Canyon Resources Limited

ABN 13 140 087 261

Annual Report
30 June 2020

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Directors
David Netherway
Phillip Gallagher
Emmanuel Correia
Steven Zaninovich
Peter Su

Company Secretary
Nick Allan

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Securities Exchange Listing
ASX Limited
ASX Codes: CAY

Directors' Report

Your directors submit the annual report of the consolidated entity comprising Canyon Resources Limited ("Company") and the entities it controlled during the financial year ended 30 June 2020 ("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 – 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 takeover by AIM listed IMIC plc. He is currently the Chairman of Altus Strategies plc (ALS:AIM & ALTS:TSX-V), Canyon's joint venture partner on the Birsok Project in Cameroon and a non-executive Director of Kore Potash Ltd (K2P:AIM, ASX & JSE)

During the past three years, Mr Netherway was non-executive Chairman of Kilo Goldmines Inc (KGL:TSX-V) until March 2020 and a non-executive director of Avesoro Resources Inc.(ASO:AIM & TSX) until January 2020.

Mr Netherway has the following interest in shares in the Canyon as at the date of this report – 11,079,682 ordinary shares.

Phillip Gallagher
B. Bus - Managing Director

Appointed 19 October 2009

Mr Gallagher has had extensive experience in senior commercial and operational roles in both private and public companies.

Mr Gallagher is the founder of Canyon Resources, has been the Company's Managing Director since inception operating in West Africa for the past ten years.

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

Mr Gallagher has the following interest in shares in Canyon at the date of this report – 10,126,683 ordinary shares.

Emmanuel Correia
B. Bus 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 specialising in corporate finance, corporate strategy, mergers and acquisitions and capital raising activities.

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

During the past three years, Mr Correia was a non-executive director of Orminex Limited between April 2018 and August 2019.

Mr Correia has the following interest in shares in Canyon as at the date of this report – 5,427,780 ordinary shares.

Directors' Report

Steven Zaninovich
Non-executive Director
Appointed 30 January 2019

Mr Zaninovich has spent more than 20 years in project development, maintenance and operational readiness in the mining industry including, most recently, as Project Director of Tawana Resources, responsible for the delivery of the Bald Hill Lithium Project. Prior to that, he served as Chief Operating Officer with Gryphon Minerals ("Gryphon") before assuming the role of Vice President of Major Projects, and becoming part of the Executive Management Team, at Teranga Gold Corporation ("Teranga") following its acquisition of Gryphon Minerals. During his time with Teranga and Gryphon, and also earlier in his career, Mr Zaninovich gained specific expertise in the development of multiple mining operations across various commodities and jurisdictions in West Africa. He has also taken on consultant project management roles for companies including BHP Billiton, Newmont Mining and Gold Fields.

Mr Zaninovich's responsibilities during previous senior executive roles have included operational running of companies, business and strategic planning, feasibility studies and project development, site exploration operations, health and safety, environmental and social responsibility, human resources, risk management, project generation, strategic direction and procurement and contracts.

Mr Zaninovich is currently a non-executive director of Indiana Resources Ltd, a non-executive director of Maximus Resources Ltd and a non-executive director of Sarama Resources Ltd.

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

Mr Zaninovich held no interest in shares in the Company as at the date of this report.

Peter Su
Non-executive Director
Appointed 16 September 2020

Mr Su is actively involved in property investment and development in Australia and overseas, he is a strategic investor with a diverse range of business interests in Australia and overseas. The Su family has historically held commercial interest in bauxite and alumina refining in China.

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

Mr Su has the following interest in shares in Canyon as at the date of this report – 56,330,024 ordinary shares.

COMPANY SECRETARY

Nick Allan
B. Com, CA
Appointed 17 April 2020

Mr Allan is a Chartered Accountant with over 25 years' experience in commerce, corporate advisory and public practice. Mr Allan has previously held several senior finance positions including Chief Financial Officer and Company Secretary of a number of ASX-listed public companies.

John Lewis
B. Bus CA
Appointed 31 October 2018 – Resigned 17 April 2020

Mr Lewis has over 12 years experience as a corporate advisor in the resources industry across a broad range of commodities having worked for a range of organisations operating predominately in the Asia Pacific Region.

Mr Lewis is a Chartered Accountant within excess of 25 years post qualification experience in the accounting profession who has acted as a CFO and Company Secretary of numerous mining companies including TV2U International Limited, Geopacific Resources Limited and Dragon Mountain Gold Limited as well as CFO of Nickelore Limited.

Directors' Report

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 Rights	Number of Unlisted Options Over Ordinary Shares
David Netherway	11,079,682	3,333,333[1]	-
Phillip Gallagher	10,126,683	5,333,334[2]	-
Emmanuel Correia	5,427,780	3,333,334[3]	-
Steven Zaninovich	-	1,800,000[4]	-
Peter Su	56,330,024	-	-

Note 1: Mr Netherway was issued 5,000,000 Performance Rights under the Canyon Long Term Incentive Plan which were approved by shareholders on 23 November 2018. The Performance Rights carried certain vesting conditions as follows:

a) one third vest on delineating a further JORC 2012 compliant inferred (or greater) mineral resource of at least 100 MT of bauxite at 47% Al_2O_3 on Minim Martap Bauxite Project;
b) one third vest on the raising of at least a further $10,000,000 in support of the Minim Martap Bauxite Project; and
c) one third vest on Mr Netherway remaining with the Company for 12 months from the date of issue.

Vesting condition a) noted above was satisfied during the financial year ended 30 June 2019 resulting in 1,666,667 shares vesting to Mr Netherway. Since 30 June 2020 the Board has resolved that vesting conditions b) and c) have been satisfied and accordingly a further 3,333,333 shares will vest to Mr Netherway.

Note 2: Mr Gallagher was issued 8,000,000 Performance Rights under the Canyon Long Term Incentive Plan which were approved by shareholders on 25 November 2016. The Performance Rights carried certain vesting conditions as follows:

a) one third vest on delineating a further JORC 2012 compliant inferred (or greater) mineral resource of at least 100 MT of bauxite at 47% Al_2O_3 on Minim Martap Bauxite Project;
b) one third vest on the raising of at least a further $10,000,000 in support of the Minim Martap Bauxite Project; and
c) one third vest on Mr Gallagher remaining with the Company for 12 months from the date of issue.

Vesting condition a) noted above was satisfied during the financial year ended 30 June 2019 resulting in 2,666,667 shares vesting to Mr Gallagher. Since 30 June 2020 the Board has resolved that vesting conditions b) and c) have been satisfied and accordingly a further 5,333,333 shares will vest to Mr Gallagher.

Note 3: Mr Correia was issued 5,000,000 Performance Rights under the Canyon Long Term Incentive Plan which were approved by shareholders on 23 November 2018. The Performance Rights carried certain vesting conditions as follows:

a) one third vest on delineating a further JORC 2012 compliant inferred (or greater) mineral resource of at least 100 MT of bauxite at 47% Al_2O_3 on Minim Martap Bauxite Project;
b) one third vest on the raising of at least a further $10,000,000 in support of the Minim Martap Bauxite Project; and
c) one third vest on Mr Correia remaining with the Company for 12 months from the date of issue.

Vesting condition a) noted above was satisfied during the financial year ended 30 June 2019 resulting in 1,666,667 shares vesting to Mr Correia. Since 30 June 2020 the Board has resolved that vesting conditions b) and c) have been satisfied and accordingly a further 3,333,334 shares will vest to Mr Correia.

Note 4: Mr Zaninovich was issued 1,800,000 Performance Rights under the Canyon Long Term Incentive Plan which were approved by shareholders on 27 November 2019. The Performance Rights carried certain vesting conditions as follows:

a) one third vest on Mr Zaninovich completing 12 months tenure as a Non-executive director of the Company from the date of the AGM;
b) one third vest upon the Company completing a capital raising of a minimum of $10.0 million within the next 24 months; and
c) one third vest upon the Company completing a Pre-Feasibility Study over the Minim Martap Bauxite Project, from which a maiden Bauxite Ore Reserve can be calculated.

Since 30 June 2020 the Board has resolved that vesting conditions b) and c) have been satisfied and accordingly 1,200,000 shares will vest to Mr Zaninovich.

Directors' Report

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 (2019: Nil).

PRINCIPAL ACTIVITIES

The principal activities of the entities within the consolidated entity during the year was continued bauxite exploration and engineering studies.

REVIEW OF OPERATIONS

Canyon's focus for the 2019/2020 financial year was to maintain the tenure of the Minim Martap Bauxite Project ("Minim Martap" or the "Project") in Cameroon by complying with the requirements as set out in the licence agreements with the Cameroon Department of Mines, whilst advancing the project towards development.

On 1 August 2018 the Company was notified by the Cameroon authorities that it had been granted 3 exploration permits forming the Minim Martap Bauxite Project as at 11 July 2018. The three exploration permits were granted for a three year period with 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 are:

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

MINIM MARTAP AND BIRSOK BAUXITE PROJECTS

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 Douala Port, a shallow water port, and towards the newly constructed Kribi Port, a deep water port.

The Minim Martap Bauxite Project is a large scale high grade low contaminant 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 Ngaoundal and Minim Martap deposits, which are located within 25 km of each other. The total area of the permits is 1,349 km^2.

The Minim Martap Bauxite Project offers the potential to be a low capital cost, long term producer of some of the highest grade and lowest impurity, low temperature refining bauxite in the world.

Directors' Report - Review of Operations continued

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

The Minim Martap Project

On 4 September 2018 the Company announced the upgrade of the JORC (2004) resource for its Minim Bauxite Martap Project, Cameroon, to a JORC (2012) compliant resource.

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

Table 1: Minim Martap Project 2018 Resource Statement

Directors' Report - Review of Operations continued

Continued exploration drilling led to an update of the Mineral Resource estimate in accordance with the JORC Code (2012) in September 2019 supported by Mining Plus Ltd and independent geological expert and competent person, Mr Mark Gifford:

Resource (35% Al_2O_3 cut-off)			
	Tonnes (Mt) ore	**Alumina**	**Silica**
Total	892	45.1% Al_2O_3	2.8% SiO_2
Indicated	839	45.2% Al_2O_3	2.8% SiO_2
Inferred	53	43.8% Al_2O_3	3.1% SiO_2
Contained High Grade Resource (45% Al_2O_3 cut-off)			
	Tonnes (Mt) ore	**Alumina**	**Silica**
Total	431	48.8% Al_2O_3	2.6% SiO_2
Indicated	410	48.9% Al_2O_3	2.6% SiO_2
Inferred	21	47.4% Al_2O_3	2.0% SiO_2

Only 15 of the 79 Minim Martap plateaux have been drill tested and included within the Mineral Resource estimate providing clear opportunity for Canyon to test additional new bauxite plateaux in the south of the Minim Martap permit and on the Makan permit.

The Minim Martap Project is a large scale, world class bauxite resource with potential to identify substantial very high-grade zones within the existing deposit and to significantly increase the scale of the total resource.

The Company completed a Scoping Study in November 2019 which laid the path to the completion of the Pre-Feasibility Study ("PFS"), released to the ASX on 1 July 2020.

The Stage 1 PFS demonstrated the Minim Martap Bauxite Project's potential as a long-term producer of very high quality, low contaminant bauxite via a multi-stage development program utilising existing infrastructure in Cameroon. The headline economic outcomes of the Stage 1 PFS are as follows:

Minim Martap Project	**Units**	**Stage 1**
Annual Production Rate	Mtpa	5.0
Project Development Capital	US$M	120
Average Operating Cost C1	US$/t	35.1
Project NPV_{10}	US$M	291
Project IRR	%	37
Capital Intensity	US$/t	24

Stage 1 provides a foundation for the Project that is envisioned to grow through export expansion utilizing the Kribi Deep Water Port. Completion of Stage 2, contingent upon the completion of the Kribi rail link, is expected to provide increased tonnage at a decreased operating costs by utilising near shore and berth side loading of capesize vessels at the under-utilised Kribi Port.

The Stage 1 PFS provided the foundation for the Project's August 2020 Ore Reserve estimate, prepared by an independent Competent Person and employee of Mining Plus in accordance with the JORC Code (2012):

Classification	**Tonnes (Mt)**	**Al_2O_3**	**SiO_2**
Proven	-	-	-
Probable	97.3	51.1%	2.3%
Total Ore Reserves	97.3	51.1%	2.3%

Directors' Report - Review of Operations continued

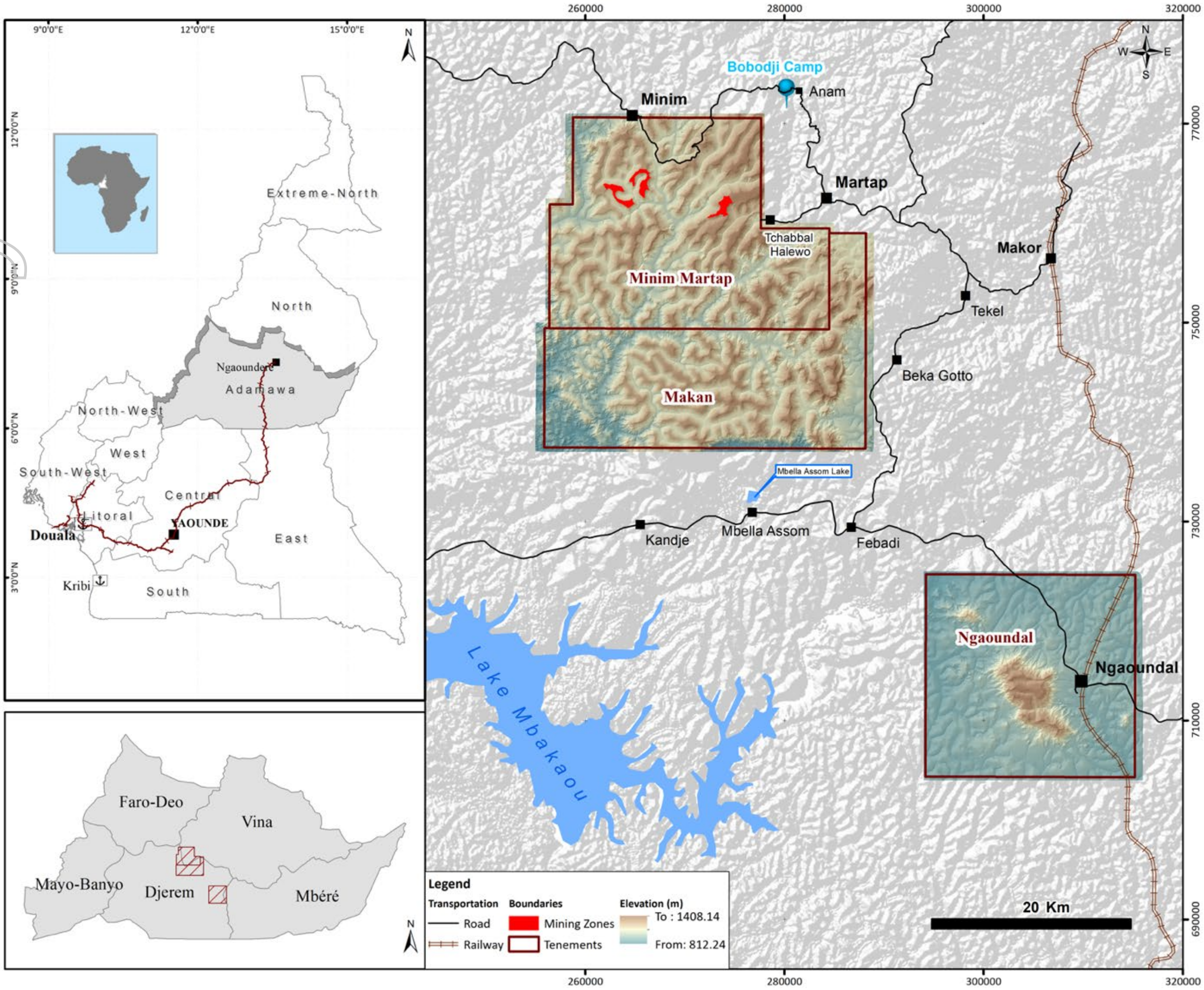

Figure 2: Tenement layout highlighting the three bauxite plateaux contained within the Ore Reserve estimate

Operating Country Overview

Canyon is exploring and developing high grade bauxite reserves in Cameroon, a central-west African republic between Nigeria and Equatorial Guinea with Yaoundé as the capital. The country has generally enjoyed stability which has enabled the development of industry and infrastructure, particularly agriculture, roads, railways and ports. Cameroon is a producer of gas and crude oil and has rich deposits of cobalt, bauxite, iron ore, gold and diamonds. Although the country has no commercial mining operations at present, the fundamental infrastructure to support mining is prevalent and the population is generally highly skilled in the technical vocations commensurate to exploration, construction and mining.

Project Infrastructure

The mine and product haulage to the Project is supported by its relative proximity to an operating rail line connecting the Project area to the existing port of Douala, a distance of approximately 800 km. In addition, in preparation for Stage 2 of the Project, Canyon has engaged with the Government of Cameroon regarding an extension of the existing rail line to the new Kribi Deep Water Port, which lies approximately 130km from the existing rail line. The Government is at an advanced feasibility and planning stage for this extension and has already started land clearing of the road and rail corridor to connect the port to the existing road and rail infrastructure.

Canyon continues to work with Camrail SA, the Cameroon rail operator, and the Government of Cameroon regarding the under-utilised capacity of the existing rail line and, as part of the PFS, has developed concepts of operations to unlock 5 million tonnes of additional capacity to support bauxite haulage.

Directors' Report - Review of Operations continued

Figure 3: Rail station at the town Ngaoundal, near the Minim Martap Project

Figure 4: The wharf and ship berthing area of the Kribi Deep Water Port

Advancing the Project

Canyon assembled a team in Perth and Cameroon to advance the status of the Project and meet an aggressive development timetable including: delivering an upgrade of the previous Mineral Resource estimate, a Pre-Feasibility Study, and a maiden Ore Reserve estimate. Activities planned include: a feasibility study, grade definition drilling, an offtake deal and further resource and metallurgical updates.

The Company undertook the following works at the Minim Martap Project during FY 2020:

- Completed further exploration activities including drilling and bulk samples
- Completed a Mineral Resource (JORC 2012) upgrade
- Completed a Scoping Study
- Completed a Pre-Feasibility Study
- Completed a maiden Ore Reserve estimate
- Commenced baseline studies in support of the Environmental and Social Impact Assessment
- Continued local community and stakeholder consultation
- Advanced commercial discussions and negotiations with the rail and port infrastructure operators

Directors' Report - Review of Operations continued

MAYOUOM KAOLIN PROJECT

During the 2017-2018 financial year the Company secured the rights to the Mayouom permit that was identified as being prospective for kaolin that may be potentially suitable for the production of high purity alumina (HPA).

Due to the Company's focus on the Minim Martap Project, during the 2019-2020 financial year the Company discontinued any work in respect to the Mayouom permit.

BURKINA FASO

Canyon's 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**). In September 2019 Acacia was acquired by Barrick Gold Corporation.

Due to the difficult political security position in Burkina Faso, Acacia has ceased work on these projects and will not recommence until it is confident the security position has improved. As a result, the Company has impaired the carry forward expenditure on this project.

Competent Person's Statement – Ore Reserves

The information in this report that relates to Ore Reserves is based on information compiled or reviewed by Mr John Battista, a Competent Person who is a Member and Chartered Professional (Mining) of the Australasian Institute of Mining and Metallurgy and is currently employed by Mining Plus (UK) Ltd. Mr Battista has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves (JORC Code).

Competent Person's Statement – Mineral Resources

The information in this report that relates to mineral resources is based on information compiled or reviewed by Mr Mark Gifford, an independent Geological expert consulting to Canyon Resources Limited. Mr Mark Gifford is a Fellow of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

Mineral Resource estimate

The data in this report that relates to the Mineral Resource[1] estimates for the Minim Martap Bauxite Project is based on information in the Resources announcement of 27 September 2019 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement

Pre-Feasibility Study

The data in this report that relates to the Pre-Feasibility Study[2] for the Minim Martap Bauxite Project and associated production targets and forecast financial information, is based on information in the PFS announcement of 01 July 2020, and available to view on the Company's website and ASX.

The Company confirms that all the material assumptions underpinning the production target and forecast financial information derived from the production target continue to apply and have not materially changed.

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[1] ASX announcement 27 September 2019
[2] ASX announcement 01 July 2020

Directors' Report - Review of Operations continued

Ore Reserve estimate

The data in this report that relates to the Ore Reserve estimate[3] estimates for the Minim Martap Bauxite Project is based on information in the maiden Ore Reserve announcement of 10 August 2020 and available to view on the Company's website and ASX.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and the context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward-looking statements

All statements other than statements of historical fact included in this report including, without limitation, statements regarding future plans and objectives of Canyon, are forward-looking statements. When used in this report, forward-looking statements can be identified by words such as "anticipate", "believe", "could", "estimate", "expect", "future", "intend", "may", "opportunity", "plan", "potential", "project", "seek", "will" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management of Canyon that could cause Canyon's actual results to differ materially from the results expressed or anticipated in these statements.

Canyon cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this report will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. Canyon does not undertake to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this report, except where required by applicable law and stock exchange listing requirements.

[3] ASX announcement 10 August 2020

Directors' Report - continued

CORPORATE

Capital Raising

During the financial year the Company completed the following capital raisings:

- On 29 July 2019 the Company issued 25,000,000 shares at an issue price of $0.16 per share by way of a private placement to institutional and sophisticated investors, raising $4.0 million
- On 24 December 2019 the Company issued 15,625,000 shares at an issue price of $0.16 per share as a private placement to institutional and sophisticated investors, raising $2.5 million
- On 10 February 2020 the Company issued 5,268,750 shares at an issue price of $0.16 per share pursuant to a share purchase plan, raising $843,000

The proceeds of funds raised were used to fund the ongoing activities at the Minim Martap Bauxite Project and for working capital purposes.

Issue of Shares

On 7 February 2020 the Company issued 15,000,000 shares to Altus Strategies PLC ("Altus") pursuant to the Acquisition Agreement entered into between the Company and Altus in relation to the acquisition by the Company of the Birsok Project.

On 10 February 2020 the Company issued 20,000,000 shares to Mr Serge Asso'o pursuant to the consultancy agreement entered into between the Company and Mr Serge Asso'o in relation to the provision of negotiation and advisory services in Cameroon.

The issue of shares to Altus and Mr Serge Asso'o was approved by shareholders at the Company's Annual General Meeting held on 27 November 2019.

Board and Management Changes

Nick Allan joined the Group as Chief Financial Officer and Company Secretary bringing experience in Corporate Governance and managing the financial aspects of the Group.

Issue of Performance Rights

During the financial year the Company issued 1,800,000 Performance Rights.

OPERATING RESULT FOR THE YEAR

The consolidated entity's operating loss for the year ended 30 June 2020 was $8,520,515 (year ended 30 June 2019: $8,261,236). The result included the impairment of exploration expenditure capitalised of $526,155 (30 June 2019: $219,195 exploration and project evaluation expenditure incurred).

REVIEW OF FINANCIAL CONDITION

At 30 June 2020, the consolidated entity had $1,610,466 in cash balances (30 June 2019: $2,219,716).

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 financial year.

Directors' Report - continued

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 1 July 2020 the Company delivered the PFS for the Minim Martap Bauxite Project. The initial 20-year maiden JORC (2012) probable Bauxite Ore Reserve was announced on 7 August 2020, with an estimate of 97.3 million tonnes at 51.1% Total Alumina and 2.3% Total Silica.

On 24 August 2020, 3,600,000 Performance Rights were issued to key management personnel, pursuant to the Company's Long Term Incentive Plan on the terms and conditions set out in Canyon's notice of meeting dated 25 October 2019.

On 7 September 2020 the Company issued 71,834,988 shares at an issue price of $0.10 per share by way of a private placement to institutional and sophisticated investors, raising $7.2 million.

On 29 September 2020 the Company issued 28,165,012 shares at an issue price of $0.10 per share by way of a private placement to institutional and sophisticated investors, raising $2.8 million.

On 16 September 2020 Mr Peter Su was appointed as a director of the Company.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL LEGISLATION

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

Directors' Report - continued

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for the key management personnel ("KMP") of Canyon for the financial year ended 30 June 2020. 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 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 Group.

Key Management Personnel:

Directors

David Netherway (Non-Executive Chairman)

Phillip Gallagher (Managing Director)

Emmanuel Correia (Non-Executive Director)

Steven Zaninovich (Non-Executive Director)

Other

James Durrant (Director of Projects) – appointed 17 June 2019

Nick Allan (Company Secretary) – appointed 17 April 2020

John Lewis (Company Secretary) – resigned 17 April 2020

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

Due to the size of the Company the entire Board are 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.

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 2020 is detailed in Table 2 in this report.

Directors' Report – Remuneration Report (Audited) Continued

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 2.

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 2020, and to the date of this report, the Company made no payments to KMP (2019: $140,000).

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 value.

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 is 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 relationship 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.

On 23 November 2018 shareholders approved the issue of 18 million Performance Rights to the Directors of the Company subject to the following Vesting Conditions:

1. one third vest on delineating a further JORC 2012 compliant inferred (or greater) mineral resource of at least 100 MT of bauxite at a minimum 47% Al_2O_3 on Minim Martap Bauxite Project. These rights vested and as a result 6 million shares were issue to the directors in the proportions included in the schedule below;
2. one third vest on the raising of at least a further $10,000,000 in support of the Minim Martap Bauxite Project; and
3. one third vest on participant remaining with the Company for a minimum of 12 months from the date of issue.

Directors' Report – Remuneration Report (Audited) Continued

Name	**Performance Rights**
David Netherway	5,000,000
Phillip Gallagher	8,000,000
Emmanuel Correia	5,000,000
Total	**18,000,000**

The performance rights had a fair value of $0.2266 per right based on the Company's share price at grant date being the 2018 AGM. Refer to Note 12 to the financial report for further details.

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 $300,000 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

The Company had executed an Executive Service agreement with Mr John Lewis, Company Secretary and CFO, who resigned on 17 April 2020. The agreement provided for the following terms and conditions:

- Remuneration of $185,000 per annum plus superannuation
- The agreement may be terminated by either the Company or Mr Lewis upon the giving of 3 months' notice.

The Company has executed an Executive Service agreement with Mr James Durrant, Director of Projects. The agreement provides for the following terms and conditions:

- Remuneration of $250,000 per annum plus superannuation
- The agreement may be terminated by either the Company or Mr Durrant upon the giving of 3 months' notice.

The Company has executed an Executive Service agreement with Mr Nick Allan, Company Secretary and CFO. The agreement provides for the following terms and conditions:

- Remuneration of $185,000 per annum plus superannuation
- The agreement may be terminated by either the Company or Mr Allan upon the giving of 3 months' notice.

There are no other new employment contracts with directors or executives.

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

As noted previously, during the 2020 financial year performance rights were granted to KMP of the Company. Refer to Note 12 for details.

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 KMP.

Directors' Report – Remuneration Report (Audited) Continued

Remuneration of KMP for the year ended 30 June 2020 and the year ended 30 June 2019:

	Year	Short-term Employee Benefits		Post-employment Benefits	Long-term Benefits	Equity	Total	Performance Related
		Salary & Fees	Bonus (2)	Superannuation	Long service leave accrued	Share based payments		
Non-Executive director		$	$	$	$	$	$	%
David Netherway	2020	90,000	-	-	-	151,067	241,067	63
	2019	86,667	35,000	-	-	1,001,118	1,122,785	92
Emmanuel Correia	2020	80,000	-	-	-	151,067	231,067	65
	2019	73,967	35,000	-	-	1,001,118	1,110,085	93
Steven Zaninovich (Appointed 30 January 2019)	2020	79,992	-	-	-	253,990	333,982	76
	2019	33,330	-	-	-	-	33,330	-
Sub-total Non-Executive Director	**2020**	**249,992**	**-**	**-**	**-**	**556,124**	**806,116**	
	2019	193,964	70,000	-	-	2,002,236	2,266,199	
Executive directors								
Phillip Gallagher (1)	2020	313,777	-	21,003	50,872	241,707	627,359	39
	2019	305,196	70,000	20,531	-	1,594,115	1,989,842	84
Sub-total Executive Directors	**2020**	**313,777**	**-**	**21,003**	**50,872**	**241,707**	**627,359**	
	2019	305,196	70,000	20,531	-	1,594,115	1,989,842	
Other KMP								
John Lewis (appointed 10 October 2018 Resigned 17 April 2020)	2020	198,559	-	13,847	-	-	212,406	-
	2019	138,750	-	13,181	-	-	151,931	-
James Durrant (appointed 17 June 2019)	2020	241,667	-	20,669	-	-	262,336	-
	2019	10,417	-	990	-	-	11,407	-
Nick Allan (appointed 17 April 2020)	2020	37,981	-	3,608	-	-	41,589	-
	2019	-	-	-	-	-	-	-
Sub-total Other KMP	**2020**	**478,207**	**-**	**38,124**	**-**	**-**	**516,331**	
	2019	149,167	-	14,171	-	-	163,338	-
Total	**2020**	**1,041,976**	**-**	**59,127**	**50,872**	**797,831**	**1,949,806**	
	2019	648,327	140,000	34,702	-	3,596,351	4,419,380	

(1) Includes accrued annual leave of $13,777 (2019: $24,591).
(2) The Bonuses were awarded as result of the Company being granted tenure over the Minim Martap Project.

Directors' Report – Remuneration Report (Audited) Continued

OPTION HOLDINGS OF KMP

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

Includes forfeitures, expired options and balance on resignation

	Balance at beginning of year	Purchased	Options exercised	Net change other	Balance at end of year	Total	Exercisable	Not Exercisable
30 June 2020								
Directors								
Phillip Gallagher	-	-	-	-	-	-	-	-
David Netherway	-	-	-	-	-	-	-	-
Emmanuel Correia		-	-	-	-	-	-	-
Steven Zaninovich (1)		-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-
30 June 2019								
Directors								
Phillip Gallagher	5,000,000	-	(5,000,000)	-	-	-	-	-
David Netherway	2,000,000	-	(2,000,000)	-	-	-	-	-
Emmanuel Correia	-	-	-	-	-	-	-	-
Steven Zaninovich (1)	-	-	-	-	-	-	-	-
Total	7,000,000	-	(7,000,000)	-	-	-	-	-

(1) Appointed 30 January 2019

Directors' Report – Remuneration Report (Audited) Continued

SHARE HOLDINGS OF KMP

Ordinary shares held in Canyon Resources Limited (number):

	Balance at beginning of year	Purchased	On exercise of options	On vesting of Performance Rights	Sold	Net change other	Balance at end of year
30 June 2020							
Directors							
Phillip Gallagher	10,095,433	31,250	-	-	-	-	10,126,683
David Netherway	11,079,682	-	-	-	-	-	11,079,682
Emmanuel Correia	5,396,530	31,250	-	-	-	-	5,427,780
Steven Zaninovich	-	-	-	-	-	-	-
Total	26,571,645	62,500	-	-	-	-	26,634,145
30 June 2019							
Directors							
Phillip Gallagher	4,840,531	-	5,000,000	2,666,667	(2,411,765)	-	10,095,433
David Netherway	8,123,015	-	2,000,000	1,666,667	(710,000)	-	11,079,682
Emmanuel Correia	4,079,864	-	-	1,666,666	(350,000)	-	5,396,530
Steven Zaninovich(1)	-	-	-	-	-	-	-
Total	17,043,410	-	7,000,000	6,000,000	(3,471,765)	-	26,571,645

(1) Appointed 30 January 2019

Directors' Report – Remuneration Report (Audited) Continued

PERFORMANCE RIGHTS HOLDINGS OF KMP

	Balance at beginning of year	Granted during the Year	Conversion to Shares upon Vesting	Net change other	Balance at end of year
30 June 2020					
Directors					
Phillip Gallagher	5,333,333	-	-	-	5,333,333
David Netherway	3,333,333	-	-	-	3,333,333
Emmanuel Correia	3,333,334	-	-	-	3,333,334
Steve Zaninovich	-	1,800,000	-	-	1,800,000
Total	12,000,000	1,800,000	-	-	13,800,000
30 June 2019					
Directors					
Phillip Gallagher	-	8,000,000	(2,666,667)	-	5,333,333
David Netherway	-	5,000,000	(1,666,667)	-	3,333,333
Emmanuel Correia	-	5,000,000	(1,666,666)	-	3,333,334
Steve Zaninovich (1)		-	-	-	-
Total	-	18,000,000	(6,000,000)	-	12,000,000

(1) Appointed 30 January 2019

(2) As at 30 June 2020, of the 13,800,000 Performance Rights issued to KMP, 6,000,000 have satisfied their respective vesting condition as a result of the rights holders completion of 12 months tenure as a non-executive director of the Company from the date of the AGM at which the rights issue was approved, and 7,800,000 remain subject to vesting conditions. (refer to Note 12)

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	3	3
Emmanuel Correia	4	4
Steven Zaninovich	4	4

The Company does not have an Audit & Risk Committee and a Nomination and Remuneration Committee as these functions are carried out by the board.

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 the following page and forms part of this directors' report for the year ended 30 June 2020.

NON-AUDIT SERVICES

There were no non-audit services provided by our auditor, HLB Mann Judd, during the year (2019: nil).

Signed in accordance with a resolution of the directors

Phillip Gallagher
Managing Director
Perth WA,
30th September 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
30 September 2020

L Di Giallonardo
Partner

hlb.com.au

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T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Other revenue	2	62,500	-
Interest received	2	14,679	58,128
		77,179	58,128
Exploration and evaluation expensed as incurred		-	(16,027)
Project evaluation expenses		-	(203,168)
Impairment loss on exploration and evaluation expenditure capitalised	10	(526,155)	-
Loss on disposal of plant and equipment		(1,141)	(6,150)
Interest expense		(3,048)	-
Employee expenses		(1,551,555)	(1,270,713)
Consultants and contractors		(542,940)	(500,430)
Occupancy		(162,731)	(255,592)
Depreciation	2	(110,156)	(65,490)
Compliance and regulatory		(128,541)	(138,638)
Directors' fees		(549,992)	(618,964)
Travel expenses		(356,991)	(516,265)
Administration		(356,348)	(610,014)
Foreign exchange loss		(7,397)	(22,515)
Share based payments	12	(4,300,699)	(4,095,398)
Loss before income tax		**(8,520,515)**	**(8,261,236)**
Income tax expense	3	-	-
Loss for the year		**(8,520,515)**	**(8,261,236)**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Changes in the fair value of equity investments		25,493	1,594
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		5,977	(129,288)
Total other comprehensive income/(loss)		31,470	(127,694)
Total comprehensive loss		(8,489,045)	(8,388,930)
Basic loss per share (cents per share)	5	(1.83)	(2.16)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
ASSETS			
Current assets			
Cash and cash equivalents	6	1,610,466	2,219,716
Trade and other receivables	7	69,688	13,942
Other assets	8	296,566	300,048
Total current assets		**1,976,720**	**2,533,706**
Non-current assets			
Other financial assets	9	46,207	20,714
Plant and equipment	10	426,892	501,694
Capitalised exploration expenditure	11	12,144,907	8,179,090
Total non-current assets		**12,618,006**	**8,701,498**
Total assets		**14,594,726**	**11,235,204**
LIABILITIES			
Current liabilities			
Trade and other payables	13	1,434,170	837,429
Provisions	14	184,376	107,281
Total current liabilities		**1,618,546**	**944,710**
Total liabilities		**1,618,546**	**944,710**
Net assets		**12,976,180**	**10,290,495**
Equity			
Issued capital	16	52,441,940	41,462,717
Reserves	17	5,380,176	5,153,199
Accumulated losses	18	(44,845,936)	(36,325,421)
Total equity		**12,976,180**	**10,290,495**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(3,015,023)	(3,483,260)
Interest paid		(3,048)	-
Government grants received		50,000	-
Interest received		14,679	58,128
Net cash used in operating activities	6	(2,953,392)	(3,425,132)
Cash flows from investing activities			
Payments for property, plant and equipment		(37,577)	(397,334)
Proceeds from disposal of property, plant and equipment		5,184	-
Proceeds from sale of shares		-	6,648
Payments for exploration and evaluation		(4,416,715)	(4,101,482)
Net cash used in investing activities		(4,449,108)	(4,492,168)
Cash flows from financing activities			
Proceeds from share issues		7,343,000	8,255,546
Cost of share issues		(498,777)	(357,678)
Net cash provided by financing activities		6,844,223	7,897,868
Net decrease in cash and cash equivalents		(558,277)	(19,432)
Cash and cash equivalents at beginning of the year		2,219,716	2,261,663
Effect of foreign exchange movements on cash balances		(50,973)	(22,515)
Cash and cash equivalents at end of the year	6	**1,610,466**	**2,219,716**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2019 Consolidated	Issued Capital $	Accumulated Losses $	Fair value Reserve $	Foreign Currency Translation Reserve $	Share Based Payment Reserve $	Total $
Balance at 1 July 2018	29,353,851	(28,064,185)	9,641	270,832	1,733,250	3,303,389
Loss for the year	-	(8,261,236)	-	-	-	(8,261,236)
Changes in the fair value of equity investments	-	-	1,594	-	-	1,594
Movement in foreign exchange on translation	-	-	-	(129,288)	-	(129,288)
Total comprehensive (loss) for the year	-	(8,261,236)	1,594	(129,288)	-	(8,388,930)
Vested performance shares and rights	2,158,420	-	-	-	(2,158,420)	-
Shares issued for cash	5,000,000	-	-	-	-	5,000,000
Options converted to shares	3,268,125	-	-	-	-	3,268,125
Shares issued for exploration and evaluation acquisition	2,040,000	-	-	-	1,330,192	3,370,192
Transaction costs	(357,679)	-	-	-	-	(357,679)
Issue of options	-	-	-	-	482,468	482,468
Value of performance rights	-	-	-	-	3,612,930	3,612,930
Balance at 30 June 2019	**41,462,717**	**(36,325,421)**	**11,235**	**141,544**	**5,000,420**	**10,290,495**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

2020 Consolidated	**Issued Capital $**	**Accumulated Losses $**	**Fair value Reserve $**	**Foreign Currency Translation Reserve $**	**Share Based Payment Reserve $**	**Total $**
Balance at 1 July 2019	41,462,717	(36,325,421)	11,235	141,544	5,000,420	10,290,495
Loss for the year	-	(8,520,515)	-	-	-	(8,520,515)
Changes in the fair value of equity investments	-	-	25,493	-	-	25,493
Movement in foreign exchange on translation	-	-	-	5,977	-	5,977
Total comprehensive (loss) for the year	-	(8,520,515)	25,493	5,977	-	(8,489,045)
Shares issued for cash	7,343,000	-	-	-	-	7,343,000
Shares issued for exploration and evaluation acquisition	1,360,000	-	-	-	(1,330,192)	29,808
Share based payments	2,775,000				727,869	3,502,869
Transaction costs	(498,777)	-	-	-	-	(498,777)
Value of performance rights	-	-	-	-	797,830	797,830
Balance at 30 June 2020	**52,441,940**	**(44,845,936)**	**36,728**	**147,521**	**5,195,927**	**12,976,180**

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

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 which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business, 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 exploration and engineering studies.

b. Adoption of new and revised standards

In the financial year ended 30 June 2020, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2019. The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the financial year ended 30 June 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and, therefore, no material change necessary to Group accounting policies with the exception of the following.

New Standards adopted on 1 July 2019:

AASB 16 Leases

AASB 16 Leases - replaces AASB 117 Leases and related interpretations effective from annual reporting periods beginning on or after 1 January 2019. The Group has adopted AASB 16 from 1 July 2019 which changes the classification, measurement and recognition of leases. The changes remove the distinction between operating and finance leases. The new standard required recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under with the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on accumulated losses and comparatives have not been restated.

The Group leases a virtual office. Prior to 1 July 2019, the lease was classified as an operating lease. Payments made under the operating lease were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, the Group recognises a right-of-use asset and a corresponding liability at the date on which the lease asset is available for use by the Group (i.e. commencement date). Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a consistent period rate of interest on the remaining balance of the liability for each period.

Where leases have a term of less than 12 month or relate to low value assets, the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact on adoption of AASB 16

The adoption of AASB 16 has not resulted in any changes in respect of all operating leases, as the existing lease at 1 July 2019 met the appropriate exemption criteria of having a term of less than one year.

The net impact on accumulated losses on 1 July 2019 was $nil.

Practical expedients applied.

In applying AASB16 for the first time, the Group has used the following practical expedients permitted by the standard:

- For existing contracts as at 1 July 2019, the Group has elected to apply the definition of lease containing in AASB 117 and Interpretation 4 and has not applied AASB 16 to contracts that were previously not identified as leases under AASB 117 and Interpretation 4;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases, with no right-of-use asset nor lease liability recognised.

c. Statement of compliance

The financial report was authorised for issue on 30 September 2020.

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

d. Critical accounting estimates and judgements

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

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees and consultants where the fair value of the services provided cannot be estimated 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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Coronavirus (COVID-19) pandemic:

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to supply chain, staffing and geographic regions in which the consolidated entity operates. The Company has assessed that there has been no material impact on the Group's ability to undertake the necessary exploration activities in respect of the Minim Martap Project and to satisfy its exploration expenditure commitments under its exploration licences, and further the Company does not anticipate there will be any material impact in the current financial year. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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 2020 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.

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 control of the good or service has passed and 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.

Notes to the Consolidated Financial Statements continued
For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

j. Exploration and evaluation expenditure

Exploration and evaluation costs are either expensed as incurred or capitalised where the capitalised expense meets the requirements for capitalisation. Exploration and evaluation costs are carried forward only if the rights to tenure of the area of interest are current and either:

- The costs 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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The Group has elected to capitalise all acquisition costs for its areas of interest and to expense all ongoing exploration and evaluation expenditure with the exception of the Minim Martap project where all expenditure that meets the recognition criteria is being capitalised.

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.

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 for options and a 10 day VWAP for Performance Rights and Performance Shares further details of which are given in Note 12.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Earnings per share

Basic earnings/loss 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/loss 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.

u. Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 9.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. The Group has elected to carry its equity investments at FVOCI.

Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital.

This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139.

Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derecognition of financial assets

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired or been transferred;
- has transferred substantially all the risks and rewards of the asset, or
- The Group no longer controls the asset.

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).

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

x. Going Concern

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

The Group has incurred a net loss after tax for the year ended 30 June 2020 of $8,520,515 (2019: ($8,261,236)).

At balance date, the Group had an excess of current assets over current liabilities of $358,174 (2019: excess of current assets over current liabilities of $1,588,996).

The group has an exploration expenditure commitment of $5,286,990 (refer Note 20 (a)) in relation to the Minim Martap Project and the Group intends to meet this commitment.

The Directors recognise that the ability of the Company to continue to fund its activities is dependent on its ability to raise capital from its existing and potential shareholders. The Company raised $10 Million during September 2020 via a Placement of 100 Million shares to professional and sophisticated investors, and expects that this funding will be more than sufficient to meet the Company's financial obligations and for it to achieve its strategic objectives during and beyond the year ended 30 June 2021.

The Directors have reviewed the business outlook and are confident that funding requirements beyond this will be achieved and therefore are of the opinion that the use of the going concern basis of accounting is appropriate as the Company will continue to meet its financial obligations in the future.

y. Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

2. REVENUE AND EXPENSES

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
a) Revenue		
Bank interest received and receivable	14,679	58,128
Government grants received	62,500	-
b) Expenses		
Depreciation	110,156	65,490

3. INCOME TAX

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
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	(8,520,515)	(8,261,236)
Tax at the applicable tax rate of 30%	(2,556,155)	(2,478,371)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	1,168	1,782
Movement in unrecognised temporary differences	(184,378)	(130,180)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	2,739,365	2,606,769
Income tax expense	-	-
Unrecognised temporary differences		
Deferred tax assets at 30%		
Capital raising costs	233,268	196,682
Accruals	8,100	7,500
Provisions	56,395	32,184
Carry forward tax losses	14,216,442	10,516,509
	14,514,205	10,752,875
Unrecognised temporary differences		
Deferred tax liabilities at 30%		
Exploration expenditure	2,155,034	1,400,073
	2,155,034	1,400,073

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

3. INCOME TAX continued

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.

4.DIVIDENDS

The Company has not declared a dividend for the year ended 30 June 2020 (2019: Nil).

	CONSOLIDATED 2020 Cents per share	CONSOLIDATED 2019 Cents per share
5. LOSS PER SHARE		
Basic loss per share from continuing operations	(1.83)	(2.16)

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 ($)	(8,520,515)	(8,261,236)
Weighted average number of ordinary shares (number)	465,000,564	383,065,820

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 2020

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
6. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,610,466	2,219,716

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	(8,520,515)	(8,261,236)
Exploration and evaluation expenditure reclassified	-	16,027
Project evaluation expense	-	203,168
Depreciation	110,156	65,490
Loss on disposal of plant and equipment	1,141	6,150
Share based payments	4,300,699	4,095,398
Impairment of exploration and evaluation	526,155	-
Foreign exchange loss	7,397	22,515
Changes in net assets and liabilities:		
(Increase)/decrease in other receivables	(55,746)	(7,117)
(Increase)/decrease in other assets	3,482	(246,603)
Increase/(decrease) in trade creditors and accruals	596,744	633,166
Increase/(decrease) in provisions	77,095	47,910
Cash flows used in operations	(2,953,392)	(3,425,132)

Non-cash financing and investing activities:

Issue of options to brokers	-	482,468
Issue of shares on acquisition of exploration project (refer note 11)	29,808	3,370,192
Issue of ordinary shares (refer Note 12)	3,502,869	-
Issue of performance shares and rights to directors and employees (refer Note 12)	797,830	3,612,930

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
7. TRADE AND OTHER RECEIVABLES		
Trade receivables	5,053	-
Government grant receivable	12,500	-
GST recoverable	52,135	13,942
	69,688	13,942

There are no overdue but not impaired receivables.

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
8. OTHER CURRENT ASSETS		
Prepayments	62,621	44,529
Other current assets	233,945	255,519
	296,566	300,048

Other Current Assets represent surety bonds paid to the Cameroon Ministry of Mines in relation to the 3 Minim Martap Licences.

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
9. OTHER FINANCIAL ASSETS		
Shares in Rumble Resources Ltd		
Fair value at the beginning of year	20,714	19,120
Changes in the fair value of equity investment	25,493	1,594
Fair value at end of year	46,207	20,714

The shares held in Rumble are categorised as level 1 securities and designated as fair value through Other Comprehensive Income.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

10. PROPERTY PLANT AND EQUIPMENT

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
Year ended 30 June 2019				
At 1 July 2018 net of accumulated depreciation	1,802	2,846	167,015	171,663
Additions	3,699	61,137	332,498	397,334
Disposals	(1,802)	-	(10,997)	(12,799)
Depreciation charge for the year	(736)	(8,871)	(55,883)	(65,490)
Foreign currency exchange differences	-	822	10,164	10,986
At 30 June 2019 net of accumulated depreciation	2,963	55,934	442,797	501,694

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
Year ended 30 June 2020				
At 1 July 2019 net of accumulated depreciation	2,963	55,934	442,797	501,694
Additions	-	-	37,577	37,577
Disposals	-	(6,325)	-	(6,325)
Depreciation charge for the year	(592)	(13,946)	(95,618)	(110,156)
Foreign currency exchange differences	-	360	3,742	4,102
At 30 June 2020 net of accumulated depreciation	2,371	36,023	388,498	426,892

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

10. PROPERTY PLANT AND EQUIPMENT (continued)

Consolidated	Office Equipment $	Computer Equipment $	Field Equipment $	Total $
At 30 June 2019				
Cost or fair value	3,699	66,771	587,933	658,403
Accumulated depreciation	(736)	(10,837)	(145,136)	(156,709)
At 30 June 2019 net of accumulated depreciation	2,963	55,934	442,797	501,694
At 30 June 2020				
Cost or fair value	3,699	60,144	628,846	692,689
Accumulated depreciation	(1,328)	(24,121)	(240,348)	(265,797)
At 30 June 2020 net of accumulated depreciation	2,371	36,023	388,498	426,892

11. CAPITALISED EXPLORATION EXPENDITURE

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Exploration and evaluation phase		
Balance at the beginning of the year	8,179,090	1,054,306
Capitalised expenditure – Minim Martap	4,416,715	3,741,599
Impairment expense	(526,155)	-
Acquisition of tenements	29,808	3,370,192
Effect of movement in exchange rates on carrying value	45,449	12,993
Total exploration expenditure	12,144,907	8,179,090

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.

During the period the Board recommended the impairment of the value previously capitalised for the Pinarello Project in Burkina Faso due to the difficult security position.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

11. CAPITALISED EXPLORATION EXPENDITURE (continued)

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. As a result, the Company recorded an amount of $2,040,000 as a cost of Acquisition of the Minim Martap Project being the fair value (market price) of the first tranche of shares (30,000,000) at the measurement date being 15 August 2017, the date the agreement was entered into. 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 share to Mr Serge Asso'o in relation to Tranche 2. As a result, the Company has recorded a total amount of $1,360,000 in relation to the second tranche.

As at balance date the full amount of the value of each of Tranche 1 and 2 has been recognised.

No amounts have been recognised in relation to tranches 3 or 4. This will be reassessed by the directors as the Project progresses.

12. SHARE-BASED PAYMENTS

Performance Rights

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

12. SHARE-BASED PAYMENTS - continued

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.

On 23 November 2018 shareholders approved the issue of 18 million Performance Rights to the Directors of the Company.

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 ot the following Vesting Conditions:

1. one third vest on delineating a further JORC 2012 compliant inferred (or greater) mineral resource of at least 100 MT of bauxite at 47% Al2O3 on Minim Martap Bauxite Project;
2. one third vest on the raising of at least a further $10,000,000 in support of the Minim Martap Bauxite Project; and
3. one third vest on participant remaining with the Company for a minimum of 12 months from the date of issue.

Name	Performance Rights
David Netherway	5,000,000
Phillip Gallagher	8,000,000
Emmanuel Correia	5,000,000
Total	**18,000,000**

During the 2019 Financial Year Vesting Condition 1 for the Performance Rights was met and the Company issued 6.0 milllion shares to the beneficiaries in the proportion noted above. At balance date the Directors have assessed that it is probable that the vesting conditions will be met for the second and third tranches. Since 30 June 2020 vesting conditions 2 and 3 in respect of the second and third traches respectively have been satisfied.

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

Details of the assumptions used in the valuation of these performance rights issued are as follows:

Assumptions:	
Valuation date	23 November 2018
10 day VWAP	$0.2266
Indicative value per Performance Right	$0.2266
- Mr David Netherway	$1,133,000
- Mr Phillip Gallagher	$1,812,800
- Mr Emmanuel Correia	$1,133,000

The value of the Performance Rights is being expensed over the deemed life of the Rights. During the year $543,840 was recognised in relation to the rights (2019: $3,534,960).

On 27 November 2019 shareholders approved the issue of 1.8 million Performance Rights to Non- executive Director Steve Zaninovich.

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 ot the following Vesting Conditions:

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

12. SHARE-BASED PAYMENTS (continued)

1. one third will vest upon the completion of 12 months tenure as a Non-executive director of the Company from the date of the AGM;
2. one third vest upon the Company completing a capital raising of a minimum $10 million within the next 24 months; and
3. one third vest upon the Company completing a PFS, over the Minim Martap Bauxite Project, from which a maiden Bauxite ore Reserve can be calculated.

Since 30 June 2020 vesting conditions 2 and 3 have been satisfied in respect of the Performance Rights issued to Mr Zaninovich.

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

Details of the assumptions used in the valuation of these performance rights issued are as follows:

Assumptions:	
Valuation date	27 November 2019
10 day VWAP	$0.2008
Indicative value per Performance Right	$0.2008
- Mr Steve Zaninovich	$361,440

The value of the Performance Rights is being expensed over the deemed life of the Rights. During the year $253,990 was recognised in relation to the rights.

Ordinary Shares

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 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");
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.

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

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

After receiving shareholder approval, Canyon issued the first Tranche of Shares on 10 February 2020 to Altus pursuant to the agreement to terminate the JVA. As a result, the company recorded an amount of $2,775,000 as a cost of Acqusition of the Birsok Project being the fair value (market price) of the first tranche of shares (15,000,000) at the measurement date being 12 October 2018, the date the agreement was entered into. The second tranche is vesting 12 months following the initial share issue, and the total value of this tranche namely $1,850,000, is being brought to account over the vesting period up to 30 June 2021. As at the balance date, $727,869 has been recognised in relation to tranche 2.

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

12. SHARE-BASED PAYMENTS (continued)

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Total value expensed in profit and loss:		
5,000,000 unlisted advisor options	-	482,468
3,000,000 performance shares	-	21,580
8,000,000 performance shares	-	61,390
Write back	-	(5,000)
18,000,000 rights issued to Messrs Netherway, Gallagher and Correia	543,840	3,534,960
1,800,000 rights issued to Mr Zaninovich	253,990	-
	797,830	4,095,398
Shares issued on acquisition of Birsok		
Tranche 1	2,775,000	
Tranche 2	727,869	-
	4,300,699	4,095,398

Options

There were no options issued during the 2020 financial year (2019: $482,468).

	CONSOLIDATED			
	2020		2019	
	Number of Options (No.)	Weighted Average Exercise Price ($)	Number of Options (No.)	Weighted Average Exercise Price ($)
Outstanding at the beginning of the year	5,000,000	0.20	20,000,000	0.085
Granted during the year	-	-	5,000,000	0.20
Exercised during the year	-	-	(20,000,000)	(0.085)
Expired during the year	-	-	-	-
Outstanding at the end of the year	5,000,000	0.20	5,000,000	0.20
Exercisable at the end of the year	5,000,000	0.20	5,000,000	0.20

The weighted average remaining contractual life for the share options outstanding as at 30 June 2020 was 432 days (2019: 797 days).

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
13. TRADE AND OTHER PAYABLES		
Trade payables (i)	1,051,889	611,450
Accrued expenses	314,953	218,090
Other	67,328	7,889
	1,434,170	837,429

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
14. PROVISIONS		
Employee leave entitlements	184,376	107,281
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	41,513	36,720
	41,513	36,720

16. ISSUED CAPITAL

Issued Capital	2020 $	2019 $
Ordinary shares issued and fully paid	52,441,940	41,462,717

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	2020 Number	2020 $	2019 Number	2019 $
At beginning of year	418,276,469	41,462,717	315,382,988	29,353,851
- Shares issued for cash	45,893,750	7,343,000	32,258,064	5,000,000
- Performance shares	-	-	-	798,820
- Performance rights	-	-	6,000,000	1,359,600
- Options converted to shares	-	-	34,635,417	3,268,125
- Shares issued in lieu of payment	35,000,000	4,135,000	30,000,000	2,040,000
- Cost of share issues		(498,777)		(357,679)
At end of year	**499,170,219**	**52,441,940**	**418,276,469**	**41,462,717**

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

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

Other Equity Securities	2020 Number	2019 Number
Unlisted options exercisable at 20.0 cents expiring 5 September 2021	5,000,000	5,000,000

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

At balance date there were 13,800,000 unvested performance rights on issue. Refer to Note 12 for further information on these performance rights.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

17. RESERVES

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Fair value reserve		
Balance at beginning of year	11,235	9,641
Movement in fair value of equity instruments	25,493	1,594
Balance at end of year	36,728	11,235
Share based payment reserve		
Balance at beginning of year	5,000,420	1,733,250
Amortisation of shares issued in lieu of payment	757,677	1,330,192
Shares issued in lieu of payment	(1,360,000)	-
Options issued to advisors	-	482,468
Vested performance shares	-	(2,163,420)
Performance rights issued to directors/employees	797,830	3,617,930
Balance at end of year	5,195,927	5,000,420
Foreign currency translation reserve		
Balance at beginning of year	141,544	270,832
Movement in foreign exchange on translation	5,977	(129,288)
Balance at end of year	147,521	141,544
Total	**5,380,176**	**5,153,199**

The fair value reserve is used to record increases in fair value of equity investments 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.

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 2020

18. ACCUMULATED LOSSES

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Movement in accumulated losses:		
Balance at beginning of year	(36,325,421)	(28,064,185)
Loss for the year	(8,520,515)	(8,261,236)
Balance at end of year	(44,845,936)	(36,325,421)

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 2020 $	CONSOLIDATED 2019 $
a) Categories of financial instruments		
Financial Assets		
Cash and cash equivalents	1,610,466	2,219,716
Trade and other receivables	69,688	13,942
Equity investment designated as FVOCI	46,207	20,714
Financial Liabilities		
Trade and other payables	1,434,170	837,429

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

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 2020		CONSOLIDATED 2019	
	Carrying amount $	**Interest rate %**	**Carrying amount $**	**Interest rate %**
Variable rate instruments				
Cash and bank balances	1,610,466	0.10	2,219,716	0.94

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 2019.

	Equity		Profit or Loss	
	100bp Increase $	**100bp** Decrease $	**100bp** Increase $	**100bp** Decrease $
30 June 2020: Consolidated				
Variable rate instruments	16,105	(16,105)	16,105	(16,105)
30 June 2019: Consolidated				
Variable rate instruments	22,197	(22,197)	22,197	(22,197)

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 2020

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 2020: Consolidated	**Less than 1 month $**	**1 to 3 months $**	**3 months to 1 year $**	**1 to 5 years $**	**Total $**
Financial Liabilities					
Non-interest bearing	1,434,170	-	-	-	1,434,170
	1,434,170	-	-	-	1,434,170

30 June 2019: Consolidated	**Less than 1 month $**	**1 to 3 months $**	**3 months to 1 year $**	**1 to 5 years $**	**Total $**
Financial Liabilities					
Non-interest bearing	837,429	-	-	-	837,429
	837,429	-	-	-	837,429

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

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	
	2020 $	**2019 $**	**2020 $**	**2019 $**
CFA Francs	(70,174)	(367,638)	79,919	21,939
British pounds	(34,012)	(33,275)	-	-
Euros	(837,151)	(369,354)	335	-
US dollars	(12,785)	-	652	639

Foreign currency sensitivity analysis

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

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

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

19. FINANCIAL INSTRUMENTS (continued)

	Increase		Decrease	
	2020 $	2019 $	2020 $	2019 $
CFA Franc impact				
Profit or loss (i)	975	34,570	(975)	(34,570)
Other equity	-	-	-	-
GBP impact				
Profit or loss (i)	3,401	3,328	(3,401)	(3,228)
Other equity	-	-	-	-
Euro impact				
Profit or loss (i)	83,682	36,935	(83,682)	(36,935)
Other equity	-	-	-	-
USD impact				
Profit or loss (i)	1,213	64	(1,213)	(64)
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 under 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 2020 and 30 June 2019:

Consolidated 30 June 2020	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Equity Investments designated as FVOCI	46,207	-	-	46,207

Consolidated 30 June 2019	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Equity Investments designated as FVOCI	20,714	-	-	20,714

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

20. COMMITMENTS

a) Exploration expenditure commitments

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Within one year	5,382,711	6,540,494
Later than one year but not later than 5 years	-	10,736,283
	5,382,711	17,276,776

In order to maintain current rights of tenure to the Minim Martap mining permits, the Group has the above discretionary exploration expenditure requirements up until expiry of the 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.

In respect of the Birsok Bauxite Project, the relevant exploration permits are currently in valid application for renewal and accordingly no expenditure commitments have been determined as at the date of this report.

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.

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.

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

21. SEGMENT INFORMATION (continued)

Consolidated Year ended 30 June 2020:	**Exploration (Africa) $**	**Unallocated $**	**Total $**
Segment revenue	-	77,179	77,179
Segment result	(1,783,234)	(6,737,281)	(8,520,515)
Included within Segment result:			
Depreciation	(105,004)	(5,152)	(110,156)
Share-based payments	-	(4,300,699)	(4,300,699)
Interest revenue	-	14,679	14,679
Segment assets	12,853,475	1,741,251	14,594,726
Included within Segment assets			
Acquisition of non-current assets	-	-	-
Segment liabilities	(70,174)	(1,548,372)	(1,618,546)

Consolidated Year ended 30 June 2019:	**Exploration (Africa) $**	**Unallocated $**	**Total $**
Segment revenue	-	58,128	58,128
Segment result	(812,484)	(7,448,752)	(8,261,236)
Included within segment result:			
Depreciation	(58,856)	(6,634)	(65,490)
Share-based payments	-	(4,095,398)	(4,095,398)
Interest revenue	-	58,128	58,128
Segment assets	8,905,865	2,329,339	11,235,204
Included within Segment assets			
Acquisition of non-current assets	7,485,649	23,476	7,509,125
Segment liabilities	(367,637)	(577,073)	(944,710)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

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 $	
		2020	2019	2020	2019
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

On 7 February 2020 the Company issued 715,000,000 shares to Altus Strategies PLC ("Altus") pursuant to the Acquisition Agreement entered into between the Company and Altus in relation to the acquisition by the Company of the Birsok Project. Mr David Netherway is currently the Chairman of Altus and was so at the time the Acquisition Agreement was entered into.

The issue of shares to Altus was approved by shareholders at the Company's Annual General Meeting held on 27 November 2019.

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 2020

23. PARENT ENTITY DISCLOSURES

	CONSOLIDATED 2020 $	CONSOLIDATED 2019 $
Financial position as at 30 June 2020		
ASSETS		
Current assets	1,679,755	2,287,592
Non-current assets	5,814,504	8,579,975
Total assets	7,494,259	10,867,567
LIABILITIES		
Current liabilities	1,548,373	577,072
Total liabilities	1,548,373	577,072
EQUITY		
Issued capital	52,441,940	41,462,717
Accumulated losses	(51,728,709)	(36,183,876)
Reserves		
Fair value reserve	36,728	11,235
Share based payments	5,195,927	5,000,419
Total equity	5,945,886	10,290,495

	Year ended 30 June 2020 $	Year ended 30 June 2019 $
Loss for the year	(15,544,833)	(8,393,523)
Other comprehensive income/(loss)	25,493	(1,593)
Total comprehensive loss	(15,519,340)	(8,395,116)

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

25. CONTINGENCIES

The Company has received a claim from Jeantet AARPI (Jeantet), a law firm based in Paris, in respect of fees for legal advice and services in the amount of EUR 1,007,399 (approximately A$1.6 million)as at 30 June 2020.

The Company is currently challenging the amount claimed on the basis that it does not represent a reasonable charge for the services undertaken by Jeantet or the outcomes achieved in the period to 30 June 2020. The Company has also sought separate legal advice in respect of this matter.

Based on this preliminary legal advice together with the Company's own review of the claim, Canyon believes that there is a compelling basis on which to challenge at least 50% of the claimed amount. Accordingly, at balance date Canyon has provided for an amount outstanding to Jeantet as at 30 June 2020 of EUR 503,699 (approximately A$800,000) being 50% of the amount claimed.

There are no other 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)
Steven Zaninovich	Director (non-executive)
James Durrant	Project Director
Nick Allan	Chief Financial Officer & Company Secretary (appointed 17 April 2020)
John Lewis	Chief Financial Officer & Company Secretary (resigned 17 April 2020)

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

Total remuneration paid is as follows:

	2020 $	**2019 $**
Short-term benefits	1,041,976	648,327
Bonus	-	140,000
Post-employment benefits	59,127	34,702
Long-term benefits	50,872	-
Share-based payment	797,831	3,596,351
	1,949,806	4,419,380

Notes to the Consolidated Financial Statements continued

For the Year Ended 30 June 2020

27. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 1 July 2020 the Company delivered the Pre-Feasibility Study for the Minim Martap Bauxite Project. The initial 20-year maiden JORC (2012) probable Bauxite Ore Reserve was announced on 7 August 2020, with an estimate of 97.3 million tonnes at 51.1% Total Alumina and 2.3% Total Silica.

On 24 August 2020, 3,600,000 Performance Rights were issued to key management personnel, pursuant to the Company's Long Term Incentive Plan on the terms and conditions set out in Canyon's notice of meeting dated 25 October 2019.

On 7 September 2020 the Company issued 71,834,988 shares at an issue price of $0.10 per share by way of a private placement to institutional and sophisticated investors, raising $7.2 million.

On 29 September 2020 the Company issued 28,165,012 shares at an issue price of $0.10 per share by way of a private placement to institutional and sophisticated investors, raising $2.8 million.

On 16 September 2020 Mr Peter Su was appointed as a director of the Company.

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

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 Group's financial position as at 30 June 2020 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 2020.

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

Phillip Gallagher
Director

Dated this

30th day of September 2020

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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2020 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 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, we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	**How our audit addressed the key audit matter**
Carrying amount of exploration and evaluation expenditure Note 11 in 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 2021 and discussed with management the nature of planned ongoing activities; • We substantiated a sample of exploration and evaluation transactions; and • We examined the disclosures made in the financial report.
Going concern Note 1 (x) in the financial report	
The Group recorded a loss of $8.5 million for the year ended 30 June 2020 and has an exploration commitment of $5.3 million in relation to the Minim Martap Project in the next financial year which it intends to meet. As at 30 June 2020 the Group had cash and cash equivalents of $1.6 million. The Company raised $10 million subsequent to balance date via a placement to professional and sophisticated investors. If the going concern basis of preparation of the financial statements was inappropriate, the carrying amount of certain assets and liabilities may have significantly differed. In addition, management and the auditor must consider whether a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Disclosure is required in the financial report should significant doubt exist. The going concern basis of accounting was a key audit matter due to the significance to users of the financial report and the significant judgement involved with forecasting cash flows.	Our procedures included but were not limited to the following: • We considered the appropriateness of the going concern basis of accounting by evaluating the underlying assumptions in cash flow projections prepared by the Group including sensitivity analysis and subsequent events, in particular the $10 million placement subsequent to balance date; • We agreed the receipt of the proceeds from the $10 million placement subsequent to balance date to bank statements; 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 2020, 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.

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.

HLB MANN JUDD
ADVISORY AND ACCOUNTING

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.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Canyon Resources Limited for the year ended 30 June 2020 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
30 September 2020

Giallonardo

L Di Giallonardo
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 21 September 2020.

(a) Distribution of equity securities and voting rights

(i) Ordinary share capital

571,005,207 fully paid ordinary shares are held by 2,287 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	64	8,073
1,001 - 5,000	204	731,186
5,001 - 10,000	268	2,199,029
10,000 - 100,000	1,030	44,653,622
100,000 and over	721	523,413,297
Total	2,287	571,005,207

There were 139 shareholders holding less than a marketable parcel at 21 September 2020.

(ii) Options

The number of unlisted option holders by size of holding:

	Unquoted Options Ex 5 Sept 21 at $0.20	
Category	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	1	5,000,000
	1	5,000,000

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

The Company has not received any current substantial shareholder notices as at 21 September 2020.

(c) The numbers of unquoted equity securities are:

	Number	Expiry Date
Options exercisable at $0.200	5,000,000	5 Sept 2021

Additional Securities Exchange Information continued

(d) Twenty largest holders of quoted equity securities are as at 21 September 2020:

Fully paid ordinary shares **Name**	**Number of Ordinary Shares Held**	**Percentage (%)**
AUSGLOBAL BAUXITE PTY LTD	28,165,012	4.93
ALTUS STRATEGIES LTD	15,000,000	2.63
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	14,425,808	2.53
CANYON INCENTIVE SCHEME PTY LTD <THE CANYON RESO LTI PLAN A/C>	12,684,649	2.22
MR CHRISTOPHER JOHN SQUIERS + MR ADRIAN CHRISTOPHER SQUIERS + MR SASCHA TROY SQUIERS	11,140,731	1.95
SISU INTERNATIONAL PTY LTD	8,551,652	1.50
ZERO NOMINEES PTY LTD	6,913,015	1.21
IBT HOLDINGS PTY LTD <IBT HOLDINGS FAMILY A/C>	6,842,252	1.20
IBT HOLDINGS PTY LTD <IBT HOLDINGS PTY LTD FAM A/C>	6,450,000	1.13
DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	6,000,000	1.05
MR SERGE EDMOND ASSO'O MENDOMO	6,000,000	1.05
GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	5,776,210	1.01
FREMANTLE ENTERPRISES PTY LTD <GALLAGHER FAMILY	5,031,250	0.88
MR MICHAEL ARTHUR PARISH	4,810,158	0.84
REZANN PTY LTD <RIPKA FAMILY A/C>	4,450,000	0.78
WIDERANGE CORPORATION PTY LTD	4,305,833	0.75
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,261,732	0.75
MR DION ROBERTS	4,101,000	0.72
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,091,512	0.72
MR MICHAEL RILEY & MS ALISON MEEKING	4,000,000	0.70
Total	163,000,814	28.55

(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 2020 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 at 30 June 2020
MINIM MARTAP PROJECT		
Ngaoundal	Cameroon	Own 100%
Minim Martap	Cameroon	
Makan	Cameroon	
BIRSOK BAUXITE PROJECT		
Birsok	Cameroon	Agreement to earn up to 75%.
Mandoum	Cameroon	
Mambal (application)	Cameroon	Agreement to earn up to 75%.
Ndjimom (Mayouom Project)	Cameroon	Own 100%
TAPARKO NORTH PROJECT		
Karga 2	Burkina Faso	Own 100%
Bani	Burkina Faso	
Diobou	Burkina Faso	
Tigou	Burkina Faso	Rights to 100%
TAO PROJECT		
Tao	Burkina Faso	Own 100%
PINARELLO PROJECT		
Sokarani	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)
Niofera	Burkina Faso	
Baniera	Burkina Faso	
Sokarani 2	Burkina Faso	
Soukoura 2	Burkina Faso	
KONKOLIKAN PROJECT		
Konkolikan	Burkina Faso	Own 49% (sale of 51% to Acacia Mining plc)
DEROSA PROJECT		
Bompela	Burkina Faso	15% interest in joint venture with Rumble Resources Ltd
Sapala	Burkina Faso	