Canyon Resources Limited

ABN 13 140 087 261

Interim Report
31 December 2021

Directors	Cliff Lawrenson Phillip Gallagher David Netherway Steven Zaninovich Peter Su
Company secretary	Matt Worner
Registered office	Level 1, 181 Roberts Road Subiaco, Western Australia, 6008 T: +61 8 9322 7600
Principal place of business	Level 1, 181 Roberts Road Subiaco, Western Australia, 6008 T: +61 8 9322 7600
Share register	Computershare Limited Level 11, 172 St Georges Terrace Perth, Western Australia, 6000 T: +61 8 9323 2000 F: +61 9323 2033 www.computershare.com.au
Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth, Western Australia, 6000
Solicitors	Allion Partners Level 9, 200 St Georges Terrace Perth, Western Australia, 6000
Stock exchange listing	Canyon Resources Limited shares are listed on the Australian Securities Exchange (ASX code: CAY)
Website	www.canyonresources.com.au

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Canyon Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were Directors of Canyon Resources Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Cliff Lawrenson - Non Executive Chairman
Phillip Gallagher - Managing Director
David Netherway - Non-Executive Director
Steven Zaninovich - Non-Executive Director
Peter Su - Non-Executive Director

Principal activities

The principal activities of the entities within the Group during the half-year were exploration license applications, mining permit application negotiations and engineering studies.

Review of operations

The loss for the Group after providing for income tax amounted to $9,017,308 (31 December 2020: $2,534,344).

Minim Martap Project

During the half year ended 31 December 2021 Canyon had a strong focus on progressing matters in relation to the receipt of a Mining Permit for the world class Minim Martap Bauxite Project in Cameroon ("Project"), including the firming up of the Company's financial position to progress further work.

The Company's three year non renewable exploration permits for the Minim Martap, Makan and Ngouandal permits expired on 18 July 2021. Prior to the expiration of the permits and in accordance with Mining Code of Cameroon, Canyon submitted valid applications to convert the Minim Martap permit to a Mining License and extend the Makan and Ngaoundal exploration permits for a further two years.

Execution of Strategic Partnership Agreement and MOU with MCC

In August 2021, the Company announced that it had entered into a Strategic Partnership Agreement and MOU with Zhongye Changtian International Engineering Corporation of MCC (MCC-CIE), the mining engineering division of global mining giant Metallurgical Corporation of China (MCC). The agreement follows the awarding of the bankable feasibility study (BFS) contract for the development of Stage 1 of the Project to MCC-CIE in December 2020.

The Strategic Partnership Agreement and MOU states that "In accordance with good cooperation between the parties during the BFS, Canyon and MCC-CIE shall commence a Comprehensive Strategic Partnership. MCC-CIE, as the Strategic Partner, would offer necessary assistance to Canyon in facilitating the off-taking and financing for the Project in China. MCC will also provide all necessary support to assist Canyon in technical, business off-taking and financial related issues, etc."

Post the signing of the Strategic Partnership and MOU, MCC representatives alongside the Canyon team, including Managing Director, Phillip Gallagher met with officials from the Government of Cameroon to present the merits of the Strategic Partnership, with feedback received being very positive.

Key details of the MOU and Strategic Partnership Agreement are:

- The parties have commenced a Comprehensive Strategic Partnership and will immediately hold regular meetings to promote the financing and execution of the Project.
- MCC-CIE will provide Canyon with all necessary support within its capacity to assist Canyon in technical, business, off-taking and financing related issues.
- The Strategic Partnership Agreement and MOU remain in force until 31 December 2022 unless extended.
- The parties agree to reach a more comprehensive legally binding agreement for the implementation of the Project to replace the non-binding relationship established through the MOU and Strategic Partnership Agreement.

MCC-CIE is a member of the China Minmetals Corporation, and a subsidiary of Metallurgical Corporation of China (MCC). China Minmetals ranks 65th among the Fortune Global 500 companies with revenue of US$102 billion, and is a world-class metal and mining corporation. MCC is the world's largest metallurgical and mining construction contractor and operation service provider, ranking 8th among Engineering News Record's (ENR) Top 250 Global Contractors. MCC has the capacity, knowledge, experience, and skills to undertake various projects all over the world including, mining, roads, bridges, water treatment, power plants, iron and steel plants, cement plants, etc.

Minmetals is engaged in the production and trading of metals and minerals, including bauxite, alumina, aluminium, copper, tungsten, tin, antimony, lead, zinc, and nickel. Minmetals is a joint venture partner for the mining and processing of bauxite in Jamaica and has interests in aluminium production in China.

Strong Community Support for Minim Martap Project

On 30 August 2021, the Company announced that it had received letters of support from the traditional leaders and elders of the region local to the Project. This included the Governor of the Adamaoua Region, Lamido of Ngaoundere, Sous-Prefet of Martap and Chiefs of the villages of Haleo, Makor, Minim and Martap.

This written recognition of support for and acknowledgement of the significance of the Project to the local communities indicates Canyon's strong social licence to operate and develop the Project. This is significant for the Company and demonstrates the positive impact Canyon continues to have with local communities and key stakeholders, confirming an overwhelming support for development of the Project.

Successful $6.2 million placement

In August 2021 Canyon announced a successful placement of 77,257,157 new shares to institutional and sophisticated investors at $0.08 per share to raise approximately $6.2 million (before costs). This included a pro-rata participation in the Placement by the Company's major shareholder, Mr Peter Su.

Funds from the Placement will be used for:

- delivery of the Minim Martap Project Feasibility Study and other Project deliverables;
- advancing strategic Project and off-take discussions; and
- corporate overheads and general working capital.

Appointment of Jean-Sebastien Boutet as Chief Executive Officer

In November 2021, the Company announced the appointment of Mr Jean-Sebastien Boutet as Chief Executive Officer of the Company. Mr Boutet commenced with Canyon on 1 January 2022.

Mr Boutet is an experienced metals and mining executive, with more than 16 years in the bauxite and aluminium industry. Mr Boutet has more than 6 years' experience working in West Africa, most recently as Chief Commercial Officer at Alufer Mining Limited, an independent bauxite mining company that discovered and developed the Bel Air bauxite deposit. He was previously a member of the Board of Directors of Compagnie des Bauxite de Guinée (CBG) while working as Commercial and Market Development Director for Alcoa Corporation.

With a background in business development, operations management and mine logistics, Mr Boutet has significant experience in securing key partnerships, developing, and implementing marketing and commercial strategy, and ensuring key workstreams towards development are achieved on time and on budget. His experience will complement the existing and highly experienced team in Cameroon of Mr Rick Smith (CEO of Camalco Cameroon SA) and Mr Andre Henry (Director Port and Rail of Camalco Cameroon SA).

Key Terms of Mining Convention finalised

In December 2021, the Company announced that it had, through its wholly owned Cameroon subsidiary Camalco Cameroon SA ("**Camalco**"), attended four formal sessions with the Government of Cameroon to negotiate terms of the Mining Convention for the Minim Martap Bauxite Project, located in the Adamoua Region of Cameroon.

A Mining Convention is the agreement between Camalco and the State of Cameroon that sets out Camalco's fiscal and legal rights and obligations for the Minim Martap Project's development and ongoing operation. A Mining Convention is the penultimate step to be completed by Camalco prior to receiving a Mining License. The completion of negotiations for the Mining Convention which importantly confirms the key financial parameters for the Project, will enable Camalco to enter binding agreements with financing and off take partners and logistics providers.

The negotiations commenced on 5 November 2021 when Camalco presented the Project to an audience of approximately 80 representatives of the Ministry of Mines and other Government administrators. The meeting involved a detailed presentation of the Project by Camalco management and an extended Q&A session with those in attendance.

Thereafter the negotiations were progressed in a series of meetings over a period up to and including 6 December 2021 and involving representatives of Canyon, Camalco, Senior Representatives from the Ministry of Mines and Sonamines, the state-owned mining company, as well as the Minister of Mines. Following these meetings the agreed terms for the Minim Martap Mining Convention were signed and initialled by over 30 representatives from 15 Ministries in Cameroon as well as representatives from Camalco.

The conclusion of these negotiations finalised the formal negotiations for the Mining Convention between Camalco and the State. Camalco is continuing to work closely with the State of Cameroon to finalise the remaining matters relevant to the Mining Convention, aiming to conduct the formal signing in 2022.

Bankable Feasibility Study Update

During December 2021, the Company announced that it identified some material opportunities to optimise the Bankable Feasibility Study (**BFS**) and improve the project efficiency and economics. The BFS optimisation work has necessitated additional time, with the current timing targeting BFS release in Q1 2022.

The optimisation opportunities centre around improved rail production capacity (which directly influences project throughput), and a superior location with increased capacity of the port handling facility.

As part of the BFS, Canyon engaged Vecturis, a West African-focused railway engineering consultant, to evaluate Cameroon's rail infrastructure and determine the necessary upgrades, assess rolling stock requirements, model the rail traffic capacity, and ultimately provide an optimised operations schedule. The traffic capacity of the railway determines the throughput of the Minim Martap Project as the railway is the limiting factor in the value chain.

The existing Cameroon railway (*Camrail*, operated by Bolloré Logistics) is a multi-use network transporting freight and passengers from Douala, on Cameroon's coast, through the capital city of Yaoundé, to Ngaoundéré, in the North.

Following compilation of comprehensive rail traffic data, Vecturis developed a static traffic capacity model, followed by a dynamic simulation model using specialised railway modelling software. Initially targeting a 5 million tonnes per annum (Mtpa) production rate (throughput), as established in the Project's Prefeasibility Study (**PFS**), Vecturis concluded that rail traffic capacity is significantly better than previously anticipated. As such, the Project's throughput will increase by more than 25% - a material improvement from the PFS assumptions.

In addition to the rail studies, a review of the rail operations methodology, with the support of the Cameroon Ministry of Transport and Camrail, identified further opportunities to increase tonnage and improve rail efficiencies.

Separately, on-going negotiations with the Douala Port Authority and Camrail have identified an alternative rail unloading and barge loading solution at the port that will facilitate operations and easily accommodate future increases in production.

Parallel to the railway studies, China Minmetals Corporation (MCC) subsidiary, Zhongye Changtian International Engineering Co., Ltd. (MCC CIE), developed the mining schedule, haul road, inland rail facility (IRF) and port designs. MCC is a multinational conglomerate, active in global bauxite mining and refining, and CIE is a major engineering firm accomplished in the development of international mining projects.

In the wake of the Vecturis modelling results, MCC CIE is revisiting the mining schedule and designs to ensure capital and operating costs accurately reflect the Project's increased throughput in line with the increased rail capacity.

It is anticipated that these key areas of improvement in project logistics will result in much improved project economics over the PFS and the Company looks forward to advising the outcomes in the BFS once finalised.

Matters subsequent to the end of the financial half-year

On 7 February 2022, 625,000 ordinary fully paid shares were issued as payment for consulting services.

On 11 February 2022, 10,000,000 ordinary shares subject to voluntary escrow arrangements were released.

On the 18 February 2022, La Société Nationale des Mines (**Sonamines**) and China Railway No. 5 Engineering Group Cooperation Limited Cameroon (**CREC 5**) announced their entry into a Memorandum of Understanding (**MOU**) with respect to carrying out research work on the area of the Makan and Ngaoundal research permits. Camalco was not a party to the MOU, nor was it aware of Sonamines and CREC 5 negotiating an agreement with respect to the area of the research permits.

On 21 February 2022, the Minister for Mines, Industry and Technological Development (**Minister**) issued a decision to the effect that the actions of Sonamines and CREC 5 were null and void and that those actions were not in accordance with the Mining Code of Cameroon.

On 25 February 2022, Canyon's wholly owned Cameroon subsidiary company, Camalco Cameroon SA (**Camalco**), received confirmation from the Minister of the extension of the Makan and Ngaoundal research permits for an additional two years.

Separately, Canyon has written to CREC 5 regarding its entry into the MOU, which action is a clear breach of the terms of the confidentiality agreement entered into between Canyon and CREC 5 on 11 August 2020. Canyon had for a period in 2020 been sharing data with CREC 5 with respect to the Project.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

On behalf of the Directors

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Phillip Gallagher
Managing Director

16 March 2022
Perth

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Canyon Resources Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
16 March 2022

L Di Giallonardo
Partner

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	Note	Half-year ended 31 December 2021 $	Half-year ended 31 December 2020 $
Other income	5	-	64,420
Interest received		2,480	4,172
Expenses:			
Foreign exchange loss		(11,244)	-
Employee benefits expense		(646,396)	(702,238)
Consultants and contractors		(221,972)	(174,612)
Depreciation and amortisation expense		(44,037)	(51,188)
Impairment of exploration		-	(111,566)
Loss on disposal of assets		(1,052)	-
Compliance and regulatory		(77,095)	(71,627)
Legal and professional fees		(93,971)	(51,810)
Share based payments	15	(4,423,231)	(1,341,337)
Exploration expenditure	7	(3,240,672)	-
Interest expense		-	(54)
Occupancy		(18,576)	(21,600)
Administration		(241,542)	(76,904)
Loss before income tax expense		(9,017,308)	(2,534,344)
Income tax expense		-	-
Loss after income tax expense for the half-year		(9,017,308)	(2,534,344)
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Change in fair value of equity instruments		-	(9,560)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(320,647)	(155,103)
Other comprehensive loss for the half-year, net of tax		(320,647)	(164,663)
Total comprehensive loss for the half-year		(9,337,955)	(2,699,007)
		Cents	Cents
Basic loss per share		(1.32)	(0.45)
Diluted loss per share		(1.32)	(0.45)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Canyon Resources Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 $	30 Jun 2021 $
Assets			
Current assets			
Cash and cash equivalents		3,879,883	2,684,012
Trade and other receivables		101,209	203,794
Other		339,064	391,464
Total current assets		4,320,156	3,279,270
Non-current assets			
Property, plant and equipment	6	297,081	345,756
Exploration and evaluation	7	16,474,473	16,760,341
Total non-current assets		16,771,554	17,106,097
Total assets		21,091,710	20,385,367
Liabilities			
Current liabilities			
Trade and other payables		1,002,525	1,040,082
Employee benefits		92,432	203,727
Total current liabilities		1,094,957	1,243,809
Total liabilities		1,094,957	1,243,809
Net assets		19,996,753	19,141,558
Equity			
Issued capital	8	72,312,929	66,543,010
Reserves	9	5,944,969	1,886,952
Accumulated losses		(58,261,145)	(49,288,404)
Total equity		19,996,753	19,141,558

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Canyon Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

	Issued capital $	Fair value reserve $	Foreign currency reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	52,441,940	36,728	147,521	5,195,927	(44,845,936)	12,976,180
Loss after income tax expense for the half-year	-	-	-	-	(2,534,344)	(2,534,344)
Other comprehensive loss for the half-year, net of tax	-	(9,560)	(155,103)	-	-	(164,663)
Total comprehensive loss for the half-year	-	(9,560)	(155,103)	-	(2,534,344)	(2,699,007)
Transactions with owners in their capacity as owners:						
Fair value of shares to be issued for exploration and evaluation acquisition	-	-	-	930,055	-	930,055
Share issued for cash	10,000,000	-	-	-	-	10,000,000
Share issue costs	(911,457)	-	-	245,666	-	(665,791)
Value of performance rights expensed	-	-	-	411,282	-	411,282
Performance shares converted	3,165,167	-	-	(3,165,167)	-	-
Balance at 31 December 2020	64,695,650	27,168	(7,582)	3,617,763	(47,380,280)	20,952,719

	Issued capital $	Fair value reserve $	Foreign currency reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2021	66,543,010	-	5,524	1,881,428	(49,288,404)	19,141,558
Loss after income tax expense for the half-year	-	-	-	-	(9,017,308)	(9,017,308)
Other comprehensive loss for the half-year, net of tax	-	-	(320,647)	-	-	(320,647)
Total comprehensive loss for the half-year	-	-	(320,647)	-	(9,017,308)	(9,337,955)
Transactions with owners in their capacity as owners:						
Fair value of shares to be issued for exploration and evaluation acquisition	-	-	-	4,325,000	-	4,325,000
Share issued for cash	6,180,573	-	-	-	-	6,180,573
Share issue costs	(410,654)	-	-	-	-	(410,654)
Value of performance rights expensed	-	-	-	41,981	-	41,981
Shares issued in lieu of payment	-	-	-	56,250	-	56,250
Transfer balance of reserve	-	-	-	(44,567)	44,567	-
Balance at 31 December 2021	72,312,929	-	(315,123)	6,260,092	(58,261,145)	19,996,753

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Half-year ended 31 December 2021 $	Half-year ended 31 December 2020 $
Cash flows from operating activities			
Payments to suppliers and employees		(4,534,090)	(1,038,759)
Interest received		2,480	4,172
Government grants received		-	50,000
Net cash used in operating activities		(4,531,610)	(984,587)
Cash flows from investing activities			
Payments for property, plant and equipment		(1,962)	(2,035)
Payments for exploration and evaluation	7	-	(2,043,230)
Net cash used in investing activities		(1,962)	(2,045,265)
Cash flows from financing activities			
Proceeds from issue of shares	8	6,180,573	10,000,000
Share issue transaction costs		(410,654)	(665,791)
Net cash from financing activities		5,769,919	9,334,209
Net increase in cash and cash equivalents		1,236,347	6,304,357
Cash and cash equivalents at the beginning of the period		2,684,012	1,610,466
Effects of exchange rate changes on cash and cash equivalents		(40,476)	45,458
Cash and cash equivalents at the end of the period		3,879,883	7,960,281

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Canyon Resources Limited as a Group consisting of Canyon Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Canyon Resources Limited's functional and presentation currency.

Canyon Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 181 Roberts Road
Subiaco, Western Australia, 6008
T: +61 8 9322 7600

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 16 March 2022.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

In the Directors' opinion, none of the new or amended Accounting Standards and Interpretations have had, or will have a material effect on the Group's financial performance or position.

Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the normal course of business.

The Group has incurred a loss for the half-year ended 31 December 2021 of $9,017,308 (2020: $2,534,344). As at 31 December 2021, the Group's current assets exceeded its current liabilities by $3,225,199 (30 June 2021: $2,035,461).

The ability of the Group to continue as a going concern is dependent on securing additional funding through capital raising. To address the future funding requirements of the Group the directors have undertaken the following initiatives:

- undertaken a programme to continue to monitor the Group's ongoing working capital requirements and minimum expenditure commitments; and
- continued their focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

Note 2. Significant accounting policies (continued)

The Directors are confident that they will be able to complete a capital raising that will provide the Group with sufficient funding to meet its minimum expenditure commitments and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on the going concern basis.

However, in the event that the Group is not able to successfully complete the fundraising referred to above, a material uncertainty would exist that may cause significant doubt as to whether the Group will continue as a going concern and, therefore, whether it will realise its assets and extinguish is liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The Group 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 by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Operating segments

The following table presents the profit & loss and assets & liabilities information by segment provided to the Board of Directors:

Half-year ended 31 December 2021	Exploration (Africa) $	Unallocated (Corporate) $	Total $
Interest income	-	2,480	2,480
Expenses	(7,609,873)	(1,409,915)	(9,019,788)
Loss before income tax expense	(7,609,873)	(1,407,435)	(9,017,308)
Income tax expense			-
Loss after income tax expense			(9,017,308)
Assets			
Segment assets	17,231,934	3,859,776	21,091,710
Total assets			21,091,710
Liabilities			
Segment liabilities	275,260	819,697	1,094,957
Total liabilities			1,094,957

Half-year ended 31 December 2020	Exploration (Africa) $	Unallocated (Corporate) $	Total $
Interest income	-	4,172	4,172
Other income	-	64,420	64,420
Expenses	(161,089)	(2,441,847)	(2,602,936)
Loss before income tax expense	(161,089)	(2,373,255)	(2,534,344)
Income tax expense			-
Loss after income tax expense			(2,534,344)
30 Jun 2021			
Assets			
Segment assets	17,539,255	2,846,112	20,385,367
Total assets			20,385,367
Liabilities			
Segment liabilities	123,535	1,120,274	1,243,809
Total liabilities			1,243,809

Note 5. Other income

	Half-year ended 31 December 2021 $	**Half-year ended 31 December 2020 $**
Net foreign exchange gain	-	26,920
Subsidies and grants	-	37,500
Total	-	64,420

Note 6. Non-current assets - property, plant and equipment

	31 Dec 2021 $	30 Jun 2021 $
Plant and equipment - at cost	543,192	561,607
Less: Accumulated depreciation	(288,477)	(270,126)
	254,715	291,481
Computer equipment - at cost	79,676	77,297
Less: Accumulated depreciation	(51,235)	(44,581)
	28,441	32,716
Office equipment - at cost	64,752	65,977
Less: Accumulated depreciation	(50,827)	(44,418)
	13,925	21,559
Total	297,081	345,756

Note 7. Non-current assets - exploration and evaluation

	31 Dec 2021 $	30 Jun 2021 $
Exploration and evaluation - Minim Martap	15,924,473	16,210,341
Exploration and evaluation - Birsok	550,000	550,000
Total	16,474,473	16,760,341

Reconciliations
Reconciliations of the written down values at the beginning and end of the periods are set out below:

	$
Balance at 1 July 2020	12,144,907
Expenditure during the year	5,021,369
Exchange differences	(173,678)
Impairment of assets [1]	(232,257)
Balance at 30 June 2021	16,760,341
Exchange differences	(285,868)
Balance at 31 December 2021	16,474,473

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on successful development and commercial exploitation or sale of the respective areas.

[1] As the Birsok tenements are still in the process of being renewed, all additional expenditure incurred is being expensed. Until such time that the renewals are finalised, any further acquisition costs are unable to be capitalised in accordance with the Group's accounting policy.

Note 7. Non-current assets - exploration and evaluation (continued)

As the Minim Martap tenements expired and were in the process of being renewed during the period, all expenditure incurred of $3,240,672, as well as acquisition costs, are required to be expensed until such time that the renewals are finalised, in accordance with the Group's accounting policy.

Subsequent to the end of the half-year, confirmation was received that the Makan and Ngaoundal research permits were extended for an additional two years, whilst the mining convention negotiations continue for Minim Martap.

Note 8. Equity - issued capital

	31 Dec 2021 Shares	30 Jun 2021 Shares	31 Dec 2021 $	30 Jun 2021 $
Ordinary shares - fully paid	701,160,709	623,903,552	72,312,929	66,543,010

Movements in ordinary share capital

Details	Shares	$
Balance at 1 July 2020	499,170,219	52,441,940
Shares issued for cash	100,000,000	10,000,000
Conversion of performance rights	14,733,333	3,165,167
Shares issued in lieu of payment	10,000,000	1,850,000
Cost of share issues	-	(914,097)
Balance at 30 June 2021	623,903,552	66,543,010
Shares issued for cash	77,257,157	6,180,573
Cost of share issues	-	(410,654)
Balance as at 31 December 2021	701,160,709	72,312,929

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 9. Equity - reserves

	31 Dec 2021 $	30 Jun 2021 $
Foreign currency reserve	(315,123)	5,524
Share-based payments reserve	6,260,092	1,881,428
	5,944,969	1,886,952

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Note 9. Equity - reserves (continued)

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Note 10. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 11. Financial instruments

This note provides information about how the Group determines fair values of various financial assets and liabilities.

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

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

Note 12. Contingent liabilities

There are no contingencies outstanding as at 31 December 2021.

Note 13. Commitments

Commitments remain as those disclosed in the 30 June 2021 annual financial report.

Note 14. Events after the reporting period

On 7 February 2022, 625,000 ordinary fully paid shares were issued as payment for consulting services.

On 11 February 2022, 10,000,000 ordinary shares subject to voluntary escrow arrangements were released.

On the 18 February 2022, La Société Nationale des Mines (**Sonamines**) and China Railway No. 5 Engineering Group Cooperation Limited Cameroon (**CREC 5**) announced their entry into a Memorandum of Understanding (**MOU**) with respect to carrying out research work on the area of the Makan and Ngaoundal research permits. Camalco was not a party to the MOU, nor was it aware of Sonamines and CREC 5 negotiating an agreement with respect to the area of the research permits.

On 21 February 2022, the Minister for Mines, Industry and Technological Development (**Minister**) issued a decision to the effect that the actions of Sonamines and CREC 5 were null and void and that those actions were not in accordance with the Mining Code of Cameroon.

On 25 February 2022, Canyon's wholly owned Cameroon subsidiary company, Camalco Cameroon SA (**Camalco**), received confirmation from the Minister of the extension of the Makan and Ngaoundal research permits for an additional two years.

Separately, Canyon has written to CREC 5 regarding its entry into the MOU, which action is a clear breach of the terms of the confidentiality agreement entered into between Canyon and CREC 5 on 11 August 2020. Canyon had for a period in 2020 been sharing data with CREC 5 with respect to the Project.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 15. Share-based payments

Performance rights

On 21 August 2020 the Directors approved the issue of 3.6 million Performance Rights to key management personnel, which included 2 million rights to Mr James Durrant.

The Performance Rights were issued for nil cash consideration and are convertible into fully paid ordinary shares in the capital of the Company on the terms and conditions under the Canyon Long Term Incentive Plan and subject to the following Vesting Conditions:

(1) 12 months continuous employment following completion of 3 month probation period (16.67%)
(2) 24 months continuous employment following completion of 3 month probation period (16.67%)
(3) Completion of a successful PFS, as determined by the Board of Directors (33.33%)
(4) Completion of a successful Feasibility Study, as determined by the Board of Directors (33.33%)

These performance rights were valued, using a valuation methodology based on the guidelines set out in AASB 2 *Share-based Payment.* The 10 day VWAP was used given the fluctuations in the Company's share price on and around the grant date.

Assumptions:	
Valuation date	21 August 2020
10 day VWAP	$0.1337
Indicative value per Performance Right	$0.1337
- Mr James Durrant	$267,400

In previous periods, vesting conditions 1 and 2 were satisfied in respect of the Performance Rights issued to Mr Durrant and have been converted into ordinary shares. On termination of his employment, the Company agreed to convert 666,667 Performance Rights into ordinary shares with the balance of 333,333 lapsing on his resignation.

The value of the Performance Rights is being expensed over the deemed life of the Rights. During the period, $41,981 was recognised as an expense in relation to the rights.

Ordinary Shares

Canyon issued 625,000 ordinary fully paid shares on 7 February 2022 to a consultant in lieu of payment for services provided for the period ended 31 December 2021. The company recorded an amount of $56,250 as a share based payment expense being the fair value (market price) of the shares at the measurement date being 16 August 2021, the date the agreement was entered into.

Acquisition of Birsok

On 12 October 2018 the Company Announced that it signed a Letter of Intent ("LoI") with Altus Strategies Plc (Altus), to transfer to Canyon a 100% interest in the Birsok and Mandoum licences (the "Birsok project") and to terminate its existing bauxite Joint Venture Agreement ("JVA") with Altus. The Terms of the LoI are:

Part A: In lieu of the termination of the JVA, Canyon will issue to Altus:

(1) 15,000,000 ordinary free trading Canyon shares (the "Initial Issue shares" or "Tranche 1");
(2) 10,000,000 ordinary Canyon shares to be issued 12 months following the Initial Issue shares and subject to a 12 month voluntary escrow ("Tranche 2")

Part B: In lieu of the transfer of the Birsok project:

(1) 5,000,000 ordinary Canyon shares, to be issued to Altus upon the execution of a mining convention on the Minim Martap project and subject to a 12 month voluntary escrow ("Tranche 3");
(2) a US$1.50 per tonne royalty on ore mined and sold from the Birsok project.

Tranche 1 Shares were issued to Altus on 10 February 2020 and Tranche 2 shares were issued 11 February 2021.

Note 15. Share-based payments (continued)

The Directors consider it is probable that the Tranche 3 shares will vest. As a result, the company recorded an amount of $925,000 as a cost of acquisition of the Birsok Project being the fair value (market price) of the third tranche of shares (5,000,000) at the measurement date being 12 October 2018, the date the agreement was entered into.

All amounts recognised are being expensed, as the Birsok tenements are still in the process of being renewed. Until such time that the renewals are finalised, any further acquisition costs are unable to be capitalised in accordance with the Group's accounting policy.

Shares Issued for the Acquisition of the Minim Martap Project

In August 2018 Canyon announced that it had been granted the licences for the Minim Martap Project.

The Company had engaged Mr Serge Asso'o to assist it in its negotiations with the Government and to navigate the many levels of Government involved in the acquisition. The Company agreed to pay Mr Asso'o a success fee comprised of Canyon shares upon the successful granting of the Project to Canyon and the satisfaction of a number of project related milestones:

Subject to shareholder approval, Mr Asso'o will be issued:

(1) 30,000,000 ordinary Canyon shares following approval of grant of Minim Martap project from the Cameroon Government. 50% of the shares will be voluntarily escrowed for 6 months after their issue.
(2) 20,000,000 ordinary Canyon shares 12 months after the granting of permits. 50% of the shares will be voluntarily escrowed for 6 months after their issue.
(3) 20,000,000 ordinary Canyon shares upon the completion and execution of a final detailed Mining Convention with the Government of Cameroon for the mine and infrastructure related to the Minim Martap project. A final Mining Convention includes all rail, port, other infrastructure and land access agreements for the Project, all taxation agreements and other duties relating to the Project, commitments regarding local employment, environmental and community agreements and all other agreements with the Government of Cameroon that relate to the long term operation of the Project.
(4) 30,000,000 ordinary Canyon shares following the issuing of a Mining Permit, the securing and confirmation of full mine funding and the Final Investment Decision by the Board to commence mine construction. A mining permit can only be issued by the Government of Cameroon upon the execution of the Mining Convention, a detailed Bankable Feasibility Study (BFS) being accepted by the Government and the securing of full funding for the mine construction.

After receiving shareholder approval, Canyon issued the first Tranche of Shares to Mr Asso'o in December 2018. The second tranche vested 12 months from granting of the permits and shareholder approval to issue the shares was granted at the AGM on 27 November 2019. On 10 February 2020, the Company issued 20,000,000 shares to Mr Asso'o in relation to Tranche 2.

The Directors consider it probable that Tranches 3 and 4 will vest in the future. As a result, the company recorded an amount of $1,360,000 in relation to the third tranche of shares (20,000,000) and $2,040,000 in relation to the fourth Tranche of shares (30,000,000) as a cost of Acquisition of the Minim Martap Project being the fair value (market price) at the measurement date being 15 August 2017, the date the agreement was entered into. As a result, the Company has recorded a total amount of $3,400,000 in relation to Tranches 3 and 4 during the period.

All amounts recognised are being expensed, as the Minim Martap tenements are still in the process of being renewed. Until such time that the renewals are finalised, any further acquisition costs are unable to be capitalised in accordance with the Group's accounting policy.

Note 15. Share-based payments (continued)

	Half-year ended 31 December 2021 $	Half-year ended 31 December 2020 $
Share-based payments expense		
Employee and Director performance rights	41,981	411,282
Shares issued in lieu of payment	56,250	-
Birsok Acquisition	925,000	930,055
Minim Martap Acquisition	3,400,000	-
	4,423,231	1,341,337

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors

____
Phillip Gallagher
Managing Director

16 March 2022
Perth

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Canyon Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Canyon Resources Limited ("the company") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
16 March 2022