



SKY ENTERS INTO OPTION AGREEMENT TO DIVEST THE GALWADGERE PROJECT

- SKY Metals has entered into an option to purchase agreement with Burrendong Minerals Ltd (BML) for the potential divestment of SKY's non-core Galwadgere Project.
- BML are a pre-IPO exploration company exploring a portfolio of projects with mineral resources complimentary and adjacent to the Galwadgere Project near Wellington, NSW (figure 1).
- The divestment of this non-core asset will allow SKY to continue to focus on the resource expansion drilling and progress to mine scoping studies at the Tallebung Project and further work at the new Narriah Project.

SKY CEO Oliver Davies commented: *"The integration of the Galwadgere Project into the Burrendong Minerals portfolio allows SKY to see value for this non-core project while continuing to develop the Tallebung and Narriah Projects over the coming months. Galwadgere will be a terrific compliment to BML's portfolio of mineral resources in NSW and streamline SKY's portfolio to focus on core assets."*

The Board of Sky Metals Limited ('SKY' or 'The Company') is pleased to detail the divestment of the non-core Galwadgere Project in NSW to pre-IPO NSW explorer Burrendong Minerals Limited (BML).

GAWADGERE PROJECT (EL 6320, BML OPTION)

Option to Purchase Agreement

SKY and BML have entered into to an option to purchase agreement for the divestment of SKY's non-core Galwadgere Project. The agreement is in two stages, as below:

Stage 1: Following exploration expenditure of \$250,000 within 18 months of executing the Purchase Agreement, BML will earn an option to purchase 100% interest in EL6320.

Stage 2: After satisfying stage 1, BML may elect to purchase EL6320 outright with either \$600,000 worth of BML share or cash at BML's election.

Burrendong Minerals has a portfolio of projects centred on the area around the Galwadgere Project including the Commonwealth Deposit. BML aims to list on the ASX with an IPO planned in the coming months. Figure 1 shows the current portfolio of BML and the proximity of the tenement package to compliment the Galwadgere Project.

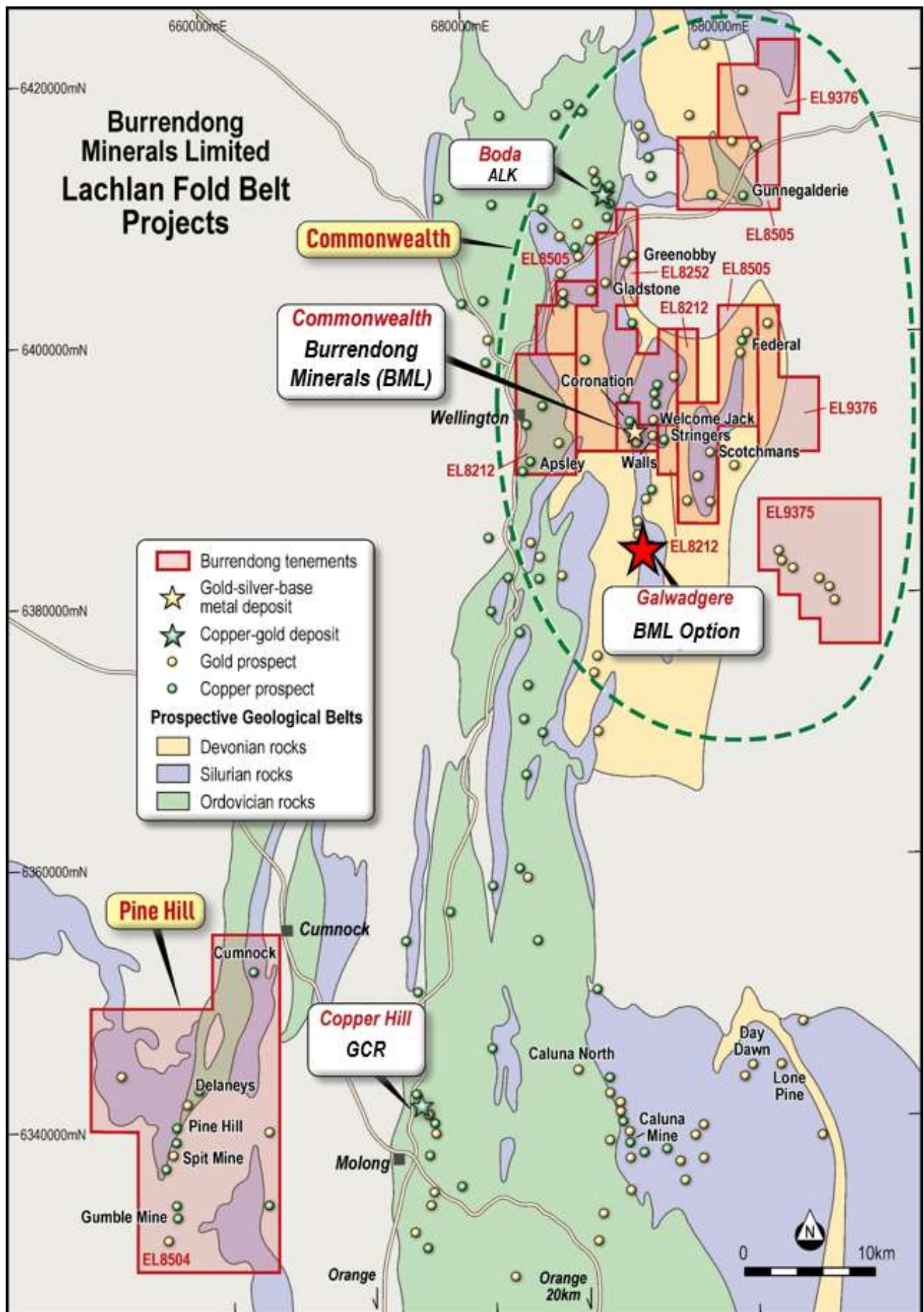


Figure 1: BML tenement portfolio in NSW with the location of the Galwadgere Project over which SKY has entered into an option to purchase agreement for the Galwadgere Project tenement EL6320 with BML.

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.

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 where SKY has now defined a maiden MRE of 10.2Mt @ 0.18% Tin*. SKY plans to advance the Tallebung by increasing the resource to the 16-21Mt* Exploration Target and progress development for future mining (*SKY ASX Announcement 22 March 2023).

DORADILLA PROJECT (EL6258, 100% SKY)

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

NARRIAH PROJECT (EL9524, 100% SKY)

The Narriah Project is located ~70km west of West Wyalong in western NSW and represents a large tin project with multiple historic workings prospective for tin, tungsten and lithium mineralisation with limited drill testing completed to date.

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

Two exploration licences in the New England Orogen covering areas of significant historical tin production.

COPPER GOLD PROJECTS

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

The Iron Duke project is located ~10km south-east of Tottenham in central NSW and covers at least 4 significant historic copper-gold mines. High grade copper-gold mineralisation intersected by previous explorers (e.g. 13m @ 1.56% Cu & 4.48g/t Au).

GALWADGERE (EL6320, BML Option)

The Galwadgere project is located ~15km south-east of Wellington in central NSW. An open MRE of 3.6Mt @ 0.78% Cu and 0.28g/t Au defined at Galwadgere with numerous targets with limited drilling testing adjacent to the MRE.

GOLD PROJECTS

CULLARIN / KANGIARA projects (EL7954; EL8400 & EL8573, DVP JV)

The Cullarin Project contains equivalent host stratigraphy to the McPhillamys deposit with a similar geochemical, geophysical & alteration signature. 'McPhillamys-style' gold results from previous drilling at the Cullarin Project. SKY's maiden drill program was successful, including 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.



Figure 2: SKY Tenement 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.

This document has been prepared in accordance with the requirements of Australian securities laws, which may differ from the requirements of United States and other country securities laws. Unless otherwise indicated, all ore reserve and mineral resource estimates included or incorporated by reference in this document have been, and will be, prepared in accordance with the JORC classification system of the Australasian Institute of Mining, and Metallurgy and Australian Institute of Geoscientists.

