

CANYON COPPER CORP.

Interim Consolidated Financial Statements
Three Months Ended September 30, 2017 and 2016
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

The accompanying unaudited interim financial statements have been prepared by Management of Canyon Copper Corp. and have not been reviewed by the Company's auditors

CANYON COPPER CORP.

Interim consolidated statements of financial position

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	September 30, 2017 \$	June 30, 2017 \$
ASSETS		
Current assets		
Cash	1,293,290	81,644
Marketable securities (Note 3)	87,750	139,500
Amounts receivable	17,539	3,264
Prepaid expenses and deposits	21,543	2,591
Total current assets	1,420,122	226,999
Non-current assets		
Mineral property (Note 4)	88,750	75,750
Total assets	1,508,872	302,749
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities	38,806	16,077
Accrued interest on loan payable to related party (Note 5)	90,723	76,256
Loan payable to related party, net of financing costs of \$6,534 and \$13,440, respectively (Note 5)	393,466	386,560
Due to related parties (Note 5)	255,559	348,559
Total current liabilities	778,554	827,452
Non-current liabilities		
Accrued interest on loans payable to related parties (Note 5)	10,055	7,555
Loans payable to related parties (Note 5)	100,000	100,000
Total liabilities	888,609	935,007
Shareholders' equity (deficit)		
Share capital	21,324,428	19,964,792
Contributed surplus	8,690,797	8,307,539
Deficit	(29,394,962)	(28,904,589)
Total shareholders' equity (deficit)	620,263	(632,258)
Total liabilities and shareholders' equity (deficit)	1,508,872	302,749

Nature of operations and continuance of business (Note 1)

Subsequent events (Note 12)

Approved and authorized for issuance on behalf of the Board of Directors on November 29, 2017:

/s/ "John Kerr"
John Kerr, Director

/s/ "James Yates"
James Yates, Director

(The accompanying notes are an integral part of these interim consolidated financial statements)

CANYON COPPER CORP.

Interim consolidated statements of operations

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three months ended September 30, 2017 \$	Three months ended September 30, 2016 \$
Expenses		
Investor relations	54,823	230
Management fees (Note 5)	18,400	24,000
Mineral exploration costs (Note 4)	19,377	13,807
Office and miscellaneous	23,398	10,235
Professional fees (Note 5)	25,443	13,581
Rent	8,570	9,614
Share-based compensation	296,029	–
Transfer agent and filing fees	16,344	866
Total expenses	462,384	72,333
Loss before other income (expense)	(462,384)	(72,333)
Other income (expense)		
Amortization of deferred financing costs	(6,906)	–
Interest expense	(12,568)	(10,137)
Realized gain on sale of marketable securities	4,646	–
Unrealized loss on marketable securities	(13,161)	(104,282)
Total other income (expense)	(27,989)	(114,419)
Net loss and comprehensive loss for the period	(490,373)	(186,752)
Income loss per share, basic and diluted	(0.07)	(0.04)
Weighted average shares outstanding	7,117,035	4,903,267

(The accompanying notes are an integral part of these interim consolidated financial statements)

CANYON COPPER CORP.

Interim consolidated statements of changes in equity

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Share capital		Contributed surplus \$	Deficit \$	Total shareholders' equity (deficit) \$
	Number of shares	Amount \$			
Balance, June 30, 2016	4,903,267	19,823,142	8,307,539	(28,458,211)	(327,530)
Net loss for the period	–	–	–	(186,752)	(186,752)
Balance, September 30, 2016	4,903,267	19,823,142	8,307,539	(28,644,963)	(514,282)
Balance, June 30, 2017	6,586,600	19,964,792	8,307,539	(28,904,589)	(632,258)
Shares issued for cash	15,000,000	1,500,000	–	–	1,500,000
Share issuance costs	–	(148,364)	87,229	–	(61,135)
Shares issued pursuant to mineral property option agreements	100,000	8,000	–	–	8,000
Share-based compensation	–	–	296,029	–	296,029
Net loss for the period	–	–	–	(490,373)	(490,373)
Balance, September 30, 2017	21,686,600	21,324,428	8,690,797	(29,394,962)	620,263

(The accompanying notes are an integral part of these interim consolidated financial statements)

CANYON COPPER CORP.

Interim consolidated statements of cash flows

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three months ended September 30, 2017 \$	Three months ended September 30, 2016 \$
Operating activities		
Net loss for the period	(490,373)	(186,752)
Items not involving cash:		
Amortization of deferred financing costs	6,906	–
Realized gain on sale of marketable securities	(4,646)	–
Share-based compensation	296,029	–
Unrealized loss on marketable securities	13,161	104,282
Changes in non-cash operating working capital:		
Amounts receivable	(14,275)	–
Prepaid expenses and deposits	(18,952)	(8,875)
Accounts payable and accrued liabilities	22,729	(6,649)
Due to related parties	(76,033)	42,183
Net cash used in operating activities	(265,454)	(55,811)
Investing activities		
Acquisition of mineral properties	(5,000)	–
Proceeds from sale of marketable securities	43,235	–
Net cash provided by investing activities	38,235	–
Financing activities		
Proceeds from related party loan	–	100,000
Proceeds from issuance of common shares	1,500,000	–
Share issuance costs	(61,135)	–
Net cash provided by financing activities	1,438,865	100,000
Change in cash	1,211,646	44,189
Cash, beginning of period	81,644	41,321
Cash, end of period	1,293,290	85,510
Non-cash investing and financing activities		
Fair value of brokers' warrants	87,229	–
Shares issued pursuant to mineral property option agreement	8,000	–
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

(The accompanying notes are an integral part of these interim consolidated financial statements)

CANYON COPPER CORP.

Notes to the interim consolidated financial statements
September 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

1. Nature of Operations and Continuance of Business

Canyon Copper Corp., (the “Company”), was incorporated in the State of Nevada, U.S.A. on January 21, 2000 under the name Aberdene Mines Limited. On August 7, 2006, the Company changed its name to Canyon Copper Corp. On May 31, 2013, the Company changed its incorporation jurisdiction to be British Columbia, Canada. The Company’s principal business plan is to acquire, explore and develop mineral properties and ultimately seek earnings by exploiting mineral claims. The Company’s registered office is Suite 408, 1199 West Pender Street, Vancouver, British Columbia, V6E 2R1.

These interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will realize the carrying value of its assets and discharge its liabilities in the normal course of business. As at September 30, 2017, the Company has not generated any revenue and has accumulated losses of \$29,394,962 since inception. There is no guarantee that the Company will be able to complete any of the above objectives. These factors indicate the existence of a material uncertainty that may cast substantial doubt on the Company’s ability to continue as a going concern. These interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Summary of Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

These interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, “*Interim Financial Reporting*”.

These interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Canyon Copper (USA) Ltd., a company incorporated in the state of Nevada. All inter-company balances and transactions have been eliminated on consolidation.

These interim consolidated financial statements have been prepared on a historical cost basis. These interim consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(b) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2017, and have not been applied in preparing these interim consolidated financial statements.

New standard IFRS 9, “*Financial Instruments*”

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on the interim consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company’s interim consolidated financial statements.

CANYON COPPER CORP.

Notes to the interim consolidated financial statements
September 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

3. Marketable Securities

The Company holds shares in publicly traded companies. The fair value of common shares held has been determined by reference to public price quotations in an active market.

	June 30, 2017 Fair value \$	Proceeds from sales \$	Realized gains \$	Unrealized loss \$	September 30, 2017 Fair value \$
Marketable securities	139,500	(43,235)	4,646	(13,161)	87,750

4. Exploration and Evaluation Assets

Mineral property acquisition costs:

	Samuels Lake Property \$	Bootleg Lake Property \$	Munro Warden Property \$	Total \$
Balance, June 30, 2017	57,000	18,750	–	75,750
Additions	–	–	13,000	13,000
Balance, September 30, 2017	57,000	18,750	13,000	88,750

Mineral exploration costs:

	Three months ended September 30, 2017 \$	Three months ended September 30, 2016 \$
Claims maintenance	15,614	13,807
General exploration	1,962	–
Geological and geophysics	180	–
Labour, field and camp site	53	–
Staking	1,568	–
	19,377	13,807

(a) New York Canyon Property, Nevada, USA

The New York Canyon Project consists of 60 unpatented mineral claims covering approximately 1,200 acres and 21 patented mineral claims covering an area of approximately 780 acres, including the Jaycor claims as described below, located within the vicinity of the New York Canyon Claims area, Mineral County, Nevada. The New York Canyon Project is approximately five miles east of Luning and 30 miles east of Hawthorne, in the sparsely populated west central part of Nevada.

On March 6, 2014, the Company entered into a purchase agreement with the lessor of the Jaycor claims, which were leased by Canyon pursuant to the terms of a lease agreement with Jaycor dated July 21, 2004. The Company acquired a 100% interest in the 18 mineral claims described above for consideration of 200,000 common shares (issued) and the lease agreement was terminated. This agreement will continue to be subject to a 1.75% net smelter return royalty, which is payable up to US\$2,000,000.

CANYON COPPER CORP.

Notes to the interim consolidated financial statements
September 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

4. Exploration and Evaluation Assets (continued)

(b) Moonlight Property, California, USA – Metamin Agreement

On November 25, 2011, the Company entered into an Assignment Agreement with Metamin Enterprises Inc., a company controlled by the President of the Company, (the “Assignor”) and Metamin Enterprises USA Inc. (“Assignor Sub”), a wholly-owned subsidiary of the Assignor, to acquire the Assignor’s interest in an Option Agreement between the Assignor and Lester Storey (the “Optionor”), in respect of certain mineral claims, known as the Moonlight property, located in Plumas County, California. On January 19, 2012, the Company closed the Assignment Agreement with the Assignor and Assignor Sub. The Company has made all the required payments under the Assignment Agreement.

The Assignor will retain a 1% net smelter return on metals extracted from the property, which can be repurchased for US\$1,000,000, and a gross overriding royalty of 2.5% on receipts from the sale of industrial minerals.

Upon closing of the Assignment Agreement, the Company assumed all of the Assignor’s rights and obligations under the Option Agreement. The Optionor will retain a 1% net smelter return on the metals extracted from the Moonlight property, which can be repurchased for US\$1,000,000, and a gross overriding royalty of 2.5% on receipts from the sale of industrial minerals.

On August 20, 2014, the Company had made all of the required payments under the Option Agreement and exercised its option to acquire a 100% interest in the Moonlight Property pursuant to the terms of an Assignment Agreement with Metamin Enterprises Inc.

(c) Moonlight Property, California, USA – Crown Mining Corp. Agreement

On February 28, 2016, the Company entered into an option agreement (“Option Agreement”) with Crown Mining Corp. (“Crown”), whereby the Company agreed to option a 100% interest in the Moonlight Property to Crown. Under the terms of the Option Agreement, Crown may acquire a 100% interest in the Moonlight property by making the following payments:

- (i) Cash payments:
 - \$5,000 on execution of the option agreement (received);
 - \$20,000 on or before June 1, 2016 (received); and
 - \$350,000 on or before the third anniversary of the TSX Venture Exchange acceptance date (March 4, 2019).

- (ii) Share payments:
 - 2,000,000 common shares within five days of the TSX Venture Exchange acceptance date (received);
 - 750,000 common shares if the \$350,000 option payment is not paid in full before the first anniversary of the TSX Venture Exchange acceptance date (March 4, 2017) (received); and
 - 1,000,000 common shares if the \$350,000 option payment is not paid in full before the second anniversary of the TSX Venture Exchange acceptance date (March 4, 2018).

In connection with the Option Agreement, the Company and the advance royalty holders agreed to eliminate the advanced royalty payments, increase each of the advance royalty holder’s net smelter returns from 1.0% to 1.25%, and Crown agreed to issue a total of 600,000 common shares to the advance royalty holders (issued).

CANYON COPPER CORP.

Notes to the interim consolidated financial statements
September 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

4. Exploration and Evaluation Assets (continued)

(d) Samuels Lake Property, Ontario, Canada

On September 21, 2016, the Company entered into an option agreement with ProAm Exploration Corporation (“ProAm”) to earn a 71% interest in the Samuels Lake Property consisting of five claims located in Beaverhouse Lake and Factor Lake Areas of northwestern Ontario. Under the terms of the option agreement, the Company will exercise the option to acquire a 71% interest in Samuels Lake Property by making the following cash payments, share issuances and exploration expenditures:

Cash payments:

- \$50,000 within ten days from the date of Exchange acceptance on October 7, 2016 (paid);
- \$50,000 on or before September 21, 2018; and
- \$100,000 on or before September 21, 2019.

Share payments:

- 66,667 common shares within ten days from the date of Exchange acceptance on October 7, 2016 (issued);
- 66,667 common shares on or before September 21, 2018; and
- 66,667 common shares on or before September 21, 2019.

Exploration expenditures:

- \$500,000 before September 21, 2018;
- an additional \$500,000 on or before September 21, 2019; and
- an additional \$1,500,000 on or before September 21, 2022.

Under the terms of the option agreement, the Company will pay a 2.5% net smelter return to ProAm on commencement of commercial production. The Company will have the right, at any time, to purchase 1% of the net smelter return for \$1,500,000.

(e) Bootleg Lake Gold Property, Saskatchewan, Canada

On May 10, 2017, the Company entered into an option agreement (“Option Agreement”) with New Moon Minerals Corp. (“New Moon”) to earn up to a 75% interest in the Bootleg Lake Gold Property (the “Property”) located near Creighton, Saskatchewan, Canada by making the following cash payments, share issuances and exploration expenditures:

- (i) Cash payment of \$5,000 upon signing of agreement (paid);
- (ii) Cash payment of \$5,000 and issuing 83,333 shares within 5 days of the date of TSX Venture Exchange (the “TSXV”) acceptance (paid and issued);
- (iii) The Company will earn a 51% interest upon completing the following:
 - Cash payment of \$40,000 and issuing 83,333 shares before June 30, 2018;
 - Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2019;
 - Incurring initial exploration expenditures of \$100,000 before December 31, 2018, and incurring further exploration expenditures of \$150,000 before December 31, 2019, for a cumulative total of \$250,000 of exploration expenditures; and
- (iv) The Company will earn a 75% interest upon completing the following:
 - Cash payment of \$50,000 and issuing 166,667 shares before June 30, 2020;
 - Cash payment of \$100,000 and issuing 166,667 shares before June 30, 2021;
 - Incurring additional exploration expenditures of \$200,000 before December 31, 2020, and incurring further exploration expenditures of \$300,000 before December 31, 2021, for a cumulative total of \$750,000 of exploration expenditures.

CANYON COPPER CORP.

Notes to the interim consolidated financial statements
September 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

4. Exploration and Evaluation Assets (continued)

(e) Bootleg Lake Gold Property, Saskatchewan, Canada (continued)

The Company can, at its option, accelerate the cash payments and common shares issuances described above. Any excess exploration expenditures incurred on the Property within an earn-in time period will be credited to successive earn-in time periods.

Under the terms of the Option Agreement, the Company will pay a 1% Net Smelter Return royalty (the “First NSR”) to New Moon on commencement of commercial production. The Company will have the right, at any time, to purchase 0.5% of the first NSR for \$500,000. There is an existing 1% net smelter return royalty in favour of the underlying optionors.

(f) Munro Warden Copper Nickel Cobalt Property, Ontario, Canada

On July 19, 2017, the Company entered into an option agreement (“Option Agreement”) with 2333382 Ontario Inc., a private company, to earn up to a 100% interest in the Munro Warden Copper Nickel Cobalt Property (the “Property”) located in the eastern part of the Kidd-Munro assemblage of the Abitibi Greenstone Belt in Ontario.

Under the terms of the Option Agreement, the Company has the option to acquire up to a 100% interest in Property by making the following cash payments, share issuances and exploration expenditures:

- (i) Cash payment of \$5,000 (paid) and issuing 100,000 shares within 20 days of the date of TSX Venture Exchange (the “TSXV”) acceptance (issued).
- (ii) The Company will earn a 51% interest upon completing the following:
 - Cash payment of \$20,000 and issuing 150,000 shares before June 30, 2018;
 - Cash payment of \$25,000 and issuing 150,000 shares before December 31, 2019; and
 - Incurring initial exploration expenditures of \$500,000 before December 31, 2019.
- (iii) The Company will earn a 75% interest upon completing the following:
 - Cash payment of \$50,000 and issuing 200,000 shares before December 31, 2020;
 - Cash payment of \$50,000 and issuing 200,000 shares before December 31, 2021; and
 - Incurring additional exploration expenditures of \$1,000,000 before December 31, 2021, for a cumulative total of \$1,500,000 of exploration expenditures.
- (iv) The Company will earn a 100% interest upon completing the following:
 - Cash payment of \$100,000 and issuing 200,000 shares before December 31, 2023; and
 - Incurring additional exploration expenditures of \$1,000,000 before December 31, 2023, for a cumulative total of \$2,500,000 of exploration expenditures.

The Company can, at its option, accelerate the cash payments and common shares issuances described above. Any excess exploration expenditures incurred on the Property within an earn-in time period will be credited to successive earn-in time periods.

Under the terms of the Option Agreement, the Company will pay a 2% net smelter return royalty to 2333382 Ontario Inc. on commencement of commercial production. The Company will have the right, at any time, to purchase 1% of the net smelter return for \$1,000,000.

The Option Agreement and the transactions contemplated were accepted by the TSXV on August 18, 2017.

CANYON COPPER CORP.

Notes to the interim consolidated financial statements

September 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

5. Related Party Transactions

- (a) As at September 30, 2017, the Company was indebted to the Chief Executive Officer (“CEO”) of the Company for \$9,984 (June 30, 2017 – \$9,280), which is included in accounts payable and accrued liabilities. The amount is non-interest bearing, unsecured and due on demand.
- (b) As at September 30, 2017, the Company was indebted to the former CEO of the Company for \$255,559 (June 30, 2017 – \$255,559), which is non-interest bearing, unsecured and due on demand.
- (c) As at September 30, 2017, the Company was indebted to the Chief Financial Officer (“CFO”) of the Company for \$nil (June 30, 2017 – \$88,000) which is non-interest bearing, unsecured and due on demand.
- (d) On April 28, 2015, the Company entered into a loan agreement with a company controlled by the former CEO of the Company (the “Lender”), whereby the Lender agreed to loan the Company \$250,000 for a period of one year at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company issued 166,667 common shares to the Lender with a fair value of \$25,000. This amount was deferred and netted against the carrying value of the loan at issuance, and was amortized over the term of the loan. Effective May 3, 2016, the maturity date was extended to April 28, 2018. As at September 30, 2017, the Company owed accrued interest of \$60,519 (June 30, 2017 – \$54,221).
- (e) On November 16, 2015, the Company entered into a loan agreement with a company controlled by the former CEO of the Company (the “Lender”), whereby the Lender agreed to loan the Company \$100,000 for a period of two years at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company issued 133,333 common shares to the Lender on the first anniversary of the loan agreement, at a fair value of \$20,000. This amount was deferred and netted against the carrying value of the loan at issuance, and is being amortized over the term of the loan. During the three months ended September 30, 2017, the Company amortized \$5,041 (2016 – \$nil) of the deferred financing costs. As at September 30, 2017, the Company owed accrued interest of \$18,770 (June 30, 2017 – \$16,257). Refer to Note 12(b).
- (f) On May 3, 2016, the Company entered into a loan agreement with a company controlled by the former CEO of the Company (the “Lender”), whereby the Lender agreed to loan the Company \$50,000 for a period of two years at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company issued 66,667 common shares to the Lender on the first anniversary of the loan agreement, at a fair value of \$7,000. This amount was deferred and netted against the carrying value of the loan at issuance, and is being amortized over the term of the loan. During the three months ended September 30, 2017, the Company amortized \$1,865 (2016 – \$nil) of the deferred financing costs. As at September 30, 2017, the Company owed accrued interest of \$7,036 (June 30, 2017 – \$5,778).
- (g) On September 27, 2016, the Company entered into a loan agreement with a company controlled by the former CEO of the Company (the “Lender”), whereby the Lender agreed to loan the Company \$100,000 for a period of three years at an interest rate of 10% per annum. The amount is unsecured. As additional consideration for the loan, the Company agreed to issue 133,333 common shares to the Lender on the first anniversary of the loan agreement. As at September 30, 2017, the Company owed accrued interest of \$10,055 (June 30, 2017 – \$7,555). Refer to Note 12(a).
- (h) During the three months ended September 30, 2017, the Company incurred management fees of \$18,000 (2016 – \$nil) to the CEO of the Company.
- (i) During the three months ended September 30, 2017, the Company incurred management fees of \$nil (2016 – \$15,000) to a company controlled by the former CEO of the Company.
- (j) During the three months ended September 30, 2017, the Company incurred professional fees of \$15,000 (2016 – \$15,300) to a company controlled by the CFO of the Company.

CANYON COPPER CORP.

Notes to the interim consolidated financial statements
September 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

6. Share Capital

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

- (a) On August 16, 2017, the Company completed a 3-for-1 share consolidation of its common shares. All share and per share amounts have been retroactively restated to reflect the share consolidation.
- (b) On August 23, 2017, the Company issued 100,000 common shares with a fair value of \$8,000 pursuant to the mineral property option agreement described in Note 4(f).
- (c) On September 27, 2017, the Company completed a private placement of 15,000,000 units at \$0.10 per unit for gross proceeds of \$1,500,000. Each unit consisted of one common share and one-half non-transferable share purchase warrant, with each warrant entitling the holder to purchase one common share at a price of \$0.15 per share for a period of two years. In connection with this private placement, the Company paid finder's fees of \$57,600 and issued 576,000 broker warrants with a fair value of \$87,229, with each broker warrant entitling the holder to purchase an additional share at a price of \$0.15 for a period of two years. The Company incurred additional share issuance costs of \$3,535 in connection with the private placement.

7. Share Purchase Warrants

The following table summarizes the continuity of the Company's share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, June 30, 2017	–	–
Issued	8,076,000	0.15
Balance, September 30, 2017	8,076,000	0.15

As at September 30, 2017, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price \$	Expiry date
8,076,000	0.15	September 27, 2019

CANYON COPPER CORP.

Notes to the interim consolidated financial statements

September 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

8. Stock Options

On August 21, 2009 (as amended on May 4, 2011), the Board of Directors of the Company adopted the Company's 2009 Stock Option Plan (the "Plan"). The Plan is administered by the Board of Directors. Stock options granted under the Plan have a maximum term of five years. The aggregate number of shares of the Company's common stock available for issuance under the 2009 Plan is 10% of the Company's issued and outstanding shares.

The following table summarizes the continuity of the Company's stock options:

	Number of options	Weighted average exercise price \$
Outstanding, June 30, 2017	323,333	0.33
Expired	(50,000)	0.33
Granted	1,525,000	0.20
<u>Outstanding, September 30, 2017</u>	<u>1,798,333</u>	<u>0.22</u>

Additional information regarding stock options outstanding as at September 30, 2017, is as follows:

Range of exercise prices \$	Outstanding and exercisable		
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price \$
0.33	1,798,333	1.87	0.22

The fair value of stock options vested during the three months ended September 30, 2017, was \$296,029 (2016 – \$nil) which was recorded as contributed surplus and charged to operations. The weighted average fair value of stock options granted during the three months ended September 30, 2017, was \$0.19 (2016 – \$nil) per option.

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	2017	2016
Risk-free interest rate	1.77%	–
Expected life (in years)	5	–
Expected volatility	253%	–

CANYON COPPER CORP.

Notes to the interim consolidated financial statements
September 30, 2017
(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

9. Financial Instruments

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's statement of financial position as at September 30, 2017, as follows:

	Fair Value Measurements Using			Balance, September 30, 2017 \$
	Quoted prices in active markets for identical instruments (Level 1) \$	Significant other observable inputs (Level 2) \$	Significant unobservable inputs (Level 3) \$	
Cash	1,293,290	–	–	1,293,290
Marketable securities	87,750	–	–	87,750
	1,381,040	–	–	1,381,040

The fair values of other financial instruments, which include amounts receivable, accounts payable and accrued liabilities, amounts due to related parties, accrued interest on loans payable to related parties, and loans payable to related parties approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company operates in Canada and United States. Future exploration programs and option payments may be denominated in U.S. dollars. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in these foreign currencies. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk. However, management of the Company believes there is no significant exposure to foreign currency fluctuations.

(d) Interest Rate Risk

The Company's cash may contain highly liquid investments that earn interest at market rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities. The Company is exposed to price risk with the marketable securities held in publicly-traded companies. The Company's marketable securities are subject to risks associated with fluctuations in the market price of the marketable securities.

CANYON COPPER CORP.

Notes to the interim consolidated financial statements

September 30, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and contributed surplus.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended June 30, 2017.

11. Segmented Information

The Company operates in one reportable segment, being the acquisition, exploration and development of mineral properties, with all current exploration activities conducted in Canada and the United States.

	September 30, 2017		
	Canada \$	United States \$	Total \$
Mineral properties	87,750	–	87,750

The Company had no non-current assets as at September 30, 2017.

12. Subsequent Events

- On October 2, 2017, the Company issued 133,333 common shares to the former CEO of the Company. Refer to Note 5(g).
- On November 13, 2017, the maturity date, the Company repaid a \$100,000 promissory note including interest of \$21,000. Refer to Note 5(e).
- On November 20, 2017, the Company acquired a 100% interest in the Cameron Cobalt Project located in Brigstocke Township, Ontario, for \$10,000 with no royalty payment.