

**Lycaon Resources Limited**

**ACN 647 829 749**

**Financial Report**

**for the period**

**10 February 2021 (date of incorporation) to 30 June 2021**

**Lycaon Resources Limited**  
**Directors' Report**  
**30 June 2021**

The directors present their report, together with the financial statements, of Lycaon Resources Limited (referred to hereafter as the 'company') for the period 10 February 2021 to 30 June 2021.

**Directors**

The following persons were directors of Lycaon Resources Limited during the period 10 February 2021 to 30 June 2021 and up to the date of this report, unless otherwise stated:

Patrick Burke – Non-Executive Chairman (appointed on 10 February 2021)

Thomas Langley – Technical Director (appointed on 10 February 2021)

Ranko Matic – Non-Executive Director (appointed on 10 February 2021)

**Principal activities**

The principal activities of the company during the period was the review of mining projects for acquisition. Since incorporation the Company has undertaken pre-listing activities and seed raisings; entered into a share sale agreement to acquire Matmetals WA Pty Ltd which holds the Gnewing Project for a proposed consideration of 500,000 fully paid ordinary shares at a deemed issue price of \$0.20 per Lycaon Share and entered into a tenement sale agreement to acquire the Julimar Project and the Rocky Dam Project for a proposed consideration for each project of 500,000 fully paid ordinary shares at a deemed issue price of \$0.20 per Lycaon Share.

***The Gnewing Project (Silver-Gold)***

A high-grade gold silver project located in the emerging Halls Creek orogenic belt, along the eastern side of the Kimberley. The Gnewing Project comprises of exploration licence E80/5508. The Company expects the exploration licence to be granted in May/June 2021.

The project is situated close to regional centre Halls Creek and Great Northern Highway. The area is a historical high grade gold province with little modern attention.

***Julimar Project (Nickel, Copper and PGEs)***

Comprising of one granted exploration licence (E70/5416) and one exploration licence application (E70/5415) located in the Western Yilgarn area of Western Australia. The exploration licences are broadly in the same area as Chalice's Julimar discover and also where multiple other ASX listed entities are currently advancing exploration programs (such as Mandrake Resources and Pursuit Minerals).

The Company considers that the tenements may be prospective for nickel, copper and PGEs, but limited exploration has been conducted on the tenements to date.

***Rocky Dam Project (Gold)***

Comprises of multiple tenements covering approximately 182km<sup>2</sup>, a significant landholding in the highly prospective Norseman - Wiluna Greenstone Belt around the Yindarlgooda Dome within the Eastern Goldfields.

The area of the project is located only 45kms east of Kalgoorlie via sealed and well-maintained gravel roads, close to significant mining infrastructure and surrounded by active explorers.

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

**Review of operations**

The loss for the company after providing for income tax was \$163,627.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial period.

#### **Matters subsequent to the end of the financial period**

The Company intends to settle the acquisition of Matmetals WA Pty Ltd, the Julimar Project and the Rocky Dam Project and pursue admission to officially list on the Australian Securities Exchange (ASX).

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

Other than the above, no matters or circumstances that have arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

#### **Likely developments and expected results of operations**

The company expects to maintain the present status and level of operations and hence, there are no likely developments in operations in the near future.

#### **Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

#### **Information on directors**

##### **Patrick Burke (Non-Executive Chairman)**

###### **LLB**

Mr Burke holds a Bachelor of Laws from the University of Western Australia. He has extensive legal and corporate advisory experience and over the last 15 years has acted as a director for a large number of ASX, 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 structuring and pricing, funding, due diligence and execution. Mr Burke is currently Non-Executive Chairman of ASX listed Mandrake Resources Limited, Non-Executive Director of Triton Minerals Limited, Non-Executive Director of Province Resources Limited and Executive Chairman of Meteoric Resources Limited.

The Board considers that Mr Burke is an independent director.

##### **Thomas Langley (Technical Director)**

###### **BSc, Msc Economic Geology**

Thomas has a passion for geology and the environment, completing a BSc Geology at The University of Western Australia with a focus on environmental and resource economics. In conjunction with employment at resource companies including BHP Nickel West, Northern Star Resources and Creasy Group, Tom completed a MSc Economic Geology at The University of Tasmania (CODES) in 2018.

Thomas has extensive experience in both exploration and mining geology. His technical skills include overseeing large scale resource definition drill programs, early-stage project evaluation, project generation and grass roots exploration programs across multiple commodities and deposit types. These exploration programs include nickel and copper in the Proterozoic Albany- Fraser Range, gold and copper in the Proterozoic Paterson Province, and gold in the Archean Yilgarn Craton.

Thomas has identified, pegged and vended several WA resource-based projects into ASX companies, such as the Grace gold-copper project in the Paterson Province. Tom's involvement in the resource industry has given him a comprehensive understanding of the Department of Mines Industry Safety Regulation frameworks and policies.

Mr Langley also brings operational management experience due to his founding of DT Sands, a waterwell sands business supplying clients such as Rio Tinto and Hancock Prospecting. Thomas is currently the Chief Operating Officer of Province Resources Limited which is currently progressing the HyEnergy Zero Carbon Hydrogen Project and is involved in the operations side of the business.

The Board considers that Mr Langley is an independent director.

**Lycaon Resources Limited**  
**Directors' Report**  
**30 June 2021**

**Ranko Matic (Non-Executive Director)**

**B.Bus, CA**

Mr. Ranko Matic is a Chartered Accountant with over 30 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Ranko is a director of a chartered accounting firm and a corporate advisory company based in Perth, and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations.

Through these positions Ranko 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 non-executive director of ASX listed company Argosy Minerals Ltd and Australian Gold & Copper Ltd. Mr Matic has also acted as Chief Financial Officer and Company Secretary for companies in the private and public listed sector and continues to hold various roles in this capacity with publicly listed companies.

The Board considers that Mr Matic is not an independent director.

**Melanie Ross (Chief Financial Officer and Company Secretary)**

**CA, AGIA ACG**

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. She has 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. She is a director and company secretary for Tempus Resources Ltd (ASX: TMR) and the company secretary for Celsius Resources Ltd (ASX: CLA), Great Boulder Resources Ltd (ASX: GBR), Ragusa Minerals Ltd (ASX: RAS) and Redbank Copper Ltd (ASX: RCP).

**Shares under option**

Unissued ordinary shares of Lycaon Resources Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
23 February 2021	23 February 2025	\$0.30	5,000,000
25 March 2021	23 February 2025	\$0.30	1,500,000

**Shares issued on the exercise of options**

There are no ordinary shares of Lycaon Resources Limited issued on the exercise of options during the period ended 30 June 2021 and up to the date of this report.

**Related parties disclosure**

Mr Ranko Matic is a director and sole shareholder of Matmetals WA Pty Ltd, which the Company intends to acquire subsequent to the period ended 30 June 2021.

**Indemnity and insurance of auditor**

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

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

**Indemnity and insurance of officers**

The company has indemnified the directors and executives of the company for 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.

Subsequent to the financial period, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Proceedings on behalf of the company**

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

**Lycaon Resources Limited**  
**Directors' Report**  
**30 June 2021**

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' 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



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**Patrick Burke**  
**Non-Executive Chairman**

22 September 2021  
Perth, Western Australia

Criterion Audit Pty Ltd

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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 for the financial period ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the 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 22<sup>nd</sup> day of September 2021

## Lycaon Resources Limited

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30 June 2021

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#### General information

The financial statements cover Lycaon Resources Limited as a single entity. The financial statements are presented in Australian dollars, which is Lycaon Resources Limited's functional and presentation currency.

Lycaon Resources Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

##### Registered office

Level 2, 22 Mount Street  
Perth WA 6000

##### Principal place of business

Level 2, 22 Mount Street  
Perth WA 6000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 September 2021. The directors have the power to amend and reissue the financial statements.

**Lycaon Resources Limited**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the period ended 30 June 2021**

	<b>Note</b>	<b>2021</b> <b>\$</b>
<b>Revenue from continuing operations</b>		
Other income		5
<b>Expenses</b>		
Audit fees		(5,000)
Consulting fees		(12,000)
Director fees		(41,786)
Legal and other professional fees		(99,476)
Regulatory fees		(5,273)
Other expenses		(97)
<b>Loss before income tax expense</b>		<b>(163,627)</b>
<b>Income tax expense</b>		<b>-</b>
<b>Loss after income tax expense for the period</b>		<b>(163,627)</b>
<b>Total comprehensive loss for the period</b>		<b>(163,627)</b>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*



**Lycaon Resources Limited**  
**Statement of Financial Position**  
**As at 30 June 2021**

	<b>Note</b>	<b>2021 \$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3	340,872
Other receivables		<u>9,735</u>
Total current assets		<u>350,607</u>
<b>Total assets</b>		<u><b>350,607</b></u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables		48,234
Accrued expenses		<u>66,000</u>
Total current liabilities		<u>114,234</u>
<b>Total liabilities</b>		<u><b>114,234</b></u>
<b>Net asset</b>		<u><u><b>236,373</b></u></u>
<b>Equity</b>		
Issued capital	4	400,000
Accumulated losses		<u>(163,627)</u>
<b>Total equity</b>		<u><u><b>236,373</b></u></u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Lycaon Resources Limited**  
**Statement of Changes in Equity**  
**For the period ended 30 June 2021**

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 10 February 2021 (date of incorporation)	-	-	-
Profit/(loss) after income tax expense for the period	-	(163,627)	(163,627)
Total comprehensive income for the period	-	(163,627)	(163,627)
Issue of capital (net of costs)	400,000	-	400,000
<b>Balance at 30 June 2021</b>	<b>400,000</b>	<b>(163,627)</b>	<b>236,373</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Lycaon Resources Limited**  
**Statement of Cash Flows**  
**For the period ended 30 June 2021**

	<b>Note</b>	<b>2021 \$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees		(59,133)
Interest received		<u>5</u>
Net cash used in operating activities		<u>(59,128)</u>
 <b>Cash flows from financing activities</b>		
Proceeds from issue of shares, net of share issue costs		<u>400,000</u>
Net cash from financing activities		<u>400,000</u>
 Net increase in cash and cash equivalents		340,872
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period	<b>3</b>	<b><u><u>340,872</u></u></b>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Lycaon Resources Limited**  
**Notes to the Financial Statements**  
**30 June 2021**

**Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below.

The Notes include information which is required to understand the Financial Statements and is material and relevant to the operations and the financial position and performance of the Company.

Information is considered relevant and material if:

- The amount is significant due to its size or nature
- The amount is important in understanding the results of the Company
- It helps to explain the impact of significant changes in the Company's business
- It relates to an aspect of the Company's operations that is important to its future performance.

**New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Basis of preparation**

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

**Interest**

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 period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Other revenue**

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

**Note 1. Significant accounting policies (continued)**

**Income tax**

The income tax expense (revenue) for the period 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 period. 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 period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. 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 periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

The prima facie income tax benefit on pre-tax accounting profit/(loss) from operations reconciles to the income tax benefit in the financial statements as follows:

	<b>2021</b>
	<b>\$</b>
Accounting profit/(loss) before income tax	(163,627)
Income tax expense/(benefit) calculated at 27.5%	(44,997)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:	
Non-Deductible Expenses	18,150
Current and deferred tax expense/(benefit) not recognised	26,847
Income tax expense benefit on profit/(loss) before tax reported in the Statement of Profit or Loss and Other Comprehensive Income	-

The tax rate used in the above reconciliation is the corporate tax rate of 27.5% payable by Australian corporate entities on taxable profits under Australian tax law.

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items:

	<b>2021</b>
	<b>\$</b>
Unrecognised tax losses – Revenue	97,627
Unrecognised tax losses – Total	97,627
Unrecognised deferred tax asset on unused tax losses	26,847

These tax losses are available for offset against future taxable profits of the Company subject to continuing to meet the relevant statutory tests.

**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 Company'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 period; 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 period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company'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 period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**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 periods to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**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.

**Trade and other payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period 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.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Company has no material exposures to interest rate risk, credit risk, liquidity risk or capital risk management and all financial assets and liabilities are non-interest bearing.

**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.

**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.

**Lycaon Resources Limited**  
**Notes to the Financial Statements**  
**30 June 2021**

**Comparative Figures**

No comparative figures are available as this is the first financial statements since incorporation.

**New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company during the financial period.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the Company when adopted in future periods, are discussed below:

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the company's financial statements.

**Segment Reporting**

The Directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

**Related Parties**

Other than where stated, services provided by related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. No amounts have been paid to any related parties but amounts owing at 30 June 2021 include \$13,928 to each Director for director fees and \$23,214 to Consilium Corporate Pty Ltd for accounting fees in which Mr Ranko Matic is a Director and part shareholder.

**Note 2. Critical accounting judgements, estimates and assumptions**

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

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

**2021**  
**\$**

**Note 3. Cash and cash equivalents**

Cash at bank	340,872
	<b><u>340,872</u></b>
Reconciliation of loss to net cash used in operating activities	
Loss for the reporting period	(163,627)
Operating loss before income tax	(163,627)
Changes in working capital:	
(Increase)/decrease in Trade and other receivables	(9,735)
Increase/(decrease) in Trade and other payables	114,234
<b>Net cash outflows from operating activities</b>	<b><u>(59,128)</u></b>

**CV Check Pty Ltd**  
**Notes to the financial statements**  
**30 June 2014**

**Note 4. Equity - Issued capital**

	2021 Shares	2021 \$
Ordinary shares - fully paid	8,000,001	400,000

*Movements in ordinary share capital*

Details	Date	No of shares	Issue price	\$
Opening Balance - (incorporation)	10 February 2021	1	\$0.01	-
23 February 2021 – Founder raising	23 February 2021	5,000,000	\$0.02	100,000
25 March 2021 – Seed raising	25 March 2021	3,000,000	\$0.10	300,000
Closing Balance – 30 June 2021		<u>8,000,001</u>		<u>400,000</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Options on issue*

Details	Date	No of options	Issue price	\$
Opening Balance - (incorporation)	10 February 2021	-	-	-
23 February 2021 – Founder raising	23 February 2021	5,000,000	Nil	-
25 March 2021 – Seed raising	25 March 2021	1,500,000	Nil	-
Closing Balance – 30 June 2021		<u>6,500,000</u>		<u>-</u>

*Free attaching options*

The options were issued as part of the founder and seed raising for nil consideration.

**Note 5. Contingent assets**

The Company intends to settle the acquisition of the Gnewing, Julimar and Rocky Dam projects, which is contingent on satisfying various conditions precedent outlined in the acquisition agreements. One of the key conditions outlined is that the acquisitions are subject to a successful Initial Public Offering (IPO) of the Company, with the acquisitions being settled and satisfied by the issue of Lycaon shares.

*Other conditions precedent include:*

- (a) Due Diligence
- (b) ASX conditional approval
- (c) Lycaon & Matmetals shareholder approvals (*applicable only to Matmetals WA Pty Ltd acquisition*)
- (d) Regulatory and Third Party approvals

The Company has no other contingent assets as at 30 June 2021.



**Pinnacle Unlisted Public Special Purpose Limited**  
**Notes to the financial statements**  
**30 June 2014**

**Note 39. Contingent assets (continued)**

**Note 6. Contingent liabilities**

*Matmetals WA Pty Ltd*

On 19 February 2021, the Company entered into a binding term sheet with Matmetals WA Pty Ltd ("Matmetals") to acquire 100% of the fully paid ordinary shares in the capital of Matmetals. The acquisition is subject to both parties meeting the conditions precedent as set out in the binding term sheet.

Subject to the terms and conditions of the binding term sheet and on settlement of the acquisition, the Company agrees to issue 500,000 fully paid ordinary shares in the capital of Lycaon at a deemed issue price of \$0.20 per Lycaon Share (Consideration Shares) to the Shareholder (or its nominee) in consideration for the acquisition.

*Julimar Tenements*

On 18 March 2021, the Company entered into a binding term sheet with the Vendors who are the 100% legal and beneficial owner of the granted exploration licence EL 70/5416 and exploration licence application EL 70/5415 ("the tenements"). The acquisition is subject to both parties meeting the conditions precedent as set out in the binding term sheet.

Subject to the terms and conditions of the binding term sheet and on settlement of the acquisition, the Company agrees to issue 500,000 fully paid ordinary shares in the capital of Lycaon at a deemed issued price of \$0.20 per Lycaon Share (Consideration Shares) to the Vendors (or their nominees) in the consideration for the acquisition.

*Rocky Dam Tenements*

On 19 June 2021, the Company entered into a binding term sheet with Dreadnought (Yilgarn) Pty Ltd ("the Vendor") who is the 100% legal and beneficial owner of the granted exploration licences and exploration licence applications set out within the agreement. The acquisition is subject to both parties meeting the conditions precedent as set out in the binding term sheet.

Subject to the terms and conditions of the binding term sheet and on settlement of the acquisition, the Company agrees to issue 500,000 fully paid ordinary shares in the capital of Lycaon at a deemed issue price of \$0.20 per Lycaon Share (Consideration Shares) to the Vendor (or its nominees) in the consideration of the acquisition.

The Company has no other contingent liabilities as at 30 June 2021.

**Note 7. Commitments**

The Company has no capital or other expenditure commitments as at 30 June 2021.

**Note 8. Events subsequent to reporting date**

The Company intends to settle the acquisition of Matmetals WA Pty Ltd, the Julimar Project and the Rocky Dam Project and pursue admission to officially list on the Australian Securities Exchange (ASX).

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

Other than the above, no matters or circumstances that have arisen since 30 June 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Lycaon Resources Limited**  
**Directors' Declaration**  
**30 June 2021**

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 2021 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



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**Patrick Burke**  
**Non-Executive Chairman**

22 September 2021  
Perth, Western Australia

Criterion Audit Pty Ltd

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## **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"), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period 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 Company's financial position as at 30 June 2021 and of its financial performance for the period 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.

## **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 Company 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 Company 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 Company'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 Company'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 Company 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.

*Criterion Audit*

**CRITERION AUDIT PTY LTD**

*Watts*

**CHRIS WATTS CA**  
**Director**

DATED at PERTH this 22<sup>nd</sup> day of September 2021