

**ADDRESS**

Level 2, 22 Mount Street
Perth WA 6000

PHONE

+61 (08) 6188 8181

ABN

80 647 829 749

WEBSITE

www.lycaonresources.com

18 January 2022

Quarterly Activities Report 31 December 2021

Highlights

- Julimar first pass auger geochemical sampling completed to investigate potential multi-element anomalism related to primary mineralisation
- Geophysical service provider New Resolution Geophysics appointed to complete helicopter electromagnetic survey (HEM) at the Julimar Project early 2022
- Kalgoorlie based drilling company Topdrill to undertake RC drilling at the Rocky Dam Project H1 2022
- Review of Kimberley project Gnewing Bore highlighted a high priority 50m long gossanous outcrop with limited historical work returned high grade 5m @ 3.31g/t Au in rock-chip sampling, along with silver and copper mineralisation

Lycaon Resources Limited (ASX:LYN) ("the **Company** or **Lycaon**") is pleased to report on its first quarter activities after its admission to the ASX.

Corporate

IPO raises \$5 million

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



Figure 1. Lycaon Resources three major projects located in Western Australia.

Projects Summary

Julimar Project (Nickel-Copper-PGE)

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

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

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

Chalice's Julimar results to date appear to support this assessment.

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.

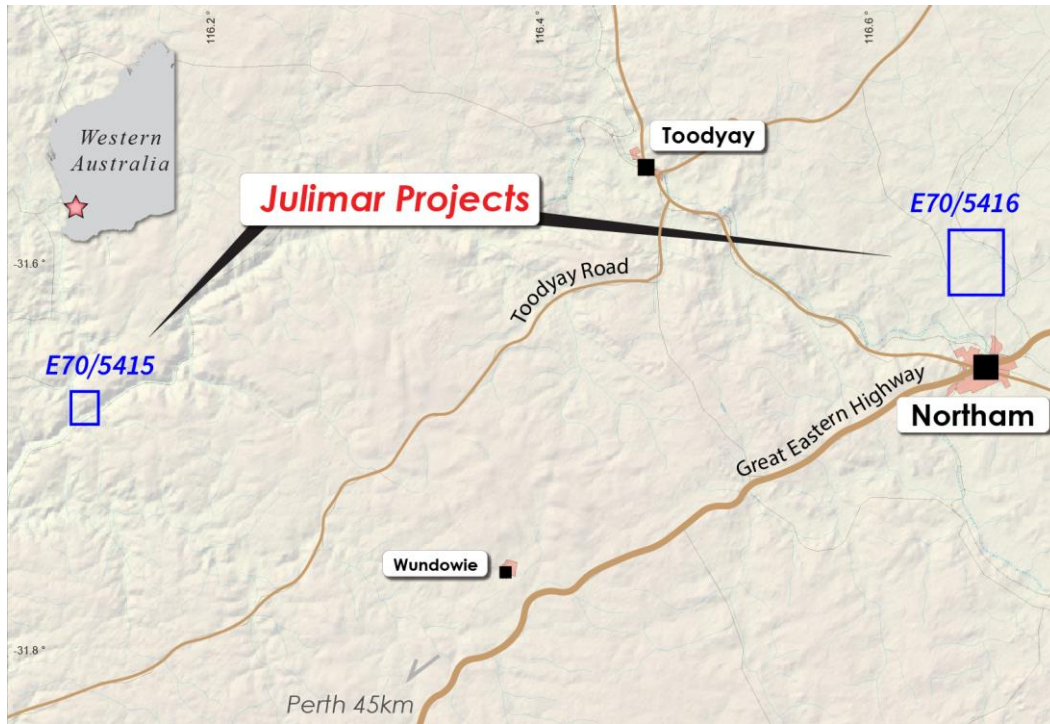


Figure 2. Lycaon Resources Julimar Project location.

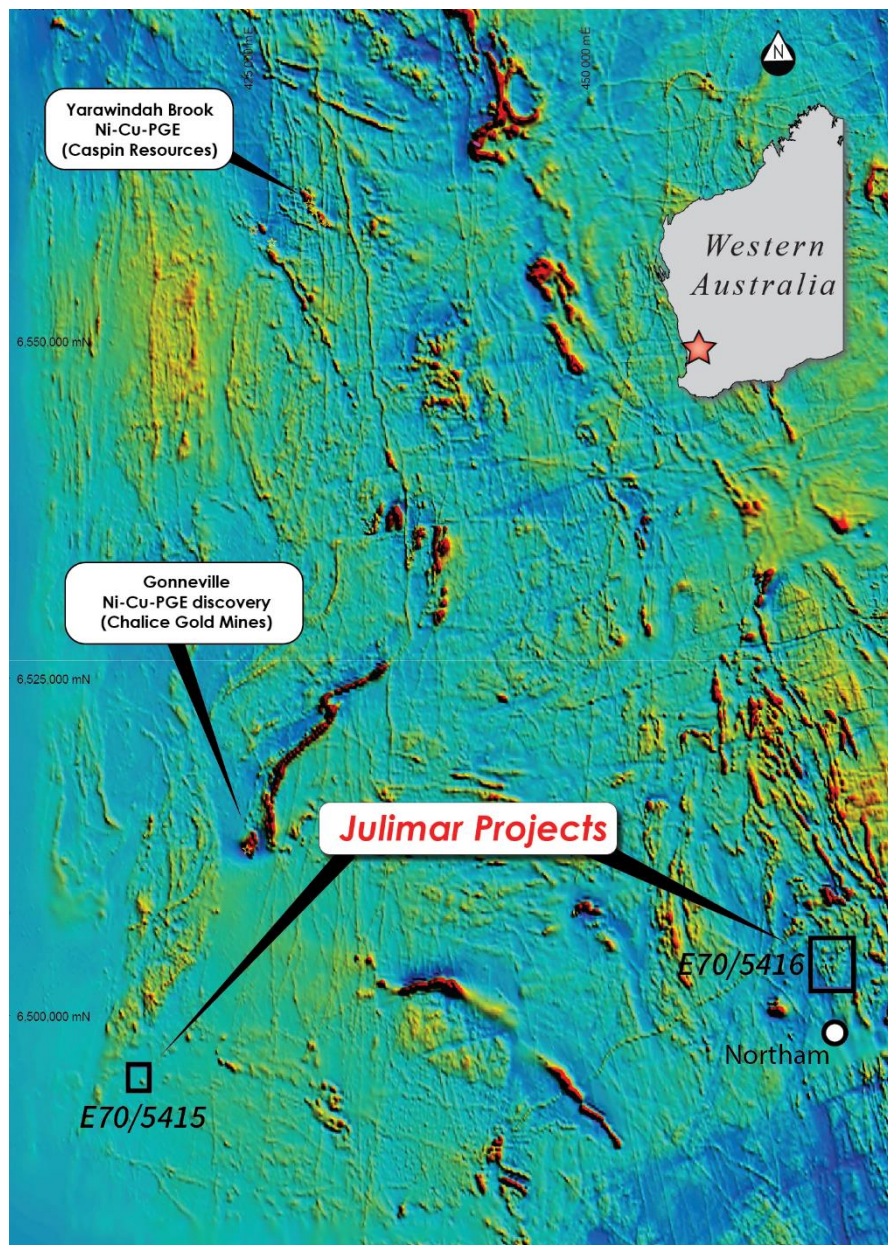


Figure 3. Regional magnetics - Julimar Project

Rocky Dam Project (Gold)

The Rocky Dam Project comprises four (4) granted and six (6) pending Exploration Licences covering approximately 162.8km², a significant landholding in the highly prospective Norseman - Wiluna Greenstone Belt around the Yindarlgooda Dome within the Eastern Goldfields. The Project is centred 60km northeast of Kalgoorlie via sealed and well-maintained gravel roads. The Project is close to significant mining infrastructure and surrounds gold producer Northern Star Limited's recent Kurnalpi Project acquisition and active explorers Riversgold Limited (ASX:RGL) and Black Cat Syndicate Limited (ASX:BC8).

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

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

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

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

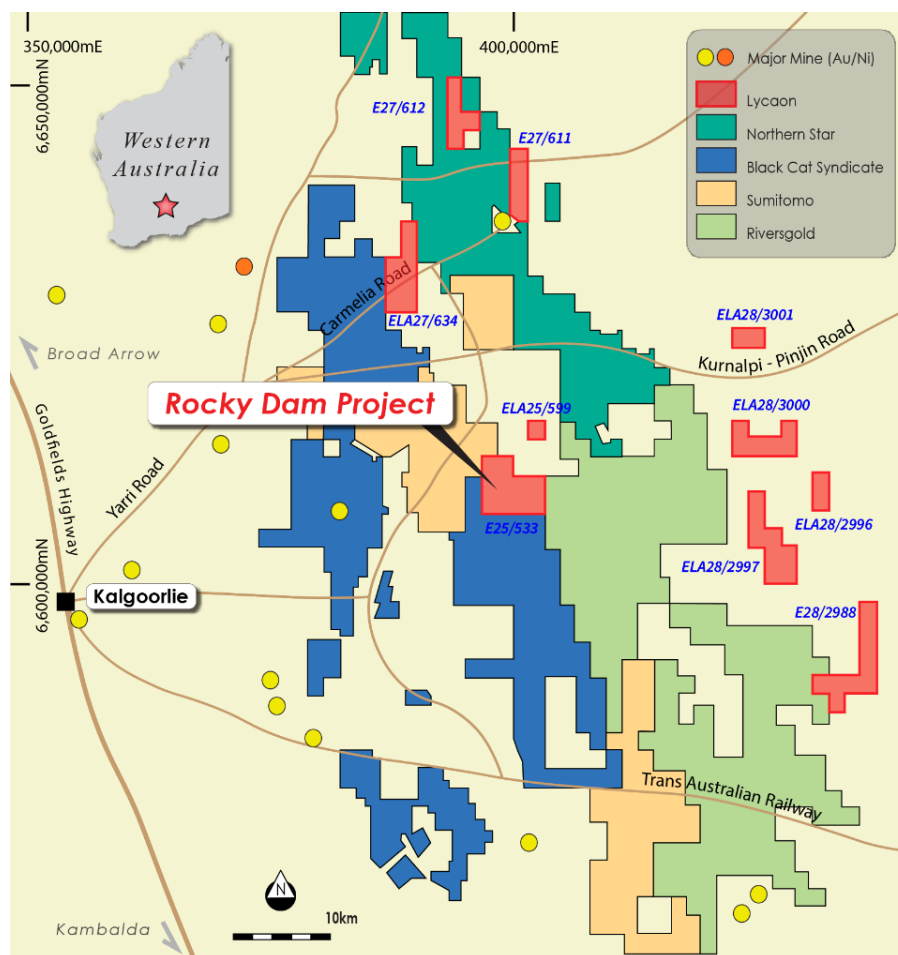


Figure 4. Rocky Dam Project Location and Geology

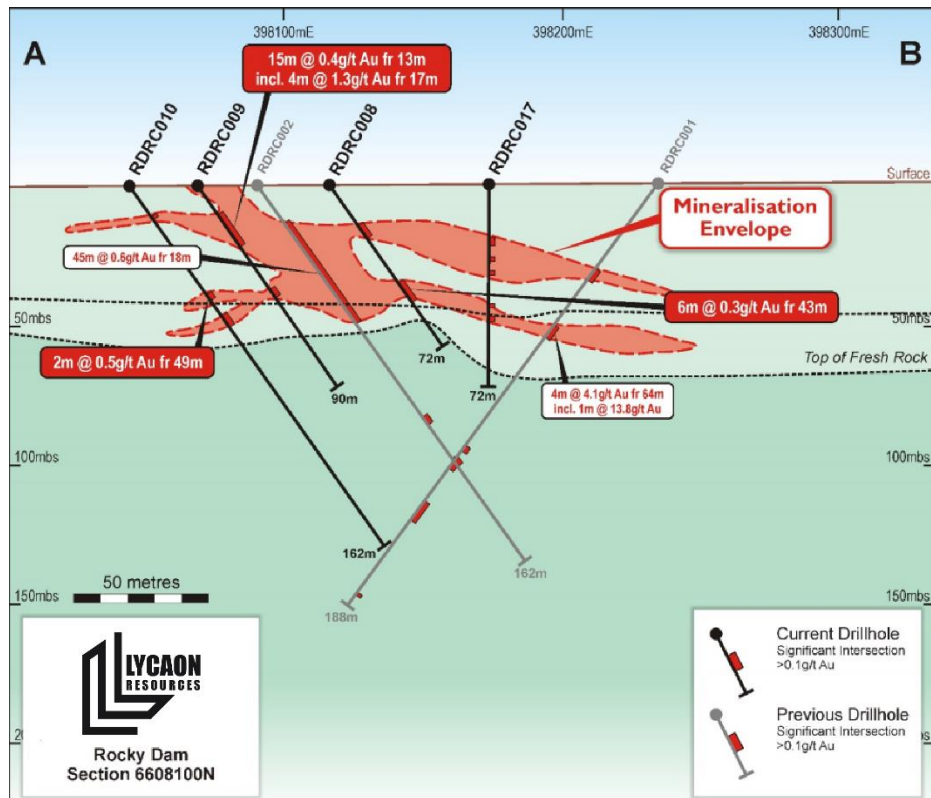


Figure 5. View of the main quartz sulphide outcrops, looking northeast (from WAMEX Report A036766)

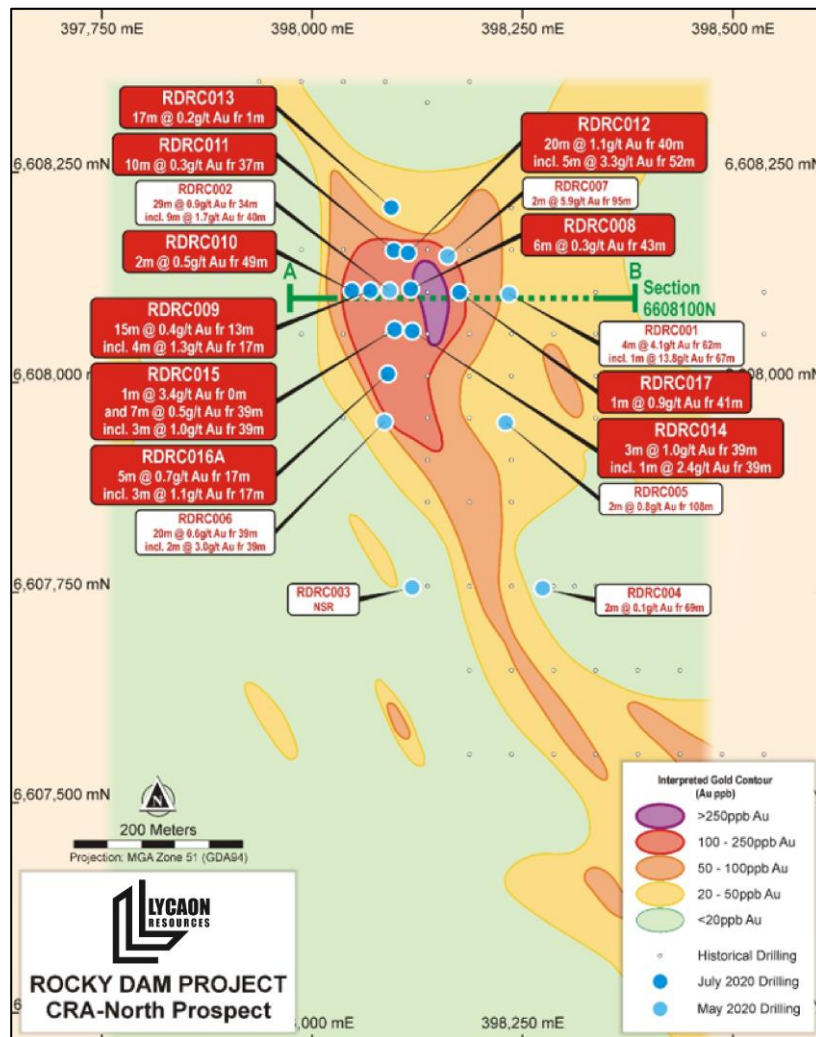


Figure 6: Gold results from semi-continuous rock chip sampling completed by Anglo Australian

Gnewing Bore Project (Gold, Silver, Copper)

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 gossan is located in the central portion of the Project. This is a north-northwest-trending, 50m long, gossanous outcrop consisting of brecciated quartz material and iron oxides after sulphides. Peak assays from the gossan include 5.1g/t Au, 105g/t Ag, 1223ppm Cu, 5650ppm Pb and 3125ppm Zn. The gossan follows the sub-regional structural orientation with a trend of 330° magnetic and appears to be related to brittle fracturing and sericitisation of the gneissic or granitic basement. Northwest to north-northwest trending faults and narrow quartz veins are mapped immediately to the northwest, which offer additional targets for exploration work.

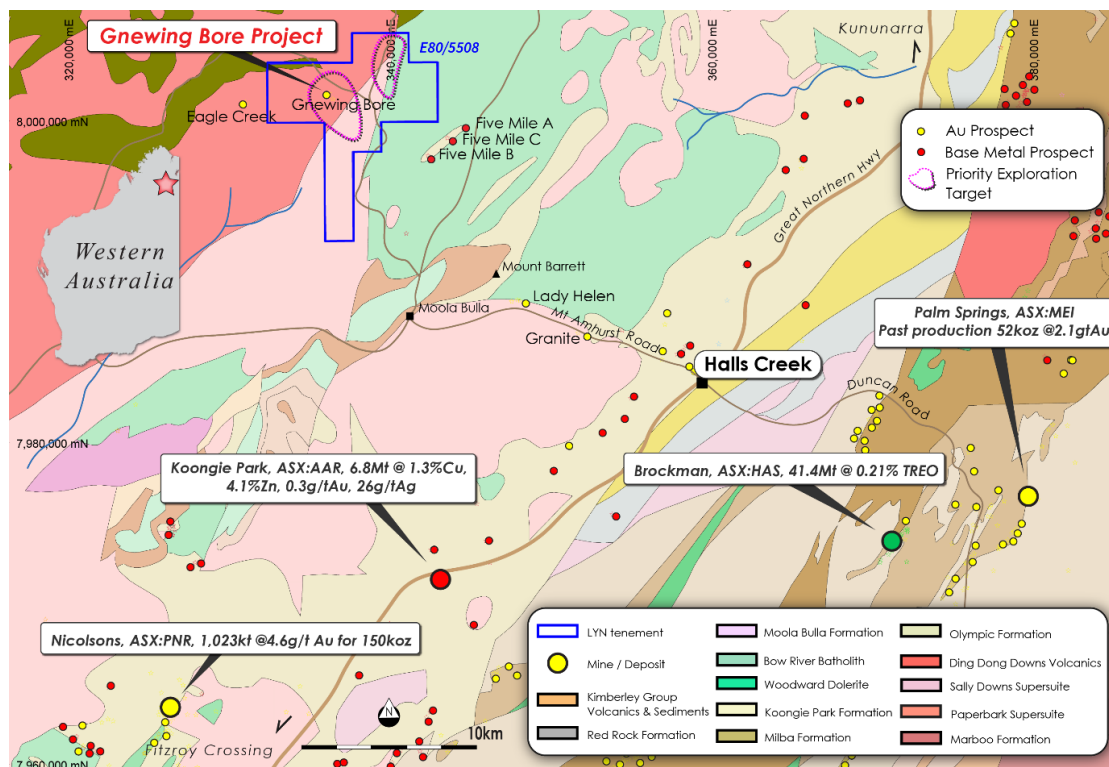


Figure 7. Gnewing Bore Project Location and Geology

During 1992, Anglo Australian completed geological mapping, collected forty-nine (49) reconnaissance grid-based soils, twenty-six (26) composite grab, twenty-five (25) semi-continuous rockchip samples and completed two (2) angled holes. The geological mapping identified five distinct units (Quaternary alluvium, Cenozoic cover, Bow River Granite, McIntosh Gabbro and quartz sulphide pods ± veins). The quartz sulphide pods ± veins were noted to occur at the lithological contact between the granite and dolerite and were surmised to be related to a north-westerly trending structure.

The semi-continuous rockchip sampling was undertaken over the main quartz sulphide occurrences, with sampling taken along lengths of predominately 5m. The total length of quartz occurrences samples was 108m. Results included 5m @ 3.31g/t Au from sample 34576.



Figure 8. View of the main quartz sulphide outcrops, looking northeast (from WAMEX Report A036766)

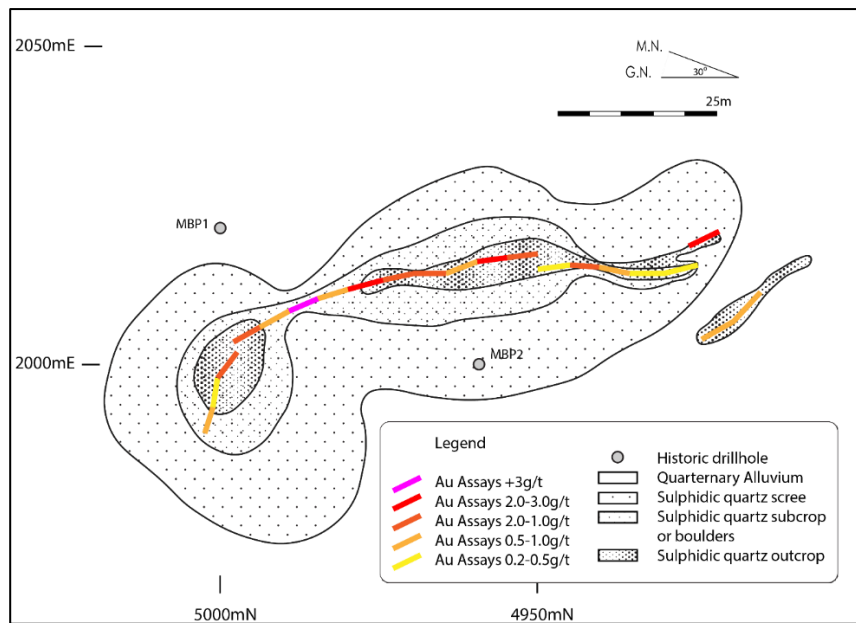


Figure 9: Gold results from semi-continuous rock chip sampling completed by Anglo Australian

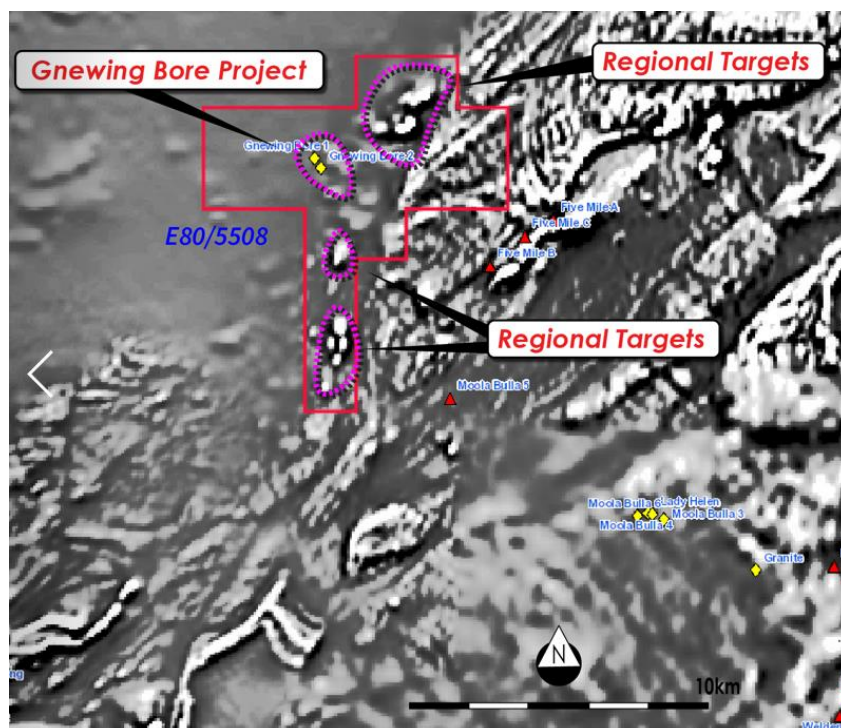


Figure 10. Gnewing Bore Project and priority Regional Targets (greyscale 1VD magnetics overlay)

ASX Additional Information

As per ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$35,474. Full details of exploration activity during the Quarter are set out in this report.

As per ASX Listing Rule 5.3.2: There were no substantive mining production and development activities during the Quarter.

As per ASX Listing Rule 5.3.5: Payments to related parties of the Company and their associates during the Quarter was \$128,443. The Company advises that this relates to director's fees and accounting and company secretarial related services.

As per ASX Listing Rule 5.3.4 the following expenditures have occurred:

Item	Current Quarter (\$)	Year To Date (\$)	As per IPO Prospectus dated 29 September 2021* (\$)
Exploration – Rocky Dam	34k	34k	1.07m
Exploration – Gnewing Bore	-	-	1.21m
Exploration – Julimar	1k	1k	540k
Expenses of the offer	550k	733k	500k
Corporate and administration costs	103k	132k	500k
Working capital	2k	4k	1.5m

* Costs per the prospectus are over the first two years following admission of the Company to the official List of ASX.

References:

The information referred to in this announcement relates to the following sources:

- ¹ ASX.CHN 9 November 2021 Announcement Chalice Mining (markitdigital.com)
- ² ASX.CHN 23 March 2020 Announcement Chalice Mining (markitdigital.com)
- ³ ASX.CPN Announcements 28 April 2021 Caspin Resources (markitdigital.com)

This announcement has been approved for release by the Board of Lycaon.

ENDS

For further information:

Mr. Thomas Langley
 Technical Director
 Lycaon Resources Limited
 Ph: +61 8 6188 8181
 E: admin@lycaonresources.com
 W: www.lycaonresources.com/

Tenement Register

Project	Tenement	Location	Interest at 1/10/2021	Acquired/Disposed	Interest at 31/12/2021
Gnewing Bore	E 80/5508	WA	Nil	100%	100%
Julimar	E 70/5415	WA	Nil	100%	100%
Julimar	E 70/5416	WA	Nil	100%	100%
Rocky Dam	E 25/533	WA	Nil	100%	100%
Rocky Dam	E 27/611	WA	Nil	100%	100%
Rocky Dam	E 27/612	WA	Nil	100%	100%
Rocky Dam	ELA 25/599	WA	Nil	100%	100%
Rocky Dam	ELA 27/634	WA	Nil	100%	100%
Rocky Dam	ELA 28/2988	WA	Nil	100%	100%
Rocky Dam	ELA 28/2996	WA	Nil	100%	100%
Rocky Dam	ELA 28/2997	WA	Nil	100%	100%
Rocky Dam	ELA 28/3000	WA	Nil	100%	100%
Rocky Dam	ELA 28/3001	WA	Nil	100%	100%

There are no Farm-in or Farm-out Arrangements held by Lycaon Resources Limited

For additional information please visit our website at www.lycaonresources.com

Listing Rule 5.23 Disclosure

The Company confirms that it is not aware of any new information or data that relates to Exploration Results at the Rocky Dam, Gnewing Bore and Julimar projects as previously announced in the Prospectus lodged 29 September 2021.

Forward-Looking Statements

This announcement contains “forward-looking statements.” All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and based upon information currently available to the company and believed to have a reasonable basis. Although the company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct as actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper, gold, and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. Readers are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty thereof. The forward-looking statements contain in this press release are made as of the date of this press release and except as may otherwise be required pursuant to applicable laws, the Company does not undertake any obligation to release publicly any revisions to any “forward-looking statement”.

Competent Persons 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.