

**ADDRESS**

Level 2, 22 Mount Street
Perth WA 6000

PHONE

+61 (08) 6188 8181

ABN

80 647 829 749

WEBSITE

www.lycaonresources.com

28 July 2023

Quarterly Activities Report 30 June 2023

Highlights

- **Bow River heritage and flora surveys completed within approved Program of Works (PoW) area**
- **A high-resolution ground gravity survey outlined a large intrusive unit with density contrast in line with expectations for ultramafic or mafic peridotite host rock, analogous to Panoramic's 13Mt @ 1.56% Ni Savannah Mine¹ 60km south of Bow River**
- **Diamond drilling commencing mid to late August to test deeper portion of the Bow River intrusive, including a possible extension to the mineralisation encountered in historical drilling, Figure 3;**
 - **10m @ 1.1% Cu, 0.5% Ni (DDH107)**
 - **11.5m @ 1.2% Cu, 0.5% Ni (DDH103)**
 - **3m @ 0.97% Cu, 1.3% Ni (DDH102)**
- **Approvals proceeding for access to drill at the Stansmore Nb-REE Project in the West Arunta region of Western Australia**

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Lycaon Resources Limited (ASX: LYN) ("the **Company** or **Lycaon**") is pleased to report on the June 2023 quarterly activities.

Projects Summary

Bow River Prospect (Ni/Cu/Co±PGE)

The Bow River Project is located within the Halls Creek Orogen in the East Kimberley region of Western Australia, 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 quadrupled the Ni-Cu-Co resource, highlighting the prospectivity of E80/4955 given its analogous geological setting. Previous drilling is limited to a very small area of the Bow River mafic intrusive, Figure 3, 4.

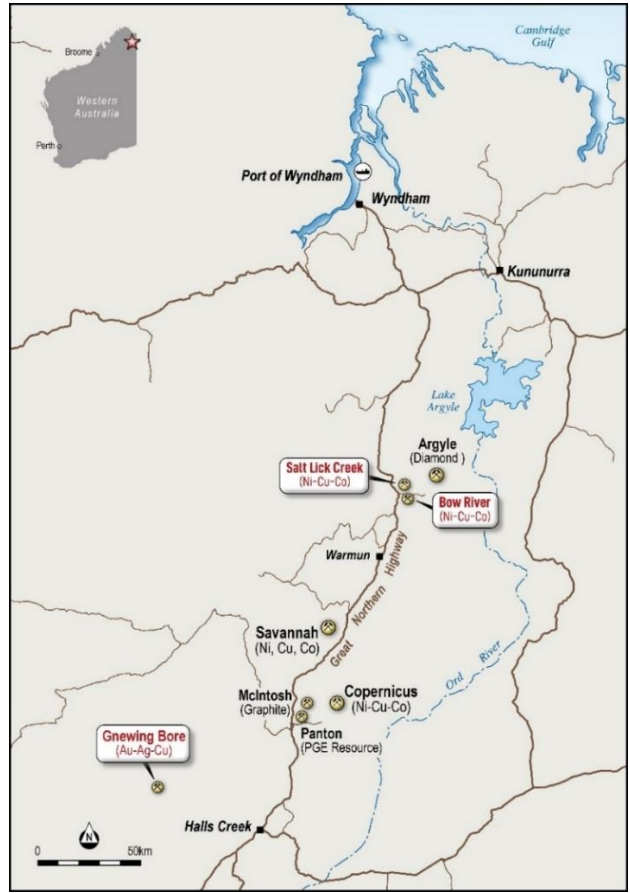


Figure 1. Location of Bow River and Salt Lick nickel copper sulphide projects and Gnewing Bore gold-silver project.

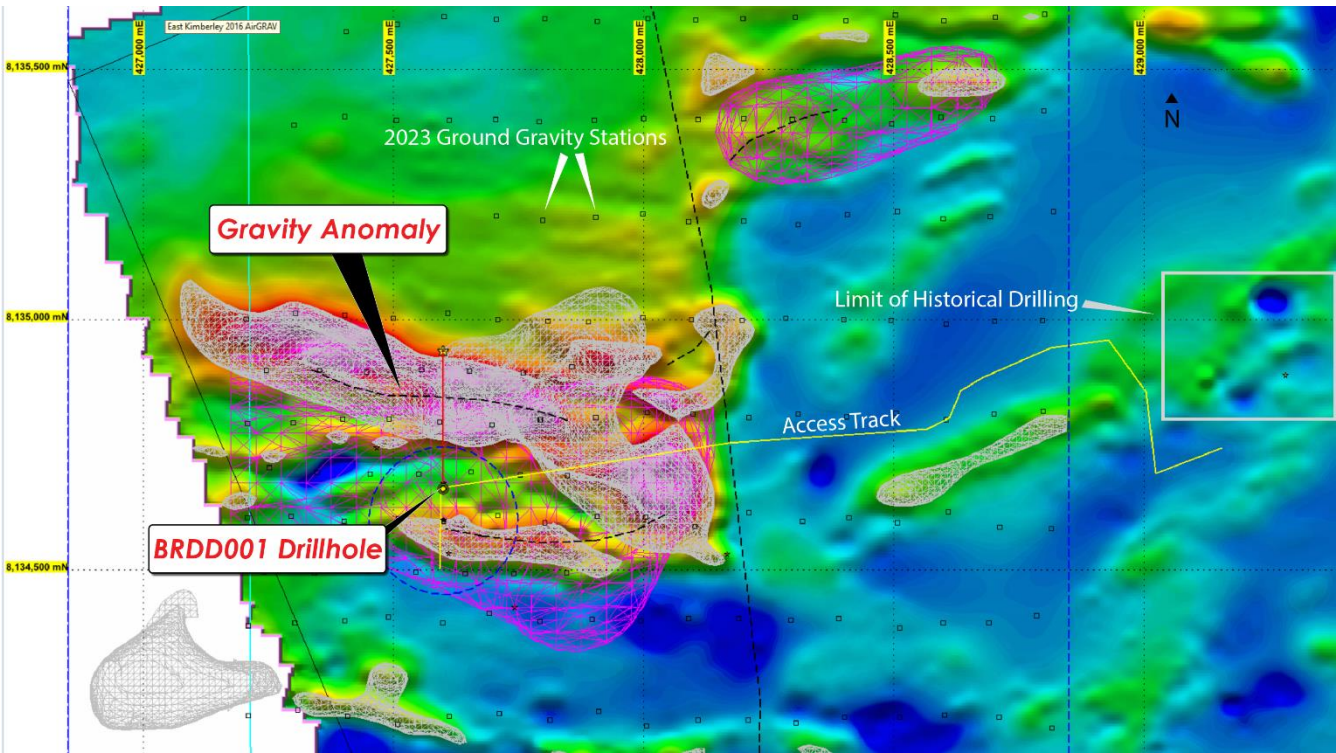


Figure 2. Drillhole BRDD001 (Azimuth 0 degrees) planned to intersect the gravity anomaly, between upper contact at 350m and 750m basal contact.

Outcropping gossans and anomalous soil geochemistry has been mapped at surface over an area of 900m x 300m. The surface expression of the intrusion has received most of the focus of historical exploration however, the broader intrusive undercover and at depth has received little attention.

In addition, exploration using more powerful modern day geophysical techniques such as ground gravity surveys to detect density anomalies deeper below surface has only recently been completed for the first time by Lycaon.

The proposed drill program at Bow River will be critical in demonstrating the potential for a major Ni-Cu-Co resource in the Kimberley analogous to Panoramic's Savannah nickel mine 60km south. Drilling is planned to target beneath the current extent of historical drilling, targeting the deeper more primitive part of the intrusion. The historical gravity Falcon data and recent ground gravity data has now been modelled by Southern Geoscience Consultants (SGC) as a 3D inversion to better quantify the magnitude of the gravity anomaly, location at depth and size. This work has allowed for a higher geological confidence in assisting drill planning ahead of drilling in mid to late August 2023.

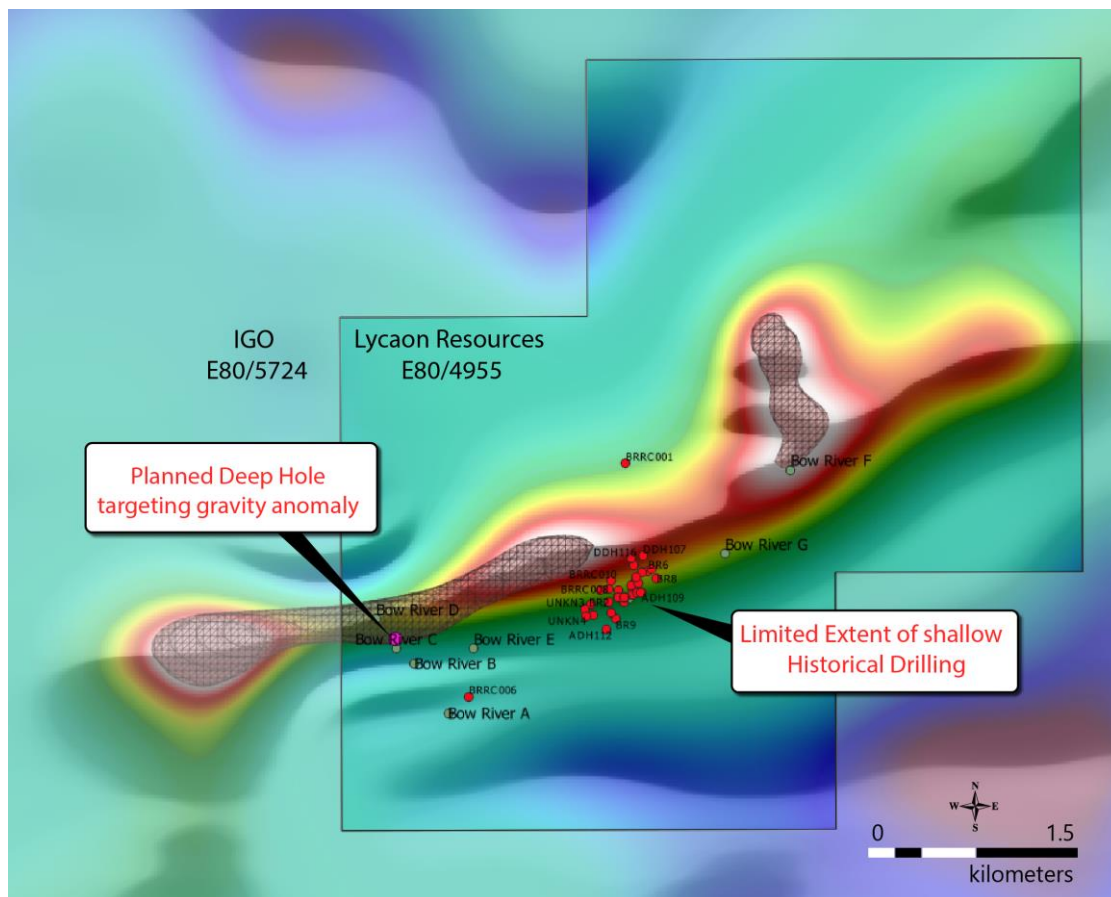


Figure 3. Location of historical drilling at Bow River nickel copper sulphide project, in relation to the large underlying Gravity anomaly inferred to be the Bow River Intrusive.

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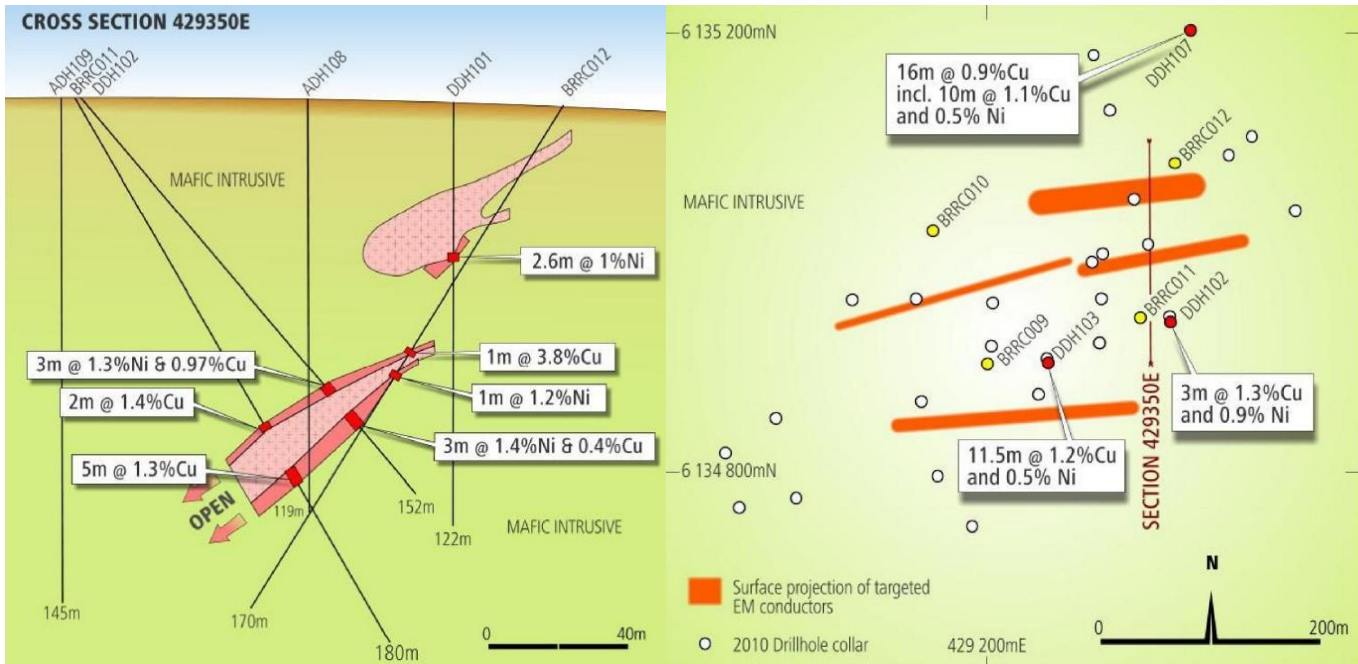


Figure 4. Location of historical drilling at Bow River nickel copper sulphide project.

Stansmore Project (Nb/ REE ±PGE)

The Stansmore carbonatite target consists of a regionally prominent 700m long magnetic feature analogous to WA1's discoveries and Encounter's Worsley prospect. Recent discoveries by WA1 Resources and Encounter Resources have demonstrated the potential for the West Arunta region to host significant REE and IOCG type mineralisation systems, Figure 5. Alkaline systems are key drivers in the formation of IOCG and carbonatite-hosted REE deposits, with the region seeing a renewed exploration focus these deposit types.

Carbonatite deposits are an important source of REE and niobium production. This includes the world's largest REE mine, Bayan Obo in Inner Mongolia, Lynas Rare Earths' Mt Weld deposit and the world's three major operating niobium mines. Niobium is one of a suite of commodities identified by the Australian Government as critical minerals, i.e., minerals (or elements) considered vital for the well-being of the world's economies, yet whose supply may be at risk of disruption.

The Company is currently working through the approvals processes required to enable the drilling of this prospect. Stansmore Nb-REE Project land access negotiations are proceeding well, following meetings with Central Desert Native Title Services and Chairman of Parna Ngurrupa Aboriginal Corporation. Terms of land access agreed to by Lycaon and awaiting on-country meeting to be held at Balgo with the Parna Ngurrupa Board of Directors in October this year.

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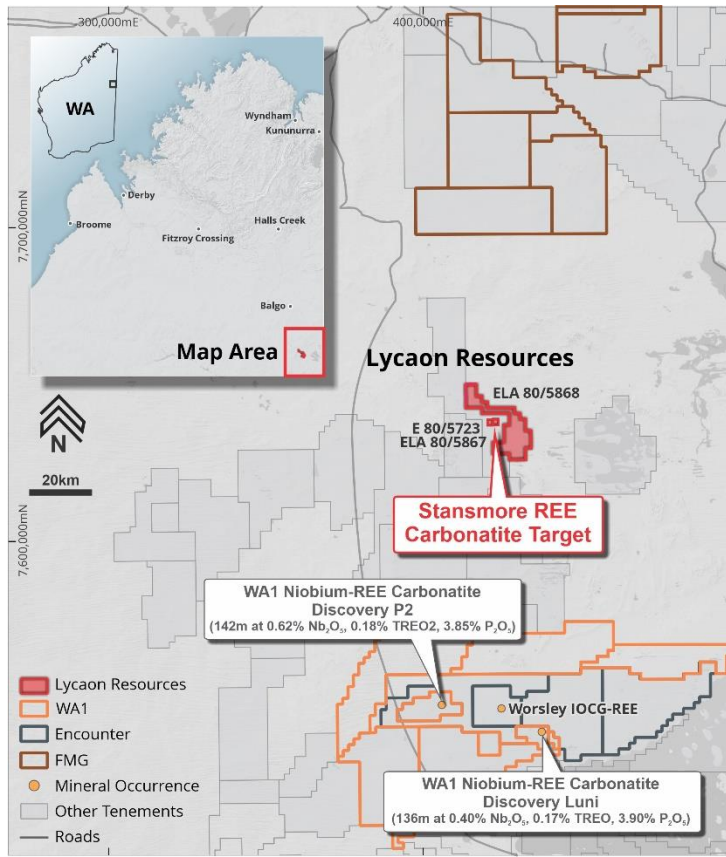


Figure 5. Stansmore Nb-REE Carbonatite ± IOCG Project Location Map.

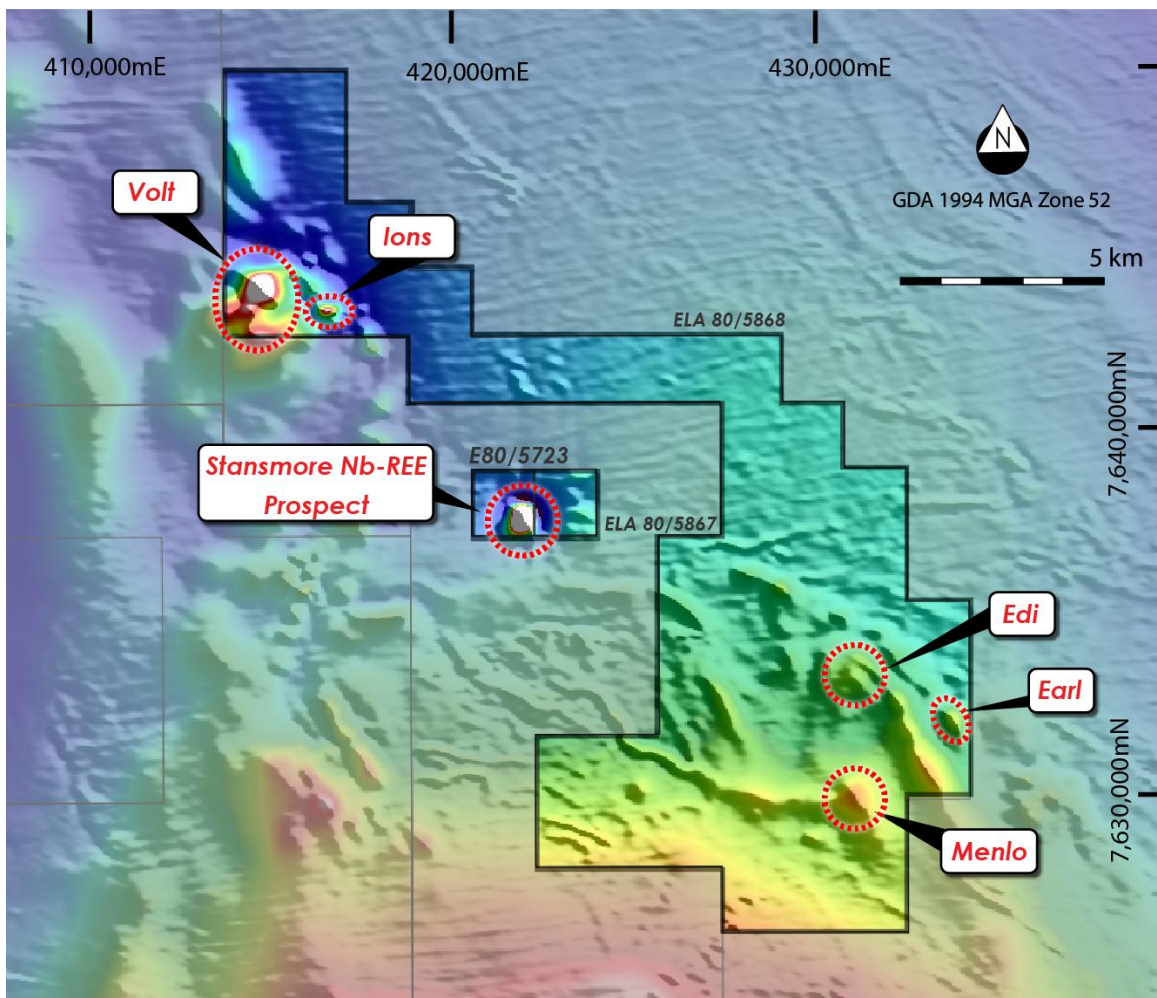


Figure 6. Reduced to Pole Magnetics (TMI grid) highlighting the prominent magnetic anomaly at Stansmore Prospect and other magnetic targets.

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. Figure 6. Halls Creek is situated 350km south of Kununurra and is readily accessible via the sealed Great Northern Highway. The Project has generally good outcrop and easy access via stations tracks on the Moola Bulla pastoral lease.

An RC drilling program has been designed to test the 50m long, gossanous outcrop consisting of brecciated quartz material and iron oxides after sulphides. 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.

To date, notwithstanding its best and continuing efforts, the Company has unfortunately not been able to obtain the necessary Heritage approvals to allow it carry out its proposed drilling program.

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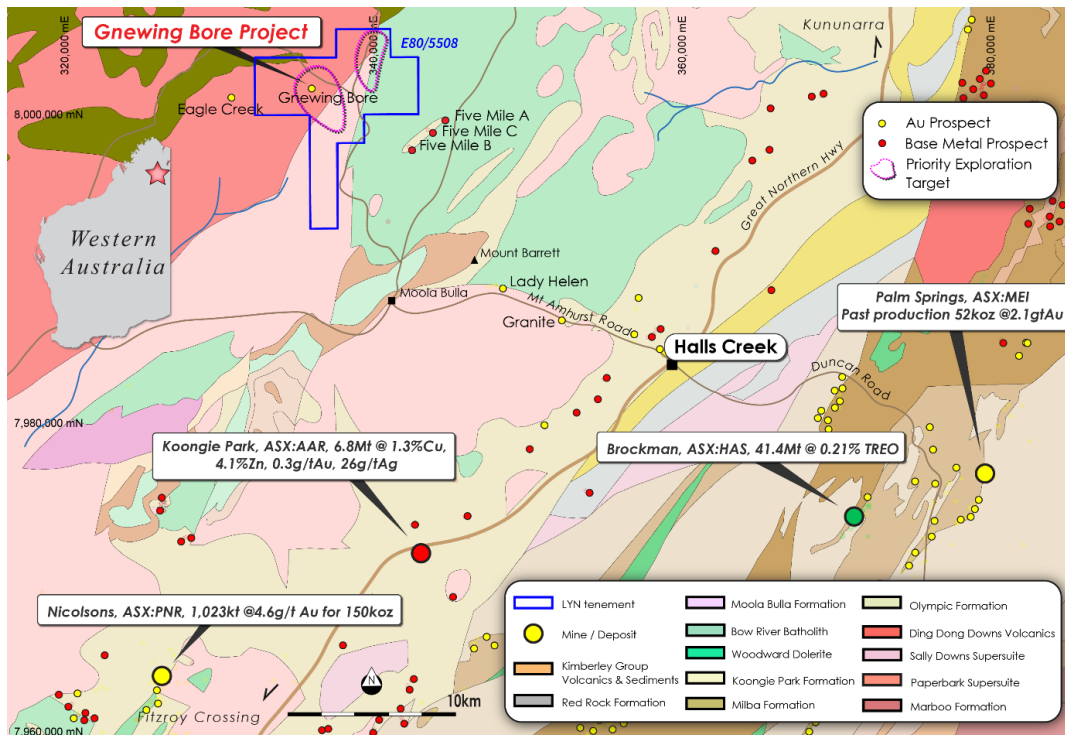


Figure 7. Gnewing Bore Project Location and Geology.

Rocky Dam Project (Gold)

Review of auger geochemical sampling across all the tenements within the Rocky Dam project did not record any significant anomalies to warrant further exploration. Overall geochemical results have been disappointing with no significant targets identified to warrant follow up drilling.

Given the results to date, the Company does not consider it in the best interests of shareholders to expend further funds on this prospect at the current time.

Julimar Project (Nickel-Copper-PGE)

Recent desktop review of this fieldwork has downgraded the potential for the Julimar project to host Ni-Cu-PGE mineralisation associated with mafic and ultramafic intrusions. The auger sampling program and helicopter EM survey results have not highlighted any priority targets for follow up exploration work.

Given the results to date, the Company does not consider it in the best interests of shareholders to expend further funds on this prospect at the current time.

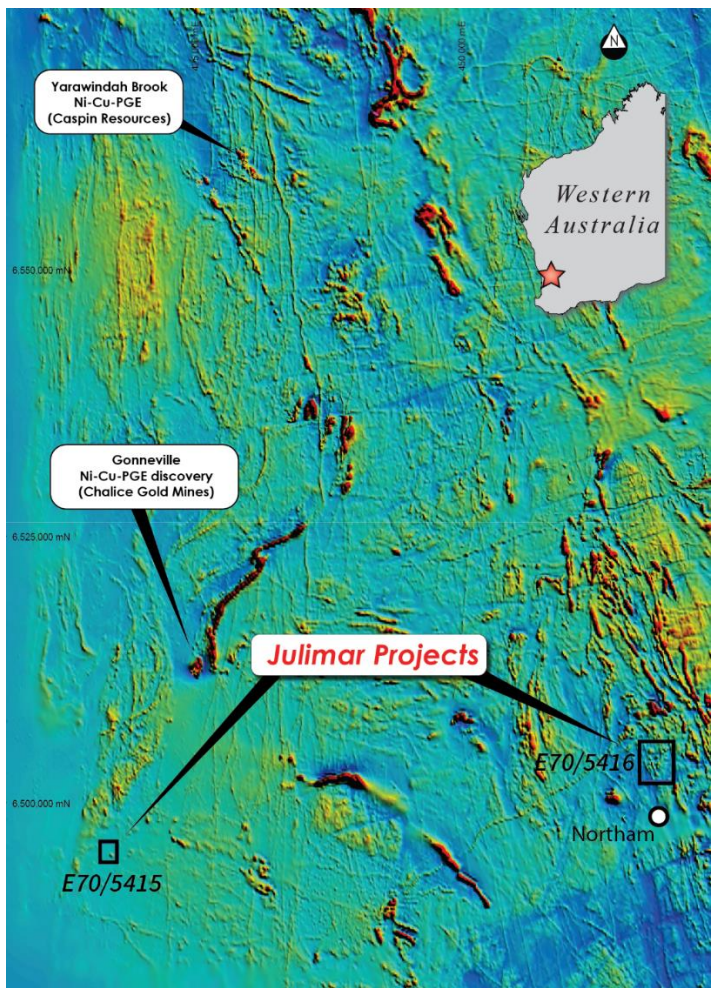


Figure 8. Regional magnetics - Julimar Project.

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Corporate

Assessment of Additional Project Opportunities

As part of its ongoing business development model, Lycaon continues to assess project opportunities across a broad range of commodities and geographies with a view to identifying attractive, suitably priced assets that will add shareholder value.

Placement

Following the end of the Quarter, the Company completed a single tranche Placement of up to 6,000,000 new ordinary fully paid shares ("Placement Shares") to raise A\$1,500,000 at A\$0.25 per share. The Placement Shares will be issued under the Company's existing placement capacity in accordance with ASX Listing Rule 7.1/ 7.1A.

The issue price of \$0.25 represents a 13.7% discount to the last traded price and a 2% premium to the 30 day VWAP.

Inyati Capital Pty Ltd acted as Lead Manager (LM) to the Placement and will be paid a 6% fee on funds raised. The LM will receive options in the amount of 10% of the total shares issued under the Placement with a strike price at a 50% premium to the issue price of the Placement and expiry 3 years from the date of issue.

Proceeds from the Placement will be used towards drilling at the Bow River nickel project, finalise permitting and commence drilling at the Stansmore REE project, and general working capital.

ASX Additional Information

As per ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$191,956. 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 \$65,586. 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 (\$)	Since Listing (\$)	As per IPO Prospectus dated 29 September 2021* (\$)
Exploration – Rocky Dam	3k	551k	1.07m
Exploration – Gnewing Bore	31k	171k	1.21m
Exploration – Julimar	4k	156k	540k
Exploration – Bow River / Salt Lick	143k	484k	-
Exploration – Stansmore	4k	4k	-
Exploration - Other	7k	30k	-
Expenses of the offer	-	733k	500k
Corporate and administration costs	72k	760k	500k
Working capital	-	4k	1.5m

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

The differences in the above are as follows:

Expenses of the offer

These costs include legal costs, accounting and tax advice costs, and other support services. Delays in the anticipated listing of the Company increased costs of the offer, predominately legal costs.

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 1/04/2023	Acquired/Disposed	Interest at 30/06/2023
Gnewing Bore (MatMetals Pty Ltd)	E 80/5508	WA	100%	-	100%
Julimar	E 70/5415	WA	100%	-	100%
Julimar	E 70/5416	WA	100%	-	100%
Rocky Dam	E 25/533	WA	100%	-	100%
Rocky Dam	E 27/611	WA	100%	-	100%
Rocky Dam	E 27/612	WA	100%	-	100%
Rocky Dam	E 25/599	WA	100%	-	100%
Rocky Dam	E 27/634	WA	100%	-	100%
Rocky Dam	E 28/2988	WA	100%	-	100%
Rocky Dam	E 28/2996	WA	100%	-	100%
Rocky Dam	E 28/2997	WA	100%	-	100%
Rocky Dam	E 28/3000	WA	100%	-	100%
Rocky Dam	E 28/3001	WA	100%	-	100%
Bow River and Salt Lick (East Kimberley Resources Pty Ltd)	E80/4955	WA	100%	-	100%
Stansmore ¹	E 80/5723	WA	-	100%	100%
Stansmore ¹	E 80/5867	WA	-	-	-
Stansmore ¹	E 80/5868	WA	-	-	-

¹Refer to Acquisition Announcement on 15 November 2022, outlining the terms of the acquisition.

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

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.