



S K Y M E T A L S

**SKY METALS LIMITED**  
and its controlled entities

A.B.N. 46 098 952 035

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2020**

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

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**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

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The Directors of Sky Metals Limited (the 'Company' or 'Sky') present their report together with the condensed consolidated interim financial report and the auditor's review report thereon for the half-year ended 31 December 2020.

**Directors**

The names and particulars of the Directors of the Company at any time during or since the end of the half-year are:

**Norman Alfred Seckold, Executive Chairman**

Director since 4 December 2001

Norman Seckold graduated with a Bachelor of Economics degree from the University of Sydney in 1970. He has spent more than 40 years in the full time management of natural resource companies, both in Australia and overseas, including the role of Chairman for a number of publicly listed companies.

Mr Seckold is currently Chairman of Alpha HPA 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.

**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. 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 the Managing Director of Alpha HPA Limited (ASX: A4N), a process technology company.

**Richard Grant Manners Hill**

Director since 20 June 2019

Mr Hill is a qualified geologist and solicitor with over 25 years' experience in the resources sector. He has performed roles as commercial manager and geologist for several mid-cap Australian mining companies and as Director and Chairman for a series of successful ASX-listed companies including a founding Director for Aurelia Metals Limited (ASX:AMI) and Chairman of Genesis Minerals Ltd. He is currently the Chairman of New World Resources Limited (ASX: NWC), and Chairman of Accelerate Resources Limited (ASX:AX8). In addition to his corporate, commercial and fund raising roles, Mr Hill has practical geological experience as a mine based and exploration geologist in a range of commodities worldwide.

**Company Secretary**

**Richard Willson**

Company Secretary since 31 July 2019

Richard is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the resources, technology and agricultural sectors for both publicly listed and private companies.

Richard has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. He is a Non-Executive Director of Titomic Limited (ASX:TTT), AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), 1414 Degrees Limited (ASX:14D), Variety SA, and the not-for-profit Unity Housing Company; and Company Secretary of a number of ASX Listed Companies.

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT**

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**OPERATING AND FINANCIAL REVIEW**

The activities of Sky Metals Limited and its controlled entities (the 'Group') during the half-year ended 31 December 2020 include the following:

- Drilling programs at the Hume and Hamilton Targets at the Cullarin Project.
- Notified Heron Resources Limited that SKY had met the Farm In Expenditure of the Farm-In and Joint Venture Agreement at the Cullarin and Kangiara Projects to earn an 80% equity interest in the Tenements.
- Entered into an Option to Purchase Agreement for the Galwadgere Copper-Gold Project, NSW from Alkane Resources Limited, and commenced drill testing at the Galwadgere Project. The Group elected to exercise the right to purchase a 100% interest in the Galwadgere Project.
- Drilling program at the Caledonian Project.
- Planning for drill testing at the Iron Duke Project.

**Corporate Activities**

- On 27 October 2020, the Company issued 3.25 million performance rights to employees and contractors. The Performance Rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met,
  - SKY's share price achieving 200% of the 30 day VWAP prior to issue, being 35 cents per share before 27 October 2022, and
  - SKY's Board of Directors being satisfied that SKY's Environmental, Social, and Corporate Governance 'ESG' performance is satisfactory, and
  - The holder remains in SKY employ or under SKY contract at the time of achieving the above performance criteria.
- On 30 November 2020, the Company advised Alkane Resources Ltd that it intends to exercise the Galwadgere option to acquire 100% of the project. SKY will issue Alkane Resources Ltd the consideration of 6 million ordinary shares upon completion.

**Financial Position and Performance**

- The Group recognised a loss for the half year period ended 31 December 2020 of \$1,013,082 (31 December 2019: Loss \$909,827). The net assets of the Group at 31 December 2020 were \$17,311,074 (30 June 2020: \$16,657,345) including cash of \$3,115,944 (30 June 2020: \$8,307,265).
- During the period the Group used a total of \$2,585,756 of cash in exploration and evaluation activities.

**Subsequent Events**

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

Signed at Orange this 15th day of March 2021 in accordance with a resolution of the Board of Directors:



**Norman A. Seckold**  
Chairman



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

To the Directors of Sky Metals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Sky Metals Limited for the half-year ended 31 December 2020 there have been:

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

KPMG

Adam Twemlow  
*Partner*

Gold Coast  
15 March 2021

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Notes	31 December 2020 \$	31 December 2019 \$
<b>Revenue</b>			
Other income		54,800	4,000
<b>Expenses</b>			
Consultants' and administration expenses		(239,217)	(291,106)
Depreciation and amortisation expense		(48,878)	(42,072)
Employee and director expenses		(712,227)	(452,056)
Other expenses		(84,375)	(126,684)
<b>Operating loss before finance income</b>		<b>(1,029,897)</b>	<b>(907,918)</b>
Finance income		18,392	1,421
Finance expense		(1,577)	(3,330)
<b>Net finance income / (expense)</b>		<b>16,815</b>	<b>(1,909)</b>
<b>Loss before tax</b>		<b>(1,013,082)</b>	<b>(909,827)</b>
Income tax expense		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,013,082)</b>	<b>(909,827)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(1,013,082)	(909,827)
Non-controlling interest		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,013,082)</b>	<b>(909,827)</b>
Earnings per share			
Basic and diluted loss per share (cents)		<b>(0.33)</b>	(0.36)

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020**

	Notes	31 December 2020 \$	30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents		3,115,944	8,307,265
Trade and other receivables		33,344	36,193
Other current assets		4,055,325	2,000,000
<b>Total current assets</b>		<b>7,204,613</b>	<b>10,343,458</b>
<b>Non-current assets</b>			
Investments		231	231
Exploration and evaluation expenditure	5	10,122,632	6,407,940
Property, plant and equipment	4	205,345	194,911
Other non-current assets		57,500	67,500
<b>Total non-current assets</b>		<b>10,385,708</b>	<b>6,670,582</b>
<b>Total assets</b>		<b>17,590,321</b>	<b>17,014,040</b>
<b>Current liabilities</b>			
Trade and other payables		238,763	302,540
Lease liability		22,208	42,631
Employee benefits payable		18,276	11,524
<b>Total current liabilities</b>		<b>279,247</b>	<b>356,695</b>
<b>Total liabilities</b>		<b>279,247</b>	<b>356,695</b>
<b>Net assets</b>		<b>17,311,074</b>	<b>16,657,345</b>
<b>Equity</b>			
Issued capital	6	68,793,175	67,653,175
Fair value reserve	7	230	230
Option premium reserves	7	1,593,745	1,066,934
Accumulated losses		(53,094,296)	(52,081,214)
<b>Total equity attributable to equity holders of the Company</b>		<b>17,292,854</b>	<b>16,639,125</b>
Non-controlling interest		18,220	18,220
<b>Total equity</b>		<b>17,311,074</b>	<b>16,657,345</b>

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	Issued capital	Fair value & option reserve	Accumulated losses	Total	Non- controlling interest	Total equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	57,197,956	550,326	(50,413,687)	7,334,595	-	7,334,595
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	(909,827)	(909,827)	-	(909,827)
Total comprehensive loss for the period	-	-	(909,827)	(909,827)	-	(909,827)
<b>Transactions with owners recorded directly in equity</b>						
Ordinary shares issued	250,640	-	-	250,640	-	250,640
Share options – share based payments	-	329,364	-	329,364	-	329,364
<b>Balance at 31 December 2019</b>	<b>57,448,596</b>	<b>879,690</b>	<b>(51,323,514)</b>	<b>7,004,772</b>	<b>-</b>	<b>7,004,772</b>
Balance at 1 July 2020	67,653,175	1,067,164	(52,081,214)	16,639,125	18,220	16,657,345
<b>Total comprehensive income for the period</b>						
Loss for the period	-	-	(1,013,082)	(1,013,082)	-	(1,013,082)
Total comprehensive loss for the period	-	-	(1,013,082)	(1,013,082)	-	(1,013,082)
<b>Transactions with owners recorded directly in equity</b>						
Share options – share based payments	1,140,000	526,811	-	1,666,811	-	1,666,811
<b>Balance at 31 December 2020</b>	<b>68,793,175</b>	<b>1,593,975</b>	<b>(53,094,296)</b>	<b>17,292,854</b>	<b>18,220</b>	<b>17,311,074</b>

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



**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

	31 December 2020 \$	31 December 2019 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	4,800	-
Government assistance received	50,000	-
Cash payments in the course of operations	(550,542)	(857,909)
Cash used in operations	(495,742)	(857,909)
Interest received	18,392	1,421
Interest paid	(1,577)	(3,330)
<b>Net cash provided by / (used in) operating activities</b>	<b>(478,927)</b>	<b>(859,818)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(2,585,756)	(1,253,140)
Payments for plant and equipment	(59,313)	(188,450)
Payments for investments in term / security deposits	(2,045,325)	(20,000)
<b>Net cash used in investing activities</b>	<b>(4,690,394)</b>	<b>(1,461,590)</b>
<b>Cash flows from financing activities</b>		
Lease Payments	(22,000)	(20,247)
<b>Net cash used in financing activities</b>	<b>(22,000)</b>	<b>(20,247)</b>
Net decrease in cash and cash equivalents	(5,191,321)	(2,341,655)
Cash and cash equivalents at the beginning of the financial period	8,307,265	4,526,272
<b>Cash and cash equivalents at the end of the financial period</b>	<b>3,115,944</b>	<b>2,184,617</b>

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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**NOTE 1 - REPORTING ENTITY**

Sky Metals Limited ("Sky" or the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half-year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity, primarily engaged in identifying and evaluating mineral resources opportunities in New South Wales.

The consolidated financial statements of the Group as at and for the six months ended 30 June 2020 are available upon request from the Company's registered office at 207 Byng Street, Orange, NSW, 2800 or at [www.skymetals.com.au](http://www.skymetals.com.au)

**NOTE 2 - BASIS OF PREPARATION**

**(a) Statement of compliance**

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

The condensed consolidated interim financial statements do not include full disclosures of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report as at and for the six months ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the ASX Listing Rules.

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 March 2021.

**(b) Going concern**

The condensed consolidated interim financial statements have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss after tax of \$1,013,082 (2019: \$909,827) for the six months ended 31 December 2020. At 31 December 2020 the Group had cash and cash equivalents of \$3,115,944 (30 June 2020: \$8,307,265) and net assets of \$17,311,074 (2020: \$16,657,345).

The Directors have prepared cash flow forecasts that support the ability of the Group to continue as a going concern for the period of at least 12 months from the date of the directors declaration. The cash flow projections assume the Group continues exploration activities on all tenements and will increase its exploration expenditure if additional funding is 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.

**(c) Use of estimates and judgements**

The preparation of the condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in:

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the half year-end 30 June 2020.

**NOTE 4 – PROPERTY, PLANT AND EQUIPMENT**

	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
Motor vehicles	139,794	116,172
Office equipment	32,196	31,184
Plant and equipment	19,952	10,695
Right of use asset	13,403	36,860
Net book value	<b>205,345</b>	<b>194,911</b>
<b>Motor Vehicles</b>		
Carrying amount at beginning of period	116,172	132,664
Additions	41,563	6,565
Depreciation	(17,941)	(23,057)
Net book value	<b>139,794</b>	<b>116,172</b>
<b>Office Equipment</b>		
Carrying amount at beginning of period	31,184	32,555
Additions	6,695	6,861
Depreciation	(5,683)	(8,232)
Net book value	<b>32,196</b>	<b>31,184</b>
<b>Plant &amp; Equipment</b>		
Carrying amount at beginning of period	10,695	11,310
Additions	11,055	1,493
Depreciation	(1,798)	(2,108)
Net book value	<b>19,952</b>	<b>10,695</b>
<b>Right of use asset</b>		
Carrying amount at beginning of period	36,860	60,316
Additions	-	-
Depreciation	(23,457)	(23,456)
Net book value	<b>13,403</b>	<b>36,860</b>

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**NOTE 5 - EXPLORATION AND EVALUATION EXPENDITURE**

	31 December 2020 \$	30 June 2020 \$
EL 6699 Tallebung	1,943,531	1,885,736
EL 6258 Doradilla	2,563,640	2,553,998
EL 7954 Cullarin	3,663,185	1,765,150
EL 8400 & EL 8573 Kangiara	160,377	148,865
EL8915 Mylora	-	10,708
EL 8920 Caledonian	116,646	20,773
EL 6064 Iron Duke	38,223	22,710
EL6320 Galwadgere	1,637,030	-
Net book value	<u>10,122,632</u>	<u>6,407,940</u>
EL 6258 Doradilla		
Carrying amount at beginning of period	1,885,736	1,854,799
Additions	57,795	30,937
Net book value	<u>1,943,531</u>	<u>1,885,736</u>
EL 6699 Tallebung		
Carrying amount at beginning of period	2,553,998	2,439,754
Additions	9,642	114,244
Net book value	<u>2,563,640</u>	<u>2,553,998</u>
EL 7954 Cullarin		
Carrying amount at beginning of period	1,765,150	478,604
Additions	1,898,035	1,286,546
Net book value	<u>3,663,185</u>	<u>1,765,150</u>
EL 8400 & EL 8573 Kangiara 1 & 2		
Carrying amount at beginning of period	148,865	134,716
Additions	11,512	14,149
Net book value	<u>160,377</u>	<u>148,865</u>
EL 8915 Mylora		
Carrying amount at beginning of period	10,708	-
Impairment	(10,708)	10,708
Net book value	<u>-</u>	<u>10,708</u>
EL 8920 Caledonian		
Carrying amount at beginning of period	20,773	-
Additions	95,873	20,773
Net book value	<u>116,646</u>	<u>20,773</u>

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

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

	31 December 2020 \$	30 June 2020 \$
EL 6064 Iron Duke		
Carrying amount at beginning of period	22,710	-
Additions	15,513	22,710
Net book value	<u>38,223</u>	<u>22,710</u>
EL 6320 Galwadgere		
Carrying amount at beginning of period	-	-
Additions	1,637,030	-
Net book value	<u>1,637,030</u>	<u>-</u>

The ultimate recoupment of exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

During the half-year ended 31 December 2020, the Group relinquished the Mylora tenement EL8915.

**NOTE 6 - ISSUED CAPITAL**

	6 Months to 31 December 2020		6 Months to 31 December 2019	
	Number	\$	Number	\$
<b>Ordinary shares, fully paid at start of period</b>	<b>304,901,115</b>	<b>67,653,175</b>	250,495,645	57,197,956
Galwadgere acquisition (shares to be issued on completion)	6,000,000	1,140,000	-	-
Shares issued as consideration for capital raising services	-	-	2,200,000	88,000
Shares issued to CEO as performance bonus	-	-	2,000,000	162,640
Balance at end of period	<u>310,901,115</u>	<u>68,793,175</u>	<u>254,695,645</u>	<u>57,448,596</u>

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

On 30 November 2020, the Company advised Alkane Resources Ltd that it intends to exercise the Galwadgere option to acquire 100% of the project. SKY will issue Alkane Resources Ltd the consideration of 6 million ordinary shares upon completion of the transaction.

**SKY METALS LIMITED  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**NOTE 7 - RESERVES**

	31 December 2020 \$	30 June 2020 \$
<b>Fair value reserve</b>		
Balance at start of period	230	230
Net change in fair value of financial assets	-	-
Balance at end of the period	<u>230</u>	<u>230</u>
<b>Option premium reserve</b>		
Balance at start of period	1,066,934	879,460
Share based payments – vested options and performance rights	526,811	258,757
Exercise of options	-	(71,283)
Balance at end of the period	<u>1,593,745</u>	<u>1,066,934</u>

On 27 October 2020, the Company issued 3.25 million performance rights to employees and contractors. The Performance Rights convert to ordinary fully paid shares in SKY at no cost when the following performance criteria are met;

- SKY's share price achieving 200% of the 30 day VWAP prior to issue, being 35 cents per share before 27 October 2022, and
- SKY's Board of Directors being satisfied that SKY's Environmental, Social, and Corporate Governance 'ESG' performance is satisfactory, and
- The holder remains in SKY employ or under SKY contract at the time of achieving the above performance criteria.

The fair value of the performance rights was \$605,800. The performance rights were valued using a Monte Carlo simulation model. The model inputs were the Company's share price of \$0.215 at the grant date, a volatility factor of 123% based on historical share price performance and a risk-free interest rate of 0.094% based on the 2-year government bond rate.

During the period to 31 December 2020, share based payment expense of \$526,811 was recorded in the profit and loss. The expense relates to the vesting of the performance rights issued during the period of \$53,941, vesting of Directors performance rights issued during the period ended 30 June 2020 of \$382,808 and vesting of CEO options issued during the period ended 30 June 2020 of \$90,062.

**NOTE 8 - SUBSEQUENT EVENTS**

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

**NOTE 9 - OPERATING SEGMENTS**

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

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

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

- (1) the condensed consolidated interim financial statements and notes set out on pages 4 to 12, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Orange this 15<sup>th</sup> day of March 2021  
in accordance with a resolution of the Board of Directors:



**Norman A. Seckold**  
Chairman



# Independent Auditor's Review Report

To the shareholders of Sky Metals Limited

## Report on the Half-year Financial Report

### Conclusion

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

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

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-Year Financial Report** comprises

- Consolidated statement of financial position as at 31 December 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

### Basis for Conclusion

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

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

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## Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

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

## Other matter

For the half-year period ended 31 December 2019 Sky Metals Ltd was not required to prepare an interim financial report and therefore was not reviewed. These amounts are presented as corresponding figures in the 31 December 2020 condensed consolidated interim statement of profit or loss and other comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows.

## Auditor's Responsibilities for the Review of the Half-year Financial Report

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

The KPMG logo is displayed in a blue, stylized font within a white rectangular box.

KPMG

A handwritten signature in blue ink, appearing to read 'Adam Twemlow', is shown within a white rectangular box.

Adam Twemlow  
*Partner*

Gold Coast  
15 March 2021

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**CORPORATE DIRECTORY**

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**Directors:**

Mr Norman Seckold (Chairman)  
Mr Rimas Kairaitis  
Mr Richard Hill

**Company Secretary:**

Mr Richard Willson

**Registered Office:**

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ORANGE NSW 2800

Phone: +61 2 6360 1587  
Email: info@skymetals.com.au  
Homepage: www.skymetals.com.au

**Principal Place of Business:**

207 Byng Street  
ORANGE NSW 2800

**Auditors:**

KPMG  
Level 16, Riparian Plaza  
71 Eagle Street  
BRISBANE QLD 4000

**Share Registrar:**

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**Solicitors:**

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