



S K Y M E T A L S

SKY METALS LIMITED
ACN 098 952 035
NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting (AGM or Meeting) of Shareholders of Sky Metals Limited will be held as a virtual meeting on Thursday 16 December 2021 commencing at 10:30 am (Sydney time).

Shareholders are encouraged to participate in the Meeting online via the links to be provided, where you will be able to watch the Meeting online, cast an online vote during the Meeting and ask questions online.

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (Sydney time) on 14 December 2021.

The Explanatory Memorandum and the Proxy Form form part of this notice.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial report of the Company for the year ended 30 June 2021 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's financial report for the year ended 30 June 2021."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

Resolution 1 – Adoption of Remuneration Report A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR RICHARD HILL

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

"That, for the purpose of article 58 of the Constitution, Listing Rule 14.5 and for all other purposes, Richard Hill, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF SHARES FOR THE ACQUISITION OF THE GALWADGERE PROJECT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the prior issue of 6,000,000 shares to Alkane Resources Ltd for the acquisition of the Galwadgere Copper-Gold Project in NSW as announced to ASX on 24 August 2020 & 7 July 2021, on the basis set out in the Explanatory Statement."

Voting Exclusion Statement:

**Resolution 3 –
Ratification of Issue of
Shares for the
Acquisition of the
Galwadgere Project**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, this does not apply to a vote cast in favour of Resolution 3 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with directions given to the proxy or attorney to vote on Resolution 3 in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with a direction given to the chair to vote on Resolution 3 as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 3; and
 - (ii) the holder votes on Resolution 3 in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That approval be given for the purpose of ASX Listing Rule 7.4 and for all other purposes, to the prior issue of 65,882,355 shares on the basis set out in the Explanatory Statement.”

Voting Exclusion Statement:

**Resolution 4 –
Ratification of Issue of
Placement Shares**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (d) a person as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with directions given to the proxy or attorney to vote on Resolution 4 in that way; or
- (e) the chair of the meeting as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction given to the chair to vote on Resolution 4 as the chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (iii) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 4; and
 - (iv) the holder votes on Resolution 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

**Resolution 5 –
Approval of 10%
Placement Capacity**

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

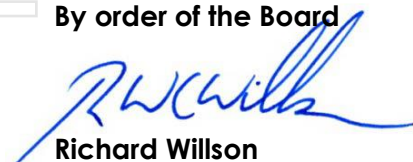
- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares); or
- (b) an Associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with directions given to the proxy or attorney to vote on Resolution 5 in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with a direction given to the chair to vote on Resolution 5 as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 5; and
 - (ii) the holder votes on Resolution 5 in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 15 November 2021

By order of the Board



**Richard Willson
Company Secretary**

Voting Entitlements

The Company has determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that, for the purposes of ascertaining entitlements to participate in and vote at the Annual General Meeting, all shares in the Company will be taken to be held by those persons who held them as registered holders at 7:00pm (Sydney time) on 14 December 2021 (**Entitlement Time**). This means that if you are not the registered holder of a share in the Company at the Entitlement Time, you will not be entitled to participate in or vote at the Meeting.

Resolutions by Poll

As Shareholders are asked to participate virtually in the Meeting, each resolution considered at the Meeting will be conducted by a poll. The Board considers voting by poll to be in the interests of the Shareholders as a whole and is a way to ensure the views of as many Shareholders as possible are represented at the Meeting.

Participating in the Virtual Meeting

The Meeting will be accessible to all Shareholders via 'Zoom', which will allow Shareholders to listen to and observe the Meeting and ask questions in relation to the business of the Meeting. If you wish to virtually attend the Meeting via 'Zoom' please pre-register in advance of the Meeting by contacting the Company at rwillson@skymetals.com.au at least two business days before the meeting.

How to Vote

No voting in person

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company has determined not to allow Shareholders to physically attend and vote at the Meeting. Please refer to the information below on how Shareholders can vote in advance of or during the Meeting.

Voting in advance

Shareholders can vote in advance of the Meeting by completing and lodging a valid proxy form (see further below for information on completing and returning proxy forms).

Voting virtually during the Meeting

Shareholders who wish to vote virtually on the day of the meeting will need to visit www.web.lumiagm.com on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox) and enter the unique Meeting ID 365960113.

Online voting registration will commence 30 minutes prior to the start of the Meeting. For full details on how to log on and vote online, please refer to the user guide which can be accessed at www.computershare.com.au/onlinevotingguide.

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that:

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

Corporate Representative

A corporation that is a Shareholder or a proxy may elect to appoint a person to act as its corporate representative at the meeting, in which case the corporate Shareholder or proxy (as applicable) must provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that Shareholder's or proxy's (as applicable) corporate representative. The authority must be sent to the Company and/or the Company's Share Registry (detailed above) in advance of the meeting.

Questions

The Company is happy to accept and answer questions, including in relation to questions on the financial statements for the Company's auditor, prior to the close of proxy voting via email, such questions should be forwarded to the following email address rwillson@skymetals.com.au.

Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice.

Operations Update

To streamline proceedings at the meeting Company is not planning on giving an operational update. An investor presentation will be released to the market around the date of the Meeting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 2 6360 1587 or via email at rwillson@skymetals.com.au.

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the year ended 30 June 2021 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.skymetals.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the financial report of the company for a period.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF RICHARD HILL

3.1 General

Listing Rule 14.5 provides that an entity which has directors must hold an election of directors at each annual general meeting.

Clause 58 of the Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Hill, has served as a Director since 24 June 2019, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

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.

3.3 Independence

If re-elected the Board considers Mr Hill will be an independent Director.

3.4 Board recommendation

The Board has reviewed Mr Hill's performance since his appointment to the Board and considers that Mr Hill's skills and experience will continue to enhance the Board's ability to perform its role. Accordingly, the Board supports the re-election of Mr Hill and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF SHARES FOR THE ACQUISITION OF THE GALWADGERE PROJECT

4.1 General

As announced in the Company's ASX release dated 24 August 2020, SKY entered into an Option to Purchase Agreement to acquire the Galwadgere Gold-Copper Project in NSW from Alkane Resources Ltd (Alkane).

Under the agreement, SKY may purchase a 100% interest in the project on the terms below:

Option Fee & Period: \$250,000 in-ground expenditure within 18 months, and payment of \$1 in consideration for the grant of the Option.

Purchase: On election to exercise the option, SKY may purchase 100% equity interest in EL 6320 (Galwadgere Project) by issuing 6,000,000 fully paid ordinary shares in the capital of SKY to Alkane.

On 7 July 2021 SKY announced that it had completed the acquisition with the issue of 6,000,000 fully paid ordinary shares following \$250,000 in-ground expenditure by SKY within 18 months and a payment of \$1 in consideration for the grant of the option to purchase. SKY now holds a 100% equity interest in the Galwadgere Copper-Gold Project – EL6320.

4.2 Listing Rule 7.1 and 7.4

Listing Rule 7.1 provides that an ASX listed company must not, subject to specified exceptions, issue or agree to issue equity securities during any 12-month period than that amount which represents 15% of the number of ordinary securities on issue at the commencement of that 12-month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 by permitting the ratification of previous issues of shares which were not made under a prescribed exception under ASX Listing Rule 7.2 or with shareholder approval, provided that such issues did not breach the 15% threshold set out by Listing Rule 7.1. If shareholders of a company approve the ratification of such previous issues of shares at a general meeting, those shares will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

Accordingly, if shareholders ratify the Company's previous issues of shares (made under Listing Rule 7.1) by way of approving Resolution 3, those shares will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and will no longer be deducted from the Company's 15% placement capacity.

In order to restore the Company's capacity to issue equity securities, it is proposed that the shareholders ratify the issue of ordinary shares as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

If Resolution 3 is not passed the Company's 15% placement capacity will not be refreshed to the extent of the approval proposed to be given by Resolution 3.

4.3 Information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided in relation to the previous issue of the shares to Alkane Resources Ltd:

- a) Names of persons to whom the Company will issue the securities

The shares were issued to Alkane Resources Ltd which is not a related party of the Company.

- b) Number and class of securities the Company will issue

6,000,000 Ordinary Fully Paid Shares were issued.

- c) Summary of the material terms of the securities

The shares are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing shares on issue.

d) Date or dates on or by which the Company will issue the securities

The shares were issued on 30 June 2021.

e) Price or other consideration the Company has received

No cash consideration was received from the issue.

f) Purpose of the issue

The shares were issued as part of the consideration Option to Purchase Agreement.

g) Summary of material terms of the agreement

The material terms of the Option to Purchase Agreement were summarised in the Company's ASX release dated 24 August 2020 and as follows.

To exercise the Option, SKY must spend \$250,000 on in-ground expenditure within 18 months. On election to exercise the option, SKY may purchase 100% equity interest in EL6320 by issuing 6,000,000 fully paid ordinary shares in the capital of SKY to Alkane

h) Voting exclusion statement

A voting exclusion statement is included in the Notice.

Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF PLACEMENT SHARES

5.1 General

On 29 October 2021, the Company announced a share placement to raise approximately \$5.6 million at a price of \$0.085 per share (October Placement). Pursuant to the October Placement the Company issued 65,882,355 shares on 4 November 2021.

Resolution 4 seeks ratification of the issue of new shares under the October Placement.

5.2 Listing Rules 7.1, 7.1A and 7.4

Listing Rule 7.1 provides that an ASX listed company must not, subject to specified exceptions, issue or agree to issue equity securities during any 12-month period than that amount which represents 15% of the number of ordinary securities on issue at the commencement of that 12-month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained approval to increase its limit to 25% at the annual general meeting held on 30 November 2020.

The issue of securities under the October Placement does not fit within any of the Listing Rule 7 exceptions and, as it has not yet been approved by shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the securities under the October Placement. 35,392,243 new shares were issued under the October Placement using part of the Company's 15% capacity in Listing Rule 7.1 and 30,490,112 new shares were issued using the Company's additional capacity in Listing Rule 7.1A.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 by permitting the ratification of previous issues of securities which were not made under a prescribed exception under ASX Listing Rule 7.2 or with shareholder approval, provided that such issues did not breach the 15% threshold set out by Listing Rule 7.1. If shareholders of a company approve the ratification of such previous issues of securities at a general meeting, those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1.

Accordingly, if shareholders ratify the Company's previous issues of securities (made under Listing Rule 7.1) by way of approving Resolution 4, those securities will be deemed to have been issued with shareholder approval for the purposes of ASX Listing Rule 7.1 and will no longer be deducted from the Company's 25% placement capacity under Listing Rules 7.1 and 7.1A.

In order to restore the Company's capacity to issue equity securities, it is proposed that the shareholders ratify the issue of securities as detailed below. Ratification provides the Company with flexibility in capital management and allows the Company to make further issues for working capital or other purposes as required.

If Resolution 4 is not passed the Company's 25% placement capacity under Listing Rules 7.1 and 7.1A will not be refreshed to the extent of the approval proposed to be given by Resolution 4.

5.3 Information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, the following information is provided in relation to the issue of the shares pursuant to the March Placement:

a) Names of persons to whom the Company issued the securities

The shares were issued to sophisticated and professional investors, identified by the Company and the lead manager to the issue, none of whom were related parties of the Company. The investors invited to participate in the offer were a number of the Company's existing larger shareholders, and investors known to the Company or Lead manager as having an interest in the Company's activities or companies undertaking similar activities to similar to the Company.

b) Number and class of securities the Company issued

65,882,355 shares were issued.

c) Summary of the material terms of the securities

The shares were fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing shares on issue.

d) Date on which the securities were issued

The shares were issued on 4 November 2021.

e) Price or other consideration the Company received for the securities

The shares were issued at a price of \$0.085 each.

f) Purpose of the issue, including intended use of any funds raised by the issue

Funds raised by the issue of shares under the October Placement will be used to fund an accelerated exploration programme at SKY's tin, copper and gold projects with a focus on the Doradilla Tin-Copper Project, and general working capital purposes.

g) Summary of material terms of agreement

The shares were issued pursuant to subscription agreements which were standard for agreements of their type.

h) Voting exclusion statement

A voting exclusion statement is included in the Notice.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4. The Chairman intends to vote undirected proxies in favour of Resolution 4.

6. RESOLUTION 5 – APPROVAL 10% PLACEMENT CAPACITY

6.1 General

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

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 5 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 5 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

6.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 5:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) Minimum Price

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued for cash consideration at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section (i) above, the date on which the Equity Securities are issued.

(c) Use of funds raised under the 7.1A Mandate

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for general working capital and/or business growth and development.

(d) Risk of Economic and Voting Dilution

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 1 November 2021.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Issue Price		
			\$0.042	\$0.084	\$0.164
			50% decrease	Issue Price	50% increase
			Funds Raised		
Current	310,901,115 Shares	31,090,112 Shares	\$1,305,784	\$2,611,569	\$5,098,778
50% increase	466,351,672 Shares	46,635,167 Shares	\$1,958,677	\$3,917,354	\$7,648,167
100% increase	621,802,230 Shares	62,180,223 Shares	\$2,611,569	\$5,223,138	\$10,197,556

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 310,901,115 Shares on issue as at the date of this Notice of Meeting
2. The issue price set out above is the closing market price of the Shares on the ASX on 1 November 2021.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 30 November 2020 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting, the Company has issued 30,490,112 Ordinary Fully Paid Shares, representing 10% of the total number of equity securities on issue at 30 November 2020, under LR7.1A. The total cash consideration received from the issue of these shares was \$2,591,660.

The shares were issued to sophisticated and professional investors, identified by the Company and the lead manager to the issue, none of whom were related parties of the Company.

The shares were fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing shares on issue.

The shares were issued on 5 November 2021 at a price of \$0.085 each, being a 13.3% discount to the last close price before the announcement of the issue of \$0.098 as at 26 October 2021.

Funds raised by the issue of shares under the October Placement will be used to fund an accelerated exploration programme at SKY's tin, copper and gold projects with a focus on the Doradilla Tin-Copper Project, and general working capital purposes.

GLOSSARY

\$ means Australian dollars.

Associated Body Corporate means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

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

ASIC means the Australian Securities & Investments Commission.

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

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Listing Rules means the Listing Rules of ASX.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Performance Right means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share.

Plan has the meaning given in Section 5.1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2019.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

VWAP means the volume weighted average price.

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.



SKY METALS

ACN 098 952 035

SKY

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

Need assistance?



Phone:

1300 855 080 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:30am (AEDT) on Tuesday, 14 December 2021.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

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

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

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

By Mail:

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

By Fax:

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



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

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

☐

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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1

Appoint a Proxy to Vote on Your Behalf

XX

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

☐

the Chairman
of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Sky Metals Limited to be held as a virtual meeting on Thursday, 16 December 2021 at 10:30am (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention in step 2) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2.

Step 2

Items of Business

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

		For	Against	Abstain
Resolution 1	ADOPTION OF REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	RE-ELECTION OF DIRECTOR – MR RICHARD HILL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	RATIFICATION OF ISSUE OF SHARES FOR THE ACQUISITION OF THE GALWADGERE PROJECT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	RATIFICATION OF ISSUE OF PLACEMENT SHARES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	APPROVAL OF 10% PLACEMENT CAPACITY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Step 3

Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

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

SKY

999999A



Computershare

