



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 2021**

**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 2021.

**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. From 2006-2016 Mr Kairaitis was the founding Managing Director and CEO of Aurelia Metals Limited (ASX: AMI), which he steered from a junior exploration company to a profitable NSW based gold and base metals producer.

Mr Kairaitis is also the Managing Director of process technology company Alpha HPA Limited (ASX: A4N).

**Richard Grant Manners Hill**

Director since 20 June 2019

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

**Company Secretary**

**Richard Willson**

Company Secretary since 31 July 2019

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

Richard has a Bachelor of Accounting from the University of South Australia, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. He is a Non-Executive Director of Titomic Limited (ASX:TTT), AusTin Mining Limited (ASX:ANW), Thomson Resources Limited (ASX:TMZ), PNX Metals Limited (ASX:PNX), Lanyon Investment Company Limited (ASX:LAN), and Unity Housing Company Ltd; 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 2021 include the following:

- Drilling programs at the 3KEL Target at the Doradilla Project.
- Drilling program at the Hume Target at the Cullarin Project.
- Produced a JORC-2012 mineral resource estimate at the Galwadgere Target and exercised the right to purchase a 100% interest in the Galwadgere Project.
- Drilling program at the Caledonian Project.

**Corporate Activities**

- On 5 November 2021, the Company completed a successful capital raising of \$5.6 million from sophisticated and institutional investors through the issue of 62,882,355 ordinary shares.

**Financial Position and Performance**

- The Group recognised a loss for the half year period ended 31 December 2021 of \$1,108,776 (31 December 2020: Loss \$1,013,082). The net assets of the Group at 31 December 2021 were \$21,285,503 (30 June 2021: \$16,643,125) including cash of \$6,363,768 (30 June 2021: \$3,528,190).
- During the period the Group used a total of \$2,300,083 of cash in operating activities and exploration and evaluation activities.

**Subsequent Events**

On 17 February 2022, 5 million Performance Rights expiring 17 December 2024 were issued to the Company's employees.

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

Signed at Orange this 11th day of March 2022 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 2021 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  
11<sup>th</sup> March 2022

**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 2021**

	Notes	31 December 2021 \$	31 December 2020 \$
<b>Revenue</b>			
Other income		4,800	54,800
<b>Expenses</b>			
Consultancy and administration expenses		(274,876)	(239,217)
Depreciation and amortisation expense		(65,921)	(48,878)
Employee and director expenses		(718,133)	(712,227)
Other expenses		(52,009)	(84,375)
<b>Operating loss before finance income</b>		<b>(1,106,139)</b>	<b>(1,029,897)</b>
Finance income		-	18,392
Finance expense		(2,637)	(1,577)
<b>Net finance income / (expense)</b>		<b>(2,637)</b>	<b>16,815</b>
<b>Loss before tax</b>		<b>(1,108,776)</b>	<b>(1,013,082)</b>
Income tax expense		-	-
<b>Loss for the period</b>		<b>(1,108,776)</b>	<b>(1,013,082)</b>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,108,776)</b>	<b>(1,013,082)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company		(1,108,776)	(1,013,082)
Non-controlling interest		-	-
<b>Total comprehensive loss for the period</b>		<b>(1,108,776)</b>	<b>(1,013,082)</b>
Earnings per share			
Basic and diluted loss per share (cents)		<b>(0.33)</b>	(0.33)

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021**

	Notes	31 December 2021 \$	30 June 2021 \$
<b>Current assets</b>			
Cash and cash equivalents		6,363,768	3,528,190
Trade and other receivables		23,060	61,508
Other current assets		28,420	10,000
<b>Total current assets</b>		<b>6,415,248</b>	<b>3,599,698</b>
<b>Non-current assets</b>			
Investments		231	231
Exploration and evaluation expenditure	5	14,615,423	13,242,721
Property, plant and equipment	4	276,123	284,225
Other non-current assets		163,700	157,621
<b>Total non-current assets</b>		<b>15,055,477</b>	<b>13,684,798</b>
<b>Total assets</b>		<b>21,470,725</b>	<b>17,284,496</b>
<b>Current liabilities</b>			
Trade and other payables		103,278	547,662
Lease liability		32,620	45,102
Employee benefits payable		49,324	33,726
<b>Total current liabilities</b>		<b>185,222</b>	<b>626,490</b>
<b>Non-current liabilities</b>			
Lease liability		-	14,881
<b>Total non-current liabilities</b>		<b>-</b>	<b>14,881</b>
<b>Total liabilities</b>		<b>185,222</b>	<b>641,371</b>
<b>Net assets</b>		<b>21,285,503</b>	<b>16,643,125</b>
<b>Equity</b>			
Issued capital	6	74,041,154	68,793,175
Fair value reserve	7	231	231
Option premium reserves	7	2,506,180	2,265,005
Accumulated losses		(55,280,282)	(54,433,506)
<b>Total equity attributable to equity holders of the Company</b>		<b>21,267,283</b>	<b>16,624,905</b>
Non-controlling interest		18,220	18,220
<b>Total equity</b>		<b>21,285,503</b>	<b>16,643,125</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 2021**

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

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

**SKY METALS LIMITED  
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**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	31 December 2021 \$	31 December 2020 \$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	4,800	4,800
Government assistance received	-	50,000
Cash payments in the course of operations	<u>(929,544)</u>	<u>(550,542)</u>
Cash used in operations	<u>(924,744)</u>	<u>(495,742)</u>
Interest received	-	18,392
Interest paid	<u>(2,637)</u>	<u>(1,577)</u>
<b>Net cash used in operating activities</b>	<u>(927,381)</u>	<u>(478,927)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(1,372,702)	(2,585,756)
Payments for plant and equipment	(57,818)	(59,313)
Payments for investments in term / security deposits	<u>(24,500)</u>	<u>(2,045,325)</u>
<b>Net cash used in investing activities</b>	<u>(1,455,020)</u>	<u>(4,690,394)</u>
<b>Cash flows from financing activities</b>		
Proceeds from share issues	5,600,000	-
Share issue costs	(352,021)	-
Lease Payments	<u>(30,000)</u>	<u>(22,000)</u>
<b>Net cash from / (used in) financing activities</b>	<u>5,217,979</u>	<u>(22,000)</u>
Net increase in cash and cash equivalents	2,835,578	(5,191,321)
Cash and cash equivalents at the beginning of the financial period	<u>3,528,190</u>	<u>8,307,265</u>
<b>Cash and cash equivalents at the end of the financial period</b>	<u>6,363,768</u>	<u>3,115,944</u>

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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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 2021 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is a for-profit entity, primarily engaged in identifying and evaluating mineral resources opportunities in New South Wales.

The consolidated financial statements of the Group as at and for the year ended 30 June 2021 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 year ended 30 June 2021 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 11 March 2022.

**(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 \$1,108,776 (2020: \$1,013,082) for the six months ended 31 December 2021 and has net assets of \$21,285,503 (30 June 2021: \$16,643,125). At 31 December 2021 the Group had cash and cash equivalents of \$6,363,768 (30 June 2021: \$3,528,190) and used net cash of \$2,300,083 in operations, including payments for exploration and evaluation activities.

The Group's main activity is exploration and as such it does not presently have a source of operating income, rather it is reliant on equity raisings or funds from other external sources to fund its activities.

The Directors have prepared cash flow forecasts that support the ability of the Group to continue as a going concern for the period of at least 12 months from the date of the directors' declaration. The cash flow projections include significant exploration expenditure on all tenements held by the Group and assume the Group will obtain sufficient additional funding from shareholders or other parties. If such funding is not achieved, the Group plans to reduce exploration expenditure, which is not committed, in line with available funding. These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern.

The ongoing operation of the Group is dependent on:

- the Group raising additional funding from shareholders or other parties; and/or
- the Group reducing expenditure in line with available funding.

In the event that the Group does not obtain additional funding and/or reduce expenditure in line with available funding, the achievement of which is inherently uncertain until secured or realised, it may not be able to continue its operations as a going concern and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report. No allowance for such circumstances has been made in the financial report.

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 2 - BASIS OF PREPARATION (CONT'D)**

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

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

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

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

- Note 2(b) - Going concern
- Note 5 - Exploration and evaluation expenditure

**NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year-ended 30 June 2021.

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

	31 December 2021 \$	30 June 2021 \$
Motor vehicles	143,377	163,778
Office equipment	26,919	30,718
Plant and equipment	63,237	18,746
Right of use asset	42,590	70,983
Net book value	<u>276,123</u>	<u>284,225</u>
<b>Motor Vehicles</b>		
Carrying amount at beginning of period	163,778	205,377
Additions	6,700	-
Depreciation	(27,101)	(41,599)
Net book value	<u>143,377</u>	<u>163,778</u>
<b>Office Equipment</b>		
Carrying amount at beginning of period	30,718	51,043
Additions	154	-
Depreciation	(3,953)	(20,325)
Net book value	<u>26,919</u>	<u>30,718</u>
<b>Plant &amp; Equipment</b>		
Carrying amount at beginning of period	18,746	23,859
Additions	50,965	-
Depreciation	(6,474)	(5,113)
Net book value	<u>63,237</u>	<u>18,746</u>

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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

	31 December 2021 \$	30 June 2021 \$
<b>Right of use asset</b>		
Carrying amount at beginning of period	70,983	151,405
Additions	-	-
Depreciation	(28,393)	(80,422)
Net book value	<u>42,590</u>	<u>70,983</u>

**NOTE 5 - EXPLORATION AND EVALUATION EXPENDITURE**

EL 6258 Doradilla	3,378,119	2,630,886
EL 6699 Tallebung	1,907,537	1,902,414
EL 7954 Cullarin	5,719,627	5,461,459
EL 8400 & EL 8573 Kangiara	165,917	161,991
EL 8920 Caledonian	510,830	354,949
EL 6064 Iron Duke	994,023	855,981
EL 6320 Galwadgere	1,881,783	1,834,118
EL9210 Gilgai	7,215	-
EL9048 Tirrana	8,265	8,265
EL 9120 Murrum	2,400	2,400
EL 9191 Albert	24,346	18,257
EL 9200 Emmaville	15,361	12,001
Net book value	<u>14,615,423</u>	<u>13,242,721</u>

EL 6258 Doradilla		
Carrying amount at beginning of period	2,630,886	2,553,998
Additions	747,233	76,888
Net book value	<u>3,378,119</u>	<u>2,630,886</u>

EL 6699 Tallebung		
Carrying amount at beginning of period	1,902,414	1,885,736
Additions	5,123	16,678
Net book value	<u>1,907,537</u>	<u>1,902,414</u>

EL 7954 Cullarin		
Carrying amount at beginning of period	5,461,459	1,765,150
Additions	258,168	3,696,309
Net book value	<u>5,719,627</u>	<u>5,461,459</u>

EL 8400 & EL 8573 Kangiara 1 & 2		
Carrying amount at beginning of period	161,991	148,865
Additions	3,926	13,126
Net book value	<u>165,917</u>	<u>161,991</u>

**SKY METALS LIMITED  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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

	31 December 2021 \$	30 June 2021 \$
<b>EL 8920 Caledonian</b>		
Carrying amount at beginning of period	354,949	20,773
Additions	155,881	334,176
Net book value	<u>510,830</u>	<u>354,949</u>
<b>EL 6064 Iron Duke</b>		
Carrying amount at beginning of period	855,981	22,710
Additions	138,042	833,271
Net book value	<u>994,023</u>	<u>855,981</u>
<b>EL 6320 Galwadgere</b>		
Carrying amount at beginning of period	1,834,118	-
Additions	47,665	1,834,118
Net book value	<u>1,881,783</u>	<u>1,834,118</u>
<b>EL 9210 Gilgai</b>		
Carrying amount at beginning of period	-	-
Additions	7,215	-
Net book value	<u>7,215</u>	<u>-</u>
<b>EL9048 Tirrana</b>		
Carrying amount at beginning of period	8,265	-
Additions	-	8,265
Net book value	<u>8,265</u>	<u>8,265</u>
<b>EL 9120 Murrum</b>		
Carrying amount at beginning of period	2,400	-
Additions	-	2,400
Net book value	<u>2,400</u>	<u>2,400</u>
<b>EL 9191 Albert</b>		
Carrying amount at beginning of period	18,257	-
Additions	6,090	18,257
Net book value	<u>24,347</u>	<u>18,257</u>
<b>EL 9200 Emmaville</b>		
Carrying amount at beginning of period	12,001	-
Additions	3,360	12,001
Net book value	<u>15,361</u>	<u>12,001</u>

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

**SKY METALS LIMITED  
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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

**NOTE 6 - ISSUED CAPITAL**

	6 Months to 31 December 2021		6 Months to 31 December 2020	
	Number	\$	Number	\$
<b>Ordinary shares, fully paid at start of period</b>	<b>310,901,115</b>	<b>68,793,175</b>	304,901,115	67,653,175
Placement @ \$0.085	<b>65,882,355</b>	<b>5,600,000</b>	-	-
Galwadgere acquisition (shares to be issued on completion)	-	-	6,000,000	1,140,000
Less cost of issue	-	<b>(352,021)</b>	-	-
Balance at end of period	<b>376,783,470</b>	<b>74,041,154</b>	310,901,115	68,793,175

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

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

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.

**NOTE 7 - RESERVES**

	31 December 2021 \$	30 June 2021 \$
<b>Fair value reserve</b>		
Balance at start of period	<b>231</b>	231
Net change in fair value of financial assets	-	-
Balance at end of the period	<b>231</b>	231
<b>Option premium reserve</b>		
Balance at start of period	<b>2,265,005</b>	1,066,934
Vesting of CEO options	<b>28,750</b>	127,698
Vesting of Employee Performance Rights	<b>91,617</b>	144,044
Vesting of Director Performance Rights	<b>382,808</b>	759,375
Expiry of HRR Options	<b>(262,000)</b>	-
Issue of Exploration Manager Options	-	188,530
Cancellation of Performance Rights	-	(21,576)
Balance at end of the period	<b>2,506,180</b>	2,265,005

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

During the period to 31 December 2021, share based payment expense of \$503,175 was recorded in the profit and loss. The expense relates to the vesting of employee performance rights issued during the period ended 30 June 2021 of \$91,617, 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 \$28,750.

During the period, 10 million options previously issued to Heron Resources Ltd as part of the consideration under the Farm-in & JV Agreement with Heron Resources Ltd expired.

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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**NOTE 8 - SUBSEQUENT EVENTS**

On 17 February 2022, 5 million Performance Rights expiring 17 December 2024 were issued to the Company's employees.

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

**NOTE 9 - OPERATING SEGMENTS**

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

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

**SKY METALS LIMITED  
AND ITS CONTROLLED ENTITIES**

**DIRECTORS' DECLARATION**

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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 13, are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2021 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 11<sup>th</sup> day of March 2022  
in accordance with a resolution of the Board of Directors:



**Norman A. Seckold**  
Chairman



# Independent Auditor's Review Report

To the shareholders of Sky Metals Limited

## Conclusion

We have reviewed the accompanying interim 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 interim 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 2021 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 **Interim Financial Report** comprises

- Consolidated statement of financial position as at 31 December 2021;
- Consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date
- Notes 1 to 9 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

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

## Basis for Conclusion

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

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

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## Material uncertainty related to going concern

We draw attention to Note 2(b), "Going Concern" in the interim financial report. The conditions disclosed in Note 2(b), indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the interim financial report. Our conclusion is not modified in respect of this matter.

## Responsibilities of the Directors for the interim financial report

The Directors of the Company are responsible for:

- the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the interim financial report

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



KPMG



Adam Twemlow  
*Partner*

Gold Coast  
11 March 2022

**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:**

207 Byng Street  
ORANGE NSW 2800

Phone: +61 2 6360 1587  
Email: [info@skymetals.com.au](mailto:info@skymetals.com.au)  
Homepage: [www.skymetals.com.au](http://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:**

Computershare Investor Services Pty Limited  
Level 4  
60 Carrington Street  
Sydney NSW 2000  
Phone: 1300 787 272  
Overseas Callers +61 3 9415 4000  
Facsimile: +61 3 9473 2500

**Solicitors:**

STEINPREIS PAGANIN  
Level 4, The Read Buildings  
16 Milligan Street  
PERTH  
WA 6000