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SKY METALS LIMITED

and its controlled entities

A.B.N. 46 098 952 035

INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

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DIRECTORS' REPORT

The Directors of Sky Metals Limited (the 'Company' or 'Sky') present their report together with the interim financial report and the auditor's review report thereon for the half-year ended 31 December 2025.

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, 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 ASX-listed companies Alpha HPA Limited and Minerals Exploration Limited, and Executive Chairman of ASX-listed companies Nickel Industries Limited, and Fulcrum Lithium Ltd, and unlisted public company Aluminium Industries Limited.

Oliver Davies, Managing Director

Director since 30 September 2024

Mr Davies joined SKY as a geologist in 2019. He was appointed to Exploration Manager in 2021, then to CEO in early 2022 and subsequently to Managing Director in September 2024. Prior to SKY, Mr Davies was in exploration and operational roles with Evolution Mining and Alkane Resources in NSW and Qld. Mr Davies has worked closely on several successful NSW discoveries including Evolution Mining's significant expansion of the Lake Cowal gold resource and with Alkane's regional exploration success at Tomingley and Boda.

Rimas Kairaitis

Director since 20 June 2019

Mr Kairaitis is a minerals industry executive with over 25 years' experience in minerals exploration, project development, mineral processing and company management in gold, base metals industrial minerals and speciality materials. 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 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.

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Scott John Todd

Director since 18 December 2025

Mr Todd is a qualified mining engineer and highly experienced mining professional, who has held numerous senior leadership positions such as Chief Operating Officer at PYBAR Mining Services, Vice President at Mitsubishi Development Pty Ltd, and NSW Mining Division Manager at Thiess Pty Ltd.

Most recently, he served as General Manager – Delivery at North Harbour Clean Energy, where he was responsible for managing and delivery of NSW State Significant Projects and steering major developments through the NSW Government's planning and approvals processes.

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 Non-Executive Chairman of Clara Resources Limited (ASX:C7A), a Non-Executive Director of Obminco Limited (ASX:OB1), MedTEC Holdings Ltd, and Unity Housing Company Ltd; and Company Secretary of a number of ASX Listed Companies.

Operating and financial review

The activities of Sky Metals Limited and its controlled entities (the 'Group') during the half-year ended 31 December 2025 include the following:

- Completed $6,091,500 placement to advance development of the Tallebung Tin Project.
- Bulk ore sorting trials at Tallebung delivered exceptional 13× tin grade uplift, significantly improving processing potential.
- New high-grade tin, silver and tungsten zones discovered at Tallebung, expanding near-surface mineralisation. Further high-grade tin–silver zones intersected at Tallebung further strengthens the open-pit resource potential.
- These activities have substantially progressed the Tallebung Tin Project towards potential development.
- Achieved a major metallurgical breakthrough at Doradilla, producing a saleable tin concentrate with ~78% recovery as well as defined a large Exploration Target to be advanced towards a maiden MRE for the project.

Financial Position and Performance

- The Group recognised a loss for the half year period ended 31 December 2025 of $1,466,079 (31 December 2024: loss of $1,369,054). The net assets of the Group at 31 December 2025 were $25,340,267 (30 June 2025: $20,459,086) including cash and cash equivalents of $2,701,398 (30 June 2025: $2,430,529) and short-term deposits of $2,000,000 (30 June 2025: $1,000,000).
- During the period the Group used a total of $4,054,038 (31 December 2024: $2,580,893) of cash in operating activities and exploration and evaluation activities.

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Subsequent Events

On 15 January 2026, 7,850,000 performance rights lapsed without conversion.

On 20 January 2026, 26,500,000 shares were issued upon the conversion of performance rights where the performance hurdle was met.

On 30 January 2026, 1,100,000 performance rights lapsed without conversion.

On 20 January 2026, 8,200,000 shares were issued upon the conversion of performance rights where the performance hurdle was met.

On 13 February 2026, the Group announced that it has raised $20,496,000 (pre capital raising costs) through a share placement of 132.2 million shares at $15.5 cents per share. Out of this, as at 18 February 2026, the Group issued 129 million shares for $20,000,000 (pre capital raising costs). The remaining 3.2 million shares will be issued upon shareholder approval.

Other than the matters discussed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' Report for the half-year ended 31 December 2025.

Signed at Orange this 4th day of March 2026 in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman

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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 2025 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

KPMG

Jessica Rutherford

Partner

Brisbane

4 March 2026

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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 2025

	Notes	31 December 2025 $	31 December 2024 $
Revenue			
Other income		**6,000**	6,000
Expenses			
Consultancy and administration expenses		**(570,891)**	(486,909)
Depreciation and amortisation expense	4	**(54,062)**	(69,251)
Employee and director expenses		**(822,265)**	(769,768)
Other expenses		**(98,179)**	(94,579)
Operating loss before finance income		**(1,539,397)**	(1,414,507)
Finance income		**85,909**	61,815
Finance expense		**(12,591)**	(16,362)
Net finance income		**73,318**	45,453
Loss before tax		**(1,466,079)**	(1,369,054)
Income tax expense		**-**	-
Loss for the period		**(1,466,079)**	(1,369,054)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(1,466,079)**	(1,369,054)
Total comprehensive loss attributable to:			
Owners of the Company		**(1,466,079)**	(1,369,054)
Non-controlling interest		**-**	-
Total comprehensive loss for the period		**(1,466,079)**	(1,369,054)
Earnings per share			
Basic and diluted loss per share (cents)		**(0.18)**	(0.22)

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

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SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	31 December 2025 $	30 June 2025 $
Current assets			
Cash and cash equivalents		**2,701,398**	2,430,529
Trade and other receivables		**166,378**	122,214
Term deposits		**2,000,000**	1,000,000
Other current assets		**75,800**	47,500
Total current assets		**4,943,576**	3,600,243
Non-current assets			
Investments		**231**	231
Exploration and evaluation expenditure	5	**20,907,599**	17,743,277
Property, plant and equipment	4	**318,275**	315,232
Other non-current assets		**283,201**	283,201
Total non-current assets		**21,509,306**	18,341,941
Total assets		**26,452,882**	21,942,184
Current liabilities			
Trade and other payables		**742,945**	1,074,451
Lease liability		**81,574**	75,625
Employee benefits payable		**100,818**	118,359
Total current liabilities		**925,337**	1,268,435
Non-current liabilities			
Employee benefits payable		**34,127**	13,517
Lease liability		**153,151**	201,146
Total non-current liabilities		**187,278**	214,663
Total liabilities		**1,112,615**	1,483,098
Net assets		**25,340,267**	20,459,086
Equity			
Issued capital	6	**93,911,732**	87,205,304
Fair value reserve	7	**231**	231
Option premium reserves	7	**953,776**	1,316,237
Accumulated losses		**(69,525,472)**	(68,062,686)
Total equity attributable to equity holders of the Company		**25,340,267**	20,459,086
Non-controlling interest		**-**	-
Total equity		**25,340,267**	20,459,086

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

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SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	Notes	Issued capital	Fair value & option reserve	Accumulated losses	Total	Non-controlling interest	Total equity
		$	$	$	$	$	$
Balance at 1 July 2024		81,613,572	973,131	(65,444,443)	17,142,260	-	17,142,260
Total comprehensive income for the period							
Loss for the period		-	-	(1,369,054)	(1,369,054)	-	(1,369,054)
Total comprehensive loss for the period		-	-	(1,369,054)	(1,369,054)	-	(1,369,054)
Transactions with owners recorded directly in equity							
Share issue		6,050,000	-	-	6,050,000	-	6,050,000
Costs of Issue		(464,118)	-	-	(464,118)	-	(464,118)
Exercise of Employee Performance Rights		5,850	(5,850)	-	-	-	-
Expired options		-	(532,282)	532,282	-	-	-
Share options – share based payments		-	545,283	-	545,283	-	545,283
Balance at 31 December 2024		87,205,304	980,282	(66,281,215)	21,904,371	-	21,904,371
Balance at 1 July 2025		**87,205,304**	**1,316,468**	**(68,062,686)**	**20,459,086**	**-**	**20,459,086**
Total comprehensive income for the period							
Loss for the period		**-**	**-**	**(1,466,079)**	**(1,466,079)**	**-**	**(1,466,079)**
Total comprehensive loss for the period		**-**	**-**	**(1,466,079)**	**(1,466,079)**	**-**	**(1,466,079)**
Transactions with owners recorded directly in equity							
Share issue	6	**6,141,539**	**-**	**-**	**6,141,539**	**-**	**6,141,539**
Costs of Issue	6	**(257,481)**	**-**	**-**	**(257,481)**	**-**	**(257,481)**
Exercise of Employee Performance Rights and Options	6	**822,370**	**(822,370)**	**-**	**-**	**-**	**-**
Expired options	7	**-**	**(3,293)**	**3,293**	**-**	**-**	**-**
Share options – share based payments	7	**-**	**463,202**	**-**	**463,202**	**-**	**463,202**
Balance at 31 December 2025		**93,911,732**	**954,007**	**(69,525,472)**	**25,340,267**	**-**	**25,340,267**

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

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SKY METALS LIMITED
AND ITS CONTROLLED ENTITIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

	31 December 2025 $	31 December 2024 $
Cash flows from operating activities		
Cash receipts in the course of operations	**6,000**	6,000
Cash payments in the course of operations	**(1,059,031)**	(805,543)
Cash used in operations	**(1,053,031)**	(799,543)
Interest received	**63,608**	61,815
Interest paid	**(12,591)**	(16,362)
Net cash used in operating activities	**(1,002,014)**	(754,090)
Cash flows from investing activities		
Investment in term deposits	**(1,000,000)**	(4,000,000)
Payments for exploration and evaluation expenditure	**(3,502,024)**	(1,826,803)
Payments for plant and equipment	**(57,106)**	(1,632)
Proceeds from (payments for) investments in security deposits	**(10,000)**	36,899
Net cash used in investing activities	**(4,569,130)**	(5,791,536)
Cash flows from financing activities		
Proceeds from issue of share capital	**6,141,539**	6,000,000
Share issue costs	**(257,481)**	(297,501)
Payment for the principal portion of lease liabilities	**(42,045)**	(36,681)
Net cash from (used in) financing activities	**5,842,013**	5,665,818
Net increase in cash and cash equivalents	**270,869**	(879,808)
Cash and cash equivalents at the beginning of the half year	**2,430,529**	3,255,060
Cash and cash equivalents at the end of the half year	**2,701,398**	2,375,252

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

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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 2025 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 2025 are available upon request from the Company's registered office at 2 Hawthorn Place, Orange, NSW, 2800 or at 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 of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board ('IASB').

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last consolidated financial statements as at and for the year ended 30 June 2025.

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 2025 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 4th March 2026.

(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 has recorded a loss before tax of $1,466,079 for the half-year ended 31 December 2025 and used net cash in operating and investing activities of $1,002,014 and $4,569,130 respectively. At 31 December 2025 the Group had cash and cash equivalents of $2,701,398, term deposit of $2,000,000, and net assets of $25,340,267.

The Group's main activity is minerals exploration, and as such it does not generate significant operating cash inflows. It relies on raising capital to have access to sufficient cash to continue its exploration activities.

As outlined in Note 6, the Group successfully completed a capital raise during the period amounting to $6,091,500 (pre capital raising costs). Subsequent to period end, as outlined in Note 9, the Group has raised a further $20,496,000 (pre capital raising costs) to advance the exploration activities associated with Tallebung and Doradilla, and for other working capital purposes.

The Directors have prepared cash flow projections for the period 1 January 2026 to 31 March 2027, which support the ability of the Group to continue as a going concern, and the going concern basis of preparation in the presentation of the consolidated financial statements.

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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 condensed consolidated interim financial statements are described in:

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

NOTE 3 - MATERIAL ACCOUNTING POLICIES

The accounting policies applied in these condensed consolidated 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 2025.

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

	31 December 2025 $	30 June 2025 $
Motor vehicles	**11,733**	13,425
Office equipment	**15,530**	18,635
Plant and equipment	**95,280**	46,943
Right of use asset	**195,732**	236,229
Net book value	**318,275**	315,232
Motor Vehicles		
Carrying amount at beginning of period	**13,425**	211,768
Depreciation	**(1,692)**	(198,343)
Net book value	**11,733**	13,425
Office Equipment		
Carrying amount at beginning of period	**18,635**	67,662
Addition	**655**	-
Depreciation	**(3,760)**	(49,027)
Net book value	**15,530**	18,635
Plant & Equipment		
Carrying amount at beginning of period	**46,943**	109,361
Addition	**56,452**	-
Depreciation	**(8,115)**	(62,418)
Net book value	**95,280**	46,943
Right of use asset		
Carrying amount at beginning of period	**236,229**	485,956
Depreciation	**(40,497)**	(249,727)
Net book value	**195,732**	236,229

NOTE 5 - EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2025 $	30 June 2025 $
EL 6699 Tallebung	**13,718,397**	10,651,694
EL 6258 Doradilla	**5,602,941**	5,512,926
EL 9524 Narriah	**448,619**	448,619
EL 6320 Galwadgere	**-**	-
EL 7954 Cullarin	**-**	-
EL 8400 & EL 8573 Kangiara	**-**	-
EL 8920 Caledonian	**-**	-
EL 6064 Iron Duke	**1,085,173**	1,082,875
EL 9191 Albert	**52,469**	47,163
Net book value	**20,907,599**	17,743,277
EL 6699 Tallebung		
Carrying amount at beginning of period	**10,651,694**	6,892,576
Additions	**3,066,703**	3,759,118
Net book value	**13,718,397**	10,651,694
EL 6258 Doradilla		
Carrying amount at beginning of period	**5,512,926**	5,415,808
Additions	**90,015**	97,118
Net book value	**5,602,941**	5,512,926
EL 9524 Narriah		
Carrying amount at beginning of period	**448,619**	358,164
Additions	**-**	90,455
Net book value	**448,619**	448,619
EL 6320 Galwadgere		
Carrying amount at beginning of period	**-**	600,000
Additions	**3,632**	**-**
Write Down	**(3,632)**	(600,000)
Net book value	**-**	-
EL 7954 Cullarin		
Carrying amount at beginning of period	**-**	-
Additions	**18,400**	19,742
Write Down	**(18,400)**	(19,742)
Net book value	**-**	-
EL 8400 & EL 8573 Kangiara		
Carrying amount at beginning of period	**-**	-
Additions	**4,740**	21,612
Write Down	**(4,740)**	(21,612)
Net book value	**-**	-

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

	31 December 2025 $	30 June 2025 $
EL 8920 Caledonian		
Carrying amount at beginning of period	**-**	-
Additions	**13,788**	7,366
Write Down	**(13,788)**	(7,366)
Net book value	**-**	-
EL 6064 Iron Duke		
Carrying amount at beginning of period	**1,082,875**	1,079,322
Additions	**2,298**	3,553
Net book value	**1,085,173**	1,082,875
EL 9191 Albert		
Carrying amount at beginning of period	**47,163**	42,117
Additions	**5,306**	5,046
Net book value	**52,469**	47,163

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 period ended 31 December 2025, the Group assessed its exploration and evaluation expenditure assets for impairment. The Group impaired the carrying value in full on the Galwadgere, Cullarin, Kangiara and Caledonian tenements, as the Board has currently not planned significant future exploration activities in these areas nor feasible sale plans. The total impairment expense recognised for the period ended 31 December 2025 was $40,560 which is presented within other expenses in the condensed consolidated interim statement of profit and loss and other comprehensive income.

NOTE 6 - ISSUED CAPITAL

	6 Months to 31 December 2025		6 Months to 31 December 2024	
	Number	$	Number	$
Ordinary shares, fully paid at start of period	**710,703,166**	**87,205,304**	589,553,166	81,613,572
Movement in Ordinary Shares				
Conversion of performance rights 2 October 2024 $0.039	**-**	**-**	150,000	5,850
Ordinary shares issued 2 October 2024 $0.050	**-**	**-**	1,000,000	50,000
Ordinary shares issued 8 November 2024 $0.050	**-**	**-**	87,600,000	4,380,000
Ordinary shares issued 20 December 2024 $0.050	**-**	**-**	32,400,000	1,620,000
Conversion of performance rights 15 July 2025 $0.046[1]	**1,100,000**	**46,000**	-	-
Conversion of performance rights 22 July 2025 $0.040[2]	**12,350,000**	**496,384**	-	-
Conversion of performance rights 25 July 2025 $0.045[3]	**5,000,000**	**226,088**	-	-
Ordinary shares issued 7 August 2025 $0.065[4]	**84,615,388**	**5,500,000**	-	-
Conversion of options 10 September 2025 $0.064[5]	**781,862**	**61,037**	-	-
Conversion of performance rights 7 October 2025 $0.065[6]	**1,000,000**	**42,900**	-	-
Ordinary shares issued 27 November 2025 $0.065[7]	**9,100,000**	**591,500**	-	-
Less cost of issue	**-**	**(257,481)**	**-**	(464,118)
Balance at end of period	**824,650,416**	**93,911,732**	**710,703,166**	**87,205,304**

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NOTE 6 - ISSUED CAPITAL (CONT'D)

[1] On 15 July 2025, the Group issued 1,100,000 shares at $0.046 per share upon the exercise of performance rights held by Managing Director.

[2] On 22 July 2025, the Group issued 12,350,000 shares at $0.040 per share upon the exercise of employee and director performance rights.

[3] On 25 July 2025, the Group issued 5,000,000 shares at $0.045 per share upon the exercise of director performance rights.

[4] On 7 August 2025, the Group issued 84,615,388 shares under tranche 1 of a share placement at $0.065 per share.

[5] On 10 September 2025, the Group issued 781,862 shares upon the exercise of options at $0.064 per share, where $10,998 is the value of the vested options and the remaining $50,039 is issued for cash.

[6] On 7 October 2025, the Group issued 1,000,000 shares at $0.065 per share upon the exercise of employee performance rights.

[7] On 27 November 2025, the Group issued 9,100,000 shares under tranche 2 of a share placement at $0.065 per share.

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

No dividends were declared or paid by the Company during the current or prior period

NOTE 7 - RESERVES

	31 December 2025 $	30 June 2025 $
Fair value reserve		
Balance at start of period	**231**	231
Net change in fair value of financial assets	**-**	-
Balance at end of the period	**231**	231
Option premium reserve		
Balance at start of period	**1,316,237**	972,900
Vesting of employee performance rights	**152,292**	417,214
Vesting of director performance rights	**509,810**	297,638
Forfeiture of employee performance rights	**(198,900)**	(448,881)
Expiry of employee performance rights 15 July 2025	**(3,293)**	-
Conversion of options 10 September 2025	**(10,998)**	-
Conversion of employee performance rights	**(166,388)**	(5,850)
Conversion of director performance rights	**(644,984)**	-
Lapsed Options	**-**	(83,402)
Vesting of Broker Options	**-**	166,618
Balance at end of the period	**953,776**	1,316,237

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

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NOTE 7 – RESERVES (CONT'D)

During the period to 31 December 2025, share based payment expense of $463,202 was recorded in the condensed consolidated interim statement of profit and loss and other comprehensive income. The expense includes vesting of director and employee performance rights during the period ended 31 December 2025 and vesting of share based payments issued in prior periods.

On 15 July 2025, the Company issued 1.75 million performance rights to employees. The Performance Rights convert to ordinary fully paid shares in SKY at no cost upon the achievement of various operational KPIs.

On 27 November 2025, the Company issued 5.6 million performance rights to employees and directors. The performance rights issued to directors were approved at the Company's 2025 AGM. The Performance Rights convert to ordinary fully paid shares in SKY at no cost upon SKY's 5 day VWAP share price reaching 12 cents before 27 November 2028.

On 27 November 2025, the Company issued 6.95 million performance rights to employees and directors. The performance rights issued to directors were approved at the Company's 2025 AGM. The Performance Rights convert to ordinary fully paid shares in SKY at no cost upon SKY's 5 day VWAP share price reaching 16 cents before 27 November 2028.

On 18 December 2025, the Company issued 3.75 million performance rights to Scott Todd upon his appointment as Executive Director. The Performance Rights convert to ordinary fully paid shares in SKY at no cost upon the achievement of various operational KPIs.

NOTE 8 – RELATED PARTY TRANSACTIONS

Transactions with Key Management Personnel

Except as outlined in Note 7, there have been no additional material significant transactions with Key Management Personnel during the period.

NOTE 9 - SUBSEQUENT EVENTS

On 15 January 2026, 7,850,000 performance rights lapsed without conversion.

On 20 January 2026, 26,500,000 shares were issued upon the conversion of performance rights where the performance hurdle was met.

On 30 January 2026, 1,100,000 performance rights lapsed without conversion.

On 20 January 2026, 8,200,000 shares were issued upon the conversion of performance rights where the performance hurdle was met.

On 13 February 2026, the Group announced that it has raised $20,496,000 (pre capital raising costs) through a share placement of 132.2 million shares at $15.5 cents per share. Out of this, as at 18 February 2026, the Group issued 129 million shares for $20,000,000 (pre capital raising costs). The remaining 3.2 million shares will be issued upon shareholder approval.

Other than the matters discussed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

NOTE 10 - 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.

DIRECTORS' DECLARATION

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 5 to 14, 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 2025 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 4th day of March 2026
in accordance with a resolution of the Board of Directors:



Norman A. Seckold
Chairman

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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 2025 and of its performance for the ***Interim Period*** 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:

- Condensed Consolidated interim statement of financial position as at 31 December 2025
- Condensed Consolidated interim statement of profit or loss and other comprehensive income, Condensed Consolidated interim statement of changes in equity and Condensed Consolidated interim statement of cash flows for the Interim period ended on that date
- Notes 1 to 10 including selected explanatory notes
- The Directors' Declaration.

The ***Group*** comprises Sky Metals Limited (the Company) and the entities it controlled at the Interim period's end or from time to time during the Interim period.

The ***Interim Period*** is the six months ended on 31 December 2025.

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 Condensed Interim 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional and Ethical Standards Board Limited (the Code) that are relevant to our audit of the annual financial report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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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 date and its performance for the Interim period 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

KPMG

JRutherford

Jessica Rutherford

Partner

Brisbane

4 March 2026

CORPORATE DIRECTORY

Directors:

Mr Norman A. Seckold (Chairman)
Mr Oliver J. Davies (Managing Director)
Mr Rimas A. Kairaitis
Mr Richard G.M. Hill
Mr Scott J. Todd

Company Secretary:

Mr Richard W.C. Willson

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