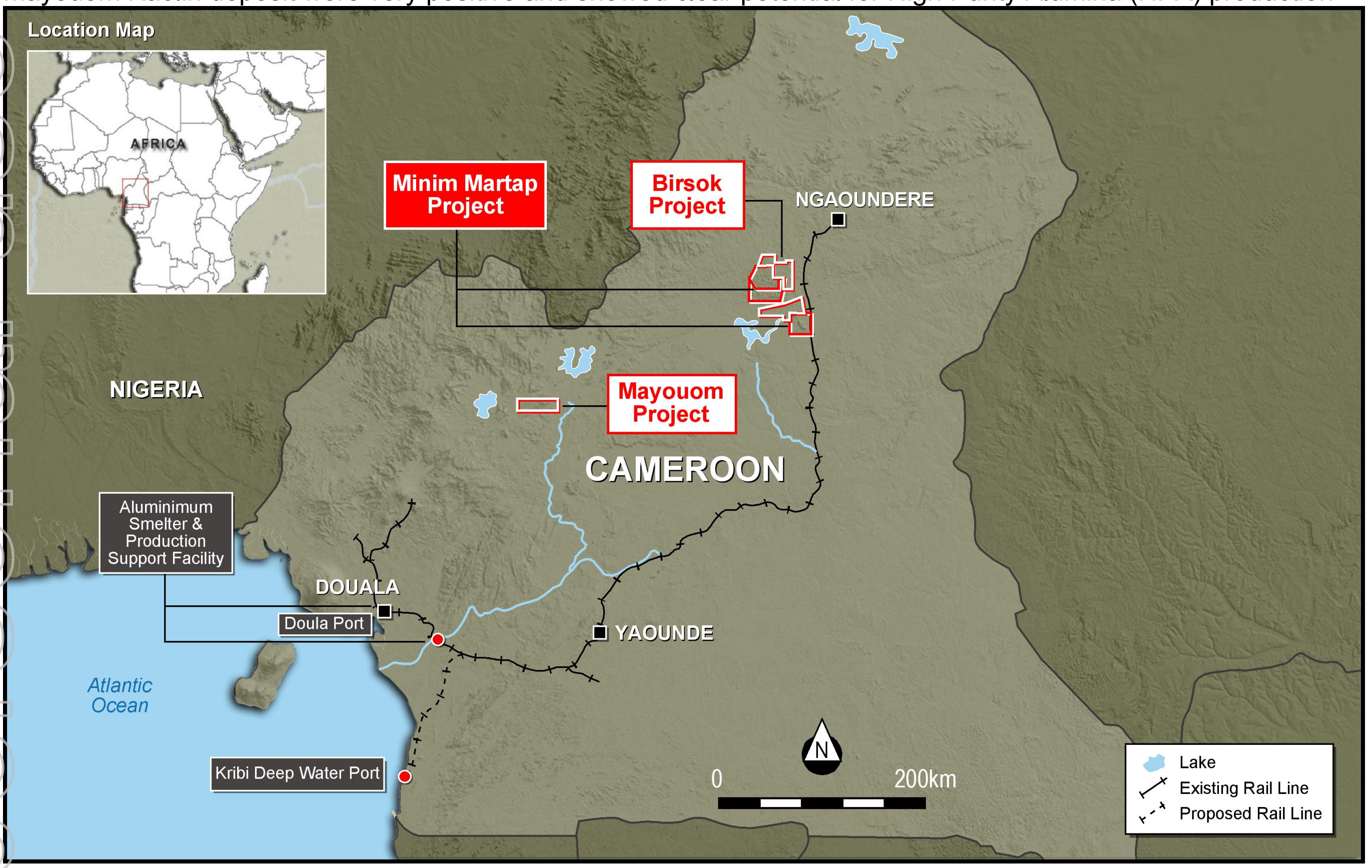

Figure 1: Location map of the Minim Martap and Birsok Bauxite Projects and the Mayouom Kaolin Project in Cameroon.

MINIM MARTAP AND BIRSOK BAUXITE PROJECTS

Since commencing operations on the Birsok Bauxite Project in early 2014, Canyon had identified the Minim Martap Project as being a significant bauxite deposit of potentially world class scale and grade that could be successfully developed. The combined Minim Martap and Birsok Projects are strategically located approximately 10km from the operational Camrail rail line that runs from the Project area to the existing Doula Port, a shallow water port, and towards the newly constructed Kribi Deep Sea Port.

Directors' Report - Review of Operations continued

Subsequent to the granting of the Project to Canyon, the Company announced the upgrade of the resource to JORC 2012 status. The upgraded resource statement is outlined below:

Resource Class	Tonnes (million)	Total Al_2O_3 (average)	Total SiO_2 (average)	Permit	No of Plateaux
Indicated	88	41.8%	1.3%	Ngaoundal	3
Inferred	466	46.2%	2.2%	Minim Martap	11
Total	550	45.5%	2.06%		14

The three exploration permits that comprise the Minim Martap Project have been granted for a three year period and have some predetermined work conditions that were in line with the company's proposal to the Government of Cameroon for the project development plan.

A summary of the minimum work commitments is:

Year One

- Review existing geological, metallurgical and environmental data
- Commence initial geological works
- Commence geological, environmental, community and infrastructure studies
- Commence exploration drilling
- Define an initial JORC (2012) compliant resource

Year Two

- Ongoing exploration drilling
- Commence pre-feasibility studies on the mining, metallurgical, infrastructure, environment, community and mine financing

Year Three

- Finalise any required drilling
- Complete a definitive feasibility study
- Complete a mining convention in collaboration with the Government

Previous work completed by Canyon Resources on the contiguous Birsok Project, sometimes sharing plateau with the Minim Martap Project, has given the Company a strong understanding of the physical and geochemical characteristics of the local bauxite. The bauxite is generally high alumina, low total and reactive silica, high gibbsite, low boehemite and low on other contaminants.

Directors' Report - Review of Operations continued

MAYOUOM KAOLIN PROJECT

During the year Canyon sourced some past academic papers that identified a potential kaolin clay deposit in Cameroon, that may have suitability for High Purity Alumina (HPA) production. Based on the information in the academic papers, and for minimal cost, the Company lodged an exploration permit application covering the identified project area.

The kaolin permit ("Mayouom Project") was granted in early December 2017 and is located approximately 500km north east of the capital city, Yaounde. An initial sampling program confirmed the existence of high grade Aluminium Oxide (Al_2O_3) with both vertical and horizontal continuity and very low impurities.

Canyon's independent metallurgical consultants, who have current HPA experience, consider Mayouom to be a high-grade low contaminant kaolin deposit that is amenable to producing a good Al_2O_3 concentrate suitable for HPA production. The results from the initial testing demonstrated that the Mayouom kaolin has the potential to be a significant kaolin/HPA deposit.

*Figure*1 *: Fine grained, massive and brilliant white coloured* Mayouom *kaolin*

Subsequent to the completion of the initial sampling program, the Company spent considerable time engaging with local communities and stakeholders within the Project area in order to build trust and support for the Mayouom Project.

Directors' Report - Review of Operations continued

Canyon has been pleased with the positive reception from the local community and government leaders. Canyon will work with the local community to mitigate negative environmental and social impacts and maximise positive socio-economic and developmental impacts throughout the Project's life-cycle.

Figure 2: Mayouom divisional officer and community representatives with Canyon staff

BURKINA FASO

Canyon Resources Ltd only active operation in Burkina Faso is 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**).

Acacia has been continuing on-going exploration on the Pinarello and Konkolikan Projects.

Directors' Report - Review of Operations continued

CORPORATE

On 27 September 2017 the Company entered into an underwriting agreement with CPS Capital Group Pty Ltd to fully underwrite the Company's unlisted 6 cent options series up to the value of $2.614 million.

By 3 October 2017 of the Company's 43,565,215 unlisted options with an exercise price of 6 cents 86% were exercised with the balance being placed to sophisticated investors via the underwriting agreement.

OPERATING RESULT FOR THE YEAR

The consolidated entity's operating loss for the year ended 30 June 2018 was $2,991,871 (year ended 30 June 2017: $3,567,660). The result included the write-off of exploration and project evaluation expenditure incurred of $1,265,311 (30 June 2017: $1,780,244) and the impairment of exploration assets of $nil (2017: $nil).

REVIEW OF FINANCIAL CONDITION

At 30 June 2018, the consolidated entity had $2,261,663 in cash balances (30 June 2017: $2,216,172).

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 the 9 August 2018 Canyon announced that the Government of Cameroon had granted to the Company exploration permits comprising the "Minim Martap Bauxite Project in Cameroon. The Minim Martap Bauxite Project is a large scale bauxite deposit located in the Adamawa region of Cameroon, alongside Canyon's existing Birsok Bauxite Project. The Minim Martap Bauxite Project encompasses two deposits, namely the Ngouandal and Minim Martap deposits, which are located within 25km of each other. The total area of the permits is 1349 km^2.

On the 21 August 2018 the Company announced that it had received commitments from institutional and sophisticated investors to raise $5m before costs by placing 32,258,064 new shares at $0.155 per share under the Company's ASX LR 7.1 placement capacity. The placement price represented a 8.3% discount to the 30 day volume weighted average price (VWAP) of $0.163 and a 16.9% discount to the 15 day VWAP of $0.181. The capital raised was completed by 5 September 2018.

Subsequent to year end the following options have been converted to shares raising $1,493,125:

Number Converted	Option Class	Value Received
4,635,417	$0.06 options expiring 30 September 2018	$278,125
2,000,000	$0.07 options expiring 30 September 2018	$140,000
10,750,000	$0.10 options expiring 30 September 2018	$1,075,000

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

Directors' Report - continued

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL LEGISLATION

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

Directors' Report - continued

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 2018. 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

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. The Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

REMUNERATION STRUCTURE

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

Directors' Report – Remuneration Report (Audited) Continued

NON-EXECUTIVE DIRECTOR REMUNERATION

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

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

Each non-executive director receives a fee for being a director of the Company. The remuneration of non-executive directors for the year ended 30 June 2018 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 2018, 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 PLAN

On 25 November 2016 Shareholders approved a new employee incentive scheme titled the Canyon Long Term Incentive Plan.

As a result of this Shareholder approval the Company will be able to issue options, performance rights or performance shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that 11,000,000 performance shares have been previously issued to Directors and management following Shareholder approval at the Company's Annual General Meeting on 25 November 2016.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Plan Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Securities to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

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 $210,000 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.

No other new employment contracts with directors.

Directors' Report – Remuneration Report (Audited) Continued

Table 1: Remuneration of key management personnel (KMP) for the year ended 30 June 2018 and the year ended 30 June 2017:

	Year	Short-term Employee Benefits Salary & Fees	Post-employment Benefits Superannuation	Equity Share based payments	Total	Performance Related
Non-Executive director		$	$	$	$	%
Rhoderick Grivas (Resigned 20 July 2016)	2018	-	-	-	-	-
	2017	6,667	633	-	7,300	-
David Netherway	2018	70,000	-	115,163	185,163	62
	2017	67,500	-	128,904	196,404	66
Emmanuel Correia (Appointed 20 July 2016)	2018	43,800	-	115,163	158,963	72
	2017	41,426	-	154,684	196,110	79
Sub-total Non-Executive Director	**2018**	**113,800**	**-**	**230,326**	**344,126**	
	2017	115,593	633	283,588	399,814	
Executive directors						
Phillip Gallagher (1)	2018	227,779	19,950	138,194	385,923	36
	2017	210,763	18,565	128,904	358,232	36
Sub-total Executive Directors	**2018**	**227,779**	**19,950**	**138,194**	**385,923**	
	2017	210,763	18,565	128,904	358,232	
Total	**2018**	**341,579**	**19,950**	**368,520**	**730,049**	
	2017	326,356	19,198	412,492	758,045	

(1) Includes accrued annual leave of $17,500 (2017: $17,769).

Directors' Report – Remuneration Report (Audited) Continued

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

During the financial year performance shares were granted to key management personnel of the Company. Refer Note 12 for details. The performance shares remain held by those key management personnel at balance date and at the date of this report one third have vested as outline above.

No remuneration options issued in prior years were converted to shares.

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):

						Vested as at end of year		
	Balance at beginning of year	Purchased	Options exercised	Net change other #	Balance at end of year	Total	Exercisable	Not Exercisable
30 June 2018								
Directors								
Phillip Gallagher	-	-	-	-	-	-	-	-
David Netherway	-	-	-	-	-	-	-	-
Emmanuel Correia (2)	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
30 June 2017								
Directors								
Rhoderick Grivas (1)	300,000	-	-	(300,000)	-	-	-	-
Phillip Gallagher	-	-	-	-	-	-	-	-
David Netherway	1,111,111	-	(1,111,111)	-	-	-	-	-
Emmanuel Correia (2)	-	-	-	-	-	-	-	-
Total	1,411,111	-	(1,111,111)	(300,000)	-	-	-	-

includes forfeitures, expired options and balance on resignation

(1) Resigned 20 July 2016

(2) Appointed 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 2018								
Directors								
Phillip Gallagher	5,080,000	-	(80,000)	-	5,000,000	5,000,000	5,000,000	-
David Netherway	2,342,857	-	(342,857)	-	2,000,000	2,000,000	2,000,000	-
Emmanuel Correia (2)	414,500	-	(414,500)	-	-	-	-	-
Total	7,837,357	-	(837,357)	-	7,000,000	7,000,000	7,000,000	-
30 June 2017								
Directors								
Rhoderick Grivas (1)	5,000,000	-	-	(5,000,000)	-	-	-	-
Phillip Gallagher	8,080,000	-	(438,308)	(2,561,692)	5,080,000	5,080,000	5,080,000	-
David Netherway	3,842,857	-	(1,500,000)	-	2,342,857	2,342,857	2,342,857	-
Emmanuel Correia (2)	414,500	-	-	-	414,500	414,500	414,500	-
Total	17,257,357	-	(1,938,308)	(7,561,692)	7,837,357	7,837,357	7,837,357	-

Includes forfeitures, expired options and balance on resignation

(1) Resigned 20 July 2016

(2) Appointed 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 2018					
Directors					
Phillip Gallagher	4,760,531	-	80,000	-	4,840,531
David Netherway	7,780,158	-	342,857	-	8,123,015
Emmanuel Correia	3,665,364	-	414,500	-	4,079,864
Total	16,206,053	-	837,357	-	17,043,410
30 June 2017					
Directors					
Rhoderick Grivas (1)	2,155,385	-	-	(2,155,385)	-
Phillip Gallagher	1,822,223	-	438,308	2,500,000	4,760,531
David Netherway	2,669,047	-	2,611,111	2,500,000	7,780,158
Emmanuel Correia (2)	665,364	-	-	3,000,000	3,665,364
Total	7,312,019	-	3,049,419	5,844,615	16,206,053

Includes balance on resignation and issue of performance shares
(1) Resigned 20 July 2016

(2) Appointed 20 July 2016

As at 30 June 2018 of the 8,000,000 Performance Shares previously issued to Directors 2,666,666 have vested and 5,333,334 remain subject to vesting conditions.

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:

	Board Meetings	
Director	**Meetings entitled to attend**	**Meetings attended**
Phillip Gallagher	4	4
David Netherway	4	4
Emmanuel Correia	4	4

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 72.

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 22 and forms part of this directors' report for the year ended 30 June 2018.

NON-AUDIT SERVICES

There were no non-audit services provided by our auditor, HLB Mann Judd during the year (2017: nil).

Signed in accordance with a resolution of the directors

Phillip Gallagher
Managing Director
Perth WA, 28th September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Canyon Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in 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
28 September 2018

D I Buckley
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533
Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Other revenue	2	4,688	-
Interest received	2	13,779	8,658
		18,467	8,658
Exploration and evaluation expensed as incurred		(286,746)	(264,453)
Project evaluation expenses		(978,565)	(1,515,791)
Employee expenses		(266,764)	(209,076)
Consultants and contractors		(231,398)	(541,216)
Occupancy		(28,587)	(19,371)
Depreciation	2	(39,121)	(22,835)
Compliance and regulatory		(74,596)	(80,283)
Directors' fees		(332,857)	(327,009)
Administration		(209,112)	(110,794)
Foreign exchange loss		(2,741)	(13,224)
Doubtful debts		-	(26,215)
Share based payments		(559,851)	(436,799)
Interest expense	2	-	(9,252)
Loss before income tax		**(2,991,871)**	**(3,567,660)**
Income tax expense	3	-	-
Loss for the year		**(2,991,871)**	**(3,567,660)**
Other comprehensive income			
Items that may be reclassified to profit or loss: Changes in the fair value of available-for-sale assets		9,241	400
Exchange differences on translation of foreign operations		49,205	(14,317)
Total other comprehensive income/(loss)		58,446	(13,917)
Total comprehensive loss		(2,933,425)	(3,581,577)
Basic loss per share (cents per share)	5	(0.99)	(1.62)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	2,261,663	2,216,172
Trade and other receivables	7	6,825	7,388
Other assets	8	53,445	67,837
Total current assets		**2,321,933**	**2,291,397**
Non-current assets			
Available-for-sale assets	9	19,120	12,400
Plant and equipment	10	171,663	95,451
Capitalised exploration expenditure	11	1,054,306	1,024,926
Total non-current assets		**1,245,089**	**1,132,777**
Total assets		**3,567,022**	**3,424,174**
LIABILITIES			
Current liabilities			
Trade and other payables	13	204,262	267,569
Provisions	14	59,371	44,298
Total current liabilities		**263,633**	**311,867**
Total liabilities		**263,633**	**311,867**
Net assets		**3,303,389**	**3,112,307**
Equity			
Issued capital	16	29,353,851	26,508,395
Reserves	17	2,013,723	1,676,226
Accumulated losses	18	(28,064,185)	(25,072,314)
Total equity		**3,303,389**	**3,112,307**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cashflows

For the Year Ended 30 June 2018

	Note	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Cash flows from operating activities			
Payments to suppliers and employees		(2,155,157)	(2,836,770)
Interest received		13,779	8,658
Interest paid		-	-
Net cash used in operating activities	6	(2,141,378)	(2,828,112)
Cash flows from investing activities			
Payments for property, plant and equipment		(108,837)	(3,034)
Proceeds from sale of shares		7,210	-
Payments for exploration and evaluation		(286,746)	(264,453)
Net cash used in investing activities		(388,373)	(267,487)
Cash flows from financing activities			
Proceeds from share issues		2,732,413	5,136,639
Cost of share issues		(167,757)	(247,323)
Net cash provided by financing activities		2,564,656	4,889,316
Net increase in cash and cash equivalents		34,905	1,793,717
Cash and cash equivalents at beginning of the year		2,216,172	446,405
Effect of foreign exchange movements on cash balances		10,586	(23,950)
Cash and cash equivalents at end of the year	6	**2,261,663**	**2,216,172**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

2017 Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Convertible Note Reserve $**	**Available-for-Sale Reserve $**	**Foreign Currency Translation Reserve $**	**Share Based Payment Reserve $**	**Total $**
Balance at 1 July 2016	21,628,155	(21,504,654)	35,768	-	235,944	722,556	1,117,769
Loss for the year	-	(3,567,660)	-	-	-	-	(3,567,660)
Changes in the fair value of available-for-sale assets	-	-	-	400	-	-	400
Movement in foreign exchange on translation	-	-	-	-	(14,317)	-	(14,317)
Total comprehensive (loss) for the year	-	(3,567,660)	-	400	(14,317)	-	(3,581,577)
Shares issued for cash	682,000	-	-	-	-	-	682,000
Options converted to shares	4,454,639	-	-	-	-	-	4,454,639
Convertible notes converted to shares	285,768	-	(35,768)	-	-	-	250,000
Transaction costs	(542,167)	-	-	-	-	294,844	(247,323)
Issue of performance shares	-	-	-	-	-	436,799	436,799
Balance at 30 June 2017	**26,508,395**	**(25,072,314)**	**-**	**400**	**221,627**	**1,454,199**	**3,112,307**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

2018 Consolidated	Issued Capital $	Accumulated Losses $	Available-for-Sale Reserve $	Foreign Currency Translation Reserve $	Share Based Payment Reserve $	Total $
Balance at 1 July 2017	26,508,395	(25,072,314)	400	221,627	1,454,199	3,112,307
Loss for the year	-	(2,991,871)	-	-	-	(2,991,871)
Changes in the fair value of available-for-sale assets	-	-	9,241	-	-	9,241
Movement in foreign exchange on translation	-	-	-	49,205	-	49,205
Total comprehensive (loss) for the year	-	(2,991,871)	9,241	49,205	-	(2,933,425)
Vested performance shares	280,800	-	-	-	(280,800)	-
Options converted to shares	2,732,413	-	-	-	-	2,732,413
Transaction costs	(167,757)	-	-	-	-	(167,757)
Issue of performance shares	-	-	-	-	559,851	559,851
Balance at 30 June 2018	**29,353,851**	**(28,064,185)**	**9,641**	**270,832**	**1,733,250**	**3,303,389**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2018

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 2018. 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. The assessment involved AASB 9, AASB 15 and AASB 16.

c. Statement of compliance

The financial report was authorised for issue on 28 September 2018.

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 2018

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 2018 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 2018

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 2018

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 and other taxes

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 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g. Income tax and other taxes (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 2018

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 2018

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 Canyon Long Term Incentive Plan, 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 2018

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 2018

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 2018

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 2018

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 2018

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 is the West African Franc (XAF) and Burkina Faso is the Central African Franc (XOF).

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

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

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

w. Parent Entity Financial Information

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

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

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

(ii) Share-based payments

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Going Concern

The financial report is prepared on a going concern basis.

At the balance date, the Group had an excess of current assets over current liabilities of $2,058,300 (2017: excess of current assets over current liabilities of $1,979,531).

2. REVENUE AND EXPENSES

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
a) Revenue		
Bank interest received and receivable	13,779	8,658
Other revenue	4,688	-
b) Expenses		
Depreciation	39,121	22,835
Interest paid and payable	-	9,252

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

3. INCOME TAX

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
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	(2,991,871)	(3,567,660)
Tax at the applicable tax rate of 30%	(897,561)	(1,070,298)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	1,281	1,683
Movement in unrecognised temporary differences	(85,178)	(92,956)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	981,458	1,161,571
Income tax expense	-	-
Unrecognised temporary differences		
Deferred tax assets at 30%		
Capital raising costs	156,679	35,588
Legal fees	2,652	2,652
Accruals	11,685	10,785
Provisions	21,801	16,104
Carry forward tax losses	7,970,691	6,989,233
	8,163,508	7,054,362
Unrecognised temporary differences		
Deferred tax liabilities at 30%		
Exploration expenditure	46,463	43,095
	46,463	43,095

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:

a) 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.
b) The Company complies with the conditions for deductibility imposed by the law; and
c) 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 2018

4. DIVIDENDS

The Company has not declared a dividend for the year ended 30 June 2018 (2017: Nil).

	CONSOLIDATED 2018 Cents per share	CONSOLIDATED 2017 Cents per share
5. LOSS PER SHARE		
Basic loss per share from continuing operations	(0.99)	(1.62)

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 ($)	(2,991,871)	(3,567,660)
Weighted average number of ordinary shares (number)	303,182,408	219,849,531

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 2018

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
6. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	2,261,663	2,216,172

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	(2,991,871)	(3,567,660)
Exploration and evaluation expenditure reclassified	286,746	264,453
Depreciation	39,121	22,835
Doubtful debt	-	26,215
Share based payments	559,851	436,799
Interest expense – convertible note	-	9,252
Gain on sale of investments	(4,688)	-
Impairment of exploration assets	-	-
Foreign exchange gain	2,742	13,224
Changes in net assets and liabilities:		
(Increase)/decrease in other receivables	563	(2,455)
(Increase)/decrease in other assets	14,392	(23,427)
Increase/(decrease) in trade creditors and accruals	(63,307)	(9,665)
Increase/(decrease) in provisions	15,073	2,317
Cash flows used in operations	(2,141,378)	(2,828,112)

Non-cash financing and investing activities:

Issue of options to brokers	-	294,844
Issue of performance shares to directors and employees (refer Note 12)	559,851	436,799

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
7. TRADE AND OTHER RECEIVABLES		
Sundry receivable	1,100	-
GST recoverable	5,725	7,388
	6,825	7,388

There are no overdue but not impaired receivables.

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
8. OTHER CURRENT ASSETS		
Prepayments	19,677	25,379
Other current assets	33,778	42,458
	53,445	67,837

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
9. AVAILABLE-FOR-SALE FINANCIAL ASSETS		
Shares in Rumble Resources Ltd	12,400	12,000
Disposals	(2,521)	-
Changes in the fair value of available-for-sale assets	9,241	400
Fair value at end of year	19,120	12,400

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

10. PROPERTY PLANT AND EQUIPMENT

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
Year ended 30 June 2017				
At 1 July 2016 net of accumulated depreciation	2,815	891	112,670	116,376
Additions	-	3,034	-	3,034
Disposals	-	-	-	-
Depreciation charge for the year	(563)	(368)	(21,904)	(22,835)
Foreign currency exchange differences	-	-	(1,124)	(1,124)
At 30 June 2017 net of accumulated depreciation	2,252	3,557	89,642	95,451

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
Year ended 30 June 2018				
At 1 July 2017 net of accumulated depreciation	2,252	3,557	89,642	95,451
Additions	-	-	108,837	108,837
Disposals	-	-	-	-
Depreciation charge for the year	(450)	(711)	(37,960)	(39,121)
Foreign currency exchange differences	-	-	6,496	6,496
At 30 June 2018 net of accumulated depreciation	1,802	2,846	167,015	171,663

Notes to the Consolidated Financial Statements continued
For the Year Ended 30 June 2018

10. PROPERTY PLANT AND EQUIPMENT (continued)

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
At 30 June 2017				
Cost or fair value	8,650	4,715	171,652	185,017
Accumulated depreciation	(6,398)	(1,158)	(82,010)	(89,566)
At 30 June 2017 net of accumulated depreciation	2,252	3,557	89,642	95,451
At 30 June 2018				
Cost or fair value	8,650	4,715	290,875	304,240
Accumulated depreciation	(6,848)	(1,869)	(123,860)	(132,577)
At 30 June 2018 net of accumulated depreciation	1,802	2,846	167,015	171,663

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

11. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Acquisition of permits – at cost		
Exploration and evaluation phase		
Balance at the beginning of the year	1,024,926	1,027,394
Effect of movement in exchange rates on carrying value	29,380	(2,468)
Total exploration expenditure	1,054,306	1,024,926

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.

12. SHARE-BASED PAYMENTS

Performance Shares

On 25 November 2016 Shareholders approved a new employee incentive scheme titled the Canyon Long Term Incentive Plan.

As a result of this Shareholder approval the Company will be able to issue options, performance rights or performance shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Plan Securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Plan Securities to a related party or a person whose relation with the company or the related party is, in the ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

8,000,000 Director Performance Shares were approved 25 November 2016 to Messrs David Netherway, Phillip Gallagher and Emmanuel Correia, a further 3,000,000 Employee Performance Shares were issued under the Canyon Long Term Incentive Plan on 30 May 2017 the terms and conditions set out below:

Name	Performance Shares
David Netherway	2,500,000
Phillip Gallagher	2,500,000
Emmanuel Correia	3,000,000
Employees and consultants	3,000,000
Total	**11,000,000**

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

12. SHARE-BASED PAYMENTS (continued)

These performance shares were independently valued, using a valuation methodology based on the guidelines set out in AASB 2 *Share Based Payments*. Details of the assumptions used in the valuation of these performance shares issued are as follows:

Item	**Director performance shares**	**Employee and consultants performance shares**
Number of shares	8,000,000	3,000,000
Valuation (issue) date	25 November 2016	30 May 2017
Fair value per Performance share	$0.10530	$0.07907
Total fair value	$842,400	$237,210

At balance date the Directors have assessed that it is probable that the vesting conditions will be met and $559,851 has been expensed as share-based payments in the statement of profit of loss and other comprehensive income for the period.

The Performance Shares will be issued for nil cash consideration as fully paid ordinary shares in the capital of the Company issued on the terms and conditions under the Canyon Long Term Incentive Plan and subject to the following vesting conditions:

- one third vest on delineating a resource of at least 150 MT on one of the Company's existing projects or a project to be acquired by the Company;
- one third vest on the raising of at least $10 million in support of a Company project; and
- one third vest on the Related party remaining with the Company for a minimum of 12 months. This vesting condition was achieved 25 November 2017 for all Related Parties.

	CONSOLIDATED			
	2018		**2017**	
	Number of Options (No.)	**Weighted Average Exercise Price ($)**	**Number of Options (No.)**	**Weighted Average Exercise Price ($)**
Outstanding at the beginning of the year	31,996,644	0.086	40,207,755	0.068
Granted during the year	-	-	10,000,000	0.12
Exercised during the year	(11,996,644)	(0.06)	(18,211,111)	(0.065)
Expired during the year	-	-	-	-
Outstanding at the end of the year	20,000,000	0.085	31,996,644	0.086
Exercisable at the end of the year	20,000,000	0.085	31,996,644	0.086

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 was 120 days (2017: 177 days).

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
13. TRADE AND OTHER PAYABLES		
Trade payables (i)	142,779	223,601
Accrued expenses	38,950	35,950
Other	22,533	8,018
	204,262	267,569

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

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
14. PROVISIONS		
Employee leave entitlements	59,371	44,298
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	41,000	38,000
	41,000	38,000

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

16. ISSUED CAPITAL

Issued Capital	**2018 $**	**2017 $**
Ordinary shares issued and fully paid	29,353,851	26,508,395

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	**2018 Number**	**2018 $**	**2017 Number**	**2017 $**
At beginning of year	269,842,773	26,508,395	174,898,796	21,628,155
- Shares issued for cash	-	-	6,200,000	682,000
- Performance shares	-	280,800	11,000,000	-
- Options converted to shares	45,540,215	2,732,413	72,743,977	4,454,639
- Convertible notes converted	-	-	5,000,000	285,768
- Cost of share issues		(167,757)		(542,167)
At end of year	**315,382,988**	**29,353,851**	**269,842,773**	**26,508,395**

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

Details of unissued ordinary shares in the Company under options are as follows:

Other Equity Securities	**2018 Number**	**2017 Number**
Unlisted options exercisable at 6.0 cents expiring 29 September 2017	-	45,540,215
Unlisted options exercisable at 7.0 cents expiring 30 September 2018	7,000,000	7,000,000
Unlisted options exercisable at 10.0 cents expiring 30 September 2018	13,000,000	13,000,000
Unlisted options exercisable at 6.0 cents expiring 30 September 2018	4,635,417	4,635,417
Unlisted options exercisable at 12.0 cents expiring 19 February 2019	10,000,000	10,000,000

Options carry no rights to dividends and have no voting rights.

At balance date there were 11,000,000 Performance Shares on issue of which 3,666,666 have vested in the directors and management by fulfillment of vesting condition requiring the Related Party remaining with the Company for a minimum of 12 months. (2017: 11,000,000). Refer to Note 12.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

17. RESERVES

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Available-for-sale reserve		
Balance at beginning of year	400	-
Movement in fair value of available-for-sale assets	9,241	400
Balance at end of year	9,641	400
Convertible note reserve		
Balance at beginning of year	-	35,768
Equity component of convertible notes issued	-	-
Convertible notes converted to shares	-	(35,768)
Balance at end of year	-	-
Share based payment reserve		
Balance at beginning of year	1,454,199	722,556
Options issued to directors/consultants	-	-
Options issued to advisors	-	294,844
Vested performance shares	(280,800)	-
Performance shares issued to directors/employees	559,851	436,799
Balance at end of year	1,733,250	1,454,199
Foreign currency translation reserve		
Balance at beginning of year	221,627	235,944
Movement in foreign exchange on translation	49,205	(14,317)
Balance at end of year	270,832	221,627
Total	**2,013,723**	**1,676,226**

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 share based payment 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 performance shares. 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 or shares granted to consultants for services rendered, where the fair value of the services was to be determined by the number of equity instruments to be issued.

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 2018

18. ACCUMULATED LOSSES

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Movement in accumulated losses:		
Balance at beginning of year	(25,072,314)	(21,504,654)
Transfer from reserve on expiry of options	-	-
Loss for the year	(2,991,871)	(3,567,660)
Balance at end of year	(28,064,185)	(25,072,314)

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 2018 $	CONSOLIDATED 2017 $
a) Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	2,261,663	2,216,172
Trade and other receivables	6,825	7,388
Available-for-sale financial assets	19,120	12,400
Financial Liabilities		
Trade and other payables	204,262	267,569
Convertible notes	-	-

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

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 2018		CONSOLIDATED 2017	
	Carrying amount $	**Interest rate %**	**Carrying amount $**	**Interest rate %**
Variable rate instruments				
Cash and bank balances	2,261,663	0.50	2,216,172	0.60

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 2016.

	Equity		Profit or Loss	
	100bp increase	**100bp** decrease	**100bp** increase	**100bp** decrease
30 June 2018: Consolidated				
Variable rate instruments	22,617	(22,617)	22,617	(22,617)
30 June 2017: Consolidated				
Variable rate instruments	22,162	(22,162)	22,162	(22,162)

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 2018

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 2018: Consolidated	**Less than 1 month $**	**1 to 3 months $**	**3 months to 1 year $**	**1 to 5 years $**	**Total $**
Financial Liabilities					
Non-interest bearing	204,262	-	-	-	204,262
	204,262	-	-	-	204,262

30 June 2017: Consolidated	**Less than 1 month $**	**1 to 3 months $**	**3 months to 1 year $**	**1 to 5 years $**	**Total $**
Financial Liabilities					
Non-interest bearing	267,569	-	-	-	267,569
	267,569	-	-	-	267,569

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

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	
	2018 $	2017 $	2018 $	2017 $
CFA Francs	(141)	(89,869)	15,517	206,445
British pounds	(33,805)	(20,742)	-	-
Euros	(48,244)	-	-	-
US dollars	-	-	1,282	7,411

Foreign currency sensitivity analysis

The Group is exposed to CFA Franc (XOF and XAF) British pounds (GBP) 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 2018

19. FINANCIAL INSTRUMENTS (continued)

	Increase		Decrease	
	2018 $	2017 $	2018 $	2017 $
CFA Franc impact				
Profit or loss (i)	1,538	11,658	(1,538)	(11,658)
Other equity	-	-	-	-
GBP impact				
Profit or loss (i)	3,381	2,074	(3,381)	(2,074)
Other equity	-	-	-	-
Euro impact				
Profit or loss (i)	4,824	-	(4,824)	-
Other equity	-	-	-	-
USD impact				
Profit or loss (i)	128	741	(128)	(741)
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 2018 and 30 June 2017

Consolidated 30 June 2018	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Assets				
Available-for-sale financial assets	19,120	-	-	19,120

Consolidated 30 June 2017	**Level 1** **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
Assets				
Available-for-sale financial assets	12,400	-	-	12,400

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

20. COMMITMENTS

a) Exploration expenditure commitments

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Within one year	7,047,918	821,552
Later than one year but not later than 5 years	11,138,319	632,573
	18,186,237	1,454,125

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 2018

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 2018:	**Exploration (Africa) $**	**Unallocated $**	**Total $**
Segment revenue	-	18,467	18,467
Segment result	(1,331,439)	(1,660,432)	(2,991,871)
Included within segment result:			
Depreciation	(34,874)	(4,247)	(39,121)
Share-based payments	-	(559,851)	(559,851)
Interest revenue	-	13,779	13,779
Segment assets	674,497	2,892,525	3,567,022
Segment liabilities	(142)	(263,491)	(263,633)
Consolidated Year ended 30 June 2017:	**Exploration (Africa) $**	**Unallocated $**	**Total $**
Segment revenue	-	8,658	8,658
Segment result	(1,825,263)	(1,742,397)	(3,567,660)
Included within segment result:			
Depreciation	(18,047)	(4,788)	(22,835)
Share-based payments	-	(436,799)	(436,799)
Interest revenue	-	8,137	8,137
Segment assets	1,305,584	2,118,590	3,424,174
Segment liabilities	(89,869)	(221,998)	(311,867)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

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 $	
		2018	2017	2018	2017
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	100	2	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	100	22,810	22,810
Camalco Holdings Ltd	British Virgin Islands	100	100	134	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:

Key Management Personnel (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 2018

23. PARENT ENTITY DISCLOSURES

	CONSOLIDATED 2018 $	CONSOLIDATED 2017 $
Financial position as at 30 June 2018		
ASSETS		
Current assets	2,306,415	2,084,953
Non-current assets	1,260,465	1,249,352
Total assets	3,566,880	3,334,305
LIABILITIES		
Current liabilities	263,491	221,998
Total liabilities	263,491	221,998
EQUITY		
Issued capital	29,353,851	26,508,395
Accumulated losses	(27,793,353)	(24,850,687)
Reserves		
Available-for-sale reserve	9,641	400
Convertible note reserve	-	-
Share based payments	1,733,250	1,454,199
Total equity	3,303,389	3,112,307

Financial Performance for the year ended 30 June 2018

	Year ended 30 June 2018 $	Year ended 30 June 2017 $
Loss for the year	(2,942,666)	(3,581,977)
Other comprehensive income/(loss)	9,241	400
Total comprehensive loss	(2,933,425)	(3,581,577)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

24. EVENTS SUBSEQUENT TO REPORTING DATE

On the 9 August 2018 Canyon announced that the Government of Cameroon had granted to the Company exploration permits comprising the “Minim Martap Bauxite Project in Cameroon. The Minim Martap Bauxite Project is a large scale bauxite deposit located in the Adamawa region of Cameroon, alongside Canyon’s existing Birsok Bauxite Project. The Minim Martap Bauxite Project encompasses two deposits, namely the Ngouandal and Minim Martap deposits, which are located within 25km of each other. The total area of the permits is 1349 km^2.

On the 21 August 2018 the Company announced that it had received commitments from institutional and sophisticated investors to raise $5m before costs by placing 32,258,064 new shares at $0.155 per share under the Company’s ASX LR 7.1 placement capacity. The placement price represented a 8.3% discount to the 30 day volume weighted average price (VWAP) of $0.163 and a 16.9% discount to the 15 day VWAP of $0.181. The capital raised was completed by 5 September 2018.

Subsequent to year end the following options have been converted to shares raising $1,493,125:

Number Converted	Option Class	Value Received
4,635,417	$0.06 options expiring 30 September 2018	$278,125
2,000,000	$0.07 options expiring 30 September 2018	$140,000
10,750,000	$0.10 options expiring 30 September 2018	$1,075,000

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 $150,000. ($150,000 has already been paid)

Earn 51% of the JV Company

Expenditure on the project by Canyon of $2 million over a five 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.

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 2018

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% Al_2O_3 and a maximum of 2% reactive SiO_2 (as opposed to total SiO_2 content); and

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

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

26. DIRECTORS' AND EXECUTIVES' DISCLOSURES

Details of Key Management Personnel

Directors

Phillip Gallagher	Managing Director
David Netherway	Chairman & Director (non-executive)
Emmanuel Correia	Director (non-executive)

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

Total remuneration paid is as follows:

	2018 $	2017 $
Short-term benefits	341,579	326,356
Post-employment benefits	19,950	19,198
Share-based payment	368,520	412,492
	730,049	758,045

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2018

27. CONVERTIBLE NOTES

	2018 $	2017 $
Balance at the beginning of year	-	240,748
Proceeds of issue	-	-
Equity component taken to reserves	-	-
Interest expense for the period (1)	-	9,252
Conversion to shares	-	(250,000)
Balance at end of year	-	-

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.

On 10 November 2016 the remaining 5 million convertible notes were converted to shares at an issue price of 5 cents each.

(1) The interest for the period was calculated by applying 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 2018 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 2018.

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

Phillip Gallagher
Director

Dated this 28th day of September 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

Independent Auditor's Report
To the Members of Canyon Resources Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Canyon Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2018, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4 130 Stirling Street Perth WA 6000 | PO Box 8124 Perth BC WA 6849 | Telephone +61 (08) 9227 7500 | Fax +61 (08) 9227 7533

Email: mailbox@hlbwa.com.au | Website: www.hlb.com.au

Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of exploration and evaluation expenditure Note 11 of the financial report	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises acquisition costs and then expenses further exploration and evaluation expenditure as incurred. The cost model is applied after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group.	Our procedures included but were not limited to the following: ▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; ▪ We considered the Directors' assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We examined the exploration budget for the year ending 30 June 2019 and discussed with management the nature of planned ongoing activities; and ▪ We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

HLB Mann Judd

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

HLB Mann Judd

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Canyon Resources Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
28 September 2018

D Buckley

D I Buckley
Partner

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 13 September 2018.

(a) Distribution of equity securities and voting rights

(i) Ordinary share capital

349,868,135 fully paid ordinary shares are held by 1,338 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	38	4,641
1,001 - 5,000	105	356,205
5,001 - 10,000	143	1,236,710
10,000 - 100,000	595	26,694,506
100,000 and over	457	321,576,073
Total	1,338	349,868,135

There were 58 shareholders holding less than a marketable parcel at 13 September 2018.

Additional Securities Exchange Information continued

(ii) Options

The number of unlisted option holders by size of holding:

	Unquoted Options Ex 19 Feb 19 at $0.12		Unquoted Options Ex 5 Sept 21 at $0.20	
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	3	150,000	-	-
100,001 and over	15	9,850,000	1	5,000,000
	18	10,000,000	1	5,000,000

	Unquoted Options Ex 30 Sept 18 at $0.07		Unquoted Options Ex 30 Sept 18 at $0.10		Unquoted Options Ex 30 Sept 18 at $0.06	
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	-	-	-	-	-	-
100,001 and over	3	7,000,000	11	11,287,500	6	4,120,834
	3	**7,000,000**	**11**	**11,287,500**	**6**	**4,120,834**

Additional Securities Exchange Information continued

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

None

The Company has not received any current substantial shareholder notices as at 13 September 2018.

(c) The numbers of unquoted equity securities are:

	Number	Expiry Date
Options exercisable at $0.200	5,000,000	5 Sept 2021
Options exercisable at $0.120	10,000,000	19 Feb 2019
Options exercisable at $0.070	7,000,000	30 Sept 2018
Options exercisable at $0.100	11,287,500	30 Sept 2018
Options exercisable at $0.060	4,120,834	30 Sept 2018

Additional Securities Exchange Information continued

(d) Twenty largest holders of quoted equity securities are as at 13 September 2018:

Fully paid ordinary shares **Name**	**Number of Ordinary Shares Held**	**Percentage (%)**
HSBC Custody Nominees (Australia) Limited	13,093,861	3.76
IBT Holdings Pty Ltd<IBT Holdings Family A/C>	12,427,720	3.55
Canyon Incentive Trust Pty Ltd	11,000,000	3.14
SISU International Pty Ltd	8,551,652	2.44
Altus Strategies Ltd	8,000,000	2.29
Christopher, Adrian & Sascha Squiers	7,656,024	2.19
Merrill Lynch (Australia) Nominees Pty Limited	6,539,231	1.87
Zero Nominees Pty Ltd	6,268,177	1.79
Antony Sunna	5,305,000	1.52
Gondwana Investment Group Pty Ltd <Kumova Family	4,838,710	1.38
Dion Roberts	4,101,000	1.17
Alitime Nominees Pty Ltd	4,000,000	1.14
Sharic Superannuation Pty Ltd <Farris Super Fund A/C>	3,755,835	1.07
Widerange Corporation Pty Ltd	3,681,319	1.05
Christopher John Squiers	3,341,651	0.96
IBT Holdings Pty Ltd <IBT Holdings Pty Ltd Fam A/C>	3,300,000	0.94
Richsham Nominess Pty Ltd	3,000,000	0.86
Caveth Pty Ltd <Saltbush Super Fund A/C>	2,828,000	0.81
TR Nominess Pty Ltd	2,795,067	0.80
Glenda Elizabeth Brown	2,685,059	0.77
Total	117,168,306	33.49

(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 2018 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
Tao Project		
Tao	Burkina Faso	Own 100%
Pinarello Project		
Sokrani	Burkina Faso	25% of JV
Niofera	Burkina Faso	25% of JV
Baiera	Burkina Faso	25% of JV
Sokrani 2	Burkina Faso	25% of JV
Soukoura 2	Burkina Faso	25% of JV
Konkolikan Project		
Konkolikan	Burkina Faso	25% of JV
Birsok Project		
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%.
Minim Martap Project		
Minim Martap	Cameroon	100% ownership
Ngaoundal	Cameroon	100% ownership
Makan	Cameroon	100% ownership