ASX Announcement
13 November 2026

Advance Metals and Sky Metals Propose ASX-Listed Australian Gold Spin-Out

Advance Metals Limited (ASX:AVM) (“**AVM**” or “**Advance”**) and Sky Metals Limited (ASX:SKY) (“**SKY”**) are pleased to announce they have signed a non-binding term sheet (**“Term Sheet”**) proposing to combine their respective Australian gold project interests into a new company (“**NewCo**”), which will seek admission to the official list of the ASX.

The proposed spin-out would combine Advance’s Myrtleford and Beaufort Gold Projects in Victoria with SKY’s Cullarin, Kangiara and Caledonian Projects in New South Wales, creating a combined exploration portfolio of more than 2,000km^2 across southeastern Australia.

Under the proposed transaction, Advance would receive 30 million NewCo shares, representing approximately 37.5% of NewCo's indicative issued capital at listing, with a deemed issue value of $6 million. SKY would receive 15 million NewCo shares, representing approximately 18.75% of NewCo's indicative issued capital at listing, with a deemed issue value of $3 million. The proposed structure would allow both Companies to retain substantial exposure to their respective gold assets through a dedicated Australian exploration company.

The proposed spin-out will aim to unlock value for existing AVM and SKY shareholders by:

- **Dedicated exploration funding:** NewCo will target a $6 million initial public offering (“IPO”) and ASX listing in the first half of 2027, subject to satisfaction of the relevant conditions, providing a funding pathway for the combined Australian gold portfolio.
- **Substantial retained ownership:** Advance and SKY will retain a significant portion of NewCo shares after the proposed listing
- **Consolidated Australian gold portfolio:** The proposed combination would bring together existing high grade gold discoveries at Myrtleford and Cullarin, alongside a pipeline of additional exploration targets across more than 2,000km^2 of prospective tenure in the prolific Lachlan Fold Belt of southeastern Australia (**Figure 1**)
- **Greater strategic focus:** The proposed spin-out would establish a dedicated Australian gold exploration company while allowing Advance and SKY to concentrate on progressing the other assets in their portfolios

Advance’s Victorian portfolio is prospective for high-grade gold discoveries, with recent bonanza grades intersected in drilling at the Myrtleford Project[1]. SKY’s New South Wales gold portfolio includes the Cullarin and Kangiara Projects, which host the high-grade Hume gold discovery as well as the historic Kangiara mine. Both these latter deposits also contain copper, zinc and silver mineralisation with up to 20 kilometres of strike potential[2,3].

Advance’s Victorian portfolio includes the high grade Happy Valley gold discovery within the Myrtleford Gold Project where previously reported drilling has returned significant gold intersections. An updated 3D geological model has identified three principal gold bearing quartz veins extending to at least 500m below surface, providing a framework for future exploration targeting[1].

SKY’s New South Wales portfolio includes Cullarin, Kangiara and Caledonian Projects. Cullarin hosts the high grade Hume gold discovery, while Kangiara includes strong historic gold and base metal mineralisation. The projects provide additional exploration opportunities within the proposed combined portfolio.[2,3]

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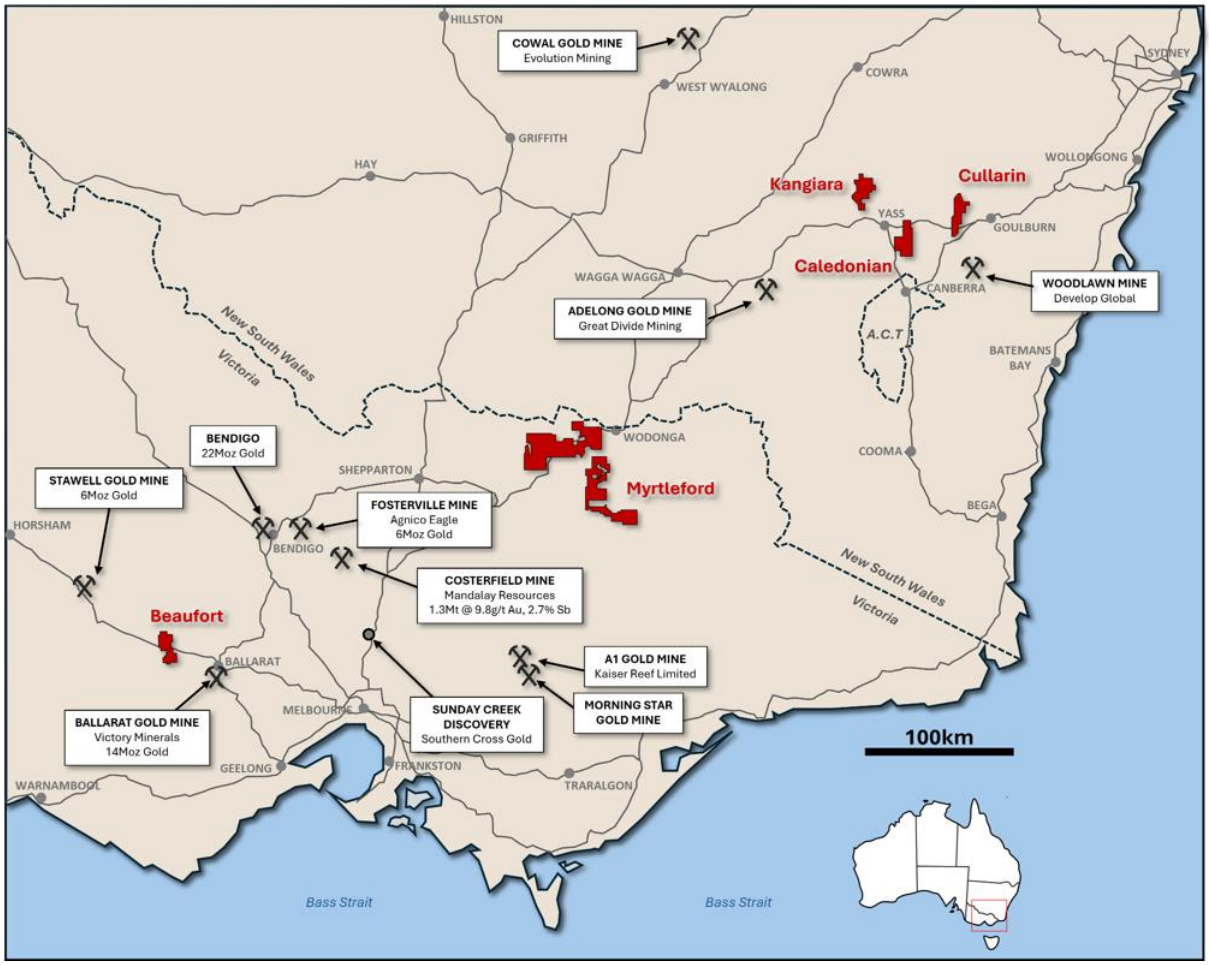


Figure 1. Location of the proposed gold exploration portfolio comprising AVM and SKY projects in SE Australia.

Commenting on the proposed transaction with Sky Metals, Advance Metals' Managing Director and CEO Adam McKinnon said:

"We are very pleased to have reached this agreement with Sky Metals to bring together a highly prospective portfolio of Australian gold assets into a dedicated gold exploration company. We believe the combination of Advance's Victorian projects and Sky's NSW portfolio creates an exciting opportunity to establish a well-funded, focused gold explorer with significant existing discoveries at Myrtleford and Cullarin, alongside a substantial pipeline of compelling exploration targets."

"By providing these assets with dedicated management, capital and exploration focus, we believe their potential can be more effectively realised. The proposed transaction also provides an opportunity for both Advance and Sky shareholders to retain meaningful exposure to the upside of the new company, while allowing each company to sharpen its strategic focus on its core assets."

"We look forward to working with the Sky team to progress the transaction and establish what we believe has the potential to become an exciting new Australian gold exploration company."

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Sky Metals Managing Director Oliver Davies commented:

"SKY believes this transaction provides an excellent opportunity to unlock the value of SKY's highly prospective gold assets through a dedicated exploration company focused solely on gold discovery. While Cullarin and Kangiara have already demonstrated the potential to host high grade mineralisation, we believe the broader land package remains significantly underexplored and offers the potential to uncover much larger gold systems.

"With SKY focussed on our core tin-tungsten development portfolio, by combining these projects with Advance's Victorian portfolio, NewCo would bring together a highly experienced technical team, dedicated funding and a singular exploration focus, creating a strong platform to systematically advance multiple district-scale opportunities across the Lachlan Fold Belt."

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Proposed Transaction Structure

Under the Term Sheet, Advance will vend its interest in the Myrtleford and Beaufort Gold Projects into NewCo for 30,000,000 NewCo shares at a deemed issue price of $0.20 per share, representing $6 million and approximately 38% of NewCo's indicative issued capital at listing.

SKY will vend its interest in the Cullarin, Kangiara and Caledonian Projects into NewCo for 15,000,000 NewCo shares at a deemed issue price of $0.20 per share representing $3 million and approximately 19% of NewCo's indicative issued capital at listing.

No cash consideration is payable by NewCo to AVM or SKY for these interests under the proposed transaction.

Subject to the conditions precedent summarised in Appendix 1, NewCo is targeting an IPO to raise $6 million at $0.20 per share, with the proposed admission to the official list of ASX targeted for the first half of 2027.

The IPO is expected to include a priority offer of up to $3 million to eligible AVM and SKY shareholders. The NewCo shares issued to Advance and SKY under the proposed transaction are expected to be subject to ASX escrow for 24 months from listing.

On the indicative capital structure, NewCo would have 80,000,000 shares on issue at listing, with Advance holding approximately 37.5%, SKY holding 18.75%, IPO investors holding 37.5% and seed investors holding approximately 6.25%.

The proposed Company will be led by a dedicated Board and management team, including a director nominated by each of AVM and SKY, together with an independent non-executive chairman and CEO or Managing Director to be agreed by both companies.

The Term Sheet is non-binding other than customary exclusivity and confidentiality provisions. Completion remains subject to a number of conditions precedent including satisfactory due diligence, execution of formal arrangements, required shareholder and regulatory approvals completion of the IPO and ASX approval for NewCo's admission.

There is no certainty that the proposed transaction or IPO will proceed.

Key terms of the Term Sheet are summarised in **Appendix 1**.

This announcement has been authorised for release by the **Boards of Advance Metals Limited** and **Sky Metals Limited**.

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The information in this announcement relating to exploration results at the Myrtleford Project is extracted from the AVM announcement referred to in reference 1 below. AVM confirms that it is not aware of any new information or data that materially affects the information included in that announcement and that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcement. Information relating to the Cullarin and Kangiara Projects is extracted from the SKY and PDM announcements referred to in references 2 and 3 and has not been independently verified by AVM.

References

1: *AVM ASX Announcement - Advance Defines High Grade Gold Controls at Happy Valley with New 3D Geological Model – 6 July 2026 (and references therein).*

2: *SKY ASX Announcement – Outstanding Gold Results at the Cullarin Project – 10 February 2020.*

3: *PDM ASX Announcement – Maiden JORC Resource for Kangiara – 24 March 2010.*

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Appendix 1 – Key terms of the Term Sheet

Transaction	NewCo will acquire AVM's interest in the Myrtleford and Beaufort Gold Projects in Victoria through the novation to NewCo of AVM's agreement to acquire E79 Resources Pty Ltd, which was announced on 6 January 2025 and 21 May 2026. NewCo will also acquire SKY's interest in the Cullarin, Kangiara and Caledonian Projects in New South Wales by acquiring SKY's subsidiary, Aurum Metals Pty Ltd. The consideration payable to the vendor of E79 Resources under the novated agreement will be satisfied by the issue of AVM shares, subject to AVM receiving shareholder approval.
Consideration	NewCo will issue 30,000,000 shares to AVM and 15,000,000 shares to SKY, in each case at a deemed issue price of $0.20 per share, representing $6 million and $3 million respectively. No cash consideration is payable. The shares issued to AVM and SKY are expected to be subject to ASX escrow.
Initial public offering	NewCo will seek to raise $6 million through the issue of shares at $0.20 per share under a prospectus, with a minimum subscription of $6 million. The offer is expected to include a priority offer of up to $3 million to eligible AVM and SKY shareholders. PAC Partners will act as lead manager, together with a further joint lead manager to be nominated by SKY.
Indicative capital structure at listing	On completion of the transaction and the initial public offering, NewCo is expected to have 80,000,000 shares on issue, comprising 5,000,000 seed shares issued at $0.10 per share to fund the costs of the listing (6.3%), 30,000,000 shares held by AVM (37.5%), 15,000,000 shares held by SKY (18.8%) and 30,000,000 shares issued under the initial public offering (37.5%). The capital structure is indicative only.
Board	The NewCo board will comprise a Chief Executive Officer or Managing Director and an independent Chair, each to be agreed by AVM and SKY, together with Dr Adam McKinnon as the director nominated by AVM and a director to be nominated by SKY. Richard Willson will act as Company Secretary.
Conditions	Completion of the transaction is conditional on each party completing its due diligence, the parties executing formal agreements, ASX granting conditional approval for NewCo's listing, NewCo receiving the minimum subscription under the initial public offering, all required shareholder approvals being obtained (including approval by AVM shareholders), all required regulatory, vendor and third-party consents being obtained, and no material adverse event occurring before completion. The parties will use their best endeavours to satisfy the conditions by March 2027 or such later date as they agree. If a material adverse tax or duty consequence is identified before the formal agreements are signed, the parties will negotiate in good faith to restructure the transaction.
Exclusivity	Until the formal agreements are signed, each party has agreed not to pursue competing proposals or to deal with the assets it is contributing other than with NewCo, subject to a customary carve-out for the fiduciary duties of the AVM and SKY directors.

The Term Sheet otherwise contains terms, including as to termination, confidentiality, costs and governing law, that are customary for a non-binding agreement of this nature.

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