LYCAON RESOURCES LIMITED
ANNUAL REPORT

ABN: 80 647 829 749

30 JUNE 2022

CONTENTS

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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Your Directors present their report, together with financial statements on the consolidated entity ('the Group'), consisting of Lycaon Resources Limited and the entities it controlled for the financial year ended 30 June 2022.

DIRECTORS

The names of Directors in office at any time during or since the end of the financial year are listed below. Directors have been in office during the whole financial 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 year, the principal activities of the consolidated entity consisted of mineral exploration.

REVIEW OF OPERATIONS

Operating result

The loss from continuing operations for the financial year ended 30 June 2022 after providing for tax amounted to $833,376 (2021: $163,627).

Corporate

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).

Exploration

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

Highlights:

- Acquisition of 100% of highly prospective nickel, copper ± PGE's sulphide project in the East Kimberley, Western Australia;

- Significant potential to discover greater mineralisation at depth and along 5km strike within mafic intrusive host rock, with drill programs planned to follow the ground EM survey;

- Historical drilling intersected massive to disseminated sulphides with best results:
  3.17m @ 1.45% Ni, 0.41% Cu and 0.14% Co (DDH102)
  10m @ 1.1% Cu, 0.5% Ni (DDH107)
  12m @ 0.45% Cu, 0.12% Ni (BRRC002);

- Subsequent to the end of the financial year, high-powered modern day ground electromagnetics surveys carried out over 8.4sqkm of the Bow River intrusion to investigate beyond the current scope of historical drilling and geophysical surveys; and

- New tenement application ELA 80/5774 100% owned by Lycaon Resources covering 620km² of prospective Sally Downs Supersuite and Tickalara Metamorphics, Figure 1.

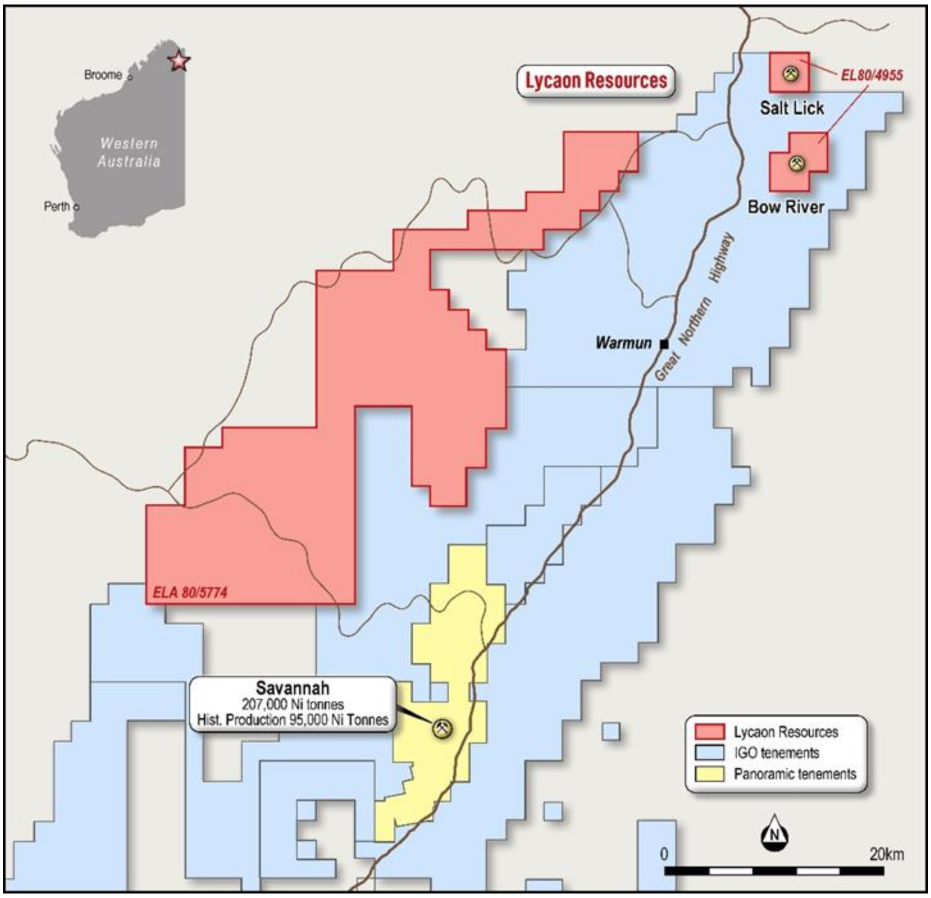

Figure 1. Location of Bow River and Salt Lick nickel copper sulphide projects and new tenement application ELA80/5774

The Bow River and Salt Lick Project is located within the Halls Creek Mobile Zone in the East Kimberley region of Western Australia (Figure 1). The Project comprised one granted exploration licence E80/4955, held by East Kimberley Resources Pty Ltd, furthermore, Lycaon has applied for an additional tenement ELA 80/5774 covering 620km² of prospective Sally Downs Supersuite and Tickalara Metamorphics (Figure 1).

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.

The Bow River prospect contains the Bow River intrusion, which has been mapped over an area of 900m x 300m based on outcropping gossans and anomalous soil geochemistry. The surface expression of the intrusion has received most of the focus of historical exploration, with drilling and ground EM surveys as detailed below. However, the broader intrusive has received little attention. In addition exploration using more powerful modern day geophysical techniques to detect conductors deeper below surface has not been completed. Previous drilling is limited to a very small area of the Bow River mafic intrusive (Figure 2 & 3).

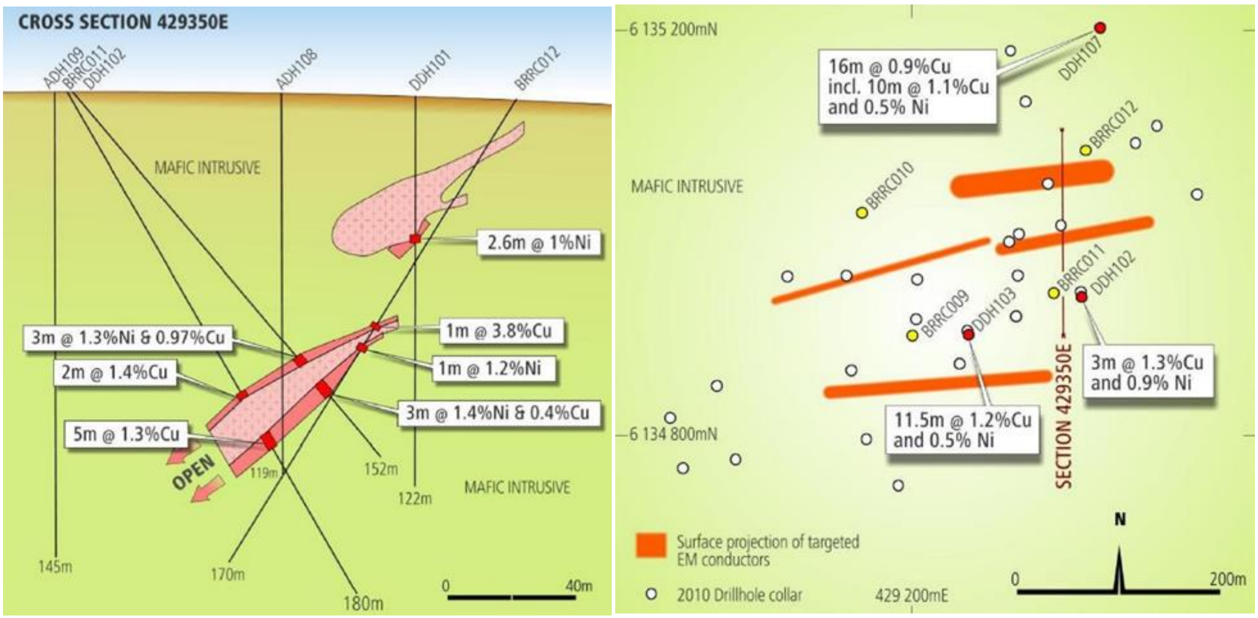

Figure 2. Location of historical drilling at Bow River nickel copper sulphide project

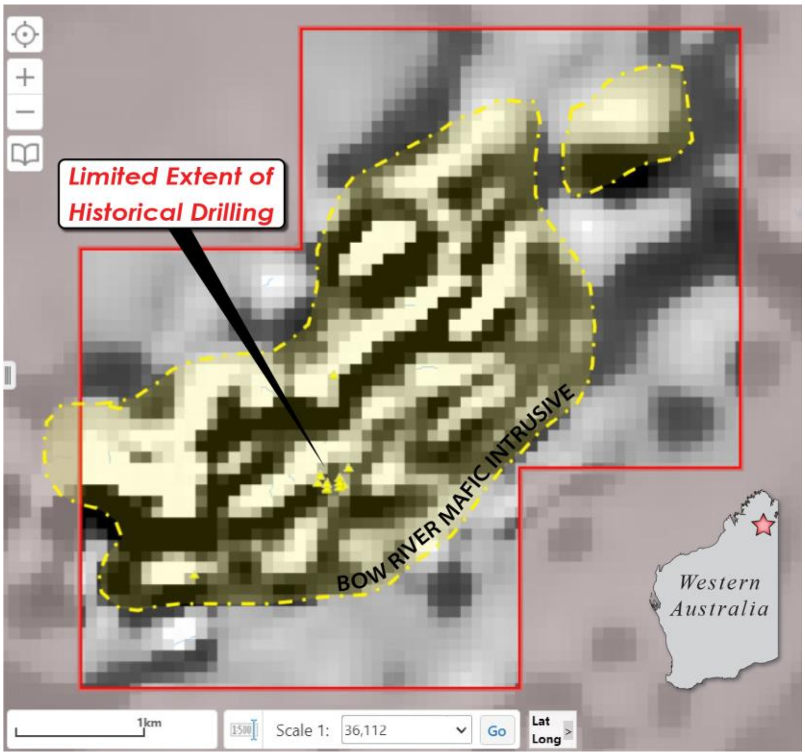

Figure 3. Location of historical drilling at Bow River nickel copper sulphide project, in relation to the large underlying layered mafic Bow River Intrusive

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 6 & 7);
- 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; and

- HEM survey interpretation of results; the western block (E70/5415), highlighted a possible bedrock conductor axis, although the EM anomaly may be related to the river/drainage/rail-road that runs alongside. Surficial drainage and cultural features dominate the early to mid-channel EM data at eastern survey block (E70/5416).

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 Project[2]. 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 Project[3], 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 orthogeniss and ultramafic units. The discovery has led to significant interest in the 4 nickel-copper-PGE potential of the mafic-ultramafic complexes.

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 6, 7.

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 Gonneville discovery of 330Mt @ 0.94g/t Pd+Pt+Au, 0.16% Ni, 0.10% Cu, 0.016% Co[1], 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.

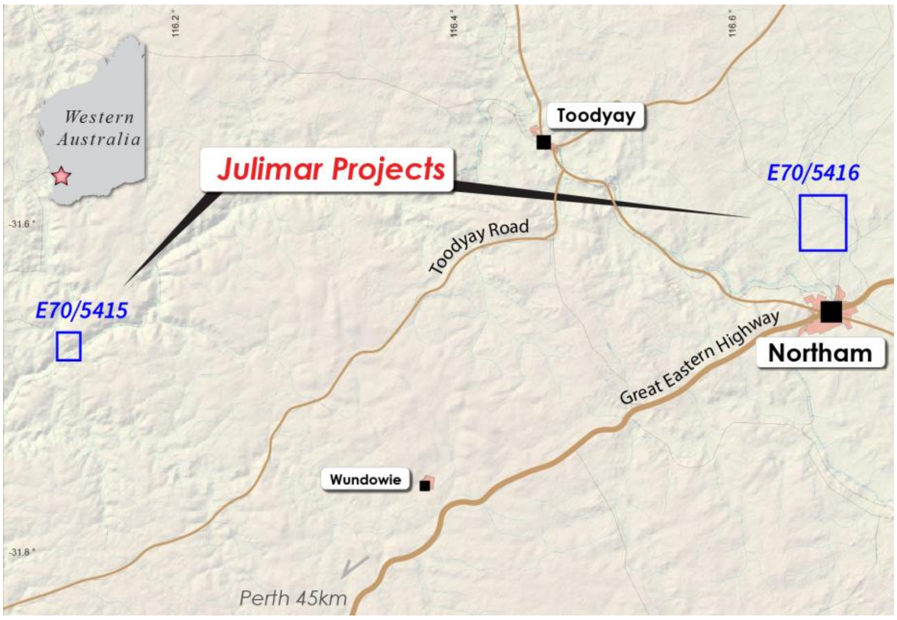

Figure 4. Lycaon Resources Julimar Project location

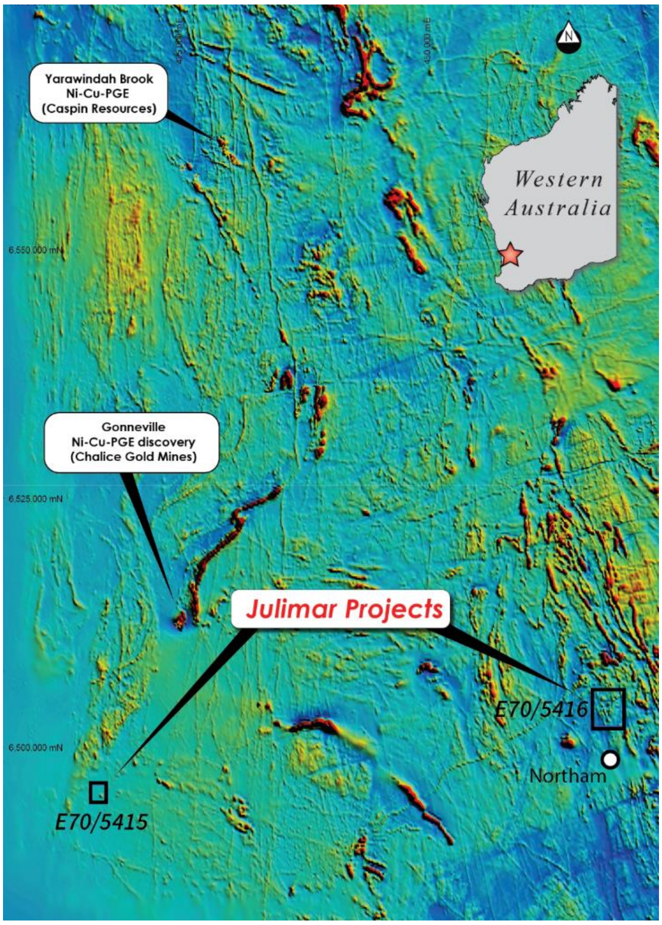

Figure 5. Regional magnetics - Julimar Project

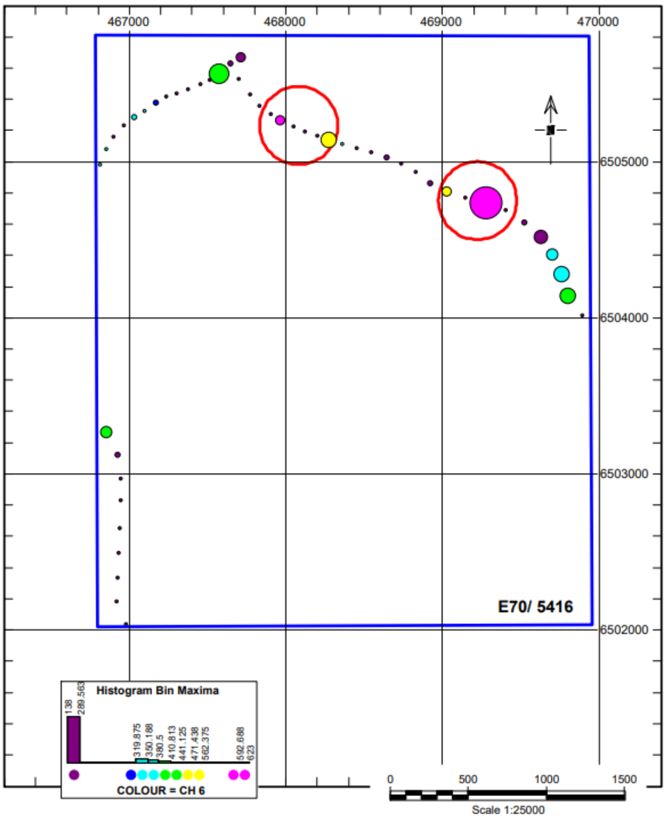

Figure 6. Julimar Project Targets from Auger Samples – Ni ppm

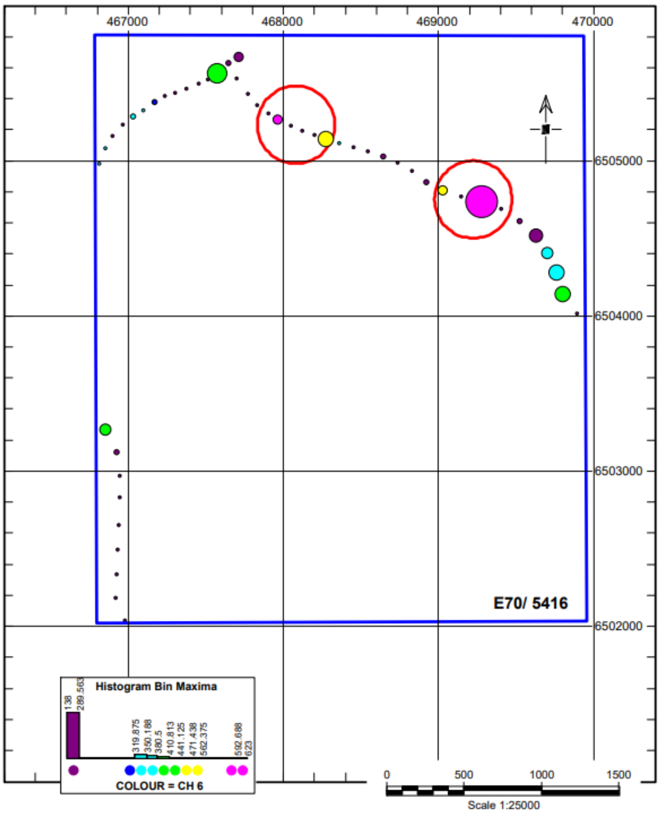

Figure 7. Julimar Project Targets from Auger Samples – Cr ppm

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;

- Primary gold mineralisation intersected within fresh rock including (Figure 8 & 9);
  - 9m at 1.34g/t gold from 97m, including 2m at 4.66g/t gold (RD21009)
  - 10m at 1.13g/t gold from 72m (RD21008);

- Mineralisation associated with quartz veining, sulphides and sericite ± chlorite alteration typical of orogenic quartz lode style deposits;

- Extensive auger sampling for new target generation across broader tenement package completed at Rocky Dam projects Kalpini North and Hampton Plains, a total of 1,189 auger soil samples were taken over Kalpini North project area and a total of 1,359 auger soil samples at Hampton Plains, (Figures 11 & 12); and

- High-level drone assisted magnetic surveys completed in H1, 2022.

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).

Drilling successfully intersected primary gold mineralisation within fresh rock with best results of:

- 9m at 1.34g/t gold from 97m, including 2m at 4.66g/t gold (RD21009)
- 10m at 1.13g/t gold from 72m (RD21008)

Historical drilling at Rocky Dam identified significant oxide mineralisation however, identification of primary gold mineralisation within bedrock had yet to be fully tested (refer DRE.ASX Announcements 15 July 2020 and 12 August 2020). Lycaon's initial drill programme at Rocky Dam aimed to provide a more comprehensive test for bedrock mineralisation by targeting below the oxide mineralisation in a range of drill orientations.

Lycaon's Phase 1 drillholes RD21008 and RD21009 were drilled either side of historical RDRC012 which returned 20m @ 1.1 g/t Au from 40m including 5m @ 3.3 g/t Au from 52m (refer DRE.ASX Announcement 12 August 2020). Significantly, the mineralisation intersected in Lycaon's drilling was in fresh rock, associated with quartz veining, sulphides and sericite ± chlorite alteration, which is typical of orogenic quartz lode style mineralisation found in major gold mines in the Goldfields region of Western Australia (Figure 8 & 9).

Figure 8. Photograph of RC drill chips from RD21009 (97 – 104 metres) showing visible sulphide and quartz veining present

Figure 9. Photograph of RC drill chips from RD21008 (72 – 80 metres) showing quartz veining and sericite ± chlorite alteration

Previous geological interpretations for Rocky Dam highlighted the relationship with regional scale shearing, which traditionally results in a steeper orientation to mineralisation. It is possible that these veins are flat-lying extensional features adjacent to such a shear. An alternative model would be that these veins are folded, which might link to surface mapping during the drill programme which highlighted structural complexity with changes in dip and strike in foliation observed in outcrop.

A cross section showing results is presented as Figure 3, and mineralisation is currently interpreted to have a relatively shallow easterly dip. Mineralisation is open in this direction as well as along strike to the north.

RD21009 and RD21008 were drilled 50m off section 6608100mN, on which Dreadnought reported significant oxide mineralisation (refer DRE.ASX Announcements 15 July 2020 and 12 August 2020). No bedrock mineralisation was identified in deeper drilling on this section by Dreadnought or Lycaon which indicates potential for a northerly plunge to mineralisation.

Further drilling is required to test the interpretation presented above. Lycaon is also considering other methods to identify extensions to mineralisation, including geophysical techniques. The strong association between gold mineralisation and quartz veins bearing 1 – 2 % pyrite may mean that techniques such as Induced Polarisation (IP) are useful for targeting in future drill programs.

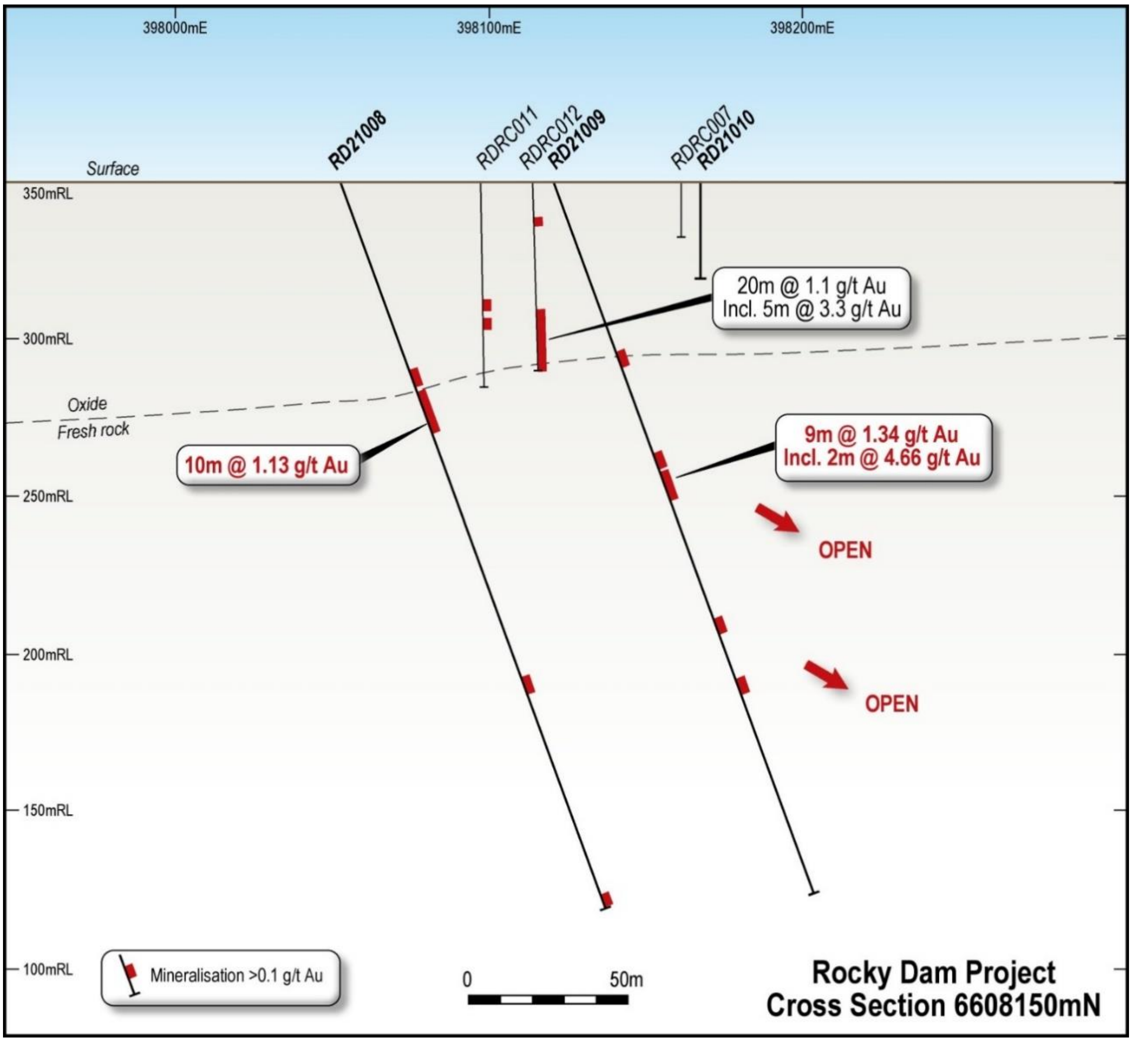

Figure 10. Cross Section 6608150N showing Lycaon results and historical drilling. (Looking North)

Gyro Drilling completed the auger program designed as a first pass geochemical survey to define anomalies that may be related to primary gold mineralisation at depth across tenements E27/611, E27/612 and E28/2988 (Figure 10). It is a key step in exploration targeting, with subsequent further infill and extensional auger soil sampling to follow at surrounding granted tenements.

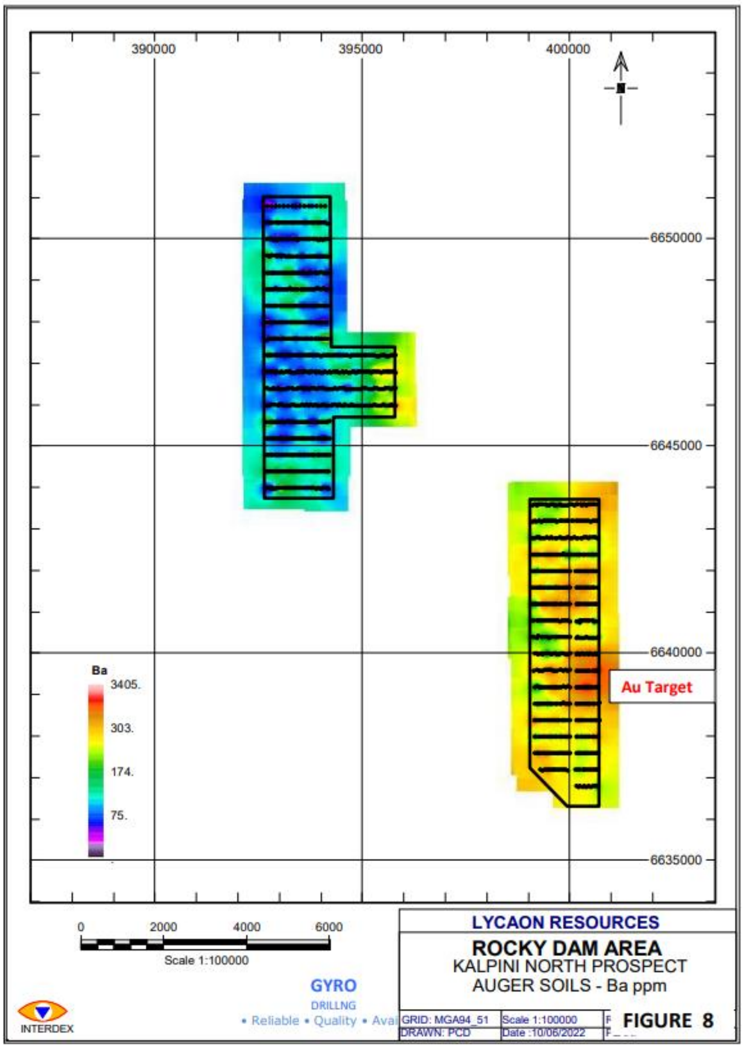

Figure 11. Kalpini North prospect auger soils – Ba ppm

The auger samples were completed on an east-west 50m grid and north-south 400m grid spacing, for a total of 2,548 samples. The Company proposes to complete further auger sampling across other granted tenements and aircore drilling where initial auger sampling identifies targets that warrant follow up. The auger sampling will assist in ongoing geological review to identify, prioritise, and rank new targets for further exploration programs.

The data has been presented at 1:100 000 scale (Figure 11 & 12). The results for Ca and Fe for the Kalpini North highlight one potential target on the south end of E27/611 with Ba and Ca highs and Fe depletion zone. It is considered the auger soil geochemical results reflect the bed rock geology, with no anomalous targets for Ni or base metals identified at Kalpini North.

At Hampton Plains, there is a distinct zone of elevated As, Pb and Zn with depleted Ba (Figure 12). Further review is needed to better understand what this anomalous area may relate to. All other geological and geophysical data will be reviewed before testing targets with shallow bed rock drilling by deep RAB or shallow RC.

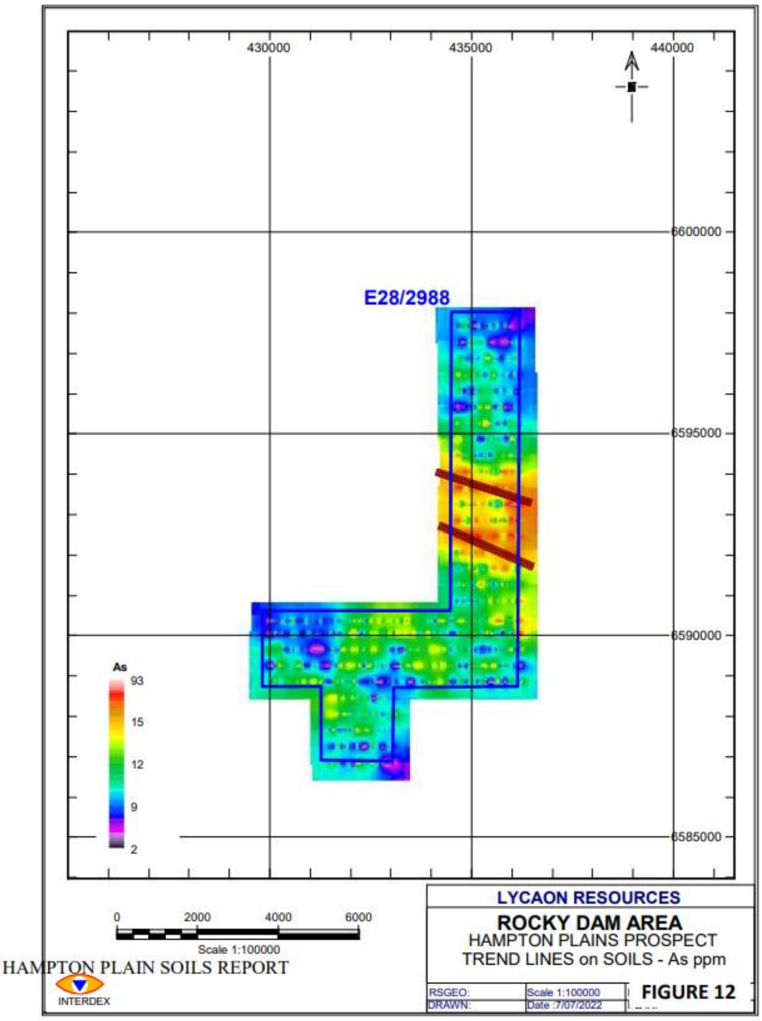

Figure 12. Hampton Plains prospect auger soils – As ppm

Figure 13. KTE Mining Services RC rig drilling at the Rocky Dam Project.

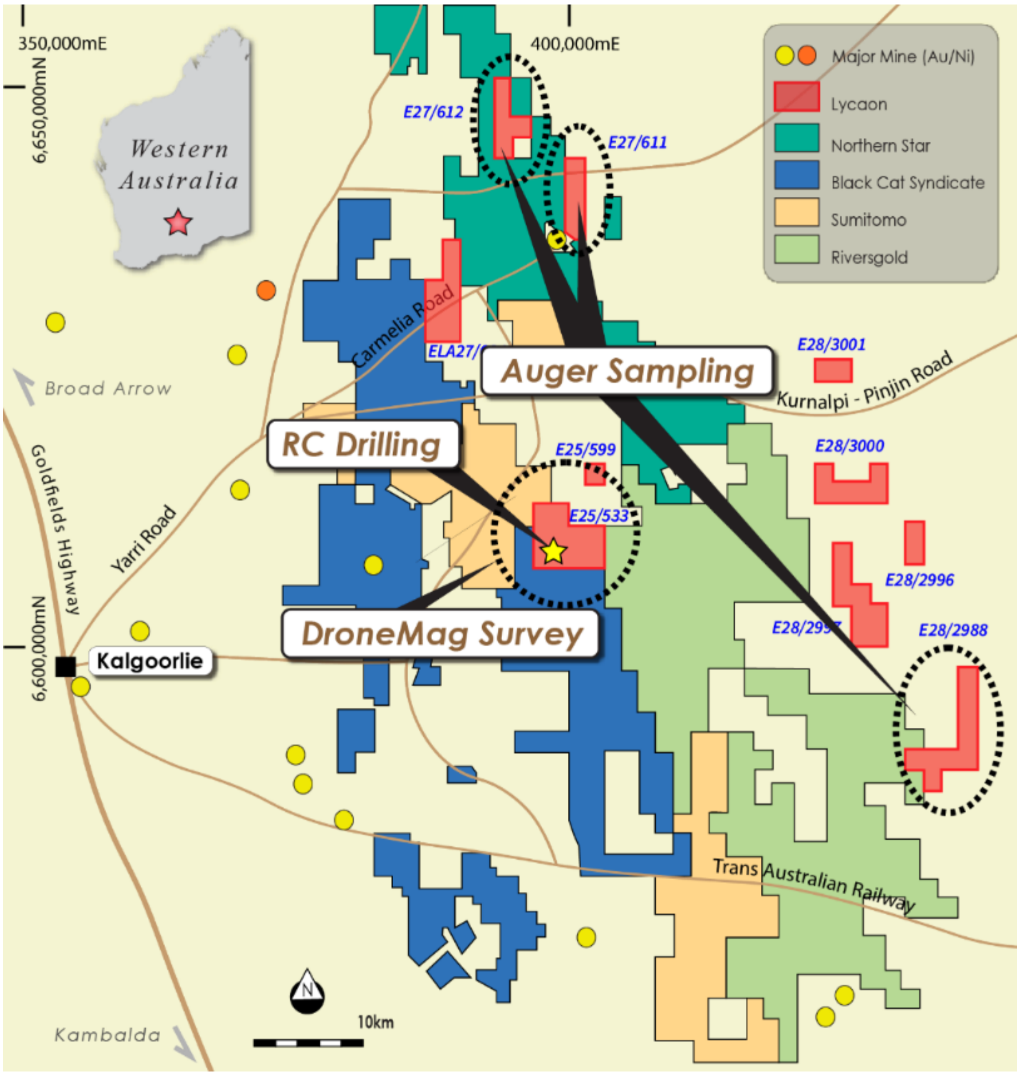

Figure 14. Rocky Dam Project Location and Geology

<u>**Gnewing Bore Project** *(Gold, Silver, Copper)*</u>

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 is planned to investigate the significant potential of continuity of mineralisation along strike and at depth of the outcropping gold, silver and copper mineralisation. Drilling is pending heritage surveys in H2 2022;

- 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.

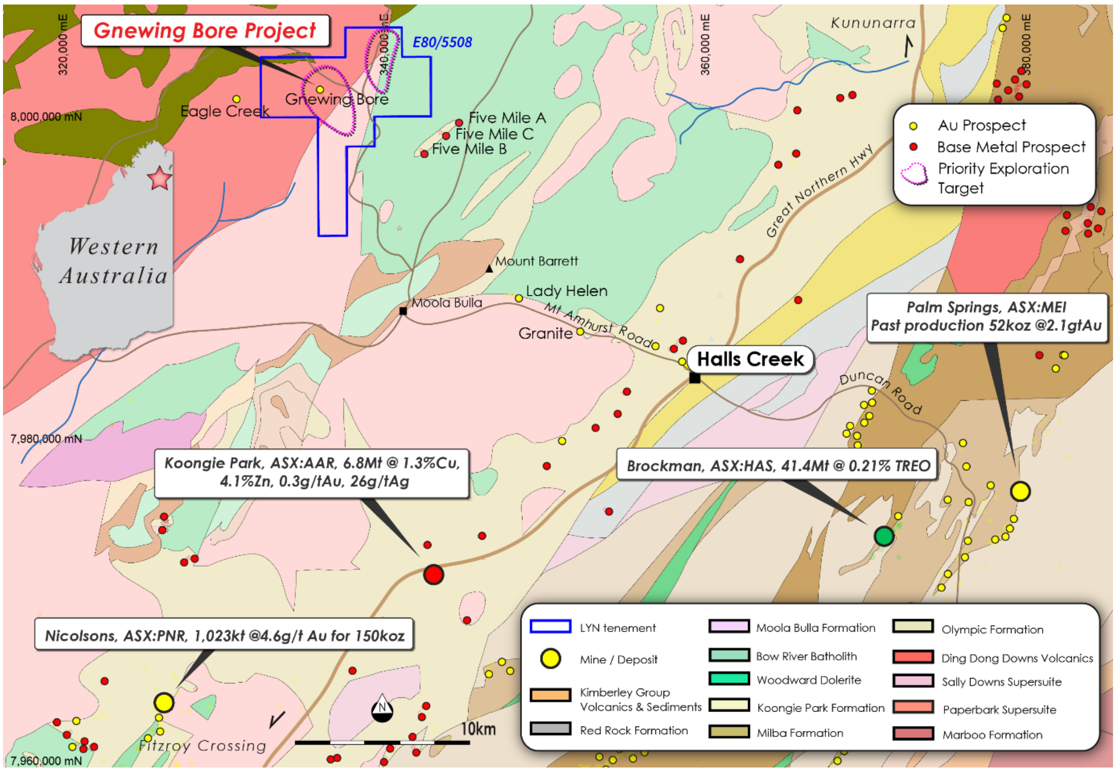

Figure 15. Gnewing Bore Project Location and Geology

Figure 16. View of the main quartz sulphide outcrops, looking northeast (from WAMEX Report A036766)

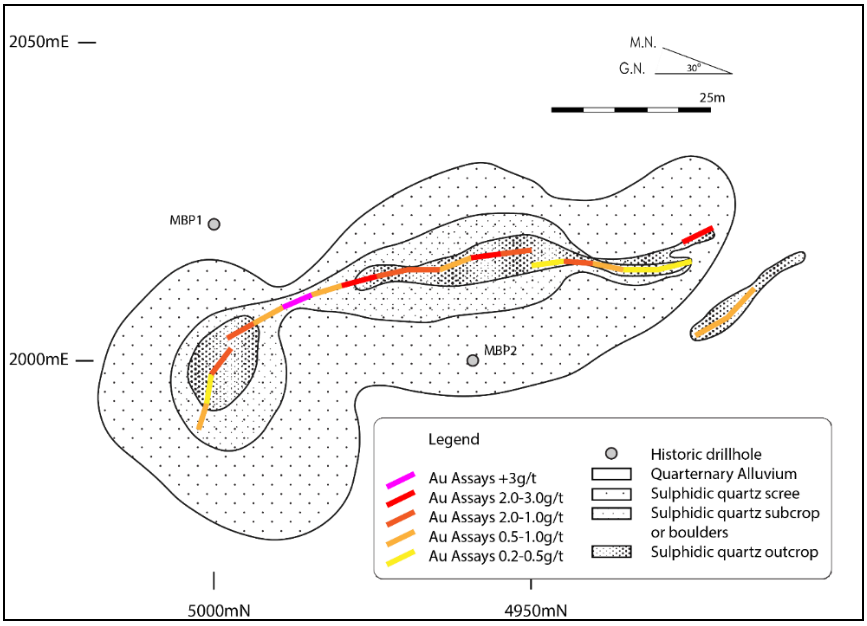

Figure 17. Gold results from semi-continuous rock chip sampling completed by Anglo Australian

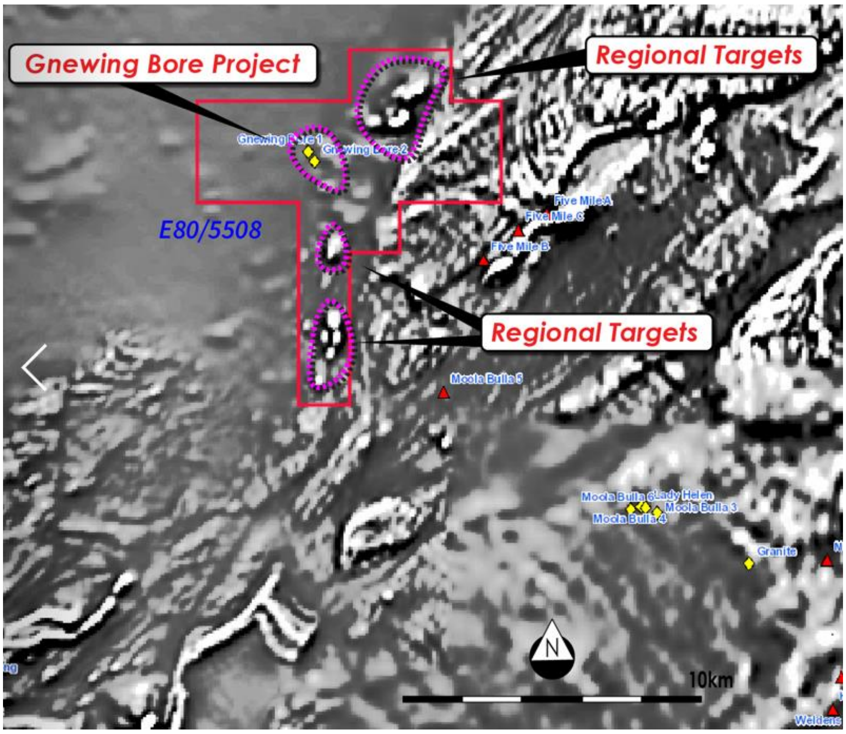

Figure 18. Gnewing Bore Project and priority Regional Targets (greyscale 1VD magnetics overlay)

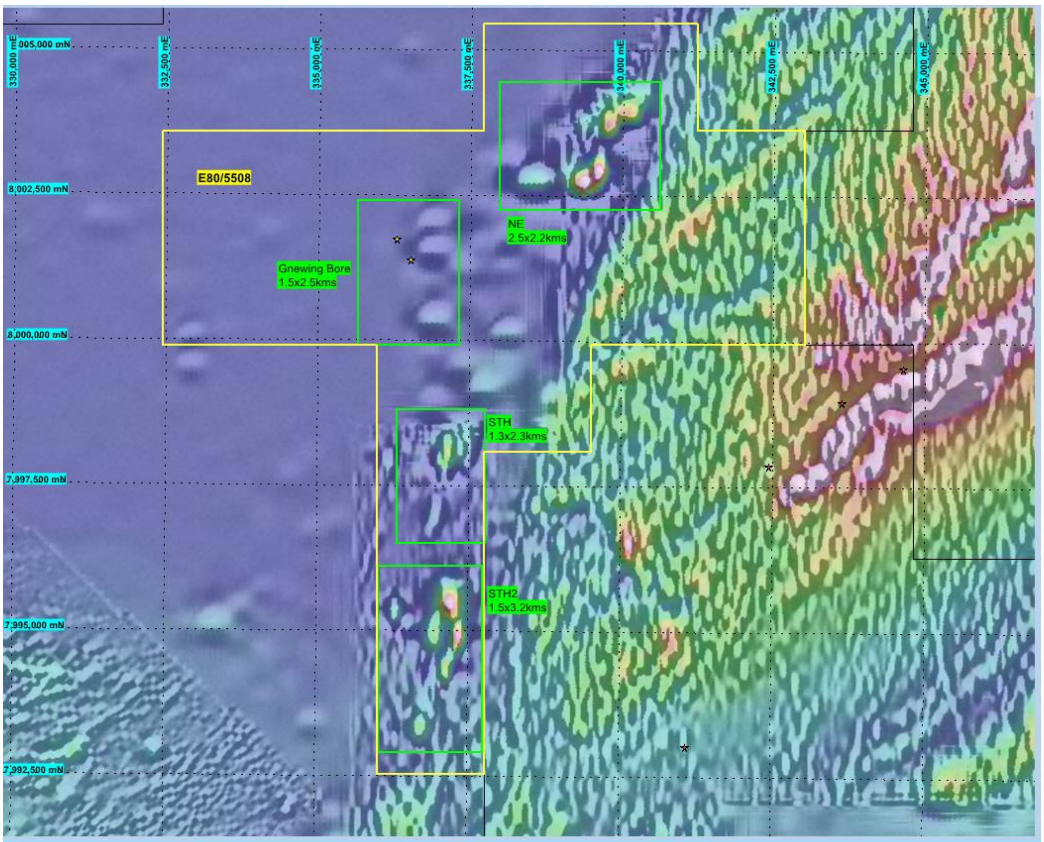

Figure 19. Location of four proposed Gradient Array Induced Polarisation (GAIP) surveys at Gnewing Bore and three regional geophysical targets

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 (MAusIMM). 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 forma 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 financial year, 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.

INFORMATION ON DIRECTORS

Mr. Patrick Burke Non-Executive Chairman

Mr. Burke has extensive legal and corporate advisory experience and over the last 15 years has acted as a director for a large number of ASX companies, as well as NASDAQ and AIM listed companies. His legal expertise is in corporate, commercial and securities law, in particular capital raisings and mergers and acquisitions. Mr. Burke's corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, deal negotiation, structuring and pricing, funding, due diligence and execution.

Mr. Burke is currently Non-Executive Chairman of Meteoric Resources NL and Province Resources Limited and Non-Executive Director of Triton Minerals Limited, Western Gold Resources Limited and Torque Metals Limited, all companies listed on ASX. Mr. Burke holds a Bachelor of Laws from the University of Western Australia.

Mr. Burke resigned as director from Mandrake Resources Limited on 24 March 2022, Koppar Resources Limited on 31 December 2019, Vanadium Resources Limited on 29 November 2019 and Transcendence Technologies Limited on 20 November 2019.

Mr. Thomas Edward Langley Technical Director

Mr. Langley holds a BSc Geology from the University of Western Australia and a MSc Economic Geology from the University of Tasmania (CODES). He has worked for several resource companies including BHP Nickel West, Northern Star Resources and Creasy Group.

Mr. Langley has extensive experience in both exploration and mining geology, including overseeing large scale resource definition drill programs, early-stage project evaluation, project generation and grassroots exploration programs across multiple commodities and deposit types in the Proterozoic Albany - Fraser Range, Proterozoic Paterson Province and the Archean Yilgarn Craton.

Mr. Langley is currently a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM), the Australian Institute of Company Directors (MAICD) and the Australian Institute of Geoscientists (MAIG).

Mr. Langley resigned as Non-Executive Director from Province Resources in April 2021.

Mr. Ranko Matic Non-Executive Director

Mr. Matic is a Chartered Accountant with over 30 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr. Matic is a director of a chartered accounting firm and a corporate advisory company based in Perth, Western Australia and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions Mr. Matic has been involved in an advisory capacity to over 40 initial public offerings and other re-capitalisations and re-listings of ASX companies in the last 20 years.

Mr. Matic is currently a director of ASX listed company Panther Metals Limited and NASQAD listed company Locafy Limited. Mr. Matic is also Executive Chairman of ASX listed company Cavalier Resources Limited. Mr. Matic was a Non-Executive Director of ASX listed company Australian Gold and Copper Limited for the period 4 November 2020 - 12 August 2022. Mr. Matic resigned as Non-Executive Director of Argosy Minerals Limited on 3 September 2021 and Ragusa Minerals Limited on 15 May 2020. Mr. Matic is a director of East Energy Resources Limited which was an ASX Listed Company up until 19 September 2022. Mr. Matic has acted as chief financial officer and company secretary for companies in both the private and public listed sectors and continues to hold various roles in this capacity with publicly listed companies.

Ms. Melanie Jane Ross Chief Financial Officer and Company Secretary

Ms. Ross is an accounting and corporate governance professional with over 20 years' experience in financial accounting and analysis, audit, business and corporate advisory services in public practice, commerce and state government. Ms Ross holds a Bachelor of Commerce and is a member of the Institute of Chartered Accountants in Australia and New Zealand and an associate member of the Governance Institute of Australia.

Ms. Ross is currently a director of a corporate advisory company based in Perth, Western Australia that provides corporate management and other advisory services to public listed companies. Ms. Ross is a director and company secretary for Tempus Resources Limited (ASX: TMR) and Ragusa Minerals Limited (ASX: RAS) and the company secretary for Celsius Resources Limited (ASX: CLA), Great Boulder Resources Limited (ASX: GBR), NT Minerals Limited (ASX: NTM) and Cosmo Metals Limited (ASX:CMO).

INTERESTS IN THE SHARES AND OPTIONS OF THE CONSOLIDATED ENTITY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares and options of Lycaon Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Thomas Langley	450,000	650,000
Patrick Burke	-	600,000
Ranko Matic	775,001	612,500

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of the remuneration for each key management personnel of Lycaon Resources Limited for the financial year ended 30 June 2022.

The remuneration report is set out under the following headings:

A Principles used to determine the nature and amount of remuneration

B Service agreements

C Details of remuneration

D Share-based compensation

E Related party disclosures

The information provided under the headings A-E includes remuneration disclosures that are required under Accounting Standards AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

The remuneration arrangements detailed in this report relate to the following Directors and key management personnel as follows:

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

A. Principles used to determine the nature and amount of remuneration

In determining competitive remuneration rates, the Board, acting in its capacity as the remuneration committee, seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. The Board recognises that Lycaon Resources Limited operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

Market comparisons

Consistent with attracting and retaining talented executives, the board endorses the use of incentive and bonus payments. The board will continue to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the consolidated entity's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

Board remuneration

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act 2001 and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value of the consolidated entity of the respective contributions by each Non-Executive Director. The current amount has been set an amount not to exceed $300,000 per annum. The Board determines actual payments to Directors and reviews their remuneration annually based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of Directors.
A review of Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits. There was no use of external consultants for remuneration advice for the financial year ended 30 June 2022.

Consolidated entity performance, shareholder wealth and directors and executives remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and Directors and executives' performance. Currently, Directors and executives are encouraged to hold shares in the consolidated entity to ensure the alignment of personal and shareholder interests. The consolidated entity provides performance based remuneration via their employee inventive option plan.

B. Service agreements

Employment contracts of key management personnel

Each member of the consolidated entity's key management personnel are employed on open-ended employment contracts between the individual person and the consolidated entity.

Non-Executive Directors and the Technical Director have entered into a service agreement with the consolidated entity in the form of a letter of appointment.

The below is at the date of this financial report:

Key Management Personnel	Appointment	Terms of Agreement	Base Salary (incl. super $p.a.)	Termination Benefit
Patrick Burke	Non-Executive Chairman	No fixed term	$60,000	Nil
Thomas Langley	Technical Director	No fixed term	$90,000	Nil
Ranko Matic	Non-Executive Director	No fixed term	$36,000	Nil

C. Details of remuneration

Amounts of remuneration

The remuneration for each key management personnel of the consolidated entity during the financial year was as follows:

2022

Key Management Personnel	Short-term Benefits				Post-employment Benefits	Share based Payments				
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Performance Rights	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	%	%
Patrick Burke (ii)	42,000	-	-	7,000	-	-	57,120	106,120	-	54%
Thomas Langley (iii)	54,545	-	-	7,862	5,455	-	57,120	124,982	-	46%
Ranko Matic (i)	36,000	-	-	-	-	-	57,120	93,120	-	61%
	132,545	-	-	14,862	5,455	-	171,360	324,222	-	53%

(i) Mr. Matic is a director and shareholder of Consilium Corporate Pty Ltd, which provides directorship, corporate secretarial and accounting services to the consolidated entity.
(ii) Mr. Burke fee increase from $3,000 per month to $5,000 per month effective from 1st April 2022. Patrick Burke also received a $7,000 cash payment as remuneration for additional services provided.
(iii) Mr. Langley received a cash payment of $7,862 for reimbursement for his Director's course.

2021

Key Management Personnel	Short-term Benefits				Post-employment Benefits	Share based Payments				
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Performance Rights	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	%	%
Patrick Burke (i)	13,929	-	-	-	-	-	-	13,929	-	-
Thomas Langley (ii)	12,661	-	-	-	1,267	-	-	13,928	-	-
Ranko Matic (iii)(iv)	13,929	-	-	-	-	-	-	13,929	-	-
	40,519	-	-	-	1,267	-	-	41,786	-	-

(i) Appointed as Non-Executive Chairman effective from 10 February 2021.
(ii) Appointed as Technical Director effective from 10 February 2021.
(iii) Appointed as Non-Executive Director effective from 10 February 2021.
(iv) Mr. Matic is a director and shareholder of Consilium Corporate Pty Ltd which provides directorship, corporate secretarial and accounting services to the consolidated entity.

D. Share-based compensation

Options

The terms and conditions of the unlisted options affecting the remuneration of Directors in this financial year or future reporting years are as follows:

Grant date	Grant date fair value per right	Exercise price	Expiry date	Vesting date
29-Sep-21	$0.0952	$0.30	23-Feb-25	Immediately

Details of options granted as compensation to key management personnel during the financial year:

Name	Number granted	Number vested
Patrick Burke	600,000	600,000
Thomas Langley	600,000	600,000
Ranko Matic	600,000	600,000

Shares
There were no shares issued to the key management personnel during the financial year ended 30 June 2022 (2021: Nil).

Performance rights
There were no performance rights issued to key management personnel during the financial year ended 30 June 2022 (2021: Nil).

Option holding
The number of unlisted options in the consolidated entity held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at start of the year	Number granted during the year	Exercised during the year	Other changes during the year	Balance at the end of the year
Patrick Burke	-	600,000	-	-	600,000
Thomas Langley	50,000	600,000	-	-	650,000
Ranko Matic	12,500	600,000	-	-	612,500
	62,500	1,800,000	-	-	1,862,500

Shareholdings

The number of shares in the consolidated entity held during the financial year by each Director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Name	Balance at start of the year	Number granted during the year	Purchased on-market or IPO acquisitions	Other changes during the year	Balance at the end of the year
Patrick Burke	-	-	-	-	-
Thomas Langley	100,000	-	350,000	-	450,000
Ranko Matic	25,001	-	750,000	-	775,001
	125,001	-	1,100,000	-	1,225,001

E. Related party disclosures

(i) Other transactions with key management personnel and their related parties

Consilium Corporate Pty Ltd, a company of which Mr. Matic is a shareholder and director, is also engaged to perform company secretarial and accounting services at a rate of $7,500 per month (excluding GST). During the financial year ended June 2022, $79,545 (excluding GST) was paid or payable under this agreement.

(ii) Payables owing to related parties

	2022 $	2021 $
Consilium Corporate Pty Ltd[i]	7,554	23,214
	7,554	23,214

(i) Consilium Corporate Pty Ltd, a company of which Mr. Matic is a shareholder and director, is also engaged to company secretarial and accounting services to the consolidated entity, during the financial year ended 30 June 2022.

There are no other transactions with related parties during the financial year ended 30 June 2022.

MEETING OF DIRECTORS

The number of meetings of the consolidated entity's Board of Directors ("the Board") held during the financial year ended 30 June 2022, and the number of meetings attended by each director were:

Name	Number eligible to attend	Number attended
Patrick Burke	2	2
Thomas Langley	2	2
Ranko Matic	2	2

There were 2 Directors meetings held during the financial year, however many board matters were dealt with via circular resolutions. The consolidated entity does not have a formally constituted audit committee or remuneration committee as the board considers that the consolidated entity's size and type of operation do not warrant such committees.

SHARES UNDER OPTION

The number of options over ordinary shares in the consolidated entity as at the date of this report are set out below. Options granted carry no dividend or voting rights.

Grant date	Expiry date	Exercise price $	Number of Options
23/02/2021	23/02/2025	0.3	5,000,000
25/03/2021	23/02/2025	0.3	1,500,000
29/09/2021	23/02/2025	0.3	1,800,000
28/09/2021	23/02/2025	0.3	3,000,000
			11,300,000

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Lycaon Resources Limited that were issued during the financial year and up to the date of this report on the exercise of options granted (2021: Nil).

INDEMNITY AND INSURANCE OF OFFICERS

The consolidated entity has indemnified the Directors and executives of the consolidated entity for the costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the consolidated entity paid a premium in respect of a contract to insure the Directors and executives of the consolidated entity against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The consolidated entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

During the financial year, the consolidated entity has not paid a premium in respect of a contract to insure the auditor of the consolidated entity or any related entity.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the consolidated entity, or to intervene in any proceedings to which the consolidated entity is a party for the purpose of taking responsibility on behalf of the consolidated entity for all or part of those proceedings.

OFFICERS OF THE CONSOLIDATED ENTITY WHO ARE FORMER PARTNERS OF CRITERION AUDIT PTY LTD.

There are no officers of the consolidated entity who are former partners of Criterion Audit Pty Ltd.

AUDITOR

Criterion Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

$2,000 were paid or payable to the auditor for non-audit services provided during the financial year ended 30 June 2022. (2021: $2,000).

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this annual 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: 21 September 2022
Perth

CRITERION AUDIT

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

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 Limited and its controlled entities for the financial year ended 30 June 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

CHRIS WATTS CA
Director

CRITERION AUDIT PTY LTD

DATED at PERTH this 21st day of September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Notes	30 June 2022	30 June 2021 *
		$	$
Other income	3	628	5
Accounting and company secretary fees		(78,667)	(23,214)
Regulatory fees		(75,292)	(5,273)
Audit fees		(25,500)	(5,000)
Directors fees		(114,999)	(41,786)
Due diligence		(14,333)	-
Exclusivity fee		(50,000)	-
Professional fees		(70,000)	(12,000)
Insurance		(22,278)	-
Legal expenses		(159,857)	(76,262)
Marketing		(15,257)	-
Share based payments	10	(171,360)	-
Other expenses		(36,461)	(97)
Loss before income tax		**(833,376)**	**(163,627)**
Income tax expense	4	-	-
Loss for the year		**(833,376)**	**(163,627)**
Other comprehensive loss		-	-
Total comprehensive loss for the year		**(833,376)**	**(163,627)**
Loss per share			
- Basic and diluted loss per share (cents)	15	(3.33)	(2.47)

* The comparative balance represents the period from 10 February 2021 – 30 June 2021.

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	30 June 2022 $	30 June 2021 $
ASSETS			
Current assets			
Cash and cash equivalents	5	3,589,250	340,872
Other assets	6	238,977	9,735
Total current assets		3,828,227	350,607
Non-current assets			
Other assets	6	207,946	
Exploration and evaluation	7	1,570,732	-
Total non-current assets		1,778,678	-
Total assets		**5,606,905**	**350,607**
LIABILITIES			
Current liabilities			
Trade and other payables	8	105,579	114,234
Total current liabilities		105,579	114,234
Total liabilities		**105,579**	**114,234**
Net assets		**5,501,326**	**236,373**
EQUITY			
Issued capital	9	6,041,369	400,000
Reserves	11	456,960	-
Accumulated losses		(997,003)	(163,627)
Total equity		**5,501,326**	**236,373**

The accompanying notes form part of this financial report.

	Issued capital $	Accumulated losses $	Reserves $	Total $
Balance at 10 February 2021 (date of incorporation)	-	-	-	-
Loss for the year	-	(163,627)	-	(163,627)
Total comprehensive loss for the year	-	(163,627)	-	(163,627)
Transactions with owners in their capacity as owners				
Issue of capital	400,000	-	-	400,000
Share issue costs	-	-	-	-
Share based payments	-	-	-	-
Balance at 30 June 2021	**400,000**	**(163,627)**	**-**	**236,373**
Balance at 1 July 2021	400,000	(163,627)	-	236,373
Loss for the year	-	(833,376)	-	(833,376)
Total comprehensive loss for the year	-	(833,376)	-	(833,376)
Transactions with owners in their capacity as owners				
Issue of capital	6,262,500	-	-	6,262,500
Share issue costs	(621,131)	-	-	(621,131)
Share based payments	-	-	456,960	456,960
Balance at 30 June 2022	**6,041,369**	**(997,003)**	**456,960**	**5,501,326**

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	30 June 2022 $	30 June 2021* $
Cash flows from operating activities			
Interest received		628	5
Payments to suppliers and employees		(738,146)	(59,133)
Payments for exploration and evaluation		(5,918)	-
Net cash outflow from operating activities	20	(743,436)	(59,128)
Cash flows from investing activities			
Payments for exploration and evaluation		(612,788)	-
Payments for acquisition of tenements		(88,282)	-
Net cash outflow from investing activities		(701,070)	-
Cash flows from financing activities			
Proceeds from issue of shares		5,000,000	400,000
Share issue costs paid		(307,116)	-
Net cash inflow from financing activities		4,692,884	400,000
Net increase in cash held		3,248,378	340,872
Cash at the beginning of the year		340,872	-
Cash at the end of the year	5	**3,589,250**	**340,872**

* The comparative balance represents the period from 10 February 2021 – 30 June 2021.

The accompanying notes form part of this financial report.

1. Summary of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with *Corporations Act 2001*, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative year is from incorporation on 10 February 2021 until 30 June 2021.

b) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 16.

c) 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 financial year. 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.

d) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting year. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting year; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting year. All other liabilities are classified as non-current.

f) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting year. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

g) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowances for expected credit losses. Trade and other receivables are generally due for settlement within 120 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

h) Exploration and evaluation

Exploration and evaluation expenditures are written off as incurred, except when such costs are expected to be recouped through successful development and exploitation, or sale, of an area of interest. In addition, exploration assets recognised on acquisition of an entity are carried forward provided that exploration and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

The expenditure carried forward when recovery is expected represents an accumulation of direct net exploration and evaluation costs incurred by or on behalf of the consolidated entity and applicable indirect costs, in relation to separate areas of interest for which rights of tenure are current.

h) Exploration and evaluation (continued)

If it is established subsequently that economically recoverable reserves exist in a particular area of interest, resulting in the decision to develop a commercial mining operation, then in that year the accumulated expenditure attributable to that area, to the extent that it does not exceed the recoverable amount for the area concerned, will be transferred to mine development. As such it will be subsequently amortised against production from that area. Any excess of accumulated expenditure over recoverable amounts will be written off to the statement of profit or loss and other comprehensive income.

i) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting year for goods and services received by the consolidated entity during the reporting year which remain unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 – 60 days of recognition.

k) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

l) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with short years to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

n) Other income

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial interest to the net carrying amount of the financial asset.

Other income is recognised when it is received or when the right to receive payment is established.

o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the year in which they are incurred.

p) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Equity-settled compensation

The consolidated entity operates equity-settled share based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting year, with a corresponding increase to an equity account.

Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using an appropriate valuation model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting year such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

q) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the consolidated entity, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

s) Critical accounting judgments, estimates and assumptions

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

Exploration and evaluation expenditure
Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

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 either the Binomial or Black-Scholes 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 annual reporting year but may impact profit or loss and equity.

COVID-19 pandemic
Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographical regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

t) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual financial year ended 30 June 2022. The new or amended Accounting Standards and Interpretations are unlikely to have a significant impact on the consolidated entity.

2. 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.

	2022 $	2021 $
3. Other income		
Interest income	628	5
	628	5

4. Income tax expense

	2022 $	2021 $
Loss before income tax expense	(833,376)	(163,627)
Tax at the Australian tax rate of 30% (2021: 27.5%)	(250,013)	(44,997)
Add / (less) tax effect of:		
Non-allowable items	51,808	18,150
Revenue losses and other deferred tax balances not recognised	198,205	26,847
Income tax expense	-	-
Deferred tax recognised at 30% (2021: 27.5%): [1]		
Deferred tax liabilities:		
Capitalised exploration	(186,682)	-
Deferred tax assets:		
Carry forward revenue losses	186,682	-
Net deferred tax	-	-
Unrecognised deferred tax assets at 30% (2021: 27.5%): [1]		
Carry forward revenue losses	219,342	26,847
Capital raising costs	218,472	-
Provisions and accruals	543	-
Other	62,782	-
	501,139	26,847

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

1 the corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

5. Cash and cash equivalents

	2022 $	2021 $
Cash at bank	3,589,250	340,872

6. Other assets

	2022 $	2021 $
Current		
Prepayments	225,924	-
GST receivables	13,053	9,735
	238,977	9,735
Non-Current		
Prepayments	207,946	-
	207,946	-

7. Exploration and evaluation

	2022 $	2021 $
Opening balance	-	-
Acquisitions during the year[1,2,3]	948,458	-
Expenditure incurred during the year	622,274	-
Closing balance	1,570,732	-

[1]As 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 Purchase consideration	11 November 2021 $
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

[2]As 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[4]	203,282
Trade and other payables	-
	203,282

7. Exploration and evaluation (continued)

[3] On 10 June 2022, the consolidated entity 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 **Purchase consideration**	**10 June 2022** **$**
Shares issued	550,000
Cash paid	85,000
	635,000
Net assets acquired	
Cash and cash equivalents	-
Trade and other receivables	-
Exploration and evaluation[4]	635,000
Trade and other payables	-
	635,000

[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.

8. Trade and other payables

	2022 $	2021 $
Trade creditors	49,747	48,234
Accrued expenses	55,832	66,000
	105,579	114,234

9. Issued capital

	2022 $	2021 $
Ordinary shares – fully paid	6,041,369	400,000
	6,041,369	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 initial public offering	25,000,000	0.20	5,000,000
11 November 2021 – Shares issued for asset acquisition	1,500,000	0.20	300,000
3 June 2022 – Shares issued in lieu of contract services	1,031,250	0.40	412,500
10 June 2022 – Shares issued for asset acquisition	1,375,000	0.40	550,000
Capital raising costs	-		(621,131)
30 June 2022 – Closing balance	36,906,251		6,041,369

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

For the options issued during the current year, 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 at grant date $	Exercise price $	Expected volatility %	Dividend yield %	Number of options	Value per option $	Total value $
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 17 November 2023.

Set out below is a summary of the movements in options on issue during the year:

Grant date	Expiry date	Exercise price $	Balance at the start of the year	Granted	Exercised	Expired/ forfeited	Balance at the end of the year
23/02/2021	23/02/2025	0.30	-	5,000,000	-	-	6,500,000
25/03/2021	23/02/2025	0.30	-	1,500,000	-	-	1,500,000
29/09/2021	23/02/2025	0.30	-	1,800,000	-	-	1,800,000
28/09/2021	23/02/2025	0.30	-	3,000,000	-	-	3,000,000
			-	11,300,000	-	-	11,300,000
Weighted average exercise price			-	$0.30	-	-	$0.30

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	Exercise price $	2022 #
23 February 2021	23 February 2025	0.30	5,000,000
25 March 2021	23 February 2025	0.30	1,500,000
29 September 2021	23 February 2025	0.30	1,800,000
28 September 2021	23 February 2025	0.30	3,000,000
			11,300,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.65 years (2021: Nil).

	2022 $	2021 $
11. Reserves		
Reserves		
Share based payments reserve	456,960	-
	456,960	-
Movements		
Balance at beginning of year	-	-
Share based payments expense for the year (Note 10)	171,360	-
Share based payments recognised in equity as share issue costs (Note 10)	285,600	-
Balance at end of year	456,960	-

12. Key management personnel disclosures

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	2022 $	2021 $
Short-term employee benefits	147,407	40,519
Post-employment benefits	5,455	1,267
Share-based payments	171,360	-
	324,222	41,786

13. 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 financial year, Consilium Corporate Pty Ltd invoiced the consolidated entity $79,545 for CFO and corporate secretarial fees. As at 30 June 2022, amount owing to Consilium Corporate was $7,554.

14. Commitments for expenditure

Capital

There are no capital commitments at 30 June 2022 (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 years. 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.

	2022 $	2021 $
The consolidated entity has tenement rental and expenditure commitments payable of:		
- Not later than 12 months	275,000	-
- Between 12 months and 5 years	465,000	-
- Over 5 years	1,190,000	-
	1,930,000	-

15. Earnings per share

	2022 $	2021 $
Loss after income tax	(833,376)	(163,627)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	25,002,056	6,624,114
Basic and diluted loss per share (cents)	(3.33)	(2.47)

16. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same of those applied in the consolidated financial statements except as set out below. Refer to Note 1 for a summary of the significant accounting policies of the consolidated entity.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment.

Financial position

	Parent	
	2022	**2021**
	$	**$**
Assets		
Current assets	4,035,681	-
Non- current assets	1,567,315	-
Total assets	5,602,996	-
Liabilities		
Current liabilities	98,020	-
Total liabilities	98,020	-
Net assets	5,504,976	-
Equity		
Issued capital	6,041,369	-
Reserves	456,960	-
Accumulated losses	(993,353)	-
Total equity	5,504,976	-
Financial performance		
Loss for the year	829,727	-
Other comprehensive loss	-	-
Total comprehensive loss	829,727	-

Contingent assets
The parent entity had no contingent assets as at 30 June 2022 and 30 June 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments
The parent entity had no capital commitments as at 30 June 2022 and 30 June 2021.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following: Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Interest in subsidiaries
The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries.

			Percentage Owned (%)	
Name of entity	**Country of Incorporation**	**Class of Shares**	**2022**	**2021**
Matmetals WA Pty Ltd[1]	Australia	Ordinary	100%	-
East Kimberley Resources Pty Ltd[1]	Australia	Ordinary	100%	-

[1]As disclosed in Note 7, Lycaon Resources Limited acquired 100% interest in Matmetals WA Pty Ltd and East Kimberley Resources Pty Ltd during the financial year.

17. Contingent liabilities

On 10 June 2022, the consolidated entity entered into a royalty deed with Uramin Pty Ltd (Uramin). As part of the deed, the consolidated entity has agreed to pay Uramin a 0.5% Net Smelter Return Royalty (NSRR) on gross revenue arising from all minerals produced from the tenement area E80/4955. (2021: Nil).

18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Criterion Audit Pty Ltd, the auditor of the consolidated entity:

	2022 $	2021 $
Audit and review of the financial statements - Criterion Audit	23,500	3,000
Investigating Accountant's Report - Criterion Audit	2,000	2,000
	25,500	5,000

19. Dividends

The consolidated entity has not declared nor paid a dividend for the financial year (2021: Nil).

20. Cash flow information	2022 $	2021 $
(a) Reconciliation of cash flow from operations with operating loss		
Operating loss after income tax	(833,376)	(163,627)
- Share based payments	186,617	-
- Depreciation	-	-
Changes in assets and liabilities:		
- (Increase)/decrease in other assets	(22,422)	(9,735)
- (Increase)/decrease in exploration and evaluation	(5,918)	-
- Increase/(decrease) in trade and other payables	(68,337)	114,234
Net cash flow used in operating activities	(743,436)	(59,128)

21. Financial management

The consolidated entity's principal financial instruments comprise cash and short-term deposits. The consolidated entity has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The consolidated entity's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange risk and cash flow interest rate risk. The consolidated entity is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

(a) Market risk

(i) Interest rate risk

The consolidated entity is not materially exposed to interest rate risk.

21. Financial management (continued)

(b) Credit risk

The consolidated entity does not have significant concentrations of credit risk. Credit risk is managed by the Board of Directors and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances are held in Australia.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The consolidated entity's exposure to the risk of changes in the market interest rates relate primarily to cash assets.

The Directors monitor the cash-burn rate of the consolidated entity on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the consolidated entity had a reporting date were other payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturity analysis for financial liabilities

Financial liabilities of the consolidated entity comprise of trade and other payables. As at 30 June 2022, all financial liabilities are contractually maturing within 60 days.

(d) Foreign exchange risk

The consolidated entity is not exposed to any foreign exchange risk.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the consolidated entity at the reporting date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

22. Events after the reporting date

The Directors are not aware of any matters or circumstances that have arisen since the end of the financial year, 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.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Patrick Burke
Non-Executive Chairman

Date: 21 September 2022
Perth

CRITERION AUDIT

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 Report

To the Members of Lycaon Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lycaon Resources Limited ("the Company") and its controlled entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of Lycaon Resources Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for an Asset Acquisition (Refer to Note 7) As disclosed in the financial report, during the year the Company acquired Matmetals Pty Ltd and East Kimberley Resources Pty Ltd (unlisted entities incorporated in Australia), and the Julimar and Rocky Dam Projects. The accounting for these acquisitions are key audit matters due to the effect of the arrangements which are accounted for as Asset Acquisitions. Furthermore, there is significant judgment involved in the determination of the value of the purchase consideration settled by the issue of shares.	Our procedures included, amongst others: • Reading the terms and conditions of the sale and purchase agreement and checking whether the transaction constituted a business combination or an asset acquisition. • Assessing management's accounting treatment in accordance with applicable accounting standards. • Assessing the fair value of consideration by checking the underlying assumptions used in the valuation against comparable transactions and market information. • Considering whether any fair values or adjustments to fair values have been dealt with in accordance with generally accepted accounting principles. • Assessing the appropriateness of the acquisition journals at acquisition date. • Assessing the completeness and adequacy of the related disclosures in the financial report.
Exploration and Evaluation Expenditure – $1,570,732 **(Refer to Note 7)** Exploration and evaluation is a key audit matter due to: • The significance of the balance to the Consolidated Entity's financial position. • The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting	Our procedures included, amongst others: • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Consolidated Entity holds an interest and the exploration programmes planned for those tenements. • For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and

standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.

- The assessment of impairment of exploration and evaluation expenditure being inherently difficult.

evaluating agreements in place with other parties as applicable;

- We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;
- We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.
- We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure:
    - the licenses for the right to explore expiring in the near future or are not expected to be renewed;
    - substantive expenditure for further exploration in the specific area is neither budgeted or planned
    - decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and
    - data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.
- We assessed the completeness and adequacy of the related disclosures in the financial report.

Share-based payments (Refer to Note 10)	Our procedures included, amongst others:
Share-based payments is a key audit matter due to: • The significance of the balance to the Company's financial performance and position. • The level of judgement required in evaluating management's application of the requirements of AASB 2 *Share-based Payment* which requires the application of significant judgements and estimates.	• Verifying the key terms and conditions of the equity settled share based payments including number of equity instruments granted, exercise price and vesting conditions to the relevant agreements and award letters. • Assessing the fair value calculation of options granted by checking the accuracy of the inputs to the option pricing model adopted for that purpose. • Testing the accuracy of the amortisation of share-based payments over the vesting period and the recording of an expense in the statement of profit or loss and an increment to the share based payment reserve. • We assessed the appropriateness of the related disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Lycaon Resources Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

CRITERION AUDIT PTY LTD

CHRIS WATTS CA
Director

DATED at PERTH this 21st day of September 2022

ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 6 September 2022.

(a) Corporate governance statement

The Company's 2022 Corporate Governance Statement has been released as a separate document and is located on our website at https://www.lycaonresources.com/investors.

(b) Distribution of equity securities

Analysis of number of equity security holders by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	13	6,216	0.02
1,001 – 5,000	67	178,438	0.48
5,001 – 10,000	59	536,138	1.45
10,001 – 100,000	348	13,533,110	36.67
100,001 – 9,999,999,999	69	22,652,349	61.38
Total	**556**	**36,906,251**	**100**

Unmarketable Parcels

Minimum $500.00 parcel at $0.29 per unit is 35 holders with 34,676 shares.

(c) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Name	Units	% of Units
1	Inyati Fund Pty Ltd <Inyati Fund No2 Unit A/C> [1]	2,250,000	6.10
2	S3 Consortium Holdings Pty Ltd <NextInvestors Dot Com A/C>	1,631,250	4.42
3	Reco Holdings Pty Ltd <Reco Super Fund A/C>	1,343,000	3.64
4	Peter & Tanya-Lee Wall <Wall Family Super Fund A/C>	906,250	2.46
5	UPSKY EQUITY PTY LTD <UPSKY INVESTMENT A/C>	800,000	2.17
6	CONSILIUM CORPORATE ADVISORY PTY LTD	775,000	2.10
7	MR MICHAEL OWEN SHERRY	640,000	1.73
8	Melbor Pty Ltd <RJW Family A/C>	625,000	1.69
9	Anthony Stephen Cormack	500,000	1.35
10	Julian Rodney Stephens <One Way A/C>	500,000	1.35
11	"OKAWARI CONSORTIUM PTY LTD	500,000	1.35
12	DREADNOUGHT RESOURCES LIMITED	500,000	1.35
13	"MR JOHN HARDING &	500,000	1.35
14	"GLOBAL CONSORTIUM HOLDINGS PTY LTD	500,000	1.35
15	WESTBELLE PTY LTD <THE STATION A/C>	450,000	1.22
16	MR THOMAS MILENTIS	375,000	1.02
17	"MR THOMAS EDWARD LANGLEY	350,000	0.95
18	"MR RICHARD G DOUGLAS READING &	340,000	0.92
19	MRS JAYNE HUCKLE	340,000	0.92
20	URAMIN PTY LTD	312,500	0.85
Total		**14,138,000**	**38.29**

[1] Inyati Fund Pty Ltd <Inyati Fund No2 Unit A/C> is a substantial holder of Lycaon Resources Limited, holding 6.1% of total ordinary shares.

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) The number of restricted equity securities / securities subject to voluntary escrow

- 6 shareholders holding 3,987,501 fully paid ordinary shares are restricted until 17 November 2023
- 3 shareholders holding 1,000,000 fully paid ordinary shares are restricted until 10 November 2022
- 2 shareholders holding 625,000 fully paid ordinary shares are voluntary escrowed until 17 September 2023
- 8 optionholders holding 8,662,500 unlisted options restricted until 17 November 2023

(f) Unlisted securities

The following options are on issue:

- 2 optionholders holding 1,250,000 unlisted options with an exercise price of $0.30 expiring 23 February 2025
- 19 optionholders holding1,387,500 unlisted options with an exercise price of $0.30 expiring 23 February 2025
- 8 optionholders holding 8,662,500 unlisted options with an exercise price of $0.30 expiring 23 February 2025 ESC 24M

Inyati Fund Pty Ltd holds 4,000,000 unlisted options which equates to 35% of the unlisted options on issue.

(g) First Annual Report after admission

The Company confirms that the cash raised has been used consistently with its business objectives.

(h) Schedule of tenements

Project	Tenement	Location	Interest at 6 September 2022
Gnewing Bore (MatMetals Pty Ltd)	E 80/5508	WA	100%
Julimar Project	E 70/5415, E 70/5416	WA	100%
Rocky Dam Project	E 25/533, E 27/611, E 27/612, E 25/599, E 28/2988, E 28/2996, E 28/2997, E 28/3000, E 28/3001, ELA 27/634	WA	100%
Bow River and Salt Lick (East Kimberley Resources Pty Ltd)	E80/4955	WA	100%
Castlereagh	ELA 80/5774	WA	100%