



SKY METALS

SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2026

ABN 46 098 952 035

SKY METALS LIMITED
and its controlled entities

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CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to present the 2026 Annual Report for Sky Metals Limited.

FY2026 was a transformational year for SKY, marked by significant progress across our portfolio and, most importantly, the continued advancement of our flagship Tallebung Tin-Tungsten-Silver Project toward development. Throughout the year, we delivered major exploration success, achieved important metallurgical breakthroughs, advanced environmental and permitting activities, and strengthened our position as one of Australia's emerging tin-tungsten-silver development companies.

The global outlook for tin and tungsten remains exceptionally compelling. Tin is a critical mineral underpinning modern technology, with demand continuing to be driven by electronics, artificial intelligence infrastructure, semiconductors, renewable energy systems and electric vehicles. Against a backdrop of constrained global supply and increasing recognition of tin's strategic importance, SKY is well positioned to benefit from growing demand for secure and reliable future sources of tin production.

At Tallebung, extensive drilling programs completed during the year substantially increased geological confidence in the deposit and identified significant extensions to mineralisation. More than 500 drill holes had been completed by year end, providing the foundation for a materially expanded Mineral Resource Estimate announced shortly after the end of the financial year. These results reinforced our confidence that Tallebung has the scale, grade and continuity required to support future mining development.

Importantly, FY2026 also delivered outstanding metallurgical outcomes. Large-scale ore sorting trials demonstrated exceptional tin recoveries and substantial mass rejection, validating a processing pathway that has the potential to materially reduce future capital and operating costs. These results represent a major de-risking milestone and further strengthen the economic potential of the project. At the same time, Tallebung entered the Environmental Impact Statement stage of the NSW State Significant Development approvals process, another key step in advancing the project toward potential near-term production.

Beyond Tallebung, we were particularly encouraged by the progress achieved at the Doradilla Project. Metallurgical testwork demonstrated the ability to recover tin into a high-grade saleable concentrate, significantly enhancing the development outlook for what we believe is a highly prospective and underexplored tin district. Continued geological assessment and surface sampling further highlighted the scale potential of the broader Doradilla-Midway-3KEL corridor and reinforced our view that Doradilla has the potential to become a second major tin development asset within the Company's portfolio.

Looking ahead, our priorities for FY2027 include:

- Advancing Tallebung through ongoing development, environmental and permitting activities associated with the State Significant Development process;
- Progressing metallurgical optimisation, concentrate production and associated development studies to support future production decisions;
- Continuing targeted drilling programs aimed at further resource growth and conversion; and
- Advancing Doradilla through ongoing metallurgical, geological and exploration programs designed to unlock the full potential of this emerging tin district.

On behalf of the Board, I would like to sincerely thank our shareholders for their continued support and confidence throughout the year. I also extend my appreciation to our management team, employees, contractors and consultants whose dedication and commitment have delivered another year of strong progress. I would particularly like to recognise Managing Director Mr. Oliver Davies, whose leadership has been instrumental in advancing the Company's strategic objectives, together with Non-Executive Directors Mr. Hill and Mr. Kairaitis, and Company Secretary Mr. Willson for their ongoing contribution to the Company. This year we also welcomed Mr Scott Todd to the Board and I would like to extend our appreciation for the tremendous contributions Mr Todd has already made to SKY and rapidly advancing the Tallebung Project.

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The Board remains excited about the opportunities ahead. With growing resources, successful metallurgical outcomes, significant permitting progress and strong exposure to the tin market, SKY is entering FY2027 in its strongest position to date and remains focused on building long-term shareholder value through the successful development of its Australian critical minerals portfolio.

Yours sincerely



Norman A. Seckold
Chairman

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Corporate Activities

- On 15 July 2025, 1.1 million shares were issued to the Managing Director upon the exercise of performance rights,
- On 15 July 2025, 5.8 million unlisted performance rights held by the Managing Director and other employees expired,
- On 15 July 2025, the Company issued 1.75 million performance rights to employees,
- On 22 July 2025, 12.35 million shares were issued to employees and Directors upon the exercise of performance rights,
- On 25 July 2025, 5 million shares were issued to Directors upon the exercise of performance rights,
- On 31 July 2025, SKY announced a \$6.1 million placement to institutional, sophisticated and professional investors, including the Company's directors, at A\$0.065 per share to advance the Tallebung Tin Project. The shares were issued in two tranches; 84.6 million shares were issued on 7 August 2025, and 9.1 million shares were issued on 27 November 2025 subsequent to shareholder approval at the Annual General Meeting held on 10 November 2025,
- On 10 September 2025, 781,862 shares were issued upon the exercise of options at \$0.064 per share,
- On 7 October 2025, 1 million shares were issued to the Managing Director upon the exercise of performance rights,
- The Company held its Annual General Meeting on 10 November 2025 with all resolutions carried,
- On 27 November 2025, the Company issued 12.55 million performance rights to directors and employees, as approved by shareholders at the 2025 AGM on 10 November 2025,
- On 18 December 2025, Mr Scott Todd was appointed as Executive Director,
- On 18 December 2025, the Company issued 3.75 million performance rights to Executive Director Mr Scott Todd,
- On 12 January 2026, 7.85 million unlisted performance rights to employees and Directors expired,
- On 20 January 2026, 26.5 million shares were issued to employees and Directors upon the exercise of performance rights,
- On 30 January 2026, 1.1 million unlisted performance rights held by employees expired,
- On 30 January 2026, 8.2 million shares were issued to employees and Directors upon the exercise of employee performance rights,
- On 13 February 2026, SKY announced a \$20.5 million placement to institutional, sophisticated and professional investors, including the Company's directors, at A\$0.155 per share to advance the Tallebung Tin Project. The shares were issued in two tranches; 129 million shares were issued on 18 February 2026, and 3.2 million shares were issued on 4 June 2026 subsequent to shareholder approval at a meeting of shareholders held on 19 May 2026,
- The Company held a General Meeting on 19 May 2026 with all resolutions carried,
- On 19 May 2026, the Company issued 2.96 million performance rights to employees, and
- On 4 June 2026, 0.75 million shares were issued to employees and Director upon the exercise of performance rights.

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Sky Metals Limited (ASX: SKY) is focused on discovering and developing high-value mineral projects in New South Wales, Australia. The Company's portfolio is focussed on the advanced Tallebung and Doradilla projects, providing exposure to growing demand for tin, tungsten and precious metals. SKY's broader portfolio offers exposure to the tin, gold, copper and base metal markets in the world class mining jurisdiction of NSW.

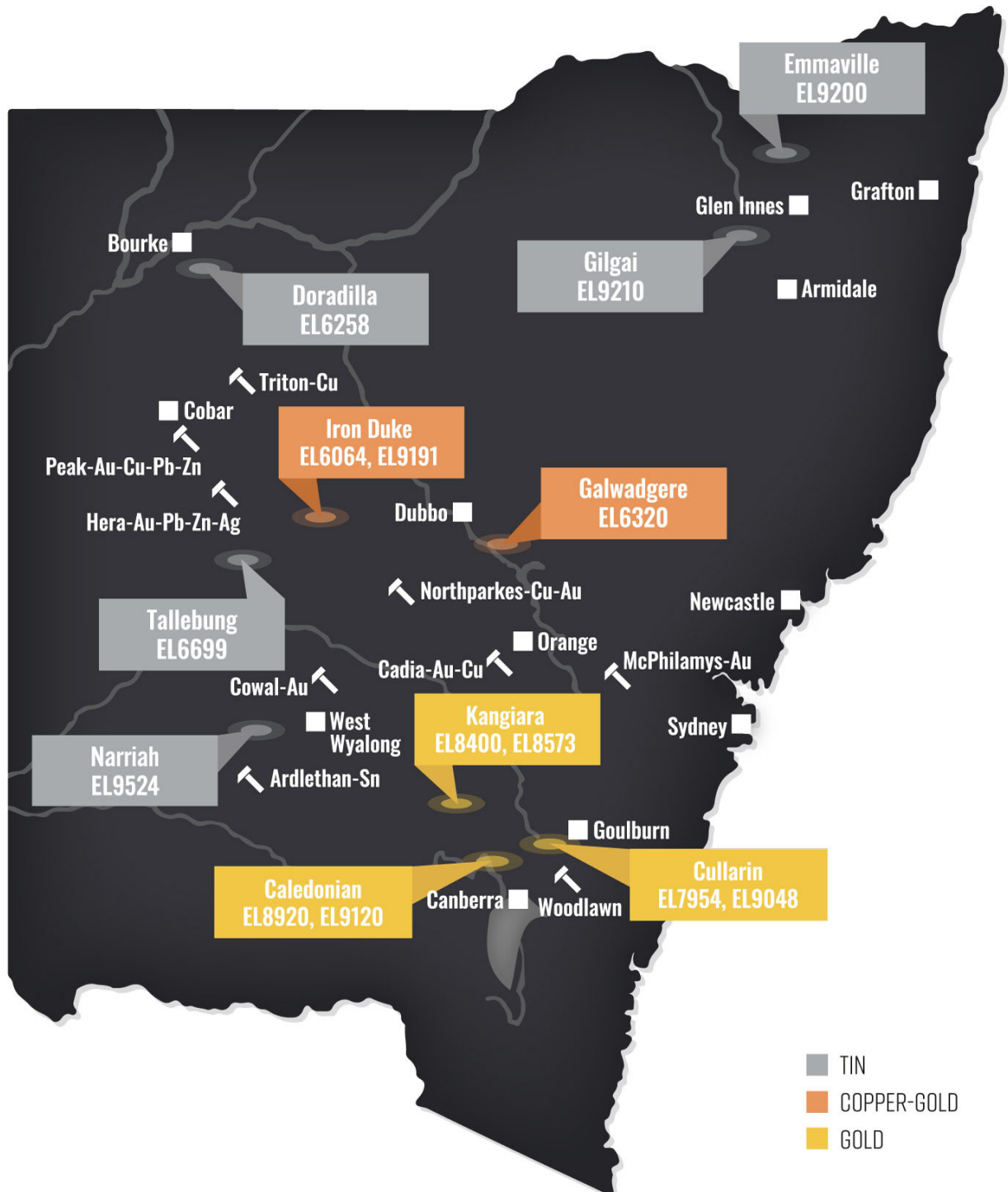


Figure 1: SKY Metals - Project Location Map

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Project Updates

TALLEBUNG PROJECT (EL 6699, SKY 100%)

EXPLORATION DRILLING & DEPOSIT EXTENSIONS

Drilling at the Tallebung Tin-Tungsten-Silver Project accelerated throughout FY2026, with major multi-rig RC and diamond programs focused on resource expansion, in-fill drilling and geotechnical work to support mine design. The year began with completion of a 143-hole RC program in the September quarter, then progressed through major follow-up programs in the December, March and June quarters. By year end more than 500 drill holes had been completed at Tallebung, compared with only 115 holes underpinning the previous Mineral Resource Estimate ('MRE'), materially improving geological confidence and supporting the updated MRE announced after year end on 13 July 2026.

FY2026 drilling consistently returned shallow, high-grade tin, tungsten and silver mineralisation beyond the previous resource margins and demonstrated continued growth to the south-east, east and north-east. Key reported drill intercepts across the year included:

TBRC171: 3m @ 686.3g/t Ag & 0.96% Sn from 24m

TBRC253: 5m @ 1.63% Sn from 6m, including 1m @ 7.44% Sn & 13.9g/t Ag **TBRC218:** 6m @ 1.32% W, 20.2g/t Ag & 0.10% Sn from 21m and 10m @ 0.60% W, 80.6g/t Ag & 0.10% Sn from 53m, including 3m @ 1.58% W, 173g/t Ag & 0.18% Sn

TBRC263: 21m @ 0.75% Sn & 0.02% W from 27m, including 6m @ 2.40% Sn & 0.03% W

TBRC274: 3m @ 604g/t Ag & 0.68% Sn from 24m

TBRC302: 25m @ 0.27% Sn, 0.09% W & 17.0g/t Ag from 7m, including 2m @ 0.76% Sn & 0.25% W

TBRC304: 24m @ 0.34% Sn & 31.5g/t Ag from 101m, including 4m @ 1.02% Sn & 131g/t Ag

TBRC317: 8m @ 1.18% Sn & 0.25% W from 41m, including 3m @ 2.88% Sn & 0.45% W

TBRC395: 23m @ 1.14% Sn & 0.03% W from 19m, including 6m @ 2.72% Sn & 0.06% W

TBRC410: 17m @ 0.79% Sn & 0.04% W from 47m, including 4m @ 2.27% Sn & 0.02% W

TBRC414: 10m @ 0.61% Sn & 27.1g/t Ag from 48m, including 1m @ 2.46% Sn, 0.04% W & 14.8g/t Ag

TBRC415: 13m @ 0.48% Sn, 0.03% W & 67.1g/t Ag from 55m, including 5m @ 1.02% Sn, 0.03% W & 164g/t Ag

TBRC428: 34m @ 0.27% Sn, 0.03% W & 57.7g/t Ag from 39m, including 10m @ 0.46% Sn, 0.07% W & 166g/t Ag

TBRC436: 14m @ 0.58% Sn & 0.04% W from 1m, including 2m @ 0.94% Sn & 0.04% W

TBRC438: 16m @ 0.27% Sn, 0.03% W & 15.4g/t Ag from 30m, including 1m @ 2.22% Sn, 0.14% W & 51.6g/t Ag from 42m.

These results confirmed both grade and continuity at shallow depths suitable for open pit development and highlighted multiple new mineralised zones not incorporated in the earlier resource model. In particular, drilling late in FY2026 identified a new shallow tin-tungsten-silver zone on the north-eastern margin of the deposit, while southern and south-eastern drilling extended high-grade silver-tin and tin-tungsten mineralisation beyond the prior MRE envelope.

Surface sampling during FY2026 also continued to support drill targeting and resource growth at Tallebung. Rock chips collected from newly identified historical workings south of the current resource envelope returned up to 1.35% Sn and 1.10% Sn with 18.2g/t Ag, confirming continuity of mineralisation at surface and identifying additional high-priority drill targets along the southern extension.

Bulk metallurgical work advanced materially during FY2026 as SKY progressed ore sorting and gravity processing studies aimed at producing marketable tin concentrates and improving flowsheet design. During the September quarter, Stage 1 ore sorting on a 75 tonne bulk sample upgraded tin from 0.17% Sn to 2.32% Sn, a 13x increase, with +94.8% tin recovery. Earlier TOMRA variability work on drill samples also returned strong results, with grade upgrade factors of 4.6x to 6.6x, average tin recovery above 98%, and only 15–24% of feed mass retained as sorted product. A standout double ore sorting result upgraded a 0.10% Sn sample to 4.42% Sn, representing an approximately 44x upgrade with 83% recovery and only 1.9% mass retained. Silver was also upgraded from

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7.44g/t Ag to 75.9g/t Ag, a 10x increase, with more than 80% silver recovery, while tungsten recovery from fines remained under review through additional Dense Medium Separation ('DMS') testwork.

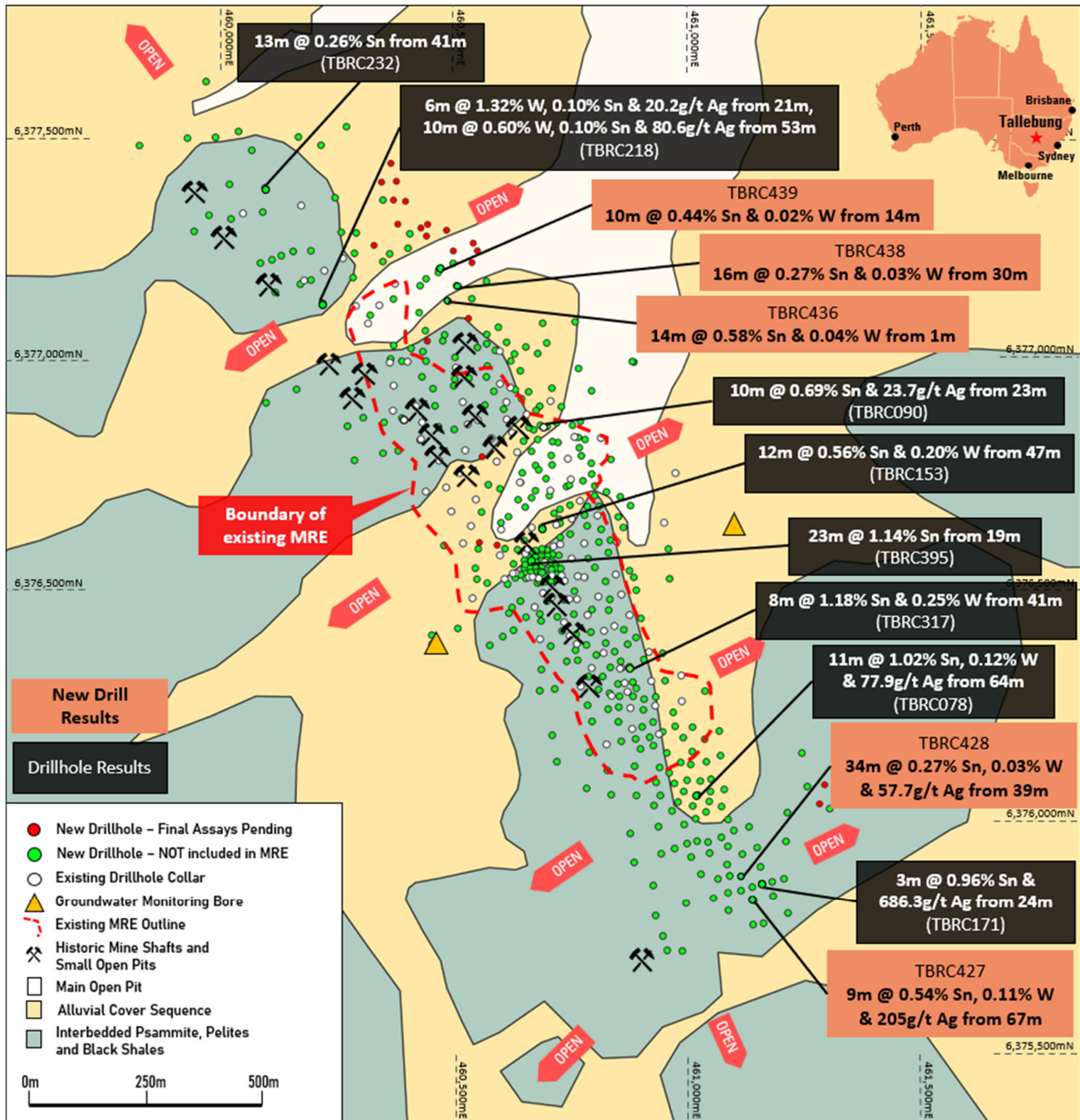


Figure 1: Plan showing the location of the new drilling results. Drill-hole collars, previously reported highlight drill intercepts and the limits of the existing Tallebung MRE are shown over surface geology.

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BULK SAMPLE ORE SORTING TESTWORK

This bulk sampling program represents a critical step in SKY's strategy to advance Tallebung through ongoing mining studies. The program was designed to replicate real-world mining and processing conditions, enabling SKY to validate and optimise its metallurgical flowsheet at pilot scale.

Samples were selected to represent a range of tin grades across the deposit, with the ultimate goal of producing a saleable tin concentrate and supporting off-take discussions with downstream partners (see Figure 1).

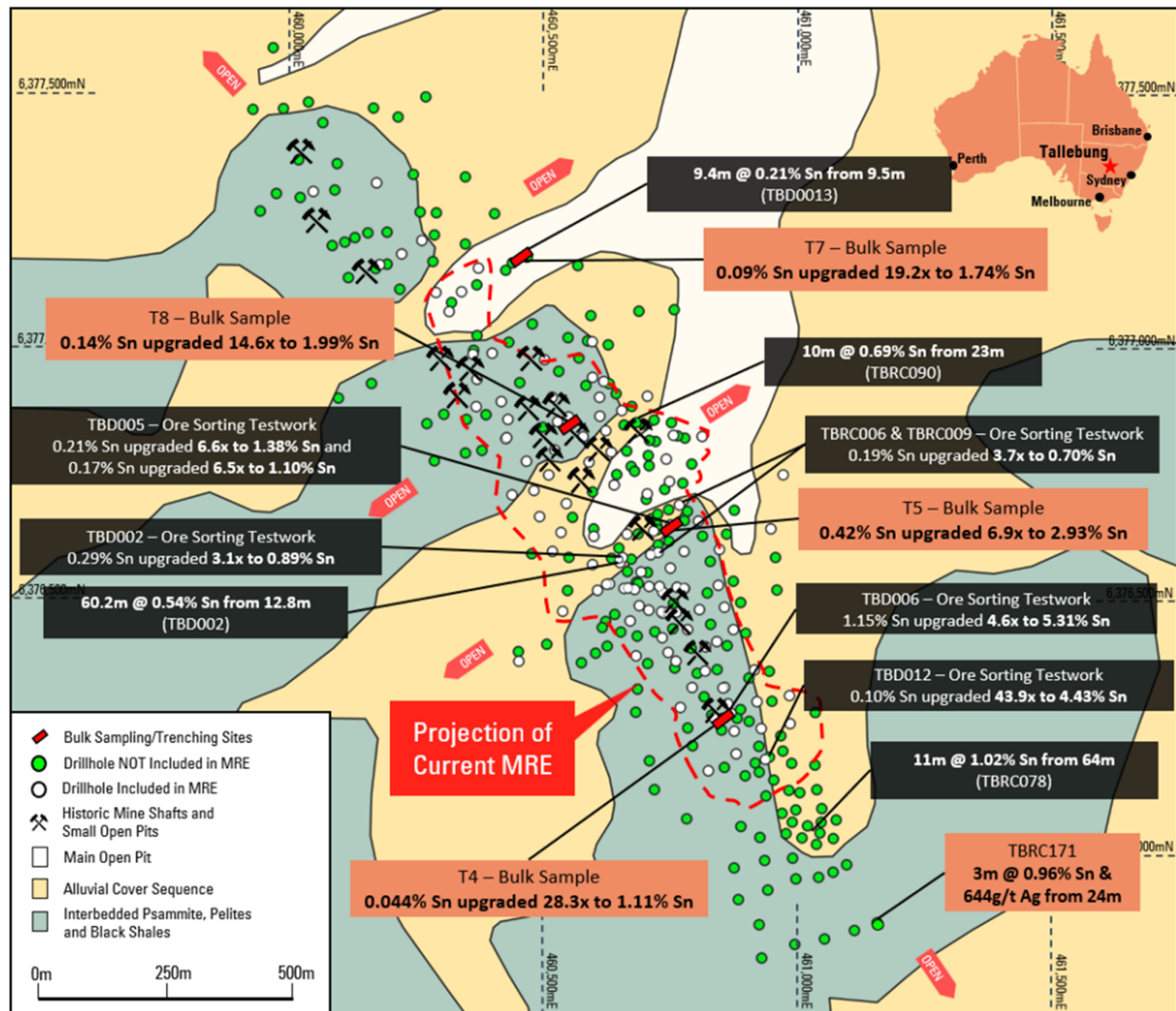


Figure 1: Plan showing the location of the bulk sampling-trenching sites across the deposit with results from the latest ore sorting testwork shown in orange labels along with the latest drilling results. Previous testwork results and drill-hole intercepts are shown with black labels.

The bulk samples were excavated early in 2025 from beneath mineralised zones identified in the recent trenching program (see SKY ASX announcement dated 24 January 2025), using a large excavator and rock hammer to extract 1m deep cuts directly below the excavated trenches. The material was then transported to Condobolin, NSW, where it was crushed to –40mm and screened to separate –7mm fines.

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The 7–40mm fraction was processed through a full-scale TOMRA XRT Ore Sorter in a two-stage circuit, delivering exceptional upgrades in tin grade and showing excellent tin recovery, with the average across the four bulk samples shown below (see SKY:ASX Announcement 18 August 2025):

Stage 1 Sorting: Tin upgraded from **0.17% Sn to 2.32% Sn (a 13x increase) with +94.8% Sn recovery total.**

Stage 2 Sorting: Further upgrade to **10.8% Sn (a further 4.6x increase) with +70% Sn recovery.**

Importantly, **over 93% of mass was rejected in Stage 1**, significantly reducing the volume for downstream processing and highlighting the potential for substantial reductions in CAPEX and OPEX for future mining operations at Tallebung.

Additionally, the bulk samples were extracted from highly weathered and friable near-surface material, which is likely to be the least favourable zone of the deposit for ore sorting.

The nature of this at-surface excavated material, being crushed with limited controls and the transport of the material from site to laboratories across Australia to complete the testwork, are all likely to have contributed to an over-representation of fines (<7mm) material in the program. Despite this, the ore sorting results were exceptional, demonstrating the robustness and scalability of SKY's flowsheet using the TOMRA ore sorting.

The success in upgrading and recovering tin from this challenging material highlights the potential for even stronger performance from deeper, more competent zones of mineralisation, as would be encountered in any future mining operation.

Silver and tungsten by-products also demonstrated strong upgrades and recoveries:

Stage 1 Sorting: Silver upgraded from 7.44g/t Ag to **75.9g/t Ag (a 10x increase) with +80% Ag recovery.**

A large proportion of the tungsten reported to the crushing fines and recoveries of tungsten in the processing will be re-evaluated once the results of the DMS testwork on the fines is completed.

Both silver and tungsten show strong potential to be valuable by-products at the Tallebung Project.

These results validate the scalability and robustness of SKY's metallurgical flowsheet, confirming the effectiveness of ore sorting – even in highly weathered surface mineralisation.

NEXT STEPS IN METALLURGICAL PROGRAM

The fines material (<7mm) and the waste from the Stage 2 ore sort will now undergo DMS trials at ALS Perth, followed by pilot-scale gravity processing at ALS Burnie of the products from the ore sorting and DMS testwork.

The pilot-scale gravity circuit will be designed to produce a final tin concentrate which will be used in off-take marketing and end-user engagement, supporting SKY's near-term tin-tungsten-silver production strategy.

ENVIRONMENTAL, APPROVALS & DEVELOPMENT PREPARATIONS

Development and approvals activities accelerated in parallel with drilling and metallurgy during FY2026. Environmental baseline work progressed across biodiversity, groundwater and geochemical studies, supported by installed monitoring bores and weather station data. During the March quarter, SKY initiated the NSW State Significant Development ('SSD') approvals process, engaged environmental consultants, commenced the Scoping Report and appointed an Environmental Manager to advance stakeholder engagement and Environmental Impact Statement work. During the June quarter, submission and subsequent approval of the Scoping Report and issue of the Planning Secretary's Environmental Assessment Requirements formally advanced Tallebung into the EIS phase of the SSD process, marking a significant de-risking milestone as the project moved toward near-term development.

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	Year	2026			2027				2028	
	Quarter	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	Month/End of Quarter	June	September	December	March	June	September	December	March	June
Project Development	Update MRE	Progressing								
	Baseline Environmental Studies	Progressing								
	Release Pre-Feasibility Study	Progressing								
	Definitive Feasibility Studies									
Mining Approvals	Submit NSW State Significant Development (SSD) Scoping Report	Completed								
	Receive SEARs from NSW Government	Completed								
	Prepare Environmental Impact Statement	Progressing								
	Mining Lease (ML) Application									
	Community & Stakeholder Consultation	Progressing								
Project Construction	Project Infrastructure Licences – Water, Power, etc.									
	Final Investment Decision (FID)									
	Plant Commissioning and Production Ramp-up									

Figure 3: Planned development and approvals timeline for the Tallebung Project.

DORADILLA PROJECT (EL 6258, 100% SKY)

A review of historic petrology and metallurgical studies at the Doradilla Tin Deposit during FY2026 confirmed that tin is predominantly hosted in fine cassiterite associated with the Doradilla Tin Target at the south-western end of the Doradilla-Midway-3KEL ('DMK') Line. Importantly, this mineralisation has not previously been evaluated using modern flotation techniques, creating scope to reassess the development potential of the project using contemporary processing technology.

The key technical advancement during FY2026 was a metallurgical breakthrough reported in the September and December quarters. Testwork on drill core from historical hole DOXD001, over the 29.4m to 38.1m interval within the oxide zone, demonstrated that approximately 78% of tin could be recovered into a high-grade, saleable tin concentrate. The updated flowsheet used gravity separation to recover around 55% of the tin before further concentration into a saleable concentrate grading approximately 45–55% tin, confirming the potential for Doradilla mineralisation to produce a marketable product.

Doradilla was also advanced through updated geological interpretation and surface sampling. An initial Exploration Target defined over 2.5km of the broader 10km strike corridor was reported at 10–15Mt grading 0.32–0.42% Sn for 32,000 to 63,000 tonnes of contained tin, highlighting the potential scale of the system. During the March quarter, surface rock-chip sampling further expanded the known mineralised strike and reinforced Doradilla's potential as a large-scale tin-polymetallic project complementary to Tallebung.

Highlight Doradilla rock-chip and historical drill results referred to in the FY2026 quarterly reports included sample MP20250903-1 returning 3.10% Sn from the historical Wednesday Shaft area, and historical drilling incorporated in the Exploration Target work including DORC001: 11m @ 1.04% Sn from 37m, including 5m @ 1.65% Sn from 42m. These results, together with widespread tin, lead, copper, zinc and indium anomalism identified along the corridor, support the interpretation of a large coherent cassiterite-rich skarn system with substantial growth potential.

SKY continued to collaborate with metallurgical consultants and research institutions including UNSW, ALS Burnie and ANSTO, together with other independent experts, to investigate extraction pathways for tin, rare earth elements and associated polymetallic mineralisation along the DMK Line. Additional analysis indicated rare earth elements reporting to high intensity magnetic fractions with iron, and ongoing work programs included data compilation, geological review, targeted geophysics where required, and planning for drilling to confirm historical

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Notably, most of the hard-rock tin potential across the Narriah Project remains untested by modern exploration. The combination of historic data, recent rock-chip results, and new geophysics will be used to design follow-up drilling aimed at delineating a large-scale, high-grade tin–tungsten system.

CULLARIN PROJECT: GOLD–LEAD–ZINC–COPPER (EL 7954, SKY 80%; DVP JV)

HUME TARGET – DIAMOND DRILLING AND DHEM

Initial drilling at Cullarin successfully validated historical results and confirmed broad zones of high-grade mineralisation. The standout intercept included:

- HUD002: 93 m @ 4.24 g/t Au & 1.87% Pb+Zn from 56m

Re-assay of historical auger drill pulps also revealed multiple untested gold anomalies. These included the Poplar Prospect, where assays returned up to 9.91 g/t Au, yet no follow-up exploration has been conducted.

Given the strong potential of these gold prospects, and SKY's strategic priority to advance its tin portfolio, the Company remains open to partnering with groups that can accelerate exploration and development at Cullarin. SKY is supportive of further work at Cullarin given its location within a proven 25 km mineralised corridor.

IRON DUKE PROJECT: COPPER–GOLD (EL 6064 & 9191, 100% SKY)

During FY2026, SKY entered into a binding agreement to divest the non-core Iron Duke Project for up to \$1.1 million, subject to a number of conditions precedent, reflecting the Company's strategic focus on advancing its tin–tungsten–silver development portfolio (see SKY ASX announcement dated 14 May 2026). The transaction provides immediate non-dilutive funding, consolidates the Project with complementary and adjacent copper–gold assets, and retains exposure to future exploration or development success through milestone-linked consideration.

The Iron Duke Project is an early-stage copper–gold exploration asset encompassing the Iron Duke Shear Zone, a mineralised structure extending for at least 4 km strike and remaining open to the south. Numerous historic copper workings occur along the zone, including Iron Duke, Christmas Gift, Monarch, Mount Pleasant and Silver Linings.

CALEDONIAN PROJECT: GOLD (EL 8920 & EL 9020, 100% SKY)

SKY has completed soil sampling, one phase of aircore drilling, two phases of RC drilling, and two diamond drill holes at the Caledonian Target. A review of SKY's results alongside historic datasets indicates that the mineralisation is best interpreted as a shallow, sub-horizontal blanket of oxide and supergene gold developed over an oxidised skarn.

This trend of metallic occurrences is interpreted by SKY as a possible exhalative horizon with potential to host gold–silver and base metal mineralisation.

A shallow aircore program of 38 vertical holes (697 m total) was conducted on 50–100 m spacing across the 600 m × 400 m area of defined mineralisation. Significant groundwater inflows prevented most holes from reaching refusal, limiting the ability to adequately test the shallow oxide–supergene concept. These results are being evaluated alongside previous drilling to refine the exploration strategy and focus on near-surface high-grade mineralisation. A gold soil anomaly already delineated at Jerrawa is planned for follow-up.

SKY has been notified of plans for a solar farm development in the northern part of EL 8920, which coincides with the Jerrawa Strike.

GALWADGERE PROJECT: COPPER–GOLD (EL 6320, 100% SKY)

In 2021, SKY announced a maiden JORC-2012 Inferred Mineral Resource at Galwadgere of 3.6 Mt @ 0.82% Cu & 0.27 g/t Au, prepared by H&S Consultants using SKY's 2020 drilling results together with prior exploration data. A follow-up drilling program has been designed to test extensions to the maiden resource. Soil sampling along strike from the resource has delineated two copper–gold and multi-element pathfinder anomalies. The northern anomaly, covering 200 m × 100 m, is coincident with the historic McDowell's Mine, while a second anomaly to the south exhibits similar tenor. Both anomalies occur within 3 km of the existing resource and represent high-priority drill targets to support resource growth.



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KANGIARA PROJECT: GOLD (EL 8400 & EL 8573, SKY 80%; DVP JV)

The Kangiara Project, located 30 km north-west of Yass, lies within volcanic and volcanoclastic rocks of the Silurian Douro Group and is prospective for gold and base metals. The Kangiara Mine operated during the early 1900s, producing approximately 40,000 tonnes at grades of 16% Pb, 3% Cu, 5% Zn, 280 g/t Ag, and 2 g/t Au from narrow sulphide veins.

Subsequent work by Paradigm Metals defined an Indicated and Inferred Mineral Resource at Kangiara. SKY's more recent desktop studies have identified additional potential for copper–gold mineralisation at the Crosby Prospect. Field investigations are planned in the coming year to further assess this opportunity.



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No Material Changes

Sky Metals confirms that it is not aware of any new information or data that would materially affect the information included in market announcements and that all material assumptions and technical parameters in the market announcements continue to apply and have not materially changed.

Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr. Oliver Davies, who is a Member of the Australasian Institute of Geoscientists. Mr. Oliver Davies is an employee of Sky Metals Limited and 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. Davies consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Tenement Summary

Holder	Equity	Licence ID	Grant Date	Expiry Date	Units	Area	Comment
Tarago Exploration Pty Ltd (DVP sub)	80%	EL7954	19-6-2012	19-6-2028	51	144 km ²	Cullarin Project, SKY: DVP JV
Ochre Resources Pty Ltd (DVP sub)	80%	EL8400	20-10-2015	20-10-2026	52	147 km ²	Kangiarra Project, SKY: DVP JV Renewal submitted
Ochre Resources Pty Ltd (DVP sub)	80%	EL8573	23-5-2017	23-5-2029	17	48 km ²	Kangiarra Project, SKY: DVP JV
Aurum Metals Pty Ltd (SKY sub)	100%	EL8920	5-12-2019	5-12-2025	65	183 km ²	Caledonian Project
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km ²	Galwadgere Project
Balmain Minerals Pty Ltd (SKY sub)	100%	EL6064	21-3-2003	20-3-2028	5	15 km ²	Iron Duke Project
Balmain Minerals Pty Ltd (SKY sub)	100%	EL9191	8-6-2021	8-6-2027	60	174 km ²	Iron Duke Project
Stannum Pty Ltd (SKY sub)	100%	EL6258	21-6-2004	21-6-2032	38	113 km ²	Doradilla Project
Stannum Pty Ltd (SKY sub)	100%	EL6699	10-1-2007	10-1-2027	14	41 km ²	Tallebung Project
Stannum Pty Ltd (SKY sub)	100%	EL9524	8-2-2023	08-02-2029	92	262 km ²	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	EL9779	5-7-2024	15-05-2031	101	287 km ²	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	EL9904	5-5-2026	5-5-2032	177	514 km ²	Tallebung Project
Stannum Pty Ltd (SKY sub)	100%	EL9864	6-2-2026	6-2-2032	6	17 km ²	Tallebung Project

Table 1: Tenement Summary.

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STATEMENT OF CORPORATE GOVERNANCE

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders. The Company has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2026 Corporate Governance Statement was approved by the Board on 17 September 2026 and reflects the corporate governance practices throughout the 2026 financial year. A description of the Company's current corporate governance practices is set out in the Company's Corporate Governance Statement, which can be viewed at <https://www.skymetals.com.au/corporate-governance/>

**SKY METALS LIMITED
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DIRECTORS' REPORT**

The Directors present their report together with the consolidated financial statements of Sky Metals Limited ('the Company') and its controlled entities ('the Group') for the financial year ended 30 June 2026 and the auditor's report thereon.

1. Directors

The names and particulars of the Directors of the Company at any time during or since the end of the financial year are:

Norman Alfred Seckold, Chairman

Director since 4 December 2001

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 40 years in the full time management of natural resource companies, both in Australia and overseas, including the role of Chairman for a number of publicly listed companies.

Mr Seckold is currently Chairman of ASX-listed companies Alpha HPA Limited and Minerals Exploration Limited, and Executive Chairman of ASX-listed companies Nickel Industries Limited, and Fulcrum Lithium Ltd, and unlisted public company Aluminium Industries Limited.

Oliver Davies, Managing Director

Director since 30 September 2024

Mr Davies joined SKY as a geologist in 2019. He was appointed to Exploration Manager in 2021, then to CEO in early 2022 and subsequently to Managing Director in September 2024. Prior to SKY, Mr Davies was in exploration and operational roles with Evolution Mining and Alkane Resources in NSW and Qld. Mr Davies has worked closely on several successful NSW discoveries including Evolution Mining's significant expansion of the Lake Cowal gold resource and with Alkane's regional exploration success at Tomingley and Boda.

Rimas Kairaitis

Director since 20 June 2019

Mr Kairaitis is a minerals industry executive with over 30 years' experience in minerals exploration, project development, mineral processing and company management in gold, base metals industrial minerals and speciality materials. From 2006-2016 Mr Kairaitis was the founding Managing Director and CEO of Aurelia Metals Limited (ASX: AMI), which he steered from a junior exploration company to a profitable NSW based gold and base metals producer.

Mr Kairaitis is also an Executive Director of the specialty materials manufacturer Alpha HPA Limited (ASX: A4N).

Richard Grant Manners Hill

Director since 20 June 2019

Mr Hill is a geologist and solicitor with over 25 years' experience in the resources sector. He has performed roles as commercial manager and geologist for several mid-cap Australian mining companies and as Director and Chairman for a series of successful ASX-listed companies including a founding Director for Aurelia Metals Limited (ASX:AMI) and Chairman of Genesis Minerals Ltd ASX:GMD) and New World Resources Ltd (ASX:NWC, recently the subject of a takeover). He is currently the Chairman of Accelerate Resources Limited. In addition to his corporate, commercial and fund raising roles, Mr Hill has practical geological experience as a mine based and exploration geologist in a range of commodities worldwide.

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Scott John Todd

Director since 18 December 2025

Mr Todd is a qualified mining engineer and highly experienced mining professional, who has held numerous senior leadership positions such as Chief Operating Officer at PYBAR Mining Services, Vice President at Mitsubishi Development Pty Ltd, and NSW Mining Division Manager at Thiess Pty Ltd.

Most recently, he served as General Manager – Delivery at North Harbour Clean Energy, where he was responsible for managing and delivery of NSW State Significant Projects and steering major developments through the NSW Government's planning and approvals processes.

Directors' and Executives' Remuneration

For details on the amount of remuneration for each Director, refer to the Remuneration Report below.

2. Company Secretary

Richard Willson

Company Secretary since 31 July 2019

Richard is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the resources, technology, and agricultural sectors for both publicly listed and private companies.

Richard has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. He is Non-Executive Chairman of Clara Resources Limited (ASX:C7A), a Non-Executive Director of Obminco Limited (ASX:OB1), MedTEC Holdings Ltd, and Unity Housing Company Ltd; and Company Secretary of a number of ASX Listed Companies.

3. Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors (while they were a Director) of the Company during the financial year are:

Director	Board Meetings	
	Held	Attended
Norman Seckold	5	5
Oliver Davies	5	5
Rimas Kairaitis	5	5
Richard Hill	5	5
Scott Todd	3	3

The Board met informally frequently throughout the year.

4. Principal Activities

The principal activity of the Group during the course of the financial year was the exploration for tin, copper and gold and the investigation of projects involving those activities with the objective of identifying, developing and exploiting economic mineral deposits. Those activities were undertaken in New South Wales, Australia.

There were no significant changes in the nature of the activities of the Group during the financial year.

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5. Operating and financial review

Review of Operations

A review of operations of the Group during the year ended 30 June 2026 is provided in the 'Review of Operations' commencing on page 2 of this annual report.

Financial Review

The consolidated loss after income tax attributable to members of the Group for the financial year ended 30 June 2026 was \$5,369,867 (2025: \$3,150,526). This includes a write-down of capitalised exploration expenditure of \$1,660,345.

Business risks

The prospects of the Group in progressing its exploration projects may be affected by a number of factors. These factors are similar to most exploration companies moving through the exploration phase and attempting to get projects into development. Some of these factors include:

Risk	Description	Mitigant
Future capital needs	The Group does not currently generate cash from its operations given their stage of development. The Group will therefore require additional funding to meet its corporate expenses and continue exploration and potentially move from the exploration phase to the development phases of its projects. As the Group advances studies and evaluation work at the Tallebung Tin Project and continues exploration across its project portfolio, including Doradilla Project, additional funding may be required to support resource expansion, technical studies, permitting activities and other project advancement initiatives. Whilst the Group has a strong track record of raising new capital to fund its activities, there is no certainty that the Group will be successful in raising additional capital on acceptable terms in the future that is sufficient to fund its exploration, feasibility, or development costs at those times.	The Group actively monitors and manages its liquidity position through cash flow forecasting to ensure, as far as possible, that it will have sufficient liquidity to meet its obligations when they are due, under both normal and stressed conditions.
Exploration and development	The results of the exploration activities may be such that the estimated resources are insufficient to justify the financial viability of the projects. The Group undertakes extensive exploration and product quality testing prior to establishing JORC compliant resource estimates and to (ultimately) support mining feasibility studies. There is a risk that its mineral deposits may not be commercially viable subject to factors outside of the Group's control including development costs, changes in mineralisation, consistency and reliability of ore grades and commodity prices. yes As the Group advances evaluation activities at the Tallebung Tin Project and continues exploration across its project portfolio, including Doradilla project, there is a risk that future exploration, metallurgical testing, engineering studies and economic assessments may not	To mitigate these risks to the extent possible, the Group engages external experts to assist with the evaluation of exploration results where required and suitably qualified senior geologists and management of the Group. Economic feasibility modelling of projects will be conducted in conjunction with third party experts and the results of which will usually be subject to independent third-party peer review.

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Risk	Description	Mitigant
	support the progression of these projects. The ability to realise value from the Group's projects will depend on a range of factors including exploration success, technical feasibility, regulatory approvals, availability of funding and prevailing market conditions.	
Environmental	All phases of mining and exploration present environmental risks and hazards. The Group's operations are subject to environmental regulations pursuant to a variety of state and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. Progression of exploration projects may require environmental assessments, regulatory approvals and consultation with landholders, local communities and government agencies. Delays in obtaining approvals, changes in regulatory requirements or adverse environmental assessment outcomes could impact project timelines, costs and the ability of the Group to advance its projects.	The Group assesses each of its projects very carefully with respect to potential environmental issues, in conjunction with specific environmental regulations applicable to each project, prior to commencing field exploration. Periodic reviews are undertaken once field exploration commences.
Social Licence to Operate	The ability of the Group to secure and undertake exploration and development activities within prospective areas is also reliant upon satisfactory resolution of native title and (potentially) overlapping tenure.	To address this risk, the Group develops strong, long term effective relationships with landholders with a focus on developing mutually acceptable access arrangements. The Group takes appropriate legal and technical advice to ensure it manages its compliance obligations appropriately.
Management and key personnel risk	The Group's business and future success depends heavily on the continued services of a small group of executive management and other key personnel. If one or more of the Group's management or key personnel were unable to (or unwilling to) continue in their present positions, the Group might not be able to replace them easily or at all. As a result, the Group's business may be severely disrupted, materially adversely affecting its financial condition and operational results. The Group may also incur additional expenses to recruit, train and retain new or existing personnel.	The Group seeks to mitigate the risk of attrition of key personnel by offering attractive remuneration packages and has put in place an Incentive Plan.

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Risk	Description	Mitigant
Cyber	The Company and its Group Entities rely on IT infrastructure and systems. The Company's IT infrastructure, systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error. These events may cause one or more of the Company's core technologies to become unavailable. Any interruptions to these operations would impact the Company's ability to operate and could result in business interruption, loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect the Company's operating and financial performance.	The Group engages a reputable third-party IT firm to manage its IT infrastructure and cyber-security.
Safety	Safety is of critical importance in the planning, organisation and execution of the Group's exploration and development activities. The Group is committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health, safety or the health and safety of others associated with our business. The Group recognises that safety is both an individual and shared responsibility of all employees, contractors and other persons involved with the operation of the organisation. The Group has a Safety and Health Management system which is designed to minimise the risk of an uncontrolled safety and health event and to continuously improve the safety culture within the organisation.	The Group has a Safety and Health Management system which is designed to minimise the risk of an uncontrolled safety and health event and to continuously improve the safety culture within the organisation.
Market	There are numerous factors involved with exploration and early-stage development of its projects, including variance in commodity price and labour costs which can result in projects being uneconomical.	As a Group which is focused on the development of commodity projects, the Group is exposed to movements in commodity prices, which are quoted in foreign currencies. The Group monitors historical and forecast pricing for these commodities from a range of sources and in order to inform its planning and decision making.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

6. Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2026. No dividends have been paid or declared during the financial year (2025 - \$nil).

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7. Subsequent Events

On 7 July 2026, the Company issued 650,000 performance rights to employees.

On 10 August 2026, the Company released the Tallebung Pre-Feasibility Study confirming the Tallebung project as a technically robust and economically attractive, near-term critical metals development opportunity.

On 4 September 2026, the Company was added to the All Ordinaries Index.

Other than the matters detailed above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8. Likely Developments

The Group's focus over the next financial year will be on its key projects, the Tallebung and Doradilla Projects. Further commentary on this, and the Group's other projects is provided in the 'Review of Operations'. The Group will also assess new opportunities, especially where these have synergies with existing projects.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

9. Environmental Regulations

The Group's operations are subject to significant environmental regulations under both Australian Commonwealth and State legislation in relation to its activities. The Group holds various mineral exploration licences that regulate its exploration activities in Australia. These licences include conditions and regulation with respect to the management and rehabilitation of areas disturbed during the course of its activities.

The Group is committed to achieving a high standard of environmental performance. The Board of Directors has adequate systems in place and regularly monitors compliance with environmental regulations. Compliance with the requirements of environmental regulations and with specific requirements of site environmental licences was substantially achieved across all operations with no instances of non-compliance in relation to licence requirements noted.

Based on the results of enquiries made, the board is not aware of any significant breaches during the period covered by this report.

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DIRECTORS' REPORT

10. Directors' Interests

The relevant interest of each director in the shares or other securities issued by the Company and other related bodies corporate, as notified by the directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001*, at the date of this report is as follows:

Director	Fully paid ordinary shares	Options over ordinary shares	Performance Rights
Norman Seckold	63,932,605	-	-
Rimas Kairaitis	14,980,000	-	-
Richard Hill	14,159,090	-	-
Oliver Davies	14,283,191	-	-
Scott Todd	2,750,000	-	1,000,000

11. Share options

Unissued shares under options

At the date of this report, unissued shares of the Group under option are:

Number of shares	Exercise Price	Expiry Date
10,000,000	\$0.075	20 December 2026

All unissued shares are ordinary shares of the Company.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options previously granted as follows:

Number of shares	Amount paid on each share
781,862	\$0.064

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12. Performance Rights

Unissued shares under performance rights

At the date of this report, unissued shares of the Group under performance rights are:

Number of shares	Performance Milestone Share Price	Expiry Date
1,000,000	Operational KPIs ⁽¹⁾	30 June 2027
650,000	Operational KPIs ⁽²⁾	1 July 2026 – Currently under Board assessment
840,000	Operational KPIs ⁽³⁾	
815,000	\$0.25	1 January 2027
1,060,000	\$0.30	19 May 2029
475,000	Operational KPIs ⁽¹⁾	31 March 2027

⁽¹⁾ Pre-feasibility study of Tallebung Tin, achievement of an ESG excellence rating of the Group and completion of the Environmental Impact Study

⁽²⁾ Safety, environmental compliance and exploration activities

⁽³⁾ ESG, and Doradilla drilling and regulatory compliance

All unissued shares are ordinary shares of the Company.

Shares issued on exercise of performance rights

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of performance rights as follows:

Number of shares	Amount paid on each share
54,900,000	Nil

13. Indemnification of Directors and Officers

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the Group shall be indemnified out of the property of the entity against any liability incurred by him or her in their capacity as officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

The Group has not, otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

14. Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the period.

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15. Remuneration Report - Audited

Principles of Compensation - Audited

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors including the Chief Executive Officer. No other employees have been deemed to be key management personnel.

The remuneration policy of Directors and senior executives is to ensure the remuneration package properly reflects the persons' duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Board is responsible for reviewing its own performance. The evaluation process is designed to assess the Group's business performance, whether long term strategic objectives are being achieved, and the achievement of individual performance objectives.

Remuneration generally comprises salary and superannuation. Longer term incentives are able to be provided, including through the Group's share option and performance rights program which are centred are to align the Key management personnel interests with shareholder interests and expectations. Clear links between remuneration and delivering against short- and long-term objectives are intended to drive sustainable and long-term shareholder value creation. The terms and conditions of share options and performance rights offered or granted by the Group are determined by the Board in its sole and absolute discretion. The remuneration disclosed below represents the cost to the Group for services provided under these arrangements. There were no remuneration consultants used by the Group during the year ended 30 June 2026 or in the prior year.

Non-Executive Director Remuneration - Audited

The Board seeks to set aggregate remuneration at a level which provides the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. The Group's specific policy for determining the nature and amount of remuneration of Board members of the Group is as follows:

The Constitution of the Group provides that the Non-Executive Directors are entitled to remuneration as determined by the Group and approved at a general meeting of shareholders to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently determined by the Group is \$500,000 per annum, excluding shareholder approved share-based payments. Additionally, Non-Executive Directors are entitled to be reimbursed for properly incurred expenses. Currently Non-Executive Directors fees are \$60,000 per annum, and Chairman \$80,000 per annum.

If a Non-Executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Group may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. A Non-Executive Director is entitled to be paid travelling and other expenses properly incurred by them in attending Director's or general meetings of the Company or otherwise in connection with the business of the Group.

All Directors have the opportunity to qualify for participation in the Directors' and Executive officers' option plan, subject to the approval of shareholders. The remuneration of Non-Executive Directors for the year ended 30 June 2026 is detailed in this Remuneration Report.

Executive Service Agreement - Audited

Mr Oliver Davies became the Chief Executive Officer of the Group on 26 April 2022 and Managing Director on 30 September 2024. Mr Davies receives an annual remuneration of \$372,000 (plus superannuation), an increase from \$310,000 (plus superannuation) effective from 1 April 2026. The Company, or Mr Davies may terminate the employment by giving three months written notice. Mr Davies also received a short-term cash incentive of \$20,000 by the Board, in recognition for his contribution the advancement of the Group's projects.

Mr Scott Todd became an Executive Director of the Group on 18 December 2025. Mr Todd receives an annual remuneration of \$310,000 (plus superannuation). The Company, or Mr Todd may terminate the employment by giving four months written notice.

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15. Remuneration Report – Audited (Cont.)

Details of Directors & Executives - Audited

The following table provides details of the members of key management personnel of the entity as at 30 June 2026:

Directors and Executives	Position held
Norman Seckold	Chairman
Oliver Davies	Managing Director & Chief Executive Officer
Rimas Kairaitis	Non-Executive Director
Richard Hill	Non- Executive Director
Scott Todd	Executive Director

Details of remuneration for the year ended 30 June 2026 - Audited

Details of the nature and amount of each major element of the remuneration of each Director of the Company and other key management personnel of the Group are:

		Short term		Long term	Share based payments		Total	Proportion of remuneration performance related
		Salaries & fees	Other incentive	Post - employment Super-annuation benefits	Options & rights ⁽⁸⁾	Shares		
Directors and Executives	Period	\$	\$	\$	\$	\$	\$	%
<i>Executives</i>								
Oliver Davies	2026	325,501	20,000	30,000	295,274⁽³⁾	-	670,775	47.0
	2025	302,847	-	30,000	87,455 ⁽⁴⁾	50,000 ⁽⁵⁾	470,302	29.2
Scott Todd ⁽¹⁾	2026	103,333	-	10,000	182,160⁽²⁾	-	295,493	61.6
	2025	-	-	-	-	-	-	-
<i>Non-executive Directors</i>								
Norman Seckold (Chairman)	2026	80,000	-	-	280,013⁽³⁾	-	360,013	77.8
	2025	80,000	-	-	26,525 ⁽⁶⁾	-	106,525	24.9
Rimas Kairaitis	2026	60,000	-	-	280,013⁽³⁾	-	340,013	82.4
	2025	60,000	-	-	26,525 ⁽⁶⁾	-	86,525	30.7
Richard Hill	2026	149,582⁽⁷⁾	-	-	280,013⁽³⁾	-	429,595	65.2
	2025	147,916	-	-	26,525 ⁽⁶⁾	-	174,441	15.2
Total all specified Directors & Executives	2026	718,416	20,000	40,000	1,317,473	-	2,095,889	63.8
	2025	590,763	-	30,000	167,030	50,000	837,799	25.9

⁽¹⁾ Scott Todd was appointed as an Executive Director on 18 December 2025

⁽²⁾ During the year ended 30 June 2026 3,750,000 performance rights (valued at \$243,250) were issued to Scott Todd.

⁽³⁾ During the year ended 30 June 2026 2,250,000 performance rights (valued at \$514,300) each were issued to Oliver Davies, Norman Seckold, Rimas Kairaitis and Richard Hill.

⁽⁴⁾ During the year ended 30 June 2025 7,000,000 performance rights (valued at \$315,892) were issued to Oliver Davies.

⁽⁵⁾ During the year ended 30 June 2025 1,000,000 shares (valued at \$50,000) were issued to Oliver Davies upon his appointment as Managing Director.

⁽⁶⁾ During the year ended 30 June 2025 3,000,000 performance rights (valued at \$134,900) were issued to each Non-Executive Director.

⁽⁷⁾ The expense comprises directors' fees of \$60,000 and \$89,582 for other services provided by Richard Hill.

⁽⁸⁾ The expense includes vesting of performance rights during the year and vesting of share based payments issued in prior periods, taking into account the progress against the vesting performance criteria detailed above and management's assessment of the probabilities of achieving these.

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15. Remuneration Report – Audited (Cont.)

Shares granted as compensation - Audited

There were no shares granted to Directors or Executives as remuneration during the year ended 30 June 2026. During the year ended 30 June 2025, 1,000,000 shares were issued to Oliver Davies upon his appointment as Managing Director. The Company's share price at the issue date 2 October 2024 was \$0.05.

Options granted as compensation - Audited

There were no options over ordinary shares granted to Directors or Executives as remuneration during the year ended 30 June 2026 and 30 June 2025.

Performance Rights granted as compensation - Audited

A number of performance rights were issued to key management personnel during the financial year. Performance rights are typically issued with various share price and/or operational hurdles to align the contribution of individuals performance to SKY's exploration and development ambitions over the coming years to sustain long term shareholder value creation. The performance rights are subject to continued service with the Group and applicable performance vesting conditions. The performance rights are exercisable for conversion at any time from when the award vests until its expiry date. Unvested performance rights generally lapse on cessation of employment, unless otherwise determined by the Board in accordance with the terms of the Employee Incentive Plan.

Following the Company's 2025 Annual General Meeting on 10 November 2025, the following performance rights were issued to Directors.

- On 27 November 2025, a total of 4,000,000 performance rights were issued to the Directors, Norman Seckold, Oliver Davies, Rimas Kairaitis and Richard Hill (1 million to each Director) on 27 November 2025. The performance rights convert to ordinary fully paid shares in the Company at no cost when the following performance criteria are met:
 - SKY's 5 day VWAP share price reaching 12 cents before 27 November 2028,
 - The Director remains a Director of the Company at the time of achieving the above criteria.

The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.072 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 3.7% based on the 2-year government bond rate. The total fair value of performance rights granted to Directors was \$244,800.

- On 27 November 2025, a total of 5,000,000 performance rights were issued to the Directors, Norman Seckold, Oliver Davies, Rimas Kairaitis and Richard Hill (1.25 million to each Director). The performance rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met:
 - SKY's 5 day VWAP share price reaching 16 cents before 27 November 2028,
 - The Director remains a Director of the Company at the time of achieving the above criteria.

The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.072 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 3.7% based on the 2-year government bond rate. The total fair value of performance rights granted to Directors was \$269,500.

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15. Remuneration Report - Audited (Cont.)

Performance Rights granted as compensation - Audited (Cont.)

Additionally, on 18 December 2025, a total of 3,750,000 performance rights were issued to the Director, Scott Todd upon his appointment as Executive Director. The performance rights convert to ordinary fully paid shares in the Company at no cost when the following performance criteria are met:

- 1,000,000 performance rights when SKY's 5 day VWAP share price reaches 12 cents before 27 November 2028; Total fair value of \$63,000
- 1,250,000 performance rights when SKY's 5 day VWAP share price reaches 16 cents before 27 November 2028; Total fair value of \$69,250
- 1,500,000 performance rights when certain operational milestones are met before 30 June 2027 (including 500,000 rights for completion of the Secretary's Environment Assessment Requirements by 30 April 2026, 250,000 rights for the completion of the pre-feasibility study of Tallebung Tin by 30 June 2026, 100,000 rights for the achievement of an ESG excellence rating of the Group by 1 December 2026, and 250,000, 250,000 and 150,000 rights for the completion of the Environmental Impact Study by 31 January 2027, 31 March 2027 and 30 June 2027 respectively); Total maximum fair value of the performance rights is \$111,000.
- The Director remains a Director of the Company at the time of achieving the above criteria.

The non-market condition performance rights were valued using Black Scholes model. The market condition performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.074 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 4.1% based on the 2-year government bond rate. The total fair value of performance rights granted to Scott Todd was \$243,250.

On 2 October 2024, 1,000,000 performance rights were issued to Mr Oliver Davies upon his appointment as Managing Director. The performance rights convert to ordinary fully paid shares in SKY at no cost 12 months from the date of issues and Mr Davies remains employed by SKY as Managing Director at the time. The total fair value of performance rights granted was \$46,000. These have continued to vest into the current financial year.

Following the Company's 2024 Annual General Meeting on 25 November 2024, 6,000,000 performance rights were issued to Managing Director Mr Oliver Davies and 3,000,000 performance rights were issued to each of the Non-Executive Directors, Mr Norman Seckold, Rimas Kairaitis and Richard Hill, on 4 December 2024. The performance rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met:

- 2,000,000 performance rights to Oliver Davies & 1,000,000 performance rights to each of the Non-Executive Directors will vest on SKY's 5 day VWAP share price reaching 6.5 cents before 4 December 2027,
- 2,000,000 performance rights to Oliver Davies & 1,000,000 performance rights to each of the Non-Executive Directors will vest on SKY's 5 day VWAP share price reaching 8 cents before 4 December 2027,
- 2,000,000 performance rights to Oliver Davies & 1,000,000 performance rights to each of the Non-Executive Directors will vest on SKY's 5 day VWAP share price reaching 10 cents before 4 December 2027.

The non-market condition performance rights were valued using Black Scholes model. The market condition performance rights were valued using a Monte Carlo simulation model. The model inputs of the performance rights issued were the Company's share price of \$0.052 at the grant date, a volatility factor of 75% based on historical share price performance, a risk-free interest rate of 4.05% based on the 3-year government bond rate and dividend yield of 0%. The total fair value of performance rights granted was \$720,730. These have continued to vest into the current financial year.

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15. Remuneration Report - Audited (Cont.)

Performance Rights granted as compensation - Audited (Cont.)

On 12 October 2023, 11,000,000 performance rights were issued to Mr Oliver Davies. The performance rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met:

- 5,000,000 performance rights will vest upon the achievement of various operational exploration and project related milestones are met before 15 July 2025,
- 2,000,000 performance rights will vest on SKY's 5 day VWAP share price reaching 6 cents before 1 December 2025,
- 2,000,000 performance rights will vest on SKY's 5 day VWAP share price reaching 9 cents before 1 December 2026,
- 2,000,000 performance rights will vest on SKY's 5 day VWAP share price reaching 12 cents before 1 December 2026, and • SKY's Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, and
- Mr Davies remains employed by SKY at the time of achieving the above criteria.

The market condition performance rights were valued using a Monte Carlo simulation model. The model inputs of the performance rights issued were the Company's share price of \$0.039 at the grant date, a volatility factor of 85% based on historical share price performance, a risk-free interest rate of 3.99% to 4.04% based on the 3-year government bond rate and dividend yield of 0%. The total fair value of performance rights granted was \$379,862. These have continued to vest into the current financial year.

On 9 November 2023, 3,600,000 performance rights were issued to each Non-Executive Directors, Mr Norman Seckold, Rimas Kairaitis and Richard Hill. The performance rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met:

- 1,200,000 performance rights will vest on SKY's 5 day VWAP share price reaching 6 cents before 1 December 2025,
- 1,200,000 performance rights will vest on SKY's 5 day VWAP share price reaching 9 cents before 1 December 2026,
- 1,200,000 performance rights will vest on SKY's 5 day VWAP share price reaching 12 cents before 1 December 2026, and
- SKY's Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, and
- The Director remains a Director of SKY at the time of achieving the above criteria.

The market condition performance rights were valued using a Monte Carlo simulation model. The model inputs of the performance rights issued were the Company's share price of \$0.042 at the grant date 30 October 2023, a volatility factor of 83% based on historical share price performance, a risk-free interest rate of 4.44% to 4.46% based on the 3-year government bond rate and dividend yield of 0%. The total fair value of performance rights granted was \$363,389. These have continued to vest into the current financial year.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

15. Remuneration Report - Audited (Cont.)

Performance Rights granted as compensation - Audited (Cont.)

On 12 January 2023, 4,000,000 performance rights were issued to Mr Oliver Davies.

The performance rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met:

- 50% of performance rights vesting on SKY's 5 day VWAP share price reaching 15 cents within three years of the date of issue to 12 January 2026, and
- Remaining 50% of performance rights vesting on SKY's 5 day VWAP share price reaching 20 cents within three years of the date of issue to 12 January 2026, and
- SKY's Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, and
- Mr Davies remains employed by SKY at the time of achieving the above performance criteria.

The market condition performance rights were valued using a Monte Carlo simulation model. The model inputs of the performance rights issued were the Company's share price of \$0.048 at the grant date 19 December 2022, a volatility factor of 110% based on historical share price performance, a risk-free interest rate of 3.23% based on the 3-year government bond rate and no dividend paid. The total fair value of performance rights granted was \$156,347. These have continued to vest into the current financial year.

Analysis of movement in equity instruments - Audited

The value of rights or options over ordinary shares in the Company granted and exercised by each key management person during the reporting period is detailed below.

Key management personnel	Granted in period ⁽¹⁾ (\$)	Value of rights or options exercised in period (\$)	Forfeiture / Lapsed rights or options in period (\$)
Oliver Davies	128,500	668,329	312,347
Norman Seckold	128,500	384,651	-
Rimas Kairaitis	128,500	384,651	-
Richard Hill	128,500	384,651	-
Scott Todd	243,250	169,250	-

⁽¹⁾ The value of the rights or options granted in the year is the fair value of the rights or options calculated at grant date. The total value of the rights or options granted is included in the table above. The amount is allocated to remuneration over the vesting period.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

15. Remuneration Report - Audited (Cont.)

Movement in ordinary shareholdings of key management personnel - Audited

The movement during the reporting period in the number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Key management personnel	Held at 1 July 2025	Share Placement ⁽¹⁾	On Market Purchase	Received as remuneration ⁽²⁾	Other / (Disposed) ⁽³⁾	Held at 30 June 2026
Norman Seckold	43,882,605	11,200,000	-	8,850,000	-	63,932,605
Rimas Kairaitis	11,045,981	-	-	8,850,000	(4,915,981)	14,980,000
Richard Hill	8,309,090	500,000	-	8,850,000	(3,500,000)	14,159,090
Oliver Davies	2,633,191	400,000	-	16,250,000	(5,000,000)	14,283,191
Scott Todd	-	-	-	2,750,000	-	2,750,000

⁽¹⁾ During the year ended 30 June 2026, 12,100,000 shares were issued to Directors to advance the Tallebung Tin Project.

⁽²⁾ During the year ended 30 June 2026, 45,550,000 shares were issued following the vesting of the performance rights held by key management personnel.

⁽³⁾ During the year ended 30 June 2026, 13,415,981 shares were disposed by the Directors via an off-market sale of shares.

Key management personnel	Held at 1 July 2024	Share Placement ⁽¹⁾	On Market Purchase	Received as remuneration ⁽²⁾	Other / (Disposed) ⁽³⁾	Held at 30 June 2025
Norman Seckold	33,882,605	10,000,000	-	-	-	43,882,605
Rimas Kairaitis	11,045,981	-	-	-	-	11,045,981
Richard Hill	7,809,090	500,000	-	-	-	8,309,090
Oliver Davies	1,133,191	500,000	-	1,000,000	-	2,633,191

⁽¹⁾ During the year ended 30 June 2025, 11,000,000 shares were issued to Directors to advance the Tallebung Tin Project.

⁽²⁾ During the year ended 30 June 2025, 1,000,000 shares were issued following the vesting of the performance rights held by key management personnel.

Movement in option holdings of key management personnel - Audited

There were no options over ordinary shares held by Directors or Executives during the year ended 30 June 2026 and June 2025.

Movement in performance rights holdings of key management personnel - Audited

2026

Key management personnel	Held at 1 July 2025	Granted	(Exercised) ⁽²⁾	(Forfeiture / Lapsed)	Held at 30 June 2026	Vested during the year	Exercisable at 30 June 2026	Unexercisable at 30 June 2026
Norman Seckold	6,600,000	2,250,000	(8,850,000)	-	-	8,850,000	-	-
Rimas Kairaitis	6,600,000	2,250,000	(8,850,000)	-	-	8,850,000	-	-
Richard Hill	6,600,000	2,250,000	(8,850,000)	-	-	8,850,000	-	-
Oliver Davies	22,600,000	2,250,000	(16,250,000)	(8,600,000) ⁽¹⁾	-	16,850,000	-	-
Scott Todd	-	3,750,000	(2,750,000)	-	1,000,000	2,750,000	-	1,000,000

⁽¹⁾ During the year ended 30 June 2026, 8,600,000 performance rights were expired or forfeited.

⁽²⁾ During the year ended 30 June 2026, 45,550,000 shares were issued following the vesting of the performance rights held by key management personnel.

2025

Key management personnel	Held at 1 July 2024	Granted	(Exercised)	(Forfeiture / Lapsed)	Held at 30 June 2025	Vested during the year	Exercisable at 30 June 2025	Unexercisable at 30 June 2025
Norman Seckold	3,600,000	3,000,000	-	-	6,600,000	-	-	6,600,000
Rimas Kairaitis	3,600,000	3,000,000	-	-	6,600,000	-	-	6,600,000
Richard Hill	3,600,000	3,000,000	-	-	6,600,000	-	-	6,600,000
Oliver Davies	17,600,000	7,000,000	-	(2,000,000) ⁽¹⁾	22,600,000	-	-	22,600,000

⁽¹⁾ During the year ended 30 June 2026, 2,000,000 performance rights were expired on 17 December 2024

SKY METALS LIMITED
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DIRECTORS' REPORT

15. Remuneration Report - Audited (Cont.)

Analysis of performance rights granted as compensation - Audited

All performance rights convert to rights over ordinary shares of Sky Metals Limited, which will convert on one-for-one basis.

Director / Key Management Personnel	Grant Date	Expiry Date	Number of Performance Rights Granted	Fair Value at Grant Date	% vested at 30 June 2026	% vested during the period	% forfeited at 30 June 2026	Year of vesting
Oliver Davies	19 December 2022	12 Jan 2026	2,000,000	\$0.042	100%	18%	0%	FY25
Oliver Davies	19 December 2022	12 Jan 2026	2,000,000	\$0.037	100%	18%	0%	FY25
Oliver Davies	11 October 2023	15 July 2025	5,000,000	\$0.039	0%	0%	80%	FY25
Oliver Davies	11 October 2023	1 December 2025	2,000,000	\$0.033	100%	20%	0%	FY26
Oliver Davies	11 October 2023	1 December 2026	2,000,000	\$0.031	100%	45%	0%	FY26
Oliver Davies	11 October 2023	1 December 2026	2,000,000	\$0.028	100%	45%	0%	FY26
Norman Seckold	30 October 2023	1 December 2025	1,200,000	\$0.037	100%	19%	0%	FY26
Norman Seckold	30 October 2023	1 December 2026	1,200,000	\$0.034	100%	45%	0%	FY26
Norman Seckold	30 October 2023	1 December 2026	1,200,000	\$0.030	100%	45%	0%	FY26
Rimas Kairaitis	30 October 2023	1 December 2025	1,200,000	\$0.037	100%	19%	0%	FY26
Rimas Kairaitis	30 October 2023	1 December 2026	1,200,000	\$0.034	100%	45%	0%	FY26
Rimas Kairaitis	30 October 2023	1 December 2026	1,200,000	\$0.030	100%	45%	0%	FY26
Richard Hill	30 October 2023	1 December 2025	1,200,000	\$0.037	100%	19%	0%	FY26
Richard Hill	30 October 2023	1 December 2026	1,200,000	\$0.034	100%	45%	0%	FY26
Richard Hill	30 October 2023	1 December 2026	1,200,000	\$0.030	100%	45%	0%	FY26
Oliver Davies	30 September 2024	30 September 2025	1,000,000	\$0.046	100%	25%	0%	FY26
Oliver Davies	25 November 2024	04 December 2027	2,000,000	\$0.048	100%	80%	0%	FY26
Oliver Davies	25 November 2024	04 December 2027	2,000,000	\$0.045	100%	80%	0%	FY26
Oliver Davies	25 November 2024	04 December 2027	2,000,000	\$0.042	100%	80%	0%	FY26
Norman Seckold	25 November 2024	04 December 2027	1,000,000	\$0.048	100%	80%	0%	FY26
Norman Seckold	25 November 2024	04 December 2027	1,000,000	\$0.045	100%	80%	0%	FY26
Norman Seckold	25 November 2024	04 December 2027	1,000,000	\$0.042	100%	80%	0%	FY26
Rimas Kairaitis	25 November 2024	04 December 2027	1,000,000	\$0.048	100%	80%	0%	FY26
Rimas Kairaitis	25 November 2024	04 December 2027	1,000,000	\$0.045	100%	80%	0%	FY26
Rimas Kairaitis	25 November 2024	04 December 2027	1,000,000	\$0.042	100%	80%	0%	FY26
Richard Hill	25 November 2024	04 December 2027	1,000,000	\$0.048	100%	80%	0%	FY26
Richard Hill	25 November 2024	04 December 2027	1,000,000	\$0.045	100%	80%	0%	FY26
Richard Hill	25 November 2024	04 December 2027	1,000,000	\$0.042	100%	80%	0%	FY26
Oliver Davies	10 November 2025	27 November 2028	1,000,000	\$0.061	100%	100%	0%	FY26
Oliver Davies	10 November 2025	27 November 2028	1,250,000	\$0.054	100%	100%	0%	FY26
Norman Seckold	10 November 2025	27 November 2028	1,000,000	\$0.061	100%	100%	0%	FY26
Norman Seckold	10 November 2025	27 November 2028	1,250,000	\$0.054	100%	100%	0%	FY26
Rimas Kairaitis	10 November 2025	27 November 2028	1,000,000	\$0.061	100%	100%	0%	FY26
Rimas Kairaitis	10 November 2025	27 November 2028	1,250,000	\$0.054	100%	100%	0%	FY26
Richard Hill	10 November 2025	27 November 2028	1,000,000	\$0.061	100%	100%	0%	FY26
Richard Hill	10 November 2025	27 November 2028	1,250,000	\$0.054	100%	100%	0%	FY26
Scott Todd	18 December 2025	27 November 2028	1,000,000	\$0.063	100%	100%	0%	FY26
Scott Todd	18 December 2025	27 November 2028	1,250,000	\$0.055	100%	100%	0%	FY26
Scott Todd	18 December 2025	30 June 2027	1,500,000 ⁽¹⁾	\$0.074	33%	33%	0%	FY27

⁽¹⁾ These performance rights are subject to various operational hurdles being achieved as previously outlined. Therefore the number of rights granted is dependent on the achievement of underlying milestones.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

15. Remuneration Report - Audited (Cont.)

Key management personnel transactions - Audited

Other transactions with key management personnel - Audited

A number of key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control, or joint control, over the financial or operating policies of those entities.

A number of these entities transacted with the Group during the year. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

During the year ended 30 June 2026, Non-Executive Director Richard Hill performed services for the Company which in the opinion of the Directors are outside the scope of the ordinary duties of a Non-Executive Director and was paid an amount of \$89,582 (2025: \$87,916) excluding GST for these services. At the end of the period the amount outstanding to Mr Hill was \$23,942 (2025: \$17,594) inclusive of GST.

Consequences of performance on shareholders' wealth – Audited

In considering the Group's performance and benefits for shareholders' wealth, the Board has regard to the following indices in respect of the current period and the previous four financial years.

	2026	2025	2024	2023	2022
	\$	\$	\$	\$	\$
Net loss attributable to equity holders of the parent	(5,369,867)	(3,150,526)	(2,027,828)	(9,600,745)	(2,318,155)
Dividends paid	-	-	-	-	-
Change in share price	0.16	0.02	(0.06)	(0.02)	(0.05)

As the Group is a junior mineral exploration company and does not currently generate operating revenues, profitability is not considered a primary indicator of value creation for shareholders. Accordingly, the Board considers movements in the Company's share price to be the most relevant indicator of changes in shareholder wealth, reflecting market assessments of exploration success, resource growth potential and future project development prospects.

The overall level of key management personnel's compensation has been determined based on market conditions and advancement of the Group's projects.

End of remuneration report.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

16. Non-audit Services

During the financial year KPMG, the Group's auditor, performed certain other services in addition to the audit and review of the financial statements.

The board has considered the non-audit services provided during the prior year by the auditor and is satisfied that the provision of those non-audit services during the prior year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the board to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its network firms for audit and non-audit services provided during the current and prior year are set out below:

	30 June 2026	30 June 2025
	\$	\$
Statutory Audit		
- Audit and review of financial statements	115,152	122,328
Non-Audit Services		
- Taxation services	6,330	11,495
Total paid to KPMG	<u>121,482</u>	<u>133,823</u>

17. Lead Auditor's Independence Declaration

The Lead Auditor's independence declaration is set out on page 33 and forms part of the Directors' Report for the financial year ended 30 June 2026.

This Directors' report is made out in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman

Dated at Sydney this 17th day of September 2026



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Sky Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Sky Metals Limited for the financial year ended 30 June 2026 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

J Rutherford

Jessica Rutherford

Partner

Brisbane

17 September 2026

SKY METALS LIMITED
and its controlled entities
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	30 June 2026 \$	30 June 2025 \$
Other income			
Other income	4	111,968	12,400
Expenses			
Employee and director expenses	4	(2,653,256)	(1,464,694)
Consultancy and administration expenses	4	(1,276,388)	(903,015)
Depreciation and amortisation expense	10	(121,540)	(133,992)
Write down of capitalised exploration expenditure	9	(1,660,345)	(648,719)
Other expenses	4	(183,502)	(153,204)
Operating loss before net finance income		(5,783,063)	(3,291,224)
Finance income	4	436,117	171,358
Finance expense	4	(22,921)	(30,660)
Net finance income		413,196	140,698
Loss before tax		(5,369,867)	(3,150,526)
Income tax expense	5	-	-
Total comprehensive loss for the year		(5,369,867)	(3,150,526)
Total comprehensive loss attributable to:			
Owners of the Company		(5,369,867)	(3,150,526)
Non-controlling interest		-	-
Total comprehensive (loss) for the year		(5,369,867)	(3,150,526)
Loss per share			
Basic and diluted loss per share (cents)	15	(0.61)	(0.47)

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

SKY METALS LIMITED
and its controlled entities
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Notes	30 June 2026 \$	30 June 2025 \$
Current assets			
Cash and cash equivalents	16	3,591,592	2,430,529
Trade and other receivables	6	269,433	122,214
Term deposits	19	14,000,000	1,000,000
Other current assets	7	-	47,500
Total current assets		17,861,025	3,600,243
Non-current assets			
Investments	8	231	231
Exploration and evaluation expenditure	9	24,845,836	17,743,277
Property, plant and equipment	10	278,261	315,232
Other non-current assets	7	629,000	283,201
Total non-current assets		25,753,328	18,341,941
Total assets		43,614,353	21,942,184
Current liabilities			
Trade and other payables	11	1,129,595	1,074,451
Lease liability	12	87,749	75,625
Employee benefits payable		152,635	118,359
Total current liabilities		1,369,979	1,268,435
Non-current liabilities			
Lease liability	12	102,671	201,146
Long service leave liability		59,927	13,517
Total non-current liabilities		162,598	214,663
Total liabilities		1,532,577	1,483,098
Net assets		42,081,776	20,459,086
Equity			
Issued capital	13	114,887,072	87,205,304
Fair value reserve	14	231	231
Option premium reserve	14	316,902	1,316,237
Accumulated losses		(73,122,429)	(68,062,686)
Total equity attributable to equity holders of the Company		42,081,776	20,459,086
Non-controlling interest		-	-
Total equity		42,081,776	20,459,086

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

SKY METALS LIMITED
and its controlled entities
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	Issued capital \$	Fair value & Option reserve \$	Accumulated losses \$	Total \$	Non- controlling Interest \$	Total equity \$
Balance at 1 July 2024		81,613,572	973,131	(65,444,443)	17,142,260	-	17,142,260
Total comprehensive income for the period							
Loss for the period		-	-	(3,150,526)	(3,150,526)	-	(3,150,526)
Total comprehensive loss for the period		-	-	(3,150,526)	(3,150,526)	-	(3,150,526)
Transactions with owners recorded directly in equity							
Ordinary shares issued							
- Issue of ordinary shares	13	6,050,000	-	-	6,050,000	-	6,050,000
- Cost of issue	13	(464,118)	-	-	(464,118)	-	(464,118)
- Exercise of employee performance rights	13	5,850	(5,850)	-	-	-	-
Share based payments	18	-	881,470	-	881,470	-	881,470
Expiry of options and performance rights	14	-	(532,283)	532,283	-	-	-
Balance at 30 June 2025		87,205,304	1,316,468	(68,062,686)	20,459,086	-	20,459,086
Balance at 1 July 2025		87,205,304	1,316,468	(68,062,686)	20,459,086	-	20,459,086
Total comprehensive income for the period							
Loss for the period		-	-	(5,369,867)	(5,369,867)	-	(5,369,867)
Total comprehensive loss for the period		-	-	(5,369,867)	(5,369,867)	-	(5,369,867)
Transactions with owners recorded directly in equity							
Ordinary shares issued							
- Issue of ordinary shares	13	26,637,540	-	-	26,637,540	-	26,637,540
- Cost of issue	13	(1,377,130)	-	-	(1,377,130)	-	(1,377,130)
Exercise of options and performance rights	13	2,412,358	(2,421,358)	-	-	-	-
Share based payments	18	-	1,732,147	-	1,732,147	-	1,732,147
Expiry of options and performance rights	14	-	(310,124)	310,124	-	-	-
Balance at 30 June 2026		114,887,072	317,133	(73,122,429)	42,081,776	-	42,081,776

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

SKY METALS LIMITED
and its controlled entities
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	Notes	30 June 2026 \$	30 June 2025 \$
Cash flows from operating activities			
Cash receipts in the course of operations		111,968	12,400
Cash payments in the course of operations		<u>(2,325,695)</u>	<u>(1,728,155)</u>
Cash generated from operations		(2,213,727)	(1,715,755)
Interest received		195,921	145,345
Interest paid	12	<u>(22,921)</u>	<u>(30,660)</u>
Net cash used in operating activities	16	<u>(2,040,727)</u>	<u>(1,601,070)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(8,675,419)	(3,735,817)
Payments for investments in security deposits		(298,300)	(64,720)
Payments for property, plant and equipment		(84,569)	(19,069)
Investments in term deposits		<u>(12,913,980)</u>	<u>(1,000,000)</u>
Net cash used in investing activities		<u>(21,972,268)</u>	<u>(4,819,606)</u>
Cash flows from financing activities			
Proceeds from issue of share capital	13	26,637,540	6,000,000
Cost of issue	13	(1,377,130)	(297,500)
Repayment of lease liability	12	<u>(86,352)</u>	<u>(106,355)</u>
Net cash from financing activities		<u>25,174,058</u>	<u>5,596,145</u>
Net increase / (decrease) in cash and cash equivalents		1,161,063	(824,531)
Cash and cash equivalents at 1 July		<u>2,430,529</u>	<u>3,255,060</u>
Cash and cash equivalents at the end of the financial period	16	<u><u>3,591,592</u></u>	<u><u>2,430,529</u></u>

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

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Sky Metals Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 2 Hawthorn Place, Orange NSW 2800.

These consolidated financial statements for the year ended 30 June 2026 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity, primarily engaged in identifying and evaluating mineral resource opportunities in New South Wales, Australia.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ('IFRSs') adopted by the International Accounting Standards Board ('IASB').

The consolidated financial statements were authorised for issue by the Board of Directors on 17 September 2026.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items which are measured on an alternative basis on each reporting date.

- Investments – financial assets classified as fair value through other comprehensive income.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the following notes:

- Note 3(c) – Going concern
- Note 5 – Deferred tax assets
- Note 9 – Exploration and evaluation expenditure
- Note 18 – Share based payments

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by all entities in the Group

(a) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences, are capitalised as intangible exploration and evaluation assets on an area of interest basis, less any impairment losses. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- * the expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- * activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to developing mine properties.

(b) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies (Cont.)

(b) Property, plant and equipment (Cont.)

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Office equipment and software	30% to 60% per annum
Plant and equipment	33.3% per annum
Motor Vehicles	25% per annum.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group's main activity is minerals exploration, and while it continues to undertake exploration activities, it will incur losses and have net cash outflows from both its operating activities and from its investing activities. It relies on raising capital to have access to sufficient cash to continue its activities.

During the year, the Group raised capital of \$26,091,500 (pre capital raising costs) (refer Note 13) to continue its exploration activities associated with the Tallebung and Doradilla areas of interest, and for other working capital purposes.

At 30 June 2026, the Group had cash and cash equivalents of \$3,591,592, term deposits of \$14,000,000, and net assets of \$42,081,776. The Directors have prepared cash flow projections for the period to 30 September 2027 which indicate that the Group will have sufficient cash to continue as a going concern, and therefore the Directors conclude that the going concern basis of preparation of the consolidated financial statements is appropriate.

(d) Financial instruments

Non-derivative financial assets

Recognition and initial measurement

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income – equity investment; or
- Fair value through profit or loss.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies (Cont.)

(d) Financial instruments (Cont.)

Non-derivative financial assets (Cont.)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value through OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity instruments at fair value through other comprehensive income

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost.

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(e) Share capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies (Cont.)

(f) Cash and cash equivalents and Term deposits

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Term deposits with an original maturity of more than three months to 12 months are not included in cash and cash equivalents and are presented as term deposits in the consolidated statement of financial position.

(g) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Consolidated Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies (Cont.)

(h) Income tax (Cont.)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Sky Metals Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

(i) Impairment

Non derivative financial assets

Financial instruments

The Group recognises loss allowances for expected credit losses ('ECLs') on:

- Financial assets measured at amortised cost;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognised in other comprehensive income.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of their fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Impairment losses are recognised in profit or loss.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies (Cont.)

(i) Impairment (Cont.)

Reversals of impairment

An impairment loss in respect of a financial asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of non-financial assets, an impairment loss is reversed if there has been a conclusive change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(k) Segment reporting

Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is provided internally to the Directors and the CEO, who are the Group's operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's management and Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Directors and the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period in relation to exploration and evaluation and to acquire property, plant and equipment, and intangible assets other than goodwill.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies (Cont.)

(l) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group contributes to defined contribution plans. Contributions are recognised as an expense when incurred.

Share-based payment transactions

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Site restoration

In accordance with the Group's environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

(n) Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents, and term deposits. Interest income is recognised as it accrues in profit or loss.

Finance costs comprise interest expense on lease liability and impairment losses recognised on financial assets.

(o) Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity securities

The fair value of listed shares is determined by reference to their market price at the reporting date.

Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula and performance rights using a Monte Carlo simulation, taking into account the terms and conditions upon which the options were granted. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on historic share performance), risk-free interest rate (based on government bonds), and a dividend yield.

SKY METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Material accounting policies (Cont.)

(p) Leases

At inception of a contract, the Group assessed whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease under AASB16. At commencement on or modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. The Group recognises a right-of-use asset at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset.

The right-of-use asset is subsequently depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property plant and equipment. In addition the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounting using the interest rate implicit in the lease, or if that rate cannot be readily determined the Groups incremental borrowing rate. Generally the Group uses its incremental borrowing rate as the discount rate.

(q) Newly effective accounting standards

At the date of authorisation of the consolidated financial statements, the Group has not applied the following new and revised Australian Accounting Standards, interpretation and amendments that have been issued but not yet effective and are relevant to the Group.

AASB 18 Presentation and Disclosure in Financial Statements

Effective for annual reporting periods beginning on or after 1 January 2027.

The new accounting standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the consolidated financial statements.
- Enhanced guidance is provided on how to group information in the consolidated financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the consolidated statement of cash flows when presenting operating cash flows under the indirect method.

The Group is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Group's consolidated statement of profit or loss, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the consolidated financial statements, including for items currently labelled as 'other'.

SKY METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Notes	30 June 2026 \$	30 June 2025 \$
4. Loss from operating activities			
Loss from operating activities before income tax includes the following items of income and expense:			
Other income			
Rent received		11,968	12,400
Sale of tenement EL6064 – Option Fee	9	100,000	-
		<u>111,968</u>	<u>12,400</u>
Employee and director expenses			
Employee benefits expense		921,110	699,842
Share-based payment expense	18	1,732,146	764,852
		<u>2,653,256</u>	<u>1,464,694</u>
Consultancy and administration expenses			
Consultancy expenses		278,397	297,495
Corporate and administration expenses		997,991	605,520
		<u>1,276,388</u>	<u>903,015</u>
Other expenses			
Pre-license costs		(18,357)	(6,160)
Legal fees		(14,393)	(9,299)
Auditor's remuneration – audit & review of financial reports		(115,152)	(122,328)
Other		(35,600)	(15,417)
		<u>(183,502)</u>	<u>(153,204)</u>
Financial income and expense			
Interest income on cash and cash equivalents, and term deposits		436,117	171,358
Interest expense on lease liability		(22,921)	(30,660)
Net finance income		<u>413,196</u>	<u>140,698</u>
The employee benefits for the year ended 30 June 2026 totalling to \$2,027,410 has been partially recognised as part of exploration and evaluation expenditure in the consolidated statement of financial position amounting to \$1,106,300 and employee benefits expense in profit or loss amounting to \$921,110.			
5. Income tax expense			
Current tax expense			
Current year		(1,089,402)	(596,211)
Tax losses not recognised		1,089,402	596,211
		<u>-</u>	<u>-</u>
<i>Numerical reconciliation of income tax expense to prima facie tax payable:</i>			
Loss before tax		(5,369,867)	(3,150,526)
Prima facie income tax benefit at the Australian tax rate of 30% (2025 - 30%)		(1,610,960)	(787,631)
Adjustments to prima facie tax due to:			
- non-deductible expenses		521,559	191,420
- effect of DTAs on tax losses not brought to account		3,278,385	1,501,899
- effect of DTAs on temporary differences not brought to account		(2,188,984)	(905,688)
Tax expense		<u>-</u>	<u>-</u>

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Income tax expense (Cont.)

	30 June 2026 \$	30 June 2025 \$
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	-	-
Tax losses	21,498,064	18,219,678
Net deductible temporary differences	<u>(6,978,320)</u>	<u>(4,789,336)</u>
Potential tax benefit at 30% (2025: 30%)	<u>14,519,744</u>	<u>13,430,342</u>

The deductible temporary differences and tax losses do not expire under current tax legislation, however, are subject to tests that must be satisfied before they can be utilised relating to continuity of ownership or same business. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the tax benefits. Tax losses do not expire but are subject to requirements regarding continuity of ownership and/or business.

6. Trade and other receivables

GST receivable	88,143	95,101
Accrued Interest	180,190	26,013
Other	<u>1,100</u>	<u>1,100</u>
	<u>269,433</u>	<u>122,214</u>

7. Other assets

Current assets

Tenement bond deposit	-	47,500
	<u>-</u>	<u>47,500</u>

Non-current assets

Tenement bond deposit	<u>629,000</u>	<u>283,201</u>
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8. Investments

Investments - fair value through other comprehensive income	<u>231</u>	<u>231</u>
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The Company holds 10,950 Ordinary Shares in Pilot Energy Limited. At 30 June 2026, the Directors compared the carrying value of the investment to market value and recorded a \$Nil movement in fair value (2025: \$Nil).

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Exploration and evaluation expenditure

	30 June 2026 \$	30 June 2025 \$
EL 6699 Tallebung	19,133,096	10,651,694
EL 6258 Doradilla	5,702,020	5,512,926
EL9524 Narriah	-	448,619
EL 6320 Galwadgere	-	-
EL 7954 Cullarin	-	-
EL 8400 & EL 8573 Kangiara	-	-
EL 8920 Caledonian	-	-
EL 6064 Iron Duke	-	1,082,875
EL 9191 Albert	-	47,163
EL 9779 Harrani	-	-
EL 9864 Mountain Dam	-	-
EL 9904 Sandy Creek	10,720	-
Net book value at 30 June	24,845,836	17,743,277
EL 6699 Tallebung		
Carrying amount at 1 July	10,651,694	6,892,576
Additions	8,481,402	3,759,118
Net book value at 30 June	19,133,096	10,651,694
EL 6258 Doradilla		
Carrying amount at 1 July	5,512,926	5,415,808
Additions	189,094	97,118
Net book value at 30 June	5,702,020	5,512,926
EL 9524 Narriah		
Carrying amount at 1 July	448,619	358,164
Additions	8,648	90,455
Write Down	(457,267)	-
Net book value at 30 June	-	448,619
EL 6320 Galwadgere		
Carrying amount at 1 July	-	600,000
Additions	6,683	-
Write Down	(6,683)	(600,000)
Net book value at 30 June	-	-
EL 7954 Cullarin		
Carrying amount at 1 July	-	-
Additions	18,400	19,742
Write Down	(18,400)	(19,742)
Net book value at 30 June	-	-

SKY METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Exploration and evaluation expenditure (Cont.)

	30 June 2026	30 June 2025
	\$	\$
EL 8400 & EL 8573 Kangiara 1 & 2		
Carrying amount at 1 July	-	-
Additions	5,105	21,612
Write Down	(5,105)	(21,612)
Net book value at 30 June	<u>-</u>	<u>-</u>
EL 8920 Caledonian		
Carrying amount at 1 July	-	-
Additions	19,134	7,366
Write Down	(19,134)	(7,366)
Net book value at 30 June	<u>-</u>	<u>-</u>
EL 6064 Iron Duke		
Carrying amount at 1 July	1,082,875	1,079,322
Additions	6,405	3,553
Write Down	(1,089,280)	-
Net book value at 30 June	<u>-</u>	<u>1,082,875</u>
EL 9191 Albert		
Carrying amount at 1 July	47,163	42,117
Additions	5,305	5,046
Write Down	(52,468)	-
Net book value at 30 June	<u>-</u>	<u>47,163</u>
EL 9779 Harrani		
Carrying amount at 1 July	-	-
Additions	12,008	-
Write Down	(12,008)	-
Net book value at 30 June	<u>-</u>	<u>-</u>
EL 9864 Mountain Dam		
Carrying amount at 1 July	-	-
Additions	-	-
Net book value at 30 June	<u>-</u>	<u>-</u>
EL 9904 Sandy Creek		
Carrying amount at 1 July	-	-
Additions	10,720	-
Net book value at 30 June	<u>10,720</u>	<u>-</u>

SKY METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Exploration and evaluation expenditure (Cont.)

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

During the year ended 30 June 2026, the Group assessed its exploration and evaluation expenditure assets for impairment. The Group impaired the carrying value in full on the Cullarin, Caledonian, Galwaddgere, Iron Duke, Albert, Narrriah, Harrani and Kangiara tenements, as the Board has currently not planned future exploration activities in these areas. The total impairment expense recognised for the financial year 30 June 2026 was \$1,660,345.

On 14 May 2026, the Group entered into a binding option agreement with Locksley Resources Limited (Locksley) for the divestment of Iron Duke. Upon execution of the agreement, the Group received \$100,000 cash representing a non-refundable option fee which has been recorded as other income in Note 4. The option period is for 9 months and includes an initial consideration of \$500,000 payable in cash or Locksley shares upon the completion of certain conditions precedent, and a further milestone consideration of \$500,000 upon the completion of a JORC code compliance mineral resource of at least 3.0Mt at a minimum grade of 1.0% copper equivalent; or the sale of the project to a third party (referred collectively as consideration). Given the nature of the consideration and the conditions attached, the Group has not factored these proceeds into its annual impairment test as noted above.

	30 June 2026	30 June 2025
	\$	\$
10. Property, plant and equipment		
Motor vehicles	10,068	13,425
Office equipment	28,382	18,635
Plant and equipment	84,575	46,943
Right-of-use asset	155,236	236,229
Net book value at 30 June	278,261	315,232
Motor vehicles	214,503	211,768
Accumulated Depreciation	(204,435)	(198,343)
Net book value at 30 June	10,068	13,425
Office Equipment	90,217	67,662
Accumulated Depreciation	(61,835)	(49,027)
Net book value at 30 June	28,382	18,635
Plant and Equipment	168,640	109,361
Accumulated Depreciation	(84,065)	(62,418)
Net book value at 30 June	84,575	46,943
Right-of-use asset	485,956	485,956
Accumulated Depreciation	(330,720)	(249,727)
Net book value at 30 June	155,236	236,229

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10. Property, plant and equipment (Cont.)

Right-of-Use Assets

Right-of-use assets related to the leased exploration office and shed at Orange in NSW and are presented as property, plant & equipment. The lease of the Orange property is for a period of 6 years (3 years + 3 year option) commencing on 1 June 2022. The Group has exercised the option to extend the lease for the second term which will expire on 31 May 2028. The annual lease cost is \$109,000 excluding GST.

As at 30 June 2026, the Group recognised \$485,956 of right-to-use asset, \$330,720 of accumulated depreciation and \$190,420 of lease liabilities of which \$87,749 is recognised as a current liability.

During the year ended 30 June 2026, the Group recognised \$80,993 of depreciation charges and \$22,921 of interest costs from the lease.

30 June 2026	30 June 2025
\$	\$

Reconciliation of the carrying amounts for each class of property, plant & equipment are set out below.

Motor Vehicles

Carrying amount at 1 July	13,425	43,390
Additions	2,735	-
Depreciation	(6,092)	(29,965)
Net book value at 30 June	10,068	13,425

Office Equipment

Carrying amount at 1 July	18,635	15,624
Additions	22,555	8,440
Depreciation	(12,808)	(5,429)
Net book value at 30 June	28,382	18,635

Plant & Equipment

Carrying amount at 1 July	46,943	53,921
Additions	59,279	10,628
Depreciation	(21,647)	(17,606)
Net book value at 30 June	84,575	46,943

Right of use asset

Carrying amount at 1 July	236,229	317,221
Depreciation	(80,993)	(80,992)
Net book value at 30 June	155,236	236,229

11. Trade and other payables

Current liabilities

Trade and other payables	947,058	847,976
Accruals	121,404	174,665
Payroll payables	61,137	51,810
	1,129,599	1,074,451

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	30 June 2026	30 June 2025
	\$	\$
12. Lease liability		
Current liabilities		
Property rental	87,749	75,625
Non-current liabilities		
Property rental	102,671	201,146
	190,420	276,771

Payments under the lease arrangements attributable to the repayment of lease liability is included under financing cash flows. During the year ended 30 June 2026, payments totalling \$109,273 has been recognised as cash outflows from lease repayments which includes principal of \$86,352 and interest of \$22,921.

	30 June 2026	30 June 2025		
	No.	\$	No.	\$
13. Issued capital				
Ordinary shares, fully paid at 1 July	710,703,166	87,205,304	589,553,166	81,613,572
<i>Movement in Ordinary Shares</i>				
Conversion of performance rights 15 July 2025 \$0.046 ¹	1,100,000	42,900	-	-
Conversion of performance rights 22 July 2025 \$0.040 ²	12,350,000	496,384	-	-
Conversion of performance rights 25 July 2025 \$0.045 ³	5,000,000	226,088	-	-
Ordinary shares issued 7 August 2025 \$0.065 ⁴	84,615,388	5,500,000		
Conversion of options 10 September 2025 \$0.064 ⁵	781,862	61,037	-	-
Conversion of performance rights 7 October 2025 \$0.065 ⁶	1,000,000	46,000	-	-
Ordinary shares issued 27 November 2025 \$0.065 ⁷	9,100,000	591,500	-	-
Conversion of performance rights 20 January 2026 \$0.04 ⁸	26,500,000	1,069,454	-	-
Conversion of performance rights 30 January 2026 \$0.054 ⁹	8,200,000	438,785	-	-
Ordinary shares issued 18 February 2026 \$0.155 ¹⁰	129,032,258	20,000,000	-	-
Ordinary shares issued 4 June 2026 \$0.155 ¹¹	3,200,000	496,000	-	-
Conversion of performance rights 4 June 2026 \$0.121 ¹²	750,000	90,750	-	-
Conversion of performance rights 2 October 2024 \$0.039	-	-	150,000	5,850
Ordinary shares issued 2 October 2024 \$0.050	-	-	1,000,000	50,000
Ordinary shares issued 8 November 2024 \$0.050	-	-	87,600,000	4,380,000
Ordinary shares issued 20 December 2024 \$0.050	-	-	32,400,000	1,620,000
Less cost of issue	-	(1,377,130)	-	(464,118)
Balance at 30 June	992,332,674	114,887,072	710,703,166	87,205,304

¹ On 15 July 2025, the Group issued 1,100,000 shares at \$0.046 per share upon the exercise of performance rights held by Managing Director.

² On 22 July 2025, the Group issued 12,350,000 shares at \$0.040 per share upon the exercise of employee and director performance rights.

³ On 25 July 2025, the Group issued 5,000,000 shares at \$0.045 per share upon the exercise of director performance rights.

⁴ On 7 August 2025, the Group issued 84,615,388 shares under tranche 1 of a share placement at \$0.065 per share.

⁵ On 10 September 2025, the Group issued 781,862 shares upon the exercise of options at \$0.064 per share, where \$10,998 is the value of the vested options and the remaining \$50,039 is issued for cash.

⁶ On 7 October 2025, the Group issued 1,000,000 shares at \$0.065 per share upon the exercise of employee performance rights.

⁷ On 27 November 2025, the Group issued 9,100,000 shares under tranche 2 of a share placement at \$0.065 per share.

⁸ On 20 January 2026, the Group issued 26,500,000 shares at \$0.04 per share upon exercise of employee and director performance rights.

⁹ On 30 January 2026, the Group issued 8,200,000 shares at \$0.054 per share upon the exercise of employee performance rights.

¹⁰ On 18 February 2026, the Group issued 129,032,258 shares at \$0.155 per share under tranche 1 of a share placement announced on 13 February 2026.

¹¹ On 4 June 2026, the Group issued 3,200,000 shares to Chairman Normal Seckold at \$0.155 per share under tranche 2 of a share placement announced on 13 February 2026, subsequent to shareholder approval on 19 May 2026.

¹² On 4 June 2026, the Group issued 750,000 shares at \$0.121 per share upon the exercise of employee and director performance rights.

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13. Issued capital (Cont.)

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Group, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

No dividends were declared or paid by the Group during the current or prior period.

	Notes	30 June 2026 \$	30 June 2025 \$
14. Reserves			
Fair value reserve			
Opening balance at 1 July		231	231
Net change in fair value of financial assets		-	-
Closing balance at 30 June		<u>231</u>	<u>231</u>

Changes in fair value of investments are recognised in other comprehensive income and accumulated in a separate reserve within equity. Refer to Note 8 for further details on investments.

Option Premium Reserve			
Opening balance at 1 July		1,316,237	972,900
Vesting of performance rights ¹	18	1,952,631	714,852
Forfeiture of performance rights ¹	18	(220,485)	
Expiry of performance rights		(310,124)	(448,881)
Lapsed options		-	(83,402)
Exercise of performance rights	13	(2,410,359)	(5,850)
Vesting of broker options		-	166,618
Exercise of Balmain Minerals Pty Ltd		(10,998)	-
Closing balance at 30 June		<u>316,902</u>	<u>1,316,237</u>

¹ The vesting and forfeiture of options and performance rights are presented as part of 'Employee and director expenses' in the consolidated statement of profit or loss and other comprehensive income. Refer to Note 18 for further details on options and performance rights on issue.

The option premium reserve is used to recognise the grant date fair value of options and performance rights issued but not exercised separately within equity.

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15. Loss per share

The calculation of basic EPS has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	30 June 2026	30 June 2025
	\$	\$
Basic and diluted loss per share:		
Net loss for the period attributable to equity holders of the parent	(5,369,867)	(3,150,526)
	30 June 2026 Nº	30 June 2025 Nº
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at 1 July	710,703,166	589,553,166
Effect of shares issued	162,638,781	74,395,343
Weighted average number of ordinary shares at 30 June	<u>873,341,947</u>	<u>663,948,509</u>

As the Group is loss making, none of the potentially dilutive securities are currently dilutive in the calculation of the total loss per share.

16. Reconciliation of cash flows from operating activities

Reconciliation of net loss from operating activities after tax to net cash used in operating activities

Loss from operating activities after tax	(5,369,867)	(3,150,526)
Non-cash items		
Amortisation and depreciation	121,539	133,992
Impairment of exploration tenements	1,660,345	648,719
Loss on sale of property, plant & equipment	-	-
Interest income	(240,196)	-
Interest paid	-	30,660
Share based payment expense	1,732,147	764,852
Changes in assets and liabilities		
Trade and other receivables	6,959	(55,627)
Other assets – prepayments	-	11,750
Trade and other payables	(32,339)	(10,061)
Employee provisions	80,685	25,171
Net cash used in operating activities	<u>(2,040,727)</u>	<u>(1,601,070)</u>

Reconciliation of cash

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and at bank and cash on deposit. Cash at the end of the period as shown in the Consolidated Statement of Cash Flows is reconciled to the related items in the Consolidated Statement of Financial Position as follows:

Cash and cash equivalents	<u>3,591,592</u>	<u>2,430,529</u>
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	Notes	30 June 2026	30 June 2025
		\$	\$

17. Related parties

a) Parent and ultimate controlling party

Sky Metals Limited is both the parent and ultimate controlling party of the Group.

b) Transactions with key management personnel

i) Key management personnel compensation

Key management personnel compensation comprised the following:

Salaries and fees		718,416	590,763
Share based payments	18	1,317,473	217,029
Post – employment benefits		40,000	30,000
Other short-term benefits		20,000	-
		<u>2,095,889</u>	<u>837,792</u>

At 30 June 2026, the amount outstanding to Key Management Personnel and Directors was \$36,275 inclusive of GST (2025: \$29,928). These services were invoiced monthly and payable within 30 days.

The Board reviews remuneration arrangements annually based on services provided. Apart from the details disclosed in this note, no Director has entered into a contract with the Group during the period and there were no contracts involving Directors' interests subsisting at period end.

Key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions with non-key management personnel-related companies on an arm's length basis.

During the year ended 30 June 2026, Richard Hill performed services for the group which in the opinion of the Directors are outside the scope of the ordinary duties of a Non-Executive Director and was paid an amount of \$89,582 (2025: \$87,916) excluding GST for these services. These costs are presented within salaries and fees above. At the end of the period the amount outstanding to Mr Hill was \$23,942 (2025: \$17,594) inclusive of GST.

The share based payment expense for key management personnel of \$1,317,473 (2025: \$217,030) are presented as part of 'Employee and director expenses in the consolidated statement of profit or loss and other comprehensive income. Further details are outlined in Note 18.

There were no loans made to key management personnel or their related parties during the years ended 30 June 2026 or 30 June 2025.

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18. Share Based Payments

Incentive Plan

The Group has an Incentive Plan to provide eligible persons, being employees or directors, or individuals whom are determined to be employees for the purpose of the Plan, with the opportunity to acquire options over unissued ordinary shares in the Company. The number of options granted or offered under the Plan will not exceed 5% of the total number of issued shares of the Company as at the time of the invitation or offer. Unless otherwise determined by the Board, the exercise price of each option will be no less than the market value of a Share on the grant date of the options. Options have no voting dividend rights. The Board may in its absolute discretion determine the vesting conditions attached to options issued under the plan. If at any time before the exercise of an Option a holder ceases to be an Eligible Participant any options which have not reached their exercised period will automatically lapse unless the Board otherwise determined within 30 days of the holder ceases to be an eligible participant.

Options & Performance Rights Issues

During the financial year, the Company issued 21 million performance rights to Directors of the Group and employees under the Group's Incentive Plan.

The following options and performance rights were on issue as at 30 June 2026.

Type / Description	Grant Date	Vesting Date	Expiry Date	Exercise Price	Fair Value per Option/Right Granted	Balance at the end of the period
Broker Options	20 December 2024	20 December 2024	20 December 2026	\$0.075	\$0.017	10,000,000
Incentive Plan	2 July 2025	1 July 2026	1 July 2026	\$Nil	\$0.039	650,000
Incentive Plan	18 December 2025	30 June 2027	30 June 2027	\$Nil	\$0.074	1,000,000
Incentive Plan	22 April 2026	19 May 2029	19 May 2029	\$Nil	\$0.186	960,000
Incentive Plan	22 April 2026	19 May 2029	19 May 2029	\$Nil	\$0.201	740,000
Incentive Plan	22 April 2026	1 July 2026	1 July 2026	\$Nil	\$0.215	100,000
Incentive Plan	22 April 2026	1 December 2026	1 December 2026	\$Nil	\$0.215	560,000
Incentive Plan	22 April 2026	1 January 2027	1 January 2027	\$Nil	\$0.215	180,000

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18. Share Based Payments (Cont.)

Options & Performance Rights Issues (Cont.)

Movement of options & performance rights during the year ended 30 June 2026.

Grant Date	Outstanding at the beginning of period	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding at the end of period	Exercisable at the end of period
19 December 2022	8,250,000	-	-	(8,250,000)	-	-
22 September 2023	781,862	-	(781,862)	-	-	-
11 October 2023	6,200,000	-	(1,100,000)	(5,100,000)	-	-
11 October 2023	3,850,000	-	(3,750,000)	(100,000)	-	-
11 October 2023	3,950,000	-	(3,850,000)	(100,000)	-	-
11 October 2023	3,950,000	-	(3,850,000)	(100,000)	-	-
30 October 2023	3,600,000	-	(3,600,000)	-	-	-
30 October 2023	3,600,000	-	(3,600,000)	-	-	-
30 October 2023	3,600,000	-	(3,600,000)	-	-	-
30 September 2024	1,000,000	-	(1,000,000)	-	-	-
25 November 2024	5,000,000	-	(5,000,000)	-	-	-
25 November 2024	5,000,000	-	(5,000,000)	-	-	-
25 November 2024	5,000,000	-	(5,000,000)	-	-	-
20 December 2024	10,000,000	-	-	-	10,000,000	10,000,000
2 July 2025	-	1,750,000	-	(1,100,000)	650,000	-
10 November 2025	-	9,000,000	(9,000,000)	-	-	-
18 November 2025	-	3,550,000	(3,550,000)	-	-	-
18 December 2025	-	3,750,000	(2,750,000)	-	1,000,000	-
22 April 2026	-	1,700,000	-	-	1,700,000	-
22 April 2026	-	1,260,000	(250,000)	(170,000)	840,000	-
	63,931,862	21,010,000	(55,681,862)	(14,920,000)	14,190,00	10,000,000

Weighted average exercise price of options and performance rights

Year	Outstanding at the beginning of the period	Granted during the period	Forfeited during the period	Exercised during the period	Lapsed during the period	Outstanding at the end of period	Exercisable at the end of the period
2026	\$0.013	\$Nil	\$Nil	\$0.001	\$Nil	\$0.053	\$0.075

The weighted average remaining contractual life of share options and performance rights outstanding at the end of the period was 0.78 years (2025: 1.22 years).

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the employee becomes unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

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18. Share Based Payments (Cont.)

Options & Performance Rights Issues (Cont.)

When options on issue are modified and the modification is beneficial to the other party the incremental fair value at the date of the modification is recognised over the remaining modified vesting period and the original grant-date fair value is recognised over the remaining original vesting period. When the modification is to options on issue that have fully vested the incremental fair value is recognised as an expense in the period the modification occurs. The incremental fair value is the difference between the fair value of the share-based payment at the date of modification between the old and new terms.

Fair Value of Options & Performance Rights

The total fair value of 1,750,000 performance rights granted to employees on 2 July 2025 which will convert to shares at no cost upon the achievement of certain non-market operational milestones was \$106,750. The rights include a service condition that the employee must remain as employee of the Company at the time of achieving the conditions. The performance rights were valued using a Black Scholes model. The model inputs were the Company's share price of \$0.061 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 4.2% based on the 2-year government bond rate.

The total total fair value of 4,000,000 performance rights granted to Directors on 10 November 2025 which will convert to shares at no cost upon the Company's share price on ASX achieving 5 day VWAP of \$0.12, was \$244,800. The rights include a service condition that the Director must remain a Director of the Company at the time of achieving the conditions. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.072 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 3.7% based on the 2-year government bond rate.

The total fair value of 5,000,000 performance rights granted to Directors on 10 November 2025 which will convert to shares at no cost upon the Company's share price on ASX achieving 5 day VWAP of \$0.16, was \$269,500. The rights include a service condition that the Director must remain a Director of the Company at the time of achieving the conditions. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.072 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 3.7% based on the 2-year government bond rate.

The total fair value of 1,600,000 performance rights granted to employees on 18 November 2025 which will convert to shares at no cost upon the Company's share price on ASX achieving 5 day VWAP of \$0.12, was \$93,440. The rights include a service condition that the employee must remain an employee of the Company at the time of achieving the conditions. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.070 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 3.7% based on the 2-year government bond rate.

The total fair value of 1,950,000 performance rights granted to employees on 18 November 2025 which will convert to shares at no cost upon the Company's share price on ASX achieving 5 day VWAP of \$0.16, was \$100,035. The rights include a service condition that the employee must remain an employee of the Company at the time of achieving the conditions. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.07 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 3.7% based on the 2-year government bond rate.

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18. Share Based Payments (Cont.)

Fair Value of Options & Performance Rights (Cont.)

The total fair value of 3,750,000 performance rights granted to Scott Todd on 18 December 2025 which will convert to shares at no cost upon the achievement of certain market and non-market operational milestones was \$243,250. The vesting conditions for the performance rights comprise the following:

- 1,000,000 performance rights when SKY's 5 day VWAP share price reaches 12 cents before 27 November 2028; Total fair value of \$63,000
- 1,250,000 performance rights when SKY's 5 day VWAP share price reaches 16 cents before 27 November 2028; Total fair value of \$69,250
- 1,500,000 performance rights when certain operational milestones are met before 30 June 2027 (including 500,000 rights for completion of the Secretary's Environment Assessment Requirements by 30 April 2026, 250,000 rights for the completion of the pre-feasibility study of Tallebung Tin by 30 June 2026, 100,000 rights for the achievement of an ESG excellence rating of the Group by 1 December 2026, and 250,000, 250,000 and 150,000 rights for the completion of the Environmental Impact Study by 31 January 2027, 31 March 2027 and 30 June 2027 respectively); Total maximum fair value of the performance rights is \$111,000.
- The Director remains a Director of the Company at the time of achieving the above criteria.

The non-market condition performance rights were valued using Black Scholes model. The market condition performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.074 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 4.1% based on the 2-year government bond rate.

The total fair value of 1,260,000 performance rights granted to employees on 22 April 2026 which will convert to shares at no cost upon the achievement of certain non-market operational milestones was \$270,900. The rights include a service condition that the employee must remain an employee of the Company at the time of achieving the milestones. The performance rights were valued using Black Scholes model. The model inputs were the Company's share price of \$0.215 at the grant date.

The total fair value of 740,000 performance rights granted to employees on 22 April 2026 which will convert to shares at no cost upon the Company's share price on ASX achieving 5 day VWAP of \$0.25, was \$148,740. The rights include a service condition that the employee must remain an employee of Sky Metals at the time of achieving the market condition. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.215 at the grant date, a volatility factor of 61% based on historical share price performance and a risk-free interest rate of 4.6% based on the 2-year government bond rate.

The total fair value of 960,000 performance rights granted on 22 April 2026 which will convert to shares at no cost upon the Company's share price on ASX achieving 5 day VWAP of \$0.30, was \$178,560. The rights include a service condition that the employee must remain an employee of Sky Metals at the time of achieving the market condition. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.215 at the grant date, a volatility factor of 61% based on historical share price performance and a risk-free interest rate of 4.6% based on the 2-year government bond rate.

During the year ended 30 June 2026, share based payment expense of \$1,732,147 (2025: \$764,852) was recorded in the consolidated statement of profit and loss and other comprehensive income. The expense includes vesting of director and employee performance rights during the year ended 30 June 2026 and vesting of share based payments issued in prior periods, taking into account the progress against the vesting performance criteria detailed above and management's assessment of the probabilities of achieving these, as well as the effect of forfeited performance rights.

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19. Financial risk management and financial instruments disclosures

The Group's financial instruments comprise deposits with banks and government bodies, receivables, investments, lease liability, and trade and other payables. The Group does not trade in derivatives or in foreign currency.

The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risks. This note presents information about the Group's exposure to each of these risks, its objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions and the Group's activities. The primary responsibility to monitor the financial risks lies with the Managing Director under the authority of the Board.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligation as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors rolling forecasts of liquidity on the basis of commitments, expected fund raisings, trade payables and other obligations for the ongoing operation of the Group. At balance date, the Group has available funds of \$17,591,592, which includes cash and cash equivalents of \$3,591,592 and term deposits of \$14,000,000.

Term deposits with an original maturity of more than three months to 12 months are not included in cash and cash equivalents and are presented as term deposits in the consolidated statement of financial position. These deposits are maintained to optimise returns on surplus cash while preserving liquidity, and may be accessed before maturity if required, although this may result in forfeiture of a portion of the interest earned.

Contractual maturities of financial liabilities are:

Financial liabilities	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	(1,129,595)	(1,129,595)	(1,129,595)	-	-	-
Lease liability	(190,420)	(219,099)	(56,275)	(56,557)	(106,267)	-
30 June 2026	(1,320,015)	(1,348,694)	(1,185,870)	(56,557)	(106,267)	-
Trade and other payables	(1,074,451)	(1,074,451)	(1,074,451)	-	-	-
Lease liability	(276,771)	(328,645)	(54,636)	(54,909)	(219,100)	-
30 June 2025	(1,351,222)	(1,403,096)	(1,129,087)	(54,909)	(219,100)	-

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Financial risk management and financial instruments disclosures (Cont.)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of the Group's financial assets represents the maximum credit risk exposure as follows:

	30 June 2026	30 June 2025
	\$	\$
Cash and cash equivalents	3,591,592	2,430,529
Trade and other receivables	269,433	122,214
Term deposits	14,000,000	1,000,000
Tenement bond deposit	629,000	330,701
Investments	231	231
	<u>18,490,256</u>	<u>3,883,675</u>

Cash and cash equivalents and Term deposits

At 30 June 2026, the Group held cash and cash equivalents of \$3,591,592 (2025: \$2,430,529) and term deposits of \$14,000,000 (2025: \$1,000,000), which represent its maximum credit exposure on these assets. These balances are held with a major Australian bank.

The credit risk for liquid funds and other short-term financial assets is considered negligible since the counterparties are reputable banks and governmental bodies with high-quality external credit ratings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income and expenses. Cash held in at-call accounts earns interest at variable rates and is therefore exposed to movements in market interest rates. The Group's term deposits are held at fixed interest rates for the term of the deposit and are therefore not exposed to cash flow interest rate risk. An increase or decrease in interest rates would impact interest income earned on the Group's variable rate cash balances.

Variable rate instruments

Cash and cash equivalents	<u>3,591,592</u>	<u>2,430,529</u>
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The Group does not have interest rate swap contracts. The Group has an interest bearing account from which it draws cash when required to pay liabilities as they fall due. The Group analyses its interest rate exposure when considering renewals of existing positions including alternative financing arrangements.

Sensitivity analysis

The following sensitivity ' is based on the interest rate risk exposures at balance date. An increase of 100 basis points in interest rates throughout the reporting period would have decreased the loss for the period by the amounts shown below, whilst a decrease would have increased the loss by the same amount. The Company's equity consists of fully paid ordinary shares. There is no effect on fully paid ordinary shares by an increase or decrease in interest rates during the period.

<u>359,159</u>	<u>243,053</u>
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Currency risk

At 30 June 2026, the Group does not hold bank accounts in denominations other than the functional currency.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Financial risk management and financial instruments disclosures (Cont.)

Price risk

The Group is exposed to equity securities prices risk. This arises from investments held by the Group.

As at 30 June 2026, the Group's investments in financial assets consist of an investment in Pilot Energy Limited (refer Note 8). A 10% increase/(decrease) in the price of this investment would result in an immaterial increase/(decrease) in the operating profit or loss of the Group.

Capital management

Management aims to control the capital of the Group in order to maintain an appropriate debt to equity ratio, with respect to the status of exploration and development activities, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital supported by financial assets. There are no externally imposed capital requirements on the Group.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of cash levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Estimation of fair values

The carrying amounts of financial assets and financial liabilities included in the balance sheet approximate fair values.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - fair value measurements are those instruments valued based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those instruments valued based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - fair value measurements are those instruments valued based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
30 June 2026				
Financial assets	231	-	-	231
30 June 2025				
Financial assets	231	-	-	231

All financial assets outline above relate to investments held in listed equity securities (designated as Level 1 financial assets). The fair value is based on quoted market prices at the end of the reporting period.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Operating segments

The Group's chief operating decision maker has considered the requirements of AASB 8, *Operating Segments*. During the period the Group had a single reportable segment, as described below.

- Exploration – exploration and evaluation activities

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. In reviewing segment results the Chief Executive Officer and Board consider total expenditure on exploration and evaluation activities (expensed and capitalised) and results of such activities. Unallocated items comprise mainly corporate assets and expenses.

	Exploration	Total Reportable Segments	Unallocated	Total
	\$	\$	\$	\$
30 June 2026				
Revenue and other income				
Finance income	-	-	436,117	436,117
Other Income	100,000	100,000	11,968	111,968
Operating loss before income tax	(1,660,345)	(1,660,345)	(3,709,522)	(5,369,867)
Assets				
Segment assets	25,474,836	25,474,836	18,139,517	43,614,353
Liabilities				
Segment liabilities	(892,792)	(892,792)	(639,785)	(1,532,577)
30 June 2025				
Revenue and other income				
Finance income	-	-	171,359	171,359
Other Income	-	-	12,400	12,400
Operating loss before income tax	(648,719)	(648,719)	(2,501,807)	(3,150,526)
Assets				
Segment assets	18,073,979	18,073,979	3,868,205	21,942,184
Liabilities				
Segment liabilities	(760,708)	(760,708)	(722,390)	(1,483,098)
			30 June 2026	30 June 2025
Reconciliations of reportable segment revenue and other income and profit or loss			\$	\$
Other Income				
Total other income for reportable segments			100,000	-
Unallocated other income			11,968	12,400
Consolidated income			111,968	12,400
Profit or loss				
Total loss for reportable segments			(1,560,345)	(648,719)
Unallocated amounts:				
- finance income			436,117	171,359
- finance expenses			(22,921)	(30,660)
- other income			11,968	12,400
- net other corporate expenses			(4,234,686)	(2,654,906)
Consolidated loss before tax			(5,369,867)	(3,150,526)

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Operating segments (Cont.)

	30 June 2026 \$	30 June 2025 \$
Reconciliations of reportable segment assets and liabilities		
Assets		
Total assets for reportable segments	25,474,836	18,073,979
Unallocated corporate assets	18,139,517	3,868,205
Consolidated total assets	43,614,353	21,942,184
Liabilities		
Total liabilities for reportable segments	892,792	760,708
Unallocated corporate liabilities	639,785	722,390
Consolidated total liabilities	1,532,577	1,483,098

Geographical information

All of the Company's activities are in Australia.

Concentration of revenue and other income

Other income consists of option fee from sale of tenement EL6064 (refer Note 4) and rent from sub-lease of office in Orange NSW.

21. Subsequent events

On 7 July 2026, the Company issued 650,000 performance rights to employees.

On 10 August 2026, the Company released the Tallebung Pre-Feasibility Study confirming the Tallebung project as a technically robust and economically attractive, near-term critical metals development opportunity.

On 4 September 2026, the Company was added to the All Ordinaries Index.

Other than the matters detailed above, there has not arisen in the interval between the end of the financial year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Controlled entities

Parent entity

Sky Metals Limited is an Australian incorporated company listed on the Australian Stock Exchange.

Controlled entity	Country of incorporation	Ownership interest	
		2026	2025
		%	%
Big Sky Metals Pty Ltd	Australia	100	100
Stannum Pty Ltd	Australia	100	100
Cuprum Aurum Pty Limited	Australia	100	100
Planet Cooper Basin Pty Limited	Australia	100	100
Aurum Metals Pty Limited	Australia	100	100
Planet Unconventional Energy Pty Limited	Australia	100	100
Balmain Minerals Pty Ltd	Australia	100	100

23. Parent entity disclosures

As at and throughout the financial year ended 30 June 2026, the parent entity of the Group was Sky Metals Limited.

	30 June 2026	30 June 2025
	\$	\$
Result of the parent entity		
Net loss	5,369,867	2,833,166
Other comprehensive loss	-	-
Total comprehensive loss for the period	5,369,867	2,833,166
Financial position of the parent entity at year end		
Current assets	17,859,523	3,522,655
Non-current assets	22,790,558	15,426,669
Total assets	40,650,081	18,949,324
Current liabilities	1,425,090	1,279,753
Non-current liabilities	162,598	214,663
Total liabilities	1,587,688	1,494,416
Net assets	39,062,393	17,454,908
Equity		
Share capital	114,871,868	87,205,304
Reserves	298,912	1,298,248
Accumulated losses ¹	(76,108,387)	(71,048,644)
Total equity attributable to equity holders of the Company	39,062,393	17,454,908
Non-Controlling Interest	-	-
Total equity	39,062,393	17,454,908

1 The accumulated losses movement includes total comprehensive loss of \$5,369,867 and expiry of options and performance rights of \$310,124 for the year ended 30 June 2026.

SKY METALS LIMITED
and its controlled entities
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. Auditors' remuneration

	30 June 2026	30 June 2025
	\$	\$
Statutory Audit		
Audit and review of financial statements	115,152	122,328
Non-Audit Services		
Taxation advice and services	6,330	11,495
Total paid to KPMG	121,482	133,823

25. Contingencies

The Directors are of the opinion that no contingencies existed at, or subsequent to, year end.

26. Commitments

The Group does not have any contracted capital expenditure commitments as at 30 June 2026 (2025: nil).

SKY METALS LIMITED
and its controlled entities
CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2026

Details of entities in the consolidated financial statements, are as follows:

Entity Name	Body Corporate, Partnership or Trust	Place Incorporated / Formed	% Share Capital held directly or indirectly by the Company	Australian or Foreign Tax Resident	Jurisdiction for Foreign Tax Resident
Sky Metals Limited (the Company)	Body Corporate	Australia	-	Australian	N/A
Big Sky Metals Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Stannum Pty Ltd	Body Corporate	Australia	100%	Australian	N/A
Cuprum Aurum Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Planet Cooper Basin Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Aurum Metals Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Planet Unconventional Energy Pty Limited	Body Corporate	Australia	100%	Australian	N/A
Balmain Minerals Pty Ltd	Body Corporate	Australia	100%	Australian	N/A

Consolidated entity disclosure statement key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporations Act 2001 requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an “Australian resident” has the meaning provided in the Income Tax Assessment Act 1997. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the Group has applied current legislation and judicial precedent. Where necessary, the consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with.

**SKY METALS LIMITED
and its controlled entities
DIRECTORS' DECLARATION**

1. In the opinion of the Directors of Sky Metals Limited (the 'Company'):

(a) the consolidated financial statements and notes that are set out on pages 34 to 67, and the Remuneration Report as set out on pages 23 to 31 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

(b) the Consolidated entity disclosure statement as at 30 June 2026 set out on page 68 is true and correct; and

(c) there are reasonable grounds to believe that the Group and Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2026.

3. The Directors draw attention to Note 2 (a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in Sydney this 17th day of September 2026 in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman



Independent Auditor's Report

To the shareholders of Sky Metals Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Sky Metals Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the **Group's** financial position as at 30 June 2026 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated Statement of Financial Position as at 30 June 2026
- Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended
- Consolidated Entity Disclosure Statement and accompanying basis of preparation as at 30 June 2026
- Notes, including material accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (the Code) that are relevant to audits of the financial report of public interest entities in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The **Key Audit Matters** we identified are:

- Capitalised exploration and evaluation expenditure
- Going concern basis of accounting

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalised exploration and evaluation expenditure – \$24,766,280

Refer to Note 3(a) and Note 9 to the Financial Report

The key audit matter	How the matter was addressed in our audit
Capitalised exploration and evaluation (E&E) expenditure is a key audit matter due to: • the significance of E&E activities to the Group's business and the balance of capitalised E&E expenditure (being 57% of total assets); and • the greater level of audit effort required to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> (AASB 6), in particular the conditions allowing capitalisation of relevant expenditure and the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of capitalised E&E expenditure. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group's assessment of impairment indicators and the impairment recorded by the Group in the year. In assessing the conditions allowing capitalisation of relevant expenditure, we focused on: • Documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest (areas);	Our procedures included: • Evaluating the Group's accounting policy to recognise E&E assets against the criteria in the accounting standard; • Assessing the Group's determination of its areas for consistency with the definition in AASB 6. This involved analysing the licenses in which the Group holds an interest and the exploration programs planned for those areas for consistency with documentation such as license related technical conditions, relevant agreements and planned work programs; • Assessing the Group's current rights to tenure for each area by checking the ownership of the relevant licence to government registers or other underlying documentation and evaluating agreements in place with other parties. We also tested for compliance with licence conditions, such as minimum expenditure requirements, as relevant, on a sample of licenses; • Selecting a statistical sample of the Group's additions to capitalised E&E expenditure for the year and checking the amount recorded for consistency with the underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of the accounting standard; • Evaluating Group documents, such as minutes of Directors' meetings and the Group's project and corporate budgets, for consistency with their stated intentions for continuing E&E

• The Group's determination of the areas; • The Group's intention and capacity to continue the relevant E&E activities in the areas; and • The Group's determination of whether the capitalised E&E expenditure in the areas meets the carry forward conditions of AASB 6, including whether it is expected to be recouped through successful development and exploitation of the area, or alternatively, by its sale. In assessing the presence of impairment indicators, we focused on those that may draw into question the commercial continuation of E&E activities for areas where significant capitalised E&E expenditure exists. In addition to the assessments above, and given the financial position of the Group, we paid particular attention to: • The ability of the Group to fund the continuation of activities in each area; • Results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area; and • The Group's binding option agreement regarding the potential recovery of capitalised E&E expenditure through the sale of a certain tenement, namely the Iron Duke Project. The Group fully impaired a number of areas during the year, to the amount of \$1,660,345.	activities in certain areas. We checked this through interviews with key operational and finance personnel and checked for consistency with areas impaired; • Analysing the Group's determination of recoupment through successful development and exploitation of the area or by its sale by evaluating the Group's documentation of planned future/continuing activities including work programs, project and corporate budgets, and, where applicable, the terms and conditions of the binding option agreement, for each of the areas; • Understanding the Group's capacity to fund these work programs by obtaining project and corporate budgets to identify areas with existing funding and those requiring alternative funding sources. We evaluated the capacity of the Group to secure alternative funding sources; • Comparing the results from latest activities regarding the potential existence of reserves for consistency with the treatment of E&E expenditure and the requirements of the accounting standard; • Evaluating the impairment recognised by the Group by checking it against underlying records including minutes of Directors' meetings and the binding option agreement, and assessing the relevant conditions precedent. We recalculated the impairment charge recorded; • Assessing the Group's disclosures in the financial report, using our understanding of the matter obtained from our testing, against the requirements of the accounting standards.
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Going concern basis of accounting	
Refer to Note 3(c) to the Financial Report	
The key audit matter	How the matter was addressed in our audit
The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on their ability to continue as a going concern. The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the Financial Report. Their assessment of going concern was based on cash flow projections as outlined in Note 3(c). The cash flow projections incorporated a number of assumptions, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern. We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, focusing on the Group's planned levels of operational and capital expenditures, and the ability of the Group to manage cash outflows within available funding, particularly in light of loss making operations. In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.	Our procedures included: - Analysing the cash flow projections by: - Evaluating the underlying data used to generate the projections for consistency against underlying records. We specifically looked for their consistency with the Group's intentions, as outlined in Directors minutes, and their comparability to past practices; - Inspecting minutes of Directors' meetings and conducting interviews with operational and finance personnel, and comparing key cash flow assumptions to those findings; - Assessing the planned levels of operating and capital expenditures for consistency of relationships and trends to the Group's historical results, particularly in light of the loss making operations, results subsequent to year end, and our understanding of the business, industry and economic conditions of the Group; - Assessing the Group's cash inflow assumptions and judgements for feasibility and timing. We used our knowledge of the Group and its industry, and assessed the level of associated uncertainty; - Analysing the impact of reasonably possible changes in projected cash flows, including of timing and quantum, and understanding the associated impact to projected periodic cash positions. We assessed the resultant impact on the ability of the Group to pay debts as and when they fall due and continue as a going concern. - Evaluating the Group's going concern disclosures in the financial report by comparing them to our understanding of the matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans

	to address those events or conditions, and accounting standard requirements.
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Other Information

Other Information is financial and non-financial information in Sky Metals Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the *Corporations Act 2001*, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error.
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.



Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report. A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Sky Metals Limited for the year ended 30 June 2026 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 23 to 31 of the Directors' report for the year ended 30 June 2026.

Our responsibility is to express an opinion as to whether the Remuneration Report complies in all material respects with *Section 300A* of the *Corporations Act 2001*, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Jessica Rutherford

Partner

Brisbane

17 September 2026

SKY METALS LIMITED
and its controlled entities
ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules as at 24 August 2026 and not disclosed elsewhere in this report is set out below.

Substantial Holders

The number of shares held by substantial shareholders and their associates is set out below:

Ordinary Shares	Quantity
Macquarie Group Limited	64,571,069
Maybank Securities Pte. Ltd.	62,189,825
Norman Seckold / Archimedes Securities Pty Ltd <Golden Valley S/F A/C>	43,882,575
Rigi Investments Pty Ltd	21,609,192
Aurelia Metals Ltd	17,500,000

Twenty Largest Shareholders

The twenty largest quoted shareholders held 53.69% of the fully paid ordinary shares as follows:

	Name	Quantity	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	75,217,224	7.58
2	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	67,743,661	6.83
3	BUTTONWOOD NOMINEES PTY LTD	61,388,014	6.19
4	LONERGAN FOUNDATION PTY LTD <LONERGAN FOUNDATION A/C>	37,000,000	3.73
5	FELSINA PTY LTD	31,482,191	3.17
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,043,161	2.93
7	CITICORP NOMINEES PTY LIMITED	28,844,639	2.91
8	FARJOY PTY LTD	28,513,707	2.87
9	COMSERV (NO 461) PTY LTD <NO 2 INV A/C>	22,425,282	2.26
10	ALL-STATES FINANCE PTY LIMITED	21,360,844	2.15
11	SECKOLD PTY LTD <THE SECKOLD FAMILY A/C>	18,803,125	1.89
12	ALTINOVA NOMINEES PTY LTD	17,151,515	1.73
13	MR OLIVER DAVIES	14,283,191	1.44
14	NEWBALL PTY LIMITED	12,444,444	1.25
14	SILVERPEAK NOMINEES PTY LTD <THE RGM HILL A/C>	12,050,000	1.21
14	SMIFF PTY LTD	11,600,000	1.17
17	THE LF POINT PTY LTD <POINT A/C>	11,500,000	1.16
18	PERMGOLD PTY LTD <THE SECKOLD FAMILY S/F A/C>	11,308,498	1.14
19	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	10,622,041	1.07
20	CAVEFAIR PTY LIMITED	10,000,000	1.01
	Top 20 holders of FULLY PAID ORDINARY SHARES (Total)	532,781,537	53.69
	Total Remaining Holders Balance	459,551,137	46.31

Class of Shares and Voting Rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

**SKY METALS LIMITED
and its controlled entities
ASX ADDITIONAL INFORMATION**

Distribution of Shareholders

The total distribution of fully paid shareholders, being the only class of equity, was as follows:

Range	Total Holders	Number of shares	%
1 - 1,000	90	18,226	0.00
1,001 - 5,000	214	670,810	0.07
5,001 - 10,000	206	1,685,870	0.17
10,001 - 100,000	821	35,245,120	3.55
100,001 Over	510	954,712,648	96.21
Total	1,841	992,332,674	100.00

As at 24 August 2026, 147 shareholders held less than marketable parcels of 2,326 shares.

Home Exchange

The Company is listed on the Australian Stock Exchange. The Home Exchange is Sydney.

Other information

Sky Metals Limited, incorporated and domiciled in Australia, is a publicly listed company.

On Market Buy Back

There is no current on market buy-back.

SKY METALS LIMITED
and its controlled entities
ASX ADDITIONAL INFORMATION

Tenements Held

As at 16 September 2026 the Company held the following interests in mineral exploration tenements:

Holder	Equity	Licence ID	Grant Date	Expiry Date	Units	Area	Comment
Tarago Exploration Pty Ltd (DVP sub)	80%	EL7954	19-6-2012	19-6-2028	51	144 km ²	Cullarin Project, SKY: DVP JV
Ochre Resources Pty Ltd (DVP sub)	80%	EL8400	20-10-2015	20-10-2026	52	147 km ²	Kangiarra Project, SKY: DVP JV Renewal submitted
Ochre Resources Pty Ltd (DVP sub)	80%	EL8573	23-5-2017	23-5-2029	17	48 km ²	Kangiarra Project, SKY: DVP JV
Aurum Metals Pty Ltd (SKY sub)	100%	EL8920	5-12-2019	5-12-2025	65	183 km ²	Caledonian Project
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km ²	Galwadgere Project
Balmain Minerals Pty Ltd (SKY sub)	100%	EL6064	21-3-2003	20-3-2028	5	15 km ²	Iron Duke Project
Balmain Minerals Pty Ltd (SKY sub)	100%	EL9191	8-6-2021	8-6-2027	60	174 km ²	Iron Duke Project
Stannum Pty Ltd (SKY sub)	100%	EL6258	21-6-2004	21-6-2032	38	113 km ²	Doradilla Project
Stannum Pty Ltd (SKY sub)	100%	EL6699	10-1-2007	10-1-2027	14	41 km ²	Tallebung Project
Stannum Pty Ltd (SKY sub)	100%	EL9524	8-2-2023	08-02-2029	92	262 km ²	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	EL9779	5-7-2024	15-05-2031	101	287 km ²	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	EL9904	5-5-2026	5-5-2032	177	514 km ²	Tallebung Project
Stannum Pty Ltd (SKY sub)	100%	EL9864	6-2-2026	6-2-2032	6	17 km ²	Tallebung Project

**SKY METALS LIMITED
and its controlled entities
CORPORATE DIRECTORY**

Directors:

Mr Norman A. Seckold (Chairman)
Mr Rimas Kairaitis
Mr Richard G.M. Hill
Mr Scott Todd

Chief Executive Officer & Managing Director:

Mr Oliver Davies

Company Secretary:

Mr Richard Willson

Principal Place of Business and Registered Office:

2 Hawthorn Place
ORANGE NSW 2800
Phone: +61 2 6360 1587
Internet: <https://www.skymetals.com.au>

Auditor's:

KPMG
Level 11, Heritage Lanes
80 Ann Street
BRISBANE QLD 4000

Solicitors:

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Location of Share Registry:

Computershare Investor Services Pty Limited
6 Hope Street
Ermington NSW 2115
Phone: 1300 787 272
Overseas Callers: +61 3 9415 4000
Facsimile: +61 3 9473 2500