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LYCAON RESOURCES LIMITED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2021

ABN: 80 647 829 749

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CORPORATE DIRECTORY

DIRECTORS

Mr Thomas Langley	Technical Director
Mr Patrick Burke	Non-Executive Chairman
Mr Ranko Matic	Non-Executive Director

COMPANY SECRETARY

Ms Melanie Ross

REGISTERED OFFICE & CONTACTS

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DIRECTORS' REPORT

Your Directors present their report, together with the half-year financial report on the consolidated entity ('the Group'), consisting of Lycaon Resources Limited and the entity it controlled at the end of, or during the half-year ended 31 December 2021.

DIRECTORS

The names of Directors in office at any time during or since the end of the period are listed below. Directors have been in office since incorporation to the date of this report unless otherwise stated.

NAME OF PERSON	POSITION
Mr Thomas Langley	Technical Director (appointed 10 February 2021)
Mr Patrick Burke	Non-Executive Chairman (appointed 10 February 2021)
Mr Ranko Matic	Non-Executive Director (appointed 10 February 2021)

PRINCIPAL ACTIVITIES

During the financial half year, the principal activities of the consolidated entity consisted of mineral exploration.

REVIEW OF OPERATIONS

Operating result

The loss from continuing operations for the half-year ended 31 December 2021 after providing for tax amounted to \$556,162.

Exploration

During the period, the following three projects were acquired by the consolidated entity and multiple exploration programs highlighted below were completed.

Julimar Project (Nickel-Copper-PGE)

Highlights

- Julimar first pass auger geochemical sampling completed to investigate potential multi-element anomalism related to primary mineralisation
- Two areas anomalous in base metals Nickel and Chromium, typical of Julimar type targets identified, Figure 3, 4
- New Resolution Geophysics (NRG) completed helicopter electromagnetic survey (HEM) over Julimar Ni-Cu-PGE Project
- The HEM survey comprised of 164.5 line-kms of data collection with the objective to locate conductors potentially related to Ni-Cu-PGE sulphide mineralisation
- Southern Geoscience appointed to process and interpret HEM survey results expected March 2022
- Positive land access negotiations underway allowing for detailed geochemical sampling in H1 2022

The Julimar Project comprises two (2) granted Exploration Licences, located 40km northeast and 85km east-northeast of Perth. The project licences cover an area of approximately 15km², located approximately 20km south (E70/5415) and 45km east (E70/5416) of Chalice Mine's Gonneville Nickel-Copper-PGE discovery.

During March 2020, Chalice Gold Mines Limited (Chalice, ASX:CHN) discovered extensive high-grade palladium and nickel mineralisation at its Julimar Nickel-Copper-PGE Project². The Jimperding Metamorphic Belt is considered an emerging Ni-Cu-PGE province; with the recent Gonneville discovery by Chalice, Caspin Resources Limited's (Caspin, ASX:CPN) XC-29 and Yarabrook Hill prospects, DevEx Resources Limited's (ASX:DEV) Sovereign Project and Pursuit Minerals Limited's (ASX:PUR) Phil's Hill prospect. Caspin intersected encouraging sulphide zones at its Yarawindah Brook Ni-PGE Project³, located 45km north of Chalice's Julimar Project.

The prospective mafic-ultramafic bodies are hosted within the Jimperding Metamorphic Belt. The Jimperding Metamorphic Belt is the northern part of the southwestern Yilgarn Craton and comprises Archaean gneisses, arkosic paragneiss and banded-iron-formation, interleaved with a variety of garnetiferous orthogneiss and ultramafic units. The discovery has led to significant interest in the 4 nickel-copper-PGE potential of the mafic-ultramafic complexes.

DIRECTORS' REPORT

Regional work conducted by Harrison (1986) suggested that some of the mafic and ultramafic bodies within the terrane may be the remnants of larger layered intrusives, providing exploration targets for platinum group elements (PGEs) mineralisation.

Lycaon completed a road-side auger sampling program designed as a first pass geochemical survey to cover public roads within the two granted exploration licences of the project area. The auger drill sampling identified two areas anomalous in base metals Nickel and Chromium, typical of Julimar type targets, Figure 3, 4.

Geophysical service provider New Resolution Geophysics (NRG) completed a high-resolution HEM survey to locate conductors that may be related to massive sulphide Ni-Cu-PGE mineralisation associated with mafic and ultramafic intrusions. These rock types host Chalice Mining's recent Gonnevillie discovery of 330Mt @ 0.94g/t Pd+Pt+Au, 0.16% Ni, 0.10% Cu, 0.016% Co¹, making it the largest PGE discovery in Australian history, approximately 20kms to the north. The high-resolution geophysical survey was conducted with the NRG flying Xcite™ HEM system at a minimum 100m line spacing.

The results of the sampling program and the HEM survey will be viewed in conjunction to prioritise targets for follow up exploration work for the remainder of 2022. Lycaon's Project has not historically been explored for copper and nickel mineralisation however geological mapping has highlighted numerous mafic-ultramafic intrusive bodies in the general area that may be associated with mineralisation.

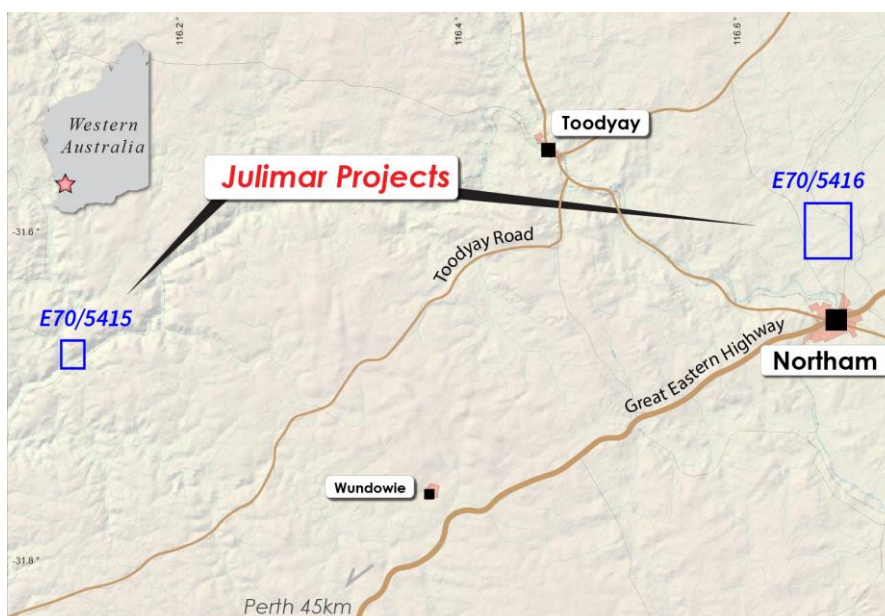


Figure 1. Lycaon Resources Julimar Project location.

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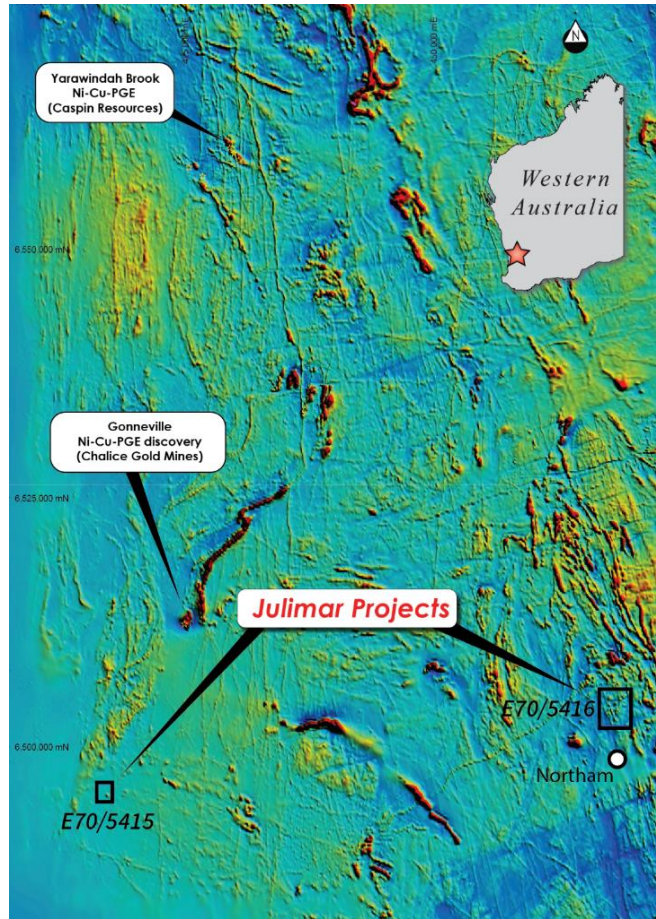


Figure 2. Regional magnetics - Julimar Project

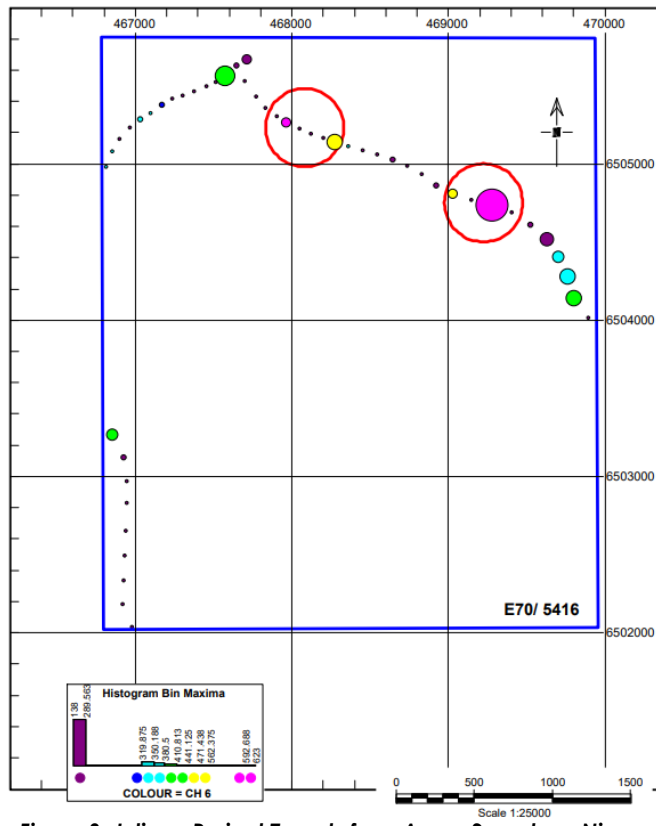


Figure 3. Julimar Project Targets from Auger Samples – Ni ppm

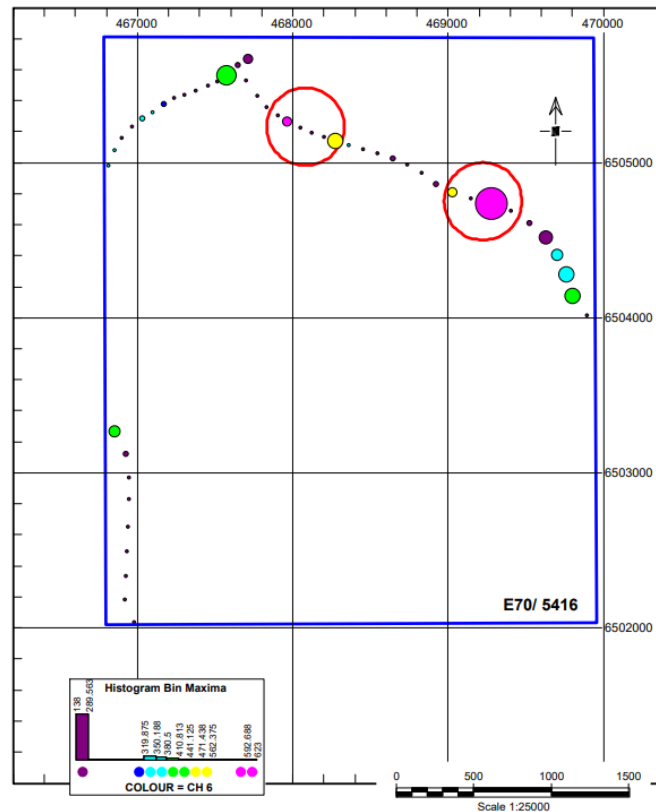


Figure 4. Julimar Project Targets from Auger Samples – Cr ppm

Rocky Dam Project (Gold)

Highlights:

- A further 5 tenements were granted in January 2022 at the Rocky Dam Project bringing the total granted tenure across the project to 162.8km²
- Phase 1 RC Drilling program completed at Rocky Dam gold project in February 2022, consisted of 8 drillholes for a total of 1,860m
- RC Drilling program designed to investigate the primary source of the significant and extensive supergene gold mineralisation and better define the oxide gold resource potential
- Numerous occurrences of strong alteration observed with quartz veining that may be associated with gold mineralisation
- Assays dispatched with results expected in March 2022
- Program of Works (PoW) submitted for Auger geochemical sampling across granted tenure to assist with new target identification prior maiden RC drilling programs
- High-level drone assisted magnetic surveys scheduled in H1, 2022 to further refine drill targets

The Rocky Dam Project comprises nine (9) granted and one (1) pending Exploration Licences covering approximately 162.8km², a significant landholding in the highly prospective Norseman - Wiluna Greenstone Belt around the Yindarlgooda Dome within the Eastern Goldfields. The Project is centred 60km northeast of Kalgoorlie via sealed and well-maintained gravel roads. The Project is close to significant mining infrastructure and surrounds gold producer Northern Star Limited's recent Kurnalpi Project acquisition and active explorers Riversgold Limited (ASX:RGL) and Black Cat Syndicate Limited (ASX:BC8).

The Rocky Dam Project lies within a favourable setting for orogenic gold and base metal-rich Volcanic Massive Sulphide-style (VMS) styles of mineralisation with multiple other prospects identified throughout the tenure. The large-scale supergene gold mineralisation recorded in historical drilling demonstrates a fertile project area potentially active during major Yilgarn greenstone mineralisation events, which presents a great opportunity to potentially discover primary bedrock mineralisation that may be the source of the supergene enrichment.

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DIRECTORS' REPORT

Exploration work to date at the Rocky Dam Project has identified gold mineralisation at the CRA-North Prospect. The prospect was first discovered in the 1990s as a 700m long gold anomaly along a sheared contact of felsic volcanics and black shales. Historical drilling has returned encouraging results delineating thick shallow zones of supergene gold mineralisation. The oxide mineralisation is associated with ferruginous quartz veining and sericite alteration, and remains open along strike with best results including:

- 40m @ 0.6 g/t Au [18m] in RDRC002 including 9m @ 1.7 g/t Au [40m]
- 21m @ 1.0 g/t Au [41m] in RDRC012 including 6m @ 2.8 g/t Au [52m]
- 4m @ 4.1 g/t Au [62m] in RDRC001 including 1m @ 13.8 g/t Au [67m]
- 15m @ 0.4 g/t Au [13m] in RDRC009 including 4m @ 1.3 g/t Au [17m]
- 20m @ 0.6 g/t Au [39m] in RDRC006 including 2m @ 3.0 g/t Au [39m]
- 2m @ 5.9 g/t Au [95m] in RDRC007

The significant low order gold mineralisation recorded in historical drilling suggests a mineralised system is present at CRA-North, warranting further drill testing. Initial exploration work programs will consist of RC and diamond drilling planned to delineate the strike extent of the oxide mineralisation and to test for primary mineralisation at depth. Geochemical sampling, geophysics and aircore drilling will be completed at regional targets.

The drilling of the Rocky Dam Prospect consisted of 8 drill holes for a total of 1,860m to investigate below the significant supergene mineralisation recorded to date. This drilling program was a high priority to better understand potential controls on mineralisation to expedite future drilling programs. Throughout the remainder of the tenure ongoing geophysical, geochemical and geological review is being undertaken to assist with new target identification and planning of further exploration programs.



Figure 5. KTE Mining Services RC rig drilling at the Rocky Dam Project.

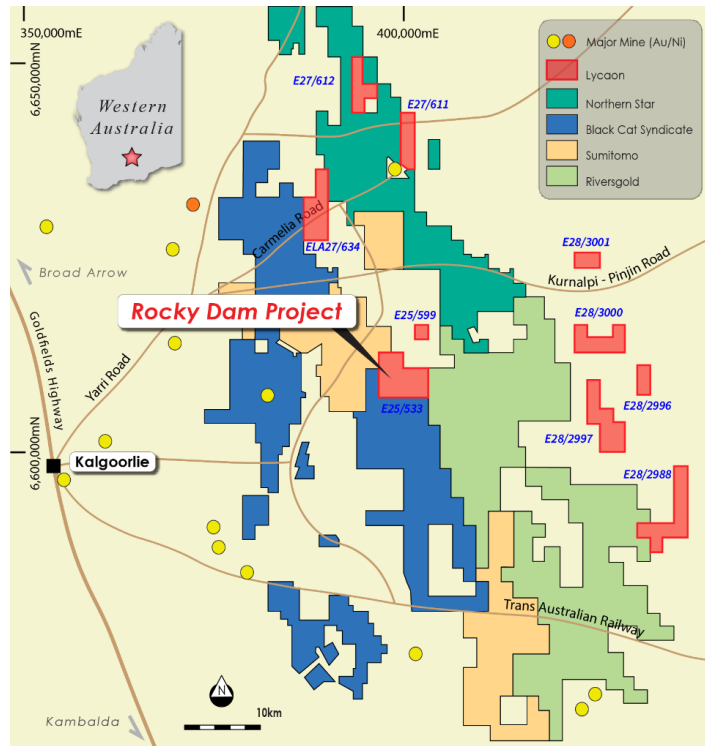


Figure 6. Rocky Dam Project Location and Geology

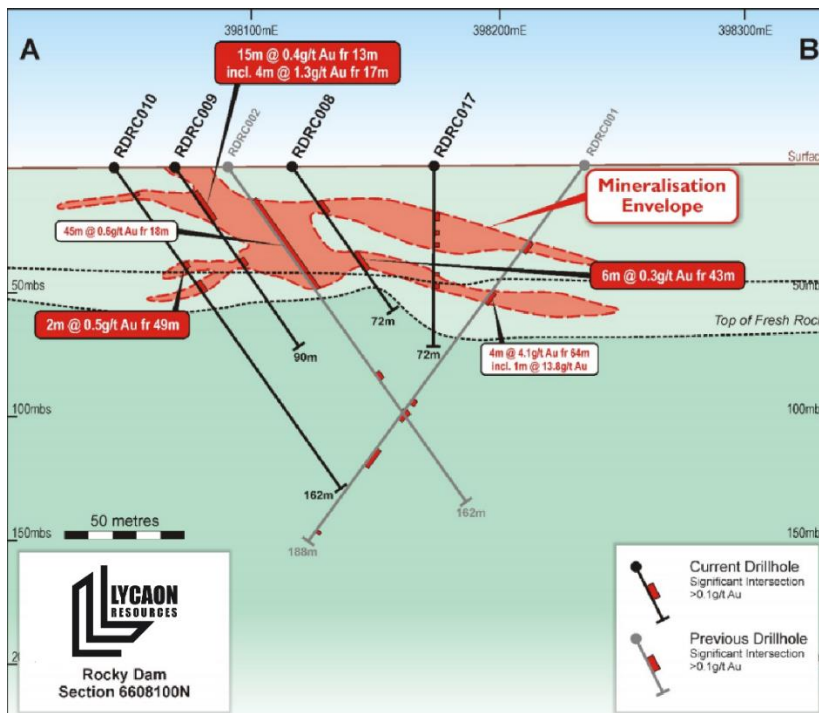


Figure 7. View of the main quartz sulphide outcrops, looking northeast (from WAMEX Report A036766)

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Gnewing Bore Project (Gold, Silver, Copper)

Highlights:

- Review of Gnewing Bore Kimberley project highlighted a high priority 50m long gossanous outcrop with limited historical work which returned a high-grade result of 5m @ 3.31g/t Au in rock-chip sampling, along with silver and copper mineralisation
- Reconnaissance geological mapping and sampling at Gnewing Bore and other regional targets to commence in April/May following the wet season
- Gradient Array Induced Polarisation (GAIP) geophysical survey in planning stages to better define drill targets and potentially identify other mineralised bodies offset or parallel to the known outcropping mineralisation
- RC Drilling at Gnewing Bore expected to commence H2, 2022, to investigate the significant potential of continuity of mineralisation along strike and at depth of the outcropping gold, silver and copper mineralisation
- Ongoing geophysical, geochemical and geological review across the project area is being undertaken to assist with new target identification and planning of further exploration programs.

The Gnewing Bore Project is approximately 28km to the northwest of the Halls Creek townsite, within the Kimberley Region of Western Australia. Halls Creek is situated 347km south of Kununurra and is readily accessible via the sealed Great Northern Highway. The Project has generally good outcrop and easy access via stations tracks on the Moola Bulla pastoral lease.

The Gnewing Bore Project has experienced limited exploration to date, with work focusing on the area surrounding a prominent north-northwest-trending, 50m long, significant gossanous outcrop consisting of brecciated quartz material and iron oxides after sulphides. Historical rock chip samples have returned up to 5.10 g/t Au and 105g/t Ag. A small historical drilling program returned a best result of 8m @ 0.52g/t Au from 12m from a hole drilled beneath the gossan, indicating a wide mineralisation system could be present. There remains significant potential down dip and along strike to test for high-grade mineralisation in fresh rock, which warrants further drilling.

The Gnewing Bore Project represents a hydrothermal/epithermal gold-silver target, containing some low-level copper anomalism which appears primarily shear controlled. Historic work highlights high-tenor gold grades plus supporting silver and copper grades in the rock chip samples, with a lack of decent exploration work to sufficiently test the target's potential.

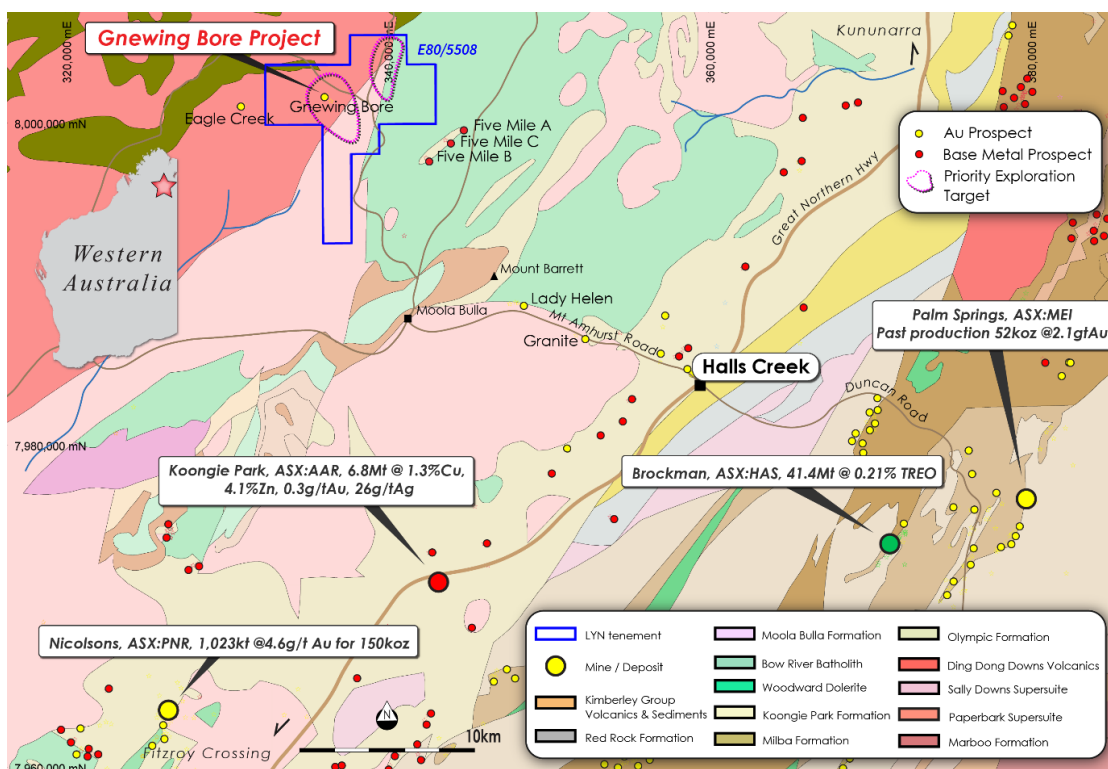




Figure 9. View of the main quartz sulphide outcrops, looking northeast (from WAMEX Report A036766)

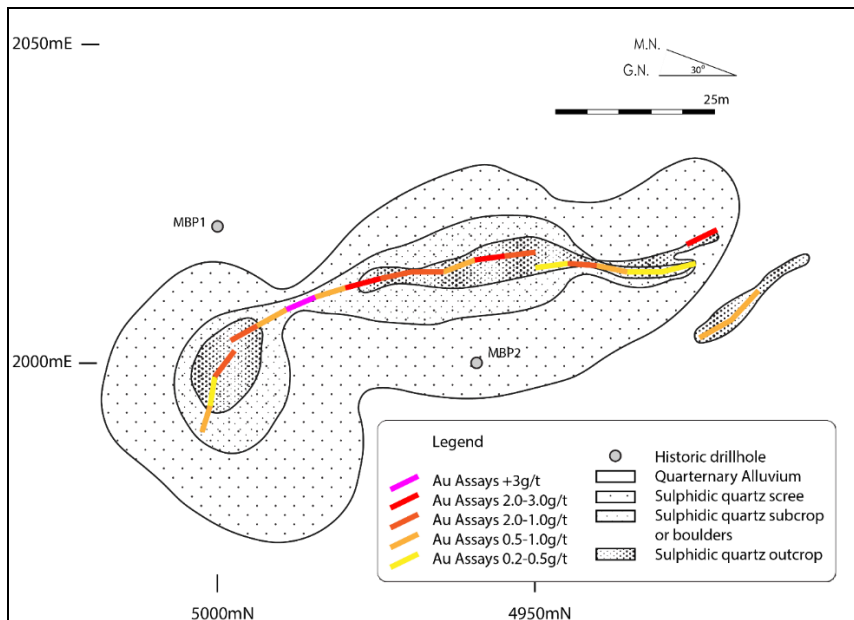


Figure 10. Gold results from semi-continuous rock chip sampling completed by Anglo Australian

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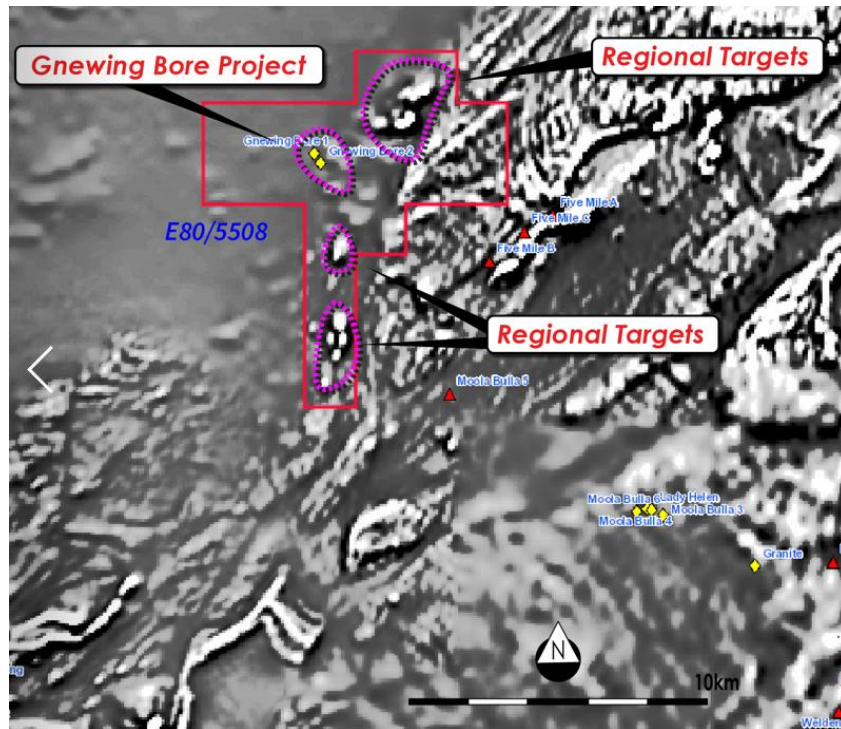


Figure 11. Gnewing Bore Project and priority Regional Targets (greyscale 1VD magnetics overlay)

Competent Person's Statement

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Thomas Langley who is a member of the Australian Institute of Geoscientists (MAIG) and a member of the Australasian Institute of Mining and Metallurgy (MAAusIMM). Mr. Thomas Langley is a full-time employee of Lycaon Resources Limited, and is a shareholder, however Mr. Thomas Langley believes this shareholding does not create a conflict of interest, and Mr. Langley has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Langley consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information in the original reports, and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original reports.

Corporate

IPO raises \$5 million

Lycaon was admitted to the Official List on 15 November 2021 and commenced trading on the Australian Securities Exchange ("ASX") on 17 November 2021, following a successful oversubscribed Initial Public Offer ("IPO") to raise \$5 million (before costs).

EVENTS AFTER THE REPORTING DATE

Exploration

On 20 January 2022, the consolidated entity provided an update on the Rocky Dam Gold Project, it was announced that a further 5 tenements have recently been granted bring the total granted tenure at the Rocky Dam gold Project in the Goldfields of Western Australia to 170km².

On 25 January 2022, the consolidated entity announced two areas returned anomalous base metal nickel and chromium results from the first pass road-side auger geochemical sampling program completed at the Julimar Project, 45km east of Perth, Western Australia.

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DIRECTORS' REPORT

EVENTS AFTER THE REPORTING DATE (continued)

Exploration (continued)

On 3 February 2022, the consolidated entity announced it had commenced Phase 1 RC drilling activities at the Rocky Dam gold project in the Goldfields region of Western Australia.

On 7 February 2022, the consolidated entity announced the completion of a helicopter electromagnetic survey (HEM) covering 164.5 line-kms over the Julimar Project.

On 16 February 2022, it was announced that Phase 1 RC Drilling program at Rocky Dam gold project was completed.

Corporate

On 17 February 2022, it was announced that 1,125,000 fully paid ordinary shares and 1,250,000 unlisted options exercisable at \$0.30 expiring 23 February 2025 will be released from escrow on 23 February 2022.

Whilst exploration activities have been able to continue, the impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government, and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and economic stimulus that may be provided.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this half-year financial 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,



Patrick Burke

Non-Executive Chairman

Date: 23 February 2022

Perth

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**



	Notes	31 December 2021 \$
Interest income		58
Accounting and company secretary fees		(33,667)
Regulatory fees		(67,796)
Audit fees		(10,500)
Directors fees		(66,000)
Professional fees		(40,000)
Insurance		(5,419)
Legal expenses		(140,856)
Share based payments	7	(171,360)
Other expenses		(20,622)
Loss before income tax		(556,162)
Income tax expense		-
Loss for the period		(556,162)
Other comprehensive income		-
Total comprehensive loss for the period		(556,162)
Loss per share		
- Basic and diluted loss per share (cents)	11	(3.62)

The accompanying notes form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31 December 2021 \$	30 June 2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	4,443,841	340,872
Other receivables		84,789	9,735
Prepayments		24,285	-
Total current assets		4,552,915	350,607
Non-current assets			
Exploration and evaluation	5	339,891	-
Total non-current assets		339,891	-
Total assets		4,892,806	350,607
LIABILITIES			
Current liabilities			
Trade and other payables		35,235	48,234
Accrued expenses		6,000	66,000
Total current liabilities		41,235	114,234
Total liabilities		41,235	114,234
Net assets		4,851,571	236,373
EQUITY			
Issued capital	6	5,114,400	400,000
Reserves	8	456,960	-
Accumulated losses		(719,789)	(163,627)
Total equity		4,851,571	236,373

The accompanying notes form part of this interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**



	Issued capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2021	400,000	(163,627)	-	236,373
Loss for the period	-	(556,162)	-	(556,162)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	(556,162)	-	(556,162)
Transactions with owners in their capacity as owners				
Issue of capital	5,300,000	-	-	5,300,000
Share issue costs	(585,600)	-	285,600	(300,000)
Share based payments	-	-	171,360	171,360
Balance at 31 December 2021	5,114,400	(719,789)	456,960	4,851,571

The accompanying notes form part of this interim financial report.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

	Notes	31 December 2021
		\$
Cash flows from operating activities		
Interest received		58
Payments to suppliers and employees		(561,698)
Net cash outflow from operating activities		<u>(561,640)</u>
Cash flows from investing activities		
Payments for exploration and evaluation		(35,391)
Net cash outflow from investing activities		<u>(35,391)</u>
Cash flows from financing activities		
Proceeds from issue of shares		5,000,000
Share issue costs paid		(300,000)
Net cash inflow from financing activities		<u>4,700,000</u>
Net increase in cash held		4,102,969
Cash at the beginning of the period		340,872
Cash at the end of the period		<u>4,443,841</u>

The accompanying notes form part of this interim financial report.

1. Summary of significant accounting policies

Basis of preparation

The half-year financial report is a general purpose financial report that have been prepared in accordance with *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard *IAS 34 Interim Financial Reporting*.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the annual financial report for the period ended 30 June 2021 and any public announcements made by Lycaon Resources Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Reporting basis and conventions

The half-year financial report has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity annual financial report for the period ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparative information

As the consolidated entity was incorporated on 10 February 2021, no comparative information is applicable for the statement of the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity or the condensed consolidated statement of cash flows. Comparative information as at 30 June 2021 has been included in the condensed consolidated statement of financial position.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Lycaon Resources Limited at the end of the reporting period. A controlled entity is an entity over which Lycaon Resources Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Exploration and evaluation

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where the right of tenure of the area of interest is current and they are expected to be recouped through successful development on the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserve.

Share based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next reporting period but may impact profit or loss and equity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (continued)**



1. Summary of significant accounting policies (continued)

New and revised accounting standards and interpretations

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. In the opinion of the Directors, there are no judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. Segment information

The consolidated entity has only one operating segment based on the information provided to the chief operating decision makers, being the board of Directors. Therefore, as the results are the same as the consolidated entity, no further disclosure is required.

	31 Dec 2021 \$	30 June 2021 \$
4. Cash and cash equivalents		
Cash at bank	4,443,841	340,872
	<hr/>	<hr/>
5. Exploration and evaluation		
Opening balance	-	-
Acquisitions during the period ^{1,2}	313,458	-
Expenditure incurred during the period	26,433	-
Closing balance	339,891	-
	<hr/>	<hr/>

¹As part of the IPO on 11 November 2021, the consolidated entity completed its acquisition of 100% of Matmetals WA Pty Ltd by issuing 500,000 fully paid ordinary shares (escrowed to 17 November 2023) at \$0.20 per share.

MATMETALS WA PTY LTD	11 November 2021
Purchase consideration	\$
Shares issued	100,000
	<hr/>
	100,000
	<hr/>
Net assets acquired	
Cash and cash equivalents	-
Trade and other receivables	492
Exploration and evaluation ²	110,176
Trade and other payables	(10,668)
	<hr/>
	100,000
	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (continued)**



5. Exploration and evaluation (continued)

¹As part of the IPO on 11 November 2021, the consolidated entity completed its acquisition of 100% of the Julimar and Rocky Dam projects by issuing 500,000 fully paid ordinary shares (escrowed to 11 November 2022) at \$0.20 per share per project. Consideration paid also consists of transaction costs (i.e. stamp duty) of \$3,282 total (i.e. \$1,641 per project).

JULIMAR AND ROCKY DAM PROJECTS

Purchase consideration

11 November 2021

\$

Shares issued	200,000
Stamp duty	3,282
	203,282

Net assets acquired

Cash and cash equivalents	-
Trade and other receivables	-
Exploration and evaluation ²	203,282
Trade and other payables	-
	203,282

²Management has determined that the acquisition of 100% of Matmetals WA Pty Ltd, Julimar and Rocky Dam Projects does not meet the definition of a business under AASB 3 Business Combinations and as such, has been accounted for as an asset acquisition under AASB 116.

6. Issued capital

	31 Dec 2021	30 June 2021
	\$	\$
Ordinary shares – fully paid	5,114,400	400,000
	5,114,400	400,000

Ordinary shares

Date	No. of shares	Issue price	
		\$	\$
1 July 2021 – Opening balance	8,000,001		400,000
11 November 2021 – Issued as IPO	25,000,000	0.20	5,000,000
11 November 2021 – Shares issued for asset acquisition	1,500,000	0.20	300,000
Capital raising costs	-		(585,600)
31 December 2021 – Closing balance	34,500,001		5,114,400

7. Share based payment transactions

	31 Dec 2021	31 Dec 2020
	\$	\$
Options – recognised in equity (share issue costs)	285,600	-
Options – recognised as a share based payment expense	171,360	-
	456,960	-

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (continued)**



7. Share based payment transactions (continued)

For the options issued during the current period, a Hoadley ESO2 valuation model was used with the valuation model inputs used to determine the fair value at the grant date as follows:

Grant date	Expiry date	Share price				Number of options	Value per option	Total value
		at grant date	Exercise price	Expected volatility	Dividend yield			
		\$	\$	%	%		\$	\$
29/09/2021	23/02/2025	0.20	0.30	100	-	1,800,000	0.0952	171,360
28/09/2021	23/02/2025	0.20	0.30	100	-	3,000,000	0.0952	285,600

All options vested immediately upon issue. Any shares issued upon exercise are escrowed to 23 February 2022.

	31 Dec 2021	30 June 2021
	\$	\$
8. Reserves		
Reserves		
Share based payments reserve	456,960	-
	<u>456,960</u>	<u>-</u>
Movements		
Balance at beginning of period	-	-
Share based payments expense for the period (note 7)	171,360	-
Share based payments recognised in equity as share issue costs (note 7)	285,600	-
Balance at end of period	<u>456,960</u>	<u>-</u>

9. Related party transactions

On 10 February 2021, the consolidated entity entered into an agreement with Consilium Corporate Pty Ltd for the provision of CFO and corporate secretarial services. Mr Matic is a Director of Consilium Corporate Pty Ltd. During the period since his appointment, Consilium Corporate Pty Ltd invoiced the consolidated entity \$63,337 for CFO and corporate secretarial fees. As at 31 December 2021, amount owing to Consilium Corporate was \$447.

10. Commitments for expenditure

Capital

There are no capital commitments at 31 December 2021 (30 June 2021: nil).

Exploration and evaluation

The consolidated entity is required to maintain current rights of tenure to tenements, which require outlays of expenditure in future financial periods. Under certain circumstances, these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however they are expected to be fulfilled in the normal course of operations.

	31 Dec 2021	30 June 2021
	\$	\$
The consolidated entity has tenement rental and expenditure commitments payable of:		
- Not later than 12 months	225,000	-
- Between 12 months and 5 years	415,000	-
- Over 5 years	1,070,000	-
	<u>1,710,000</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021 (continued)**



31 Dec 2021

\$

11. Earnings per share

Loss after income tax (556,162)

Number

Weighted average number of ordinary shares used in calculating basic earnings per share 15,345,110

Basic and diluted loss per share (cents) (3.62)

12. Events after the reporting date

Exploration

On 20 January 2022, the consolidated entity provided an update on the Rocky Dam Gold Project, it was announced that a further 5 tenements have recently been granted bring the total granted tenure at the Rocky Dam gold Project in the Goldfields of Western Australia to 170km².

On 25 January 2022, the consolidated entity announced two areas returned anomalous base metal nickel and chromium results from the first pass road-side auger geochemical sampling program completed at the Julimar Project, 45km east of Perth, Western Australia.

On 3 February 2022, the consolidated entity announced it had commenced Phase 1 RC drilling activities at the Rocky Dam gold project in the Goldfields region of Western Australia.

On 7 February 2022, the consolidated entity announced the completion of a helicopter electromagnetic survey (HEM) covering 164.5 line-kms over the Julimar Project.

On 16 February 2022, it was announced that Phase 1 RC Drilling program at Rocky Dam gold project was completed.

Corporate

On 17 February 2022, it was announced that 1,125,000 fully paid ordinary shares and 1,250,000 unlisted options exercisable at \$0.30 expiring 23 February 2025 will be released from escrow on 23 February 2022.

Whilst exploration activities have been able to continue, the impact of the Coronavirus (COVID-19) pandemic is ongoing. It is not practical to estimate the potential impact, positive or negative, after the reporting date. The situation is continually developing and is dependent on measures imposed by the Australian Government, and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and economic stimulus that may be provided.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

13. Contingent liabilities

The consolidated entity had no contingent liabilities as at 31 December 2021.

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DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached interim 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 interim financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the consolidated entity 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) of the *Corporations Act 2001*.

On behalf of the Directors



Patrick Burke

Non-Executive Chairman

Date: 23 February 2022

Perth

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Criterion Audit Pty Ltd

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Phone: 9466 9009

To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the audit of the financial statements of Lycaon Resources Ltd and its Controlled Entity for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 23rd day of February 2022

Criterion Audit Pty Ltd

ABN 85 165 181 822

PO Box 233 LEEDERVILLE WA 6902

Suite 2, 642 Newcastle Street
LEEDERVILLE WA 6007

Phone: 9466 9009

Independent Auditor's Review Report

To the Members of Lycaon Resources Ltd

Conclusion

We have reviewed the half-year financial report of Lycaon Resources Ltd ("the Company") and its Controlled Entity ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Responsibility of the Directors for the Half-Year Financial Report

The Directors are responsible for the preparation of the half-year financial report that gives us 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 is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year 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 Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a 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.

Criterion Audit

CRITERION AUDIT PTY LTD

Chris Watts

CHRIS WATTS CA
Director

DATED at PERTH this 23rd day of February 2022

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