

Quarterly Activities Report – December 2023

Battery, base and precious metals exploration company Lykos Metals Limited (**ASX: LYK**) (**Lykos** or the **Company**) is pleased to provide its activities report for the quarter ended 31 December 2023.

Summary of key developments during the Quarter and the date of this release:

- **Foreign investment supporting amendments to the Geological Exploration legislation are in the process of being adopted**
- **Exploration license for Cajnice project extended for additional 36 months**
- **Geological exploration and sampling data analysis are in progress**
- **Community consultations and government engagement are ongoing**
- **Ms Anna Sloboda appointed as Non-Executive Chair and Mr Craig McNab as Company Secretary**
- **Committed capital raise of \$2.2 million with completion of \$0.8 million Placement and launch of \$1.4 million Entitlement Offer in January 2024**

Projects

Law on geological exploration

On 22 December 2023 the draft Law on Changes and Amendments of the Law on Geological Exploration Law was discussed on National Assembly of the Republic of Srpska, and was voted on. The new law proposed by the Government of the Republic of Srpska is favourable for investors and sends a strong message that the Republic of Srpska supports geological exploration and direct foreign investment.

During the next 60-days phase of Public hearing, four consultations will be held to record positive and negative sides of the proposed draft Law. Lykos, along with other companies engaged in geological exploration, as well as companies performing geological works, will be invited to take part in public hearings.

The public hearing will close on 22 February 2024, and in March, the proposal of the Law with possible amendments to the draft, and in accordance with the decisions made after the public hearings, will be returned on the agenda of the Assembly of the Republic of Srpska to make a final decision on whether to adopt.

Sockovac & Doboj tenements

During the quarter, the Doboj tenement (western part of original Sockovac Project) was granted as announced on 7 November 2023. A previously completed sampling campaign confirmed presence of a wide range of precious metals and strategical minerals critical for the green energy transition (Ni, Cu, Zn). The geological analysis and planning of the exploration campaign are currently ongoing.

The Company was granted the exploration rights over the 50km² western portion of the original Sockovac Project area belonging to Municipality of Doboj upon the completion of all required community consultations and receipt of all required permits, as well as the official support and approval from Doboj Municipality to conduct the planned exploration activities. Ahead of the exploration permit issue from Ministry of Energetics and Mining of the Republic of Srpska, the Company has received permits from:

- Republic Institute for the Protection of Cultural, Historical and Natural Heritage;
- The Ministry of Agriculture, Forestry and Water Management of the Republic of Srpska; and
- Ministries of Spatial Planning, Civil Engineering and Ecology of the Republic of Srpska

With the grant of the exploration rights over the Doboj tenement, the Company continues its constructive negotiations with the government along with preparation of required documentation in order to apply for re-issue of the (expanded) Sockovac license that will increase the Sockovac tenement from previous 17km² to subsequent 50km² as soon as the Law on geological explorations is adopted what we expect on the following National Assembly of the Republic of Srpska in March 2024.

Extended license for geological exploration of Cajnice project

In December 2023, the Cajnice project received a license extension until 8 December 2026 (the maximum extension period). The extension was granted as all legal conditions were met and more than 75% of the planned exploration works were carried out in accordance with the law.

The Company intends to resume geological activities on site and drill to confirm positive soil sample results for lead, zinc, silver and gold.

Ongoing preparatory activities

To foster the local community support, the Company representatives actively participated in humanitarian actions and cultural, educational and sporting events to address the benefits that geological exploration and mining investments could bring. Special attention has been given to the local community in Petrovo at the Sockovac projects, to lay the solid foundations for the support of the upcoming geological exploration works.

Simultaneously, other geological preparatory works are ongoing to ensure all activities can proceed without interruption as soon as all the conditions for the start of the works are met.

ASX Release

30 January 2024



Corporate

Board changes

On 30 November 2023 Ms Anna Sloboda joined the board as a Non-Executive Chair following the resignation of Mr Stephen Allen and Mr Craig McNab was appointed Company Secretary following the resignation of Candice Van Der Plas.

Cash position and committed capital raise post quarter end

Net expenditure during the quarter was approximately \$0.7 million leaving the Company with a cash balance of approximately \$0.8 million as of 31 December 2023.

On 17 January 2024 the Company announced firm commitments had been received for a \$2.2 million capital raise via a \$0.8 million Placement and the launch of 1-for-3 pro-rata non-renounceable Entitlement Offer to raise approximately A\$1.4 million (before costs). The \$0.8 million Placement was completed on 23 January 2024 with the issue of 26,666,667 fully paid ordinary shares at A\$0.03 per share. The Entitlement Offer Prospectus is expected to be lodged on 31 January 2024 with 46,688,890 fully paid ordinary shares to be issued at the same price as the Placement. The Placement was managed by CPS Capital Group Pty Ltd whom in addition, have been appointed as the Company's Corporate Advisors and intend to fully underwrite the Entitlement Offer.

Issue of listed options (ASX:LYKOA)

On 12 December 2023, the Company issued 30,000,000 Listed Options (ASX:LYKOA) to Eligible existing LYKO optionholders, on the basis of one LYKOA Option for everyone one LYKO Option held on expiry (expired 15 October 2023). The LYKOA options are exercisable at \$0.30 expiring 18 months from the date of issue.

Related party transactions

Related party transactions during the quarter were limited to payments totalling \$89,130 for salaries and directors' fees and payments to RFC Ambrian Limited¹ totalling \$22,020, pursuant to the corporate service agreement recorded at section 9.4 in the Company's prospectus dated 16 September 2021, for the provision of accounting services, company secretarial services and other administrative support.

¹ The Company's previous Chair, Stephen Allen (resigned 30 November 2023), has a relevant interest of over 20% in RFC Ambrian Limited.

Expenditure since IPO

Use of Funds	Use of Funds Statement	Actual to 31 December 2023
	\$'000	\$'000
Exploration on the Sockovac Project	2,538	753
Exploration on the Sinjakovo Project	3,732	3,824
Exploration on the Cajnice Project	2,263	1,690
Expenses of the Offer	1,095	1,108
Administration costs & unallocated working capital	2,060	3,792
Working capital including foreign exchange losses	525	483
Total	12,213	11,650

Exploration work on the Sockovac Project has been slower than expected due to delays in permitting and approvals. Administration costs are higher than expected due to legal fees and other administrative expenses arising from regular business operations, including community consultation expenses. All other expenditure is materially as expected.

In accordance with Listing Rule 5.3.2, Lykos confirms that its activities were restricted to exploration only and that it did not conduct any mining development or production activities during the quarter.

Capital structure

At the date of this release, the Company's capital structure is:

	Number
Fully paid ordinary shares ¹	140,066,669
Listed options (ASX: LYKOA) with an exercise price of \$0.30 per option and an expiry date of 11 June 2025 ²	30,000,000
Unlisted options with an exercise price of \$0.20 per options and an expiry date of 15 October 2025	1,725,000
Unlisted option options with an exercise price of \$0.30 per option and an expiry date of 1 April 2026	1,000,000

¹ 26,666,667 fully paid ordinary shares issued on 23 January 2024 at \$0.03 per share raising a total of \$0.8M before costs

² 30,000,000 Listed options (ASX: LYKOA) issued on 12 December 2023

ASX Release

30 January 2024



Exploration licences

At the end of the quarter Lykos held a 100% interest in exploration licences in three project areas located in Bosnia and Herzegovina, namely:

- **Sinjakovo (including Jezero) – approximately 80.8 km²**
- **Sockovac – approx. 50 km² at Doboj plus approximately 17 km² at Petrovo**
- **Cajnice - approximately 49.5 km²**

The Petrovo licence area remains the subject of an as yet unresolved action by the Ministry of Energy and Mining for the Republic of Srpska, Bosnia-Herzegovina, which seeks to revoke Lykos' rights to licence area.

There have been no changes in the interests in exploration licenses during the quarter.

This announcement has been authorised for release by the Board of Lykos Metals Limited.

For further information, please contact:

Milos Bosnjakovic

Managing Director & CEO

Lykos Metals Limited

Ph: +387 61 174 844

E: m.bosnjakovic@lykosmetals.com

About Lykos Metals Limited

Lykos Metals Limited (ASX: LYK) is a Perth-based exploration company with projects in Bosnia and Herzegovina. Lykos' projects are highly prospective for battery and precious metals, which are all located in Europe's most prospective mining region, the Tethyan metallogenic belt.

Lykos is committed to delivering significant and sustainable shareholder value through advancing its three base and precious metals projects. The Company's projects are located near existing core infrastructure and transport routes to Europe's battery manufacturing supply chain.

For more information about our Company, please visit www.lykosmetals.com.

 Level 8, 216 St Georges Terrace Perth WA 6000

 65 650 011 644

 +61 8 9481 0389

 [info@lykosmetals.com.au](mailto:info@lykosmetals.com)

 lykosmetals.com

 Lykos-metals-limited

 @LykosMetals

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Lykos Metals Limited

ABN

65 650 011 644

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(287)	(440)
(b) development	-	-
(c) production	-	-
(d) staff costs	(182)	(359)
(e) administration and corporate costs	(238)	(311)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (VAT/GST refund)	47	47
1.9 Net cash from / (used in) operating activities	(654)	(1,039)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(5)	(5)
(c) property, plant and equipment	(7)	(7)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	33	33
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	21	21
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(64)	(64)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(64)	(64)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,518	1,895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(654)	(1,039)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	21	21
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(64)	(64)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(1)	7
4.6	Cash and cash equivalents at end of period	820	820

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	820	1,518
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	820	1,518

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	111
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(654)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(654)
8.4 Cash and cash equivalents at quarter end (item 4.6)	820
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	820
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.25
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: As the Company is an exploration company and not generating any revenue it is expected that it will continue to have negative operating cash flows for the time being.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: In January 2024 the Company raised \$0.8M via completion of a Placement and launched an Entitlement Offer to raise an additional \$1.4M. The Company is confident it will be able to continue to raise as required upon satisfactory exploration results.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: The Company believes that it is able to continue its current operations and business objectives for the reasons outlined in questions 8.8.1 and 8.8.2.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 January 2024

Authorised by: The Board of Lykos Metals Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.