



S K Y M E T A L S

SKY METALS LIMITED
and its controlled entities

A.B.N. 46 098 952 035

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2022**

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

CONTENTS

	Page
Directors' Report	1
Lead Auditor's Independence Declaration	3
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income	4
Condensed Consolidated Interim Statement of Financial Position	5
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Statement of Cash Flows	7
Notes to the Condensed Consolidated Interim Financial Statements	8
Directors' Declaration	14
Independent Auditor's Review Report to the Members of Sky Metals Limited	15
Corporate Directory	17

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

The Directors of Sky Metals Limited (the 'Company' or 'Sky') present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half-year ended 31 December 2022.

Directors

The names and particulars of the Directors of the Company at any time during or since the end of the half-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, Santana Minerals Limited, a precious metals exploration company, and Deputy Chairman and Executive Director of Nickel Industries Limited a nickel mining and production company operating in Indonesia.

Rimas Kairaitis

Director since 20 June 2019

Mr Kairaitis is a geologist and mining industry executive with over 25 years' experience in minerals exploration, resource development and mining company management in gold, base metals and industrial minerals. 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.

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), AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), PNX Metals Limited (ASX:PNX), MedTEC Holdings Ltd, and Unity Housing Company Ltd; and Company Secretary of a number of ASX Listed Companies.

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' REPORT

Operating and financial review

The activities of Sky Metals Limited and its controlled entities (the 'Group') during the half-year ended 31 December 2022 include the following:

- Drilling to expand the potential resource base at the Tallebung Tin Project.
- Metallurgical studies which successfully produced a saleable tin concentrate from the Tallebung tin mineralisation.
- Drilling programs at the 3KEL Target at the Doradilla Project.
- Assaying for REE of historic drill samples and SKY's drill samples discovered significant REE mineralisation at Doradilla.

These activities have strongly positioned SKY to continue the development of the exploration potential at the Tallebung and Doradilla Projects in the future.

Financial Position and Performance

- The Group recognised a loss for the half year period ended 31 December 2022 of \$724,840 (31 December 2021: Loss \$1,108,776). The net assets of the Group at 31 December 2022 were \$19,977,472 (30 June 2022: \$20,558,462) including cash of \$2,018,262 (30 June 2022: \$4,597,338).
- During the period the Group used a total of \$2,520,904 (31 December 2021: \$2,382,401). of cash in operating activities and exploration and evaluation activities.

Subsequent Events

On 31 January 2023, 6 million Options issued to the previous CEO expired.

Since the end of the period the EL6064 (Iron Duke) Balmain Minerals Pty Limited Option term has been extended until 9 September 2023.

No other matters or circumstances have arisen since the end of the half-year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 3 and forms part of the Director's Report for the six months ended 31 December 2022.

Signed at Orange this 14th day of March 2023 in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman



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 review of Sky Metals Limited for the half-year ended 31 December 2022 there have been:

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

KPMG

Adam Twemlow
Partner

Gold Coast
14th March 2023

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Notes	31 December 2022	31 December 2021
		\$	\$
Revenue			
Other income		6,000	4,800
Expenses			
Consultancy and administration expenses		(211,665)	(274,876)
Depreciation and amortisation expense		(71,716)	(65,921)
Employee and director expenses		(392,233)	(718,133)
Other expenses		(49,715)	(52,009)
Operating loss before finance income		(719,329)	(1,106,139)
Finance income		13,097	-
Finance expense		(18,608)	(2,637)
Net finance expense		(5,511)	(2,637)
Loss before tax		(724,840)	(1,108,776)
Income tax expense		-	-
Loss for the period		(724,840)	(1,108,776)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		(724,840)	(1,108,776)
Total comprehensive loss attributable to:			
Owners of the Company		(724,840)	(1,108,776)
Non-controlling interest		-	-
Total comprehensive loss for the period		(724,840)	(1,108,776)
Earnings per share			
Basic and diluted loss per share (cents)		(0.22)	(0.33)

The above Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Notes	31 December 2022 \$	30 June 2022 \$
Current assets			
Cash and cash equivalents		2,018,262	4,597,338
Trade and other receivables		17,291	880
Total current assets		2,035,553	4,598,218
Non-current assets			
Investments		232	231
Exploration and evaluation expenditure	5	17,818,133	15,979,924
Property, plant and equipment	4	623,171	690,595
Other non-current assets		275,900	272,020
Total non-current assets		18,717,436	16,942,770
Total assets		20,752,989	21,540,988
Current liabilities			
Trade and other payables		271,487	399,206
Lease liability		50,338	61,945
Employee benefits payable		56,583	77,529
Total current liabilities		378,408	538,680
Non-current liabilities			
Lease liability		397,109	443,846
Total non-current liabilities		397,109	443,846
Total liabilities		775,517	982,526
Net assets		19,977,472	20,558,462
Equity			
Issued capital	6	74,056,357	74,056,357
Fair value reserve	7	231	231
Option premium reserves	7	1,244,944	1,469,848
Accumulated losses		(55,342,280)	(54,986,194)
Total equity attributable to equity holders of the Company		19,959,252	20,540,242
Non-controlling interest		18,220	18,220
Total equity		19,977,472	20,558,462

The above Condensed Consolidated Interim Statement of Financial Position should be read
in conjunction with the accompanying notes

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Notes	Issued capital \$	Fair value & option reserve \$	Accumulated losses \$	Total \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2021		68,793,175	2,265,236	(54,433,506)	16,624,905	18,220	16,643,125
Total comprehensive income for the period							
Loss for the period		-	-	(1,108,776)	(1,108,776)	-	(1,108,776)
Total comprehensive loss for the period		-	-	(1,108,776)	(1,108,776)	-	(1,108,776)
Transactions with owners recorded directly in equity							
Share issue	6	5,600,000	-	-	5,600,000	-	5,600,000
Share issue costs	6	(352,021)	-	-	(352,021)	-	(352,021)
Expired options	7	-	(262,000)	262,000	-	-	-
Share options – share based payments	7	-	503,175	-	503,175	-	503,175
Balance at 31 December 2021		74,041,154	2,506,411	(55,280,282)	21,267,283	18,220	21,285,503
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		-	-	(724,840)	(724,840)	-	(724,840)
Total comprehensive loss for the period		-	-	(724,840)	(724,840)	-	(724,840)
Transactions with owners recorded directly in equity							
Share issue	6	-	-	-	-	-	-
Share issue costs	6	-	-	-	-	-	-
Expired options	7	-	(368,754)	368,754	-	-	-
Share options – share based payments	7	-	143,850	-	143,850	-	143,850
Balance at 31 December 2022		74,056,357	1,245,175	(55,342,280)	19,959,252	18,220	19,977,472

The above Condensed Consolidated Interim Statement of Changes in Equity should be read in conjunction with the accompanying notes

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	31 December 2022 \$	31 December 2021 \$
Cash flows from operating activities		
Cash receipts in the course of operations	6,000	4,800
Cash payments in the course of operations	<u>(656,231)</u>	<u>(929,544)</u>
Cash used in operations	<u>(650,231)</u>	<u>(924,744)</u>
Interest received	13,097	-
Interest paid	<u>(18,608)</u>	<u>(2,637)</u>
Net cash used in operating activities	<u>(655,742)</u>	<u>(927,381)</u>
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(1,865,162)	(1,372,702)
Payments for plant and equipment	(4,292)	(57,818)
Payments for investments in security deposits	<u>(3,880)</u>	<u>(24,500)</u>
Net cash used in investing activities	<u>(1,873,334)</u>	<u>(1,455,020)</u>
Cash flows from financing activities		
Proceeds from share issues	-	5,600,000
Share issue costs	-	(352,021)
Lease Payments	<u>(50,000)</u>	<u>(30,000)</u>
Net cash from / (used in) financing activities	<u>(50,000)</u>	<u>5,217,979</u>
Net increase / (decrease) in cash and cash equivalents	(2,579,076)	2,835,578
Cash and cash equivalents at the beginning of the financial period	<u>4,597,338</u>	<u>3,528,190</u>
Cash and cash equivalents at the end of the financial period	<u>2,018,262</u>	<u>6,363,768</u>

The above Condensed Consolidated Interim Statement of Cash Flows should be read
in conjunction with the accompanying notes

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 1 - REPORTING ENTITY

Sky Metals Limited ("Sky" or the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2022 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 resources opportunities in New South Wales.

The consolidated financial statements of the Group as at and for the year ended 30 June 2022 are available upon request from the Company's registered office at 2 Hawthorn Place, Orange, NSW, 2800 or at www.skymetals.com.au

NOTE 2 - BASIS OF PREPARATION

(a) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134 *Interim Financial Reporting*.

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report as at and for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 March 2023.

(b) Going concern

The condensed consolidated interim 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 \$724,840 (2021: \$1,108,776) for the six months ended 31 December 2022 and has net assets of \$19,977,472 (30 June 2022: \$20,558,462). At 31 December 2022 the Group had cash and cash equivalents of \$2,018,262 (30 June 2022: \$4,597,338) and used net cash of \$2,520,904 in operations, including payments for exploration and evaluation activities.

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 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.

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 interim financial report. No allowance for such circumstances has been made in the financial report.

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 2 - BASIS OF PREPARATION (CONT'D)

(c) Use of estimates and judgements

The preparation of the condensed consolidated interim 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:

- Note 2(b) - Going concern
- Note 5 - Exploration and evaluation expenditure
- Note 7 – Share based payments

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year-ended 30 June 2022.

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

	31 December 2022 \$	30 June 2022 \$
Motor vehicles	101,840	122,138
Office equipment	22,537	23,324
Plant and equipment	60,083	65,926
Right of use asset	438,711	479,207
Net book value	623,171	690,595
Motor Vehicles		
Carrying amount at beginning of period	122,138	163,778
Additions	-	6,881
Depreciation	(20,298)	(48,523)
Net book value	101,840	122,138
Office Equipment		
Carrying amount at beginning of period	23,324	30,718
Additions	2,517	830
Depreciation	(3,304)	(8,224)
Net book value	22,537	23,324
Plant & Equipment		
Carrying amount at beginning of period	65,926	18,746
Additions	1,775	62,457
Depreciation	(7,618)	(15,277)
Net book value	60,083	65,926

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	31 December 2022 \$	30 June 2022 \$
Right of use asset		
Carrying amount at beginning of period	479,207	70,983
Additions	-	485,956
Disposals	-	(151,405)
Write back accumulated depreciation on disposals	-	108,816
Depreciation	(40,496)	(35,143)
Net book value	<u>438,711</u>	<u>479,207</u>

NOTE 5 - EXPLORATION AND EVALUATION EXPENDITURE

EL 6699 Tallebung	3,484,583	2,640,904
EL 6258 Doradilla	4,851,827	3,923,338
EL 6320 Galwadgere	1,886,916	1,881,784
EL 7954 Cullarin	5,791,100	5,768,440
EL 8400 & EL 8573 Kangiara	171,819	168,646
EL 8920 Caledonian	522,705	519,194
EL 6064 Iron Duke	1,035,162	1,026,812
EL9048 Tirrana	-	-
EL 9120 Murrum	-	-
EL 9191 Albert	34,452	28,231
EL 9200 Emmaville	24,874	15,361
EL9210 Gilgai	14,695	7,214
Net book value	<u>17,818,133</u>	<u>15,979,924</u>

EL 6699 Tallebung		
Carrying amount at beginning of period	2,640,904	1,902,414
Additions	843,679	738,490
Net book value	<u>3,484,583</u>	<u>2,640,904</u>

EL 6258 Doradilla		
Carrying amount at beginning of period	3,923,338	2,630,886
Additions	928,489	1,292,452
Net book value	<u>4,851,827</u>	<u>3,923,338</u>

EL 6320 Galwadgere		
Carrying amount at beginning of period	1,881,784	1,834,118
Additions	5,132	47,666
Net book value	<u>1,886,916</u>	<u>1,881,784</u>

EL 7954 Cullarin		
Carrying amount at beginning of period	5,768,440	5,461,459
Additions	22,660	306,981
Net book value	<u>5,791,100</u>	<u>5,768,440</u>

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 5 - EXPLORATION AND EVALUATION EXPENDITURE (CONT'D)

	31 December 2022 \$	30 June 2022 \$
EL 8400 & EL 8573 Kangiara		
Carrying amount at beginning of period	168,646	161,991
Additions	3,173	6,655
Net book value	<u>171,819</u>	<u>168,646</u>
EL 8920 Caledonian		
Carrying amount at beginning of period	519,194	354,949
Additions	3,511	164,245
Net book value	<u>522,705</u>	<u>519,194</u>
EL 6064 Iron Duke		
Carrying amount at beginning of period	1,026,812	855,981
Additions	8,350	170,831
Net book value	<u>1,035,162</u>	<u>1,026,812</u>
EL9048 Tirrana		
Carrying amount at beginning of period	-	8,265
Additions	-	10,346
Written Off	-	(18,611)
Net book value	<u>-</u>	<u>-</u>
EL 9120 Murrum		
Carrying amount at beginning of period	-	2,400
Additions	-	5,675
Written Off	-	(8,075)
Net book value	<u>-</u>	<u>-</u>
EL 9191 Albert		
Carrying amount at beginning of period	28,231	18,257
Additions	6,221	9,974
Net book value	<u>34,452</u>	<u>28,231</u>
EL 9200 Emmaville		
Carrying amount at beginning of period	15,361	12,001
Additions	9,513	3,360
Net book value	<u>24,874</u>	<u>15,361</u>
EL 9210 Gilgai		
Carrying amount at beginning of period	7,214	-
Additions	7,481	7,214
Net book value	<u>14,695</u>	<u>7,214</u>

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.

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 6 - ISSUED CAPITAL

	6 Months to 31 December 2022		6 Months to 31 December 2021	
	Number	\$	Number	\$
Ordinary shares, fully paid at start of period	376,783,470	74,056,357	310,901,115	68,793,175
Placement @ \$0.085	-	-	65,882,355	5,600,000
Less cost of issue	-	-	-	(352,021)
Balance at end of period	376,783,470	74,056,357	376,783,470	74,041,154

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

On 4 November 2021, the Company issued 65,882,355 shares at 8.5 cents per share to raise \$5.6 million under a share placement.

NOTE 7 - RESERVES

	31 December 2022 \$	30 June 2022 \$
Fair value reserve		
Balance at start of period	231	231
Net change in fair value of financial assets	-	-
Balance at end of the period	231	231
Option premium reserve		
Balance at start of period	1,469,848	2,265,005
Vesting of CEO options	-	33,125
Vesting of Employee Performance Rights	143,850	229,822
Vesting of Director Performance Rights	-	707,363
Expiry of Options	(368,754)	(262,000)
Cancellation of Performance Rights	-	(1,503,467)
Balance at end of the period	1,244,944	1,469,848

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

During the period to 31 December 2022, share based payment expense of \$143,850 was recorded in the profit and loss. The expense relates to the vesting of employee performance rights during the period ended 31 December 2022.

During the period 1.95 million employee performance rights expired.

On 12 January 2023, the Company issued 8.25 million performance rights to employees. The Performance Rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met;

- 50% of performance rights vesting on SKY's 5 day VWAP share price reaching 15 cents within three years of the date of issue, and
- Remaining 50% of performance rights vesting on SKY's 5 day VWAP share price reaching 20 cents within three years of the date of issue, and
- SKY's Board of Directors being satisfied that SKY's Environmental, Social, and Corporate Governance 'ESG' performance is satisfactory, and

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 7 – RESERVES (CONT'D)

- The recipient remain in SKY employ or under SKY contract at the time of achieving the above performance criteria.

The fair value of the performance rights was \$322,465. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.048 at the grant date 19 December 2022, a volatility factor of 110% based on historical share price performance and a risk-free interest rate of 3.23% based on the 3-year government bond rate.

NOTE 8 - SUBSEQUENT EVENTS

On 31 January 2023, 6 million Options issued to the previous CEO expired.

Since the end of the period the EL6064 (Iron Duke) Balmain Minerals Pty Limited Option term has been extended until 9 September 2023.

No other matters or circumstances have arisen since the end of the half-year, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 9 - OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (the chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographical basis which involves the exploration of minerals in New South Wales, Australia. Operating segments are determined on the basis of financial information reported to the board which is at the consolidated entity level.

Accordingly, management currently identifies the Group as having only one operating segment, being mineral exploration. The financial results from this segment are equivalent to the financial statements of the consolidated Group as a whole.

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

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

- (1) the condensed consolidated interim financial statements and notes set out on pages 4 to 13, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Orange this 14th day of March 2023
in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman



Independent Auditor's Review Report

To the shareholders of Sky Metals Limited

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Sky Metals Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Sky Metals Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises

- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Sky Metals Limited (the Company) and the entities it controlled at the end of the half-year or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 2(b), “Going Concern” in the Half-year financial report. The events or conditions disclosed in Note 2(b), 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 Half-year financial report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half-year financial report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor’s Responsibilities for the Review of the Half-year financial report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Adam Twemlow
Partner

Gold Coast
14 March 2023

**SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES**

CORPORATE DIRECTORY

Directors:

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

Company Secretary:

Mr Richard W.C. Willson

Principal Place of Business and Registered Office:

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BRISBANE QLD 4000

Solicitors:

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