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LYCAON RESOURCES LIMITED
HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2022

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

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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 2022.

DIRECTORS

The names of Directors in office at any time during or since the end of the half-year are listed below. . Directors have been in office during the whole of the financial half-year and up to the date of this report unless otherwise stated.

NAME OF PERSON	POSITION
Mr Thomas Langley	Technical Director
Mr Patrick Burke	Non-Executive Chairman
Mr Ranko Matic	Non-Executive Director

PRINCIPAL ACTIVITIES

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

REVIEW OF OPERATIONS

Operating result

The loss from continuing operations for the half-year ended 31 December 2022 after providing for tax amounted to \$373,564 (2021: \$556,162)

Exploration

During the half-year, the following three projects were acquired by the Group and multiple exploration programs highlighted below were completed.

Stansmore Project (Niobium, REE, IOCG)

- Lycaon entered into binding Heads of Agreement to acquire Stansmore Carbonatite Project in West Arunta region prospective for Niobium and Rare Earths (REE), Figure 1
- The Stansmore carbonatite target consists of a regionally prominent 700m long magnetic feature analogous to WA1's discovery and Encounter's Worsley prospect, Figures 4, 5
- Located at the juncture of two major regional faults and offset from the major North Australian Craton Boundary – conducive for the emplacement of deep-seated intrusions like REE carbonatites and IOCG mineral systems
- Carbonatites are important sources of niobium and REE's and host all three of the world's operating niobium mines and Lynas Rare Earths Limited's Mt Weld deposit
- Southern Geoscience Consultants (SGC) re-processed magnetic data over the Stansmore Carbonatite Project confirming a prominent 700m long magnetic feature analogous to WA1's discoveries and Encounter's Worsley prospect, and identifying multiple new targets identified prospective for Niobium-REE mineralisation, Figure 3
- Exploration work programs being planned for 2023 to include ground gravity, airborne geophysical surveys and drilling

During the Q4, 2022 the Company announced that via its wholly owned subsidiary, West Arunta Resources Pty Ltd (WAR), it entered into a conditional binding Heads of Agreement to acquire the Stansmore REE carbonatite project, exploration licence E80/5723 in the West Arunta region of Western Australia, Figure 1, 2.

Southern Geoscience Consultants (SGC) completed re-processing and review of historical publicly available magnetic data at the Stansmore REE carbonatite project. The review supported the Stansmore Prospect as a regionally significant magnetic anomaly and highlighted several other magnetic anomalies which may be prospective for rare earth/niobium and IOCG type mineralisation, Figure 5. Exploration programs once land access has been approved will include drilling, ground based gravity, passive seismic surveys and geochemical sampling. Results will produce valuable datasets to inform planning of follow up drilling across the Stansmore Project in 2023.

Recent discoveries by WA1 Resources and Encounter Resources have demonstrated the potential for the West Arunta region to host significant REE and IOCG type mineralisation systems, Figure 3. Alkaline systems are key drivers in the formation of IOCG and carbonatite-hosted REE deposits, with the region seeing a renewed exploration focus for these deposit types. The identification of a mineralised carbonatite intrusion is a significant finding for the West Arunta region and given the presence of other intrusive bodies within the region enhances the potential for further discoveries with future exploration efforts.

In addition to entering into the binding Heads of Agreement to acquire the Stansmore Project (E80/5723), WAR has made two new Exploration Licence applications in proximity to the Company's Stansmore Project, comprising EL(A) 80/5852, and EL(A) 80/5853. The two applications are located north and east of the Stansmore Project tenement. While the Company is not currently aware of any reason why these applications will not be granted, there is no guarantee that the applications will be granted or that applications will not be withdrawn, in which instance the Company would not acquire any interest in the area subject of the relevant application(s).

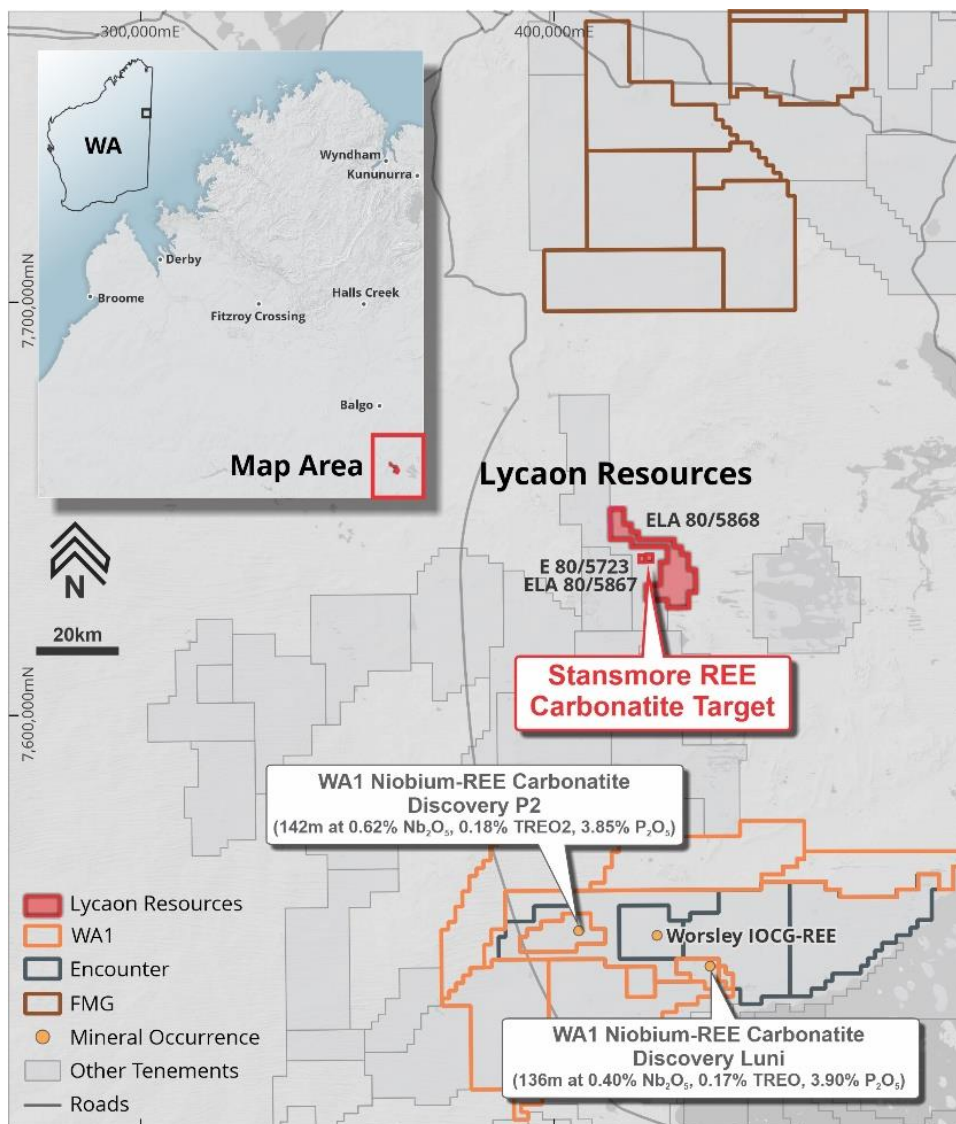


Figure 1. Stansmore Nb-REE Carbonatite ± IOCG Project Location Map

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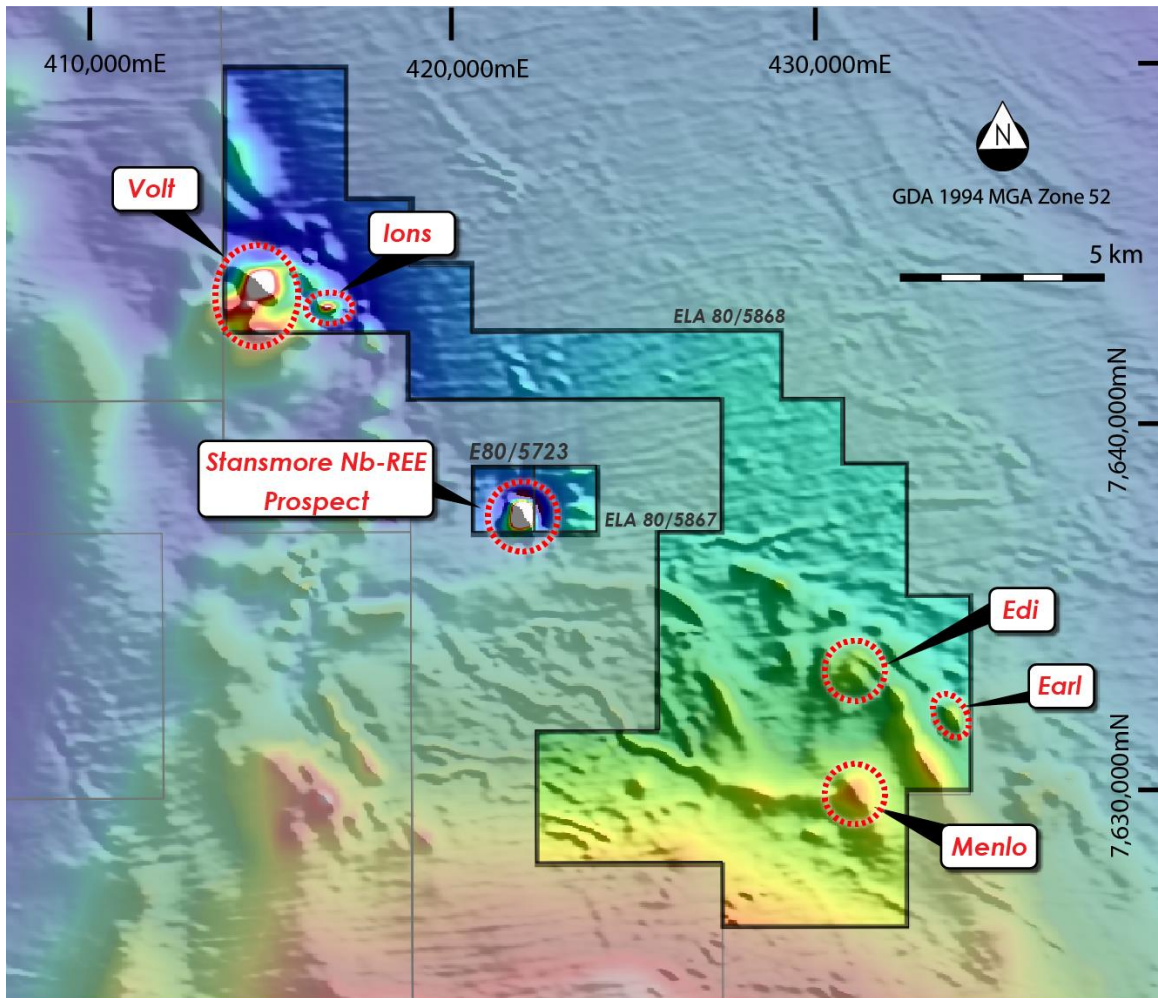


Figure 2. Reduced to Pole Magnetics (TMI grid) highlighting the prominent magnetic anomaly at Stansmore Prospect and other magnetic targets.

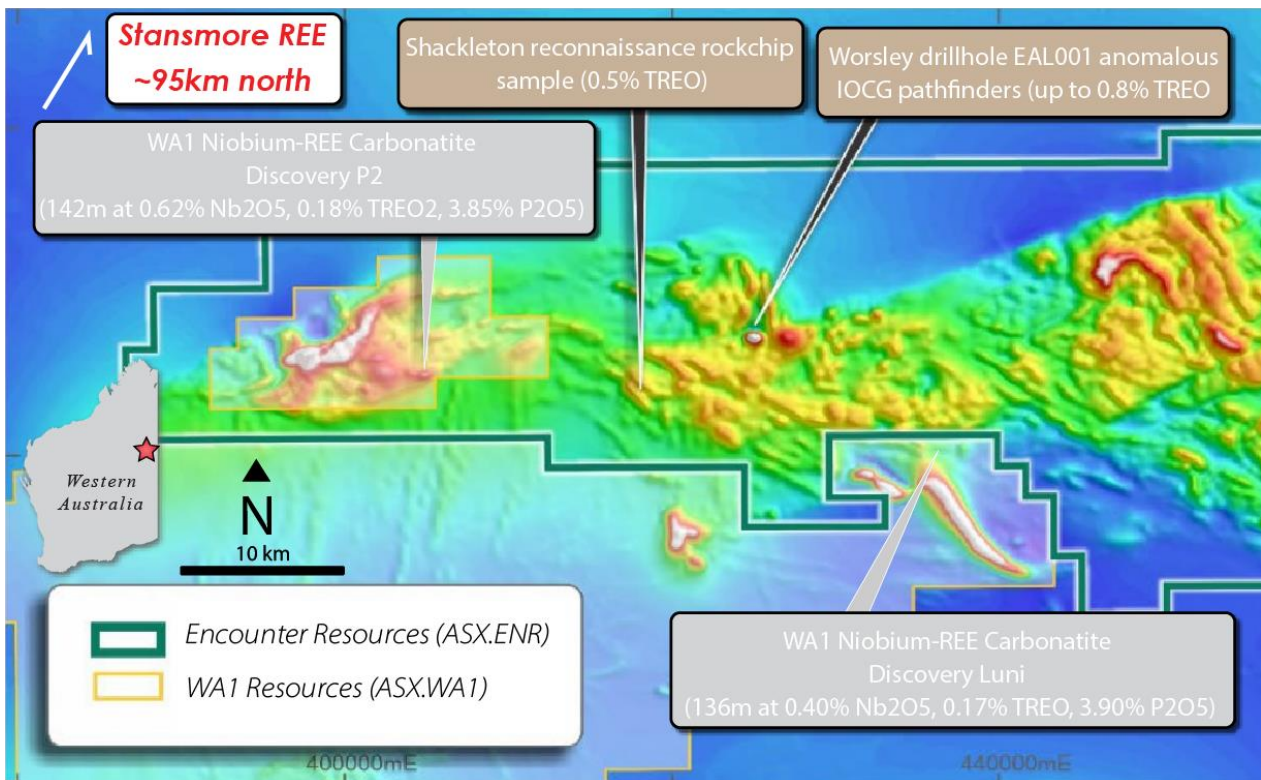


Figure 3. West Arunta Cu-REE projects, highlighting the discrete magnetic anomalies associated with both WA1 and ENR discoveries (Magnetics TMI overlay) ²

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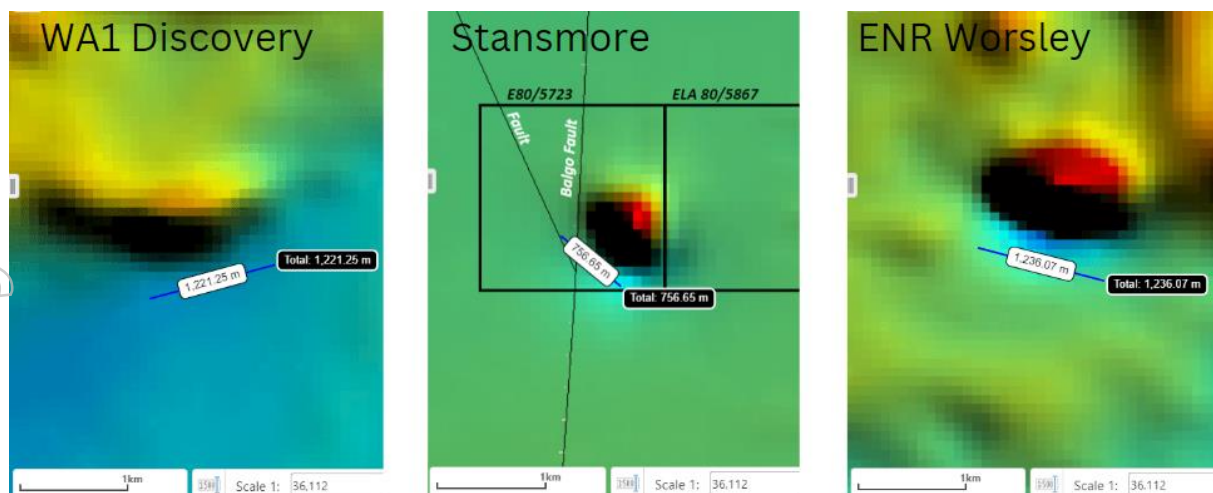


Figure 4. Magnetics TMI overlay, showing Stansmore prominent magnetic anomaly extending for ~700m, displaying similarities to WA1 and Encounter Resources REE/IOCG prospects, which both extend for ~1,200m respectively. Source DMIRS Geoview

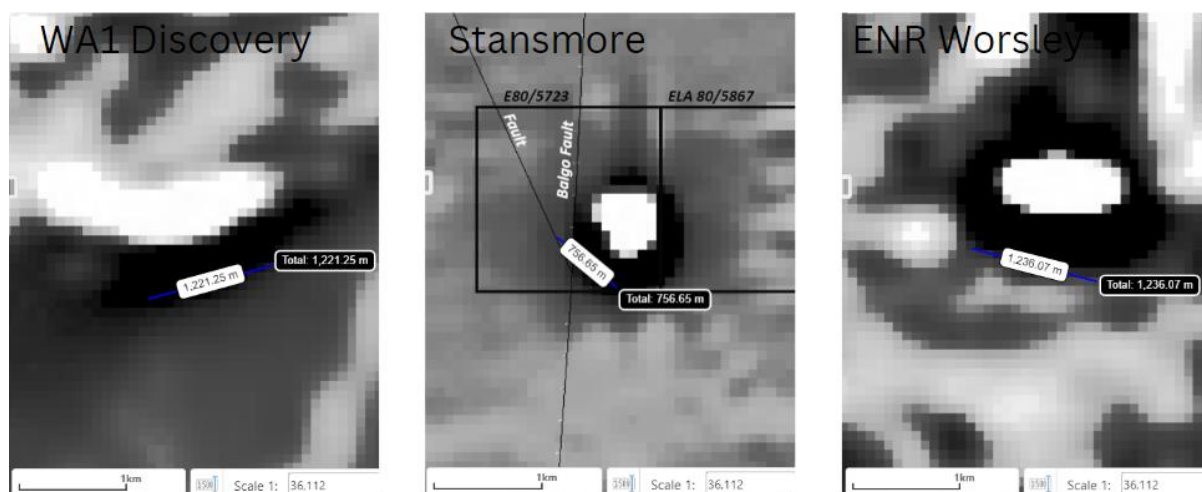


Figure 5. Magnetics First Vertical Derivative overlay, showing Stansmore prominent magnetic anomaly extending for ~700m, displaying similarities to WA1 and Encounter Resources REE/IOCG prospects, which both extend for ~1,200m respectively. Source DMIRS Geoview

Bow River and Salt Lick Project (Nickel, Copper, PGE's, Cobalt)

Highlights:

- Historical Falcon™ gravity data re-processed and modelled by Southern Geoscience (SGC) indicates a large gravity anomaly at depth
- Gravity anomaly may correlate to a high-density Peridotite rock type, host to Panoramic's 13Mt @ 1.56% Ni Savannah Mine¹
- Drilling being planned to target centre of gravity anomaly between 600 – 800m depth, to investigate potential of significant nickel-copper mineral system of the Bow River intrusive
- A high-powered ground-based SQUID EM survey covering approximately 8.4km² of the prospective Bow River intrusion was completed with review by Southern Geoscience Consultants in Q1, 2023.

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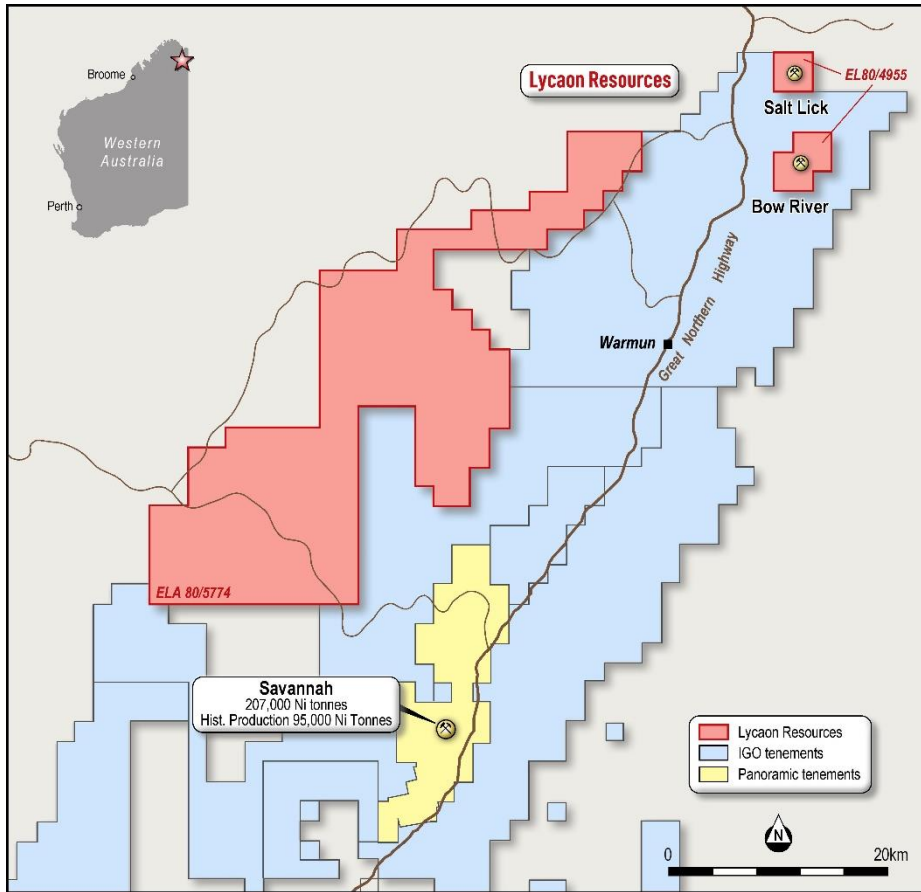


Figure 6. Location of Bow River and Salt Lick nickel copper sulphide projects and new tenement application ELA80/5774

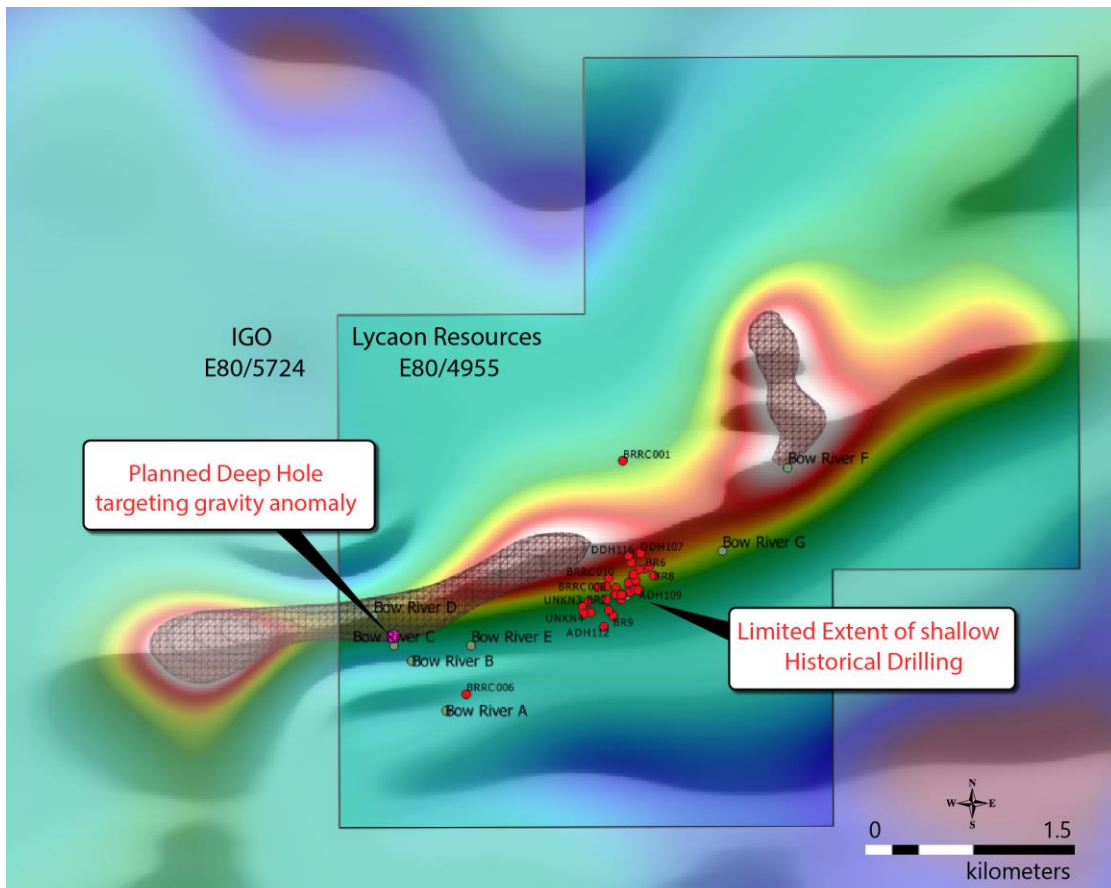


Figure 7. Location of historical drilling at Bow River nickel copper sulphide project, in relation to the large underlying Gravity anomaly inferred to be the Bow River Intrusive

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The Bow River Project is located within the Halls Creek Mobile Zone in the East Kimberley region of Western Australia, Figure 6.

The Project area covers two known nickel-copper-cobalt sulphide prospects mapped as the Salt Lick Creek intrusion and the Bow River intrusion. Both intrusives are sulphide-bearing and similar in style and setting to Panoramic Resources' Savannah mine, located approximately 60 kilometres further south. The relatively recent discovery (2014) of the Savannah North resource at depth adjoining the existing mine (effectively quadrupling the Ni-Cu-Co resource) has highlighted the prospectivity of E80/4955 given its analogous geological setting. Previous drilling is limited to a very small area of the Bow River mafic intrusive, Figure 7.

During the half-year the Company was pleased to complete an extensive ground moving loop electromagnetic (MLEM) survey over ~8.4km² of the Bow River intrusion, host to the Bow River nickel copper prospect. The MLEM survey will be critical in delineating conductors and identifying drill targets beneath the depth of historical investigation. The EM survey completed utilised optimal parameters, low base frequency and high power/current levels which can provide >500m depth of investigation where the target is a high conductance body and of significant size. SGC is expected to complete the review of the EM survey in Q1, 2023.

Following review of the EM survey, and subject to approvals, drilling is planned to target beneath the current extent of historical drilling, targeting the deeper more primitive part of the intrusion. A stratigraphic hole proposed to 800m hole depth has been designed to intersect the highest amplitude of the gravity anomaly. This drillhole will provide critical stratigraphic, geological and geochemical information that can help determine whether the gravity anomaly could be related to a fertile Ni-Cu magmatic sulphide system. The drillhole will also provide a platform to complete high-powered DHEM surveying to detect deep seated strong conductors.

The proposed drill program at Bow River will be critical in demonstrating the potential for a major Ni-Cu-Co resource in the Kimberley analogous to Panoramic's Savannah nickel mine 60km south. The recent discovery of the Savannah North orebody in 2014 highlights the exploration potential that remains in the Kimberley, Figure 8.

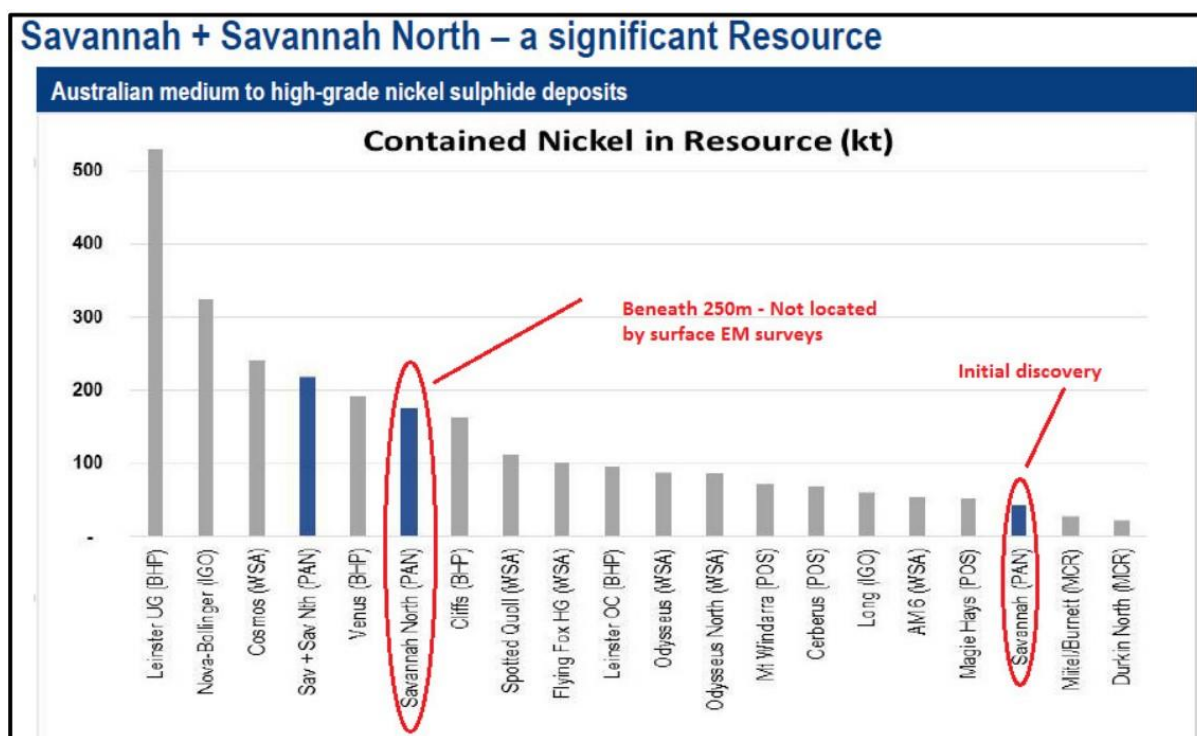


Figure 8. Graph highlighting significant addition of contained nickel resource due to the discovery of Savannah North, a much larger deposit than Savannah.

Rocky Dam Project (Gold)

Highlights:

- Exploration licence E27/634 was granted, resulting in the Rocky Dam Project now comprising of ten (10) granted Exploration Licences covering approximately 162.8km², a significant landholding in the highly prospective Norseman - Wiluna Greenstone Belt
- Further auger sampling planned for remaining granted tenure
- Priority targets to be tested by shallow drilling targeting the lower saprolite – bedrock horizon

During the half-year, exploration licence E27/634 was granted, resulting in the Rocky Dam Project now comprising of ten (10) granted 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 significant low order gold mineralisation recorded in historical drilling suggests a mineralised system is present at CRA-North, warranting further drill testing. Upcoming 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 are intended to be completed at regional targets in H1, 2023.

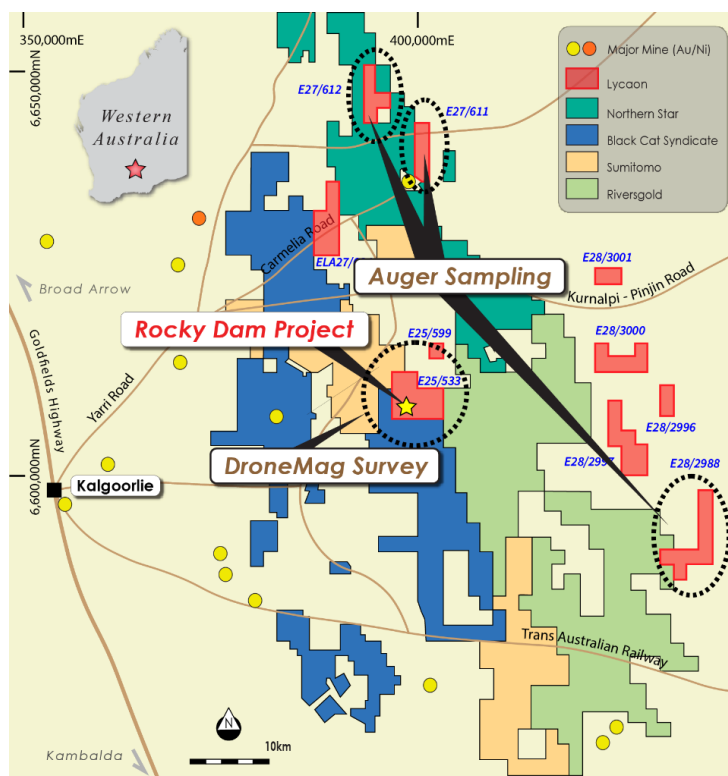


Figure 9. Rocky Dam Project Location and work program areas

Gnewing Bore Project (Gold, Silver, Copper)

Highlights:

- High-resolution electromagnetic survey (HEM) geophysical survey was completed by New Resolution Geophysics (NRG)
- Southern Geoscience Consultants (SGC) completing review of HEM survey Q1 2023
- Reconnaissance geological mapping and sampling at Gnewing Bore and other regional targets to commence in April/May 2023 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, Figure 14
- RC Drilling at Gnewing Bore is planned 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. Figure 10. Halls Creek is situated 350km 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.

During the half-year, a high-resolution electromagnetic survey (HEM) geophysical survey was completed by New Resolution Geophysics (NRG), flying their Xcite™ HEM system at a minimum 200m line spacing.

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DIRECTORS' REPORT

Gnewing Bore remains prospective for further mineralisation at the historical high-grade copper-gold gossan and other high priority targets that may be prospective for Ni-Cu±PGE mineralisation. Gnewing Bore and the multiple regional targets and have had very limited to no historical exploration work carried out.

A Gradient Array Induced Polarisation (GAIP) is proposed for H1, 2023 pending access approvals and permits, which will greatly assist with planning the maiden drilling program. Both the HEM and GAIP surveys will assist with planning of drilling programs, which subject to approvals, are targeted for H1 2023.

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, Figures 11, 12. 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. There remains significant potential down dip and along strike to test for high-grade mineralisation in fresh rock, which warrants further drilling.

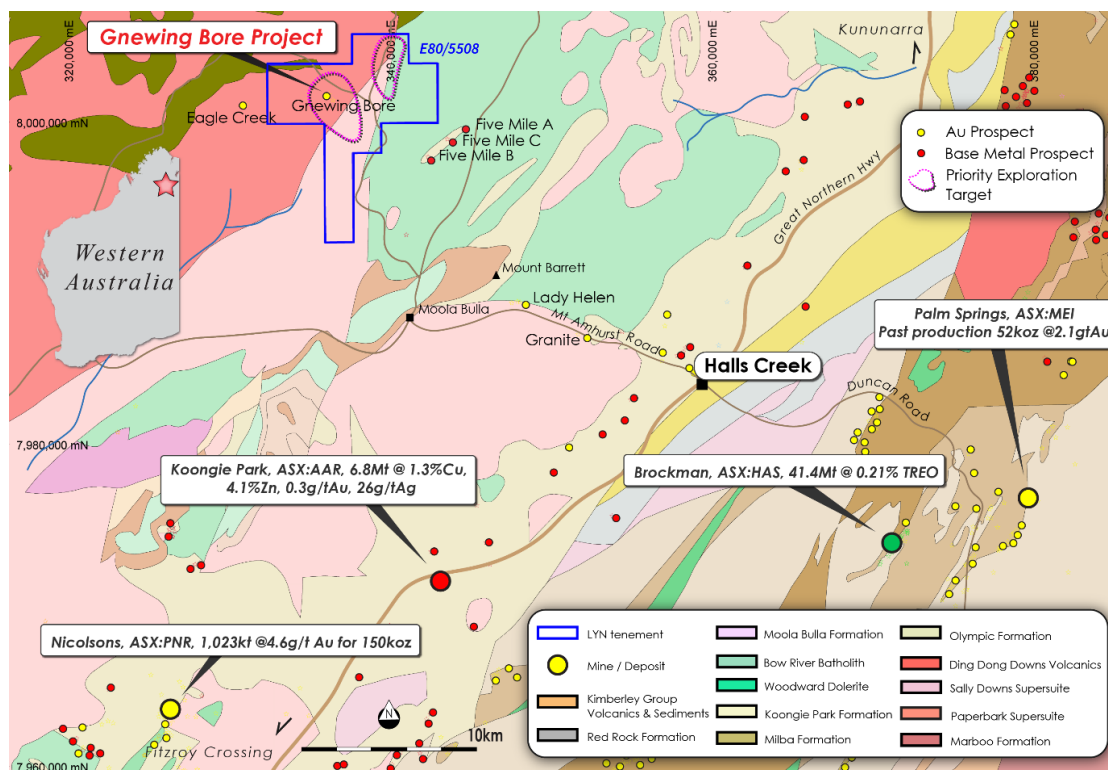


Figure 10. Gnewing Bore Project Location and Geology

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Figure 11. View of the main quartz sulphide outcrops, looking northeast (from WAMEX Report A036766)

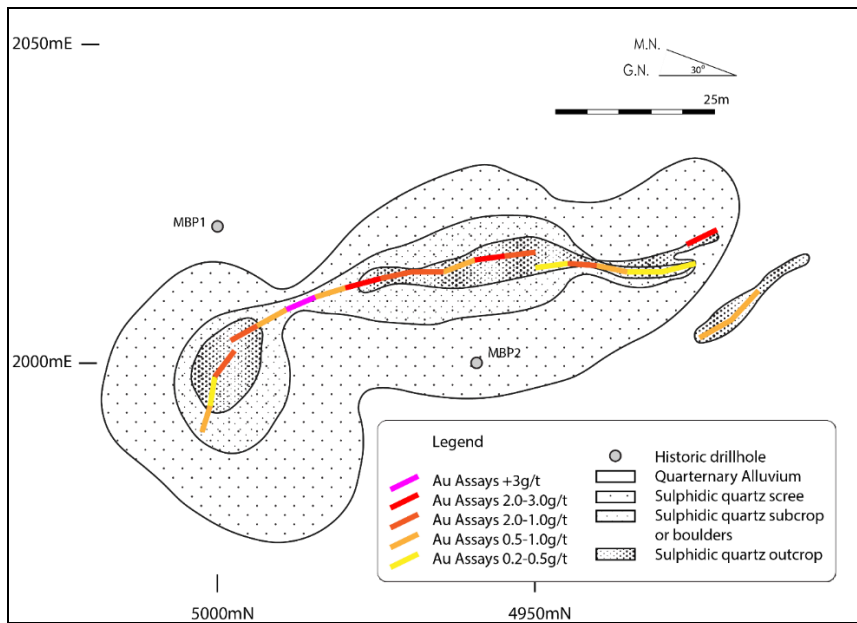


Figure 12. Gold results from semi-continuous rock chip sampling completed by Anglo Australian

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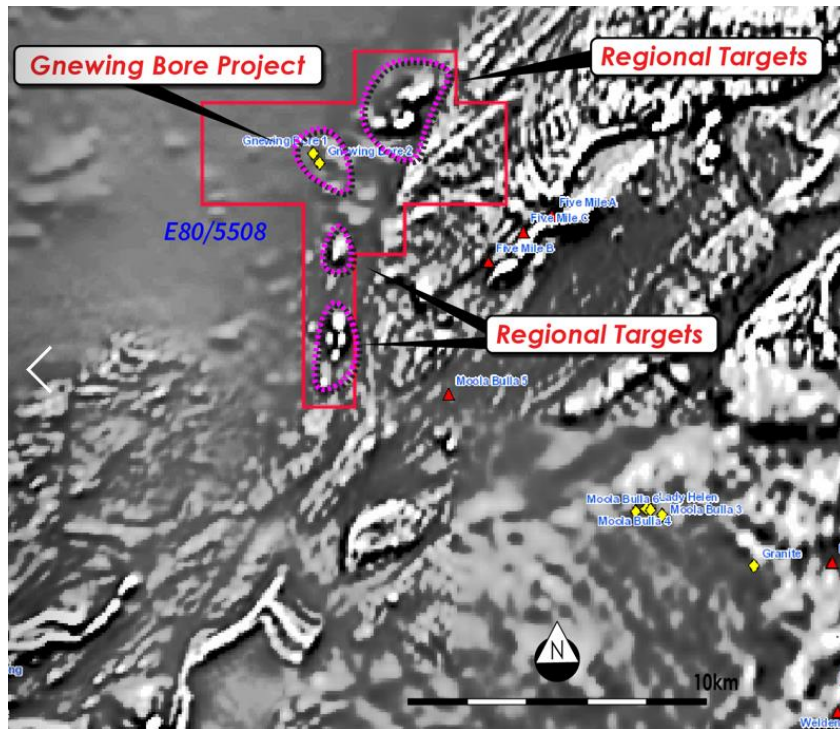


Figure 13. Gnewing Bore Project and priority Regional Targets (greyscale 1VD magnetics overlay)

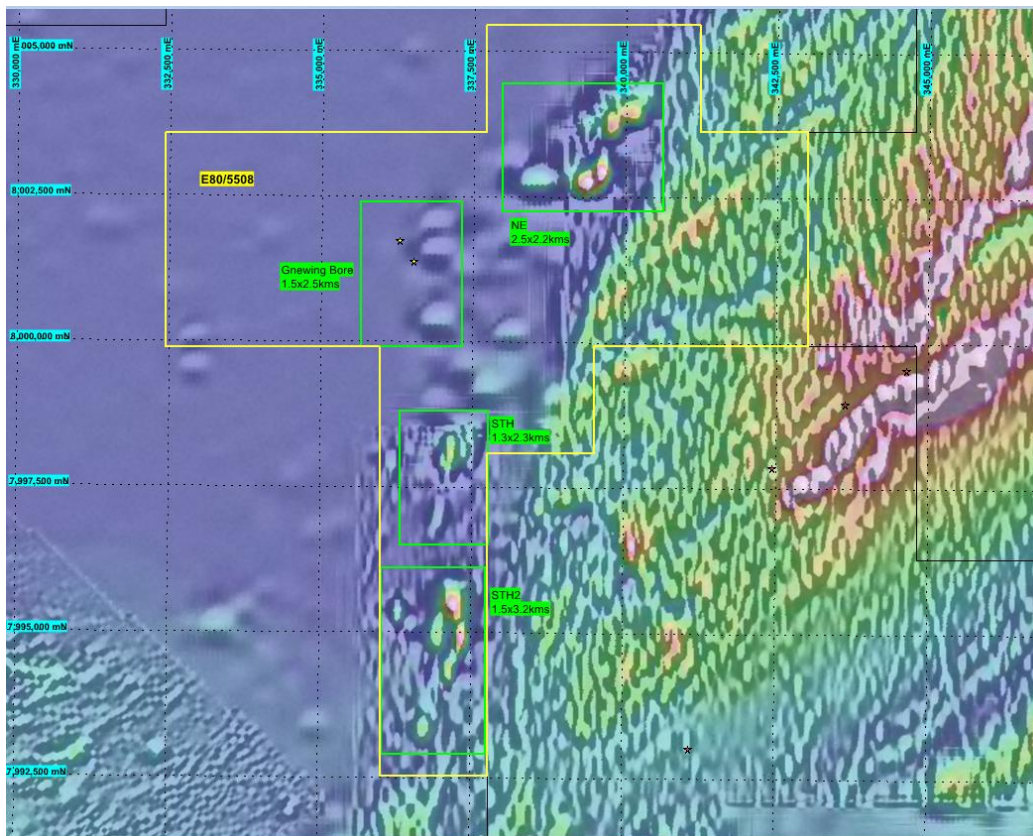


Figure 14. Location of four proposed Gradient Array Induced Polarisation (GAIP) surveys at Gnewing Bore and three regional geophysical targets.

Julimar Project (Nickel-Copper-PGE)

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. Lycaon's Julimar Project lies 20km south (E70/5415) and 45km east (E70/5416) of the Julimar Nickel-Copper-PGE discovery.

The company is prioritising landowner access agreements to allow for site access for future drill programs H2, 2023.

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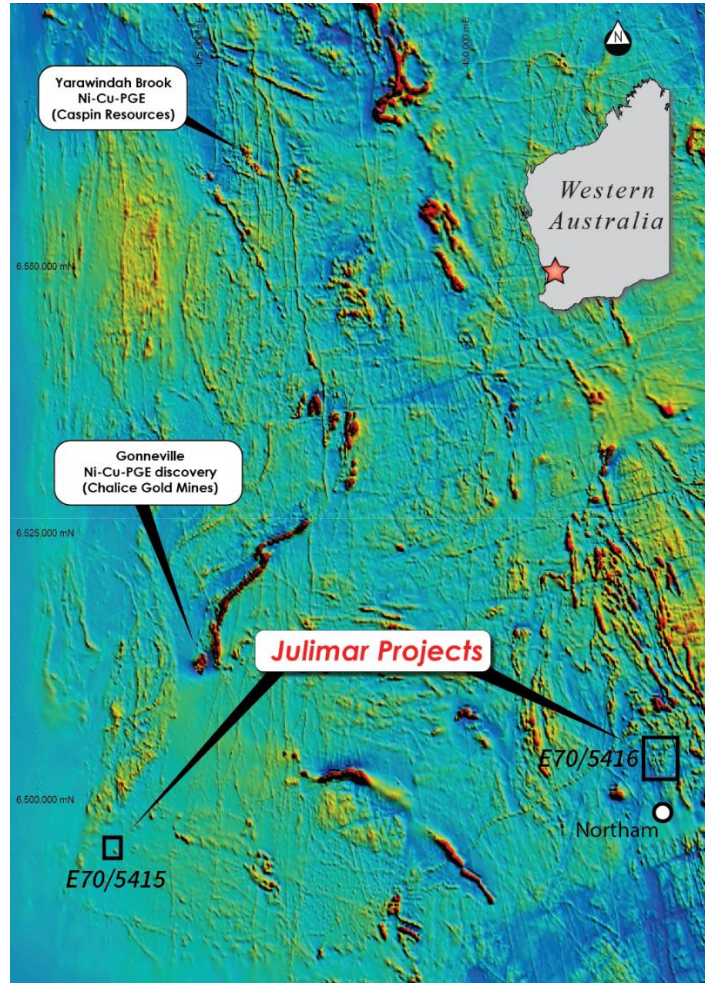


Figure 15. Regional magnetics - Julimar Project

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.

EVENTS AFTER THE REPORTING DATE

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

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DIRECTORS' REPORT

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: 28 February 2023

Perth

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



	Notes	31 December 2022 \$	31 December 2021 \$
Interest income		9,634	58
Accounting and company secretary fees		(71,200)	(33,667)
Regulatory fees		(37,707)	(67,796)
Audit fees		(9,156)	(10,500)
Directors fees		(48,000)	(66,000)
Professional fees		(45,000)	(40,000)
Insurance		(15,323)	(5,419)
Legal expenses		(28,350)	(140,856)
Marketing		(105,923)	-
Share based payments	7	-	(171,360)
Other expenses		(22,539)	(20,622)
Loss before income tax		(373,564)	(556,162)
Income tax expense		-	-
Loss for the period		(373,564)	(556,162)
Other comprehensive income		-	-
Total comprehensive loss for the period		(373,564)	(556,162)
Loss per share			
- Basic and diluted loss per share (cents)	11	(1.01)	(3.62)

The accompanying notes form part of this half-year financial report.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Notes	31 December 2022 \$	30 June 2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	2,845,040	3,589,250
Other receivables		31,055	13,053
Prepayments		267,533	225,924
Total current assets		3,143,628	3,828,227
Non-current assets			
Exploration and evaluation	5	1,939,177	1,570,732
Prepayments		87,021	207,946
Total non-current assets		2,026,198	1,778,678
Total assets		5,169,826	5,606,905
LIABILITIES			
Current liabilities			
Trade and other payables		42,064	105,579
Total current liabilities		42,064	105,579
Total liabilities		42,064	105,579
Net assets		5,127,762	5,501,326
EQUITY			
Issued capital	6	6,041,369	6,041,369
Reserves	8	456,960	456,960
Accumulated losses		(1,370,567)	(997,003)
Total equity		5,127,762	5,501,326

The accompanying notes form part of this half-year financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**



	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 loss	-	-	-	-
Total comprehensive loss 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

	Issued capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2022	6,041,369	(997,003)	456,960	5,501,326
Loss for the period	-	(373,564)	-	(373,564)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	(373,564)	-	(373,564)
Transactions with owners in their capacity as owners				
Issue of capital	-	-	-	-
Share issue costs	-	-	-	-
Share based payments	-	-	-	-
Balance at 31 December 2022	6,041,369	(1,370,567)	456,960	5,127,762

The accompanying notes form part of this half-year financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Notes	31 December 2022	31 December 2021
	\$	\$
Cash flows from operating activities		
Interest received	9,634	58
Payments to suppliers and employees	(306,269)	(561,698)
Payments to exploration expenditure	(8,426)	-
Net cash outflow from operating activities	<u>(305,061)</u>	<u>(561,640)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	(439,149)	(35,391)
Net cash outflow from investing activities	<u>(439,149)</u>	<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>-</u>	<u>4,700,000</u>
Net (decrease)/increase in cash held	(744,210)	4,102,969
Cash at the beginning of the period	3,589,250	340,872
Cash at the end of the period	<u>2,845,040</u>	<u>4,443,841</u>

The accompanying notes form part of this half-year financial report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022



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 2022 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 Group annual financial report for the period ended 30 June 2022. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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 Group 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 Group 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 recoupled 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 Group 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.

New and revised accounting standards and interpretations

The Group 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 Group accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (continued)**



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 Group 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 Group, no further disclosure is required.

	31 Dec 2022	30 June 2022
	\$	\$
4. Cash and cash equivalents		
Cash at bank	2,845,040	3,589,250

	31 Dec 2022	30 June 2022
	\$	\$
5. Exploration and evaluation		
Opening balance	1,570,732	-
Acquisitions during the period ^{1,2,3}	-	948,458
Expenditure incurred during the period	368,445	622,274
Closing balance	1,939,177	1,570,732

¹As part of the IPO on 11 November 2021, the Group 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
	100,000
Net assets acquired	
Cash and cash equivalents	-
Trade and other receivables	492
Exploration and evaluation ⁴	110,176
Trade and other payables	(10,668)
	100,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (continued)**



5. Exploration and evaluation (continued)

²As part of the IPO on 11 November 2021, the Group 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	11 November 2021
Purchase consideration	\$
Shares issued	200,000
Stamp duty	3,282
	<u>203,282</u>
Net assets acquired	
Cash and cash equivalents	-
Trade and other receivables	-
Exploration and evaluation ⁴	203,282
Trade and other payables	-
	<u>203,282</u>

³ On 10 June 2022, the Group completed its acquisition of 100% of East Kimberly Resources Pty Ltd. The consideration paid consists of consideration shares of 1,250,000 fully paid ordinary shares (50% of the shares issued are escrowed to 17 November 2023) at \$0.40 per share, facilitation fee of 125,000 fully paid ordinary shares at \$0.40 per share and \$85,000 cash payment to reimburse the shareholder for past expenditure incurred on the tenement.

EAST KIMBERLEY RESOURCES PTY LTD	10 June 2022
Purchase consideration	\$
Shares issued	550,000
Cash paid	85,000
	<u>635,000</u>
Net assets acquired	
Cash and cash equivalents	-
Trade and other receivables	-
Exploration and evaluation ⁴	635,000
Trade and other payables	-
	<u>635,000</u>

⁴ Management has determined that the acquisition of 100% of Matmetals WA Pty Ltd, East Kimberley Resources 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.

	31 Dec 2022	30 June 2022	31 Dec 2022	30 June 2022
	No. of shares	No. of shares	\$	\$
6. Issued capital				
Ordinary shares – fully paid	<u>36,906,251</u>	<u>36,906,251</u>	<u>6,041,369</u>	<u>6,041,369</u>
Ordinary shares			Issue price	
Date	No. of shares		\$	\$
1 July 2022 – Opening balance	36,906,251			6,041,369
Capital raising costs	-			-
31 December 2022 – Closing balance	<u>36,906,251</u>			<u>6,041,369</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (continued)**



	31 Dec 2022	31 Dec 2021
	\$	\$
7. Share based payment transactions		
Options – recognised in equity (share issue costs)	-	285,600
Options – recognised as a share based payment expense	-	171,360
	-	456,960

	31 Dec 2022	30 June 2022
	\$	\$
8. Reserves		
Reserves		
Share based payments reserve	456,960	456,960
	456,960	456,960
Movements		
Balance at beginning of period	456,960	-
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	456,960	456,960

9. Related party transactions

Consilium Corporate Pty Ltd, a company which Mr. Matic is a Director, is also engaged to perform CFO and corporate secretarial services. During the half-year, Consilium Corporate Pty Ltd invoiced the Group \$63,991 (2021:\$63,337) for CFO and corporate secretarial fees. As at 31 December 2022, amount owing to Consilium Corporate was \$7,570 (2021:\$447).

10. Commitments for expenditure

Capital

There are no capital commitments at 31 December 2022 (30 June 2022: nil).

Exploration and evaluation

The Group 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 2022	30 June 2022
	\$	\$
The Group has tenement rental and expenditure commitments payable of:		
- Not later than 12 months	285,000	275,000
- Between 12 months and 5 years	485,000	465,000
- Over 5 years	1,225,000	1,190,000
	1,995,000	1,930,000

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022 (continued)**



	31 Dec 2022	31 Dec 2021
	\$	\$
11. Earnings per share		
Loss after income tax	(373,564)	(556,162)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	36,906,251	15,345,110
Basic and diluted loss per share (cents)	(1.01)	(3.62)

12. Events after the reporting date

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

13. Contingent assets and liabilities

The Group had no contingent liabilities as at 31 December 2022 (30 June 2022: Nil).

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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 Group's financial position as at 31 December 2022 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: 28 February 2023

Perth

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Criterion Audit Pty Ltd

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LEEDERVILLE WA 6007

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 review of the financial statements of Lycaon Resources Ltd and its Controlled Entities for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- 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 28th day of February 2023

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 Entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, 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 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the 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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a 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 28th day of February 2023

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