



S K Y M E T A L S

SKY METALS LIMITED

(formerly Planet Gas Limited)
and its controlled entities

A.B.N. 46 098 952 035

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019

SKY METALS LIMITED
(formerly Planet Gas Limited)

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SKY METALS LIMITED
(formerly Planet Gas Limited)

CHAIRMAN'S LETTER

Dear Fellow Shareholders,

2019 was a year of significant change for the Company. As I mentioned in my letter that accompanied the 2018 Annual Report, in June 2019 the Company completed the acquisition of Big Sky Metals Pty Ltd to redirect the Company's focus to tin and tungsten exploration and development. \$4.5 million was raised, and the Company re-listed on the ASX as Sky Metals Ltd.

A new management team with significant experience in NSW exploration led by Mr Peter Duerden was put in place, and exploration work began.

The Company commenced drilling at the Tallebung tin project in July, with drilling and surface rockchip results highlighting shallow, high grade tin potential at Tallebung. Further work at Tallebung and Doradilla will be undertaken in time.

In October the Company launched a gold exploration strategy targeting high value McPhillamy's style gold opportunities in NSW. The Company's gold strategy includes two 100% owned tenements representing the Douro Project, as well as a farm-in agreement executed with Heron Resources (ASX:HRR) over three gold tenements at the Cullarin and Kangiara Projects. Under the term of the agreement with HRR, SKY holds the right to earn an 80% interest through the exploration expenditure of \$2M. The strategy leverages the SKY exploration teams significant combined experience gained during the discovery of the McPhillamys Gold Deposit.

SKY commenced on-ground exploration activities on the HRR farm-in projects during December with the completion of a soil geochemistry survey and two diamond drill holes at the Hume Target, Cullarin Project.

2020 has started well for the Company with exciting results received from the initial drill program at the Cullarin Project and the announcement of a \$10.5 million share placement to be undertaken in two tranches. You should by now have received your Notice of Meeting whereby you will be asked to approve the second tranche of \$5.5 million. The share placement will allow SKY to swiftly progress drilling and other exploration activities on the +20km strike potential of Cullarin Gold Project.

Your Board is excited by the Company's direction and is looking forward to building a strong future for the Company and creating value for our shareholders.

I would like to express my thanks to my fellow Directors; new Directors Mr Hill and Mr Kairaitis, and the Directors that retired during the year Mr McClure, Mr McDonald, Mr Nightingale, and Mr Bell. I would also like to thank Mr Duerden for his significant contribution to the Company during his time as CEO and MD, and welcome Mr Mark Arundell who commenced with the Company as CEO in January.

Yours sincerely



Norman A. Seckold
Chairman

SKY METALS LIMITED
(formerly Planet Gas Limited)

REVIEW OF OPERATIONS

Corporate Activities

- The Company changed its name from Planet Gas Limited to Sky Metals Limited ('Sky' or 'the Company');
- On 20 June 2019, Messrs Peter Nightingale, Robert Bell, Anthony McClure and Anthony McDonald resigned as directors of Sky and Messrs Rimas Kairaitis and Richard Hill were appointed as directors of Sky.
- On 20 June 2019, Mr Peter Duerden was appointed as Chief Executive Officer ('CEO') and on 14 October 2019 was appointed as Managing Director. Mr Duerden resigned as Managing Director on 31 January 2020.
- On 20 June 2019, Sky Metals Limited (formerly Planet Gas Limited) completed the acquisition of Big Sky Metals Pty Ltd ('Big Sky' or 'Big Sky Group');
- All preconditions for the acquisition of Big Sky were satisfied on 20 June 2019, as follows:
 - Shareholders approved the acquisition of Big Sky on 6 May 2019;
 - The Company satisfied the requirements of re-admission to the Australian Securities Exchange ('ASX') pursuant to ASX Chapters 1 and 2;
 - The Company raised \$4,500,000 before costs under a public offer by issuing 112,500,000 ordinary shares.
- The Company issued 70,000,000 ordinary shares and 20,000,000 unlisted options to the vendors of Big Sky on 19 June 2019;
- The Company issued 14,233,450 ordinary shares to related parties and unrelated creditors as debt conversion to settle outstanding debts on 20 June 2019. The shares issued are held in escrow as follows:
 - 302,475 shares are escrow for 12 months;
 - 13,930,975 shares are escrow for 24 months; and
- On 20 June 2019, the Company issued 5,000,000 unlisted options to the CEO Mr Peter Duerden, as part of the incentive component of his remuneration.
- The Company setup and moved its registered office, principal place of operations and administrative office to 207 Byng Street, Orange, New South Wales. The establishment of an exploration team and office close to the Company's exploration projects provide greater operational efficiency with Orange providing a service hub for many exploration groups in New South Wales.
- On 31 July 2019, Mr Richard Willson was appointed as Company Secretary of Sky Metals Limited.
- On the 7 August 2019, the options issued to Mr Peter Duerden on 20 June 2019 were cancelled and replaced with new 5,000,000 unlisted options issued under the Company Incentive Plan. On 7 August 2019 Mr Duerden received 2,000,000 ordinary shares as a performance bonus.
- On 7 August 2019, the Company issued 2,200,000 ordinary shares as consideration payment for capital raising services provided to the Company.
- On 24 October 2019, The Company issued 10,000,000 unlisted options pursuant to the Farm-in JV agreement with Heron Resources Limited. Sky will spend \$400,000 in exploration during the first year of the agreement and a total of \$2M over three years to earn an 80% interest. The options are exercisable only if Sky Metals proceed to \$2M farm-in stage.
- On 25 October 2019, the Company issued 1,500,000 unlisted employee options under the Company Incentive Plan.
- On 5 November 2019, Marcelo Mora Resigned as Company Secretary of Sky Metals Limited.
- On 31 January 2020 Mr Peter Duerden resigned as Managing Director, and on 24 December Mr Mark Arundell was appointed as CEO.

SKY METALS LIMITED
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REVIEW OF OPERATIONS

NSW Gold strategy

In October 2019, SKY launched a NSW gold exploration strategy focused on the identification and efficient testing of advanced McPhillamys-type, gold targets in the Late Silurian stratigraphy of NSW. The strategy leverages the SKY exploration teams significant combined experience gained during the discovery of the McPhillamys Gold Deposit (60.1Mt @ 1.05g/t Au for 2.03MOz; ASX RRL 8 September 2017).

McPhillamys-style gold mineralisation has several distinct features which enables the application of robust exploration criteria, allowing for the efficient search and ranking of targets. Gold is associated with disseminated – stringer pyrite zones in a key section of Late Silurian-aged stratigraphy with targets characterised by distinct geophysical and geochemical signatures.

The Company's gold strategy includes two 100% owned tenements representing the Douro Project, as well as a farm-in agreement executed with Heron Resources (ASX:HRR; 'Heron') over three new gold tenements at the Cullarin and Kangiara Projects (Figure 2). Under the term of the Agreement, SKY hold the right to earn an 80% interest through the exploration expenditure of \$2M.

CULLARIN project – GOLD
SKY EARNING 80% (EL7594)

Highlight, 'McPhillamys-style' gold results from previous drilling at the Cullarin Project include:

- 148.4m @ 0.97 g/t Au (WL31)
including 14.6m @ 5.1 g/t Au from 16.2m, and
- 142.1m @ 0.89 g/t Au (WL28)
including 12m @ 4.4 g/t Au from 25.9m at the Cullarin Project

SKY commenced on-ground exploration activities on the Heron-Farm-In Projects during December with the completion of a soil geochemistry survey (360 samples) and two diamond drill holes, totalling 755.3m at the Cullarin Project's Hume Target.

Drilling was designed to validate historical results and test the geometry and depth extensions of previously identified mineralisation at the Hume Target.

KANGIARA project – GOLD
SKY EARNING 80% (EL8400, EL8573)

Exploration activity during the period was limited to data compilation, review and preparation of field activities.

DOURO project – GOLD
100% SKY (EL8915, EL8920)

Complementing the above farm-in agreement, SKY has free pegged two exploration licences, considered highly prospective for McPhillamys-style gold mineralisation (Figure 3).

Highlight, 'McPhillamys-style' gold results from previous exploration at the new 100% SKY tenements (Douro Project) include:

- Drilling: 36m @ 1.2 g/t Au from 0m to EOH (LM2), and
- Costeaning: 81m @ 0.87g/t Au at the Douro Project

Exploration activity during the period was limited to data compilation, review, land access and preparation of field activities.

SKY METALS LIMITED
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REVIEW OF OPERATIONS

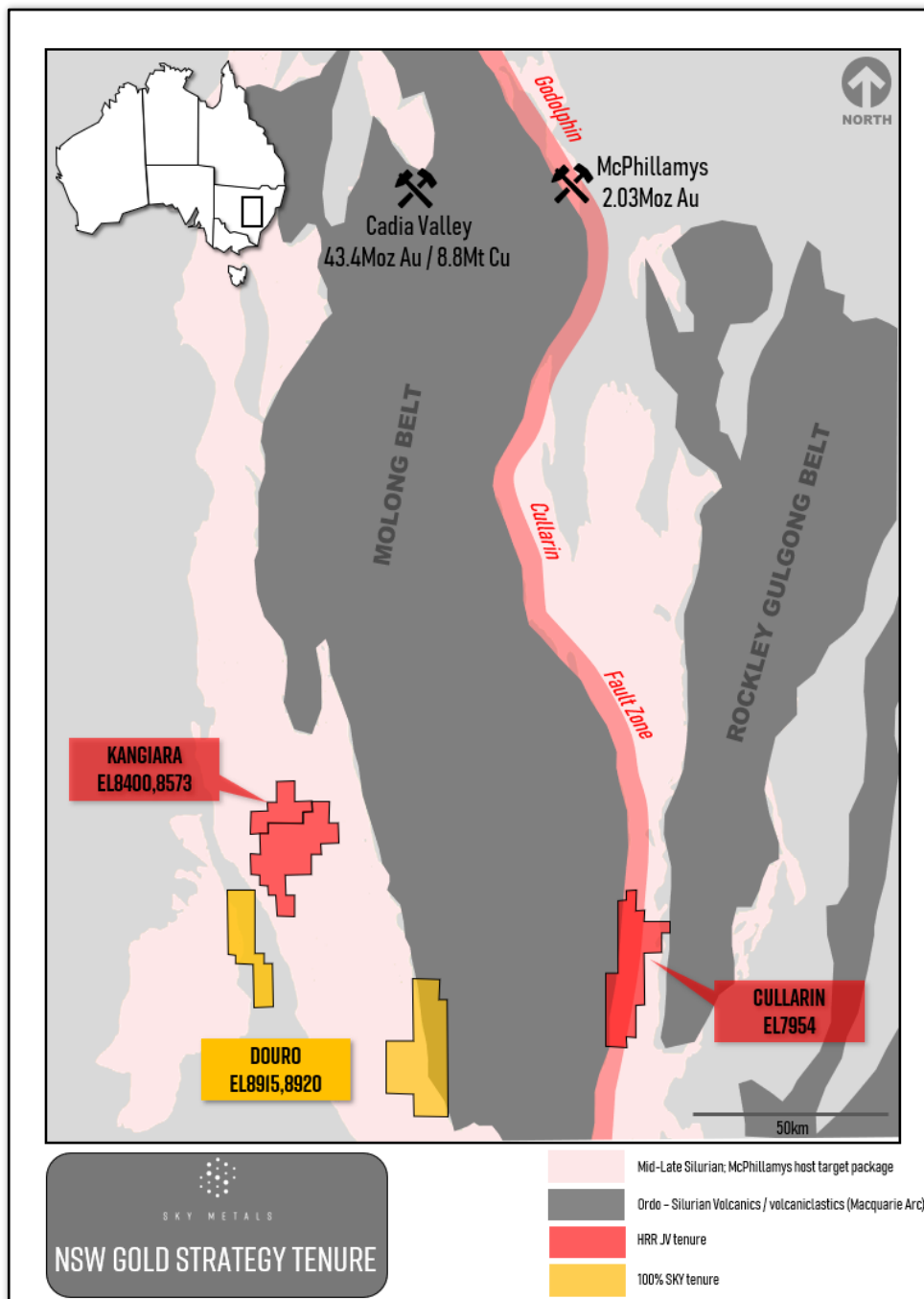


Figure 1: SKY Gold Exploration Strategy Location Map

Tallebung project – Tin
100% SKY (EL6699)

The Tallebung Project is located approximately 70km north-west of Condobolin in central NSW. The project encompasses the historic Tallebung Tin Mining Field at the northern extent of the Wagga Tin Belt within the central Lachlan Orogen and is considered prospective for lode-style tin - tungsten mineralisation (Figure 3). Outcropping mineralisation is developed over two kilometres as sheeted/stockwork quartz-cassiterite-wolframite sulphide veins above a mineralising granite.

Exploration activity conducted at the Tallebung Project involved RC and core drilling, supported by rockchip geochemistry and gravity surveying.

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REVIEW OF OPERATIONS

An initial program of RC drill holes totalling 1197m was completed, designed to test for shallow tin mineralisation east of the main Tallebung tin lode. The RC drilling and surface rockchip results highlight the potential for extensions to shallow high-grade tin lodes.

Highlight, shallow RC drill intersections included:

TBRC004 4m @ 2.58% Sn, 0.09% W from 54m
 incl 1m @ 9.49% Sn from 54m
TBRC006 1m @ 5.83% Sn, 0.36% W from 60m
 and 3m @ 0.92% Sn from 69m
 and 2m @ 1.54% Sn, 5.4% Zn from 114m
 incl 1m @ 3.03% Sn, 10.7% Zn from 115m

Diamond drilling activity was completed with three holes totalling 1940.3m. Drillholes were designed to test the Tallebung vein system at depth and to help interpret the RC drilling, rockchip geochemistry and gravity datasets. All results from the diamond core drilling have been received with narrow quartz tin lodes defined overlying a strongly veined sulphide-rich zone. The strongly veined sulphide-rich zone did not report significant tin results and occurs coincident with a positive gravity anomaly as a broad footwall hydrothermal feature to the tin bearing lodes.

Highlight results from the diamond core drilling include:

TBRCD003 1m @ 1.09% Sn from 394m
TBRCD003A 3m @ 0.91% Sn, 0.52% Zn from 364m

High-resolution gravity surveying comprised 990 stations on a 100m spaced grid with results defining a two-kilometre-long robust positive gravity response downdip from the Tallebung tin lodes.

High grade rockchip results, including up to 5.4% tin, 1% tungsten and 194ppm silver support the recent RC drilling results (ASX 23 July 2019) and suggest a likely southern continuation of the high-grade tin lode package at shallow depth (Figure 2).

A second program of RC drilling was completed to test areas along strike from known, high-grade lodes to test the potential for economically significant shallow high-grade tin resources.

Better assay results included:

TBRC009 5m @ 1.33% Sn from 69m
 incl. 2m @ 2.76% Sn from 71m
TBRC011 10m @ 0.28% Sn from 127m
 incl. 1m @ 1.61% Sn from 131m

The Tallebung RC results indicate the presence of a coherent, narrow high-grade lode structure extending for up to 2000m of strike.

SKY METALS LIMITED (formerly Planet Gas Limited)

REVIEW OF OPERATIONS

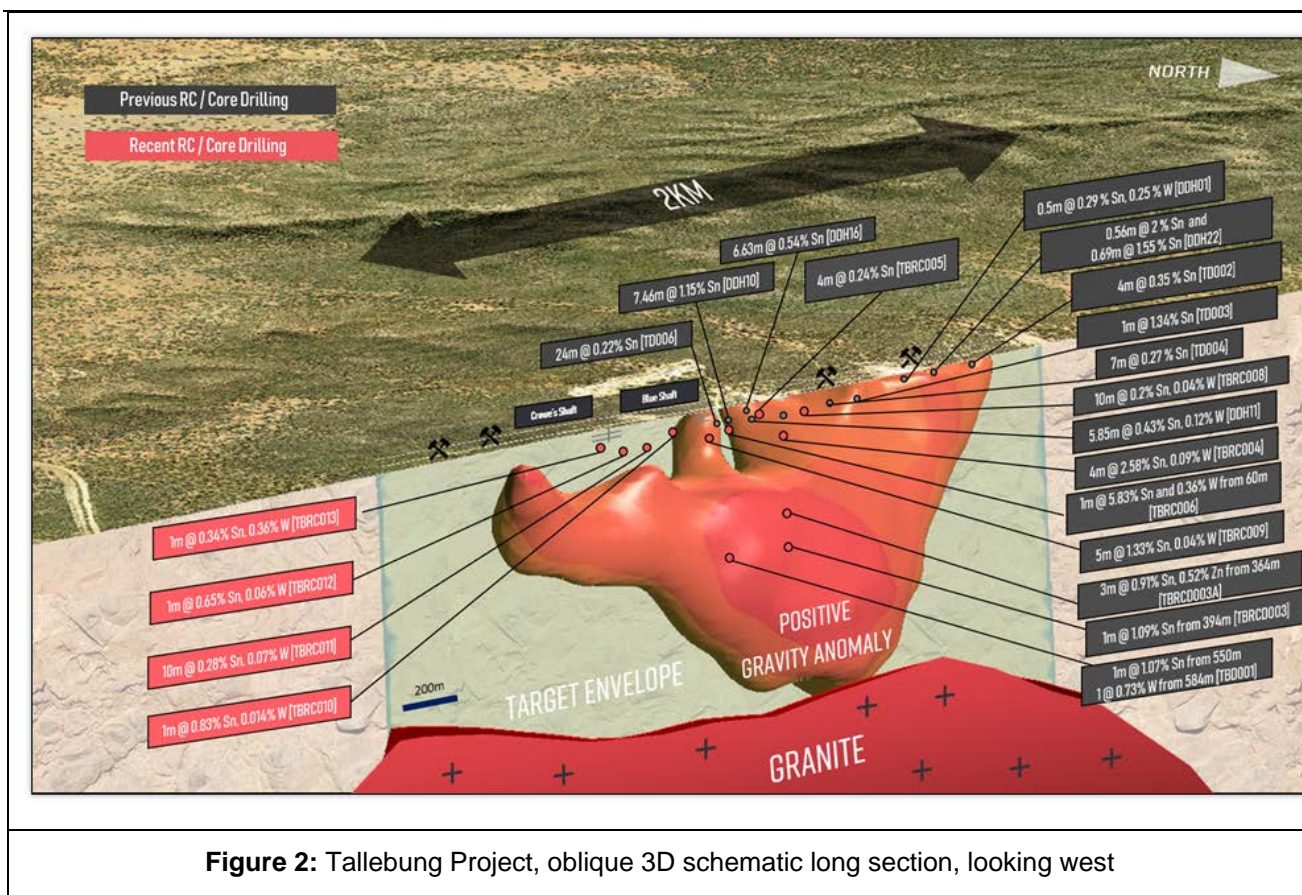


Figure 2: Tallebung Project, oblique 3D schematic long section, looking west

Doradilla project – Tin, Polymetallic 100% SKY (EL6258)

The Doradilla Project is located approximately 30km south of Bourke in north-western NSW and represents a large and strategic tin project with potential for significant polymetallic mineralisation - tin, tungsten, copper, bismuth, indium, nickel, cobalt, and gold. The known mineralisation is hosted within the extensive Doradilla-Midway-3KEL (DMK-Line) skarn which marks an up to 100m wide zone extending over 15 kilometres (Figure 3).

Immediate exploration upside was recognised, with historical multi-element results highlighting potential for economically significant polymetallic tin mineralisation at the 3KEL Prospect (40m @ 0.56% Cu, 1.6% Sn, 0.38% Zn from 6m to EOH, inc. 18m @ 3% Sn, 0.85% Cu, 0.73% Zn from 18m, 3KAC004) and tin mineralisation (as cassiterite) at the Doradilla Tin Prospect (10m @ 1.09% Sn from 80m, DRAC009).

Doradilla Tin Prospect

Located at the southwestern extent of the DMK-Line, the Doradilla Tin Prospect is characterised by a 3.5-kilometre long zone of tin mineralisation (as cassiterite) associated with sulphide-rich, pyrrhotite-pyrite lodes at depth and a well-developed, deeply weathered oxide zone (~80m deep). Testing the extents of the oxide zone (~80m deep x 3km strike) and initial metallurgical testwork will be the focus of SKY's initial exploration activities.

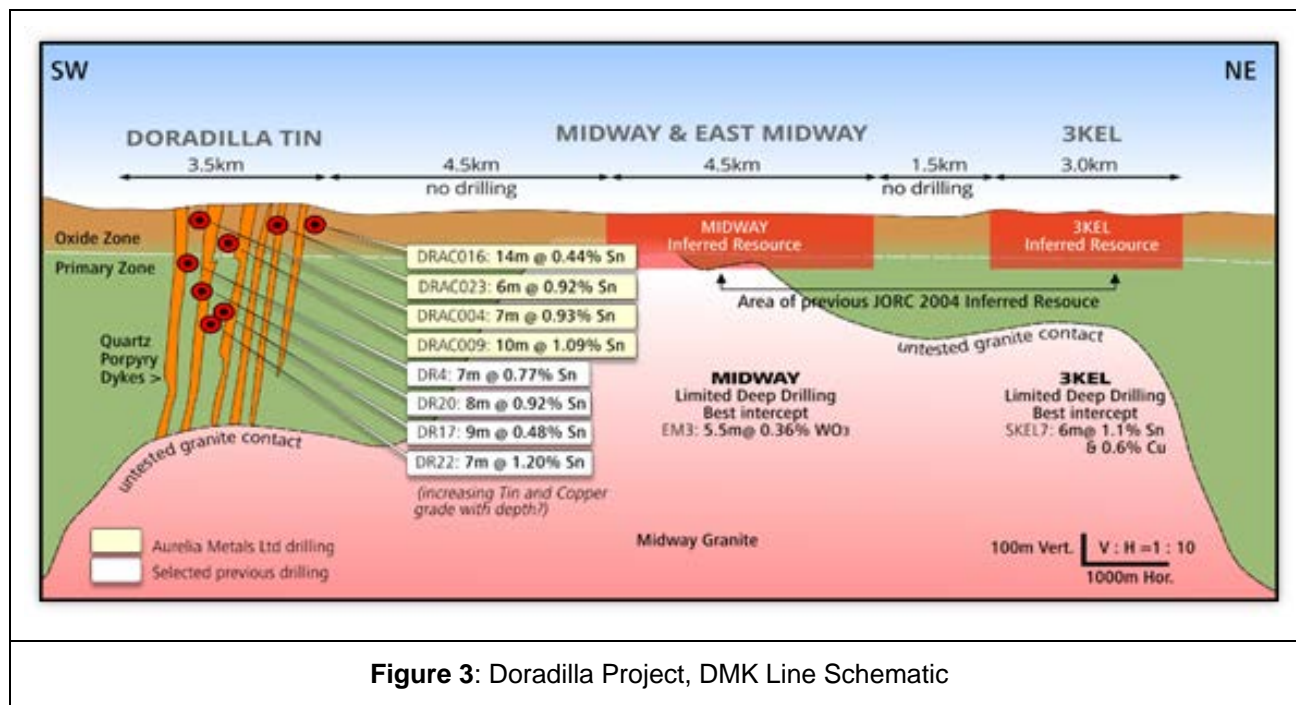
3KEL Prospect

Located at the north-eastern extent of the DMK-Line, the 3KEL Prospect extends for 3 kilometres and remains open along strike. Limited historical multi-element assaying highlights the potential for economically significant polymetallic mineralisation in the oxide zone (40m @ 0.56% Cu, 1.6% Sn, 0.38% Zn from 6m to EOH, 3KAC004). In addition, the presence of bornite documented in historical logging suggests potential exists for copper and gold. Testing the extents of the oxide zone (~80m deep x >3km strike) and metallurgical testwork will be the focus of SKY's initial exploration activity.

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REVIEW OF OPERATIONS

Exploration activity at Doradilla included RC drilling of multiple targets at the Doradilla Tin and 3KEL Prospects with initial results due in mid-February 2020. A total of 10 holes were completed for 1,127m. Drilling was designed to test the continuity and extensions to existing polymetallic tin mineralisation at the 3KEL Prospect (40m @ 0.56% Cu, 1.6% Sn, 0.38% Zn from 6m to EOH, inc. 18m @ 3% Sn, 0.85% Cu, 0.73% Zn from 18m, 3KAC004) and shallow, high grade tin mineralisation (as cassiterite) at the Doradilla Tin Prospect (10m @ 1.09% Sn from 80m, DRAC009) (Figure 3).



Holder	Equity	Licence ID	Grant Date	Expiry Date	Units	Area	Comment
Tarago Exploration Pty Ltd (HRR sub)	Earning 80%	EL7954	19-6-2012	19-6-2022	51	144 km ²	Cullarin Project, earning up to 80% + Heron JV
Ochre Resources Pty Ltd (HRR sub)	Earning 80%	EL8400	20-10-2015	20-10-2024	52	147 km ²	Kangiara Project, earning up to 80% + Heron JV
Ochre Resources Pty Ltd (HRR sub)	Earning 80%	EL8573	23-5-2017	23-5-2023	17	48 km ²	Kangiara Project, earning up to 80% + Heron JV
Aurum Metals Pty Ltd (SKY sub)	100%	EL8920	5-12-2019	5-12-2025	65	183 km ²	Douro Project
Aurum Metals Pty Ltd (SKY sub)	100%	EL8915	18-11-2019	18-11-2024	29	82 km ²	Douro Project
Stannum Pty Ltd (SKY sub)	100%	EL6258	21-6-2004	21-6-2020	38	110 km ²	Doradilla Project
Stannum Pty Ltd (SKY sub)	100%	EL6699	10-1-2007	10-1-2021	14	41 km ²	Tallebung Project

Table 1: Tenement Summary

SKY METALS LIMITED
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REVIEW OF OPERATIONS

No Material Changes

Sky Metals confirms that it is not aware of any new information or data that would materially affect the information included in the market announcements dated 23 July 2019, 5 August 2019, 27 August 2019, 4 September 2019, 17 September 2019, 15 October 2019 or in the quarterly activities report announcements dated 31 October 2019 and 31 January 2020 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 geology and exploration results and planning was compiled by Mr Mark Arundell, who is a Member of the Australasian Institute of Geoscientists (AIG) and CEO of Sky Metals Ltd. Mr Arundell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Arundell consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

SKY METALS LIMITED
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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 (3rd edition) published by the ASX Corporate Governance Council.

The 2019 Corporate Governance Statement was approved by the Board on 31 March 2020 and reflects the corporate governance practices throughout the 2019 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 <http://www.skymetals.com.au/index.cfm/company/corporate-governance/>

The Directors present the consolidated financial report of Sky Metals Limited (formerly Planet Gas Limited) ('Sky' or 'the Company') and its controlled entities for the financial year ended 31 December 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

SKY METALS LIMITED
(formerly Planet Gas Limited)

DIRECTORS REPORT

The Directors present their report together with the consolidated financial statements of the group comprising of Sky Metals Limited (the Company) and its subsidiaries for the financial year ended 31 December 2019 and the auditor's report thereon.

Directors

The names and particulars of the Directors 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 30 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 Alpha HPA Limited (formerly Collierina Cobalt Limited), a minerals exploration and development company operating in Australia and Indonesia, Santana Minerals Limited, a precious metals exploration company, and Deputy Chairman and Executive Director of Nickel Mines Limited a nickel mining and development company operating in Indonesia. He is also a director of unlisted public company Mekong Minerals Limited.

In the past three years, Mr Seckold was also a director of Jervois Mining Limited.

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. In his most recent role, 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 Alpha HPA Limited (ASX: A4N) (formerly Collierina Cobalt Limited), a mineral exploration and development company operating in Australia and Indonesia.

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 Cobalt Limited (ASX: NWC). 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.

Peter Benjamin Duerden

Director since 14 October 2019 – resigned 31 January 2020
(CEO 24 June 2019 – 31 January 2020)

Mr Duerdan is a geologist and mineral exploration specialist, with over 20 years' experience in mineral exploration, including particular expertise in NSW mineral systems. Peter most recently held NSW exploration manager position with established NSW operators including Newcrest Mining and Alkane Resources. Peter holds a Masters of Economic Geology and is a Registered Professional Geoscientist (RPGeo) and member of the AIG.

SKY METALS LIMITED
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DIRECTORS REPORT

Peter James Nightingale, Executive Director and CFO

Director since 4 December 2001 – resigned 20 June 2019

Peter Nightingale graduated with a Bachelor of Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia. He has worked as a chartered accountant in both Australia and the USA.

As a director or company secretary, Mr Nightingale has, for more than 25 years, been responsible for the financial control, administration, secretarial and in-house legal functions of a number of private and public listed companies in Australia, the USA and Europe.

Mr Nightingale is currently a director of listed companies Alpha HPA Limited (formerly Collierina Cobalt Limited) and Nickel Mines Limited. He is also a director of unlisted public company Prospech Limited.

Anthony John McDonald, Independent and Non-Executive Director

Director since 19 November 2003 – resigned 20 June 2019

Mr McDonald graduated with a Bachelor of Laws from the Queensland University of Technology in 1981. He was admitted as a solicitor in 1982. He has been involved in the natural resources sector in Australia and internationally for many years and in the past 18 years has been actively involved in management in the resources sector.

Mr McDonald is a non-executive Director of Santana Minerals Limited, a precious metals explorer with a Chile and Mexico focus, a non-executive director of ASX listed PPK Group Limited, a mining products and services provider, and a non-executive director of unlisted Mekong Minerals Limited.

Anthony John McClure, Non-Executive Director

Director since 27 August 2003 – resigned 20 June 2019

Anthony McClure graduated with a Bachelor of Science (Geology) degree from Macquarie University in 1986. Mr McClure has over 30 years' technical, management and financial experience in the resource sector worldwide in project management and executive development roles. He has also worked in the financial services sector and stockbroking, primarily as a resource analyst covering both mineral and energy sectors.

Mr McClure is currently Managing Director of Silver Mines Limited, a non-executive director of Santana Minerals Limited, and unlisted public company Mekong Minerals Limited.

Robert Michael Bell, Independent and Non-Executive Director

Director since 30 October 2007 – resigned 20 June 2019

Bob Bell graduated from Birmingham University in 1960 and moved to Australia in 1964, working as a geologist on the Roma gas fields. After a time with the Queensland Government Mines Department in the late 1970s he established his own consultancy business, specialising in oil and gas exploration in Australia and overseas. He was one of the first geologists in Australia to recognise the enormous potential of coal bed methane production in Queensland.

Mr Bell was one of the founders of Queensland Gas Company which was bought by British Gas in 2009 and he was a director in Green Investment Limited.

SKY METALS LIMITED
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DIRECTORS REPORT

Company Secretaries

Marcello Mora

Company Secretary since 27 September 2012 - resigned 5 November 2019

Marcelo holds a Bachelor of Business degree and Graduate Diploma of Applied Corporate Governance. Mr Mora has been an accountant for more than 30 years and has experience in resources and mining companies both in Australia and internationally, providing financial reporting and company secretarial services to a range of publicly listed companies.

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), Graphene Technology Solutions Limited, Variety SA, and the not-for-profit Unity Housing Company; and Company Secretary of a number of ASX Listed Companies.

SKY METALS LIMITED
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DIRECTORS REPORT

Directors' and Executives' Remuneration

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

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 year are:

Director	Board Meetings	
	Held	Attended
Norman A. Seckold	4	4
Peter B. Duerden	-	-
Rimas Kairaitis	2	2
Richard G.M. Hill	2	2
Peter J. Nightingale	2	2
Anthony J. McClure	2	2
Robert M. Bell	2	-
Anthony J. McDonald	2	2

Directors' Interests

Directors' beneficial shareholdings at the date of this report are:

Director	Fully paid ordinary shares	Options over ordinary shares	Options Terms
Norman A. Seckold	13,061,623	-	-
Rimas Kairaitis *	8,200,830	2,300,000	\$0.08 at any time up to 24 June 2023
Richard G.M. Hill *	6,750,000	1,900,000	\$0.08 at any time up to 24 June 2023

* The shares and options held by Mr Kairaitis and Mr Hill are escrow for 24 months from 1 July 2019.

Unissued shares under option

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

Number of shares	Exercise Price	Expiry Date
19,882,812	\$0.08	20 June 2023
10,000,000	\$0.15	2 October 2021
1,500,000	\$0.12	24 October 2023
2,000,000	\$0.12	31 January 2023
2,000,000	\$0.16	31 January 2023
2,000,000	\$0.20	31 January 2023

During the year 5,000,000 unlisted options were issued to Peter Duerden under the Company Incentive Plan and 2,000,000 ordinary shares were issued to Peter Duerden as a performance bonus. The options were cancelled on 31 January 2020 upon Mr Duerden resignation from the Company.

SKY METALS LIMITED
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DIRECTORS REPORT

Principal Activities

The principal activities of the Group during the course of the financial year was the exploration for tin and gold in New South Wales.

Financial Results

The consolidated loss after income tax attributable to members of the Company for the year was \$1,143,790 (2018 - \$1,766,548 loss).

Review of Operations

A review of operations of the consolidated entity during the year ended 31 December 2019 is provided in the 'Review of Operations'.

Dividends

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2019. No dividends have been paid or declared during the financial year (2018 - \$nil).

Environmental Regulations

The Company's operations are subject to significant environmental regulations under both Australian Commonwealth and State legislation in relation to its activities.

The Board of Directors regularly monitors compliance with environmental regulations. The Directors are not aware of any breaches of these regulations up to the date of this report.

Likely Developments

The Group's focus over the next financial year will be on its key projects, Cullarin, Kangiara, Doradilla and Tallebung. Further commentary on planned activities in these projects over the forthcoming year is provided in the 'Operations Review'. The Company will also assess new opportunities, especially where these have synergies with existing projects.

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.

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 year.

Significant changes in the state of affairs

In June 2019 the Company completed the acquisition of Big Sky Metals Pty Ltd to redirect the Company's focus to tin and tungsten exploration and development. \$4.5 million was raised, and the Company re-listed on the ASX as Sky Metals Ltd.

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DIRECTORS REPORT

Subsequent Events

On 24 February 2020 the Company announced that it had obtained binding commitments to raise \$10.5 million through a two-tranche share placement. The \$5 million tranche 1 was completed on 2 March 2020. Tranche 2 is subject to shareholder approval at a general meeting to be held on 8 April 2020.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

SKY METALS LIMITED
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DIRECTORS REPORT

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 of the Company. 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 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 31 December 2019 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 in general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The aggregate remuneration currently determined by the Company is \$350,000 per annum. Additionally, Non-Executive Directors are entitled to be reimbursed for properly incurred expenses. Currently Non-Executive Directors fees are \$40,000 per annum, and the Chairman \$50,000 per annum.

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

All Directors have the opportunity to qualify for participation in the Directors' and Executive officers' option plan, subject to the approval of shareholders.

The remuneration of Non-Executive Directors for the year ended 31 December 2019 is detailed in this Remuneration Report.

Executive Service Agreement

Mr Peter Duerden became the Chief Executive Officer of the Group effective from the date of the completion of the Re-capitalisation Transactions when the Company's Shares were re-quoted on ASX. Mr Duerden resigned 31 January 2020. Mr Duerden will receive an annual remuneration of \$200,000 (plus superannuation). Mr Duerden is also entitled to use a company motor vehicle while he is working in the position of Chief Executive Officer. Mr Duerden may resign from his position by giving 3 months' notice in writing. Mr Duerden's employment may be terminated by the Company by giving 9 months' notice in writing or by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Mr Duerden's employment contract may be terminated either immediately or upon 3 months (depending upon the circumstances) by notice in writing and without payment in lieu of notice.

SKY METALS LIMITED
(formerly Planet Gas Limited)

DIRECTORS REPORT

Remuneration Report - Audited (Cont.)

Details of Directors & Executives

The following table provides details of the members of key management personnel of the entity as at 31 December 2019:

Directors and Executives	Position held at 31 December 2019
Norman Seckold	Chairman
Rimas Kairaitis	Non-Executive Director – from 20 June 2019
Richard Hill	Non- Executive Director – from 20 June 2019
Peter Duerden	Managing Director – 14 October 2019 – 31 January 2020 Chief Executive Officer 24 June 2019 – 31 January 2020

Details of remuneration for the year ended 31 December 2019 - 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:

	Year	Fees/salary (1) \$	Prior years Directors Fees Forgiven (1) \$	Cash Bonus \$	Share based payments Shares & options \$	Post - employment benefit Super- annuation \$	Total \$
Directors and Executives							
Executive Directors							
Peter B. Duerden	2019	108,333	-	20,000	160,000 ⁽³⁾	10,608	298,941
	2018	-	-	-	-	-	-
Peter J. Nightingale (Director - CFO) ⁽²⁾	2019	-	-	-	-	-	-
	2018	15,625	(117,188)	-	-	-	(101,563)
Non-executive Directors							
Norman A. Seckold (Chairman)	2019	92,632	-	-	-	-	92,632
	2018	18,750	(135,000)	-	-	-	(116,250)
Rimas Kairaitis	2019	23,073	-	-	-	-	23,073
	2018	-	-	-	-	-	-
Richard G.M. Hill	2019	74,690	-	-	-	-	74,690
	2018	-	-	-	-	-	-
Anthony J. McClure	2019	-	-	-	-	-	-
	2018	5,000	(84,562)	-	-	-	(79,562)
Robert M. Bell	2019	-	-	-	-	-	-
	2018	5,000	(36,000)	-	-	-	(31,000)
Anthony J. McDonald	2019	-	-	-	-	-	-
	2018	12,500	(90,000)	-	-	-	(77,500)
Total all specified Directors	2019	298,728	-	20,000	160,000	10,608	489,336
	2018	56,875	(462,750)	-	-	-	(405,875)

(1) The board agreed to cease charging Directors fees from 1 November 2018 and reduce the unpaid director fees from 2016 to 2018 to 25% of the balance outstanding.

(2) Mr Peter Nightingale also agreed to reduce his unpaid director's fees to 25% of the balance outstanding.

(3) During the year 5,000,000 unlisted options were issued to Peter Duerden. These options were cancelled and re-issued under the Company Incentive Plan on 7 August 2019. 2,000,000 ordinary shares at 8 cents per share were issued to Peter Duerden as a performance bonus.

SKY METALS LIMITED
(formerly Planet Gas Limited)

DIRECTORS REPORT

Remuneration Report - Audited (Cont.)

Analysis of bonuses included in remuneration – audited

On 7 August 2019 2,000,000 ordinary shares were issued to the Company's CEO Mr Peter Duerden as a performance bonus. The shares vested immediately. \$160,000 is included in Mr Duerden's remuneration. In addition, during the year a \$20,000 cash bonus was paid to Mr Duerden.

These bonuses fully vested in the year and no amounts were forfeited.

Options granted as compensation

Director	Grant Date	Number of Options Granted	Vesting Date	Fair Value at Grant Date	Options Terms (Exercise Price and Term)
Peter Duerden	7 August 2019	1,000,000	1 July 2020	\$0.0672	\$0.08 at any time to 20 June 2025
Peter Duerden	7 August 2019	2,000,000	1 July 2021	\$0.0645	\$0.12 at any time to 20 June 2025
Peter Duerden	7 August 2019	2,000,000	1 July 2022	\$0.0623	\$0.16 at any time to 20 June 2025

The fair value of the options at grant date was determined based on Black-Scholes formula. The model inputs of the options issued were the Company's share price of \$0.08 at the grant date, a volatility factor of 115.19% based on historical share price, a risk-free rate of 0.69% based on the 5-year government bond rate and no dividend paid.

The options were cancelled on 31 January 2020 upon Mr Duerden's resignation from the Company.

There were no options over ordinary shares granted to Directors as remuneration during the year ended 31 December 2018. No options granted as compensation vested during the year ended 31 December 2019 (2018: nil).

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 January 2019	Consolidation	Bonus issued shares /	On Market Purchase	Debt conversion issued share	Other	Held at 31 December 2019
Norman A. Seckold	72,247,482	(65,022,734)	-	-	5,836,875	-	13,061,623
Peter B. Duerden	-	-	2,000,000	-	-	-	2,000,000
Rimas Kairaitis	-	-	-	150,830	-	8,050,000**	8,200,830
Richard G.M. Hill	-	-	-	100,000	-	6,650,000**	6,750,000
Peter J. Nightingale*	12,128,487	(10,915,639)	-	-	5,587,675	-	N/A
Anthony J. McClure*	5,154,181	(4,638,763)	-	-	912,675	-	N/A
Robert M. Bell*	1,250,000	(1,125,000)	-	-	425,000	-	N/A
Anthony J. McDonald*	7,851,923	(7,066,731)	-	-	1,168,750	-	N/A

* Number of shares held up until date of resignation as a Director.

** Number of shares held at date of appointment as a Director. These shares were granted as vendor shares.

SKY METALS LIMITED
(formerly Planet Gas Limited)

DIRECTORS REPORT

Remuneration Report - Audited (Cont.)

Ordinary shareholding of key management personnel movement in shares – Audited (Cont.)

Key management personnel	Held at 1 January 2018	Consolidation	Bonus issued shares	Debt conversion issued share	Other	Held at 31 December 2018
Norman A. Seckold	72,247,482	-	-	-	-	72,247,482
Peter J. Nightingale	12,128,487	-	-	-	-	12,128,487
Anthony J. McClure	5,154,181	-	-	-	-	5,154,181
Robert M. Bell	1,250,000	-	-	-	-	1,250,000
Anthony J. McDonald	7,851,923	-	-	-	-	7,851,923

Option holdings of key management personnel movement in options - Audited

Key management personnel	Held at 1 January 2019	Granted	Other	Held at 31 December 2019
Norman A. Seckold	-	-	-	-
Peter B. Duerden	-	5,000,000	-	5,000,000
Rimas Kairaitis**	-	-	2,300,000	2,300,000
Richard G.M. Hill**	-	-	1,900,000	1,900,000
Peter J. Nightingale*	-	-	-	N/A
Anthony J. McClure*	-	-	-	N/A
Robert M. Bell*	-	-	-	N/A
Anthony J. McDonald*	-	-	-	N/A

* Number of options held up until date of resignation as a Director

** Number of options held at date of appointment as a Director. These options were granted as vendor options.

No options were granted or held by key management personnel as compensation during the year ended 31 December 2018.

Key management personnel transactions - Audited

Other transactions with key management personnel - Audited

During the year ended 31 December 2019, Norman A. Seckold and Peter Nightingale had joint control of an entity, Mining Services Trust ('MIS'), which provided full administrative services, including rental accommodation, administrative staff, services and supplies to the Group from July to October. Fees paid to Mining Services Trust during the year amounted to \$64,887 (2018 - \$90,000) exclusive of GST. These services are invoiced monthly in advance and payable within 30 days. The total outstanding amount at 31 December 2019 is \$79 (2018: \$297,000).

SKY METALS LIMITED
(formerly Planet Gas Limited)

DIRECTORS REPORT

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 financial year and the previous four financial years.

	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
Net (loss)/profit attributable to equity holders of the parent	(1,143,790)	(1,766,548)	(753,508)	(1,149,536)	(3,903,850)
Dividends paid	-	-	-	-	-
Change in share price	(0.001)	(0.001)	-	0.002	(0.007)

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

End of remuneration report.

SKY METALS LIMITED
(formerly Planet Gas Limited)

DIRECTORS REPORT

Non-audit Services

During the year ended 31 December 2019 KPMG, the Group's auditor, did not perform other services in addition to the audit and review of the financial statements.

Details of the amounts paid to KPMG and its related practices for audit and non-audit services provided during the year are set out below.

	2019	2018
	\$	\$
Statutory Audit		
Auditor of the Company		
- audit and review of financial reports	<u>126,500</u>	<u>94,000</u>

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

The lead auditor's independence declaration is set out on page 22 and forms part of the Directors' Report for the year ended 31 December 2019.

Signed at Sydney this 31st day of March 2020
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 audit of Sky Metals Limited for the financial year ended 31 December 2019 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

Stephen Board
Partner

Brisbane
31 March 2020

SKY METALS LIMITED
(formerly PLANET GAS LIMITED)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 \$	2018 \$
CONTINUING OPERATIONS			
Other income	4	4,000	691,035
Expenses			
Consultants' and administration expenses		(502,448)	(38,462)
Depreciation and amortisation expense		(42,223)	(155,350)
Employee and director expenses		(212,702)	-
Other expenses	4	(389,824)	(922,457)
Operating loss before finance income		(1,143,197)	(425,234)
Finance income	4	2,737	1,414
Finance expense	4	(3,330)	-
Net finance income / (expense)		(593)	1,414
Loss before tax		(1,143,790)	(423,820)
Income tax expense	5	-	-
Loss from continuing operations		(1,143,790)	(423,820)
DISCONTINUED OPERATION			
Loss from discontinued operations (net of tax)	26	-	(1,342,728)
Loss for the year		-	(1,766,548)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Net change in fair value in financial assets	14	-	(184)
		-	(184)
Items that will not be classified subsequently to profit or loss			
Foreign currency translation differences - foreign operations	14	-	(117,490)
Foreign currency translation difference re-classified to profit or loss - profit or loss on sale of subsidiary	14	-	2,699,000
		-	2,581,510
Total other comprehensive income		-	2,581,326
Total comprehensive (loss)/income for the year		(1,143,790)	814,778
Earnings per share			
Basic and diluted loss per share (cents)	15	(0.71)	(3.28)*
Earnings per share – continuing operations			
Basic and diluted loss per share (cents)	15	(0.71)	(0.78)*

* Restated for share consolidation in year ended 31 December 2019, refer note 15

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

SKY METALS LIMITED
(formerly PLANET GAS LIMITED)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	16	2,184,617	248,794
Trade and other receivables	6	33,945	-
Other current assets	7	37,500	-
Total current assets		<u>2,256,062</u>	<u>248,794</u>
Non-current assets			
Investments	8	231	231
Exploration and evaluation expenditure	9	4,907,873	-
Property plant and equipment	10	236,845	-
Other non-current assets	7	30,000	-
Total non-current assets		<u>5,174,949</u>	<u>231</u>
Total assets		<u>7,431,011</u>	<u>249,025</u>
Current liabilities			
Trade and other payables	11	353,014	646,547
Lease liability	12	40,172	-
Employee benefits payable		11,472	-
Total current liabilities		<u>404,658</u>	<u>646,547</u>
Non-current liabilities			
Lease liability	12	21,581	-
Total non-current liabilities		<u>21,581</u>	<u>-</u>
Total liabilities		<u>426,239</u>	<u>646,547</u>
Net assets/(liabilities)		<u>7,004,772</u>	<u>(397,522)</u>
Equity			
Issued capital	13	57,448,596	49,781,972
Fair value reserve	14	230	230
Option premium reserve	14	879,460	-
Accumulated losses		(51,323,514)	(50,179,724)
Total equity/(deficiency)		<u>7,004,772</u>	<u>(397,522)</u>

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

SKY METALS LIMITED
(formerly PLANET GAS LIMITED)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Issued capital	Accumulated losses	Fair value reserve	Foreign currency translation reserve	Option reserve	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2018	49,781,972	(48,413,176)	414	(2,581,510)	-	(1,212,300)
Total comprehensive income for the year						
Loss for the year	-	(1,766,548)	-	-	-	(1,766,548)
Total other comprehensive income/(loss)	-	-	(184)	2,581,510	-	2,581,326
Total comprehensive income/(loss) for the year	-	(1,766,548)	(184)	2,581,510	-	814,778
Transactions with owners recorded directly in equity						
Contribution by and distribution to owners	-	-	-	-	-	-
Balance at 31 December 2018	49,781,972	(50,179,724)	230	-	-	(397,522)
Balance at 1 January 2019	49,781,972	(50,179,724)	230	-	-	(397,522)
Total comprehensive income for the year						
Loss for the year	-	(1,143,790)	-	-	-	(1,143,790)
Total other comprehensive income/(loss)	-	-	-	-	-	-
Total comprehensive income/(loss) for the year	-	(1,143,790)	-	-	-	(1,143,790)
Transactions with owners recorded directly in equity						
Ordinary shares issued	8,117,338	-	-	-	-	8,117,338
Transaction costs on issue of shares	(450,714)	-	-	-	-	(450,714)
Share options – share based payments	-	-	-	-	879,460	879,460
Contribution by and distribution to owners	-	-	-	-	-	-
Balance at 31 December 2019	57,448,596	(51,323,514)	230	-	879,460	7,004,772

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

SKY METALS LIMITED
(formerly PLANET GAS LIMITED)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Cash receipts in the course of operations		4,000	383,274
Cash payments in the course of operations		(653,268)	(184,903)
Cash generated from operations		(649,268)	198,371
Interest received		2,737	1,414
Interest paid		(3,000)	(206,442)
Net cash used in operating activities	16	(649,861)	(6,657)
Cash flows from investing activities			
Payments for exploration and development expenditure		(1,266,171)	-
Payments for security deposits		(67,500)	-
Payments for plant and equipment		(198,645)	-
Disposal of subsidiary, net of cash disposed of		-	(92,022)
Proceed from sale of tenement interest		-	400,000
Cash acquired by acquisition of subsidiary	24	2,715	-
Net cash used in investing activities		(1,529,601)	307,978
Cash flows from financing activities			
Proceeds from share issues		4,500,000	-
Share issue expenses		(362,715)	-
Lease payments		(22,000)	-
Repayment of borrowings		-	(195,567)
Net cash used in financing activities		4,115,285	(195,567)
Net increase in cash and cash equivalents		1,935,823	105,754
Cash and cash equivalents at 1 January		248,794	143,040
Cash and cash equivalents at the end of the financial year	16	2,184,617	248,794

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

SKY METALS LIMITED
(formerly PLANET GAS LIMITED)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Reporting entity

Sky Metals Limited (formerly Planet Gas Limited) (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 207 Byng Street, Orange, NSW, 2800. The consolidated financial statements of the Company for the year ended 31 December 2019 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.

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 ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards ('IFRSs') and interpretations adopted by the International Accounting Standards Board ('IASB').

This is the first set of the Group's annual financial statements in which AASB 16 Leases has been applied. Changes to significant accounting policies are described in Note 3(t).

The consolidated financial statements were authorised for issue by the Directors on 31 March 2020.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the Statement of Financial Position:

- * 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 2(e) - Going Concern.
- Note 9 - Exploration and evaluation expenditure.
- Note 19 – Share based payments.
- Note 24 - Acquisition of controlled entity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Basis of preparation (Cont.)

(e) Going concern

The consolidated financial report has 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 \$1,143,790 (2018: \$1,766,548) for the year ended 31 December 2019. At 31 December 2019 the Group had cash and cash equivalents of \$2,184,617 (2018: \$248,794) and net assets of \$7,004,772 (2018: (\$397,522)).

On 24 February 2020 the Company announced that it had obtained binding commitments to raise \$10.5 million through a two tranche share placement. The \$5 million tranche 1 was completed on 2 March 2020. Tranche 2 is subject to shareholder approval at a general meeting to be held on 8 April 2020.

The Directors have prepared cash flow forecasts that support the ability of the Group to continue as a going concern for the period up to 31 March 2021. The cash flow projections assume the Group substantially increases exploration activities in the Cullarin and Kangiara areas of interest and receipt of funding from the Tranche 2 share placement from shareholders or other parties, that is yet to be secured at the date of this report. If such funding is not secured, the Directors are satisfied that existing cash resources remain sufficient to fund planned exploration activities and in addition, the Group is able to reduce expenditure to the level of funding available if necessary.

3. Significant 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) Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur.

(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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant accounting policies (Cont.)

(c) Intangible assets

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the units of production method over their estimated useful lives and is recognised in profit or loss.

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

(d) Property, plant and equipment

Recognition and measurement

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

When parts of an item of property, plant and equipment have different useful lives, 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.

Depreciation

Items of plant and equipment are initially recorded at cost and are depreciated over their estimated useful lives using the declining balance method from the date of acquisition.

Office equipment and software is depreciated at rates between 30% and 60% per annum. Plant and equipment is depreciated at a rate of 33.3% per annum. Motor Vehicles are depreciated at a rate of 25% per annum.

(e) Financial instruments

Non-derivative financial assets

Recognition and initial measurement

The Group initially recognises trade receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant accounting policies (Cont.)

(e) Financial instruments (Cont.)

Non-derivative financial assets (Cont.)

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.

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 other comprehensive income 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant accounting policies (Cont.)

(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.

(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 is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amount 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 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; or
- * taxable temporary differences arising on the initial recognition of goodwill.

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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant accounting policies (Cont.)

(i) Income tax (Cont.)

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.

(j) Impairment

Financial instruments

The Group recognises 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant 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 that control commences until the date that 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 non-controlling interests 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.

Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(l) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign currency differences are generally recognised in the profit or loss. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(m) Foreign operations

The assets and liabilities of foreign operations are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in the foreign currency translation reserve ('FCTR'), a separate component of equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in the FCTR.

When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant accounting policies (Cont.)

(n) 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 Executives Directors, 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 Executive Directors 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 to acquire property, plant and equipment, and intangible assets other than goodwill.

(o) Employee benefits

Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense 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 or market 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.

(p) 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.

(q) 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant accounting policies (Cont.)

(r) Determination of fair values

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, 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.

(s) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

- Represent a separate major line of business or geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is presented as if the operation had been discontinued from the start of the comparative year.

(t) Leases

The Company has adopted the newly effective accounting standard AASB 16 Leases from 1 July 2019. AASB 16 removes the lease classification test for leases and requires all leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended.

The Company has adopted AASB 16 using the modified retrospective approach on transition and accordingly has not restated comparative information. At transition, the lease liability is measured at present value of the remaining lease payments, discounted at the Company's incremental borrowing rate, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate applied for AASB 16 purposes is 10%. The Company's right-of-use asset is measured as an amount equal to the lease liability and is depreciated over the lease term on a straight-line basis. Each lease repayment is allocated between liability and interest expense. Interest expense is recognised on the lease liability using the effective interest rate.

As at 31 December 2019, as a result of initially applying AASB 16, the Company recognised \$80,422 of right-to-use asset, \$20,106 of accumulated depreciation and \$61,753 of lease liabilities of which \$40,172 of the lease liability is recognised as current and the remaining \$21,581 of the lease liability is recognised as non-current liability.

On transition at 1 July 2019, the Company recognised a lease liability of \$80,422 and a right-to-use asset equal to the lease liability.

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

3. Significant accounting policies (Cont.)

(t) Leases (Cont.)

Also, in relation to the leases under AASB 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 31 December 2019, the Company recognised \$20,106 of depreciation charges and \$3,330 of interest costs from the lease.

Payments under the lease arrangements attributable to the repayment of lease liability is included under financing cash flows. During the six months ended 31 December 2019, payments totalling \$22,000 has been recognised as cash outflows from lease repayments.

1 July 2019

\$

88,000

(7,578)

80,422

Operating lease commitment at 30 June 2019

Discounted using the incremental borrowing rate at 1 July 2019

Lease liability recognised at 1 July 2019

2019

\$

2018

\$

4. Loss from operating activities

Loss from operating activities before income tax includes the following items of income and expense:

Other income

- Directors – forgiveness of amounts owing	-	462,750
- Related parties - forgiveness of amounts owing	-	207,000
- other	4,000	21,285
	4,000	691,035

Pre-license costs

(21,444) -

Impairment of exploration tenements

- (788,845)

Legal fees

(3,689) (29,492)

Auditor's remuneration

- audit and review of financial reports **(126,500)** (94,000)

Financial income and expense

Interest revenue **2,737** 1,414

Finance lease expense **3,330** -

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Income tax expense	2019	2018
	\$	\$
Current tax expense		
Current year	(1,787,226)	(292,829)
Adjustments for prior year	-	(17,379)
Tax (profit)/losses not recognised	1,787,226	310,208
	-	-
<i>Numerical reconciliation of income tax expense to prima facie tax payable:</i>		
Loss before tax	(1,143,790)	(1,766,548)
Prima facie income tax benefit at the Australian tax rate of 30% (2018 - 30%)	(343,137)	(529,964)
Adjustments to prima facie tax due to:		
- non-deductible expenses	69,455	(1,257)
- effect of DTAs on tax losses not brought to account	1,787,226	292,829
- effect of DTAs on temporary differences not brought to account	(1,513,544)	238,392
Tax expense	-	-
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Capital losses	-	-
Tax losses	10,167,249	8,380,023
Net deductible temporary differences	(1,436,342)	77,201
Potential tax benefit at 30% (2018 - 30%)	8,730,907	8,457,225

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.

6. Trade and other receivables		
GST	33,065	
Other	880	-
	33,945	-
7. Other assets		
<u>Current</u>		
Tenement bond deposit	37,500	-
	37,500	-
<u>Non-current</u>		
Tenement bond deposit	30,000	-
	30,000	-

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. Investments	2019	2018
	\$	\$
Investments - fair value through other comprehensive income	231	231

At 31 December 2019, the Directors compared the carrying value of the investment to market value and recorded a nil movement in fair value (2018 - decrease \$184). This was based on a closing price of \$0.022 at 31 December 2019 (31 December 2018 \$0.021).

9. Exploration and evaluation expenditure

PRL 118 to PRL 128 (formerly PEL 514)	-	-
PRL 221 to PRL 230 (formerly PEL 638)	-	-
EL 6699 Tallebung	1,854,799	-
EL 6258 Doradilla	2,439,754	-
EL 7954 Cullarin	478,604	-
Other E&E (EL 8400, EL 8573)	134,716	-
Net book value	4,907,873	-

PRL 118 to PRL 128 (formerly PEL 514)		
Carrying amount at beginning of year	-	1,051,052
Additions	-	3,000
Disposal	-	(399,000)
Impairment	-	(655,052)
Net book value	-	-

PRL 221 to PRL 230 (formerly PEL 638)	-	131,793
Additions	-	3,000
Disposal	-	(1,000)
Impairment	-	(133,793)
Net book value	-	-

EL 6699 Tallebung		
Carrying amount at beginning of year	-	-
Exploration and evaluation on acquisition of controlled entity	993,205	-
Additions	861,594	-
Net book value	1,854,799	-

EL 6258 Doradilla		
Carrying amount at beginning of year	-	-
Exploration and evaluation on acquisition of controlled entity	2,214,781	-
Additions	224,973	-
Net book value	2,439,754	-

EL 7954 Cullarin		
Carrying amount at beginning of year	-	-
Additions	478,604	-
Net book value	478,604	-

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Exploration and evaluation expenditure (Cont.)	2019	2018
	\$	\$
EL's Other (EL 8400, EL 8573)		
Carrying amount at beginning of year	-	-
Additions	134,716	-
Net book value	134,716	-

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 31 December 2019, the Group assessed its exploration and evaluation expenditure assets for impairment and recorded no impairment.

10. Property plant and equipment

Motor vehicles	132,664	-
Office equipment	32,555	-
Plant and equipment	11,310	-
Right of use asset	60,316	-
Net book value	236,845	-
Motor vehicles addition at cost	151,223	-
Accumulated depreciation	(18,559)	-
Net book value	132,664	-
Office Equipment addition at cost	35,619	-
Accumulated depreciation	(3,064)	-
Net book value	32,555	-
Plant and Equipment	11,803	
Accumulated depreciation	(493)	-
Net book value	11,310	-
Right of use asset addition	80,422	-
Accumulated depreciation	(20,106)	-
Net book value	60,316	-

The Company leases its head office in Orange NSW. The lease is for a period of two years commencing on 1 July 2019 with an option to renew for a further period of two years. The annual lease cost is \$44,000 excluding GST.

Right of Use Assets

Right-of-use assets related to the leased office in Orange is presented as property, plant & equipment.

2019	Land & Buildings	Total
Balance at 1 January 2019	-	-
Additions to right-of-use assets	80,422	80,422
Depreciation charge for the year	(20,106)	(20,106)
Balance at 31 December 2019	60,316	61,316

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
11. Trade and other payables		
Current liabilities		
Trade and other payables	61,826	646,547
Accruals	85,000	-
Payroll payables	27,498	-
Other liabilities	178,690	-
	<u>353,014</u>	<u>646,547</u>

12. Lease liability		
Current liabilities		
Property rental	<u>40,172</u>	-
Non-current liabilities		
Property rental	<u>21,581</u>	-
	<u>61,753</u>	-

	No.	2019 \$	No.	2018 \$
13. Issued capital				
Ordinary shares, fully paid at 1 January	537,622,535	49,781,972	537,622,535	49,781,972
Consolidation of 1 share for every 10	(483,860,340)	-	-	-
Issued ordinary shares 20 June 2019*	70,000,000	2,800,000	-	-
Issued ordinary shares 20 June 2019 for \$0.04	14,233,450	569,338	-	-
Issued ordinary shares 20 June 2019 for \$0.04	112,500,000	4,500,000	-	-
Issued ordinary shares 7 August 2019 for \$0.04	2,200,000	88,000	-	-
Issued ordinary shares 7 August 2019 for \$0.08	2,000,000	160,000	-	-
Less cost of issue	-	(450,714)	-	-
Balance at end of period	<u>254,695,645</u>	<u>57,448,596</u>	537,622,535	49,781,972

*Acquisition of controlled entity – See note 24

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.

	2019	2018
	\$	\$
14. Reserves		
Fair value reserve		
Opening balance	230	414
Net change in fair value of financial assets	-	(184)
Closing balance	<u>230</u>	<u>230</u>

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

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

14. Reserves (Cont.)

	2019	2018
	\$	\$
Option Premium Reserve		
Opening balance	-	-
Net change in Option Premium Reserve	879,460	-
Closing balance	879,460	-

The option premium reserve is used to recognise the grant date fair value of options issued but not exercised separately within equity. Refer to Note 19 for further details on options on issue.

Foreign currency translation reserve

Opening balance	-	(2,581,510)
Translation adjustment on foreign operations during the year	-	(117,490)
Translation adjustment transferred to profit and loss on sale of subsidiary	-	2,699,000
Closing balance	-	-

The foreign currency translation reserve records the foreign currency differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

				2019				2018
				\$				\$
15.	Loss per share							
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	
Basic and diluted loss per share:								
Net loss for the year attributable to equity holders of the parent		(1,143,790)		- (1,143,790)	(423,820)	(1,342,728)	(1,766,548)	

	2019	2018
	Nº	Nº
Weighted average number of ordinary shares (basic and diluted)		
Issued ordinary shares at the beginning of the year	53,762,195	537,622,535
Share consolidation – 1 for 10	-	53,762,195
Effect of shares issued (note 13)	106,795,679	-
Weighted average number of ordinary shares at the end of the year	160,557,874	53,762,195

As a consequence of a 1 for 10 capital consolidation approved by shareholders on 6 May 2019, the number of shares on issue at that date was reduced from 537,622,535 to 53,762,195 (after allowing for rounding down of fractions).

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

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
16. Reconciliation of cash flows from operating activities		
Reconciliation of net loss from operating activities after tax to net cash used in operating activities		
Loss from operating activities after tax	(1,143,790)	(1,766,548)
Non-cash items		
Amortisation and depreciation	42,223	190,433
Impairment of exploration tenements	-	788,845
Reversal of impairment on intangible asset	-	(1,431,110)
Loss on sale of subsidiary	-	2,699,000
Forgiveness of amounts owing	-	(699,750)
Interest payable	3,330	-
Share based payment	229,460	-
Changes in assets and liabilities		
Trade and other receivables	(33,946)	(42,528)
Other assets	-	37,527
Trade and other payables	241,388	217,474
Movement in employee provisions	11,474	-
Net cash used in operating activities	(649,861)	(6,657)

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 financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash at bank	2,184,617	248,794
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17. Related party disclosures

Parent and ultimate controlling party

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

Key management personnel and Directors' transactions

During the year ended 31 December 2019, Norman A. Seckold and Peter Nightingale had joint control of an entity, Mining Services Trust, which provided full administrative services, including rental accommodation, administrative staff, services and supplies to the Group until 30 September 2019. Fees paid to Mining Services Trust ('MIS') during the year amounted to \$64,887 (2018 - \$90,000) exclusive of GST. At the end of the year the amount outstanding was \$79 (after a 50% discount was given by MIS for fees unpaid from prior years the amount outstanding at 31 December 2018 was \$297,000 exclusive of GST). These services were invoiced monthly in advance and payable within 30 days.

	2019	2018
	\$	\$
Total amounts owing at balance date		
Directors fees	7,000	212,220
Mining Services Trust	79	297,000
	7,079	509,220

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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18. Key management personnel disclosures

	2019	2018
	\$	\$
Key management personnel compensation		
Primary fees/salary	298,728	56,875
Discount provided for fees charged in prior periods*	-	(462,750)*
Cash Bonus	20,000	-
Share based payments - Shares & Options	160,000	-
Post – employment benefits Superannuation	10,608	-
	489,336	(405,875)

* The board agreed to cease charging Directors fees from 1 November 2018, and reduce the unpaid director fees from 2016 to 2018 to 25% of the balance outstanding. Mr Peter Nightingale also agreed to reduce his unpaid director's fees for December 2018 to 25% of the balance outstanding.

At 31 December 2019, \$7,000 of fees payable to key management personnel were outstanding exclusive of GST (2018 - \$212,220 exclusive of GST). There were no loans made to key management personnel or their related parties during the 2019 and 2018 financial years.

The Board reviews remuneration arrangements annually based on services provided. Apart from the details disclosed in this note and Note 17, no Director has entered into a contract with the Company during the year and there were no contracts involving Directors' interests subsisting at year end.

19. 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.

During the year 2,000,000 ordinary shares were issued to Peter Duerden as a performance bonus.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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19. Share Based Payments (Cont.)

Other Options Issues

During the year the Company issued options as part consideration in relation to the acquisition of assets.

The following options were granted during the year ended 31 December 2019 and were on issue at 31 December 2019.

Type / Description	Grant Date	Vesting Date	Expiry Date	Exercise Price	Fair Value of Options Granted	Balance at the end of the period
Vendor*	20 June 2019	20 June 2019	19 June 2023	\$0.08	\$0.0274	20,000,000
Incentive Plan	7 August 2019	1 July 2020	20 June 2025	\$0.08	\$0.0672	1,000,000
Incentive Plan	7 August 2019	1 July 2021	20 June 2025	\$0.12	\$0.0645	2,000,000
Incentive Plan	7 August 2019	1 July 2022	20 June 2025	\$0.16	\$0.0623	2,000,000
Heron Resources**	24 October 2019	24 October 2019	2 October 2021	\$0.15	\$0.0262	10,000,000
Incentive Plan	25 October 2019	25 October 2019	25 October 2023	\$0.12	\$0.0463	1,500,000

* The Company issued 20,000,000 unlisted options to the vendors of Big Sky

** The Company issued 10,000,000 unlisted options pursuant to the Farm-in JV agreement with Heron Resources Limited

There were no options on issue at 31 December 2018

Movement of options during the year ended 31 December 2019.

Grant Date	Outstanding at the beginning of the year	Granted during the year	Cancelled during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
20 June 2019	-	20,000,000	-	-	-	20,000,000	20,000,000
20 June 2019	-	1,000,000	1,000,000	-	-	-	-
20 June 2019	-	2,000,000	2,000,000	-	-	-	-
20 June 2019	-	2,000,000	2,000,000	-	-	-	-
7 August 2019	-	1,000,000	-	-	-	1,000,000	-
7 August 2019	-	2,000,000	-	-	-	2,000,000	-
7 August 2019	-	2,000,000	-	-	-	2,000,000	-
24 October 2019	-	10,000,000	-	-	-	10,000,000	-
25 October 2019	-	1,500,000	-	-	-	1,500,000	1,500,000
	-	41,500,000	5,000,000	-	-	36,500,000	21,500,000

There were no options outstanding at 31 December 2018.

Weighted average exercise of options

Year	Outstanding at the beginning of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Outstanding at the end of the year	Exercisable at the end of the year
2019	-	\$0.11	\$0.128	-	-	\$0.107	\$0.083

The weighted average remaining contractual life of share options outstanding at the end of the year was 4.24 years (2018: nil).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

19. Share Based Payments (Cont.)

Fair Value of options

The fair value of 20,000,000 options granted on 20 June 2019 to the vendors of Big Sky Metals Pty Ltd was \$548,000. The Black-Scholes formula model inputs were the Company's share price of \$0.04 at the grant date, a volatility factor of 119.56% based on historical share price performance and a risk-free interest rate of 0.99% based on the 5-year government bond rate.

The fair value of 1,000,000 options granted on 20 June 2019 with an exercise price of \$0.08 was \$30,200. The Black-Scholes formula model inputs were the Company's share price of \$0.04 at the grant date, a volatility factor of 119.56% based on historical share price performance and a risk-free interest rate of 0.99% based on the 5-year government bond rate. These options were subsequently cancelled and replaced with options issued 7 August 2019.

The fair value of 2,000,000 options granted on 20 June 2019 with an exercise price of \$0.12 was \$56,600. The Black-Scholes formula model inputs were the Company's share price of \$0.04 at the grant date, a volatility factor of 119.56% based on historical share price performance and a risk-free interest rate of 0.99% based on the 5-year government bond rate. These options were subsequently cancelled and replaced with options issued 7 August 2019.

The fair value of 2,000,000 options granted on 20 June 2019 with an exercise price of \$0.16 was \$53,800. The Black-Scholes formula model inputs were the Company's share price of \$0.04 at the grant date, a volatility factor of 119.56% based on historical share price performance and a risk-free interest rate of 0.99% based on the 5-year government bond rate. These options were subsequently cancelled and replaced with options issued 7 August 2019.

The fair value of 1,000,000 options granted on 7 August 2019 with an exercise price of \$0.08 was \$67,200. The Black-Scholes formula model inputs were the Company's share price of \$0.08 at the grant date, a volatility factor of 115.19% based on historical share price performance and a risk-free interest rate of 0.69% based on the 5-year government bond rate.

The fair value of 2,000,000 options granted on 7 August 2019 with an exercise price of \$0.12 was \$129,000. The Black-Scholes formula model inputs were the Company's share price of \$0.08 at the grant date, a volatility factor of 115.19% based on historical share price performance and a risk-free interest rate of 0.69% based on the 5-year government bond rate.

The fair value of 2,000,000 options granted on 7 August 2019 with an exercise price of \$0.16 was \$124,600. The Black-Scholes formula model inputs were the Company's share price of \$0.08 at the grant date, a volatility factor of 115.19% based on historical share price performance and a risk-free interest rate of 0.69% based on the 5-year government bond rate.

The fair value of 10,000,000 options granted on 24 October 2019 with an exercise price of \$0.15 was \$262,000. The Black-Scholes formula model inputs were the Company's share price of \$0.08 at the grant date, a volatility factor of 92.98% based on historical share price performance and a risk-free interest rate of 0.74% based on the 2-year government bond rate.

The fair value of 1,500,000 options granted on 25 October 2019 with an exercise price of \$0.12 was \$69,450. The Black-Scholes formula model inputs were the Company's share price of \$0.08 at the grant date, a volatility factor of 92.98% based on historical share price performance and a risk-free interest rate of 0.79% based on the 5-year government bond rate.

During the year ended 31 December 2019, share based payment expense of \$229,460 was recorded in the profit and loss (2018 - \$nil).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. 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 \$2,184,617.

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	353,014	(353,014)	(353,014)	-	-	-
Lease liability	61,753	(61,753)	(19,617)	(20,555)	(21,581)	-
31 December 2019	353,014	(353,014)	(353,014)	-	-	-
Trade and other payables	646,547	(646,547)	(646,547)	-	-	-
31 December 2018	646,547	(646,547)	(646,547)	-	-	-

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:

	2019	2018
	\$	\$
Cash and cash equivalents	2,184,617	248,794
Trade and other receivables	33,945	-
Tenement bond deposit	67,500	-
	2,286,062	248,794

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. Financial risk management and financial instruments disclosures (Cont.)

Cash and cash equivalents

At 31 December 2019, the Group held cash and cash equivalents of \$2,184,617 (2018 - \$248,794), which represent its maximum credit exposure on these assets. The cash and cash equivalents 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

	2019	2018
	\$	\$
Cash and cash equivalents	2,184,617	248,794
Loans and borrowings	-	-
	<u>2,184,617</u>	<u>248,794</u>

There are no fixed rate instruments during 2019 (2018 - \$nil).

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 analysis is based on the interest rate risk exposures at balance date.

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

<u>1,214</u>	<u>3,932</u>
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Currency risk

At 31 December 2019, 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 31 December 2019, 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 equity.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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20. 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).

Estimation of fair values (Cont.)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
31 December 2019				
Financial assets	231	-	-	231
31 December 2018				
Financial assets	231	-	-	231

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

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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21. Operating segments

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

- Exploration – exploration and evaluation activities

At 31 December 2019, the Group had disposed of the royalty but intends to continue exploration.

Segment results, assets and liabilities 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 and expenses.

	Exploration	Royalty Discontinued	Total Segments	Unallocated	Total
	\$	\$	\$	\$	\$
31 December 2018					
Revenue and other income					
Revenue from external customers	-	373,868	373,868	-	373,868
Interest income	3	-	3	1,411	1,414
Interest expense	-	(261,655)	(261,655)	-	(261,655)
Results					
Operating loss before income tax	(789,105)	(1,342,728)	(2,131,833)	365,285	(1,766,548)
Impairment reversal / (loss)	(788,845)	1,431,110	642,265	-	642,265
Assets					
Segment assets	-	-	-	249,025	249,025
Liabilities					
Segment liabilities	-	-	-	(646,547)	(646,547)

	Exploration	Total Segments	Unallocated	Total
	\$	\$	\$	\$
31 December 2019				
Revenue and other income				
Interest income	-	-	2,737	2,737
Other Income	-	-	4,000	4,000
Operating loss before income tax	(21,144)	(21,144)	(1,122,646)	(1,143,790)
Assets				
Segment assets	4,907,873	4,907,873	2,523,138	7,431,011
Liabilities				
Segment liabilities	-	-	(426,239)	(426,239)

SKY METALS LIMITED
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

21. Operating segments (Cont.)

	2019	2018
	\$	\$
Reconciliations of reportable segment revenues and profit or loss		
Revenue		
Total revenue for reportable segments	-	373,868
Discontinued operation	-	(373,868)
Consolidated revenue	-	-
Profit or loss		
Total loss for reportable segments	(21,144)	(2,131,833)
Unallocated amounts:		
- interest income	2,737	1,411
- other income	4,000	-
- net other corporate expenses	(1,129,383)	363,874
Consolidated loss before tax	(1,143,790)	(1,766,548)
Reconciliations of reportable segment assets and liabilities		
Assets		
Total assets for reportable segments	4,907,873	-
Unallocated corporate assets	2,523,138	249,025
Consolidated total assets	7,431,011	249,025
Liabilities		
Total liabilities for reportable segments	-	-
Unallocated corporate liabilities	426,239	646,547
Consolidated total liabilities	426,239	646,547

Geographical information

In presenting information on the basis of geography, segment revenue and segment assets are based on the geographical location of the operations.

	2019		2018
	Revenue	Non-current assets	Revenues
	\$	\$	\$
Australia	-	5,174,949	-
United States	-	-	373,868
	-	5,174,949	373,868
			231

Concentration of revenue

Revenue is bank interest or rent from sub-lease of office in Orange, NSW.

22. Subsequent events

On 24 February 2020 the Company announced that it had obtained binding commitments to raise \$10.5 million through a two-tranche share placement. The \$5 million tranche 1 was completed on 2 March 2020. Tranche 2 is subject to shareholder approval at a general meeting to be held on 8 April 2020.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

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23. Controlled entities

Parent entity

Sky Metals Limited (formerly Planet Gas Limited) is an Australian incorporated company listed on the Australian Stock Exchange.

Controlled entity	Country of incorporation	Ownership interest	
		2019	2018
		%	%
Big Sky Metals Pty Ltd	Australia	100	-
Stannum Pty Ltd	Australia	100	-
Gradient Energy 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

24. Acquisition of controlled entity

During the ended 31 December 2019, the Company acquired 100% of the issued capital of Big Sky Metals Pty Ltd and its wholly owned subsidiary Stannum Pty Ltd ('Big Sky'). In consideration for Big Sky Group, the Company issued 70,000,000 ordinary shares and 20,000,000 unlisted options (equivalent to a consideration paid of fair value of \$3,348,000) to the shareholders of Big Sky. Big Sky Group through its wholly owned subsidiary Stannum Pty Ltd holds two exploration licences in central NSW, EL 6699 Tallebung and EL 6258 Doradilla.

The above transaction has been accounted for as an acquisition of assets rather than a business combination as Big Sky has no business operations and its principal asset is its interest in the two tenements, Tallebung and Doradilla tin-tungsten project.

The following summarises the recognised amounts of identifiable assets acquired, and liabilities assumed at the acquisition date determined on a provisional basis:

	Recognised fair value on acquisition
	\$
Cash	2,715
Property, plant and equipment	5,126
Exploration and evaluation assets	3,207,985
Other assets	57,720
Loan to Sky Metals Limited	75,361
Trade and other payables	(907)
	<u>3,348,000</u>

The fair value of exploration and evaluation assets has been determined as being the excess consideration paid over the acquisition date fair value of the identifiable assets and liabilities of Big Sky.

Big Sky's operations are subject to specific New South Wales environmental regulations. The Group conducted a preliminary assessment of site restoration provisions arising from these regulations and determined that at the acquisition date no site restoration provisions were required.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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25. Parent entity disclosures

As at 31 December 2019 the parent entity of the Group was Sky Metals Limited (formerly Planet Gas Limited).

	Company	
	2019	2018
	\$	\$
Result of the parent entity		
Net loss	1,143,790	368,195
Other comprehensive loss	-	(184)
Total comprehensive loss	<u>1,143,790</u>	<u>368,011</u>
Financial position of the parent entity at year end		
Current assets	2,256,062	248,794
Non-current assets	5,174,949	231
Total assets	<u>7,431,011</u>	<u>249,025</u>
Current liabilities	404,658	646,547
Non-current liabilities	21,581	-
Total liabilities	<u>426,239</u>	<u>646,547</u>
Net assets / (liabilities)	<u>7,004,772</u>	<u>(397,522)</u>
Equity		
Share capital	57,448,596	49,781,972
Reserves	879,690	230
Accumulated losses	<u>(51,323,514)</u>	<u>(49,384,680)</u>
Total equity / (deficiency)	<u>7,004,772</u>	<u>(397,522)</u>

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

The Company had no capital commitments at the balance date.

26. Discontinued operations

The Group discontinued its royalty segment in the United States of America. This occurred via management's commitment to a plan during the prior period to sell this segment following a strategic decision to focus on the search of new exploration tenements. The Company executed a sale and purchase agreement for the sale of the entire ownership interest in Planet Gas USA Inc., on 15 October 2018 and the sale was approved by shareholders on 6 December 2018.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

26. Discontinued operations (Cont.)

	2019	2018
	\$	\$
Result of discontinued operations		
Revenue	-	373,868
Other Income	-	1
Reversal impairment of intangible	-	1,431,110
Expenses	-	(448,707)
Results from operating activities	-	1,356,272
Income tax expense	-	-
Results from operating activities, net of income tax	-	1,356,272
Loss on sale of discontinued operation (including transfer of foreign currency translation reserve to profit or loss)	-	(2,699,000)
Loss for the year	-	(1,342,728)
Basic and diluted loss per share (cents)	-	(0.25)
Cash flows from (used in) discontinued operation		
Net cash from operating activities	-	154,636
Net cash used in from investing activities	-	(92,022)
Net cash used in financing activities	-	(195,567)
Net cash flows for the year	-	(132,953)
Effect of disposal on the financial position of the Group		
Cash and cash equivalents	-	(92,022)
Net intangible assets	-	(3,764,381)
Loans and borrowings	-	3,856,402
Net assets and liabilities	-	(1)
Cash and cash equivalent disposed of	-	(92,022)
Net cash outflow	-	(92,022)

SKY METALS LIMITED
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DIRECTORS' DECLARATION

1. In the opinion of the Directors of Sky Metals Limited (formerly Planet Gas Limited):
 - (a) the consolidated financial statements and notes thereto, set out on pages 23 to 53, and the Remuneration Report as set out on pages 16 to 20 of the Directors' Report are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2019 and of its performance, for the year ended on that date;
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that the 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 under section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 31 December 2019.
3. The Directors draw attention to note 2(a) of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed at Sydney this 31st day of March 2020 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 is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2019;
- 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;
- Notes including a summary of significant accounting policies; and
- 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 the Code.

Key Audit Matters

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

- Capitalised exploration and evaluation expenditure
- Acquisition accounting for Big Sky Metals Pty Ltd
- Going concern basis of accounting

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

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

Capitalised exploration and evaluation expenditure - \$4,907,873

Refer to Note 9 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>Capitalised exploration and evaluation expenditure (E&E) is a key audit matter due to:</p> <ul style="list-style-type: none"> • The significance of E&E activities to the Group's business, with the balance of capitalised E&E expenditure being 66% of total assets; and • The level of audit effort required to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i> (AASB 6), in particular, the conditions allowing capitalisation of relevant expenditure and the presence of impairment indicators. <p>The AASB 6 conditions allowing capitalisation of relevant expenditure require judgement, particularly in respect of:</p> <ul style="list-style-type: none"> • The Group's determination of the areas of interest; and • The Group's intention and capacity to continue the relevant E&E activities. <p>Assessing the presence of impairment indicators also requires judgement and given the financial position of the Group specific consideration needs to be given to:</p> <ul style="list-style-type: none"> • The strategic direction of the Group and their intent to continue exploration activities in each area of interest; • The ability of the Group to fund the continuation of activities in each area of interest; and 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Assessing the Group's policy for exploration and evaluation expenditure against the requirements of AASB 6; • Assessing the Group's determination of its areas of interest for consistency with the definition in AASB 6; • 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 evaluating 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 items recorded as exploration and evaluation assets and checking the expenditure amount recorded for consistency to invoices from third parties or other underlying documentation; • For the sample identified above, checking the nature of the expenditure for consistency with its classification as exploration and evaluation assets in accordance with the Group's accounting policy and the criteria in the accounting standards; • Testing the completeness of exploration and evaluation expenditure recorded in the year by checking payments recorded since year end for evidence of the timing of the transactions.

<ul style="list-style-type: none"> Results from latest activities regarding the existence or otherwise of economically recoverable reserves for each area of interest. <p>Where impairment indicators are present, the Group's determination of the recoverable value of the areas of interest is based on assumptions which require judgement.</p>	<p>For this procedure, we selected our sample from the Group's payments since balance date, trade payable schedule and unprocessed invoices post balance date, and the underlying documentation of the transaction; and</p> <ul style="list-style-type: none"> 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 areas. We corroborated this through interviews with key personnel.
Acquisition accounting of Big Sky Metals Pty Ltd - \$3,348,000	
Refer to Note 24 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The acquisition of Big Sky Metals Pty Ltd is a key audit matter due to the size of the transaction, the complexity of the accounting treatment and the audit effort associated with assessing the existence and accuracy of the amounts recorded by the Group.</p> <p>We focused on significant judgements made by the Group in relation to:</p> <ul style="list-style-type: none"> Whether the transaction was a business combination as defined in AASB 3 <i>Business Combinations</i>, or an acquisition of assets; The fair value of the consideration transferred; and The fair values assigned to the assets and liabilities acquired. <p>These conditions required significant audit effort and greater involvement by senior team members and KPMG specialists.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> Reading the contractual terms of the transaction documents to understand the key terms and conditions of the acquisition; Assessing whether the transaction was a business combination as defined in AASB 3 <i>Business Combinations</i>, or an acquisition of assets, by evaluating the substance of the acquisition, using the terms and conditions of the transaction documents; Assessing the date of acquisition by considering the key terms and conditions in the transaction documents; Working with our valuation specialists, we assessed and challenged the Group's assessment of the fair value of the consideration transferred, which was in the form of shares and options in the Company; Assessing the identification of assets and liabilities acquired by considering the transaction documents and underlying financial records of Big Sky Metals Pty Ltd at the date of acquisition; Checking the accuracy of the acquisition accounting, including identification and consideration of other costs and legal fees incurred; and

	<ul style="list-style-type: none"> Assessing the adequacy of the disclosure against the requirements of the relevant accounting standards.
Going concern basis of accounting	
Refer to Note 2(e) to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>The Group's use of the going concern basis of accounting and the associated extent of uncertainty is a key audit matter due to the high level of judgement required by us in evaluating the Group's assessment of going concern and the events or conditions that may cast significant doubt on its ability to continue as a going concern. These are outlined in Note 2(e).</p> <p>The Directors have determined that the use of the going concern basis of accounting is appropriate in preparing the financial report. Their assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and significant judgements, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgement does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern.</p> <p>We critically assessed the levels of uncertainty, as it related to the Group's ability to continue as a going concern, within these assumptions and judgements, focusing on the following:</p> <ul style="list-style-type: none"> The Group's planned levels of operational and capital expenditures, and the ability of the Group to manage cash outflows within available funding, particularly in light of continued loss making operations; The Group's ability to meet contractual commitments associated with exploration and expenditure; Funds received from the capital raising post year end; and Further events occurring subsequent to balance date. 	<p>Our procedures included:</p> <ul style="list-style-type: none"> We analysed the cash flow projections by: <ul style="list-style-type: none"> Evaluating the underlying data used to generate the projections. We specifically looked for their consistency with the Group's intentions, as outlined in the Directors minutes, market announcements, post year end events and their comparability to past practices; Checking the receipt of proceeds from the capital raised post year end to the Group's bank records; Analysing the impact of reasonably possible changes in projected cash flows and their timing, to the projected periodic cash positions. Assessing the resultant impact to the ability of the Group to pay debts as and when they fall due and continue as a going concern. The specific areas we focused on were informed from our test results of the accuracy of previous Group cash flow projections and sensitivity analysis on key cash flow projection assumptions; Assessing the planned levels of operating expenditure and capital expenditures for consistency of relationships and trends to the Group's historical results, results since year end, and our understanding of the business, industry and economic conditions of the Group; We read Directors minutes and assessed the Group's ability to raise additional shareholder funds; We evaluated the Group's going concern disclosures in the financial report by comparing them to our understanding of the

In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and the economic environment it operates in.	matter, the events or conditions incorporated into the cash flow projection assessment, the Group's plans to address those events or conditions, and accounting standard requirements.
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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group's and the 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: http://www.auasb.gov.au/auditors_responsibilities/ar1.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 31 December 2019, 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 16 to 20 of the Directors' report for the year ended 31 December 2019.

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

KPMG

Stephen Board
Partner

Brisbane
31 March 2020

SKY METALS LIMITED
(formerly PLANET GAS LIMITED)

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional information as at 31 March 2020 required by the Australian Stock Exchange Listing Rules and not disclosed elsewhere in this report.

Home Exchange

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

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

As at 4 March 2020, 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	61	20,421
1,001 - 5,000	119	346,612
5,001 - 10,000	70	588,827
10,001 - 100,000	460	19,432,205
100,001 and over	285	257,152,040
Total	995	277,540,105

As at 4 March 2020, 104 shareholders held less than marketable parcels of 2,174 shares.

On Market Buy Back

There is no on market buy-back.

Substantial Holders

Holdings of substantial shareholders are set out below.

Ordinary Shares	Quantity
Aurelia Metals Ltd	17,500,000
Archimedes Securities Pty Ltd <Golden Valley S/F A/C>	13,061,623

SKY METALS LIMITED
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ADDITIONAL STOCK EXCHANGE INFORMATION

Twenty Largest Shareholders

As at 4 March 2020 the twenty largest quoted shareholders held 38.8% of the fully paid ordinary shares as follows:

	Name	Quantity	%
1	AUERELIA METALS LIMITED	17,500,000	6.31
2	ADRIATIC PTY LTD <MGS A/C>	8,620,312	3.11
3	SMIFF PTY LTD	8,050,000	2.90
4	ARCHIMEDES SECURITIES PTY LTD <GOLDEN VALLEY S/F A/C>	7,224,748	2.60
5	SILVERPEAK NOMINEES PTY LTD <THE RGM HILL A/C>	6,650,000	2.40
6	TOPAZ PTY LTD	5,500,000	1.98
7	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	4,854,249	1.75
8	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	4,775,455	1.72
9	ALL-STATES FINANCE PTY LTD	4,595,782	1.66
10	NEWBALL PTY LIMITED	4,576,647	1.65
11	DIVERSIFIED MINERALS PTY LIMITED	4,101,562	1.48
12	PERMGOLD PTY LTD <THE SECKOLD FAMILY S/F A/C>	4,083,750	1.47
12	ROSIGNOL PTY LTD <NIGHTINGALE FAMILY A/C>	4,083,750	1.47
14	UBS NOMINEES PTY LTD	3,888,182	1.40
15	JEFF TOWLER BUILDING PTY LTD	3,600,000	1.30
16	MR CLIVE LEDGER HARCOMBE HILL + MS ROBIN SALLY HILL <CLIVE HILL SUPER FUND A/C>	3,542,812	1.28
17	MATZO CONSULTING PTY LTD	3,500,000	1.26
18	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	2,907,990	1.05
19	D&J REDELMAN PTY LTD <DAVID&JUDI REDELMAN SUP A/C>	2,802,500	1.01
20	PYLARA PTY LTD	2,800,000	1.01

Tenements Held

As at 4 March 2020 the Company held the following interests in mineral exploration tenements,

Holder	Equity	Licence ID	Grant Date	Expiry Date	Units	Area	Comment
Tarago Exploration Pty Ltd (HRR sub)	Earning 80%	EL7954	19-6-2012	19-6-2022	51	144 km ²	Cullarin Project, earning up to 80% + Heron JV
Ochre Resources Pty Ltd (HRR sub)	Earning 80%	EL8400	20-10-2015	20-10-2024	52	147 km ²	Kangiarra Project, earning up to 80% + Heron JV
Ochre Resources Pty Ltd (HRR sub)	Earning 80%	EL8573	23-5-2017	23-5-2023	17	48 km ²	Kangiarra Project, earning up to 80% + Heron JV
Aurum Metals Pty Ltd (SKY sub)	100%	ELA5787/EL8920	5-12-2019	5-12-2025	65	183 km ²	Douro Project
Aurum Metals Pty Ltd (SKY sub)	100%	ELA5783/EL8915	18-11-2019	18-11-2024	29	82 km ²	Douro Project
Stannum Pty Ltd (SKY sub)	100%	EL6258	21-6-2004	21-6-2020	38	110 km ²	Doradilla Project
Stannum Pty Ltd (SKY sub)	100%	EL6699	10-1-2007	10-1-2021	14	41 km ²	Tallebung Project

Use of funds

The Company had used the cash it had at the time of reinstatement of its ordinary shares consistent with its business objectives.

SKY METALS LIMITED
(formerly PLANET GAS LIMITED)

CORPORATE DIRECTORY

Directors:

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

Company Secretary:

Mr Richard Willson

Principal Place of Business and Registered Office:

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Phone: +61 0403 525 411

Auditor's:

KPMG
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71 Eagle Street
BRISBANE QLD 4000

Solicitors:

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

Share Registrars:

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