

SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2025



SKY METALS

SKY METALS LIMITED
and its controlled entities

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SKY METALS LIMITED
and its controlled entities
CHAIRMAN'S LETTER

Dear Fellow Shareholders,

I am pleased to present the 2025 Annual Report for Sky Metals Limited.

Throughout the 2025 financial year, we made strong progress in advancing our flagship Tallebung Tin Project in New South Wales, alongside continued work across our broader portfolio. Tallebung continues to deliver as we progress the project quickly and carefully through successful work programs towards future tin production.

Tin remains an essential technology metal, and its global demand continues to rise. This growth is primarily driven by tin's essential role in electronics, particularly in AI, semiconductors, solar PV, and electric vehicles (EVs). With global supply remaining constrained, tin prices have remained robust throughout the year, a positive backdrop for SKY as we continue to build our tin-focused portfolio.

Our exploration team carried out extensive and successful drilling programs at Tallebung during the year. The project continues to grow in scale and significance. Notably, results from the application of ore sorting technology, which has proven highly effective on Tallebung ore, combined with a successful bulk sampling program, has increased our strong and long-term conviction in the project's economic potential. These milestones further support our view that Tallebung could once again be one of Australia's producing tin mines.

In addition, we are encouraged by the metallurgical breakthrough recently achieved at the Doradilla Project. We look forward to advancing this exciting, large-scale opportunity while we remain focused on Tallebung in the coming months as it advances quickly on its very promising near-term development pathway.

Looking ahead to 2026, our key priorities include:

- Launching the next phase of drilling at Tallebung to target both resource growth and definition;
- Completing scoping and metallurgical studies to progress toward and beyond feasibility studies; and
- Continuing to progress Tallebung towards near-term and stable tin production to support growing global tin demand.

On behalf of the Board, I sincerely thank our shareholders for your continued support and confidence. I would also like to recognise the dedication and hard work of our management, exploration, and operational teams throughout the year. In particular, I extend my personal appreciation to Managing Director Mr. Davies, Non-Executive Directors Mr. Hill and Mr. Kairaitis, and Company Secretary Mr. Willson.

Sky Metals remains committed to delivering long-term value through responsible, focused exploration and development anchored by the continued advancement of the Tallebung Tin Project.

Yours sincerely



Norman A. Seckold
Chairman

SKY METALS LIMITED
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REVIEW OF OPERATIONS

Corporate Activities

- On 30 September 2024, the Company's CEO Mr Oliver Davies, was promoted to Managing Director,
- On 2 October 2024, the Company issued 1 million shares to the Managing Director,
- On 2 October 2024, the Company issued 1 million performance rights to the Managing Director,
- On 2 October 2024, 150,000 shares were issued to an employee upon the exercise of employee performance rights,
- On 4 November 2024, SKY announced a \$6 million placement to institutional, sophisticated and professional investors, including the Company's directors, at A\$0.05 per share to advance the Tallebung Tin Project. The shares were issued in two tranches; 87.6 million shares were issued on 8 November 2024, and 32.4 million shares were issued on 20 December 2024 subsequent to shareholder approval at a meeting of shareholders held on 16 December 2024. The Company's Directors participated in the placement with shareholder approval,
- The Company held its Annual General Meeting on 25 November 2024 with all resolutions carried,
- On 4 December 2024, the Company issued 15 million performance rights to directors, as approved by shareholders at the 2024 AGM,
- On 9 December 2024, 6 million unlisted options expired,
- On 16 December 2024, a meeting of shareholders was held, and various share and option issues were ratified and approved, including the participation of Directors in the placement announced on 5 November 2024,
- On 17 December 2024, 5.5 million unlisted employee performance rights held by the Managing Director and other employees expired,
- On 20 December 2024, 10 million unlisted options were issued to brokers and advisors as part of the share placement announced 4 November 2024 as approved by shareholders at the meeting held on 16 December 2024.



SKY METALS LIMITED **and its controlled entities** **REVIEW OF OPERATIONS**

Sky Metals Limited ('SKY') is an ASX listed public company focused on the exploration and development of high value mineral resources in Australia. SKY's project portfolio offers exposure to the tin, gold, copper and base metal markets in the world class mining jurisdiction of NSW.

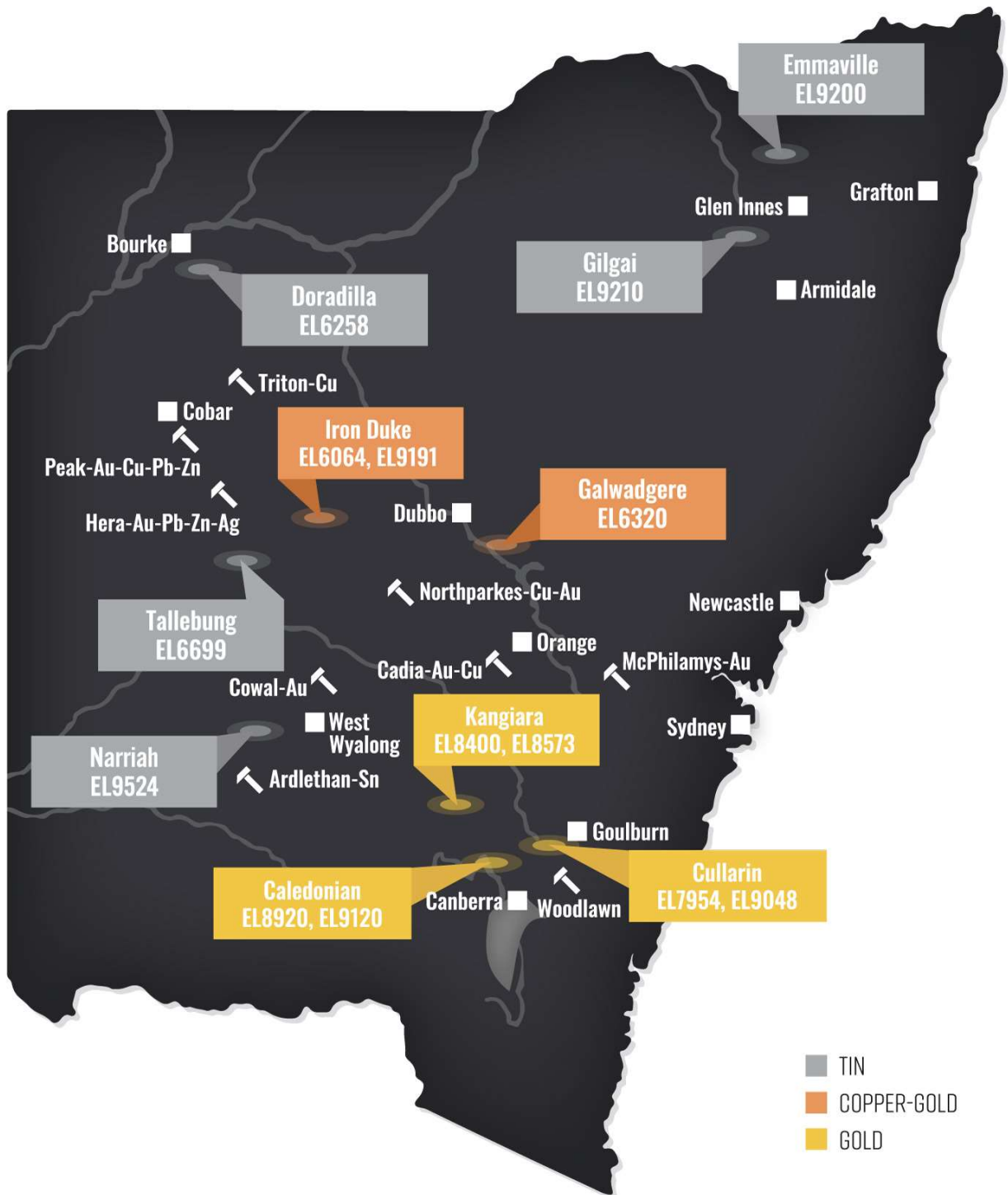


Figure 1: SKY Metals - Project Location Map

SKY METALS LIMITED
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REVIEW OF OPERATIONS

TALLEBUNG PROJECT (EL 6699, SKY 100%)

EXPLORATION DRILLING & DEPOSIT EXTENSIONS

Sky Metals expanded the geological footprint of the Tallebung Tin Project through a disciplined and progressive exploration effort. Drilling commenced in early FY2025 with RC programs in July and August that reaffirmed widespread mineralisation across multiple structural corridors.

A notable milestone was in September when step-out drilling (specifically TBRC078) returned **11 m @ 1.02% Sn, 77.9 g/t Ag & 0.13% W from 64m**—an intercept located ~150 m south of the existing resource footprint.

April 2025 saw the initiation of an ambitious multi-rig RC drilling program. Initially planned for ~70 holes (~8,000 m), the program was expanded mid-quarter to approximately 150 holes after early high-grade results. By quarter-end, assays were received for 45 of the completed holes; further drilling and assaying remain ongoing into FY2026.

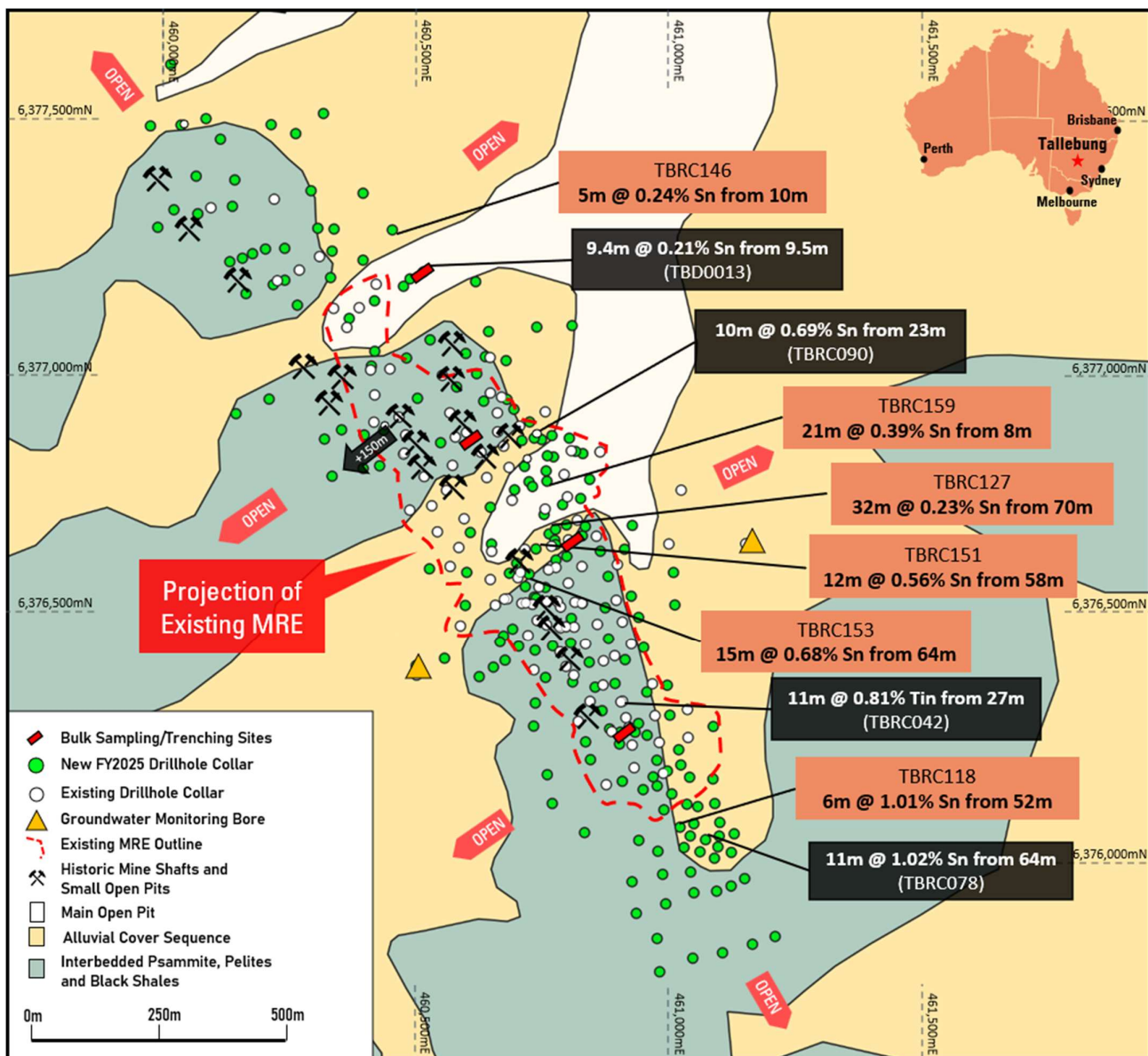


Figure 2: Plan showing the location of the drill-holes completed in FY2025 programs, including new assay results in orange, locations of the trenching/bulk sampling sites, and selected previously reported highlight drill intercepts. The boundary of the existing Tallebung MRE is also shown over surface geology

TRENCHING & SURFACE SAMPLING

Surface trenching initiated in December 2024 effectively targeted near-surface mineralisation zones and helped refine geological interpretation and drill targeting. Results released in January 2025 confirmed substantial near-surface mineralisation, reinforcing Tallebung's suitability for shallow open-pit mining scenarios.

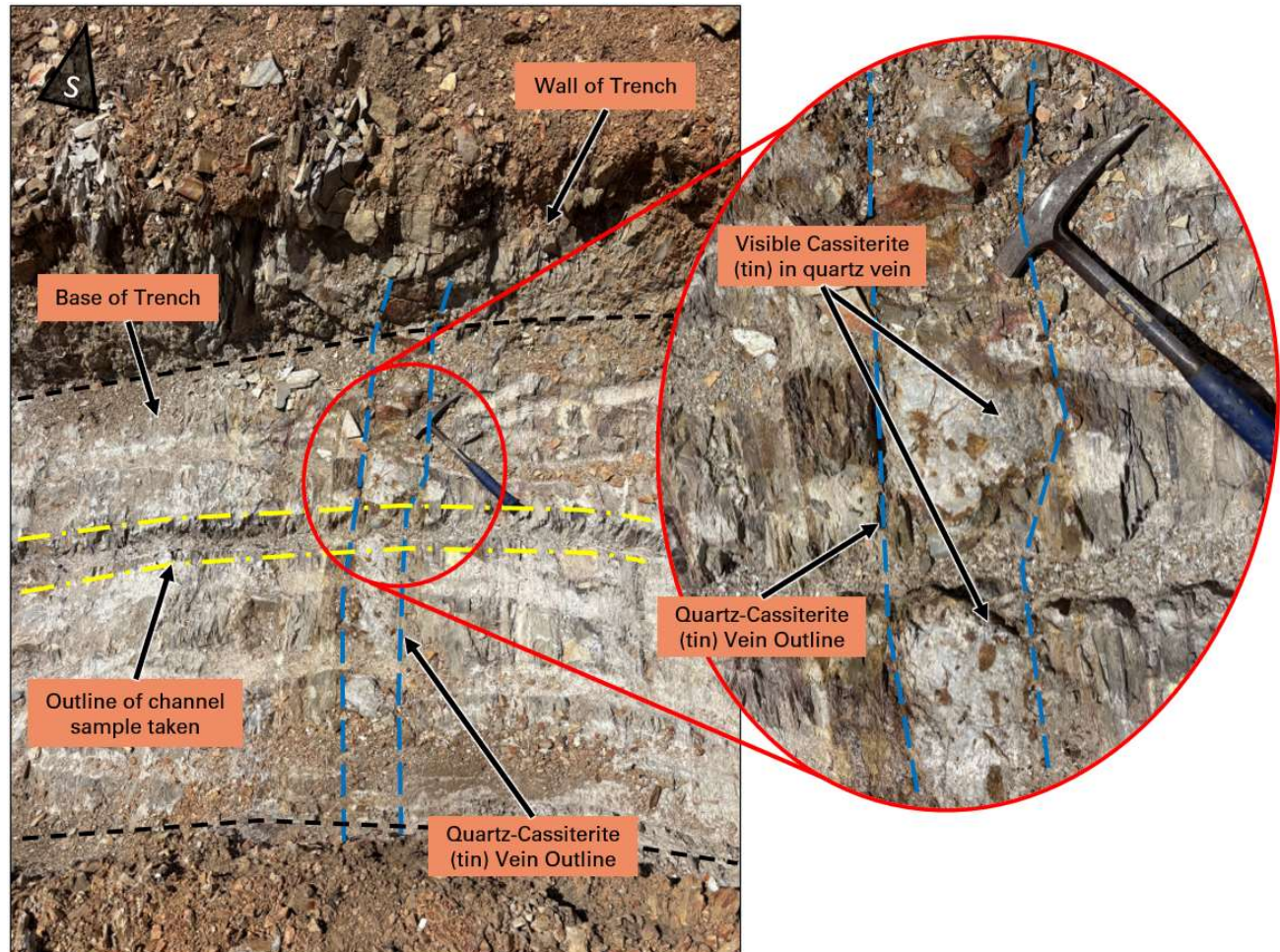


Figure 3: LHS: photo looking down and south-southwest across trench T4, which was completed above drill-hole TBRC034. The trench is approximately 0.5m deep and 1-1.5m wide. The margins of the trench are demarcated, along with the channel made for the channel sample and a quartz-cassiterite (tin) vein cross-cutting the trench. RHS insert shows a closer image of the quartz-cassiterite (tin) vein with the visible cassiterite (tin) being the black/grey zones within the vein (further details are provided in table 3 & 4).

BULK SAMPLING & METALLURGICAL TESTWORK

A cornerstone of FY2025 operations was the bulk sampling metallurgical program. During the March 2025 quarter, Sky extracted over 70 tonnes of material across four bulk samples—strategically sourced to represent grade variability and deposit extents.

These samples were crushed (<40 mm), screened, and processed through TOMRA's XRT ore sorting technology. Initial full-scale testwork demonstrated extraordinary uplift: tin grades were dramatically enhanced with strong recoveries, while mass was significantly reduced.



Figure 4: Left – Excavating the bulk sample from trench T7 and loading directly into a waiting truck; Middle – Sample being loaded into the crushing and screening plant in Condobolin, where the sample was crushed to -40mm and screened to separate the -7mm fines; Right – Sample awaiting transport after being loaded into bulk bags for transport to TOMRA Ore Sorting Solutions, Sydney for full-scale ore sorting testwork before downstream concentrating in pilot-scale processing plants at ALS Perth and then ALS Burnie.

ORE SORTING VARIABILITY TESTWORK

Complementing bulk sorting, earlier TOMRA variability work on drill samples yielded consistent and exceptional results: grade upgrade factors ranged from 4.6× to 6.6×, average tin recovery exceeded 98%, and only 15–24% of feed mass was retained as sorted product.

A highlight results was achieved using a double ore storing approach to aggressively ore sort the Tallebung mineralisation which resulted in an impressive 0.10% tin sample upgraded to 4.42% Sn (~44×) with 83% recovery and just 1.9% of mass retained.

This result has paved the way for the upcoming bulk sampling testwork procedure to demonstrate further these exceptional results and optimise the ore sorting process.

ENVIRONMENTAL & DEVELOPMENT PREPARATIONS

Parallel to exploration, Sky installed groundwater monitoring bores, advanced biodiversity and geochemical baseline studies, and commenced pilot metallurgical flowsheet work. These steps underpin de-risking of the future mine permitting and design processes.

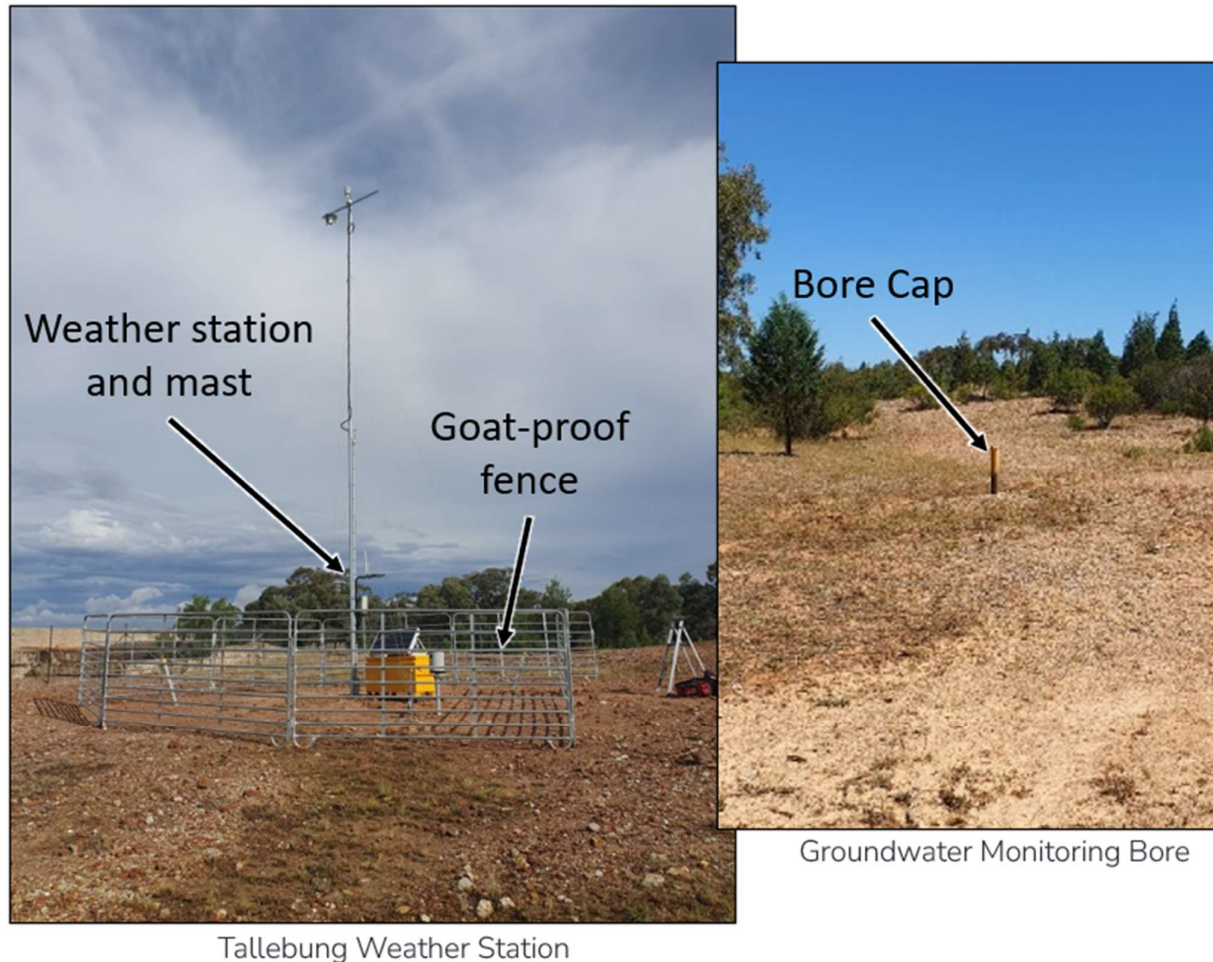


Figure 5: Left – Weather station installed at Tallebung, RHS – Groundwater monitoring bores installed to continue background environmental and permitting processes to streamline Tallebung mining permitting processes.

DORADILLA PROJECT (EL 6258, 100% SKY)

POLYMETALLIC MINERALISATION – METALLURGICAL TESTWORK PROGRAM

A recent review of historic petrology and metallurgical studies at the Doradilla Tin Deposit confirmed that tin is predominantly hosted in fine cassiterite associated with the Doradilla Tin Target at the south-western end of the 'DMK' Line. Importantly, this mineralisation has not previously been evaluated using modern flotation techniques. This represents a promising development for Doradilla. Work is now underway to validate the historic observations and, if confirmed, to trial modern flotation methods to assess the potential for producing a saleable tin concentrate. The program will also seek to establish whether a viable development pathway exists for the Doradilla mineralisation.

SKY METALS LIMITED
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REVIEW OF OPERATIONS

SKY continues to collaborate with leading metallurgical consultants and research institutions, including UNSW, ALS Burnie and ANSTO, together with other independent experts. These groups are working to advance a suite of extraction methodologies targeting rare earth elements, tin, and polymetallic mineralisation along the DMK Line. The objective is to unlock the high-value, widespread mineralisation already recognised at Doradilla. Ongoing work programs include data compilation, targeted geophysical surveys where required, and continued geological studies in partnership with UNSW.

NARRIAH PROJECT (EL 9524, 100% SKY)

MAIDEN DIAMOND DRILLING PROGRAM

During the March Quarter 2024, compilation of historic datasets highlighted strong potential for near-surface tin–tungsten mineralisation at the Conapaira Mining Reserve, consistent with the extensive historical workings across the area.

A site visit in the March Quarter included ground-truthing of historical data, geological mapping, and rock-chip sampling. This confirmed widespread historic workings in close proximity to the Erigolia Granite Margin, where preserved roof pendants provided additional geological evidence of prospectivity.

Given the favourable geological setting, rock-chip sampling was conducted across outcrops and mine workings. These returned high-grade tin, tungsten, and silver mineralisation along a strike length exceeding 3 km, with results including:

- 1.80% Sn, 13.9 g/t Ag & 0.05% Cu (JN240223-05)
- 1.50% Sn, 0.26% W & 14.7 g/t Ag (JN240223-04)
- 1.20% Sn & 1.77% W (JN240223-10)

GEOPHYSICAL MAGNETICS SURVEY

In the September Quarter 2024, a large-scale aeromagnetic survey was flown across a +16 km long prospective corridor within the Narriah Project. Results from this survey are being integrated with the high-grade rock-chip results from the Conapaira Mining Reserve to refine drill targeting for large-scale tin and tungsten mineralisation. 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)

SKY exercised its option to purchase EL 6064 during the prior year, consolidating 100% ownership of the Iron Duke Project. The Project encompasses 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.

SKY METALS LIMITED
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REVIEW OF OPERATIONS

In the June Quarter 2021, SKY completed a maiden drilling program at the Iron Duke Mine, supported by a VTEM survey and DHEM, which identified extensions to high-grade copper–gold mineralisation. An RC and diamond drilling program is planned to further test extensions to the Iron Duke Mine and to systematically evaluate the undrilled Christmas Gift group of historic mines.

Project activities continue, including detailed review of geophysics, mining records, historic datasets, and drilling information to refine robust targets for follow-up testing.

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.

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.

SKY has also been notified of plans for a solar farm development in the northern part of EL 8920, which coincides with the Jerrawa Strike. This trend of metallic occurrences is interpreted by SKY as a possible exhalative horizon with potential to host gold–silver and base metal mineralisation. SKY is working with the solar developers to ensure that proposed infrastructure does not impact mineralised zones. A gold soil anomaly already delineated at Jerrawa is scheduled for follow-up in the coming quarters, subject to these ongoing negotiations.

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 is scheduled 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.

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.



SKY METALS LIMITED and its controlled entities REVIEW OF OPERATIONS

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
Aurum Metals Pty Ltd (SKY sub)	100%	EL9120	30-3-2021	30-3-2027	50	141 km ²	Caledonian Project
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km ²	Galwadjere Project - agreement with pre-IPO Burrendong Minerals Ltd
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	21-6-2026	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	Granted on 5-7-2024	15-05-2031	101	287 km ²	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	ELA6926	Applied for on 3-7-2024	-	177	514 km ²	Tallebung Project – Application

Table 1: Tenement Summary.

SKY METALS LIMITED
and its controlled entities
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 2025 Corporate Governance Statement was approved by the Board on 19 August 2025 and reflects the corporate governance practices throughout the 2025 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
and its controlled entities
DIRECTORS' REPORT**

The Directors present their report together with the consolidated financial statements of the Group comprising of Sky Metals Limited ('the Company') and its subsidiaries for the financial year ended 30 June 2025 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 process technology company Alpha HPA Limited, Executive Chairman of Nickel Industries Limited a nickel mining and production company operating in Indonesia, and Fulcrum Lithium Limited, and a Non-Executive Director of Uvre 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 25 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 the Managing Director of process technology company 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. He is currently the Chairman of New World Resources Limited (ASX: NWC), and 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.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

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 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 A. Seckold	6	6
Oliver Davies	5	5
Rimas Kairaitis	6	6
Richard G.M. Hill	6	6

The Board met informally frequently throughout the year.

4. Principal Activities

The principal activities of the Group during the course of the financial year was the exploration for tin, copper gold 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.

5. Operating and financial review

Review of Operations

A review of operations of the Group during the year ended 30 June 2025 is provided in the 'Review of Operations' commencing on page 2 of this annual report.

SKY METALS LIMITED
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DIRECTORS' REPORT

5. Operating and financial review (Cont'd)

Financial Review

The consolidated loss after income tax attributable to members of the Company for the financial year ended 30 June 2025 was \$3,150,526 (2024: \$2,027,828).

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. 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.	To mitigate these risks to the extent possible, the Group engages external experts to assist with the evaluation of exploration results where required and utilises third party competent persons to prepare JORC resource statements or 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.
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.	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.

SKY METALS LIMITED
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DIRECTORS' REPORT

5. Operating and financial review (Cont'd)

Business risks (Cont'd)

Risk	Description	Mitigant
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.
Cyber risk	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	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.

SKY METALS LIMITED
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DIRECTORS' REPORT

6. Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2025. No dividends have been paid or declared during the financial year (2024 - \$nil).

7. Subsequent Events

On 15 July 2025, the Company issued 1,100,000 shares upon the conversion of performance rights post the achievement of the performance hurdle, including 1,000,000 to Managing Director Oliver Davies. On the same date, 5,100,000 performance rights were forfeited.

On 15 July 2025, the Company issued 1,750,000 employee performance rights.

On 22 July 2025, the Company issued 12,350,000 shares upon the conversion of performance rights post the achievement of the performance hurdle, including 10,600,000 to the Company's Directors.

On 25 July 2025, the Company issued 5,000,000 shares to the Company's Directors upon the conversion of performance rights post the achievement of the performance hurdle,

On 31 July 2025, the Group announced a share placement of 93.7 million shares at \$0.065 per share in two tranches. Out of this, on 7 August 2025, the Group issued 84.6 million shares under tranche 1 for \$5.5 million. The remaining 9.1 million shares to Directors and management under tranche 2 will be issued upon shareholder approval.

On 10 September 2025, the Company issued 781,862 shares upon the exercise of options.

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, Doradilla and Nariah Projects. Further commentary on this, and the Company's other projects is provided in the 'Review of Operations'. The Company 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.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

9. Environmental Regulations (cont'd)

Based on the results of enquiries made, the board is not aware of any significant breaches during the period covered by this 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	43,882,605	-	6,600,000
Oliver Davies	2,633,191	-	22,600,000
Rimas Kairaitis	11,045,981	-	6,600,000
Richard Hill	8,309,090	-	6,600,000

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
781,862	\$0.064	22 September 2025
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

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

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
4,125,000	\$0.15	12 January 2026
4,125,000	\$0.20	12 January 2026
4,200,000	Operational KPIs	15 July 2025
2,000,000	Operational KPIs	15 July 2025
7,450,000	\$0.06	1 December 2025
7,550,000	\$0.09	1 December 2026
7,550,000	\$0.12	1 December 2026
1,000,000	\$Nil	1 October 2025
5,000,000	\$0.065	4 December 2027
5,000,000	\$0.08	4 December 2027
5,000,000	\$0.10	4 December 2027

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
18,600,000	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 Company 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 Company 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 Company has not, otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

14. Proceedings on Behalf of The Company

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

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

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 and 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 Company'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 Company's share option and performance rights program which acts to align the Director's and senior executive's actions with the interests of the shareholders. The remuneration disclosed below represents the cost to the Group for services provided under these arrangements. There were no remuneration consultants used by the Company during the year ended 30 June 2025 or in the prior year.

Non-Executive Director Remuneration

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

The Constitution of the Company provides that the Non-Executive Directors are entitled to remuneration as determined by the Company 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 Company 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 the 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 Company 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 Company.

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 2025 is detailed in this Remuneration Report.

Executive Service Agreement

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 \$310,000 (plus superannuation). The Company, or Mr Davies may terminate the employment by giving three months written notice.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

15. Remuneration Report – Audited (Cont.)

Details of Directors & Executives

The following table provides details of the members of key management personnel of the entity as at 30 June 2025:

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

Details of remuneration for the year ended 30 June 2025 - 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 benefits	Post - employment Super-annuation benefits	Shares, options & rights		
Directors and Executives	Period	\$	\$	\$	\$	\$	%
<i>Executives</i>							
Oliver Davies	2025	302,847	-	30,000	137,455⁽³⁾⁽⁵⁾	470,302	29.2
	2024	262,500	20,942	28,875	51,257 ⁽¹⁾	363,574	14.1
<i>Non-executive Directors</i>							
Norman Seckold (Chairman)	2025	80,000	-	-	26,525⁽⁴⁾	106,525	24.9
	2024	72,500	-	-	33,564 ⁽²⁾	106,064	31.6
Rimas Kairaitis	2025	60,000	-	-	26,525⁽⁴⁾	86,525	30.7
	2024	55,000	-	-	33,564 ⁽²⁾	88,564	37.9
Richard Hill	2025	147,916	-	-	26,525⁽⁴⁾	174,441	15.2
	2024	105,933	-	-	33,564 ⁽²⁾	139,497	24.1
Total all specified Directors & Executives	2025	590,763	-	30,000	217,030	837,799	25.9
	2024	495,933	20,942	28,875	151,949	697,699	21.8

⁽¹⁾ During the year ended 30 June 2024 11,500,000 performance rights (valued at \$399,362) were issued to Oliver Davies.

⁽²⁾ During the year ended 30 June 2024 3,600,000 performance rights (valued at \$121,130) were issued to each Non-Executive Director.

⁽³⁾ During the year ended 30 June 2025 7,000,000 performance rights (valued at \$315,892) were issued to Oliver Davies.

⁽⁴⁾ During the year ended 30 June 2025 3,000,000 performance rights (valued at \$134,900) were issued to each Non-Executive Director.

⁽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.

Shares granted as compensation

On 2 October 2024, 1,000,000 shares were issued to Mr Oliver Davies upon his appointment as Managing Director.

The Company's share price at the issue date 2 October 2024 was \$0.05.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

15. Remuneration Report – Audited (Cont.)

Options granted as compensation

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

Performance Rights granted as compensation

On 2 October 2024, 1,000,000 performance rights were issued to Mr Oliver Davies. 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.

On 4 December 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. 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 Director remains a Director of SKY at the time of achieving the above criteria.

Director / Key Management Personnel	Grant Date	Number of Performance Rights Granted	Fair Value at Grant Date
Oliver Davies	30 September 2024	1,000,000	\$0.046
Oliver Davies	25 November 2025	2,000,000	\$0.048
Oliver Davies	25 November 2025	2,000,000	\$0.045
Oliver Davies	25 November 2025	2,000,000	\$0.042
Norman Seckold	25 November 2025	1,000,000	\$0.048
Norman Seckold	25 November 2025	1,000,000	\$0.045
Norman Seckold	25 November 2025	1,000,000	\$0.042
Rimas Kairaitis	25 November 2025	1,000,000	\$0.048
Rimas Kairaitis	25 November 2025	1,000,000	\$0.045
Rimas Kairaitis	25 November 2025	1,000,000	\$0.042
Richard Hill	25 November 2025	1,000,000	\$0.048
Richard Hill	25 November 2025	1,000,000	\$0.045
Richard Hill	25 November 2025	1,000,000	\$0.042

The fair value of the non-market condition performance rights at grant date was determined with reference to Company's share price.

The fair value of the market condition performance rights at grant date was determined 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 25 November 2024, 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%.

SKY METALS LIMITED
and its controlled entities
DIRECTORS' REPORT

15. Remuneration Report - Audited (Cont.)

Analysis of movement in equity instruments

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* (\$)	Value of rights or options exercised in period (\$)	Forfeiture / Lapsed rights or options in period (\$)
Oliver Davies	315,892	-	156,607
Norman Seckold	134,900	-	-
Rimas Kairaitis	134,900	-	-
Richard Hill	134,900	-	-

* 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.

Ordinary shareholding of key management personnel movement in shares - 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 2024	Share Placement	On Market Purchase	Received as remuneration	Other / (Disposed)	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

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 2025.

Movement in performance rights holdings of key management personnel - Audited

Key management personnel	Held at 1 July 2024	Granted	(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) ^(a)	22,600,000	-	-	22,600,000

(a) 2,000,000 performance rights expired 17 December 2024

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 2025, Norman Seckold had joint control of an entity, Mining Services Trust ('MIS'), which previously invoiced for reimbursement of storage of company files to the Group. This arrangement has now come to an end. Fees paid to MIS during the period amounted to \$Nil (2024: \$2,547) exclusive of GST. At the end of the period the amount outstanding to MIS was \$Nil (2024: \$2,144) inclusive of GST.

During the year ended 30 June 2025, 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 \$87,916 (2024: \$47,600) excluding GST for these services. At the end of the period the amount outstanding to Mr Hill was \$17,594 (2024: \$11,704) 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.

	2025	2024	2023	2022	2021
	\$	\$	\$	\$	\$
Net loss attributable to equity holders of the parent	(3,150,526)	(2,027,828)	(9,600,745)	(2,318,155)	(2,352,292)
Dividends paid	-	-	-	-	-
Change in share price	0.02	(0.06)	(0.02)	(0.05)	(0.15)

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 prior financial year KPMG, the Group's auditor, has 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 2025	30 June 2024
	\$	\$
Statutory Audit		
- Audit and review of financial statements	122,328	121,098
Non-Audit Services		
- Taxation services	11,495	-
Total paid to KPMG	<u>133,823</u>	<u>121,098</u>

17. Lead Auditor's Independence Declaration

The Lead Auditor's independence declaration is set out on page 25 and forms part of the Directors' Report for the financial year ended 30 June 2025.

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



Norman A. Seckold
Chairman

Dated at Sydney this 16th day of September 2025



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 2025 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.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink, appearing to be 'Adam Twemlow'.

Adam Twemlow

Partner

Brisbane

16 September 2025

SKY METALS LIMITED
and its controlled entities
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2025

	Notes	30 June 2025 \$	30 June 2024 \$
Other income			
Other income	4	12,400	21,000
Expenses			
Employee and director expenses		(1,464,694)	(1,236,040)
Consultants' and administration expenses		(903,015)	(531,648)
Depreciation and amortisation expense		(133,992)	(142,806)
Write down of capitalised exploration expenditure	9	(648,719)	(44,784)
Other expenses	4	(153,204)	(136,509)
Operating loss before net finance income		(3,291,224)	(2,070,787)
Finance income	4	171,358	80,466
Finance expense	4	(30,660)	(37,507)
Net finance income		140,698	42,959
Loss before tax		(3,150,526)	(2,027,828)
Income tax expense	5	-	-
Total comprehensive loss for the year		(3,150,526)	(2,027,828)
Total comprehensive loss attributable to:			
Owners of the Company		(3,150,526)	(2,027,828)
Non-controlling interest		-	-
Total comprehensive (loss) for the year		(3,150,526)	(2,027,828)
Loss per share			
Basic and diluted loss per share (cents)	15	(0.47)	(0.41)

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 2025

	Notes	30 June 2025 \$	30 June 2024 \$
Current assets			
Cash and cash equivalents	16	2,430,529	3,255,060
Trade and other receivables	6	122,214	66,587
Term deposits		1,000,000	-
Other current assets	7	47,500	21,750
Total current assets		3,600,243	3,343,397
Non-current assets			
Investments	8	231	231
Exploration and evaluation expenditure	9	17,743,277	14,387,987
Property plant and equipment	10	315,232	430,156
Other non-current assets	7	283,201	255,980
Total non-current assets		18,341,941	15,074,354
Total assets		21,942,184	18,417,751
Current liabilities			
Trade and other payables	11	1,074,451	816,321
Lease liability	12	75,625	64,695
Employee benefits payable		118,359	96,580
Total current liabilities		1,268,435	977,596
Non-current liabilities			
Lease liability	12	201,146	287,771
Long service leave liability		13,517	10,124
Total non-current liabilities		214,663	297,895
Total liabilities		1,483,098	1,275,491
Net assets		20,459,086	17,142,260
Equity			
Issued capital	13	87,205,304	81,613,572
Fair value reserve	14	231	231
Option premium reserve	14	1,316,237	972,900
Accumulated losses		(68,062,686)	(65,444,443)
Total equity attributable to equity holders of the Company		20,459,086	17,142,260
Non-controlling interest		-	-
Total equity		20,459,086	17,142,260

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 2025

	Notes	Issued capital \$	Fair value & Option reserve \$	Accumulated losses \$	Total \$	Non- controlling Interest \$	Total equity \$
Balance at 1 July 2023		77,238,006	614,314	(63,373,829)	14,478,491	18,220	14,496,711
Total comprehensive income for the period							
Loss for the period		-	-	(2,027,828)	(2,027,828)	-	(2,027,828)
Total comprehensive loss for the period		-	-	(2,027,828)	(2,027,828)	-	(2,027,828)
Transactions with owners recorded directly in equity							
Ordinary shares issued							
- Issue of ordinary shares	13	4,212,618	-	-	4,212,618	-	4,212,618
- Issue of ordinary shares related to acquisition of non-controlling interest	13	307,858	-	-	307,858	-	307,858
- Cost of issue	13	(164,410)	-	-	(164,410)	-	(164,410)
Exercise of employee performance rights	13	19,500	(19,500)	-	-	-	-
Share based payments	18	-	636,167	-	636,167	-	636,167
Expiry of options and performance rights	14	-	(257,850)	257,850	-	-	-
Acquisition of non- controlling interest	27	-	-	(300,636)	(300,636)	(18,220)	(318,856)
Balance at 30 June 2024		81,613,572	973,131	(65,444,443)	17,142,260	-	17,142,260
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

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 2025

		30 June 2025	30 June 2024
	Notes	\$	\$
Cash flows from operating activities			
Cash receipts in the course of operations		12,400	23,100
Cash payments in the course of operations		<u>(1,728,155)</u>	<u>(1,377,803)</u>
Cash generated from operations		(1,715,755)	(1,354,703)
Interest received		145,345	80,466
Interest paid		<u>(30,660)</u>	<u>(37,507)</u>
Net cash used in operating activities	16	<u>(1,601,070)</u>	<u>(1,311,744)</u>
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(3,735,817)	(3,241,982)
Proceeds from / (payments for) investments in security deposits		(64,720)	29,920
Payments for plant and equipment		(19,069)	(1,545)
Investments in Term Deposits		<u>(1,000,000)</u>	<u>-</u>
Net cash used in investing activities		<u>(4,819,606)</u>	<u>(3,213,607)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		6,000,000	4,212,618
Cost of issue		(297,500)	(164,410)
Payments of lease liabilities		<u>(106,355)</u>	<u>(103,257)</u>
Net cash from financing activities		<u>5,596,145</u>	<u>3,944,951</u>
Net decrease in cash and cash equivalents		(824,531)	(580,400)
Cash and cash equivalents at 1 July		<u>3,255,060</u>	<u>3,835,460</u>
Cash and cash equivalents at the end of the financial period	16	<u><u>2,430,529</u></u>	<u><u>3,255,060</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 2025 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 16 September 2025.

(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(d) – Going concern
- Note 9 – Exploration and evaluation expenditure
- Note 18 – Share based payments

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

2. Basis of preparation (Cont.)

(e) Consolidated entity disclosure statement key assumptions and judgements

Determination of Tax Residency

Section 295 (3A) of the Corporation Acts 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, "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.

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) Other Income

Other income is rent from sub-lease of office in Orange NSW and sale of exploration licence EL9200.

(b) 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.

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

3. Material accounting policies (Cont.)

(c) 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.

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.

(d) 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 recorded a loss after tax of \$3,150,526 for the year ended 30 June 2025 (2024: \$2,027,828). At 30 June 2025 the Group had cash and cash equivalents of \$2,430,529 (30 June 2024: \$3,255,060), term deposits of \$1,000,000 (30 June 2024: nil) and net assets of \$20,459,086 (30 June 2024: \$17,142,260). The Group's main activity is exploration and as such it does not presently have a source of operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities.

The Directors have prepared cash flow forecasts that support the ability of the Group to continue as a going concern for the period of at least 12 months from the date of the directors' declaration. These cash flow projections include significant ongoing expenditure on exploration and evaluation activities and assume the Group receives sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce expenditure in line with available funding.

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

3. Material accounting policies (Cont.)

(d) Going concern (Cont.)

As set out in note 21, subsequent to year end the Group has raised an additional \$5,500,000 through the issue of 84,615,388 shares. The Group has planned significant expenditure on exploration and evaluation activities over the period to 30 September 2026 which will require additional funds to be raised beyond the \$5,500,000.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operation of the Group is dependent upon the Group raising additional funding from shareholders or other parties and the Group reducing expenditure in line with available funding.

In the event that the Group does not obtain additional funding and reduce expenditure in line with available funding, the achievement of which is inherently uncertain until secured or realised, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the financial report. No allowance for such circumstances has been made in the financial report.

(e) 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.

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.

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

3. Material accounting policies (Cont.)

(e) Financial instruments (Cont.)

Non-derivative financial assets (Cont.)

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.

(f) 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.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

(h) 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.

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

3. Material accounting policies (Cont.)

(i) 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.

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.

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

3. Material accounting policies (Cont.)

(j) 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.

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.

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

3. Material accounting policies (Cont.)

(k) 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.

(l) 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.

(m) 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.

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

3. Material accounting policies (Cont.)

(m) 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.

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.

(n) 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.

(o) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis.

(p) 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.)

(q) 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.

(r) Newly effective accounting standards

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting year ended 30 June 2025. The impact of these new or amended Accounting Standards to the Group's consolidated financial statements are not expected to be material.

	30 June 2025	30 June 2024
	\$	\$
4. Loss from operating activities		
Loss from operating activities before income tax includes the following items of income and expense:		
Other income		
Rent received	12,400	11,000
Sale of tenement EL9200	-	10,000
	<u>12,400</u>	<u>21,000</u>
Other expenses		
Pre-license costs	(6,160)	-
Legal fees	(9,299)	(9,493)
Auditor's remuneration – audit & review of financial reports	(122,328)	(121,098)
Other	(15,417)	(5,918)
	<u>(153,204)</u>	<u>(136,509)</u>
Financial income and expense		
Interest revenue	171,358	80,466
Finance lease expense	(30,660)	(37,507)
Net finance income	<u>140,698</u>	<u>42,959</u>

SKY METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2025	30 June 2024
	\$	\$
5. Income tax expense		
Current tax expense		
Current year	(596,211)	(420,797)
Adjustments for prior year	-	-
Tax losses not recognised	596,211	420,797
	-	-
<i>Numerical reconciliation of income tax expense to prima facie tax payable:</i>		
Loss before tax	(3,150,526)	(2,027,828)
Prima facie income tax benefit at the Australian tax rate of 25% (2024 - 30%)	(787,631)	(608,348)
Adjustments to prima facie tax due to:		
- non-deductible expenses	191,420	187,551
- effect of DTAs on tax losses not brought to account	1,501,899	1,588,862
- effect of DTAs on temporary differences not brought to account	(905,688)	(1,168,065)
Tax expense	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	-	-
Tax losses	15,183,065	16,417,399
Net deductible temporary differences	(3,956,626)	(3,725,481)
Potential tax benefit at 25% (2024: 30%)	11,226,439	12,691,918
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	95,101	65,487
Accrued Interest	26,013	-
Other	1,100	1,100
	122,214	66,587
7. Other assets		
Current assets		
Prepayments	-	11,750
Tenement bond deposit	47,500	10,000
	47,500	21,750
Non-current assets		
Tenement bond deposit	283,201	255,980

SKY METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2025	30 June 2024
	\$	\$
8. Investments		
Investments - fair value through other comprehensive income	231	231

The Company holds 10,950 Ordinary Shares in Pilot Energy Limited. At 30 June 2025, the Directors compared the carrying value of the investment to market value and recorded a \$Nil movement in fair value (2024: \$Nil).

9. Exploration and evaluation expenditure

EL 6699 Tallebung	10,651,694	6,892,576
EL 6258 Doradilla	5,512,926	5,415,808
EL9524 Narriah	448,619	358,164
EL 6320 Galwadgere	-	600,000
EL 7954 Cullarin	-	-
EL 8400 & EL 8573 Kangiara	-	-
EL 8920 Caledonian	-	-
EL 6064 Iron Duke	1,082,875	1,079,322
EL 9191 Albert	47,163	42,117
Net book value at 30 June	17,743,277	14,387,987

EL 6699 Tallebung		
Carrying amount at 1 July	6,892,576	3,775,792
Additions	3,759,118	3,116,784
Net book value at 30 June	10,651,694	6,892,576

EL 6258 Doradilla		
Carrying amount at 1 July	5,415,808	5,296,678
Additions	97,118	119,130
Net book value at 30 June	5,512,926	5,415,808

EL 9524 Narriah		
Carrying amount at 1 July	358,164	12,834
Additions	90,455	345,330
Net book value at 30 June	448,619	358,164

EL 6320 Galwadgere		
Carrying amount at 1 July	600,000	600,000
Additions	-	213
Write Down	(600,000)	(213)
Net book value at 30 June	-	600,000

SKY METALS LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	30 June 2025	30 June 2024
	\$	\$
9. Exploration and evaluation expenditure (Cont.)		
EL 7954 Cullarin		
Carrying amount at 1 July	-	-
Additions	19,742	8,287
Write Down	(19,742)	(8,287)
Net book value at 30 June	-	-
EL 8400 & EL 8573 Kangiara 1 & 2		
Carrying amount at 1 July	-	-
Additions	21,612	2,710
Write Down	(21,612)	(2,710)
Net book value at 30 June	-	-
EL 8920 Caledonian		
Carrying amount at 1 July	-	-
Additions	7,366	29,243
Write Down	(7,366)	(29,243)
Net book value at 30 June	-	-
EL 6064 Iron Duke		
Carrying amount at 1 July	1,079,322	1,062,003
Additions	3,553	17,319
Net book value at 30 June	1,082,875	1,079,322
EL 9191 Albert		
Carrying amount at 1 July	42,117	36,183
Additions	5,046	5,934
Net book value at 30 June	47,163	42,117

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 2025, the Group assessed its exploration and evaluation expenditure assets for impairment. The Group impaired the carrying value in full on the Cullarin, Caledonian, and Kangiara tenements, as the Board has currently not planned future exploration activities in these areas. The Group has also impaired the carrying value in full of Galwadgere after termination of the agreement with Burrendong Minerals Limited ('BML') for the potential divestment of SKY's non-core Galwadgere project EL6320. The total impairment expense recognised for the financial year 30 June 2025 was \$648,719.

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	30 June 2025	30 June 2024
	\$	\$
10. Property, plant and equipment		
Motor vehicles	13,425	43,390
Office equipment	18,635	15,624
Plant and equipment	46,943	53,921
Right of use asset	236,229	317,221
Net book value at 30 June	<u>315,232</u>	<u>430,156</u>
Motor vehicles	211,768	211,768
Accumulated Depreciation	<u>(198,343)</u>	<u>(168,378)</u>
Net book value at 30 June	<u>13,425</u>	<u>43,390</u>
Office Equipment	67,662	59,222
Accumulated Depreciation	<u>(49,027)</u>	<u>(43,598)</u>
Net book value at 30 June	<u>18,635</u>	<u>15,624</u>
Plant and Equipment	109,361	98,732
Accumulated Depreciation	<u>(62,418)</u>	<u>(44,811)</u>
Net book value at 30 June	<u>46,943</u>	<u>53,921</u>
Right of use asset	485,956	485,956
Accumulated Depreciation	<u>(249,727)</u>	<u>(168,735)</u>
Net book value at 30 June	<u>236,229</u>	<u>317,221</u>

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 Company 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 2025, the Company recognised \$485,956 of right-to-use asset, \$249,727 of accumulated depreciation and \$276,771 of lease liabilities of which \$75,625 is recognised as a current liability.

During the year ended 30 June 2025, the Company recognised \$80,992 of depreciation charges and \$30,660 of interest costs from the lease.

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	30 June 2025	30 June 2024
	\$	\$
10. Property, plant and equipment (Cont.)		
Reconciliation of the carrying amounts for each class of property, plant & equipment are set out below.		
Motor Vehicles		
Carrying amount at 1 July	43,390	81,874
Disposals	-	(315)
Depreciation	(29,965)	(38,170)
Net book value at 30 June	<u>13,425</u>	<u>43,390</u>
Office Equipment		
Carrying amount at 1 July	15,624	21,734
Additions	8,440	1,545
Depreciation	(5,429)	(7,655)
Net book value at 30 June	<u>18,635</u>	<u>15,624</u>
Plant & Equipment		
Carrying amount at 1 July	53,921	73,536
Additions	10,628	(3,627)
Depreciation	(17,606)	(15,998)
Net book value at 30 June	<u>46,943</u>	<u>53,921</u>
Right of use asset		
Carrying amount at 1 July	317,221	398,214
Depreciation	(80,992)	(80,993)
Net book value at 30 June	<u>236,229</u>	<u>317,221</u>
11. Trade and other payables		
Current liabilities		
Trade and other payables	847,976	427,080
Accruals	174,665	337,699
Payroll payables	51,810	51,542
	<u>1,074,451</u>	<u>816,321</u>
12. Lease liability		
Current liabilities		
Property rental	<u>75,625</u>	<u>64,695</u>
Non-current liabilities		
Property rental	<u>201,146</u>	<u>287,771</u>
	<u>276,771</u>	<u>352,466</u>

Payments under the lease arrangements attributable to the repayment of lease liability is included under financing cash flows. During the year ended 30 June 2025, payments totalling \$137,015 has been recognised as cash outflows from lease repayments which includes principal of \$106,355 and interest of \$30,660.

SKY METALS LIMITED
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	30 June 2025		30 June 2024	
	No.	\$	No.	\$
13. Issued capital				
Ordinary shares, fully paid at 1 July	589,553,166	81,613,572	454,556,796	77,238,006
Issued of shares to Managing Director	1,000,000	50,000	-	-
Placement of ordinary shares at \$0.05	120,000,000	6,000,000	-	-
Exercise of employee performance rights	150,000	5,850	500,000	19,500
Consideration shares for acquisition of remaining non-controlling interest	-	-	6,841,294	307,858
Placement of ordinary shares at \$0.033	-	-	106,002,827	3,498,093
Placement of ordinary shares at \$0.033	-	-	21,652,249	714,525
Less cost of issue	-	(464,118)	-	(164,410)
Balance at 30 June	710,703,166	87,205,304	589,553,166	81,613,572

On 2 October 2024, the Group issued 150,000 shares upon the exercise of employee performance rights.

On 2 October 2024, the Group issued 1 million shares at \$0.05 per share to Mr Oliver Davies upon his appointment as Managing Director.

On 8 November 2024, the Group issued 87.6 million shares under tranche 1 of a share placement at \$0.05 per share.

On 20 December 2024, the Group issued 32.4 million shares under tranche 2 of a share placement at \$0.05 per share.

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 Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

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

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	30 June 2025	30 June 2024
	\$	\$
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	972,900	614,083
Vesting of employee performance rights	417,214	524,289
Vesting of director performance rights	297,638	100,880
Lapsed performance rights	(448,881)	-
Lapsed options	(83,402)	(257,850)
Exercise of employee performance rights	(5,850)	(19,500)
Vesting of broker options	166,618	-
Acquisition of Balmain Minerals Pty Ltd	-	10,998
Closing balance at 30 June	<u>1,316,237</u>	<u>972,900</u>

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. Refer to Note 18 for further details on options and performance rights on issue.

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.

Basic and diluted loss per share:

Net loss for the period attributable to equity holders of the parent	(3,150,526)	(2,027,828)
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	30 June 2025 N°	30 June 2024 N°
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at 1 July	589,553,166	454,556,796
Effect of shares issued (note 13)	74,395,343	38,144,635
Weighted average number of ordinary shares at 30 June	<u>663,948,509</u>	<u>492,701,431</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.

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	30 June 2025	30 June 2024
	\$	\$
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	(3,150,526)	(2,027,828)
Non-cash items		
Amortisation and depreciation	133,992	142,806
Impairment of exploration tenements	648,719	44,784
Loss on sale of property, plant & equipment	-	3,942
Interest paid	30,660	37,507
Share based payment expense	764,852	625,169
Changes in assets and liabilities		
Trade and other receivables	(55,627)	(42,316)
Other assets – prepayments	11,750	(11,750)
Trade and other payables	(10,061)	(118,725)
Employee provisions	25,171	34,667
Net cash used in operating activities	(1,601,070)	(1,311,744)

Reconciliation of cash

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

Cash and cash equivalents	2,430,529	3,255,060
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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	590,762	495,933
Other short term benefits	-	20,942
Share based payments	217,029	151,949
Post – employment benefits	30,000	28,875
	837,791	697,699

At 30 June 2025, the amount outstanding to Key Management Personnel and Directors was \$29,928 inclusive of GST (2024: \$24,038). These services were invoiced monthly and payable within 30 days.

SKY METALS LIMITED
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17. Related parties (Cont.)

b) Transactions with key management personnel (Cont.)

i) Key management personnel compensation (Cont.)

In addition to 1 million shares and 1 million performance rights issued to Mr Oliver Davies and the 15 million performance rights issued to directors as outlined in Notes 13 and 18, Mr Olivier Davies was appointed as Managing Director of the Company and his remuneration effective from 30 September 2024 is included above and to be settled in cash.

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 Company during the period and there were no contracts involving Directors' interests subsisting at period end.

ii) Key management personnel transactions

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 2025, Norman Seckold had joint control of an entity, Mining Services Trust ('MIS'), which previously invoiced for reimbursement of storage of company files to the Group. This arrangement has now come to an end. Fees paid to MIS during the period amounted to \$Nil (2024: \$2,547) exclusive of GST. At the end of the period the amount outstanding to MIS was \$Nil (2024: \$2,144) inclusive of GST.

During the year ended 30 June 2025, 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 \$87,916 (2024: \$47,600) excluding GST for these services. At the end of the period the amount outstanding to Mr Hill was \$17,594 (2024: \$11,704) inclusive of GST.

There were no loans made to key management personnel or their related parties during the years ended 30 June 2025 or 30 June 2024.

18. Share Based Payments

Incentive Plan

The Company 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 a minimum of the Market value of a Share when the Board resolves to offer the options. Options have no voting or 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 16 million performance rights to Directors of the Company under the Company's Incentive Plan.

The Company also issued 10 million options to brokers as part of the fee associated with the share placement.

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18. Share Based Payments (Cont.)

The following options and performance rights were on issue as at 30 June 2025.

Type / Description	Grant Date	Vesting Date	Expiry Date	Exercise Price	Fair Value per Option/Right Granted	Balance at the end of the period
Incentive Plan	19 December 2022	12 January 2026	12 January 2026	\$Nil	Note 1	8,250,000
Balmain Acquisition Options	22 September 2023	22 September 2023	22 September 2025	\$0.064	\$0.014	781,862
Incentive Plan	11 October 2023	1 December 2025	1 December 2025	\$Nil	\$0.0329	3,850,000
Incentive Plan	11 October 2023	1 June 2025	15 July 2025	\$Nil	\$0.039	4,200,000
Incentive Plan	11 October 2023	1 June 2025	15 July 2025	\$Nil	\$0.039	2,000,000
Incentive Plan	11 October 2023	1 December 2026	1 December 2026	\$Nil	\$0.0314	3,950,000
Incentive Plan	11 October 2023	1 December 2026	1 December 2026	\$Nil	\$0.0281	3,950,000
Incentive Plan	30 October 2023	1 December 2025	1 December 2025	\$Nil	\$0.0368	3,600,000
Incentive Plan	30 October 2023	1 December 2026	1 December 2026	\$Nil	\$0.0338	3,600,000
Incentive Plan	30 October 2023	1 December 2026	1 December 2026	\$Nil	\$0.0303	3,600,000
Incentive Plan	30 September 2024	30 September 2025	1 October 2025	\$Nil	\$0.042	1,000,000
Incentive Plan	25 November 2024	4 December 2027	4 December 2027	\$Nil	\$0.048	5,000,000
Incentive Plan	25 November 2024	4 December 2027	4 December 2027	\$Nil	\$0.0452	5,000,000
Incentive Plan	25 November 2024	4 December 2027	4 December 2027	\$Nil	\$0.0417	5,000,000
Broker Options	20 December 2024	20 December 2024	20 December 2026	\$0.075	\$0.0167	10,000,000

Note 1 – These performance rights contain two tranches that are fair valued individually. The fair value per right for tranche 1 is \$0.0366 for 50% of the rights issued and for the remainder 50% of the rights issued, the fair value per right for tranche 2 is \$0.0415.

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18. Share Based Payments (Cont.)

Fair Value of Options & Performance Rights (Cont.)

Movement of options & performance rights during the year ended 30 June 2025.

Grant Date	Outstanding at the beginning of period	Granted during the period	Forfeiture during the period	Exercised during the period	Lapsed during the period	Outstanding at the end of period	Exercisable at the end of period
17 February 2022	4,500,000	-	-	-	(4,500,000)	-	-
16 May 2022	1,000,000	-	-	-	(1,000,000)	-	-
19 December 2022	8,250,000	-	-	-	-	8,250,000	-
26 May 2023	6,000,000	-	-	-	(6,000,000)	-	-
22 September 2023	781,862	-	-	-	-	781,862	781,862
11 October 2023	6,350,000	-	-	(150,000)	-	6,200,000	6,200,000
11 October 2023	3,850,000	-	-	-	-	3,850,000	-
11 October 2023	3,950,000	-	-	-	-	3,950,000	-
11 October 2023	3,950,000	-	-	-	-	3,950,000	-
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
	49,431,862	26,000,000	-	(150,000)	(11,500,000)	63,781,862	16,981,862

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 the period	Exercisable at the end of the period
2025	\$0.009	\$0.029	-	\$Nil	\$0.936	\$0.013	\$0.074

The weighted average remaining contractual life of share options and performance rights outstanding at the end of the period was 1.22 years (2024: 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.

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.

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18. Share Based Payments (Cont.)

Fair Value of Options & Performance Rights (Cont.)

The fair value of 10,000,000 options granted to non-employees on 20 December 2024 with an exercise price of \$0.075 was \$166,618. The Black-Scholes formula model inputs were the Company's share price of \$0.052 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 options vested in full on grant date.

The fair value of 1,000,000 performance rights granted on 30 September 2024 which will convert to shares at no cost 12 months from the date of issue was \$46,000. The rights include a service condition that the employee must remain in the employ of Sky Metals at the time of achieving the non-market operational performance milestones. The performance rights were valued using the Company's share price of \$0.046 at the grant date and a dividend yield of 0%.

The fair value of 5,000,000 performance rights granted on 25 November 2024 which will convert to shares at no cost upon the Company's share price on ASX achieving \$0.065, was \$240,237. The rights include a service condition that the Director must remain a Director 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 \$0.052 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 4.05% based on the 2-year government bond rate.

The fair value of 5,000,000 performance rights granted on 25 November 2024 which will convert to shares at no cost upon the Company's share price on ASX achieving \$0.08, was \$226,088. The rights include a service condition that the Director must remain a Director 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 \$0.052 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 4.05% based on the 2-year government bond rate.

The fair value of 5,000,000 performance rights granted on 25 November 2024 which will convert to shares at no cost upon the Company's share price on ASX achieving \$0.10, was \$208,405. The rights include a service condition that the Director must remain a Director 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 \$0.052 at the grant date, a volatility factor of 75% based on historical share price performance and a risk-free interest rate of 4.05% based on the 2-year government bond rate.

During the period ended 30 June 2025, share based payment expense of \$764,852 was recorded in the profit and loss (2024: \$625,169).

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19. Financial risk management and financial instruments disclosures

The Group's financial instruments comprise deposits with banks, receivables, investments, 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 \$3,430,529, which includes cash and cash equivalents of \$3,430,529 and term deposits of \$1,000,000.

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	1,074,451	(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)	-
Trade and other payables	816,321	(816,321)	(816,321)	-	-	-
Lease liability	352,466	(435,000)	(53,045)	(53,310)	(328,645)	-
30 June 2024	1,168,787	(1,251,321)	(869,366)	(53,310)	(328,645)	-

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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 2025	30 June 2024
	\$	\$
Cash and cash equivalents	2,430,529	3,255,060
Trade and other receivables	122,214	66,587
Term deposits	1,000,000	-
Tenement bond deposit	330,701	265,980
Investments	231	231
	<u>3,883,675</u>	<u>3,587,858</u>

Cash and cash equivalents and Term deposits

At 30 June 2025, the Group held cash and cash equivalents of \$2,430,529 (2024: \$3,255,060) and term deposits of \$1,000,000 (2024: \$nil), which represent its maximum credit exposure on these assets. These balances are held with a major Australian bank.

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.

Variable rate instruments

Cash and cash equivalents	2,430,529	3,255,060
Term deposits	1,000,000	-
	<u>3,430,529</u>	<u>3,255,060</u>

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>34,305</u>	<u>32,551</u>
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Currency risk

At 30 June 2025, the Group does not hold bank accounts in denominations other than the functional currency.

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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 2025, 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, 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 2025				
Financial assets	231	-	-	231
30 June 2024				
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
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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 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 2024				
Revenue and other income				
Finance income	-	-	80,466	80,466
Other Income	-	-	21,000	21,000
Operating loss before income tax	(44,784)	(44,784)	(1,983,044)	(2,027,828)
Assets				
Segment assets	14,653,967	14,653,967	3,763,784	18,417,751
Liabilities				
Segment liabilities	(619,304)	(619,304)	(656,187)	(1,275,491)

	30 June 2025	30 June 2024
	\$	\$
Reconciliations of reportable segment revenues and profit or loss		
Revenue		
Total revenue for reportable segments	-	-
Other income	12,400	21,000
Consolidated income	12,400	21,000
Profit or loss		
Total loss for reportable segments	(648,719)	(44,784)
Unallocated amounts:		
- finance income	171,359	80,466
- finance expenses	(30,660)	(37,507)
- other income	12,400	21,000
- net other corporate expenses	(2,654,906)	(2,047,003)
Consolidated loss before tax	(3,150,526)	(2,027,828)

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

20. Operating segments (Cont.)

	30 June 2025	30 June 2024
	\$	\$
Reconciliations of reportable segment assets and liabilities		
Assets		
Total assets for reportable segments	18,073,979	14,653,967
Unallocated corporate assets	3,868,205	3,763,784
Consolidated total assets	21,942,184	18,417,751
Liabilities		
Total liabilities for reportable segments	760,708	619,304
Unallocated corporate liabilities	722,390	656,187
Consolidated total liabilities	1,483,098	1,275,491

Geographical information

All of the Company's activities are in Australia.

Concentration of revenue and other income

Other income is rent from sub-lease of office in Orange NSW and sale of exploration licence EL9200.

21. Subsequent events

On 15 July 2025, the Company issued 1,100,000 shares upon the conversion of performance rights post the achievement of the performance hurdle, including 1,000,000 to Managing Director Oliver Davies. On the same date, 5,100,000 performance rights were forfeited.

On 15 July 2025, the Company issued 1,750,000 employee performance rights.

On 22 July 2025, the Company issued 12,350,000 shares upon the conversion of performance rights post the achievement of the performance hurdle, including 10,600,000 to the Company's Directors.

On 25 July 2025, the Company issued 5,000,000 shares to the Company's Directors upon the conversion of performance rights post the achievement of the performance hurdle,

On 31 July 2025, the Group announced a share placement of 93.7 million shares at \$0.065 per share in two tranches. Out of this, on 7 August 2025, the Group issued 84.6 million shares under tranche 1 for \$5.5 million. The remaining 9.1 million shares to Directors and management under tranche 2 will be issued upon shareholder approval.

On 10 September 2025, the Company issued 781,862 shares upon the exercise of options.

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	
		2025	2024
		%	%
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 2025, the parent entity of the Group was Sky Metals Limited.

	30 June 2025	30 June 2024
	\$	\$
Result of the parent entity		
Net loss	2,833,166	1,710,188
Other comprehensive loss	-	-
Total comprehensive loss for the period	2,833,166	1,710,188
Financial position of the parent entity at year end		
Current assets	3,522,655	3,252,002
Non-current assets	15,426,669	11,873,751
Total assets	18,949,324	15,125,753
Current liabilities	1,279,753	988,913
Non-current liabilities	214,663	297,898
Total liabilities	1,494,416	1,286,811
Net assets	17,454,908	13,838,942
Equity		
Share capital	87,205,304	81,613,572
Reserves	1,298,248	973,131
Accumulated losses	(71,048,644)	(68,747,761)
Total equity attributable to equity holders of the Company	17,454,908	13,838,942
Non-Controlling Interest	-	-
Total equity	17,454,908	13,838,942

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

24. Auditors' remuneration

	30 June 2025	30 June 2024
	\$	\$
Statutory Audit		
Audit and review of financial statements	122,328	121,098
Non-Audit Services		
Taxation advice and services	11,495	-
Total paid to KPMG	133,823	121,098

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 at reporting date (2024: nil).

SKY METALS LIMITED
and its controlled entities
CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2025

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

The consolidated entity disclosure statement should be read in conjunction with the basis of preparation described at Note (2)(e).

**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 26 to 58, and the Remuneration Report as set out on pages 19 to 23 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 2025 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 2025 set out on page 58 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 2025.
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 16th day of September 2025 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 2025 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 2025
- 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 2025
- 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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 3(d), “Going Concern” in the financial report. The conditions disclosed in Note 3(d), indicate a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group’s assessment of going concern. This included:

- Analysing the cash flow projections by:
 - Evaluating the underlying data used to generate the projections for consistency with other information tested by us, our understanding of the Group’s intentions, and past results and practices;
 - Assessing the planned levels of operating cash inflows and outflows, including capital expenditures, for feasibility, timing, consistency of relationships and trends to the Group’s historical results since year end, and our understanding of the business, industry and economic conditions of the Group.
- Assessing significant non-routine forecast cash inflows and outflows including the expected impact of planned capital raisings for feasibility, quantum and timing. We used our knowledge of the client, its industry and current status of those initiatives to assess the level of associated uncertainty.
- Considering the Group’s planned exploration program and assessing the level of additional shareholder funds required to execute the exploration program, including the level of associated uncertainty in raising additional shareholder funds.
- 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. We specifically focused on the principal matters giving rise to the material uncertainty.

Key Audit Matters

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.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Capitalised exploration and evaluation expenditure - \$17,743,277

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

The key audit matter	How the matter was addressed in our audit
Capitalised exploration and evaluation expenditure (E&E) 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 81% 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 E&E, therefore 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; - The Group's determination of the areas of interest (areas); - The Group's intention and capacity to continue the relevant E&E activities; and - The Group's determination of whether the capitalised E&E meets the carry forward conditions of AASB 6, including whether it is expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.	Our procedures included: - Evaluating the Group's accounting policy to recognise exploration and evaluation assets using the criteria in the accounting standard; - Assessing the Group's determination of its areas of interest 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 for consistency with documentation such as license related technical conditions, joint venture agreements and planned work programs; - Assessing the Group's current rights to tenure for each area of interest by corroborating the ownership of the relevant licence to government registers or other supporting documentation and evaluation agreements in place with other parties. We also tested for compliance with licence conditions, such as minimum expenditure requirements on a sample of licenses; - Selecting a statistical sample of the Group's additions to capitalised exploration and evaluation expenditure for the year and checking the amount recorded for consistency to 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 management's cash flow projections, for consistency with their stated intentions for continuing cash flow projections, for consistency with their stated intentions for continuing exploration and evaluation activities in certain area. We corroborated this through interviews with personnel and checked for consistency with operational and finance personnel and checked for consistency with amounts impaired;

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 of interest where significant capitalised E&E exists, and where E&E was impaired by the Group. 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 of interest; and • Results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area of interest.	• 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 and project and corporate budgets for each area; • Obtaining project and corporate budgets identifying areas with existing funding and those requiring alternate funding sources. We compared this for consistency with existing E&E projects, for evidence of the ability to fund continued activities. We identified those areas relying on alternate funding sources and evaluated the capacity of the Group to secure such funding; • Comparing the results from latest activities regarding the potential existence of reserves and resources for consistency to the treatment of E&E and the requirements of the accounting standard; • Recalculating the impairment charge against the recorded amount disclosed; and • Assessing the disclosures in the financial report, using our understanding of the matter obtained from our testing and against the requirements of the accounting standards.
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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 opinions.

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/admin/file/content102/c3/ar1_2020.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 2025 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 19 to 23, of the Directors' report for the year ended 30 June 2025.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Adam Twemlow

Partner

Brisbane

16 September 2025

SKY METALS LIMITED
and its controlled entities
ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules as at 18 August 2025 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
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 49.99% of the fully paid ordinary shares as follows:

	Name	Quantity	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	63,659,018	7.82
2	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	45,436,385	5.58
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	35,311,124	4.34
4	FELSINA PTY LTD	30,253,801	3.72
5	LONERGAN FOUNDATION PTY LTD <LONERGAN FOUNDATION A/C>	29,520,201	3.63
6	BUTTONWOOD NOMINEES PTY LTD	23,051,817	2.83
7	COMSERV (NO 461) PTY LTD <NO 2 INV A/C>	22,425,282	2.76
8	ALL-STATES FINANCE PTY LIMITED	21,360,844	2.62
9	ALTINOVA NOMINEES PTY LTD	17,151,515	2.11
10	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	16,382,920	2.01
11	ROBMAR INVESTMENTS PTY LTD	14,195,018	1.74
12	PERMGOLD PTY LTD <THE SECKOLD FAMILY S/F A/C>	11,308,498	1.39
13	SMIFF PTY LTD	10,050,000	1.23
14	BOND STREET CUSTODIANS LIMITED <TRYLAN - D83486 A/C>	10,000,000	1.23
14	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	10,000,000	1.23
14	CAVEFAIR PTY LIMITED	10,000,000	1.23
17	SILVERPEAK NOMINEES PTY LTD <THE RGM HILL A/C>	9,900,000	1.22
18	ADRIATIC PTY LTD <MGS A/C>	9,639,543	1.18
19	ALKANE RESOURCES LIMITED	9,049,307	1.11
20	EXURBAN AUSTRALIA PTY LTD <MUKIWA A/C>	8,090,184	0.99
	Top 20 holders of FULLY PAID ORDINARY SHARES (Total)	406,785,457	49.99
	Total Remaining Holders Balance	406,983,097	50.01

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	87	17,724	0.00
1,001 - 5,000	109	301,683	0.04
5,001 - 10,000	123	1,004,771	0.12
10,001 - 100,000	579	24,728,068	3.04
100,001 Over	433	787,716,308	96.80
Total	1,331	813,768,554	100.00

As at 18 August 2025, 233 shareholders held less than marketable parcels of 6,757 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.

Tenements Held

As at 18 August 2025 the Company held the following interests in mineral exploration tenements:

Holder	Equity	Licence ID	Grant Date	Expiry Date	Units	Area km2	Project Name / Comment
Tarago Exploration Pty Ltd (DVP sub)	80%	EL7954	19-6-2012	19-6-2028	51	144 km2	Cullarin Project, SKY: DVP JV
Ochre Resources Pty Ltd (DVP sub)	80%	EL8400	20-10-2015	20-10-2026	52	147 km2	Kangiarra Project, SKY: DVP JV
Ochre Resources Pty Ltd (DVP sub)	80%	EL8573	23-5-2017	23-5-2029	17	48 km2	Kangiarra Project, SKY: DVP JV
Aurum Metals Pty Ltd (SKY sub)	100%	EL8920	5-12-2019	5-12-2025	65	183 km2	Caledonian Project
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km2	Galwadgere Project
Balmain Minerals Pty Ltd (SKY sub)	100%	EL6064	21-3-2003	20-3-2028	5	15 km2	Iron Duke Project
Balmain Minerals Pty Ltd (SKY sub)	100%	EL9191	8-6-2021	8-6-2027	60	174 km2	Iron Duke Project
Stannum Pty Ltd (SKY sub)	100%	EL6258	21-6-2004	21-6-2026	38	113 km2	Doradilla Project
Stannum Pty Ltd (SKY sub)	100%	EL6699	10-1-2007	10-1-2027	14	41 km2	Tallebung Project
Stannum Pty Ltd (SKY sub)	100%	EL9524	8-2-2023	8-2-2029	92	262 km2	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	EL9779	15-5-2025	15-5-2031	101	287 km2	Harrani Project
Stannum Pty Ltd (SKY sub)	100%	ELA6926	-	-	-	-	Sandy Creek Project

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

Directors:

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

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