

Quarterly Activities Report – March 2024

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 March 2024.

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

- **Introduction of the new mining legislation by the government of Republic of Srpska (Law on Geological Exploration) expected in the June 2024 quarter.**
- **Geophysical IP survey completed at Erak Gold Prospect, identifying additional priority targets.**
- **Non-Executive Director Mr Petar Tomasevic appointed as an Executive Director of the Company.**
- **Successful capital raise of \$2.2 million completed.**

Law on Geological Exploration

The public hearing with regards to changes to the Law on Geological Exploration ("Law") of Republic of Srpska closed on 22 February 2024. It is expected that the Government will accept the Law changes and will ask the National Assembly to pass the bill in the next session (planned for May 2024). The Law changes will allow the Company to initiate the re-awarding process for the Sockovac license. The text of the draft Law (in Serban language) can be found [here](#).

Projects

Ground Geophysics at Sinjakovo Project (Erak Gold Prospect)

As per ASX announcement dated 26 April 2024, Lykos completed a ground geophysical Induced Polarisation (IP) survey line at the Erak Gold Prospect. The survey was designed to trial the effectiveness of the IP method over the Prospect's geology, to provide a rationale for completing additional geophysical survey lines. Previously, a 1km long trench had been dug and continuously sampled at the Erak Gold Prospect, returning several mineralised intervals, best being 61m @ 1.5g/t gold (for additional details see ASX Announcement from 25/01/2023 click [here](#)).

Geophysical data obtained has shown some positive geophysical features throughout the Erak area. The chargeability anomalies coincided with mapped mineralisation in the trench, with strong anomalies also detected at depth. By the end of 2024, contingent upon the completion of community consultations, Lykos anticipates employing diamond drilling to investigate the geophysical anomalies.

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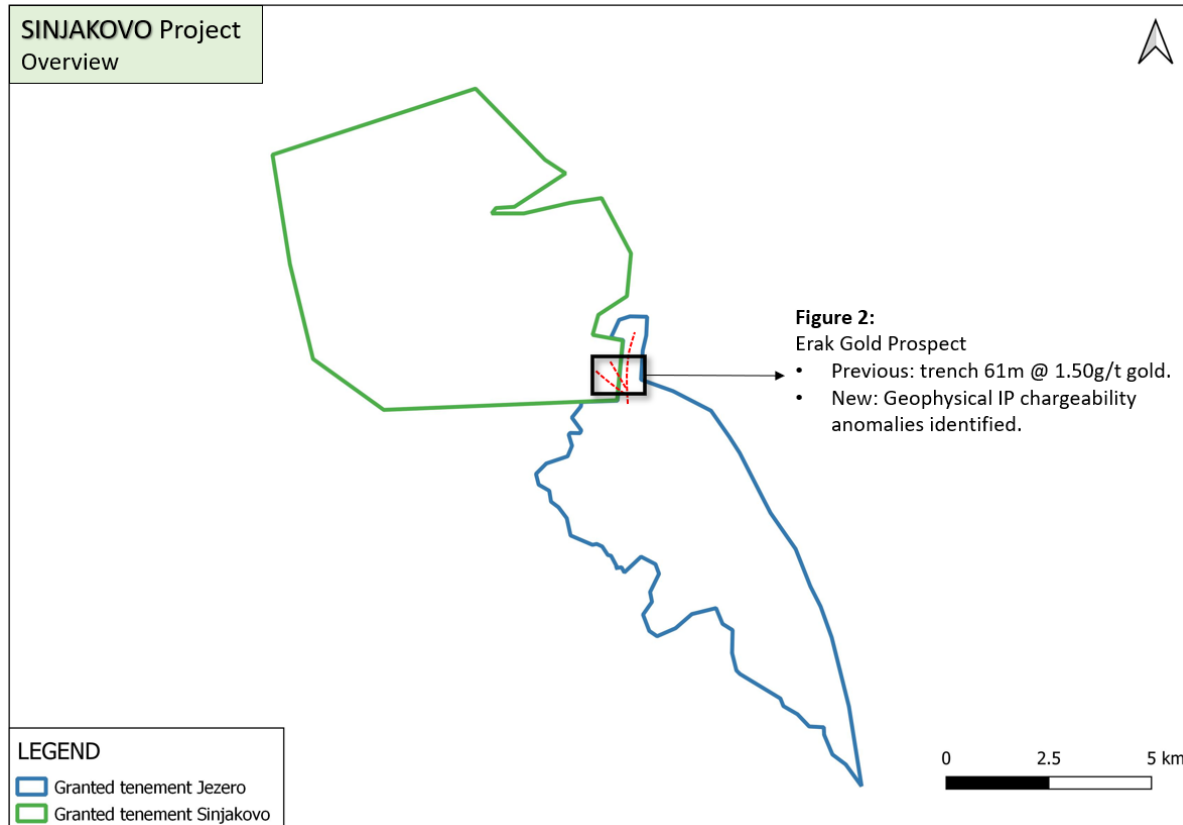


Figure 1: Sinjakovo Project, map: work completed

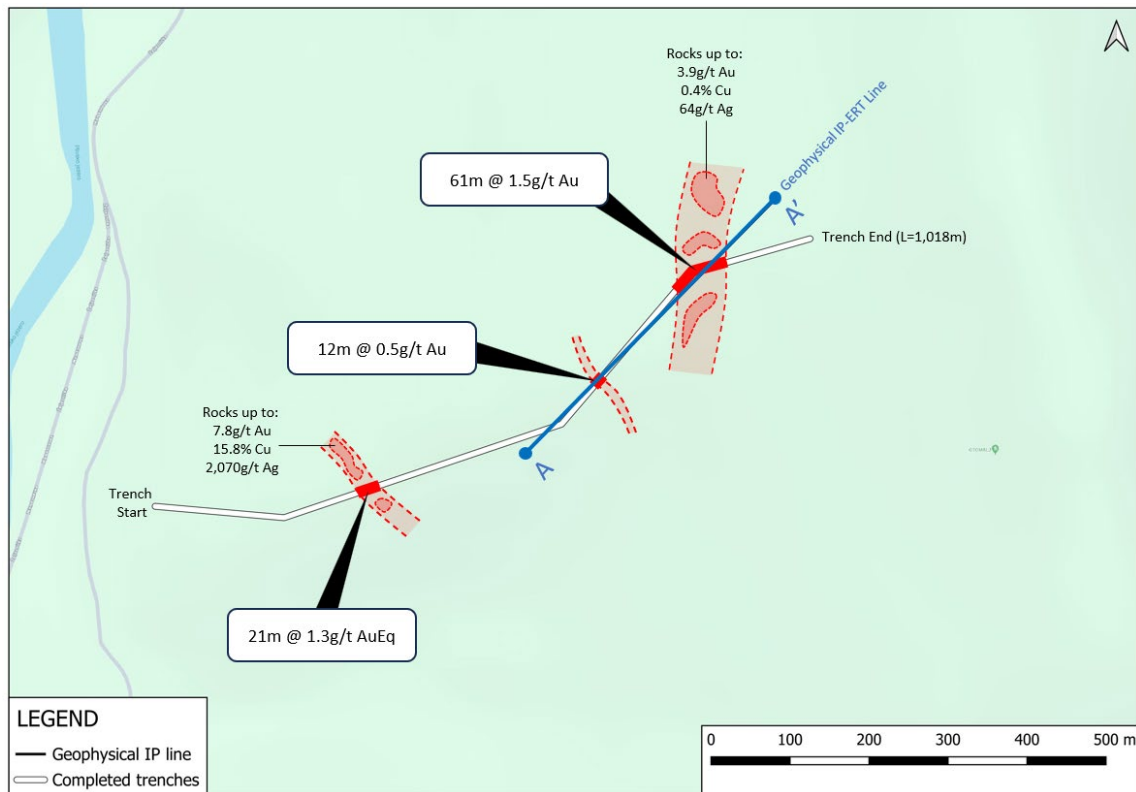


Figure 2: Erak Gold Prospect, map: work completed

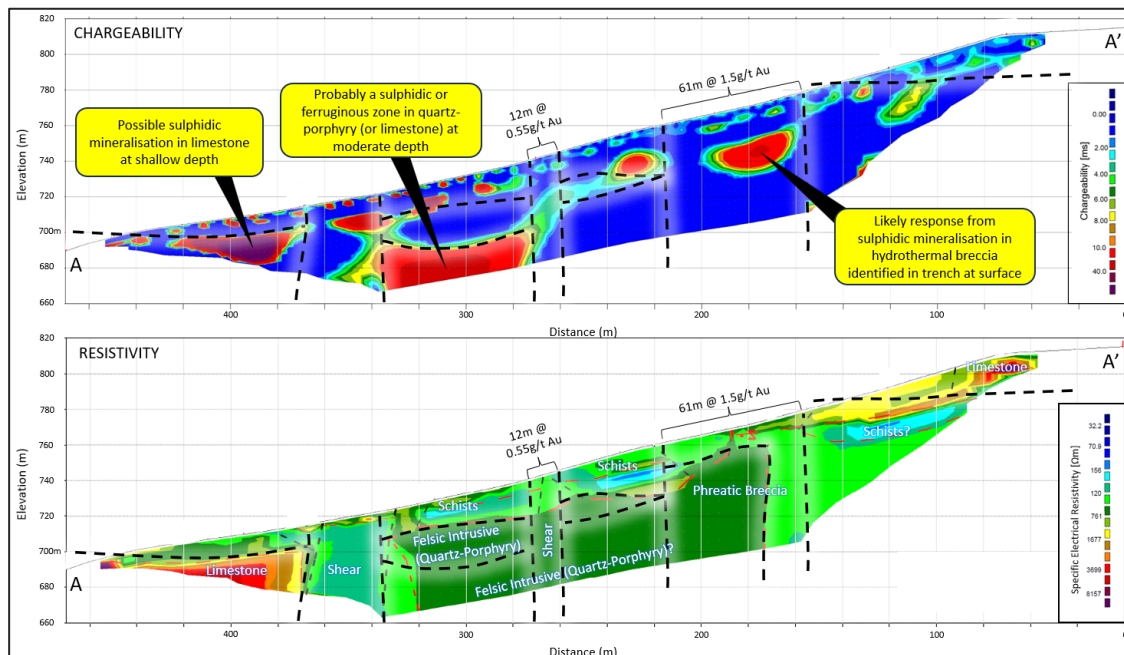


Figure 3: Erak Gold Prospect, section looking north-west: interpretation of geophysical IP-ERT results

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The geophysical survey comprised Induced Polarisation (IP) and Electric Resistivity Tomography (ERT) using the LUND Imaging System. One trial line has been completed, along the 450m profile approximately coinciding with the trajectory of the eastern part of 1km long trench completed by the Company in late-2022.

Geophysical survey results have identified a chargeability anomaly under the 61m @ 1.5g/t gold analysed in trench, likely indicating a sulphidic mineralisation at a relatively shallow depth. The geophysical features have also indicated other new potential targets immediately to south-west, with chargeability features possibly correlating with sulphidic mineralisation in limestones and/or felsic intrusives at shallow depths.

The confirmed effectiveness of the technique warrants further extension of the survey along the identified trends to support the assessment of the targets size potential and design of the initial drilling program. The upcoming extension of the survey will also cover the western part of Erak Gold Prospect with the previously identified 21m @ 1.3g/t gold equivalent in trench.

Gold mineralisation at Erak Prospect is a genuine Company's discovery, as a result of a systematic geochemical surface sampling in 2021, and detailed mapping and trenching in 2022.

Corporate

Cash position and capital raise completed

Net cash inflow during the quarter was approximately \$1.6 million leaving the Company with a cash balance of approximately \$2.4 million as of 31 March 2024.

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 was completed on 29 February 2024, with 46,688,890 fully paid ordinary shares issued at the same price as the Placement. The Placement was managed by CPS Capital Group Pty Ltd ("CPS Capital") whom in addition, have been appointed as the Company's Corporate Advisors.

Board changes post quarter end

On 2 April 2024, Non- Executive Director Mr Petar Tomasevic, was appointed as an Executive Director of the Company, effective immediately.

Related party transactions

Related party transactions during the quarter were limited to payments to the directors of salaries and directors' fees for a total amount of \$57,058 (included in item 6.1 of the attached Appendix 5B).

Capital structure

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

	Number
Fully paid ordinary shares ¹	188,355,559
Listed options (ASX: LYKOA) with an exercise price of \$0.30 per option and an expiry date of 11 June 2025 ²	50,000,000
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

Notes:

¹ 73,355,557 fully paid ordinary shares issued during the quarter at \$0.03 per share raising a total of \$2.2M before costs and 1,600,000 fully paid ordinary shares were issued to the Lead Manager (CPS Capital).

² 20,000,000 listed options (ASX: LYKOA) were issued to CPS Capital on 26 April 2024 as approved by shareholders at the General Meeting held on 23 April 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. 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.

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Lykos confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement referred to in this report.

ASX Release

30 April 2024



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

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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.

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Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on information compiled and conclusions derived by Mr Mladen Stevanovic, a Competent Person who is a Fellow member of the AusIMM (membership number 333579). Mr Stevanovic is not an employee of the Company. Mr Stevanovic has sufficient experience that is relevant to the technical assessment of the Mineral Assets under consideration, the style of mineralisation and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 Edition of the "Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets", and 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 Stevanovic consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

This announcement contains forward-looking statements which involve several risks and/or uncertainties. These forward-looking statements are expressed in good faith and are believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks and/or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and/or strategies described in this announcement. No obligation is assumed to update forward-looking statements if these beliefs, opinions and/or estimates should change and/or to reflect other.

Note: polymetallic mineralisation is encountered at localities throughout the project area. For easier reporting and comparison of assay results, figures in this report sometimes include the "gold equivalent" results. This is a simpler reporting measure that combines the results from gold, silver, copper, lead, antimony and zinc (normalised by their market prices and the expected metallurgical recoveries).

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 March 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(109)	(549)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(120)	(479)
	(e) administration and corporate costs	(232)	(543)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	10	34
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)	23	70
1.9	Net cash from / (used in) operating activities	(428)	(1,467)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(5)
	(c) property, plant and equipment	(1)	(8)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	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	(1)	20

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,201	2,201
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	(182)	(246)
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	2,019	1,955

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	820	1,895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(428)	(1,467)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	20
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,019	1,955

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	2	9
4.6	Cash and cash equivalents at end of period	2,412	2,412

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	2,412	820
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)	2,412	820

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	57
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(428)
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)	(428)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,412
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,412
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.64
	<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: N/A	
	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: N/A	

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: N/A

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.

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 April 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.