
SKY METALS LIMITED

ACN 098 952 035

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00am AEST
DATE: Wednesday, 8 April 2020
PLACE: Computershare Investor Services,
Level 3, 60 Carrington Street,
Sydney NSW

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7pm on Monday 6th April 2020.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 10,000,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – RATIFICATION OF ISSUE OF TRANCHE 1 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 22,727,272 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – APPROVAL TO ISSUE TRANCHE 2 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 25,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. RESOLUTION 4 – APPROVAL FOR NORMAN SECKOLD TO PARTICIPATE IN PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,000,000 Shares at \$0.22 per Share to Norman Seckold, a Director, (or his nominee/s) under the Placement on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Norman Seckold (and his nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – APPROVAL FOR RICHARD HILL TO PARTICIPATE IN PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 150,000 Shares at \$0.22 per Share to Richard Hill, a Director, (or his nominee/s) under the Placement on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Richard Hill (and his nominee/s) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF BROKER SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,200,000 Shares to 1147 Pty Ltd <TJ & CJ Mann Superannuation fund> (Broker Shares) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who participated in the issue; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF CEO SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares to Mr Peter Duerden (CEO Shares) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person who participated in the issue; or
- (b) an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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Dated: 9 March 2020

By order of the Board

A handwritten signature in black ink, appearing to read 'R Wilson', written in a cursive style.

Richard Wilson
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 6360 1587.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

1.1 Background

As announced by the Company on 9 October 2019, the Company has entered into a farm-in agreement with Heron Resources Limited (ASX:HRR) (ACN 068 263 098) (**Heron**) (**Farm-in Agreement**).

Under the Farm-in Agreement, Heron granted the Company an option to access and explore the Cullarin and Kangiara projects (**Tenements**) (**Access Option**), subject to the Company spending not less than \$400,000 on the Tenements within 12 months of the Farm-in Agreement's commencement date (**Initial Expenditure**) (**Commencement Date**). Once the Company has met the Initial Expenditure it must notify Heron. On completion of the Initial Expenditure, the Company will have the exclusive option to elect to proceed to farm-in (**Farm-in Option**). During the term of the Farm-in Option, Heron must not deal on or negotiate any disposal or grant any interest in the Tenements.

Within 30 days of the Company notifying Heron that it has met the Initial Expenditure the Company may elect to earn an undivided 80% equity interest in the Tenements (**Farm-in Interest**) by incurring a further \$1,600,000 expenditure (for a total expenditure of \$2,000,000, inclusive of the Initial Expenditure) (**Farm-in Expenditure**) on the Tenements within 36 months of the Commencement Date (**Farm-in Expenditure Period**).

In consideration for the grant of the Access Option, the Company issued Heron 10,000,000 Options on terms set out in Schedule 1.

Further details of the Farm-in Agreement can be found in the Company's ASX announcement dated 9 October 2019.

1.2 ASX Listing Rule 7.1

Resolution 1 seeks Shareholder ratification for the issue of the Options in accordance with ASX Listing Rule 7.4.

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under ASX Listing Rule 7.1.

To this end, Resolution 1 seeks Shareholder approval for the issue of the Options under and for the purposes of ASX Listing Rule 7.4.

If Resolution 1 is passed, the Options will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date of the Options.

If Resolution 1 is not passed, the Options will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue date of the Options.

1.3 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 1:

- (a) the Options were issued to Heron;
- (b) 10,000,000 Options were issued;
- (c) the Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Options were issued on 24 October 2019;
- (e) the Options were issued for nil cash consideration, in consideration for the Access Option. If the Options are exercised, the Company will receive the proceeds of that number of exercised Options being a maximum of \$1,500,000;
- (f) the purpose of the issue of the Options was in consideration for the Access Option; and
- (g) a summary of the Farm-in Agreement under which the Options will be issued is set out in Section 1.1 above.

2. BACKGROUND TO PLACEMENT

2.1 General

On 24 February 2020, the Company announced that it had received binding commitments to raise approximately \$10.5 million via the issue of 47,727,272 Shares to sophisticated, professional and other exempt investors pursuant to section 708 of the Corporations Act at an issue price of \$0.22 per Share (**Placement**).

The Placement is comprised of two tranches as follows:

- (a) 22,727,272 Shares raising approximately \$5 million (**Tranche 1**); and
- (b) 25,000,000 Shares raising approximately \$5.5 million, comprising of:
 - (i) 2,150,000 Shares to Directors Norman Seckold and Richard Hill to raise approximately \$473,000 (**Director Placement**); and

- (ii) 22,850,000 Shares to sophisticated, professional and other exempt investors pursuant to section 708 of the Corporations Act to raise approximately \$5,027,000,

(collectively, **Tranche 2**).

The primary purpose of the funds raised under the Placement is to enable to Company to swiftly progress the drilling and other exploration activities on the Tenements, in particular at the Cullarin project, and ongoing working capital requirements (including costs of the Placement). Further details of the use of funds from the Placement are set out below in Section 2.3.

The Company has engaged Peloton Capital Pty Ltd to act as lead manager to the Placement (**Lead Manager**).

2.2 Indicative Timetable

The proposed key dates for the Placement are set out below.

Event	Date
Announcement of Placement	24 February 2020
Settlement of Tranche 1	28 February 2020
Allotment of Tranche 1 Shares	2 March 2020
General Meeting	8 April 2020
Settlement of Tranche 2	15 April 2020
Allotment of Tranche 2 Shares	20 April 2020

Note:

- The above dates are indicative only and remain subject to change at the discretion of the Board.

2.3 Use of Funds

The Company intends to use the funds raised from the Placement (together with existing cash reserves) as set out in the table below.

	(A\$m) ¹	(%)
Existing cash reserves ²	\$1,941,652	15.6
Tranche 1 Placement	\$5,000,000	40.2
Tranche 2 Placement ³	\$5,500,000	44.2
Total	12,441,652⁴	100.0%
Drilling and Exploration at Tenements ⁵	\$1,000,000	8.0
Working capital	\$250,000	2.0
Costs associated with Placement	\$482,000	3.9
Cash Reserves at 30 June 2020 ⁶	\$10,709,652	86.1
Total	12,441,652	100%

Notes:

- Total amounts may be subject to rounding.
- Based on unaudited internal accounts as at 31 January 2020.
- Includes the Director Placement.

4. Assumes Shareholders approve Tranches 1 and 2 of the Placement and the Company raises \$10.5 million.
5. Drilling and exploration expenditure budget to 30 June 2020 agreed by the Board on 28 February 2020.
6. The Board will determine the exploration program and budget post 30 June 2020 based on results received from the drilling and exploration works carried out at the Tenements up to 30 June 2020. Subject to positive results from the drilling and exploration work up to 30 June 2020, the Board expects to approve a significant portion of these cash reserves towards the exploration program budget.

The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances which may arise during construction and development phases have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3. RESOLUTION 2 - RATIFICATION OF ISSUE OF TRANCHE 1 SHARES

3.1 General

The Company is seeking Shareholder approval to ratify the issue of 22,727,272 Shares that were issued on 2 March 2020 to sophisticated and professional investors pursuant to Tranche 1 of the Placement.

3.2 ASX Listing Rule 7.1

Resolution 2 seeks Shareholder ratification for the issue of the Tranche 1 Shares in accordance with ASX Listing Rule 7.4.

A summary of ASX Listing Rule 7.1 is set out in Section 1.2 above.

If Resolution 2 is passed, the base figure (i.e. variable "A") in which the Company's 15% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

If Resolution 2 is not passed, the Tranche 1 Shares will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

3.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the Shares were issued to professional, sophisticated and other exempt investors pursuant to section 708 of the Corporations Act who are clients of the Lead Manager. The recipients were identified through a bookbuild process, which involved the Lead Manager seeking expressions of interest to participate in Tranche 1 from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) 22,727,272 Shares pursuant to ASX Listing Rule 7.1;

- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued on 2 March 2020;
- (e) the issue price was \$0.22 per Share; and
- (f) the purpose of the issue was to raise approximately \$5 million, which will be applied as set out by the use of funds table above in Section 2.3.

4. RESOLUTION 3 – APPROVAL TO ISSUE TRANCHE 2 SHARES

4.1 General

The Company is seeking Shareholder approval for the issue of up to 25,000,000 Shares pursuant to Tranche 2 of the Placement.

The proposed issue of the Shares does not fall within any of the specified exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

4.2 ASX Listing Rule 7.1

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of Shares, the subject of Resolution 3.

A summary of ASX Listing Rule 7.1 is set out in Section 1.2 above.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Shares under Tranche 2 of the Placement. In addition, the issue of such Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1. This would allow the Company to issue a proportionately higher number of securities without prior Shareholder approval.

If Resolution 3 is not passed, the Company will be able to proceed with the issue of the Shares under Tranche 2 of the Placement, however, the issue of such Shares will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

4.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Shares will be issued to professional, sophisticated and other exempt investors pursuant to section 708 of the Corporations Act who are clients of the Lead Manager. The recipients were identified through a bookbuild process, which involved the Lead Manager seeking expressions of interest to participate in the Placement from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) the maximum number of Shares to be issued is 25,000,000;

- (c) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (e) the issue price will be \$0.22 per Share;
- (f) the purpose of the issue is to raise \$5,500,000, which will be applied as set out by the use of funds table above in Section 2.3.

5. RESOLUTIONS 4 AND 5 – APPROVAL FOR RELATED PARTIES TO PARTICIPATE IN TRANCHE 2 OF THE PLACEMENT

5.1 General

As set out in the announcement on 24 February 2020, the Directors, or persons related to the Directors have also committed to participate in Tranche 2 of the Placement, subject to the receipt of Shareholder approval.

If Resolutions 4 or 5 are not approved, the relevant Director, or their related parties, will not be able to subscribe for Shares under Tranche 2 of the Placement.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Shares to the Directors or persons related to them constitutes giving a financial benefit.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolutions 4 or 5 because the Tranche 2 Shares will be issued on the same terms as Shares issued to non-related parties that participated in Tranche 2 of the Placement and as such the giving of the financial benefit is on arm's length terms.

5.3 ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the issue of Shares to the Directors, or persons related to the Directors under Tranche 2 of the Placement falls within ASX Listing Rule 10.11.1 and 10.11.4, and does not fall within any of the exceptions in Listing Rule 10.12. Resolutions 4 and 5 therefore require the approval of the Company's Shareholders under ASX Listing Rule 10.11.

If Resolutions 4 and 5 are passed, the Company will be able to proceed with the issue of Shares to the Directors, or persons related to the Directors under Tranche 2 of the Placement.

If Resolutions 4 and 5 are not passed, the Company will not be able to proceed with the issue of Shares to the Directors, or persons related to the Directors under Tranche 2 of the Placement and the total amount to be received under the Placement will be reduced by \$473,000, for a total of \$10,027,000.

5.4 Technical information for Resolutions 4 to 5

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 4 and 5:

- (a) the related parties are Norman Seckold and Richard Hill (or their nominees), who are all related parties by virtue of being Directors in accordance with ASX Listing Rule 10.11.1;
- (b) the maximum number of Shares that may be issued to the related parties is:
 - (i) 2,000,000 Shares to Norman Seckold (or his nominee) (Resolution 4); and
 - (ii) 150,000 Shares to Richard Hill (or his nominee) (Resolution 5);
- (c) the Shares will be issued to the related parties (or their nominees) no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (d) the Shares will be issued at \$0.22 per Share, and the Company will receive:
 - (i) \$440,000 under Resolution 4; and
 - (ii) \$33,000 under Resolution 5;
- (e) as set out in the announcement on 24 February 2020, the funds received from the Shares will be used as set out in Section 2.3; and
- (f) the Shares will be issued on the same terms as all existing Shares in the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares under Resolutions 4 and 5 as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares under Resolutions 4 and 5 will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTIONS 6 AND 7 – RATIFICATION OF PRIOR ISSUE OF SHARES

6.1 General

On 7 August 2019, the Company announced that it had issued 4,200,000 Shares comprising the following:

- (a) 2,200,000 Broker Shares issued to 1147 Pty Ltd <TJ & CJ Mann Superannuation fund> in lieu of payment for broking services provided to the Company (Resolution 6); and
- (b) 2,000,000 CEO Shares to Peter Duerden as a performance bonus (Resolution 7),

(together, the **Ratification Shares**).

6.2 ASX Listing Rule 7.1

Resolutions 6 and 7 seek Shareholder ratification for the issue of the Ratification Shares, in accordance with ASX Listing Rule 7.4.

A summary of ASX Listing Rule 7.1 is set out in Section 1.2 above.

If Resolutions 6 and 7 are passed, the base figure (i.e. variable “A”) in which the Company’s 15% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

If Resolution 6 or 7 are not passed, the Ratification Shares issued under Resolutions 6 and/or 7 will be included in calculating the Company’s 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Ratification Shares.

6.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6 and 7:

- (a) the Ratification Shares were issued to
 - (i) 1147 Pty Ltd <TJ & CJ Mann Superannuation fund> (Resolution 6); and
 - (ii) Peter Duerden (Resolution 7);neither of the recipients are related parties of the Company;
- (b) 4,200,000 Shares were issued pursuant to ASX Listing Rule 7.1;
- (c) the Ratification Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company’s existing Shares;
- (d) the Ratification Shares were issued on 9 August 2019;

- (e) no funds were raised from the issues of the Ratification Shares under Resolutions 6 and 7 as the Ratification Shares were issued:
 - (i) in lieu of payment for services provide to the Company (Resolution 6); and
 - (ii) as a performance bonus to the Chief Executive Officer (Resolution 7).

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Sky Metals Limited (ACN 098 952 035).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.15 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is two years from the date of issue of the Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable on or after the Company provides Heron with notice that it will proceed with the Farm-in Expenditure until any date on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares (i) required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



S K Y M E T A L S

ACN 098 952 035

SKY

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEST) Monday, 6 April 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Sky Metals Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Sky Metals Limited to be held at Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney NSW 2000 on Wednesday, 8 April 2020 at 10:00am (AEST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Ratification of Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Ratification of Issue of Tranche 1 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to Issue Tranche 2 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval for Norman Seckold to Participate in Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval for Richard Hill to Participate in Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of Prior Issue of Broker Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Ratification of Prior Issue of CEO Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

