

RC DRILLING COMMENCES AT THE TALLEBUNG TIN PROJECT TARGETING SHALLOW TIN DEPOSIT

- RC Drilling has commenced at the historic Tallebung Tin Mine targeting a shallow, bulk tonnage tin deposit before drilling recommencing at the 3KEL – Doradilla tin project.
- Reassessment of previous drilling results has highlighted the potential for bulk tonnage tin mineralisation at Tallebung. Previous results include:

TBRC006: 87m @ 0.18% tin from 60m, including;
1m @ 5.83% tin & 0.36% tungsten from 60m and;
3m @ 0.92% tin from 69m

TBRC009: 44m @ 0.21% tin from 69m, including;
5m @ 1.33% tin from 69m

TBRC001: 31m @ 0.19% tin from 71m to end of hole, including;
3m @ 1.12% tin & 0.27% tungsten from 77m

- The shallow tin mineralisation is open along strike and both up and down dip.
- Tin mineralisation is hosted as coarse cassiterite (tin-oxide) indicating favourable concentration by traditional gravity methods.
- This program complements the exciting tin project at the extensive Doradilla skarn complex 260km to the north.



Figure 1: RC drill rig mobilising to the Tallebung Tin Mine.

SKY METALS LIMITED

SKY Exploration Manager Oliver Davies commented “The re-evaluation of the Tallebung Tin Project as a bulk tonnage resource is an exciting target for SKY with current record tin prices over \$60,000/t, 1% tin corresponds in value to over 7g/t Au. The existing, extensive drilling of over 1.2km open strike of outcropping tin mineralisation provides an advanced base to begin this next round of work. This, in combination with the simple metallurgy of the cassiterite-hosted tin, provide a strong platform for SKY to quickly progress the Tallebung Project before returning to the 3KEL Target once localised flooding has abated.”

The Board of Sky Metals Limited (‘SKY’ or ‘The Company’) is pleased to provide an update on exploration activities at the Tallebung Tin Target at the Tallebung Project in NSW.

TALLEBUNG PROJECT: TIN-TUNGSTEN (EL 6258, SKY 100%)

TALLEBUNG TARGET – RC DRILLING

Eleven RC holes are planned in this new RC drilling program at the historic Tallebung Tin Mine for a total of approximately 2000m to test the up dip, shallow potential for further bulk tonnage tin mineralisation. Tin mineralisation at Tallebung has a strike of over 1.2km and is open along strike. SKY has identified several areas where the mineralisation is open up dip to surface and indicates potential to further increase the size of the Tallebung Target in shallow, up dip and near surface areas. **Figure 2** shows a cross section including **TBRC006** which is open up dip for over 100m to surface.

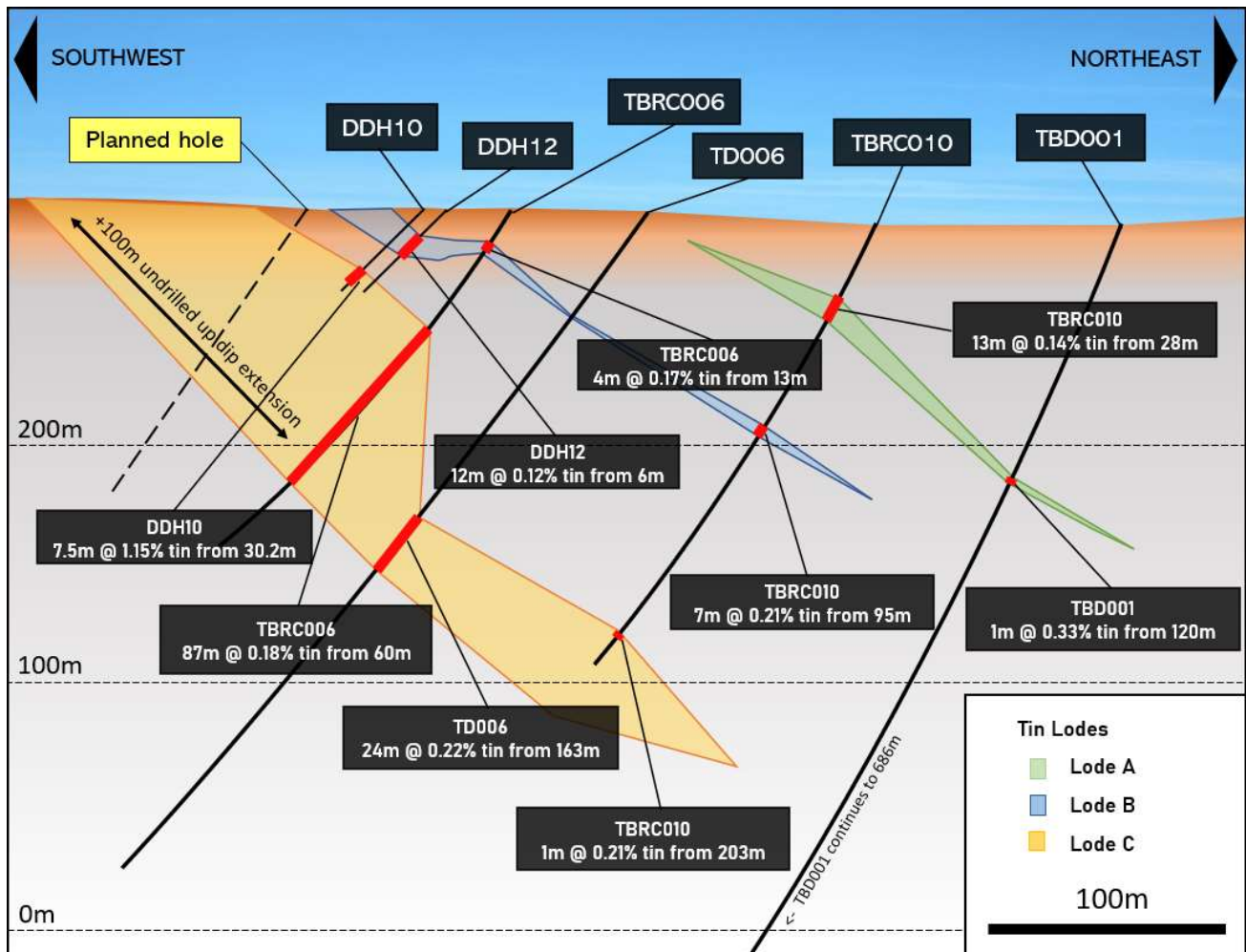


Figure 2: Tallebung Target – Cross section showing **TBRC006** and other holes drilled on section within a 50m wide window. **TBRC006** is open up dip for over 100m to surface.

SKY has previously completed two drilling programs for a total of thirteen RC holes and two deep diamond drill holes with one wedge hole in 2019 (SKY ASX announcements: 17 September 2019, 5 December 2019.) The work in 2019 focussed on exploring for high-grade tin lodes and a large underlying ‘tin porphyry’. A review of this drilling, and work completed by

past explorers, has resulted in SKY assessing Tallebung as a bulk tonnage target and recalculating the previously reported high-grade intercepts as bulk, length-weighted averages over broad intervals, an example is given below for **TBRC006**:

TBRC006: 87m @ 0.18% tin from 60m, including;
 1m @ 5.83% tin & 0.36% tungsten from 60m and;
 3m @ 0.92% tin from 69m and;
 3m @ 0.25% tin from 96m and;
 1m @ 0.43% tin from 104m and;
 2m @ 1.54% tin from 114m and;
 1m @ 0.24% tin from 140m and;
 1m @ 0.93% tin from 143m and;

This approach to calculating the intercepts at Tallebung may better represent the true nature of the mineralisation as the grades are likely to be either very high or subdued due to the 'nuggety' nature of the coarse cassiterite-hosted tin. Averaging these results over a broad interval is, therefore, more likely to provide a realistic grade and width of the mineralisation present at Tallebung.

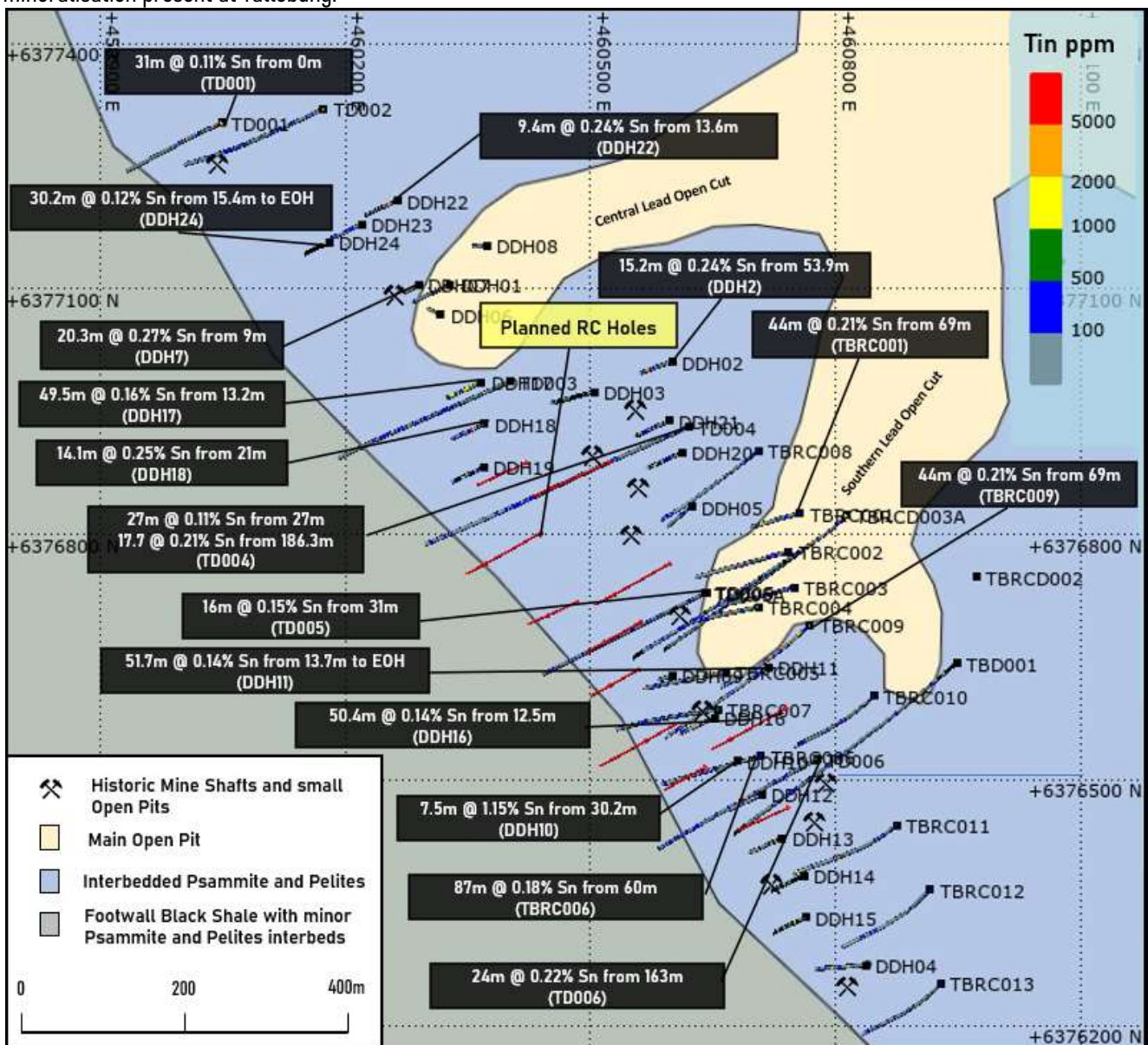


Figure 3: Tallebung Target – Plan view of the geology at Tallebung overlain by drillhole traces coloured by downhole tin assays (NB 5000ppm = 0.5% tin). Planned RC holes in this latest program are shown by the red traces.

This report has been approved for release by the Board of Directors.

ABOUT SKY (ASX: SKY)

SKY is an ASX listed public company focused on the exploration and development of high value mineral resources in Australia. SKY's project portfolio offers exposure to the tin, gold, and copper markets in the world class mining jurisdiction of NSW.

GOLD PROJECTS

CULLARIN / KANGIARA PROJECTS (EL7954; EL8400 & EL8573, HRR FARM-IN)

Under the HRR farm-in, SKY has now earned an 80% interest in the projects via the expenditure of \$2M (ASX: 9 October 2019). 'McPhillamys-style' gold results from previous drilling at the Cullarin Project include 148.4m @ 0.97 g/t Au (WL31) including 14.6m @ 5.1 g/t Au from 16.2m, & 142.1m @ 0.89 g/t Au (WL28) including 12m @ 4.4 g/t Au from 25.9m. The Cullarin Project contains equivalent host stratigraphy to the McPhillamys deposit with a similar geochemical, geophysical & alteration signature. SKY's maiden drill program was very successful including core hole HUD002 which returned 93m @ 4.2 g/t Au from 56m.

CALEDONIAN / TIRRANA PROJECTS (EL8920, EL9048, EL9120 100% SKY)

Highlight, 'McPhillamys-style' gold results from previous exploration include 36m @ 1.2 g/t Au from 0m to EOH in drillhole LM2 and 81m @ 0.87g/t Au in a costean on EL8920 at the Caledonian Project. The distribution of multiple historic drill intersections indicates a potentially large gold zone with discrete high-grade zones, e.g. 6m @ 8g /t Au recorded from lode at historic Caledonian Mines (GSNSW). A strong, robust soil gold anomaly (600 x 100m @ +0.1ppm) occurs and most drillholes (depth ~25m) terminate in the mineralised zone.

COPPER GOLD PROJECTS

GALWADGERE (EL6320, 100% SKY)

The Galwadgere project is located ~15km south-east of Wellington in central NSW. High grade copper-gold mineralisation has been intersected by previous explorers (e.g. 47m @ 0.90% Cu & 1.58g/t Au) and the mineralisation is open along strike and at depth.

IRON DUKE (EL6064, BALMAIN OPTION; EL9191 100% SKY)

The Iron Duke project is located ~10km south-east of Tottenham in central NSW. High grade copper-gold mineralisation has been intersected by previous explorers (e.g. 13m @ 1.56% Cu & 4.48g/t Au)

TIN PROJECTS

TALLEBUNG PROJECT (EL6699, 100% SKY)

The Tallebung Project is located ~70km north-west of Condobolin in central NSW. The project encompasses the historic Tallebung Tin Mining Field at the northern extent of the Wagga Tin Belt within the central Lachlan Orogen and is considered prospective for lode and porphyry-style tin - tungsten mineralisation.

DORADILLA PROJECT (EL6258, 100% SKY)

The Doradilla Project is located ~ 30km south of Bourke in north-western NSW and represents a large and strategic tin project with excellent potential for associated polymetallic mineralisation (tin, tungsten, copper, bismuth, indium, nickel, cobalt, gold).

NEW ENGLAND PROJECT (EL9200 & 9210, 100% SKY)

SKY has been granted two exploration licences in the New England Orogen covering areas of significant historical tin production - Emmaville & Gilgai. These areas were selected as they were considered to have considerable potential to host hardrock tin resources and limited modern day exploration has been conducted.



Figure 4: SKY Location Map

COMPETENT PERSONS STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimas Kairaitis is a Director of Sky Metals Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

PREVIOUSLY REPORTED INFORMATION

The information in this report that references previously reported exploration results is extracted from the Company's ASX market announcements released on the date noted in the body of the text where that reference appears. The previous market announcements are available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

DISCLAIMER

This report contains certain forward-looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Sky Metals Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Sky Metals Ltd. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

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