



LYKOS
METALS LIMITED

Lykos Metals Limited

ABN 65 650 011 644

Financial Report

For the half year ended 31 December 2022

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Lykos Metals Limited

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Directors' Report

The directors present the financial statements for half year ended 31 December 2022 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:

Stephen Allen (Non-executive Chairman);

Milos Bosnjakovic (Executive Director);

Mladen Stevanovic (Managing Director) – resigned 31 January 2023;

Johan Züger (Independent Non-executive Director)

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 \$1,465,693 (31 December 2021: \$1,006,101).

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

In the opinion of the directors of the Group, in the period from 31 December 2022 to the date of this report no 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 programme on its mineral properties in Bosnia and Herzegovina.

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Directors' Report

Auditor's Independence Declaration

The auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 3.

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



Non-executive Chairman
Stephen Allen



Director
Milos Bosnjakovic

Dated 14 March 2023

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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 2022, 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, 14 March 2023

Lykos Metals Limited

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2022

		31 December 2022	31 December 2021
	Note	\$	\$
Revenue from continuing operations	3	55,346	25,709
Employee benefit expense		(738,348)	(267,226)
Share based payment expense		(21,027)	(53,752)
Travel expenses		(28,057)	(79,607)
Premise expenses		(39,897)	(54,641)
General and administration		(168,310)	(136,037)
VATBad debt expense		(527,151)	-
IPO costs expensed		-	(287,245)
Other professional services		(132,377)	(56,222)
Other expenses		<u>(320,479)</u>	<u>(88,590)</u>
Loss before income tax		(1,920,300)	(997,611)
Income tax expense		<u>-</u>	<u>-</u>
Net loss after income tax for the period		(1,920,300)	(997,611)
Other comprehensive income(loss) for the			
Translation of subsidiary foreign operations		<u>454,607</u>	<u>(8,490)</u>
Other comprehensive income for the year, net		<u>454,607</u>	<u>(8,490)</u>
Total comprehensive loss for the period		<u>(1,465,693)</u>	<u>(1,006,101)</u>
Basic and Diluted Loss per share		\$0.02	\$0.01

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.

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Condensed Consolidated Statement of Financial Position as at 31 December 2022

		31 December 2022	30 June 2022
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		3,028,631	7,091,030
Other receivables		-	176,737
Other assets		152,156	405,589
TOTAL CURRENT ASSETS		3,180,787	7,673,356
NON CURRENT ASSETS			
Plant and equipment		431,033	302,725
Exploration and evaluation expenditure	4	6,067,354	3,175,260
TOTAL NON CURRENT ASSETS		6,498,387	3,477,985
TOTAL ASSETS		9,679,174	11,151,341
CURRENT LIABILITIES			
Trade and other payables		109,298	148,203
Employee benefits provision		31,632	20,228
TOTAL CURRENT LIABILITIES		140,930	168,431
TOTAL LIABILITIES		140,930	168,431
NET ASSETS		9,538,244	10,982,910
EQUITY			
Issued Capital	5	12,878,287	12,878,287
Foreign currency translation reserve		412,047	(42,560)
Options reserve	6	388,984	367,957
Accumulated losses		(4,141,074)	(2,220,774)
TOTAL EQUITY		9,538,244	10,982,910

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

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Condensed Consolidated Statement of Changes in Equity for the half year ended 31 December 2022

	Issued Capital	Foreign Currency Translation Reserve	Options Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Half year ended 31 December 2021					
Balance at 1 July 2021	2	-	-	(5,543)	(5,541)
Total comprehensive income for the period					
Loss attributable to members of the Company	-	-	-	(997,611)	(997,611)
Foreign currency translation difference for foreign operations	-	(8,490)	-	-	(8,490)
Total comprehensive income for the period	-	(8,490)	-	(997,611)	(1,006,101)
Transactions with owners in their capacity as owners					
Share based payment transactions	-	-	222,896	-	222,896
Issue of shares	13,986,000	-	-	-	13,986,000
Costs of issuing shares through IPO	(1,107,715)	-	-	-	(1,107,715)
Transactions with owners in their capacity as owners	12,878,285	-	222,896	-	13,101,181
Balance at 31 December 2021	12,878,287	(8,490)	222,896	(1,003,154)	12,089,539

	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
Total comprehensive income for the period					
Loss attributable to members of the Company	-	-	-	(1,920,300)	(1,920,300)
Foreign currency translation difference for foreign operations	-	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
Transactions with owners in their capacity as owners	-	-	21,027	-	21,027
Balance at 31 December 2022	12,878,287	412,047	388,984	(4,141,074)	9,538,244

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

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Condensed Consolidated Statement of Cash Flows for the half year ended 31 December 2022

	Half year to 31 December 2022	Half year to 31 December 2021
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	14,139	-
Other income	10,666	-
Payments to suppliers and employees (inclusive of GST)	<u>(1,038,771)</u>	<u>(715,148)</u>
Net cash (used in) by operating activities	<u>(1,013,966)</u>	<u>(715,148)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(2,892,094)	(383,826)
Payments for plant and equipment	<u>(156,339)</u>	<u>(161,830)</u>
Net cash (used in) investing activities	<u>(3,048,433)</u>	<u>(545,656)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	12,300,000
Payments of costs associated with the issue of shares and IPO	<u>-</u>	<u>(1,170,376)</u>
Net cash provided by financing activities	<u>-</u>	<u>11,129,624</u>
Net increase in cash held	(4,062,399)	9,868,820
Cash at beginning of the financial year half-	<u>7,091,030</u>	<u>2</u>
Cash at the end of the financial half-year	<u>3,028,631</u>	<u>9,868,822</u>

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 for the half year ended 31 December 2022

Note 1: Summary of Significant Accounting Policies

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 2022, the Group has net assets of \$9,538,244 (30 June 2022: \$10,982,910). During the six-month period to 31 December 2022 the Group had cash outflows from operating activities of \$1,013,966 (31 December 2021: \$715,148) and cash outflows from investing activities of \$3,048,433 (31 December 2021: \$545,656). On the basis that exploration activities continue in accordance with the business plan, the Group expects that it will incur expenditure on its tenements within one year of over \$5,000,000.

The Group has prepared a cash flow forecast which indicates that the Group does not have sufficient cash to meet its planned exploration expenditure and support its current level of corporate overheads and therefore will need to raise additional funds to continue as a going concern.

To address the future additional funding requirements of the Group, since 31 December 2022, the directors have undertaken the following initiatives:

- undertaken a programme to continue to monitor the Group's ongoing working capital requirements and planned exploration expenditure; and
- continued their focus on maintaining an appropriate level of corporate overheads in line with the Group's available cash resources.

The directors are confident that they will be able to complete a capital raising that will provide the Group with sufficient funding to meet its planned exploration expenditure and support its planned level of overhead expenditures, and therefore that it is appropriate to prepare the financial statements on the going concern basis.

Condensed Notes to the Financial Statements for the half year ended 31 December 2022

However, in the event that the Group is not able to successfully complete the fundraising referred to above, material uncertainty would exist as to whether the company and Group will continue as going concerns and, therefore, whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded asset amounts, nor to the amounts and classification of liabilities that might be necessary should the company and the Group not continue as going concerns.

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: LOSS FOR THE SIX MONTHS

	31 December 2022	31 December 2021
	\$	\$
Revenue		
Interest income	14,139	-
Foreign currency gains	30,541	-
Miscellaneous other income	10,666	25,709
Total income	<u>55,346</u>	<u>25,709</u>

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Condensed Notes to the Financial Statements for the half year ended 31 December 2022

NOTE 4: EXPLORATION & EVALUATION ASSETS

	31 December 2022	30 June 2022
	\$	\$
Opening balance	3,175,260	-
Acquisition costs	-	1,636,000
Capitalised costs for the period	2,892,094	1,539,260
	<u>6,067,354</u>	<u>3,175,260</u>

NOTE 5: ISSUED CAPITAL

	31 December 2022	30 June 2022
	\$	\$
113,400,002 ordinary shares (2022: 113,400,002 shares)	<u>12,878,287</u>	<u>12,878,287</u>

	31 December 2022	30 June 2022
	Number of shares	Number of shares
On issue at the start of the period	113,400,002	2
Issue of ordinary shares at 1c each for cash subscription	-	5,000,000
Issue of ordinary shares at 4c each for cash subscription	-	6,250,000
Issue of shares at 4c each for advisory services	-	1,250,000
Issue of shares at 4c each on acquisition of subsidiaries	-	40,900,000
Issue of shares at 20c each pursuant to IPO	-	60,000,000
Expenses associated with the issue of IPO shares	-	-
On issue at the end of the period	<u>113,400,002</u>	<u>113,400,002</u>

NOTE 6: OPTIONS RESERVE

	No.	\$
Opening Balance	34,925,000	367,957
Vested since June 2022	-	116,488
Unvested options valuation	-	34,092
Cancellation of Director options at resignation	(1,200,000)	(147,421)
Director Options issued	1,500,000	17,868
Closing Balance at 31 December 2022	<u>35,225,000</u>	<u>388,984</u>

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Condensed Notes to the Financial Statements for the half year ended 31 December 2022

Details of the options issued and the Black-Scholes valuation inputs used are as follows:

	No of Options	Exercise price	Grant date	Vesting date	Expiry date	Volatility	Risk free rate	Value of Options at Grant date
Directors Options	500,000	\$0.30	23 November 2022	1 April 2023	1 April 2026	100%	2.5% pa	12,667
Directors Options	500,000	\$0.30	23 November 2022	1 April 2024	1 April 2026	100%	2.5% pa	3,301
Directors Options	500,000	\$0.30	23 November 2022	1 April 2025	1 April 2026	100%	2.5% pa	1,900

Note 7: Related Party Transactions

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

On the 8 September 2021, the Group entered into a Services Agreement with RFC Ambrian Limited (RFC) for the provision of corporate, management and administrative services to the Group. The agreement was for an initial term of 2 months after which the agreement could be extended for periods of 2 months at the sole election of the Group. In consideration for the services provided, the Group agreed to pay RFC an amount of \$15,000 (exc GST) per month. The group has continued to utilize the services from RFC. Non-executive chairman of the Group, Mr Stephen Allen is the Managing Director of RFC.

Note 8: Contingencies and Commitments

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

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Condensed Notes to the Financial Statements for the half year ended 31 December 2022

NOTE 9: LOSS PER SHARE

	31 December 2022
Net loss used in the calculation of basic and diluted earnings per share	\$1,920,300
<i>weighted average shares used in calculation</i>	<i>113,400,002</i>

	Cents
Basic loss per share	2.00
Diluted loss per share	2.00

Note 10: Group Details

The registered office of the Company is:

Lykos Metals Limited
Level 48, Central Park
152-158 St Georges Terrace
Perth WA 6000

Note 11: Events

In the opinion of the directors of the Group, in the period from 31 December 2022 to the date of this report no items, transactions or events of a material or unusual nature have arisen which will affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods. The Group is continuing with its challenge to the actions of the Government regarding the Group's rights to its Sockovac project both through the statutory process route and through direct discussions with the authorities.

Declaration by Directors

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 2022 and of its performance for the period ended.
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:



Non-executive Chairman
Stephen Allen



Director
Milos Bosnjakovic

Dated 14 March 2023

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 2022, 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 a summary of significant accounting policies and other explanatory 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 2022 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the financial report which indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2022 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, 14 March 2023

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