CANYON COPPER CORP.

Interim Consolidated Financial Statements

Three Months Ended September 30, 2016 and 2015

(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, 2016 $	June 30, 2016 $
ASSETS		
Current assets		
Cash	85,510	41,321
Marketable securities (Note 3)	256,000	360,282
Prepaid expenses and deposits	8,875	–
Total assets	350,385	401,603
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	9,592	8,195
Due to related parties (Note 5)	309,559	284,559
Total current liabilities	318,151	292,754
Non-current liabilities		
Accrued interest on loans payable to related parties (Note 5)	46,516	36,379
Loans payable to related parties (Note 5)	500,000	400,000
Total liabilities	864,667	729,133
Shareholders' deficit		
Share capital	19,823,142	19,823,142
Contributed surplus	8,307,539	8,307,539
Deficit	(28,644,963)	(28,458,211)
Total shareholders' deficit	(514,282)	(327,530)
Total liabilities and shareholders' deficit	350,385	401,603

Nature of operations and continuance of business (Note 1)
Subsequent events (Note 11)

Approved and authorized for issuance on behalf of the Board of Directors on November 25, 2016:

/s/ "Benjamin Ainsworth"	*/s/ "James Yates"*
Benjamin Ainsworth, Director	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, 2016 $	Three months ended September 30, 2015 $
Expenses		
Investor relations	230	4,892
Management fees (Note 5)	24,000	15,000
Mineral exploration costs (Note 4)	13,807	106,278
Office and miscellaneous (Note 5)	10,235	25,292
Professional fees (Note 5)	13,581	14,515
Rent	9,614	9,000
Transfer agent and filing fees	866	1,569
Total expenses	72,333	176,546
Loss before other income (expense)	(72,333)	(176,546)
Other income (expense)		
Amortization of deferred financing costs	–	(6,284)
Interest expense	(10,137)	(6,284)
Mineral property option payments received in excess of capitalized costs	–	21,250
Unrealized loss on marketable securities (Note 3)	(104,282)	(5,761)
Total other income (expense)	(114,419)	2,921
Net loss and comprehensive loss for the period	(186,752)	(173,625)
Loss per share, basic and diluted	(0.01)	(0.01)
Weighted average shares outstanding	14,709,802	14,709,802

(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		Total
	Number of shares	Amount $	Contributed surplus $	Deficit $	Total shareholders' deficit $
Balance, June 30, 2015	14,709,802	19,823,142	8,307,539	(28,343,853)	(213,172)
Net loss for the period	–	–	–	(173,625)	(173,625)
Balance, September 30, 2015	14,709,802	19,823,142	8,307,539	(28,517,478)	(386,797)
Balance, June 30, 2016	14,709,802	19,823,142	8,307,539	(28,458,211)	(327,530)
Net loss for the period	–	–	–	(186,752)	(186,752)
Balance, September 30, 2016	14,709,802	19,823,142	8,307,539	(28,644,963)	(514,282)

(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, 2016 $	Three months ended September 30, 2015 $
Operating activities		
Net loss for the period	(186,752)	(173,625)
Items not involving cash:		
Amortization of deferred financing costs	–	6,284
Mineral property option payments received in excess of capitalized costs	–	(21,250)
Unrealized loss on marketable securities	104,282	5,761
Changes in non-cash operating working capital:		
Prepaid expenses and deposits	(8,875)	(7,550)
Accounts payable and accrued liabilities	(6,649)	52,283
Due to related parties	42,183	25,587
Net cash used in operating activities	(55,811)	(112,510)
Financing activities		
Proceeds from related party loan	100,000	–
Net cash provided by financing activities	100,000	–
Change in cash	44,189	(112,510)
Cash, beginning of period	41,321	142,922
Cash, end of period	85,510	30,412
Supplemental disclosures:		
Interest paid	–	–
Income taxes paid	–	–

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

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, 2016, the Company has not generated any revenue and has accumulated losses of $28,644,963 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, 2016, and have not been applied in preparing these interim consolidated financial statements.

New standard IFRS 9, "Financial Instruments"

New standard IFRS 10, "Consolidated Financial Statements"

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

(Expressed in Canadian dollars)

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, 2016 Fair value $	Additions $	Unrealized loss $	September 30, 2016 Fair value $
Marketable securities	360,282	–	(104,282)	256,000

4. Exploration and Evaluation Assets

Mineral exploration costs:

	Three months ended September 30, 2016 $	Three months ended September 30, 2015 $
Claims maintenance	13,807	102,830
Labour, field and camp site	–	3,448
	13,807	106,278

(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 600,000 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.

(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.

4. Exploration and Evaluation Assets (continued)

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

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 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 (issued);
- 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); 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).

(d) Sams Lake Property, Ontario, Canada

On September 27, 2016, the Company entered into an option agreement with ProAm Exploration Corporation to earn a 71% interest in the Sams Lake Property consisting of 5 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 the Sams 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 subsequently – Note 11);
- $50,000 on or before September 27, 2018; and
- $100,000 on or before September 27, 2019.

Share payments:
- 200,000 common shares within ten days from the date of Exchange acceptance on October 7, 2016 (issued subsequently – Note 11);
- 200,000 common shares on or before September 27, 2018; and
- 200,000 common shares on or before September 27, 2019.

4. Exploration and Evaluation Assets (continued)

(d) Sams Lake Property, Ontario, Canada (continued)

Exploration expenditures:

- $500,000 before the second anniversary of the Option Agreement;
- Additional $500,000 on or before September 27, 2019; and
- Additional $1,500,000 on or before September 27, 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 2.5% Net Smelter Return for $1,500,000.

5. Related Party Transactions

(a) As at September 30, 2016, the Company was indebted to the Chief Executive Officer ("CEO") of the Company for $225,559 (June 30, 2016 - $210,559), which is non-interest bearing, unsecured and due on demand.

(b) As at September 30, 2016, the Company was indebted to the Chief Financial Officer ("CFO") of the Company for $83,000 (June 30, 2016 - $74,000), which is non-interest bearing, unsecured and due on demand.

(c) On April 28, 2015, the Company entered into a loan agreement with a company controlled by the CEO of the Company (the "Lender"), whereby the Lender has 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 agreed to issue 500,000 common shares to the Lender with a fair value of $25,000. This amount was set up as deferred financing costs and amortized over the term of the loan. Effective May 3, 2016, the maturity date was extended to April 28, 2018. As at September 30, 2016, the Company owed accrued interest of $35,587 (June 30, 2016 – $29,303).

(d) On November 16, 2015, the Company entered into a loan agreement with a company controlled by the CEO of the Company (the "Lender"), whereby the Lender has 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 agreed to issue 400,000 common shares to the Lender on the first anniversary of the loan agreement. The shares were issued subsequently (see Note 11(b)). As at September 30, 2016, the Company owed accrued interest of $8,798.

(e) On May 3, 2016, the Company entered into a loan agreement with a company controlled by the CEO of the Company (the "Lender"), whereby the Lender has 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 agreed to issue 200,000 common shares to the Lender on the first anniversary of the loan agreement. As at September 30, 2016, the Company owed accrued interest of $2,049.

(f) On September 27, 2016, the Company entered into a loan agreement with the Lender, whereby the Lender has 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 400,000 common shares to the Lender on the first anniversary of the loan agreement. As at September 30, 2016, the Company owed accrued interest of $82.

(g) During the three months ended September 30, 2016, the Company incurred management fees of $15,000 (2015 - $15,000) to a company controlled by the CEO of the Company.

(h) During the three months ended September 30, 2016, the Company incurred professional and management fees of $15,300 (2015 - $6,300) to a company controlled by the CFO of the Company.

(Expressed in Canadian dollars)

6. 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, 2016 and September 30, 2016	7,800,000	0.05

As at September 30, 2016, the following share purchase warrants were outstanding:

Number of warrants outstanding	Exercise price $	Expiry date
7,800,000	0.05	February 24, 2017

7. 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, 2016 and September 30, 2016	990,000	0.11

Additional information regarding stock options outstanding as at September 30, 2016, is as follows:

	Outstanding and exercisable		
Range of exercise prices $	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price $
0.11	990,000	2.5	0.11

8. 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, 2016, as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Balance, September 30, 2016 $
Cash	85,510	–	–	85,510
Marketable securities	256,000	–	–	256,000
	341,510	–	–	341,510

The fair values of other financial instruments, which include 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. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Management monitors the amount of credit extended to the parties for expense recoveries. 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.

9. 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, 2016.

10. 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.

11. Subsequent Events

(a) On November 2, 2016, the Company completed a private placement of 4,000,000 shares at $0.025 per share for gross proceeds of $100,000. In connection with the private placement, the Company paid finders fees of $1,100.

(b) On November 2, 2016, the Company issued 400,000 common shares to a company controlled by the CEO of the Company pursuant to a loan agreement (Note 5(d)).

(c) Subsequent to September 30, 2016, the Company paid $50,000 and issued 200,000 common shares pursuant to the option agreement with ProAm Exploration Corporation (Note 4).