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Canyon Resources Limited

ABN 13 140 087 261

Interim Report
31 December 2022

Canyon Resources Limited
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31 December 2022

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Canyon Resources Limited
Corporate directory
31 December 2022

Directors	Mark Hohnen - Non-Executive Chairman David Netherway - Non-Executive Director Peter Su - Non-Executive Director Scott Piegan - Non-Executive Director
Company secretary	Matt Worner
Registered office	945 Wellington Street West Perth, Western Australia, 6005 T: +61 8 9322 7600
Principal place of business	945 Wellington Street West Perth, Western Australia, 6005 T: +61 8 9322 7600
Share register	Computershare Limited Level 11, 172 St Georges Terrace Perth, Western Australia, 6000 T: +61 8 9323 2000 F: +61 9323 2033 www.computershare.com.au
Auditor	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth, Western Australia, 6000
Solicitors	Gilbert + Tobin Level 16, Brookfield Place Tower 2 123 St Georges Terrace Perth, Western Australia, 6000
Stock exchange listing	Canyon Resources Limited shares are listed on the Australian Securities Exchange (ASX code: CAY)
Website	www.canyonresources.com.au

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Canyon Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

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

Mark Hohnen - Non Executive Chairman (appointed 8 August 2022)
David Netherway - Non-Executive Director
Peter Su - Non-Executive Director
Scott Phegan - Non-Executive Director (appointed 8 August 2022)
Cliff Lawrenson - Non Executive Chairman (resigned 8 August 2022)
Phillip Gallagher - Managing Director (resigned 11 July 2022)
Steven Zaninovich - Non-Executive Director (resigned 8 August 2022)

Chief Executive Officer

Mr Jean-Sebastien Boutet

Principal activities

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

Review of operations

The loss for the Group after providing for income tax amounted to $2,778,107 (31 December 2021: $9,017,308).

Minim Martap Bauxite Project (the Project) (100% CAY)

During the Half-Year ended 31 December 2022, the Company continued to attend meetings with senior Cameroon Government officials with a view to securing approvals for the grant of the Mining Permit for the development of the Project as well as continuing discussions with parties interested in pursuing joint venture and strategic partner arrangements. Alongside these efforts several other significant milestones were reached by the Company in relation to the Project.

Strategic Placement to advance Minim Martap development

Since the release of the Minim Martap Bauxite Project Bankable Feasibility Study (**BFS**) in June 2022, Canyon was in receipt of strong inbound interest from potential joint venture and strategic partners. The robust economics outlined in the BFS, and the mining scheduling highlighted the world-class nature of the Project. Specifically, the attraction to potential joint venture and strategic partners is the ability of Minim Martap to deliver consistently high-grade bauxite over multiple decades.

In December 2022, Canyon secured a strategic placement of ~$12.1m at $0.06 per share with Eagle Eye Asset Holdings Pte. Ltd ("**EEA**"). EEA (branded as Fortuna Holdings SFO) is incorporated and based in Singapore with branch offices in Dubai. EEA has a successful track record of developing projects in Africa and in other geographies and has a long-term vision to develop an integrated bauxite and aluminium value chain from Africa.

The strategic placement was conducted at a significant price premium (+41.8%) to Canyon's 30-day VWAP of $0.042 up to and including 20 December 2022. Each Placement Share has, subject to Shareholder approval, an attaching option (exercise price of $0.07 per option and expiry date of 10 August 2025)**.** The placement of shares to EEA was completed on 22 December and EEA is now Canyon's largest shareholder with 19.9% of the Company's issued share capital.

EEA represents a highly attractive, long term strategic partner, with capability to assist Canyon with project funding solutions to facilitate the Minim Martap Project moving towards development.

Under the terms of the strategic placement, EEA has the right to nominate one representative to the Canyon Board.

Makan Bauxite Permit

In addition to the Minim Martap Bauxite Project, the Company has continued to progress early-stage resource definition work and the identification of long-term Direct Shipping Ore (**DSO**) options at the Makan Permit. To date, the Makan Permit has not been as extensively explored as the Ngaoundal and Minim Martap Permits. As announced on 7 October 2022, the exploration activities will focus on defining sufficient bauxite mineralisation to develop sustainable long-term DSO operations to be included in the Minim Martap Bauxite Project.

The activities planned will satisfy the requirements to maintain the Permit under the terms of the extension granted in February 2022. The program aims to improve the resource knowledge on this ground, eventually growing the existing contribution of the Permit into the Minim Martap mining schedule.

Exploration work planned for the coming half year includes the following:

- Continue target generation activities with the advancement of new pits on the Greenfield plateaux.
- Dispatch pit samples for primary assay and the interpretation of assay results.
- Commence resource drilling on high grade plateaux defined by the target generation campaign.

Grant of Certificate of Environmental Compliance

In October 2022, Canyon announced that it had been granted a Certificate of Environmental Compliance (**CEC**) after submission by the Company of a detailed Environmental Social Impact Assessment (**ESIA**). The ESIA included extensive public consultation of multiple stakeholders and related communities. The grant of the ESIA was a further step in progressing the Minim Martap Project and is further demonstration of the positive momentum Canyon is building through the ongoing interaction with all stakeholders in Cameroon.

Application for Mining Permit

Camalco Cameroon SA (Camalco), Canyon's wholly owned subsidiary in Cameroon, has completed the application process in Cameroon for the grant of the Mining Permit for development of the Project and all subsequent clarifications and negotiations have been successfully completed and submitted. Canyon's capacity to develop the Project has likewise been accepted by His Excellency the Minister of Mines, Industry and Technological Development. Notably, the period for the Government of Cameroon to object to the processing and approval of the Mining Permit application has passed.

Canyon management, including Chief Executive Officer, Mr Jean-Sebastien Boutet, continue to hold positive and constructive meetings with representatives of the Cameroon Government, including Prime Minister Ngute, who has personally expressed his support for the Project during recent meetings. Canyon continues to actively lobby at all levels of government for the signing of the Mining Convention which remains the major focus of the Company and Management.

The Company anticipates that the recent securing of the Strategic Placement with EEA as well as EEA's demonstrable track record of delivering projects in Africa is an important demonstration of the increased capability of Canyon management to execute the Project and will be viewed positively with respect to the granting of the Mining Permit.

CORPORATE

Board Changes

As announced on 11 July 2022, Mr Phillip Gallagher concluded his role as Managing Director of the Company.

To drive the development of the Minim Martap Bauxite Project, Canyon CEO Mr Jean-Sebastien Boutet, an experienced bauxite executive, took over the leadership of the Company to finalise and drive the funding and construction phases of the Project.

In a further Board restructure, on 8 August 2022 the Company announced that Mr Cliff Lawrenson and Mr Steven Zaninovich had provided notice to the Company of their resignations as Non-executive Directors of the Company. In their place, the Company appointed experienced mining, bauxite, and alumina executives, Mr Mark Hohnen as Non-executive Chairman and Mr Scott Phegan as a Non-executive Director.

These Board changes came as part of Canyon's transition from explorer to developer at its 100% owned Minim Martap Project in Cameroon, with the Board refreshment being undertaken to better position the Company for its next stage of growth. The combined experience of Mr Boutet, Mr Hohnen and Mr Phegan across the development, operational and business development spectrum of the bauxite/alumina industry will provide the necessary skillset to direct and support the Company into the future.

Shareholder Meetings

An Extraordinary General Meeting of the Company was held on Wednesday, 10 August 2022 and the Annual General Meeting of the Company was held on 21 November 2022. All resolutions put to a poll at these two meetings were carried.

Post 31 December 2022, the Company held a further Extraordinary Shareholder Meeting on 28 February 2023, with all resolutions put to a poll (including the issue of options to EEA) being carried.

Capital Raising

5,444,443 ordinary fully paid shares were issued on 7 September 2022 at an issue price of $0.045 raising $245,000 before costs. The shares issued were Tranche 2 of the Placement announced on 21 June 2022, and were entitled to one free attaching option.

104,636,355 unlisted options exercisable at $0.07 each on or before 10 August 2024 were issued on 7 September 2022. The options were part of the placement announced on 21 June 2022 where each share was entitled to one free attaching option.

202,900,000 ordinary fully paid shares were issued on 22 December 2022 at an issue price of $0.06 raising $12,174,000 before costs. The shares issued were a strategic placement with Eagle Eye Asset Holdings Pte. Ltd., and are entitled to one free attaching option (exercise price of $0.07 per option and expiry date of 10 August 2025) which was approved by shareholders on 28 February 2023.

Other

10,000,000 Performance Rights were issued to CEO Jean-Sebastien Boutet on 18 July 2022 with the following vesting conditions:

* 1,000,000 - achievement of a 10-day Volume Weighted Average Price ('VWAP') of $0.10
* 1,000,000 - achievement of a 10-day VWAP of $0.15
* 1,000,000 - achievement of a 10-day VWAP of $0.20
* 1,000,000 - achievement of a 10-day VWAP of $0.25
* 1,000,000 - after 12 months of continuous employment
* 1,000,000 - after 24 months of continuous employment
* 1,000,000 - after 36 months of continuous employment
* 1,000,000 - announcement of a fully approved mining licence
* 1,000,000 - announcement of a completed rail access agreement
* 1,000,000 - executed binding off take agreement for a minimum 2MT for a 12 month period.

Matters subsequent to the end of the financial half-year

On 9 January 2023, the Company announced the signing of a Memorandum of Understanding that outlines a declaration of intent with the Port Authority of Douala in regard to the development of infrastructure at the Port of Douala-Bonabéri**.**

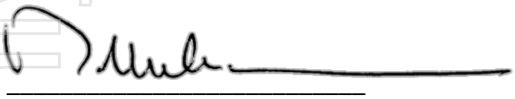
The Company held a General Meeting of Shareholders on 28 February 2023, at which all resolutions were passed.

Auditor's independence declaration

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

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

On behalf of the Directors



Mark Hohnen
Non-Executive Chairman

14 March 2023
Perth

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Canyon Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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



Perth, Western Australia
14 March 2023

L Di Giallonardo
Partner

	Note	Half-year ended 31 December 2022 $	Half-year ended 31 December 2021 $
Interest received		7,075	2,480
Expenses:			
Foreign exchange gain/(loss)		18,694	(11,244)
Employee benefits expense		(1,263,225)	(1,045,507)
Consultants and contractors		(210,905)	(221,972)
Depreciation and amortisation expense		(32,753)	(44,037)
Loss on disposal of assets		(1,017)	(1,052)
Travel expenses		(80,429)	(159,796)
Compliance and regulatory		(50,229)	(77,095)
Legal and professional fees		(74,169)	(93,971)
Share based payments	14	(312,704)	(4,423,231)
Exploration expenditure	6	(651,335)	(2,787,846)
Interest expense		(2,360)	-
Occupancy		(27,257)	(39,362)
Administration		(97,493)	(114,675)
Loss before income tax expense		(2,778,107)	(9,017,308)
Income tax expense		-	-
Loss after income tax expense for the half-year		(2,778,107)	(9,017,308)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		287,032	(320,647)
Other comprehensive income/(loss) for the half-year, net of tax		287,032	(320,647)
Total comprehensive loss for the half-year		(2,491,075)	(9,337,955)
		Cents	**Cents**
Basic loss per share		(0.34)	(1.32)
Diluted loss per share		(0.34)	(1.32)

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

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Canyon Resources Limited
Condensed consolidated statement of financial position
As at 31 December 2022

	Note	31 December 2022 $	30 June 2022 $
Assets			
Current assets			
Cash and cash equivalents		13,274,153	4,478,367
Trade and other receivables		50,494	51,251
Other		378,135	393,097
Total current assets		13,702,782	4,922,715
Non-current assets			
Property, plant and equipment	5	247,632	239,179
Exploration and evaluation	6	17,238,602	16,424,121
Total non-current assets		17,486,234	16,663,300
Total assets		31,189,016	21,586,015
Liabilities			
Current liabilities			
Trade and other payables		847,807	1,061,289
Employee benefits		9,231	121,427
Total current liabilities		857,038	1,182,716
Total liabilities		857,038	1,182,716
Net assets		30,331,978	20,403,299
Equity			
Issued capital	7	88,840,094	76,733,044
Reserves	8	6,289,239	5,689,503
Accumulated losses		(64,797,355)	(62,019,248)
Total equity		30,331,978	20,403,299

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

Canyon Resources Limited
Condensed consolidated statement of changes in equity
For the half-year ended 31 December 2022

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

	Issued capital $	Foreign currency reserve $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022	76,733,044	(786,966)	6,476,469	(62,019,248)	20,403,299
Loss after income tax expense for the half-year	-	-	-	(2,778,107)	(2,778,107)
Other comprehensive income for the half-year, net of tax	-	287,032	-	-	287,032
Total comprehensive income/(loss) for the half-year	-	287,032	-	(2,778,107)	(2,491,075)
Transactions with owners in their capacity as owners:					
Share issued for cash	12,419,000	-	-	-	12,419,000
Share issue costs	(311,950)	-	-	-	(311,950)
Value of performance rights expensed	-	-	259,680	-	259,680
Issue of options	-	-	53,024	-	53,024
Balance at 31 December 2022	88,840,094	(499,934)	6,789,173	(64,797,355)	30,331,978

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

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Canyon Resources Limited
Condensed consolidated statement of cash flows
For the half-year ended 31 December 2022

	Note	Half-year ended 31 December 2022 $	Half-year ended 31 December 2021 $
Cash flows from operating activities			
Payments to suppliers and employees (including exploration costs expensed)		(3,007,334)	(4,534,090)
Interest received		7,075	2,480
Interest and other finance costs paid		(2,360)	-
Net cash used in operating activities		(3,002,619)	(4,531,610)
Cash flows from investing activities			
Payments for property, plant and equipment		(36,522)	(1,962)
Payments for exploration and evaluation	6	(521,599)	-
Net cash used in investing activities		(558,121)	(1,962)
Cash flows from financing activities			
Proceeds from issue of shares	7	12,419,000	6,180,573
Share issue transaction costs		(68,470)	(410,654)
Net cash from financing activities		12,350,530	5,769,919
Net increase in cash and cash equivalents		8,789,790	1,236,347
Cash and cash equivalents at the beginning of the period		4,478,367	2,684,012
Effects of exchange rate changes on cash and cash equivalents		5,996	(40,476)
Cash and cash equivalents at the end of the period		13,274,153	3,879,883

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

Note 1. General information

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

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

945 Wellington Street
West Perth Western Australia 6005
T: +61 8 9322 7600

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 March 2023.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

New or amended Accounting Standards and Interpretations adopted

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

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

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

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing the half-year report, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the Group when compiling its 30 June 2022 financial statements.

Lodged with the ASX on 14 March 2023

Note 4. Operating segments

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

Half-year ended 31 December 2022	Exploration (Africa) $	Unallocated (Corporate) $	Total $
Interest income	-	7,075	7,075
Expenses	(1,364,428)	(1,420,754)	(2,785,182)
Loss before income tax expense	(1,364,428)	(1,413,679)	(2,778,107)
Income tax expense			-
Loss after income tax expense			(2,778,107)
Assets			
Segment assets	17,863,586	13,325,430	31,189,016
Total assets			31,189,016
Liabilities			
Segment liabilities	384,413	472,625	857,038
Total liabilities			857,038

Half-year ended 31 December 2021	Exploration (Africa) $	Unallocated (Corporate) $	Total $
Interest income	-	2,480	2,480
Expenses	(7,609,873)	(1,409,915)	(9,019,788)
Loss before income tax expense	(7,609,873)	(1,407,435)	(9,017,308)
Income tax expense			-
Loss after income tax expense			(9,017,308)
30 June 2022			
Assets			
Segment assets	17,079,257	4,506,758	21,586,015
Total assets			21,586,015
Liabilities			
Segment liabilities	219,647	963,069	1,182,716
Total liabilities			1,182,716

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Note 5. Non-current assets - property, plant and equipment

	31 December 2022 $	30 June 2022 $
Plant and equipment - at cost	540,628	528,473
Less: Accumulated depreciation	(338,350)	(307,917)
	202,278	220,556
Computer equipment - at cost	64,545	61,487
Less: Accumulated depreciation	(50,229)	(46,000)
	14,316	15,487
Office equipment - at cost	92,080	57,332
Less: Accumulated depreciation	(61,042)	(54,196)
	31,038	3,136
Total	247,632	239,179

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year and previous financial year are set out below:

	Field equipment $	Computer equipment $	Office equipment $	Total $
Balance at 1 July 2021	291,481	32,716	21,559	345,756
Additions	3,366	4,681	-	8,047
Disposals	(4,196)	(6,750)	(3,008)	(13,954)
Exchange differences	(14,681)	522	(1,722)	(15,881)
Depreciation expense	(55,414)	(15,682)	(13,693)	(84,789)
Balance at 30 June 2022	220,556	15,487	3,136	239,179
Additions	1,365	2,985	32,172	36,522
Disposals	-	(1,017)	-	(1,017)
Exchange differences	4,366	367	968	5,701
Depreciation expense	(24,009)	(3,506)	(5,238)	(32,753)
Balance at 31 December 2022	202,278	14,316	31,038	247,632

Note 6. Non-current assets - exploration and evaluation

	31 December 2022 $	30 June 2022 $
Exploration and evaluation - Minim Martap	16,688,602	15,874,121
Exploration and evaluation - Birsok	550,000	550,000
	17,238,602	16,424,121

Note 6. Non-current assets - exploration and evaluation (continued)

Reconciliations

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

	$
Balance at 1 July 2021	16,760,341
Expenditure during the year	260,408
Exchange differences	(596,628)
Balance at 30 June 2022	16,424,121
Expenditure during the year	521,599
Exchange differences	292,882
Balance at 31 December 2022	17,238,602

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

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

The Minim Martap Project comprises the Makan and Ngaoundal research permits and the Minim Martap permit. During the 2022 financial year, these permits expired and the Company commenced a process of renewing the permits. Confirmation was received that the Makan and Ngaoundal research permits were extended for an additional two years on 25 February 2022, whilst the mining convention negotiations continue for Minim Martap. Expenditure on the Makan and Ngaoundal research permits commenced to be capitalised from 22 February 2022, however expenditure on the Minim Martap permit continues to be expensed until such time as the renewal for that permit is finalised. During the half-year, expenditure of $651,335 in respect of this permit was expensed.

Note 7. Equity – issued capital

	31 December 2022 Shares	30 June 2022 Shares	31 December 2022 $	30 June 2022 $
Ordinary shares – fully paid	1,014,766,507	806,422,064	88,840,094	76,733,044

Movements in ordinary share capital

Details		Shares	$
Balance at 1 July 2021	1 July 2021	623,903,552	66,543,010
Shares issued for cash	30 June 2021	70,485,675	5,638,854
Shares issued for cash	21 September 2021	6,771,482	541,719
Shares issued in lieu of payment	7 February 2022	625,000	56,250
Shares issued for cash	28 June 2022	104,636,355	4,708,636
Cost of share issues			(755,425)
Balance at 30 June 2022		806,422,064	76,733,044
Shares issued for cash	7 September 2022	5,444,443	245,000
Shares issued for cash	22 December 2022	202,900,000	12,174,000
Cost of share issues			(311,950)
Balance as at 31 December 2022		1,014,766,507	88,840,094

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Note 7. Equity - issued capital (continued)

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

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

Note 8. Equity – reserves

	31 December 2022 $	30 June 2022 $
Foreign currency reserve	(499,934)	(786,966)
Share-based payments reserve	6,789,173	6,476,469
	6,289,239	5,689,503

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

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

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

	Foreign currency $	Share based payments $	Total $
Balance at 1 July 2022	(786,966)	6,476,469	5,689,503
Foreign currency translation	287,032	-	287,032
Value of performance rights expensed	-	259,680	259,680
Issue of options	-	53,024	53,024
Balance at 31 December 2022	(499,934)	6,789,173	6,289,239

Note 9. Equity – dividends

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

Note 10. Financial instruments

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

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

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

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Note 11. Contingent liabilities

There are no contingencies outstanding as at 31 December 2022.

Note 12. Commitments

Commitments remain as those disclosed in the 30 June 2022 annual financial report.

Note 13. Events after the reporting period

On 9 January 2023, the Company announced the signing of a Memorandum of Understanding that outlines a declaration of intent with the Port Authority of Douala in regard to the development of infrastructure at the Port of Douala-Bonabéri**.**

The Company held a General Meeting of Shareholders on 28 February 2023, at which all resolutions were passed.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 14. Share-based payments

Performance rights

CEO Jean-Sebastien Boutet was issued 10,000,000 Performance Rights on 18 July 2022. The Performance Rights were issued for nil cash consideration and are convertible into fully paid ordinary shares in the capital of the Company on the terms and conditions under the Canyon Long Term Incentive Plan and subject to the following Vesting Conditions:

Tranche	Vesting conditions	Share Price	Employment Tenure	Project Milestones
1	Achievement of a 10-day Volume Weighted Average Price ("VWAP") of $0.10	1,000,000	-	-
2	Achievement of a 10-day VWAP of $0.15	1,000,000	-	-
3	Achievement of a 10-day VWAP of $0.20	1,000,000	-	-
4	Achievement of a 10-day VWAP of $0.25	1,000,000	-	-
5	12 months continuous employment	-	1,000,000	-
6	24 months continuous employment	-	1,000,000	-
7	36 months continuous employment	-	1,000,000	-
8	Fully approved mining licence	-	-	1,000,000
9	Complete rail access agreement	-	-	1,000,000
10	Executed binding off take agreement for a minimum 2MT for a 12 month period	-	-	1,000,000
		4,000,000	3,000,000	3,000,000

These performance rights were valued, using a valuation methodology based on the guidelines set out in AASB 2 *Share-based Payment.*

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Note 14. Share-based payments (continued)

Assumptions:

Share price vesting conditions	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number of performance rights	1,000,000	1,000,000	1,000,000	1,000,000
Valuation date	1 January 2022	1 January 2022	1 January 2022	1 January 2022
Interest rate	1.85%	1.85%	1.85%	1.85%
Volatility rate	100%	100%	100%	100%
Vesting share price	$0.100	$0.150	$0.200	$0.250
Share price on valuation date	$0.096	$0.096	$0.096	$0.096
Indicative value per Performance Right	$0.084	$0.075	$0.071	$0.070
- Mr Jean-Sebastien Boutet	$84,300	$74,900	$71,100	$69,700

Assumptions:

Employment tenure conditions	Tranche 5	Tranche 6	Tranche 7
Number of performance rights	1,000,000	1,000,000	1,000,000
Valuation date	1 January 2022	1 January 2022	1 January 2022
10 day VWAP	$0.090	$0.090	$0.090
Indicative value per Performance Right	$0.090	$0.090	$0.090
- Mr Jean-Sebastien Boutet	$90,000	$90,000	$90,000

Assumptions:

Project Milestone	Tranche 8	Tranche 9	Tranche 10
Number of performance rights	1,000,000	1,000,000	1,000,000
Valuation date	1 January 2022	1 January 2022	1 January 2022
10 day VWAP	$0.090	$0.090	$0.090
Indicative value per Performance Right	$0.090	$0.090	$0.090
- Mr Jean-Sebastien Boutet	$90,000	$90,000	$90,000

The value of the Performance Rights is being expensed over the deemed life of the Rights. During the period, $259,680 was recognised as an expense in relation to the rights.

A share option plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the Company to certain key management personnel of the Group. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee.

Options

On 2 December 2022, the Company issued 3,000,000 unlisted options to Director Mark Hohnen following shareholder approval at the AGM on 21 November 2022. The unlisted options were issued in three tranches as follows:

- 1,000,000 unlisted options exercisable on or before 2 December 2025 at $0.09 each
- 1,000,000 unlisted options exercisable on or before 2 December 2025 at $0.12 each
- 1,000,000 unlisted options exercisable on or before 2 December 2025 at $0.17 each

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Note 14. Share-based payments (continued)

For these options, the valuation model inputs used to determine the fair value at the grant date, are as follows:

	Tranche 1	Tranche 2	Tranche 3
Number of options	1,000,000	1,000,000	1,000,000
Issue date	2 December 2022	2 December 2022	2 December 2022
Expiry date	2 December 2025	2 December 2025	2 December 2025
Exercise price	$0.090	$0.120	$0.170
Valuation date	21 November 2022	21 November 2022	21 November 2022
Share price at valuation date	$0.042	$0.042	$0.042
Expected volatility	100%	100%	100%
Dividend yield	-	-	-
Risk-free interest rate	3.20%	3.20%	3.20%
Fair value at valuation date	$0.020	$0.018	$0.015
- Mr Mark Hohnen	$20,287	$17,823	$14,914

$53,024 was expensed to share-based payments expense during the period in relation to the options granted.

	Half-year ended 31 December 2022 $	Half-year ended 31 December 2021 $
Share-based payments expense		
Employee and Director performance rights	259,680	41,981
Director options	53,024	-
Shares issued in lieu of payment	-	56,250
Birsok Acquisition	-	925,000
Minim Martap Acquisition	-	3,400,000
	312,704	4,423,231

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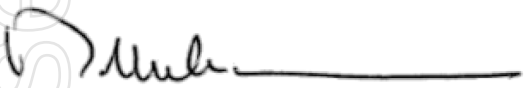
Canyon Resources Limited
Directors' declaration
31 December 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors



Mark Hohnen
Non-Executive Chairman

14 March 2023
Perth

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

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Canyon Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
14 March 2023

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