ABN 46 098 952 035

SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED
30 JUNE 2024

SKY METALS

SKY METALS LIMITED

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Dear Fellow Shareholders,

I am pleased to report that 2024 was another successful year for the Company with work focussing on advancing SKY's Tallebung tin project. Highlights for the year included seeing significant advancement of the Tallebung Tin Project as well as the early, successful exploration work at the Company's new Nariah tin project.

SKY's 2024 exploration efforts were focused on expanding the size of the mineral resources at Tallebung to allow a scoping study to be undertaken to present the economic prospects given the low-cost mining and tin production options available for the project. During the year, the resource at Tallebung has been substantially expanded and the MRE now sits at 15.6Mt @ 0.15% Tin, with work well advanced to continue to increase this resource as it is only limited by the drilling completed to date and open in all directions.

SKY continues to be delighted by the work to improve on the low-cost processing options at Tallebung, including the great grade uplift achieved by the Tomra ore sorting process. Work this year has shown this process to be consistent throughout the Tallebung deposit and the mineralisation at Tallebung is ideally suited to this processing. With the ore sorting allowing a significant reduction in overall tonnes requiring processing, this in turn significantly reduces both the likely capex and opex at Tallebung. The advantages of shallow tin mineralisation with tin starting from surface, and combined with the low-cost processing, all strongly improve the potential project economics.

The mining history at Tallebung with an existing open pit and infrastructure to site also provides excellent potential to expediate the wider approvals process. The SKY team is already advancing a condensed approvals timeframe and timeline to production with work already in motion on these processes.

In addition to the advanced work being undertaken at Tallebung, a maiden drilling program was undertaken at the Nariah tin project with ore grade tin and tungsten intercepted in all holes completed. Exploration work is continuing at Nariah to follow up highly encouraging results to date, with this initial program being used to home in on areas of the highest potential to host large, high-grade tin deposits in the project area.

The progress of SKY's tin portfolio is particularly exciting given the current broader tin market. Demand growth is being driven primarily by tin's irreplaceable use as solder in electronics with AI, semiconductors, Solar PV and EVs among the growing sectors demanding more tin. Supply for tin continues to be fragile as this year Indonesia, who is responsible for approximately 20% of global tin supply, had tin production reduced to almost zero at the beginning of the calendar year with approval delays and other issues seeing tin production halted. This was among other concerns within the global tin market supply. The fragile supply and growing, irreplaceable demand for tin has seen strong tin prices for much of the last year, greatly encouraging for SKY as we advanced the tin portfolio.

Your Board continues to be pleased by the results achieved to date at Tallebung and is excited by the Company's other prospects. We are all working hard on creating value for our shareholders.

I would like to express my sincere thanks to the SKY team including my fellow Directors Mr Hill and Mr Kairaitis, CEO Mr Davies, Company Secretary Mr Willson, and the rest of the SKY team for the exceptional work that has been conducted throughout the year.

Yours sincerely

Norman A. Seckold
Chairman

Corporate Activities

- On 8 September 2023, the Company exercised the option to acquire 100% of the share capital of Balmain Minerals Pty Ltd, the holder of the Iron Duke Project EL6064. On 22 September 2023, the Company issued 6,841,294 shares and 781,862 options as consideration for the acquisition.
- On 9 November 2023, the Company issued 10.8 million performance rights to directors, as approved by shareholders at the 2023 AGM.
- On 12 October 2023, the Company issued 18.6 million performance rights to employees.
- On 25 October 2023, 1,000,000 unlisted employee options held by CEO Oliver Davies and 500,000 unlisted employee options held by the Company Secretary expired.
- On 31 January 2024, 2,000,000 unlisted employee options held by CEO Oliver Davies expired.
- On 14 March 2024, SKY announced a $4.2 million placement to institutional, sophisticated and professional investors at A$0.033 per share to advance the Tallebung Tin Project. The shares were issued in two tranches; 106 million shares were issued on 21 March 2024, and 21 million shares were issued on 10 May 2024 subsequent to shareholder approval at a meeting of shareholders held on 2 May 2024. Each of the Company's Directors participated in the placement with shareholder approval.
- On 26 March 2024, 500,000 shares were issued to CEO Oliver Davies upon the exercise of employee performance rights.
- On 2 May 2024, a meeting of shareholders was held and ratified and approved various share issues, and the participation of Directors in the placement announced on 14 March 2024.

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

TALLEBUNG PROJECT (EL 6699, SKY 100%)

UPDATED MINERAL RESOURCE ESTIMATE

Independent geological consultants, H&S Consultants Pty Ltd (H&SC), were retained to provide an updated Mineral Resource Estimate (MRE) for the Tallebung Tin Project. H&SC compiled the 115 holes drilled at Tallebung to date at time of the estimate (including 85 holes drilled by SKY since 2019) for approximately 19,098 assays in total, to produce the MRE. The MRE was reported in accordance with the 2012 JORC Code and Guidelines and the Inferred and Indicated MRE is shown in **Table 1** and further details can be found in SKY ASX Announcement 23 January 2024.

Table 1 *– Tallebung MRE showing total tonnage, grade and contained metals at a 0.08% Tin cut-off grade. NB: WO_3 refers to the Tungsten reported as an oxide as it is likely to be a significant by-product. Additionally, mtu refers to metric tonne units which Tungsten is conventionally reported as, 1 mtu = 10 kg WO_3.*

Resource Category	Tonnes	Grade		Contained Metal	
	Mt	Tin (%)	WO_3 (%)	Tin (kt)	WO_3 (mtu)
Inferred	10.6	0.14	0.03	15.2	302,106
Indicated	5.00	0.16	0.03	7.93	131,833
Total	**15.6**	**0.15**	0.03	**23.13**	433,939

EXPLORATION TARGET

A new Exploration Target of approximately **23 – 32 Mt at a grade ranging between 0.14 - 0.17 % tin** was defined along with the updated MRE estimated above. The potential quantity and grade referred to above as the Exploration Target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. SKY will commence drilling of this exploration target in the coming months with at least 20 RC holes and diamond drilling with the aim to expand the MRE and grow confidence in this estimated Exploration Target. Supporting report and further details on the Mineral Resource Estimate and the definition of the Exploration Target are included in SKY ASX Announcement 23 January 2024.

TOMRA ORE SORTING UPGRADE

Excellent and consistent results were received for the variability testing of TOMRA Ore Sorting, further demonstrating the extremely amenable nature of the Tallebung tin mineralisation for ore sorting. The results show that Tallebung mineralisation was upgraded on average over **5x** across the entire deposit. An average of 18% of the sorted mass was in the sorted product, leaving 82% of the mass to be rejected. The sorting product consistently contained approximately 99% of the tin with **no tin detected in the waste** for all but one sample (**Table 2**).

Crucially, TOMRA ore sorting not only increases the tin grade but also **greatly reduces the tonnes to be processed to produce a saleable tin concentrate from the Tallebung tin mineralisation**. There are a number of significant advantages of this reduction in mass for any potential mining operation.

The sorted mass is reduced to only one fifth of the mass on average, with a much higher tin grade, this means:

- Reduced Capex as only one fifth of sorted mass requires processing in a dedicated processing plant,
- Opex of any mining operation will also be a fraction of any operation without ore sorting,
- Excellent environmental outcomes including:
  - A small fraction of the water will be required to produce saleable tin concentrates,
  - A small fraction of the power will be required to produce saleable tin concentrates tin,
  - Reduced mine footprint including smaller waste emplacements such as tailings dams.

The samples selected for the ore sorting variability testwork were selected from a variety of lodes across the deposit, including near surface and at depth, as well as along the entire strike of the deposit (**Figure 2**). The purpose of the testwork was to identify if there were any areas within the Tallebung deposit that were either better suited to ore sorting or where ore sorting was found less be effective. All areas were discovered to be consistently and exceptionally amenable to ore sorting.

The results of the testwork are **consistent throughout the deposit**, demonstrating a strong upgrade in all cases with no tin detected in the ore sorting waste. As such, TOMRA ore sorting continues to demonstrate an exceptional potential to establish Tallebung strongly as a very low-cost potential tin mining operation.

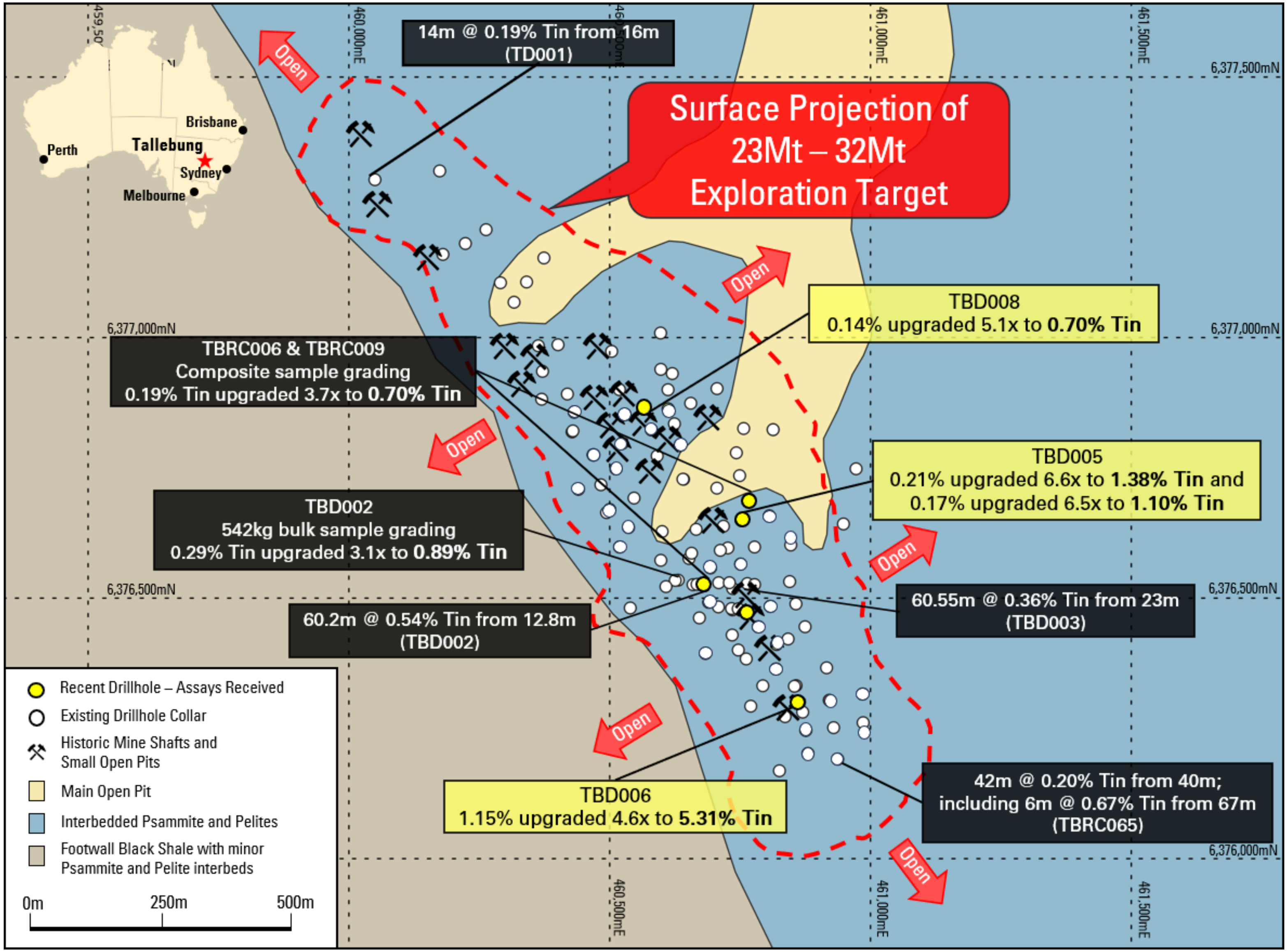

Figure 2: *Tallebung Tin Project – Plan showing extent of the current Exploration Target along with the drillholes sampled for the TOMRA variability study testwork shown in yellow. TOMRA ore sorting shows a consistent 3-6x upgrade across the entire deposit, increasing average grade from 0.15% Tin to over 0.70% Tin.*

S K Y M E T A L S

Table 2: *Tallebung Tin Project – Results table for the TOMRA ore sorting variability testwork showing significant **4.6 - 6.6 times** increase in tin grade and 1/5 reduction in mass for around 99% recovery of tin on average.*

Sample	Feed Size	Mass Sorted	Product	Waste	Accepted Product	**Head Grade**	**Product Grade**	**Upgrade**	**Waste Grade**	**Tin Recovery**
	mm	kg	kg	kg	%	**% Tin**	**% Tin**	**x**	**% Tin**	**%**
TBD005: 206-232m	8-32	158	26	132	16%	0.17	1.10	**6.6**	<0.01	99.1
TBD008: 152-169m	8-32	100.3	19.3	81	19%	0.14	0.70	**5.1**	<0.01	98.6
TBD006: 25-35m	8-32	43.2	10.5	32.7	24%	1.15	5.31	**4.6**	0.07	98.7
TBD005: 2-22m	8-32	73.4	10.8	62.6	15%	0.21	1.38	**6.5**	<0.01	99.3

These results were from samples collected from four wide-diameter PQ diamond drillholes, namely **TBD005-TBD008**. The samples were then sent to TOMRA Ore Sorting Solutions in Sydney and crushed to down into -32mm grains. The sample was then split into 8-32mm fraction for sorting and a <8mm fines fraction which was too fine to be sorted effectively and retained as fines for follow up Dense Medium Separation (DMS) testwork.

The 8-32mm fraction was then sorted with TOMRA's XRT ore sorter into a product and waste. (NB: TOMRA's XRT sensor measures and sorts the samples based on the relative density of the samples. As tin is almost 3 times denser than the waste material, the denser-tin-bearing sample is ejected as the product while the less dense and, therefore, tin-poor sample, is the waste).

The TOMRA ore sorting results combined with the shallow, open pit Tallebung tin resource and simple gravity processing of the tin, all contribute to establish Tallebung as a potential low-cost tin mining operation.

SOUTHERN RESOURCE EXTENSION PROGRAM

Later in the year, SKY commenced a drilling program aiming to increase the MRE towards the estimated Exploration Target of approximately **23 – 32 Mt at a grade ranging between 0.14 - 0.17 % tin** defined from the drilling completed and remains open in all directions (SKY: ASX Announcement 23 January 2024).

This drilling program will be designed to propel the Tallebung project towards announcing mining studies to show the specifics around the potential low-cost tin mining operation at the Tallebung Tin Project.

The program targeted the southern and central areas of the historic Tallebung Tin Mining Field where the majority of the historic hardrock workings are located (**Figure 3**). The focus is on converting a further portion of the Exploration Target into a 'critical mass' MRE of inferred and indicated resources.

The resource expansion drilling program started with exploring for extensions to the Tallebung deposit, south of the existing resource envelope. The southernmost hole in this drilling program was hole **TBRC078** which has discovered high-grade tin mineralisation well beyond the previous extents of past drilling, results included:

TBRC078: **11m @ 1.02% Sn, 77.9g/t Ag & 0.13% W from 64m**

TBRC078 is a 150m step out along strike from the previous extent of drilling at Tallebung, as shown in **Figure 3**. This hole has not only successfully expanded the large footprint of tin mineralisation at Tallebung, but also has shown the significant potential for broad, high-grade tin mineralisation outside of the footprint of the existing tin resources.

Follow up drilling will be completed to quickly expand on this exceptional result.

SOUTHERN AND CENTRAL INFILL DRILLING

The drilling then proceeded immediately north to infill and expand on past results on the southern extent of the Tallebung tin deposit. Results received showed that these holes successfully intercepted further strong tin mineralisation.

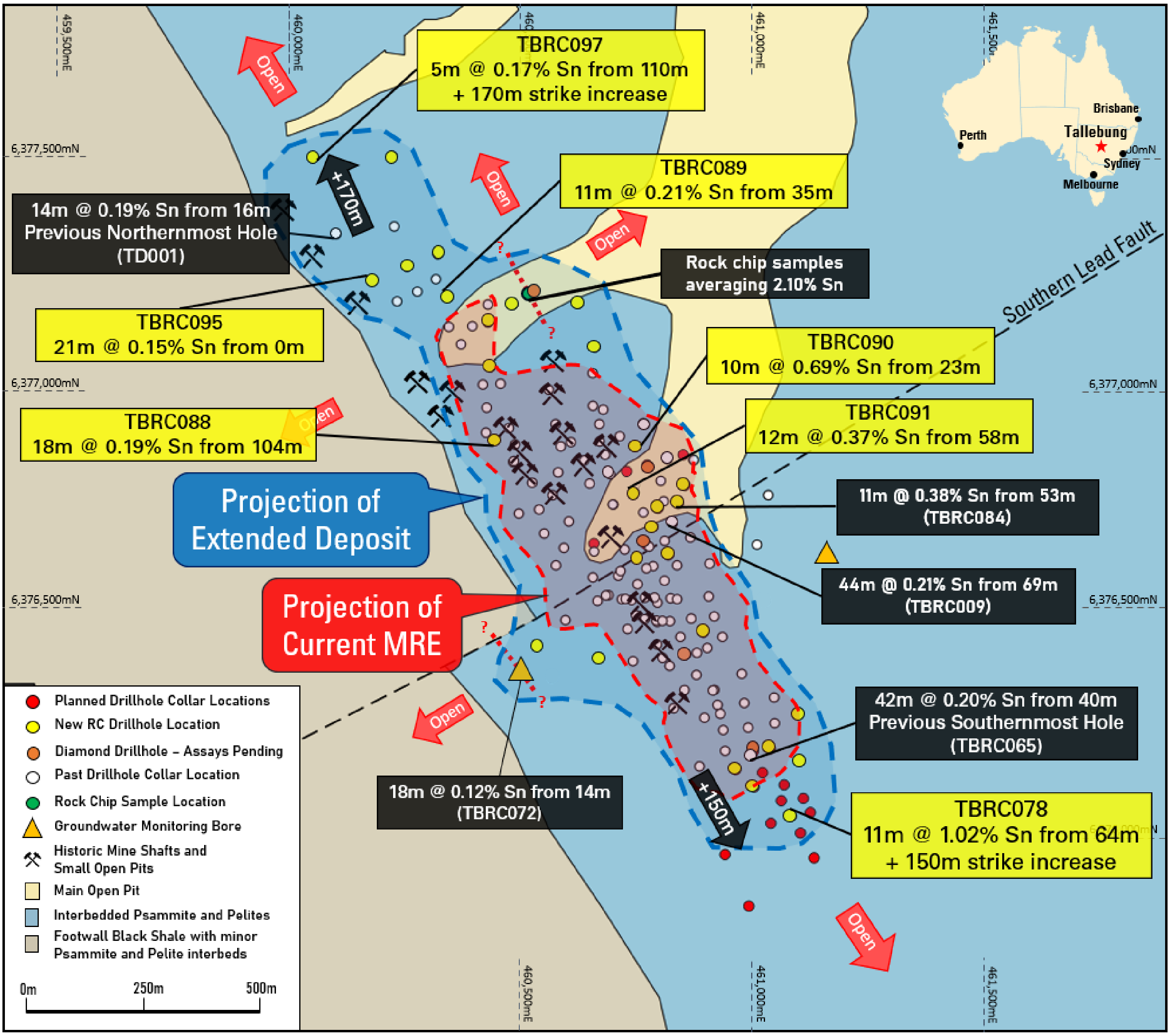

Figure 3: Tallebung Tin Project – Plan showing the current boundary of the MRE outlined in the dashed red line with new intercepts shown in yellow. Highlight intercepts from past drilling are also shown and new planned holes are shown in red, recently drilled diamond holes with assays still pending are in orange.

TBRC081-TBRC085 followed these holes and were drilled to infill results around and within the southern lead where previous drilling had intercepted strong tin mineralisation. These holes successfully intercepted further strong tin mineralisation (Figure 2); highlight results included:

TBRC083: **27m @ 0.18% Sn, 20.5g/t Ag & 0.02% W** from 80m, including;
4m @ 0.82% Sn, 0.04% W & 11.8g/t Ag from 81m.

TBRC084: **11m @ 0.38% Sn & 69.0g/t Ag** from 53m, including;
1m @ 1.13% Sn, 118g/t Ag, 0.04% W & 0.30% Cu from 61m.

TBRC085: **20m @ 0.15% Sn, 0.02% W & 5.69g/t Ag** from 30m, including;
2m @ 0.89% Sn, 0.03% W & 23.0g/t Ag from 30m.
9m @ 0.40% Sn, 57.1g/t Ag & 0.04% W from 63m, including;
1m @ 1.66% Sn, 372g/t Ag, 0.29% W & 0.04% Cu from 63m.

The multiple lodes successfully intercepted in most of these drillholes shows the strong tin mineralisation tested by these holes and will aid in adding significant additional tonnes into the indicated resources categories, vital for future mining studies.

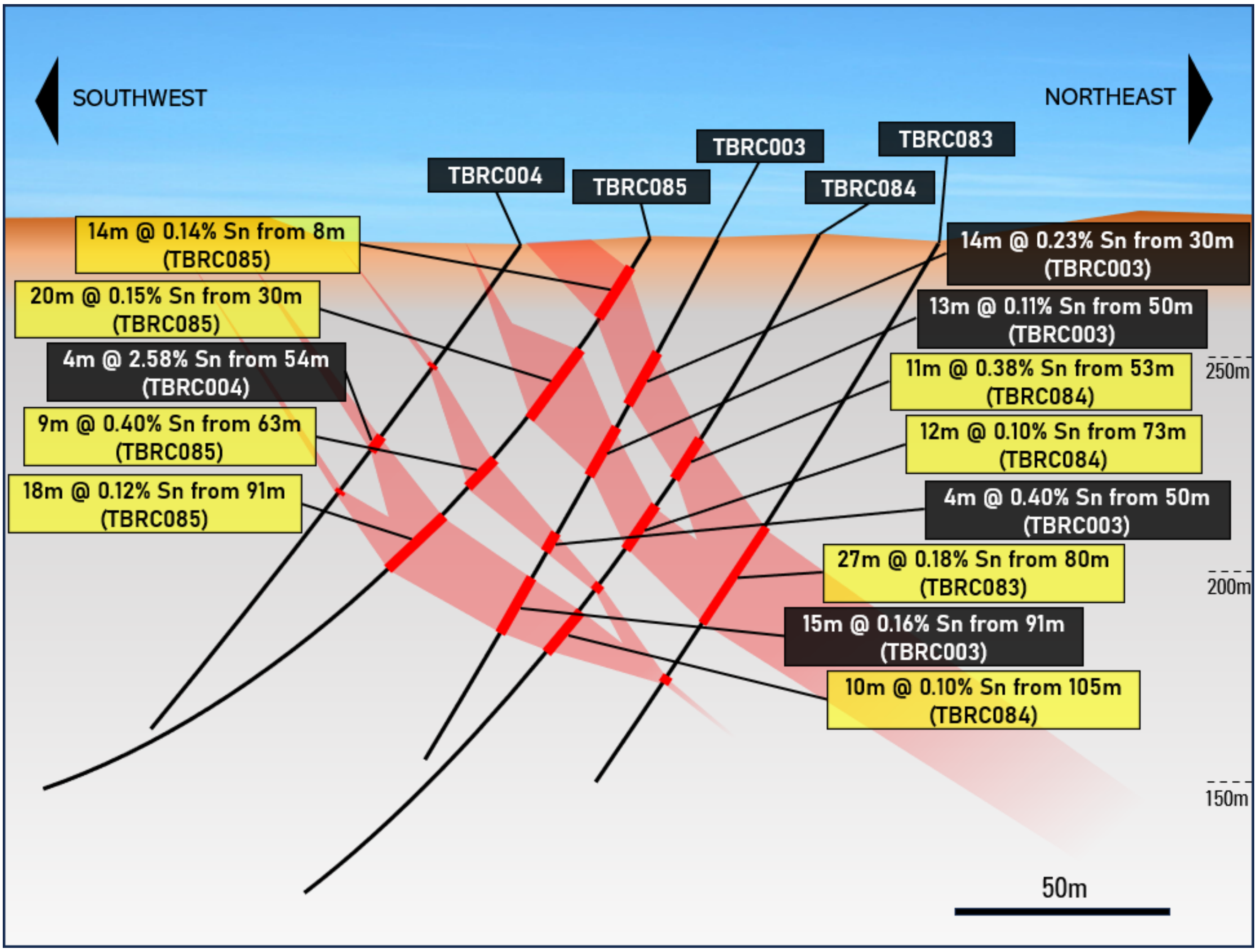

*Figure 4: Tallebung Tin Project – Cross-section showing the new results in **TBRC083, TBRC084** and **TBRC085**. The section is underneath the southern edge of the historic southern lead open pit and strong grades have been intercepted here with very little waste between the tin vein packages showing a strongly mineralised zone.*

NORTHERN EXPANSION DRILLING

A series of holes, **TBRC094**, **TBRC095** and **TBRC096** were drilled to infill drilling between historic holes to the south and two modern diamond drillholes to the north (the previously the northernmost drilling at Tallebung, **TD001** and **TD002;** Figure 1). These holes all successfully intercepted further tin mineralisation. Highlight results included:

TBRC094: **12m @ 0.15% Sn, 6.82g/t Ag & 0.04% W** from 25m, including;
1m @ 1.14% Sn & 0.53% W from 34m

TBRC095: **21m @ 0.15% Sn, 26.3g/t Ag & 0.04% W** from 0m, including;
1m @ 1.16% Sn, 0.34% W & 39.6g/t Ag from 4m.

To explore and extend the deposit to the north, **TBRC097** and **TBRC098** were drilled over 170m further north than any previous drilling of the Tallebung deposit. These holes have established that the tin mineralisation extends well north of the previous drilling, extending the **deposit by over 170m along strike in the north** and confirming the **deposit remains open along strike** and both to the east and west. Results included:

TBRC097: **5m @ 0.17% Sn** from 110m, including;
2m @ 0.39% Sn & 0.03% W from 110m.

Finally, drilling was completed to infill south of the southern lead open pit and test for mineralisation under the central open pit with **TBRC100**, **TBRC101** and **TBRC102**. Results included:

TBRC100: **11m @ 0.19% Sn, 14.8g/t Ag & 0.03% W** from 30m, including;
1m @ 0.85% Sn, 72, 0.05% W & 72.2g/t Ag from 35m.
6m @ 0.17% Sn & 0.30% Zn from 123m.
1m @ 0.88% Sn, 0.07% W & 1.23% Zn from 128m.

This RC program has successfully expanded the mineralisation at Tallebung, as well as discovered further higher-grade areas very close to surface, bolstering the existing resources.

The results will have significant impact on future mine scheduling and SKY will now quickly move to infill the exceptional, high-grade tin mineralisation intercepted in **TBRC078** on the southern edge of the current drilling at Tallebung.

NEXT STEPS

Follow up drilling is planned to quickly build on the discovery of the high-grade tin mineralisation on the southern margin of the current drilling, intercepted in **TBRC078**. **Figure 3** shows the planned locations of these approved drillholes.

NARRIAH PROJECT (EL 9524, SKY 100%)

MAIDEN DIAMOND DRILLING PROGRAM

SKY completed a maiden drilling program of six diamond drill holes, **RED001-RED006**, for a total of 498.05m to test under the historic workings in the Restdown Mining Area. Numerous historic shafts and small open pits with at least 6 areas of historic workings have now been discovered by SKY in the Restdown Mining Area, namely the Arctic, Restdown, Greenland, Iceland, North Pole and Tex Prospects (**Figure 5** & **6**).

SKY's maiden drilling program targeted the most developed areas of historic workings with **RED001 & RED002** drilled under the historic Arctic Tin Mine, **RED003** & **RED004** drilled under the historic Tex Tungsten Mine, **RED005** drilled under the historic Restdown Tin Mine and, finally, **RED006** was drilled to test extensions to the historic Greenland Tin Mine (**Figure 5** & **6**). Highlight results included:

RED001: 13.1m @ 0.14% Sn & 0.18% W from 17.7m including;
0.35m @ 0.92% Sn & 5.28% W from 20m and;
0.8m @ 1.25% Sn from 30m.

RED005: 13m @ 0.14% Sn from 17m.

RED003: 8.25m @ 0.13% Sn from 19.4m including;
0.3m @ 2.37% Sn from 24.8m

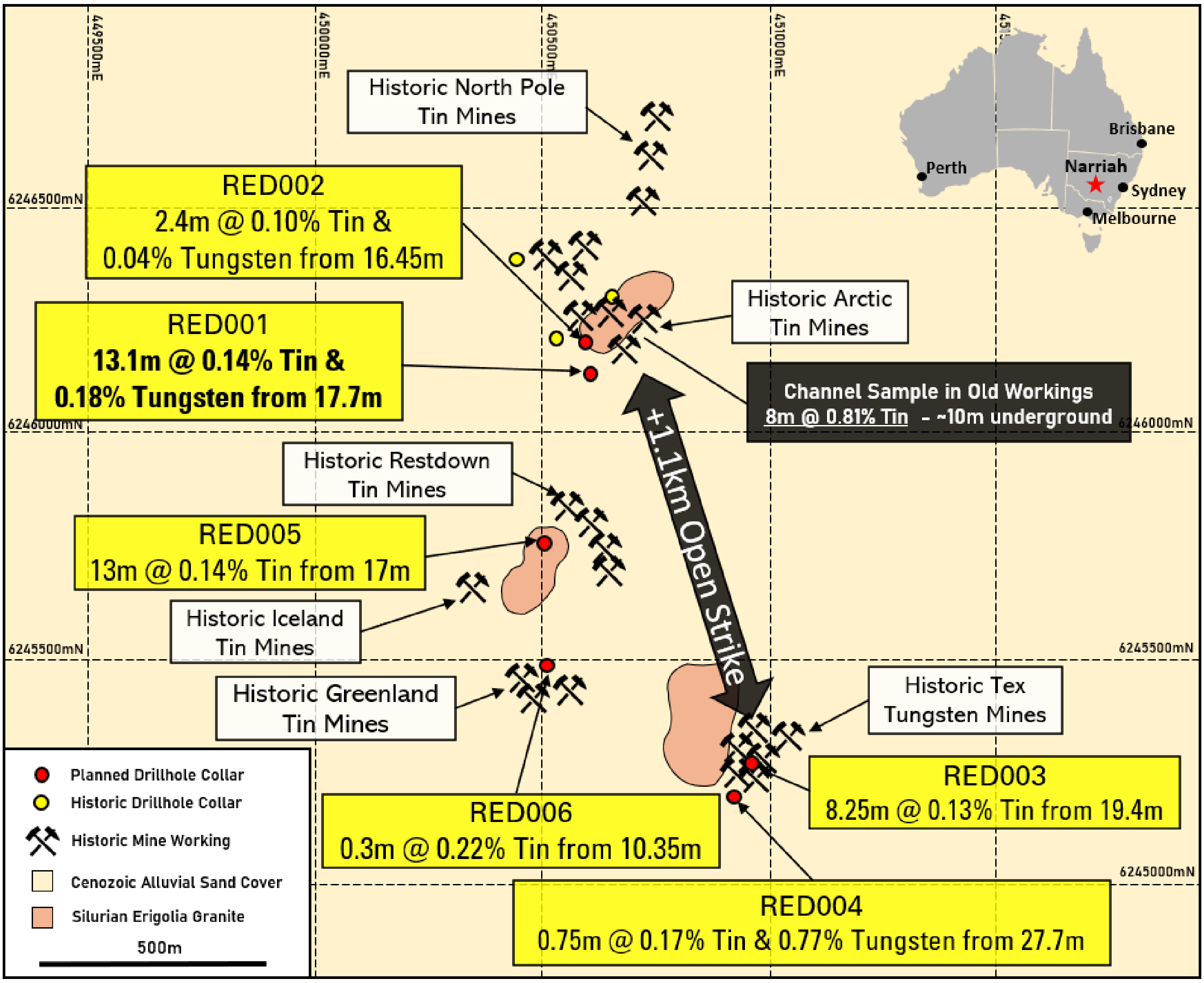

Figure 5: *Narriah Project – Plan showing recent drilling and locations of the numerous historic mine workings in the Restdown Mining Area with sand cover predominating across the area and most locations of rock outcropping coincide with historic tin and tungsten mines.*

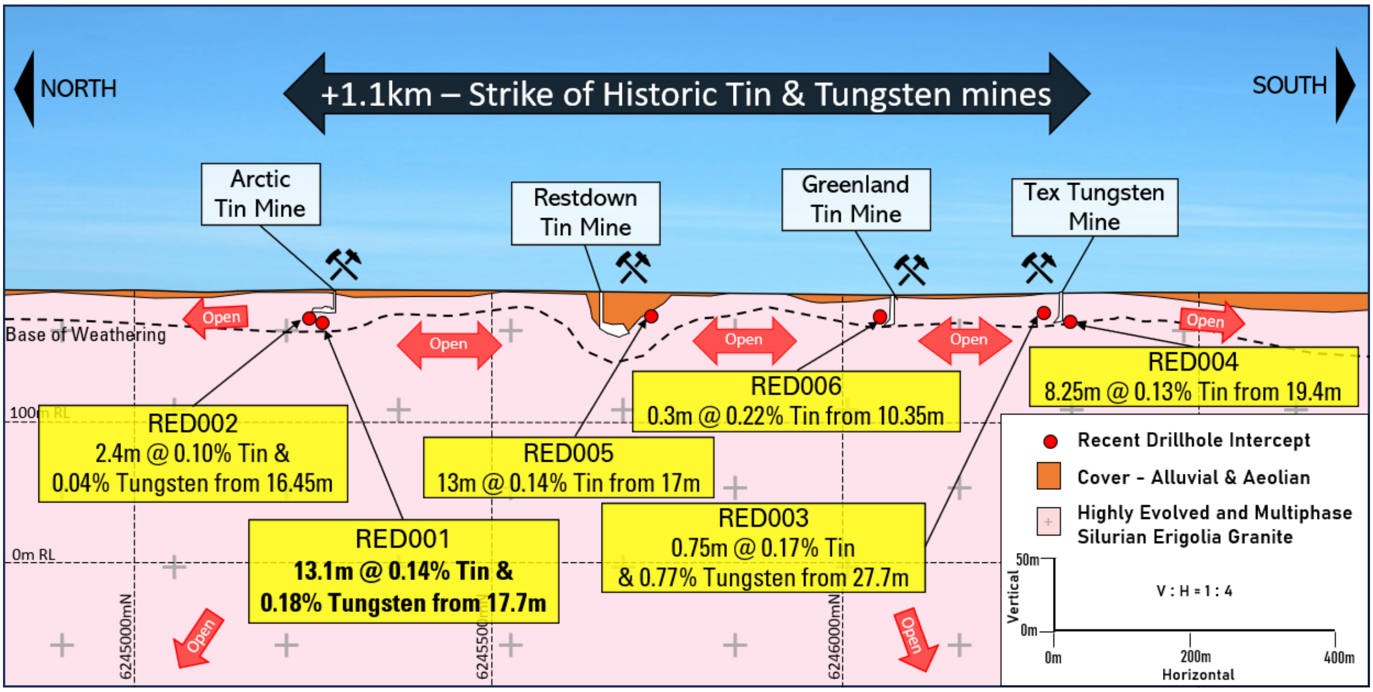

Figure 6: Narriah Project – Schematic long section of the Restdown Mining Area showing sand cover predominating across the area with the recent drill intercepts under the areas of the tin and tungsten mines where the underlying rock is exposed at surface.

CONAPAIRA GEOLOGICAL MAPPING AND ROCK CHIP SAMPLING

A compilation of historic data showed strong potential for near surface tin-tungsten mineralisation at the Conapaira Mining Reserve. This was further evidenced by the extensive historic workings in the area.

A site visit for ground-truthing historic data, geological mapping and rock chip sampling was completed and discovered extensive workings throughout the mining reserve and widespread evidence for these workings occurring in close proximity to the Erigolia Granite Margin (**Figures 3** & **4**). Evidence for the close proximately to the granite margin included exposed and preserved roof pendants.

Given the prospective position of these historic workings, rock chip samples were taken of areas of outcrop and mine workings. These rock chip samples successfully identified high-grade tin, tungsten and silver mineralisation over a strike length of more than 3km (**Figure 3**), results included:

- **1.80% tin**, 13.9g/t silver & 0.05% copper (jn240223-05);
- **1.50% tin**, 0.26% tungsten & 14.7g/t silver (jn240223-04);
- **1.20% tin & 1.77% tungsten** (jn240223-10).

SKY METALS

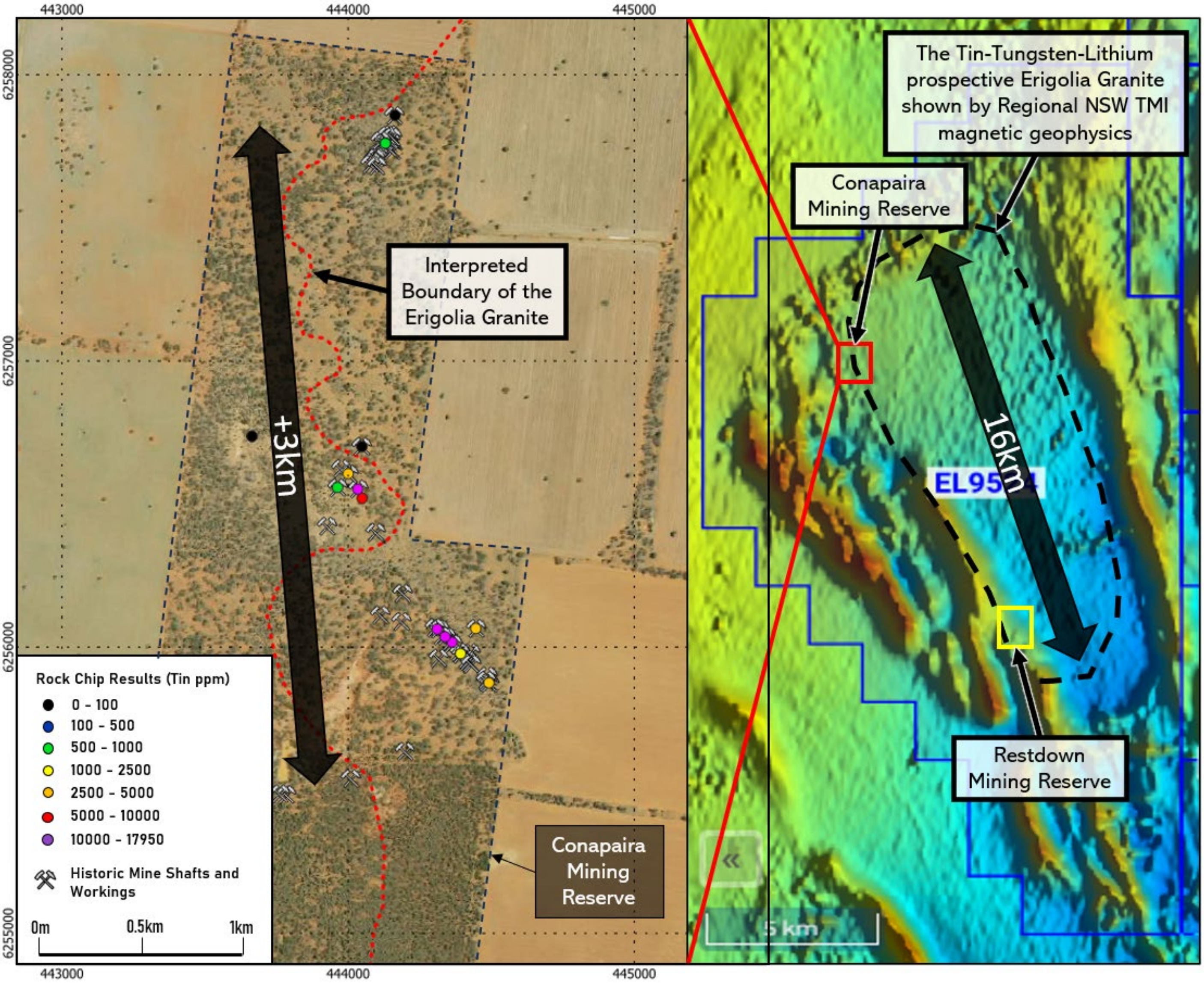

Figure 3: Narriah Project – LHS – Plan view with an aerial photo of the Conapaira Mining Reserve showing the location of historic mine working and shafts and results of SKY's rock chip sampling. RHS – Regional magnetics showing the mineralising 16km long Erigolia Granite within SKY's EL9524 and the location of the Restdown and Conapaira Mining Reserves near the margin of the mineralising Erigolia Granite.

NEXT STEPS

These rock chip results show that the Conapaira Mining Reserve is very prospective for large-scale and high-grade tin and tungsten mineralisation. Furthermore, the potential hard rock tin mineralisation remains untested by previous workers.

To better target the exciting potential at the Narriah Project, SKY will now complete geophysical surveys, including magnetic and radiometric surveys, to accurately delineate the underlying geology in the area under the alluvial and aeolian sand cover over the project area.

The results of the geophysical surveys will be combined with the thorough compilation of the historic data and the rock chip results to target follow up drilling, aiming to discover a large-scale and high-grade tin-tungsten deposit.

DORADILLA PROJECT (EL 6258, SKY 100%)

POLYMETALLIC MINERALISATION – METALLURGICAL TESTWORK PROGRAM

Recent review of historic petrology and metallurgical testwork at the Doradilla Tin Deposit identified that the tin is hosted in fine cassiterite in the vicinity of the Doradilla Tin Target on the southwest end of the 'DMK' Line. Additionally, this mineralisation has not been tested for concentration via modern flotation methods.

This represents an encouraging development at Doradilla. Work is underway to begin to confirm the historic findings and, if these are confirmed, to test modern flotation methods to concentrate the tin. This work will aim to evaluate if it is possible to produce a saleable tin concentrate using these methods on the Doradilla mineralisation and, subsequently, if there are viable pathways to mine economically at Doradilla.

SKY is continuing to work with engaged metallurgical consultants, UNSW, ALS Burnie and ANSTO, along with other experts, to continue to develop the broad range of methods available to extract the REE, tin and polymetallic mineralisation on the DMK Line to unlock the high-value, widespread mineralisation discovered at Doradilla.
This work will include ongoing data compilations, targeted geophysical surveys as required and continuing geological studies by SKY in partnership with UNSW.

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

HUME TARGET – DIAMOND DRILLING AND DHEM

Diamond drilling completed at the Hume Target in 2021 highlighted the potential of the high-grade, gold-lead-zinc-copper mineralisation at depth at Hume. **HUD031** intercepted intervals of massive sulphides and strong base metal mineralisation, deeper than any previous drilling at Hume. Results included:

HUD031:	**32m @ 5.09% Pb+Zn, 0.15% Cu, 6g/t Ag from 420m including;**
	6m @ 8.93% Pb+Zn, 0.51% Cu, 18g/t Ag, 0.13g/t Au from 446m

SKY was encouraged by these thicker intervals of mineralisation at the Hume Target. In 2023, SKY re-entered **HUD030** and extended the hole to intercept the Hume Structure 100m below **HUD031.** Previously, **HUD030** had been drilled to 303.6m in 2021 to test for extensions to the strong base metal mineralisation intercepted in **HUD005** (6m @ 1.28% Cu & 12.44% Pb+Zn). **HUD030** was extended and drilled on to 702.4m.

Geological logging and modelling of **HUD030** indicated that the hole had drilled through an interpreted moderately west dipping fault named the Eastern Fault. Although the hole intercept multiple zones of intense sericite-silica-pyrite alteration, results were subdued. The assay results and advances in the geological understanding of the Hume Target from this drilling will be studied by SKY geologists to identify any further targets for expanding the gold-rich, polymetallic mineralisation at the Cullarin Project.

SKY is looking at a number of new approaches to delineate and target further mineralisation at Cullarin. These will aim to highlight prospective areas for discovering more of the high-grade mineralisation already intercepted across the project.

IRON DUKE PROJECT: COPPER-GOLD

100% SKY (EL6064 & 9191)

This year, SKY exercised the option to purchase EL6064 – Iron Duke Project and SKY now holds 100% of the Iron Duke Project. The Iron Duke Project covers the Iron Duke Shear Zone which is at least 4km in strike and open to the south. Several historic copper mines occur along the Iron Duke Shear Zone including the Iron Duke, Christmas Gift, Monarch, Mount Pleasant and Silver Linings mines, along with several unnamed copper workings and shafts. In the 2021, SKY completed a maiden drilling program at the Iron Duke Mine, in conjunction with a VTEM survey and DHEM, to identify extensions to the high-grade copper-gold mineralisation along the Iron Duke Shear Zone (SKY:ASX Announcement 2nd June 2021).
An RC and diamond drilling program is planned to test for further extensions to the Iron Duke mine and test the previously undrilled historic mines at the Christmas Gift Workings (comprising of the Christmas Gift, Monarch, Mount Pleasant and Silver Linings mines). This program was delayed due to extremely wet ground condition preventing access to the area. Currently, this program is planned for the following year after a detailed review of the geophysics, mining records, historic data and previous drilling to develop robust targets for further drill testing and expansion of the Iron Duke mineralisation.

CALEDONIAN PROJECT: GOLD

100% SKY (EL8920 & EL9020)

SKY has now completed a soil sampling program, a phase of AC drilling, two phases of RC drilling and two diamond drill holes at the Caledonian Target. A review of SKY's and historic results indicates the Caledonian gold mineralisation likely represents a shallow, sub-horizontal blanket of oxide and supergene gold mineralisation developed over an oxidised skarn.

SKY completed a shallow aircore (AC) drilling program over the area consisting of 38 vertical AC holes for a total of 697m on 50-100m spacing over the 600m x 400m area of mineralisation defined by the previous drilling, soil sampling and costeaning. Due to significant ground waters intercepted by the AC drilling, preventing all but 4 of the 38 holes drilled from reaching refusal, SKY does not consider the target concept of a shallow, sub-horizontal blanket of oxide and supergene gold mineralisation to have been effectively tested. These results will be evaluated, along with the previous drilling, to direct SKY to further shallow high-grade oxide gold mineralisation in the target area.

SKY has been informed of the proposed development of a solar farm on the northern area of EL8920. This area covers the Jerrawa Strike which is a trend of metallic occurrences that SKY interprets to be an exhalative horizon with strong potential to host gold-silver and base metal mineralisation. SKY is continuing to work with the solar farm developers to ensure that the solar farm will not be developed over significant mineralisation. The work to date has delineated a gold soil anomaly which SKY plans to follow up, pending ongoing negotiations with the Solar Farm developers.

GALWADGERE PROJECT: COPPER-GOLD

100% SKY (EL6320)

SKY and Burrendong Minerals Ltd (BIG) have entered into to a purchase agreement for the divestment of SKY's non-core Galwadgere Project. Galwadgere, EL6320, will be purchased outright with $600,000 worth of BML shares on the successful IPO of BML within a year from the commencement of the agreement.

Burrendong Minerals has a portfolio of projects centred on the area around the Galwadgere Project including the Commonwealth Deposit. BML aims to list on the ASX with an IPO planned in the coming months with this portfolio of projects proximal and complimentary to the Galwadgere Project in NSW. The divestment of the non-core Galwadgere Project allows SKY to remain focused on developing SKY's core assets.

KANGIARA PROJECT: GOLD

80% SKY (EL8400 & EL8573; DVP JV)

The Kangiara Project (EL8400, EL8573) is located 30km northwest of Yass in the Southern Tablelands of New South Wales (**Figure 4**). The project contains volcanic/volcaniclastic rocks of the Silurian Douro Group considered prospective for gold and base metal (copper-zinc) mineralisation. The high grade Kangiara Mine operated during the early 1900s, with documented production of ~40,000 tonnes at 16% Pb, 3% Cu, 5% Zn, 280g/t Ag and 2g/t Au from narrow north-south trending sulphide veins (ASX: PDM 18 June 2009). Previous work by Paradigm Metals led to the calculation of an Indicated and Inferred Mineral Resource at Kangiara.

Desktop studies have identified potential for copper-gold mineralisation at the Crosby Prospect. Field investigations are planned for the next year to investigate this prospect.

TIRRANA PROJECT: GOLD

100% SKY (EL9048)

Due to a lack of prospectivity identified by review of SKY geologists, this tenement was relinquished as it was found not to be immediately prospective and was within a tenement package which is no longer core to the SKY business strategy. This relinquishment enables SKY to remain focused on developing SKY's core assets.

NEW ENGLAND project: Tin

100% SKY (El9200)

In early 2024, SKY divested the tenements as it was not-core to the SKY business and no longer was a focus for exploration efforts for SKY. This divestment successfully monetised the project and returned a majority of the expenditure on the tenement to SKY. This further enables SKY to remain focused on developing SKY's core assets.

Table 8: Sky Metals - 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	20-10-2024	52	147 km^2	Kangiara Project, SKY: DVP JV
Ochre Resources Pty Ltd (DVP sub)	80%	EL8573	23-5-2017	23-5-2029	17	48 km^2	Kangiara 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
Aurum Metals Pty Ltd (SKY sub)	100%	EL9048	15-2-2021	15-2-2024	52	147 km^2	Tirranna Project Relinquished
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km^2	Galwadgere Project -Purchase to 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%	ELA6786	Applied for on 5-7-2024	-	101	287 km^2	Narriah Project – Application

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 Ltd 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.

CORPORATE GOVERNANCE STATEMENT

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 2024 Corporate Governance Statement was approved by the Board on 28 August 2024 and reflects the corporate governance practices throughout the 2024 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/

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 2024 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, Executive 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, and Executive Chairman of Nickel Industries Limited a nickel mining and production company operating in Indonesia.

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.

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 a Non-Executive Director of Titomic Limited (ASX:TTT), Orpheus Uranium Limited (ASX:ORP), Clara Resources Limited (ASX:C7A), MedTEC Holdings Limited, and Unity Housing Company Ltd; and Company Secretary of a number of ASX Listed Companies. Richard is the Chairman of the Audit Committee of Titomic Limited, Clara Resources Limited, and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited. He has previously been Non-Executive Chairman, Non-Executive Director, and Company Secretary of numerous 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	3	3
Rimas Kairaitis	3	2
Richard G.M. Hill	3	3

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 2024 is provided in the 'Review of Operations' commencing on page 2 of this annual 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 2024 was $2,027,828 (2023: $9,600,745).

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.

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.

6. Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2024. No dividends have been paid or declared during the financial year (2023 - $nil).

7. Subsequent Events

There has not arisen in the interval between the end of the financial year and the date of this report any 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, Tallebung, Doradilla and Narriah. Further commentary on these projects, 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.

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

9. 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	33,882,605	-	3,600,000
Rimas Kairaitis	11,045,981	-	3,600,000
Richard Hill	7,809,090	-	3,600,000

10. 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
6,000,000	$0.0675	9 December 2024
781,862	$0.064	22 September 2025

All unissued shares are ordinary shares of the Company.

Shares issued on exercise of options

During or since the end of the financial year, no shares were issued on the exercise of options previously granted.

11. 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
5,500,000	$0.18	17 December 2024
4,125,000	$0.15	12 January 2026
4,125,000	$0.20	12 January 2026
150,000	Operational KPIs	1 June 2024
4,200,000	Operational KPIs	1 December 2024
2,000,000	Operational KPIs	1 June 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

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
500,000	Nil

12. 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.

13. 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.

14. 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 2024 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.

14. Remuneration Report - Audited

Non-Executive Director Remuneration (Cont.)

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 2024 is detailed in this Remuneration Report

Executive Service Agreement

Mr Oliver Davies became the Chief Executive Officer of the Group on 26 April 2022. Mr Davies receives an annual remuneration of $280,000 (plus superannuation). The Company, or Mr Davies may terminate the employment by giving three months written notice.

Details of Directors & Executives

The following table provides details of the members of key management personnel of the entity as at 30 June 2024:

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

Details of remuneration for the year ended 30 June 2024 - 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		
		Salaries & fees	Other benefits	Post - employment Super-annuation benefits	Options & rights	Total	Proportion of remuneration performance related
Directors and Executives	**Period**	**$**	**$**	**$**	**$**	**$**	**%**
Executives							
Oliver Davies	**2024**	**262,500**	**20,942**	**28,875**	**51,257(1)**	**363,574**	**14.0**
	2023	210,000	-	22,050	102,905(3)	334,955	30.7
Non-executive Directors							
Norman Seckold (Chairman)	**2024**	**72,500**	-	**-**	**33,564(2)**	**106,064**	**31.6**
	2023	50,000	-	-	-	50,000	-
Rimas Kairaitis	**2024**	**55,000**	-	**-**	**33,564(2)**	**88,564**	**37.9**
	2023	40,000	-	-	-	40,000	-
Richard Hill	**2024**	**105,933**	-	**-**	**33,564(2)**	**139,497**	**24.1**
	2023	73,291	-	-	-	73,291	-
Total all specified Directors & Executives	**2024**	**495,933**	**20,942**	**28,875**	**151,949**	**697,699**	**21.8**
	2023	373,291	-	22,050	102,905	498,246	20.7

(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 2023 4,000,000 performance rights (valued at $156,347) were issued to Oliver Davies.

14. Remuneration Report - Audited

Options granted as compensation

There were no options over ordinary shares granted to Directors or Executives as remuneration during the year ended 30 June 2024.

Performance Rights granted as compensation

On 12 October 2023, 11,500,000 performance rights were issued to Mr Oliver Davies. The performance rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met:

- 3,500,000 performance rights will vest upon the achievement of various operational exploration and project related milestones are met before 1 December 2024,
- 2,000,000 performance rights will vest upon the achievement of various operational exploration and project related milestones are met before 1 June 2025,
- 2,000,000 performance rights will vest on SKY's 5 day VWAP share price reaching 6 cents before 1 December 2025,
- 2,000,000 performance rights will vest on SKY's 5 day VWAP share price reaching 9 cents before 1 December 2026,
- 2,000,000 performance rights will vest on SKY's 5 day VWAP share price reaching 12 cents before 1 December 2026, and
- SKY's Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, and
- Mr Davies remains employed by SKY at the time of achieving the above criteria.

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

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

14. Remuneration Report - Audited (Cont.)

Performance Rights granted as compensation (Cont.)

Director / Key Management Personnel	Grant Date	Number of Performance Rights Granted	Fair Value at Grant Date
Oliver Davies	11 October 2023	5,500,000	$0.039
Oliver Davies	11 October 2023	2,000,000	$0.033
Oliver Davies	11 October 2023	2,000,000	$0.031
Oliver Davies	11 October 2023	2,000,000	$0.028
Norman Seckold	30 October 2023	1,200,000	$0.037
Norman Seckold	30 October 2023	1,200,000	$0.034
Norman Seckold	30 October 2023	1,200,000	$0.030
Rimas Kairaitis	30 October 2023	1,200,000	$0.037
Rimas Kairaitis	30 October 2023	1,200,000	$0.034
Rimas Kairaitis	30 October 2023	1,200,000	$0.030
Richard Hill	30 October 2023	1,200,000	$0.037
Richard Hill	30 October 2023	1,200,000	$0.034
Richard Hill	30 October 2023	1,200,000	$0.030

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 $0.039 at the grant date 11 October 2023, a volatility factor of 85% based on historical share price performance, a risk-free interest rate of 3.99% to 4.04% based on the 3-year government bond rate and dividend yield of 0%.

The 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 $0.042 at the grant date 30 October 2023, a volatility factor of 83% based on historical share price performance, a risk-free interest rate of 4.44% to 4.46%% based on the 3-year government bond rate and dividend yield of 0%.

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	399,362	19,500	234,700
Norman Seckold	121,130	-	-
Rimas Kairaitis	121,130	-	-
Richard Hill	121,130	-	-

* 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.

14. Remuneration Report - Audited (Cont.)

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 2023	Share Placement	On Market Purchase	Received on exercise of options/rights	Other / (Disposed)	Held at 30 June 2024
Norman Seckold	18,731,090	15,151,515	-	-	-	**33,882,605**
Rimas Kairaitis	9,130,830	1,515,151	400,000	-	-	**11,045,981**
Richard Hill	6,900,000	909,090	-	-	-	**7,809,090**
Oliver Davies	422,222	210,969	-	500,000	-	**1,133,191**

Movement in option holdings of key management personnel - Audited

Key management personnel	Held at 1 July 2023	Granted	(Exercised)	(Forfeiture / Lapsed)	Held at 30 June 2024	Vested during the year	Exercisable at 30 June 2024	Unexercisable at 30 June 2024
Oliver Davies	3,000,000	-	-	(3,000,000)(a)	**-**	**-**	**-**	**-**

(a) 2,000,000 options expired 31 January 2024 and 1,000,000 options expired 25 October 2023

Movement in performance rights holdings of key management personnel - Audited

Key management personnel	Held at 1 July 2023	Granted	(Exercised)	(Forfeiture / Lapsed)	Held at 30 June 2024	Vested during the year	Exercisable at 30 June 2024	Unexercisable at 30 June 2024
Norman Seckold	-	3,600,000	-	-	**3,600,000**	**-**	**-**	**3,600,000**
Rimas Kairaitis	-	3,600,000	-	-	**3,600,000**	**-**	**-**	**3,600,000**
Richard Hill	-	3,600,000	-	-	**3,600,000**	**-**	**-**	**3,600,000**
Oliver Davies	6,000,000	11,500,000	(500,000)	-	**17,000,000**	**-**	**-**	**17,000,000**

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 2024, Norman Seckold had joint control of an entity, Mining Services Trust ('MIS'), which invoiced for reimbursement of storage of company files to the Group. Fees paid to MIS during the period amounted to $2,547 (2023: $676) exclusive of GST. At the end of the period the amount outstanding to MIS was $2,144 (2023: $64) inclusive of GST.

During the year ended 30 June 2024, 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 $47,600 (2023: $33,291) excluding GST for these services. At the end of the period the amount outstanding to Mr Hill was $11,704 (2023: $Nil) inclusive of GST.

14. Remuneration Report – Audited (Cont.)

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.

	2024 $	2023 $	2022 $	2021 $	2020 $
Net loss attributable to equity holders of the parent	(2,027,828)	(9,600,745)	(2,318,155)	(2,352,292)	(828,983)
Dividends paid	-	-	-	-	-
Change in share price	(0.06)	(0.02)	(0.05)	(0.15)	0.176

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.

15. 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 2024 $	30 June 2023 $
Statutory Audit		
- Audit and review of financial statements	**121,098**	110,503
Non-Audit Services		
- Taxation services	**-**	7,763
Total paid to KPMG	**121,098**	118,266

16. Lead Auditor's Independence Declaration

The Lead Auditor's independence declaration is set out on page 31 and forms part of the Directors' Report for the financial year ended 30 June 2024.

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

Norman A. Seckold
Chairman

Dated at Sydney this 28th day of August 2024

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 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow

Partner

Brisbane

28 August 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	**30 June 2024 $**	30 June 2023 $
Other income			
Other income	4	**21,000**	26,796
Expenses			
Employee and director expenses		**(1,236,040)**	(786,458)
Consultants' and administration expenses		**(531,648)**	(504,947)
Depreciation and amortisation expense		**(142,806)**	(144,512)
Other expenses	4	**(181,293)**	(8,191,642)
Operating loss before net finance income		**(2,070,787)**	(9,600,763)
Finance income	4	**80,466**	39,396
Finance expense	4	**(37,507)**	(39,378)
Net finance income		**42,959**	18
Loss before tax		**(2,027,828)**	(9,600,745)
Income tax expense	5	**-**	-
Total comprehensive loss for the year		**(2,027,828)**	(9,600,745)
Total comprehensive loss attributable to:			
Owners of the Company		**(2,027,828)**	(9,600,745)
Non-controlling interest		**-**	-
Total comprehensive (loss) for the year		**(2,027,828)**	(9,600,745)
Earnings per share			
Basic and diluted loss per share (cents)	15	**(0.41)**	(2.50)

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

SKY METALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	30 June 2024 $	30 June 2023 $
Current assets			
Cash and cash equivalents	16	**3,255,060**	3,835,460
Trade and other receivables	6	**66,587**	24,271
Other assets	7	**21,750**	-
Total current assets		**3,343,397**	3,859,731
Non-current assets			
Investments	8	**231**	231
Exploration and evaluation expenditure	9	**14,387,987**	10,783,490
Property plant and equipment	10	**430,156**	575,358
Other assets	7	**255,980**	295,901
Total non-current assets		**15,074,354**	11,654,980
Total assets		**18,417,751**	15,514,711
Current liabilities			
Trade and other payables	11	**816,321**	527,747
Lease liability	12	**64,695**	64,787
Employee benefits		**96,580**	72,037
Total current liabilities		**977,596**	664,571
Non-current liabilities			
Lease liability	12	**287,771**	353,429
Employee benefits		**10,124**	-
Total non-current liabilities		**297,895**	353,429
Total liabilities		**1,275,491**	1,018,000
Net assets		**17,142,260**	14,496,711
Equity			
Issued capital	13	**81,613,572**	77,238,006
Fair value reserve	14	**231**	231
Option premium reserve	14	**972,900**	614,083
Accumulated losses		**(65,444,443)**	(63,373,829)
Total equity attributable to equity holders of the Company		**17,142,260**	14,478,491
Non-controlling interest		**-**	18,220
Total equity		**17,142,260**	14,496,711

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

SKY METALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Issued capital $	Fair value & Option reserve $	Accumulated losses $	Total $	Non-controlling Interest $	Total equity $
Balance at 1 July 2022		**74,056,357**	**1,470,079**	**(54,986,194)**	**20,540,242**	**18,220**	**20,558,462**
Total comprehensive income for the period							
Loss for the period		-	-	(9,600,745)	(9,600,745)	-	(9,600,745)
Total comprehensive loss for the period		-	-	(9,600,745)	(9,600,745)	-	(9,600,745)
Transactions with owners recorded directly in equity							
Ordinary shares issued							
- Issue of shares	13	3,499,800	-	-	3,499,800	-	3,499,800
- Cost of issue	13	(318,151)	-	-	(318,151)	-	(318,151)
Share based payments	18	-	357,345	-	357,345	-	357,345
Expiry of options and performance rights	14	-	(1,213,110)	1,213,110	-	-	-
Balance at 30 June 2023		**77,238,006**	**614,314**	**(63,373,829)**	**14,478,491**	**18,220**	**14,496,711**
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

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

SKY METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	30 June 2024 $	30 June 2023 $
Cash flows from operating activities			
Cash receipts in the course of operations		**23,100**	26,797
Cash payments in the course of operations		**(1,377,803)**	(1,014,164)
Cash generated from operations		**(1,354,703)**	(987,367)
Interest received		**80,466**	39,396
Interest paid		**(37,507)**	(39,378)
Net cash used in operating activities	16	**(1,311,744)**	(987,349)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(3,241,982)**	(2,886,422)
Proceeds from / (payments for) investments in security deposits		**29,920**	(23,881)
Payments for plant and equipment		**(1,545)**	(29,276)
Net cash used in investing activities		**(3,213,607)**	(2,939,579)
Cash flows from financing activities			
Proceeds from issue of share capital		**4,212,618**	3,499,800
Cost of issue		**(164,410)**	(234,750)
Payments of lease liabilities		**(103,257)**	(100,000)
Net cash from financing activities		**3,944,951**	3,165,050
Net decrease in cash and cash equivalents		**(580,400)**	(761,878)
Cash and cash equivalents at 1 July		**3,835,460**	4,597,338
Cash and cash equivalents at the end of the financial period	16	**3,255,060**	3,835,460

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

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 2024 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 28 August 2024.

Changes in material accounting policies
The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2023: Significant accounting policies) in certain instances in line with the amendments.

Details of the Group's accounting policies are included in Note 3.

(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 9 - Exploration and evaluation expenditure
- Note 18 – Share based payments
- Note 3(d) – Going concern

2. Basis of preparation

(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.

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 $2,027,828 (2023: $9,600,745) for the year ended 30 June 2024. At 30 June 2024 the Group had cash and cash equivalents of $3,255,060 (2023: $3,835,460) and net assets of $17,142,260 (2023: $14,496,711). 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.

3. Material accounting policies (Cont.)

(d) Going concern (cont.)

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.

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.

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.

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.

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.

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.

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 2024.
The impact of these new or amended Accounting Standards to the Group's consolidated financial statements are not expected to be material.

	30 June 2024 $	30 June 2023 $
4. Loss from operating activities		
Loss from operating activities before income tax includes the following items of income and expense:		
Other income		
Rent received	**11,000**	12,000
Sale of tenement EL9200	**10,000**	14,796
	21,000	26,796
Other expenses		
Pre-license costs	**-**	(9,004)
Legal fees	**(9,493)**	(4,340)
Auditor's remuneration – audit & review of financial reports	**(121,098)**	(110,502)
Write down of capitalised exploration expenditure	**(44,784)**	(8,055,904)
Other	**(5,918)**	(11,892)
	(181,293)	(8,191,642)
Financial income and expense		
Interest revenue	**80,466**	39,396
Finance lease expense	**(37,507)**	(39,378)
Net finance income	**42,959**	18

	30 June 2024 $	30 June 2023 $
5. Income tax expense		
Current tax expense		
Current year	**(420,797)**	(2,798,041)
Adjustments for prior year	**-**	-
Tax losses not recognised	**420,797**	2,798,041
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable:		
Loss before tax	**(2,027,828)**	(9,600,745)
Prima facie income tax benefit at the Australian tax rate of 30% (202–3 - 30%)	**(608,348)**	(2,880,224)
Adjustments to prima facie tax due to:		
- non-deductible expenses	**187,551**	82,184
- effect of DTAs on tax losses not brought to account	**1,588,862**	1,392,489
- effect of DTAs on temporary differences not brought to account	**(1,168,065)**	1,405,551
Tax expense	**-**	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	**-**	-
Tax losses	**16,417,399**	14,877,133
Net deductible temporary differences	**(3,725,481)**	(2,557,417)
Potential tax benefit at 30% (2023: 30%)	**12,691,918**	12,319,716

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	**65,487**	23,171
Other	**1,100**	1,100
	66,587	24,271

7. Other assets

Current assets		
Prepayments	**11,750**	-
Tenement bond deposit	**10,000**	-
	21,750	-
Non-current assets		
Tenement bond deposit	**255,980**	295,901

	30 June 2024 $	30 June 2023 $
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 2024, the Directors compared the carrying value of the investment to market value and recorded a $Nil movement in fair value (2023: $Nil).

9. Exploration and evaluation expenditure

EL 6699 Tallebung	**6,892,576**	3,775,792
EL 6258 Doradilla	**5,415,808**	5,296,678
EL9524 Narriah	**358,164**	12,834
EL 6320 Galwadgere	**600,000**	600,000
EL 7954 Cullarin	**-**	-
EL 8400 & EL 8573 Kangiara	**-**	-
EL 8920 Caledonian	**-**	-
EL 6064 Iron Duke	**1,079,322**	1,062,003
EL 9048 Tirrana	**-**	-
EL 9120 Murrum	**-**	-
EL 9191 Albert	**42,117**	36,183
EL 9200 Emmaville	**-**	-
EL9210 Gilgai	**-**	-
Net book value at 30 June	**14,387,987**	10,783,490

EL 6699 Tallebung		
Carrying amount at 1 July	**3,775,792**	2,640,904
Additions	**3,116,784**	1,134,888
Net book value at 30 June	**6,892,576**	3,775,792
EL 6258 Doradilla		
Carrying amount at 1 July	**5,296,678**	3,923,338
Additions	**119,130**	1,373,340
Net book value at 30 June	**5,415,808**	5,296,678
EL 9524 Narriah		
Carrying amount at 1 July	**12,834**	-
Additions	**345,330**	12,834
Net book value at 30 June	**358,164**	12,834
EL 6320 Galwadgere		
Carrying amount at 1 July	**600,000**	1,881,784
Additions	**213**	8,593
Write Down	**(213)**	(1,290,377)
Net book value at 30 June	**600,000**	600,000

	30 June 2024 $	30 June 2023 $
9. Exploration and evaluation expenditure (Cont.)		
EL 7954 Cullarin		
Carrying amount at 1 July	**-**	5,768,440
Additions	**8,287**	219,767
Write Down	**(8,287)**	(5,988,207)
Net book value at 30 June	**-**	-
EL 8400 & EL 8573 Kangiara 1 & 2		
Carrying amount at 1 July	**-**	168,646
Additions	**2,710**	9,623
Write Down	**(2,710)**	(178,269)
Net book value at 30 June	**-**	-
EL 8920 Caledonian		
Carrying amount at 1 July	**-**	519,194
Additions	**29,243**	30,404
Write Down	**(29,243)**	(549,598)
Net book value at 30 June	**-**	-
EL 6064 Iron Duke		
Carrying amount at 1 July	**1,062,003**	1,026,812
Additions	**17,319**	35,191
Net book value at 30 June	**1,079,322**	1,062,003
EL 9048 Tirrana		
Carrying amount at 1 July	**-**	-
Additions	**-**	3,270
Write Down	**-**	(3,270)
Net book value at 30 June	**-**	-
EL 9120 Murrum		
Carrying amount at 1 July	**-**	-
Additions	**4,330**	6,612
Write Down	**(4,330)**	(6,612)
Net book value at 30 June	**-**	-
EL 9191 Albert		
Carrying amount at 1 July	**36,183**	28,231
Additions	**5,934**	7,952
Net book value at 30 June	**42,117**	36,183

	30 June 2024 $	30 June 2023 $
9. Exploration and evaluation expenditure (Cont.)		
EL 9200 Emmaville		
Carrying amount at 1 July	-	15,361
Additions	-	9,514
Write Down	-	(24,875)
Net book value at 30 June	-	-
EL 9210 Gilgai		
Carrying amount at 1 July	-	7,214
Additions	-	7,482
Write Down	-	(14,696)
Net book value at 30 June	-	-

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 2024, 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 of Galwadgere to its realisable value of $600,000 under the agreement with Burrendong Minerals Limited ('BML') for the potential divestment of SKY's non-core Galwadgere project EL6320. The Tiranna and Gilgai project tenements have been relinquished. The Emmaville exploration licence was sold for a consideration of $10,000. The total impairment expense recognised for the financial year 30 June 2024 was $44,784.

10. Property, plant and equipment

	30 June 2024 $	30 June 2023 $
Motor vehicles	**43,390**	81,874
Office equipment	**15,624**	21,734
Plant and equipment	**53,921**	73,536
Right of use asset	**317,221**	398,214
Net book value at 30 June	**430,156**	575,358
Motor vehicles	**211,768**	212,082
Accumulated Depreciation	**(168,378)**	(130,208)
Net book value at 30 June	**43,390**	81,874
Office Equipment	**59,222**	57,677
Accumulated Depreciation	**(43,598)**	(35,943)
Net book value at 30 June	**15,624**	21,734
Plant and Equipment	**98,732**	102,359
Accumulated Depreciation	**(44,811)**	(28,823)
Net book value at 30 June	**53,921**	73,536
Right of use asset	**485,956**	485,956
Accumulated Depreciation	**(168,735)**	(87,742)
Net book value at 30 June	**317,221**	398,214

10. Property, plant and equipment (Cont.)

Right of Use Assets

Right-of-use assets related to the leased exploration office and shed at Orange in NSW and are presented as property, plant & equipment. The lease of the Orange property is for a period of 6 years (3 years + 3 year option) commencing on 1 June 2022 and the Company is reasonably certain that the option period of the lease will be exercised. The annual lease cost is $100,000 excluding GST.

As at 30 June 2024, the Company recognised $485,956 of right-to-use asset, $168,735 of accumulated depreciation and $352,466 of lease liabilities of which $64,695 is recognised as a current liability.

During the year ended 30 June 2024, the Company recognised $80,993 of depreciation charges and $37,507 of interest costs from the lease.

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

	30 June 2024 $	30 June 2023 $
Motor Vehicles		
Carrying amount at 1 July	**81,874**	122,138
Disposals	**(315)**	-
Depreciation	**(38,170)**	(40,264)
Net book value at 30 June	**43,390**	81,874
Office Equipment		
Carrying amount at 1 July	**21,734**	23,324
Additions	**1,545**	5,804
Depreciation	**(7,655)**	(7,394)
Net book value at 30 June	**15,624**	21,734
Plant & Equipment		
Carrying amount at 1 July	**73,536**	65,925
Disposals	**(3,627)**	23,472
Depreciation	**(15,998)**	(15,861)
Net book value at 30 June	**53,921**	73,536
Right of use asset		
Carrying amount at 1 July	**398,214**	479,207
Depreciation	**(80,993)**	(80,993)
Net book value at 30 June	**317,221**	398,214

	30 June 2024	30 June 2023
	$	$
11. Trade and other payables		
Current liabilities		
Trade and other payables	**427,080**	403,693
Accruals	**337,699**	78,833
Payroll payables	**51,542**	45,221
	816,321	527,747
12. Lease liability		
Current liabilities		
Property rental	**64,695**	64,787
Non-current liabilities		
Property rental	**287,771**	353,429
	352,466	418,216

Payments under the lease arrangements attributable to the repayment of lease liability is included under financing cash flows. During the year ended 30 June 2024, payments totalling $103,257 has been recognised as cash outflows from lease repayments.

	30 June 2024		30 June 2023	
	No.	$	No.	$
13. Issued capital				
Ordinary shares, fully paid at 1 July	**454,556,796**	**77,238,006**	376,783,470	74,056,357
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**	-	-
Exercise of employee performance rights	**500,000**	**19,500**	-	-
Placement of ordinary shares at $0.033	**21,652,249**	**714,525**	-	-
Placement of ordinary shares at $0.045	**-**	**-**	77,773,326	3,499,800
Less cost of issue	**-**	**(164,410)**	-	(318,151)
Balance at 30 June	**589,553,166**	**81,613,572**	454,556,796	77,238,006

On 22 September 2023, the Group issued 6,841,294 shares as consideration for the acquisition of 100% of the issued capital of Balmain Minerals Pty Ltd. Refer Note 27.

On 21 March 2024, the Group issued 106,002,827 shares under tranche 1 of a share placement at $0.033 per share.

On 26 March 2024, the Group issued 500,000 shares to Mr Oliver Davies upon the exercise of employee performance rights.

On 10 May 2024, the Group issued 21,652,249 shares under tranche 2 of a share placement at $0.033 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.

14. Reserves

	30 June 2024 $	30 June 2023 $
Fair value reserve		
Opening balance at 1 July	**231**	231
Net change in fair value of financial assets	**-**	-
Closing balance at 30 June	**231**	231

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.

	30 June 2024 $	30 June 2023 $
Option Premium Reserve		
Opening balance at 1 July	**614,083**	1,469,848
Acquisition of Balmain Minerals Pty Ltd	**10,998**	-
Vesting of employee performance rights	**524,289**	273,943
Vesting of director performance rights	**100,880**	-
Exercise of CEO performance rights	**(19,500)**	-
Lapsed options	**(257,850)**	(844,356)
Lapsed performance rights	**-**	(363,480)
Vesting of broker options	**-**	83,402
Forfeiture of performance rights	**-**	(5,274)
Closing balance at 30 June	**972,900**	614,083

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:

	30 June 2024 $	30 June 2023 $
Net loss for the period attributable to equity holders of the parent	**(2,027,828)**	(9,600,745)

	30 June 2024 Nº	30 June 2023 Nº
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at 1 July	**454,556,796**	376,783,470
Effect of shares issued (note 13)	**38,144,635**	7,670,794
Weighted average number of ordinary shares at 30 June	**492,701,431**	384,454,264

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

16. Reconciliation of cash flows from operating activities

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

	30 June 2024 $	30 June 2023 $
Loss from operating activities after tax	**(2,027,828)**	(9,600,745)
Non-cash items		
Amortisation and depreciation	**142,806**	144,512
Impairment of exploration tenements	**44,784**	8,055,904
Loss on sale of property, plant & equipment	**3,942**	-
Interest paid	**37,507**	39,378
Share based payment expense	**625,169**	273,943
Changes in assets and liabilities		
Trade and other receivables	**(42,316)**	(23,391)
Other assets – prepayments	**(11,750)**	-
Trade and other payables	**(118,725)**	128,542
Employee provisions	**34,667**	(5,492)
Net cash used in operating activities	**(1,311,744)**	(987,349)

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:

	30 June 2024 $	30 June 2023 $
Cash at bank	**3,255,060**	3,835,460

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:

	30 June 2024 $	30 June 2023 $
Salaries and fees	**495,933**	373,291
Other short term benefits	**20,942**	-
Share based payments	**151,949**	102,905
Post – employment benefits	**28,875**	22,050
	697,699	498,246

At 30 June 2024, the amount outstanding to Key Management Personnel and Directors was $24,038 inclusive of GST (2023: $7,917). These services were invoiced monthly and payable within 30 days.

17. Related parties (Cont.)

b) Transactions with key management personnel (Cont.)

i) Key management personnel compensation (Cont.)

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 period ended 30 June 2024, Norman Seckold had joint control of an entity, Mining Services Trust ('MIS'), which invoiced for reimbursement of storage of company files to the Group. Fees paid to MIS during the period amounted to $2,547 (2023: $676) exclusive of GST. At 30 June 2024, the amount outstanding to MIS was $2,144 (2023: $64) inclusive of GST.

There were no loans made to key management personnel or their related parties during the years ended 30 June 2024 or 30 June 2023.

18. Share Based Payments

Incentive Plan

The Company has an Incentive Plan to provide eligible persons, being employees or directors, or individuals whom the 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 of divided 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 29,400,000 performance rights under the Company's Incentive Plan.

The Company also issued 781,862 options as part consideration for the acquisition of 100% of the share capital of Balmain Minerals Pty Ltd.

18. Share Based Payments (Cont.)

The following options and performance rights were on issue as at 30 June 2024.

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	17 February 2022	17 December 2024	17 December 2024	$Nil	$0.0820	4,500,000
Incentive Plan	16 May 2022	17 December 2024	17 December 2024	$Nil	$0.0746	1,000,000
Incentive Plan	19 December 2022	12 January 2026	12 January 2026	$Nil	Note 1	8,250,000
Broker Options	26 May 2023	26 May 2023	9 December 2024	$0.0675	$0.0139	6,000,000
Balmain Acquisition Options	22 September 2023	22 September 2023	22 September 2025	$0.064	$0.014	781,862
Incentive Plan	11 October 2023	1 June 2024	1 June 2024	$Nil	$0.039	150,000
Incentive Plan	11 October 2023	1 December 2024	1 December 2024	$Nil	$0.039	4,200,000
Incentive Plan	11 October 2023	1 June 2025	1 June 2025	$Nil	$0.039	2,000,000
Incentive Plan	11 October 2023	1 December 2025	1 December 2025	$Nil	$0.0329	3,850,000
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

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.

18. Share Based Payments (Cont.)

Fair Value of Options & Performance Rights (Cont.)

Movement of options & performance rights during the year ended 30 June 2024.

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
25 October 2019	1,500,000	-	-	-	(1,500,000)	-	-
21 March 2021	2,000,000	-	-	-	(2,000,000)	-	-
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	6,000,000
22 September 2023	-	781,862	-	-	-	781,862	781,862
11 October 2023	-	6,850,000	-	(500,000)	-	6,350,000	150,000
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	-
	23,250,000	30,181,862	-	(500,000)	(3,500,000)	49,431,862	6,781,862

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 period	Exercisable at the end of the period
2024	$0.047	$0.002	-	-	$0.194	$0.009	$0.066

The weighted average remaining contractual life of share options and performance rights outstanding at the end of the period was 1.22 years (2023: 1.34 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.

The fair value of 781,862 options granted to the vendor of Balmain Minerals Pty Ltd on 22 September 2023 with an exercise price of $0.064 was $10,998. The Black-Scholes formula model inputs were the Company's share price of $0.042 at the grant date, a volatility factor of 80.00% based on historical share price performance and a risk-free interest rate of 3.42% based on the 2-year government bond rate. The options vested in full on grant date.

18. Share Based Payments (Cont.)

Fair Value of Options & Performance Rights (Cont.)

The fair value of 6,850,000 performance rights granted on 11 October 2023 which will convert to shares at no cost upon the Company achieving a range of non-market operational performance milestones, and the Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, was $267,150. 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 $0.039 at the grant date and a dividend yield of 0%.

The fair value of 3,850,000 performance rights granted on 11 October 2023 which will convert to shares at no cost upon the Company's share price on ASX achieving $0.06 and the Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, was $126,781. The rights include a service condition that the employee must remain in the employ 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 $0.039 at the grant date, a volatility factor of 85% based on historical share price performance and a risk-free interest rate of 4.04% based on the 2-year government bond rate.

The fair value of 3,950,000 performance rights granted on 11 October 2023 which will convert to shares at no cost upon the Company's share price on ASX achieving $0.09 and the Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, was $124,019. The rights include a service condition that the employee must remain in the employ 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 $0.039 at the grant date, a volatility factor of 85% based on historical share price performance and a risk-free interest rate of 3.99% based on the 3-year government bond rate.

The fair value of 3,950,000 performance rights granted on 11 October 2023 which will convert to shares at no cost upon the Company's share price on ASX achieving $0.12 and the Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, was $111,010. The rights include a service condition that the employee must remain in the employ 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 $0.039 at the grant date, a volatility factor of 85% based on historical share price performance and a risk-free interest rate of 3.99% based on the 3-year government bond rate.

The fair value of 3,600,000 performance rights granted on 30 October 2023 which will convert to shares at no cost upon the Company's share price on ASX achieving $0.06 and the Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, was $132,659. 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 $0.042 at the grant date, a volatility factor of 83% based on historical share price performance and a risk-free interest rate of 4.46% based on the 2-year government bond rate.

The fair value of 3,600,000 performance rights granted on 30 October 2023 which will convert to shares at no cost upon the Company's share price on ASX achieving $0.09 and the Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, was $121,767. 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 $0.042 at the grant date, a volatility factor of 83% based on historical share price performance and a risk-free interest rate of 4.44% based on the 3-year government bond rate.

The fair value of 3,600,000 performance rights granted on 30 October 2023 which will convert to shares at no cost upon the Company's share price on ASX achieving $0.12 and the Board of Directors being satisfied that SKY's environmental, social and corporate governance 'ESG' performance is satisfactory, was $108,963. 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 $0.042 at the grant date, a volatility factor of 83% based on historical share price performance and a risk-free interest rate of 4.44% based on the 3-year government bond rate.

18. Share Based Payments (Cont.)

Fair Value of Options & Performance Rights (Cont.)

During the period ended 30 June 2024, share based payment expense of $625,169 was recorded in the profit and loss (2023: $273,943).

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 $3,255,060.

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	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)**	**-**
Trade and other payables	527,747	(527,747)	(527,747)	-	-	-
Lease liability	418,216	(538,257)	(51,500)	(51,757)	(435,000)	-
30 June 2023	**945,963**	**(1,066,004)**	**(579,247)**	**(51,757)**	**(435,000)**	**-**

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 2024 $	30 June 2023 $
Cash and cash equivalents	**3,255,060**	3,835,460
Trade and other receivables	**66,587**	24,271
Tenement bond deposit	**265,980**	295,901
Investments	**231**	231
	3,587,858	4,155,863

Cash and cash equivalents

At 30 June 2024, the Group held cash and cash equivalents of $3,255,060 (2023: $3,835,460), which represents 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	**3,255,060**	3,835,460

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.

124,883	139,235

Currency risk

At 30 June 2024, the Group does not hold bank accounts in denominations other than the functional currency.

Price risk

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

As at 30 June 2024, 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.

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

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 2024				
Financial assets	**231**	**-**	**-**	**231**
30 June 2023				
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.

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 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 2023				
Revenue and other income				
Finance income	-	-	39,396	39,396
Other Income	-	-	26,796	26,796
Operating loss before income tax	(8,064,908)	(8,064,908)	(1,535,837)	(9,600,745)
Assets				
Segment assets	11,079,390	11,079,390	4,435,321	15,514,711
Liabilities				
Segment liabilities	(250,847)	(250,847)	(767,153)	(1,018,000)

	30 June 2024	30 June 2023
Reconciliations of reportable segment revenues and profit or loss	**$**	$
Revenue		
Total revenue for reportable segments	**-**	-
Other income	**21,000**	26,796
Consolidated income	**21,000**	26,796
Profit or loss		
Total loss for reportable segments	**(44,784)**	(8,064,908)
Unallocated amounts:		
- finance income	**80,466**	39,396
- finance expenses	**(37,507)**	(39,378)
- other income	**21,000**	26,796
- net other corporate expenses	**(2,047,003)**	(1,562,651)
Consolidated loss before tax	**(2,027,828)**	(9,600,745)

20. Operating segments (Cont.)

Reconciliations of reportable segment assets and liabilities	30 June 2024 $	30 June 2023 $
Assets		
Total assets for reportable segments	**14,653,967**	11,079,390
Unallocated corporate assets	**3,763,784**	4,435,321
Consolidated total assets	**18,417,751**	15,514,711
Liabilities		
Total liabilities for reportable segments	**619,304**	250,847
Unallocated corporate liabilities	**656,187**	767,153
Consolidated total liabilities	**1,275,491**	1,018,000

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

There has not arisen in the interval between the end of the financial year and the date of this report any 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.

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 2024 %	Ownership interest 2023 %
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**	-

23. Parent entity disclosures

As at and throughout the financial year ended 30 June 2024, the parent entity of the Group was Sky Metals Limited.

	30 June 2024 $	30 June 2023 $
Result of the parent entity		
Net loss	**1,710,188**	9,600,745
Other comprehensive loss	**-**	-
Total comprehensive loss for the period	**1,710,188**	9,600,745
Financial position of the parent entity at year end		
Current assets	**3,252,002**	3,768,337
Non-current assets	**11,873,751**	11,784,056
Total assets	**15,125,753**	15,552,393
Current liabilities	**988,913**	675,892
Non-current liabilities	**297,898**	4,018,788
Total liabilities	**1,286,811**	4,694,680
Net assets	**13,838,942**	10,857,713
Equity		
Share capital	**81,613,572**	77,238,006
Reserves	**973,131**	596,093
Accumulated losses	**(68,747,761)**	(66,994,606)
Total equity attributable to equity holders of the Company	**13,838,942**	10,839,493
Non-Controlling Interest	**-**	18,220
Total equity	**13,838,942**	10,857,713

24. Auditors' remuneration

	30 June 2024 $	30 June 2023 $
Statuory Audit		
Audit and review of financial statements	**121,098**	110,503
Non-Audit Services		
Taxation advice and services	**-**	7,763
Total paid to KPMG	**121,098**	118,266

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 (2023: nil).

27. Acquisition of Remaining Non-Controlling Interest

While the Group controlled Balmain Minerals Pty Ltd since June 2020, it held 0% of the equity and accordingly net assets of $18,220 was assigned to non-controlling interests.

On 8 September 2023, the Group exercised the option to purchase all fully paid ordinary shares in the capital of Balmain Minerals Pty Limited as per the Binding Terms Sheet dated 9 June 2020 between Sky Metals Limited and Diversified Minerals Pty Ltd. The Group have met the exercise conditions as defined in the Binding Terms Sheet by incurring exploration expenditure in excess of $150,000 on the Iron Duke tenement EL6064.

On 22 September 2023, to satisfy the exercise of the option in accordance with the Terms Sheet, the Group has:

- issued 6,841,294 of fully paid ordinary shares in the capital of SKY to Diversified Minerals Pty Ltd for the Balmain Minerals Pty Ltd shares, at a deemed issue price equal to the 5-day volume weighted average price of the SKY Shares over the 5 days in which trading in SKY shares occurs on ASX prior to the Settlement Date.

- issued Diversified Minerals Pty Ltd options in SKY exercisable into fully paid ordinary shares in SKY. The options have an expiry date 2 years from the issue date. The number of options issued was 781,862.

The fair value of the consideration issued as ordinary shares was measured with reference to the fair value of the equity instruments granted, being the Company’s share price of $0.045 at 22 September 2023.

The fair value of the options issued was $10,998. The options were valued using a Black Scholes model. The model inputs were the Company’s share price of $0.042 at the grant date 8 September 2023, a volatility factor of 80% based on historical share price performance and a risk-free interest rate of 3.42% based on the 2 year government bond rate.

As a result of the above transaction the Group has acquired 100% interest in Balmain Minerals Pty Ltd from 22 September 2023. The carrying amount of Balmain Minerals Pty Ltd ‘s net assets on the date of acquisition was $18,220.

Carrying amount of NCI Acquired	$ 18,220
Fair value of consideration paid to NCI	
- ordinary shares	$ 307,858
- options	$ 10,998
Total fair value of consideration paid to NCI	$ 318,856
A decrease in equity attributable to owners of the Company	($ 300,636)

CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2024

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 Ltd (the Company)	Body Corporate	Australia	N/A	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).

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 32 to 65, and the Remuneration Report as set out on pages 24 to 29 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 2024 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 2024 set out on page 65 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 2024.

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 28th day of August 2024 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 2024 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 2024
- 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 2024
- 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.

KPMG

Capitalised exploration and evaluation expenditure - $14,387,987	
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 78%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 *Exploration for and Evaluation of Mineral Resources* (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 exploration and evaluation activities in certain area. We corroborated this through interviews with key personnel and checked for consistency with operational and finance personnel and checked for consistency with amounts impaired; • Analysing the Group's determination of recoupment through successful development

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.	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.

Other Information

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

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

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

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

KPMG

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 2024, 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 24 to 29 of the Directors' report for the year ended 30 June 2024.

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

KPMG

KPMG

Adam Twemlow

Partner

Brisbane

28 August 2024

Additional information required by the Australian Stock Exchange Listing Rules as at 5 August 2024 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
Archimedes Securities Pty Ltd <Golden Valley S/F A/C>	33,882,575
Rigi Investments Pty Ltd	21,609,192
Aurelia Metals Ltd	17,500,000

Twenty Largest Shareholders

The twenty largest quoted shareholders held 47.18% of the fully paid ordinary shares as follows:

	Name	Quantity	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,149,054	7.15
2	COMSERV (NO 461) PTY LTD <NO 2 INV A/C>	20,486,820	3.47
3	BUTTONWOOD NOMINEES PTY LTD	19,927,739	3.38
4	AUERELIA METALS LIMITED	18,410,000	3.12
5	ALTINOVA NOMINEES PTY LTD	17,151,515	2.91
6	FELSINA PTY LTD	16,407,647	2.78
7	ALL-STATES FINANCE PTY LIMITED	15,360,844	2.61
8	BT PORTFOLIO SERVICES LIMITED <WARRELL HOLDINGS S/F A/C>	14,999,100	2.54
9	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	12,732,572	2.16
10	LONERGAN FOUNDATION PTY LTD	12,020,201	2.04
11	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	11,821,308	2.01
12	OBI-WAN INVESTMENTS PTY LTD	11,490,000	1.95
13	BOND STREET CUSTODIANS LIMITED <TRYLAN - D83486 A/C>	10,912,970	1.85
14	ALKANE RESOURCES LIMITED	9,049,307	1.53
15	ADRIATIC PTY LTD <MGS A/C>	8,870,312	1.50
16	SMIFF PTY LTD	8,050,000	1.37
17	NEWBALL PTY LIMITED	7,544,444	1.28
18	ARCHIMEDES SECURITIES PTY LTD <GOLDEN VALLEY S/F A/C>	7,224,748	1.23
19	DIVERSIFIED MINERALS PTY LIMITED	6,842,856	1.16
20	SILVERPEAK NOMINEES PTY LTD <THE RGM HILL A/C>	6,700,000	1.14
	Top 20 holders of FULLY PAID ORDINARY SHARES (Total)	278,151,437	47.18
	Total Remaining Holders Balance	311,401,729	52.82

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.

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	18,485	0.00
1,001 - 5,000	117	329,831	0.06
5,001 - 10,000	108	867,593	0.15
10,001 - 100,000	486	20,635,960	3.50
100,001 and over	360	567,701,297	96.29
Total	**1,158**	**589,553,166**	**100.00**

As at 5 August 2024, 390 shareholders held less than marketable parcels of 15,152 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 5 August 2024 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	20-10-2024	52	147 km2	Kangiara Project, SKY: DVP JV
Ochre Resources Pty Ltd (DVP sub)	80%	EL8573	23-5-2017	23-5-2029	17	48 km2	Kangiara Project, SKY: DVP JV
Aurum Metals Pty Ltd (SKY sub)	100%	EL8920	5-12-2019	5-12-2025	65	183 km2	Caledonian Project
Aurum Metals Pty Ltd (SKY sub)	100%	EL9120	30-3-2021	30-3-2027	50	141 km2	Caledonian Project
Aurum Metals Pty Ltd (SKY sub)	100%	EL9048	15-2-2021	15-2-2024	52	147 km2	Tirranna Project Relinquished
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km2	Galwadgere Project -Purchase to pre-IPO Burrendong Minerals Ltd
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	08-02-2029	92	262 km2	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	ELA6786	Applied for on 5-7-2024	-	101	287 km2	Narriah Project – Application

Directors:

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

Chief Executive Officer:

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 16, Riparian Plaza
71 Eagle 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