



LYKOS
METALS LIMITED

Lykos Metals Limited

ABN 65 650 011 644

Financial Report

For the half year ended 31 December 2023

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Directors' Report

The directors present the financial statements for the half year ended 31 December 2023 for the Consolidated Entity ("Group") consisting of Lykos Metals Limited (the "Company") and the entities it controlled at the end of, or during the period.

Directors

The following persons were directors of the Company during the period and up to the date of this report, unless otherwise stated:

Anna Sloboda (Non-executive Chairman) – appointed 30 November 2023

Milos Bosnjakovic (Managing Director & CEO)

Johan Züger (Non-executive Director)

Petar Tomasevic (Non-executive Director) – appointed 23 August 2023

Stephen Allen (Non-executive Chairman) – resigned 30 November 2023

Principal Activity

The principal activity of the Group is to explore for base and precious metals on tenement interests it holds in Bosnia and Herzegovina.

Operating Results

The total comprehensive consolidated loss for the half year was \$995,247 (31 December 2022: \$1,465,693).

Review of Operations

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 were 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, were invited to take part in public hearings.

The public hearing closed 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 period, 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.

Directors' Report

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.

Corporate

Board and Company Secretary changes

On 24 August 2023, Mr Petar Tomasevic joined the board as a Non-Executive Director following the resignation of Mrs Candice Van Der Plas.

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

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.

Directors' Report

Significant Changes in State of Affairs

There were no significant changes to the Company's state of affairs during the financial half year.

Events After the Reporting Date

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 \$1.4 million (before costs).

The \$0.8 million Placement was completed on 23 January 2024 with 26,666,667 fully paid ordinary shares at \$0.03 per share. The Entitlement Offer was completed as announced to the market on 29 February 2024 and 46,688,890 fully paid ordinary shares were issued at \$0.03 per share on 5 March 2024.

In the opinion of the directors of the Group, in the period from 31 December 2023 to the date of this report no other items, transactions or events of a material or unusual nature have arisen which will significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Future Developments

The Company expects to continue with the exploration program on its mineral properties in Bosnia and Herzegovina.

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of the directors.



Milos Bosnjakovic
Managing Director & CEO

15 March 2024

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Lykos Metals Limited for the half year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 15 March 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Revenue from continuing operations	3	21,151	55,346
Employee benefit expense		(390,979)	(738,348)
Share based payment expense		(8,738)	(21,027)
Geological work expensed		(25,737)	-
Travel expenses		(11,581)	(28,057)
Premise expenses		(70,204)	(39,897)
Depreciation		(36,057)	(27,717)
General and administration		(218,427)	(140,593)
VAT bad debt expense		-	(527,151)
Other professional services		(181,778)	(132,377)
Other expenses		(3,894)	(320,479)
LOSS BEFORE INCOME TAX		(926,244)	(1,920,300)
Income tax expense		-	-
NET LOSS AFTER INCOME TAX FOR THE PERIOD		(926,244)	(1,920,300)
Other comprehensive (loss)/income for the period, net of tax			
Translation of subsidiary foreign operations		(69,003)	454,607
Other comprehensive income for the year, net of tax		(69,003)	454,607
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(995,247)	(1,465,693)
Basic and Diluted Loss per share		\$0.01	\$0.02

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial report.

Condensed Consolidated Statement of Financial Position as at 31 December 2023

		31 December 2023	30 June 2023
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		823,567	1,892,773
Other receivables		10,671	-
Other assets		572,083	628,870
TOTAL CURRENT ASSETS		1,406,321	2,521,643
NON CURRENT ASSETS			
Plant and equipment		357,195	427,333
Exploration and evaluation expenditure	4	4,199,778	4,033,076
TOTAL NON CURRENT ASSETS		4,556,973	4,460,409
TOTAL ASSETS		5,963,294	6,982,052
CURRENT LIABILITIES			
Trade and other payables		77,858	69,584
Employee benefits provision		20,805	61,328
TOTAL CURRENT LIABILITIES		98,663	130,912
TOTAL LIABILITIES		98,663	130,912
NET ASSETS		5,864,631	6,851,140
EQUITY			
Issued capital		12,878,287	12,878,287
Foreign currency translation reserve		341,807	410,810
Options reserve	5	466,982	458,244
Accumulated losses		(7,822,445)	(6,896,201)
TOTAL EQUITY		5,864,631	6,851,140

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial report.

Condensed Consolidated Statement of Changes in Equity for the half year ended 31 December 2023

	Issued Capital \$	Foreign Currency Translation Reserve \$	Options Reserve \$	Accumulated Losses \$	Total \$
Half year ended 31 December 2022					
Balance at 1 July 2022	12,878,287	(42,560)	367,957	(2,220,774)	10,982,910
Loss after income tax for the period	-	-	-	(1,920,300)	(1,920,300)
Other comprehensive income for the period	-	454,607	-	-	454,607
Total comprehensive income for the period	-	454,607	-	(1,920,300)	(1,465,693)
Transactions with owners in their capacity as owners					
Share based payment transactions	-	-	21,027	-	21,027
Balance at 31 December 2022	12,878,287	412,047	388,984	(4,141,074)	9,538,244
Half year ended 31 December 2023					
Balance at 1 July 2023	12,878,287	410,810	458,244	(6,896,201)	6,851,140
Loss after income tax for the period	-	-	-	(926,244)	(926,244)
Other comprehensive income for the period	-	(69,003)	-	-	(69,003)
Total comprehensive income for the period	-	(69,003)	-	(926,244)	(995,247)
Transactions with owners in their capacity as owners					
Share based payment transactions	-	-	8,738	-	8,738
Balance at 31 December 2023	12,878,287	341,807	466,982	(7,822,445)	5,864,631

The above information should be read in conjunction with the accompanying notes to the financial report.

Condensed Consolidated Statement of Cash Flows for the half year ended 31 December 2023

	Half year to 31 December 2023 \$	Half year to 31 December 2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	8,946	14,139
Other income	7,413	10,666
Payments to suppliers and employees	(957,195)	(1,038,771)
Net cash used in operating activities	(940,836)	(1,013,966)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(2,892,094)
Payments for plant and equipment	(1,921)	(156,339)
Payment for exploration and evaluation expenditure	(161,177)	-
Payment for acquisition of exploration assets	(5,525)	-
Proceeds from sale of current asset	40,253	-
Net cash used in investing activities	(128,370)	(3,048,433)
Net decrease in cash and cash equivalents	(1,069,206)	(4,062,399)
Cash and cash equivalents at the beginning of the period	1,892,773	7,091,030
Cash at the end of the period	823,567	3,028,631

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial report.

Condensed Notes to the Financial Statements

Note 1: Material Accounting Policy Information

Statement of compliance

The half-year financial report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and announcements made by the Group. The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the functional and presentational currency of the Group.

Other than as stated below, the accounting policies and methods of computation adopted in the preparation of the half-year financial report, are consistent with those adopted and disclosed in the Group's most recent annual financial report.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going Concern

The financial statements have been prepared on the going concern basis which assumes the Company and Group will have sufficient cash to pay its debts, as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

As at 31 December 2023, the Group has net assets of \$5,864,631 (30 June 2023: \$6,851,140). During the six-month period to 31 December 2023 the Group had cash outflows from operating activities of \$940,836 (31 December 2022: \$1,013,966) and cash outflows from investing activities of \$128,3701 (31 December 2022: \$3,048,433).

The Group has prepared a cash flow forecast which indicates that the Group expects that it will incur expenditure on its tenements and corporate overheads of \$2,625,000 for the period covered by the forecast which is from February 2024 to March 2025. The forecast also anticipates that in addition to the \$800,000 raised under the Placement Offer completed in January 2024, an additional \$1,400,000 will be raised under a Non-renounceable Entitlement Offer in March 2024.

The anticipated capital raising under the Non-renounceable Entitlement Offer was completed as announced to the market on 29 February 2024.

The directors have therefore determined that it is appropriate to prepare the financial statements on the going concern basis.

Condensed Notes to the Financial Statements

Note 1: Material Accounting Policy Information (continued)

New or amended Standards and Interpretations adopted

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

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

NOTE 2: SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics.

The Group's sole activity is mineral exploration and resource development wholly within Bosnia & Herzegovina, therefore it has aggregated all operating segments into the one reportable segment being mineral exploration.

The reportable segment is represented by the primary statements forming these financial statements.

NOTE 3: INCOME FOR THE SIX MONTHS

	31 December 2023	31 December 2022
	\$	\$
Revenue		
Interest income	8,946	14,139
Foreign currency gains	542	30,541
Miscellaneous other income	11,663	10,666
Total income	21,151	55,346

NOTE 4: EXPLORATION & EVALUATION ASSETS

	31 December 2023	30 June 2023
	\$	\$
Opening balance	4,033,076	3,175,260
Acquisition costs	5,525	-
Capitalised costs for the period	161,177	3,599,011
Accumulated impairment	-	(2,741,195)
	4,199,778	4,033,076

Condensed Notes to the Financial Statements

NOTE 5: OPTION RESERVES

During the year the following movements in options over unissued shares occurred:

	No.	\$
Opening Balance at 1 July 2023	35,225,000	458,244
Expense recognised relating to Directors Options	-	8,738
Expiry of 30,000,000 quoted Options	(30,000,000)	-
Expiry of 2,000,000 IPO Lead Manager Options	(2,000,000)	-
Cancellation of Director Options at resignation	(500,000)	-
Issue of 30,000,000 quoted New Options	30,000,000	-
Closing Balance at 31 December 2023	32,725,000	466,982
Opening Balance at 1 July 2022	34,925,000	367,957
Expense recognised relating to Directors Options	-	3,159
Cancellation of Director Options at resignation	(1,200,000)	-
Director Options issued	1,500,000	17,868
Closing Balance at 31 December 2022	35,225,000	388,984

Note 6: Related Party Transactions

During the period, the Group transacted with related parties as follows:

\$60,018 (excl. GST) was paid to RFC Ambrian Limited (RFC) for the provision of corporate, management and administrative services to the Group. The former non-executive chairman of the Group, Mr Stephen Allen is the Managing Director of RFC. The service agreement between RFC and the Group has terminated immediately following the resignation of Mr Allen as a Director of the Group on 30 November 2023.

Note 7: Contingencies and Commitments

The Group is party to a dispute with the Indirect Taxation Authority of Bosnia and Herzegovina regarding the recoverability of VAT incurred on its exploration expenditure. If the Group's claim is unsuccessful, it may be liable for up to \$1 million. However, on the advice of its lawyers, the Group is confident it will be successful and the outstanding amounts will be recovered. As a result, no liability amounts have been accrued in these financial statements in respect of this matter.

There has been no other material change to contingencies or commitments since the Group's last annual financial report.

Condensed Notes to the Financial Statements

Note 8: Group Details

The registered office of the Company is:

Lykos Metals Limited
Level 8, London House
216 St Georges Terrace
Perth WA 6000

Note 9: Subsequent Events

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 \$1.4 million (before costs).

The \$0.8 million Placement was completed on 23 January 2024 with 26,666,667 fully paid ordinary shares at \$0.03 per share. The Entitlement Offer was completed as announced to the market on 29 February 2024 and 46,688,890 fully paid ordinary shares were issued at \$0.03 per share on 5 March 2024.

In the opinion of the directors of the Group, in the period from 31 December 2023 to the date of this report no other items, transactions or events of a material or unusual nature have arisen which will significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

Condensed Notes to the Financial Statements

The directors of the Group declare that:

1. The interim financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
 - (a) Complying with Australian Accounting Standard 134 – Interim Financial Reporting and the Corporations Regulations 2001, and
 - (b) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the period ended.
 - (c) complying with International Financial Reporting Standard IAS 34: Interim Financial Reporting as disclosed in Note 1.
2. In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the Corporations Act 2001 and is signed for and on behalf of the directors by:



Milos Bosnjakovic
Managing Director & CEO

15 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LYKOS METALS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Lykos Metals Limited and its controlled entities (the Group), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Lykos Metals Limited does not comply with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Crowe Perth



Cyrus Patell
Partner

Signed at Perth, 15 March 2024