QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2024

HIGHLIGHTS

TALLEBUNG PROJECT

- **Surface trenching program successfully completed**, enabling upcoming bulk sample and pilot-scale metallurgical testwork program, providing SKY with an outstanding opportunity to:
    - **Optimise the entire metallurgical flowsheet in a pilot-scale plant**;
    - **Produce tin concentrate for ongoing marketing, end-user engagement**;
    - **Increase confidence in resource estimation** with tin produced from the bulk samples to be reconciled with the grade estimate to validate the MRE model.
- **All six trenches intersected tin mineralisation** at surface and across the entire project area.
- Surface trenching program completed, with results identifying four zones suitable to extract bulk samples **for a total of approximately 50 tonnes** of tin mineralisation to test metallurgical optimisation on varying tin grades and mineralisation throughout the entire deposit.
- The bulk sampling program is scheduled to commence in early February.
- **Further exceptional results from metallurgical testwork**, with Heavy Liquid Separation (HLS) testwork confirming excellent potential to recover the tin lost in the aggressive ore sorting process while still substantially reducing the mass for further processing.
- **Diamond drilling program commenced in early January 2025** to provide high-quality data to further improve the Company's geological understanding of the deposit, vital to upgrade the MRE at Tallebung and provide the basis for ongoing mining and development studies.
- **Large-scale RC drilling program planned to follow this program** to significantly expand the recently identified higher-grade areas and increase the MRE in size, confidence and grade.
- **Development approvals are continuing to be expedited**, with initial biodiversity studies completed and a weather station installed to progress environmental studies.

CORPORATE

- **$6 million capital raising completed** with strong demand from existing shareholders and new investors including resource funds. Proceeds will fund imminent:
    - Resource expansion drilling,
    - bulk sampling for further pilot-scale metallurgical studies and
    - expediting mining development and environmental studies.

MARCH 2025 QUARTER – PROPOSED WORK PROGRAM

TALLEBUNG PROJECT

- Large-scale, multi-rig drill out planned to expand and increase resource confidence.
- Bulk sampling program to improve and optimise exceptional ore sorting and processing results.
- Pilot-scale gravity plant testwork to produce saleable tin concentrate.
- Continue building towards a mining study to consolidate the economic potential at Tallebung.

The Board of Sky Metals Limited ('SKY' or 'The Company') is pleased to provide a Quarterly Activities Report outlining SKY's exploration program during the December 2024 quarter.

TALLEBUNG PROJECT (EL 6699, SKY 100%)

TRENCHING AND BULK SAMPLING PROGRAM

During the Quarter, Sky Metals completed a trenching program for bulk metallurgical testwork and MRE validation at Tallebung.

The program comprised six (6) trenches (T4-T9) for total of approximately 201m of trenching. The trenching sites were selected to target variation of deposit tin grades and traverse zones across the entire footprint of the currently defined extent of the Tallebung tin mineralisation.

Results were reported subsequent to the end of the Quarter, with all trenches successfully intersecting tin mineralisation at surface, providing valuable insights into the geology at Tallebung (see Figure 1). Results included:

T4: 3m @ 0.16% Sn from 12m along trench.

T5: 10m @ 0.15% Sn & 0.02% W from 22m along trench (NB: includes 2.8m from 28-30.8m with no sample and recorded as 0% Sn), including:

6m @ 0.20 % Sn & 0.02% W from 22m along trench, including:

1m @ 0.44% Sn & 0.03% W from 22m along trench.

T6: 1m @ 0.19 % Sn & 8.41g/t Ag from 41m along trench.

T7: **4.9m @ 0.37% Sn** from 8m along trench (NB: intercept was terminated on zone of historic selective mining which had already deeply excavated the zone immediately adjacent to the intercept), including:

0.9m @ 1.15% Sn from 12m along trench (immediately adjacent to selectively mined zone).

T8: 1m @ 0.15% Sn & 12.1g/t Ag from 2m along trench; and

2m @ 0.18% Sn & 0.03% W from 30m along trench.

T9: 6m @ 0.08% Sn, 0.03% W & 48.3g/t Ag from 11m along trench, including:

1m @ 0.24% Sn, 0.10% W & 221g/t Ag from 11m along trench.

In the case of the best two results in T5 and T7, both trenches had zones where the trench did not have bedrock to be sampled. In T5, an erosional channel had removed a zone within the mineralised tin intercept, and in T7 historic selective mining had extracted a section of the bedrock immediately adjacent to where the best trenching assay result was returned.

As a result of these factors, the results from of these trenches might have been significantly higher in grade and width had these areas been intact and present to be sampled. Regardless, the trenching results will be incorporated into the geological model to increase both the size and confidence in the MRE.

In addition to improving the MRE, the trenching results have been used to identify four (4) zones for bulk sampling.

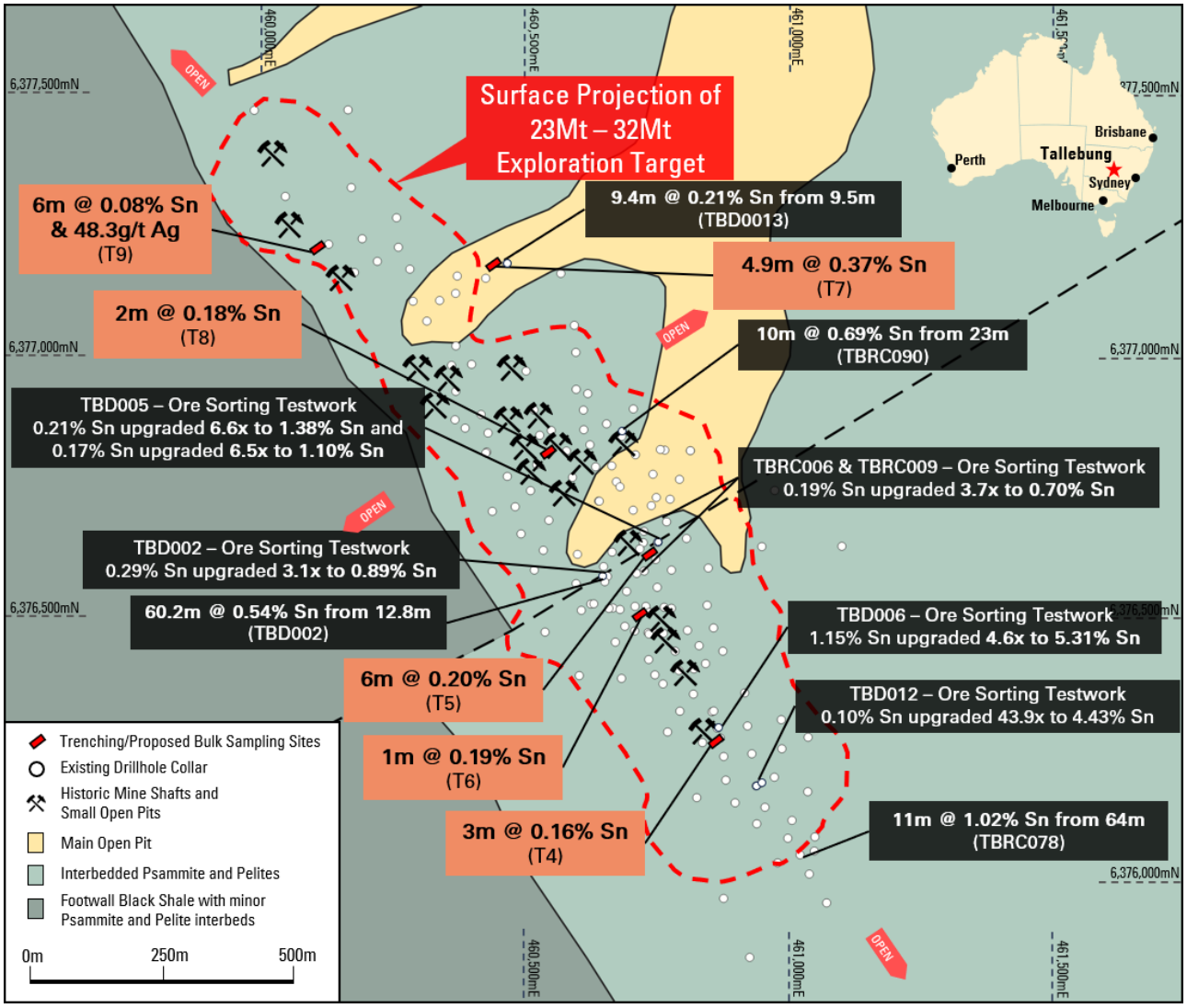

Figure 1: *Plan showing the results of the latest trenching program in orange as well as existing drilling, highlight drill intercepts and the boundary of the Tallebung exploration target shown over geology map.*

To mimic mining, the bulk samples will be taken from directly below these trenches, in a deeper cut underneath and also perpendicular to the strike of the mineralisation. This will ensure representative bulk samples of the Tallebung tin mineralisation are extracted for metallurgical testwork.

Following sampling in the next fortnight, the bulk samples will be crushed and sorted via XRT ore sorting at the full-scale ore sorter at the TOMRA Ore Sorting Test Facility in Sydney. The sorted samples will then be sent to ALS Burnie in Tasmania for grinding and processing in a pilot-scale gravity plant to produce a tin concentrate.

The tin concentrate from this program will provide sample concentrate to use for marketing purposes and customer engagement for the tin concentrate to be produced at Tallebung. Given the favourable nature of the tin mineralisation at Tallebung, it is anticipated that the tin concentrate will be very desirable for downstream markets.

Results for the bulk sampling metallurgical testwork will be continuously reported on as work progresses over the coming months.

ENVIRONMENTAL STUDIES AND MINING APPROVALS

Environmental studies required to secure key mining approvals continue to be expedited, with an initial background biodiversity study completed and a weather station being installed in recent weeks.

The installation of a weather station will provide vital data for the environmental studies needed for the mining approvals process. This installation complements the work already completed on these studies, with the groundwater monitoring bores already installed and geochemical studies well advanced.

The installation of these data collectors and the biodiversity and geochemical studies are all in preparation to quickly advance the mining approvals process required to commence development of the Tallebung Tin Project.

NEXT STEPS

A large-scale, multi-rig drill out is planned to begin in Q1 2025 to expand and increase Resource confidence, guided by the ongoing discoveries in the over the2024 and in the ongoing diamond drilling program. This drilling program is expected to be completed by early Q2 CY2025. In addition to this, the bulk sampling program outlined above will completed in Q1 2025 with results ongoing as the testwork progresses through the pilot-scale processing plant

The new drilling results and bulk sampling data will support the delivery of an updated Mineral Resource Estimate (MRE) for Tallebung.

The new MRE and metallurgical work will then be incorporated into Mining Studies to demonstrate the potential Tallebung project economics.

NARRIAH PROJECT (EL 9524, SKY 100%)

GEOLOGICAL MAPPING AND ROCK CHIP SAMPLING

During the March Quarter, 2024, compilation of historic data showed strong potential for near surface tin-tungsten mineralisation at the Conapaira Mining Reserve. This was further evidenced by the extensive historic workings in the area.

A site visit for ground-truthing historic data, geological mapping and rock chip sampling was completed in the March Quarter, 2024 and discovered extensive workings throughout the mining reserve and widespread evidence for these workings occurring in close proximity to the Erigolia Granite Margin (Figures 4). Evidence for the close proximately to the granite margin included exposed and preserved roof pendants.

Given the prospective position of these historic workings, rock chip samples were taken of areas of outcrop and mine workings. These rock chip samples successfully identified high-grade tin, tungsten and silver mineralisation over a strike length of more than 3km (Figure 4), with results including:

- 1.80% tin, 13.9g/t silver & 0.05% copper (jn240223-05);
- 1.50% tin, 0.26% tungsten & 14.7g/t silver (jn240223-04);
- 1.20% tin & 1.77% tungsten (jn240223-10).

GEOPHYSICAL MAGNETICS SURVEY

In the September Quarter, a large aeromagnetics survey was flown over the +16km long prospective horizon within the Narriah Project. The results from this survey will be combined with the rock chip results from the Conapaira Mining Reserve to aid in targeting large-scale and high-grade tin and tungsten mineralisation.

Furthermore, the potential hard rock tin mineralisation in the majority of the Narriah Project remains untested by previous explorers.

The results of the geophysical survey will be combined with the thorough compilation of the historic data and the rock chip results to target follow up drilling, aiming to discover a large-scale and high-grade tin-tungsten deposit.

DORADILLA PROJECT (EL 6258, SKY 100%)

POLYMETALLIC MINERALISATION – METALLURGICAL TESTWORK PROGRAM

Review of historic petrology and metallurgical testwork at the Doradilla Tin Deposit identified that the tin is hosted in fine cassiterite in the vicinity of the Doradilla Tin Target on the south-west end of the 'DMK' Line. Additionally, this mineralisation has not been tested for concentration via modern flotation methods.

This represents an encouraging development at Doradilla. Work is underway to confirm the historic findings and, if confirmed, to test modern flotation methods to concentrate the tin. This work will aim to evaluate if it is possible to produce a saleable tin concentrate using these methods on the Doradilla mineralisation and, subsequently, if there are viable pathways to mine economically at Doradilla.

SKY is continuing to work with engaged metallurgical consultants, UNSW, ALS Burnie and ANSTO, along with other experts, to continue to develop the broad range of methods available to extract the REE, tin and polymetallic mineralisation on the DMK Line to unlock the high-value, widespread mineralisation discovered at Doradilla.

This work will include ongoing data compilations, targeted geophysical surveys as required and continuing geological studies by SKY in partnership with UNSW.

CULLARIN PROJECT: GOLD-LEAD-ZINC-COPPER (EL 7954, SKY 80%; DVP JV)

HUME TARGET – DIAMOND DRILLING AND DHEM

Diamond drilling completed at the Hume Target in 2021 highlighted the potential of the high-grade, gold-lead-zinc-copper mineralisation at depth at Hume. HUD031 intercepted intervals of massive sulphides and strong base metal mineralisation, deeper than any previous drilling at Hume. Results included:

HUD031: 32m @ 5.09% Pb+Zn, 0.15% Cu, 6g/t Ag from 420m including;
6m @ 8.93% Pb+Zn, 0.51% Cu, 18g/t Ag, 0.13g/t Au from 446m

SKY was encouraged by these thicker intervals of mineralisation at the Hume Target. In the March 2023 Quarter, SKY re-entered HUD030 and extended the hole to intercept the Hume Structure 100m below HUD031. Previously, HUD030 had been drilled to 303.6m in 2021 to test for extensions to the strong base metal mineralisation intercepted in HUD005 (6m @ 1.28% Cu & 12.44% Pb+Zn). HUD030 was extended and drilled on to 702.4m.

Geological logging and modelling of HUD030 indicated that the hole had drilled through an interpreted moderately west-dipping fault named the Eastern Fault. Although the hole intersected multiple zones of intense sericite-silica-pyrite alteration, results were subdued. The assay results and advances in the geological understanding of the Hume Target from this drilling will be studied by SKY geologists to identify any further targets for expanding the gold-rich, polymetallic mineralisation at the Cullarin Project.

SKY is evaluating a number of new approaches to delineate and target further mineralisation at Cullarin in the coming quarters. These will aim to highlight prospective areas for discovering more of the high-grade mineralisation already encountered across the project.

IRON DUKE PROJECT: COPPER-GOLD (EL6064 & 9191, SKY 100%)

100% SKY (EL6064 & 9191)

SKY exercised the option to purchase EL6064 – Iron Duke Project and SKY now holds 100% of the Project. The Iron Duke Project covers the Iron Duke Shear Zone, which extends over a strike length of at least 4km and remains open to the south. Several historic copper mines occur along the Iron Duke Shear Zone including the Iron Duke, Christmas Gift, Monarch, Mount Pleasant and Silver Linings mines, along with several unnamed copper workings and shafts. In the June 2021 Quarter, SKY completed a maiden drilling program at the Iron Duke Mine, in conjunction with a VTEM survey and DHEM, to identify extensions to the high-grade copper-gold mineralisation along the Iron Duke Shear Zone (SKY:ASX Announcement 2nd June 2021).

An RC and diamond drilling program is planned to test for further extensions to the Iron Duke mine and test the previously undrilled historic mines at the Christmas Gift Workings (comprising of the Christmas Gift, Monarch, Mount Pleasant and Silver Linings mines). This program was delayed due to extremely wet ground conditions preventing access to the area. Currently, this program is planned for the following quarters after a detailed review of the geophysics, mining records, historic data and previous drilling to develop robust targets for further drill testing and expansion of the known Iron Duke mineralisation.

CALEDONIAN PROJECT: GOLD

100% SKY (EL8920 & EL9020)

SKY has now completed a soil sampling program, a phase of AC drilling, two phases of RC drilling and two diamond drill holes at the Caledonian Target. A review of both SKY's and historic results indicates that the Caledonian gold mineralisation likely represents a shallow, sub-horizontal blanket of oxide and supergene gold mineralisation developed over an oxidised skarn.

SKY completed a shallow aircore (AC) drilling program over the area consisting of 38 vertical AC holes for a total of 697m on 50-100m spacing over the 600m x 400m area of mineralisation defined by the previous drilling, soil sampling and costeaning. Due to significant ground waters intersected by the AC drilling, which prevented all but four of the 38 holes drilled from reaching refusal, SKY does not consider the target concept of a shallow, sub-horizontal blanket of oxide and supergene gold mineralisation to have been effectively tested. These results will be evaluated, along with the previous drilling, to direct SKY to further shallow high-grade oxide gold mineralisation in the target area.

SKY has been informed of the approval of a development of a solar farm on the northern area of EL8920. This area covers the Jerrawa Strike, which is a trend of metallic occurrences that SKY interprets to be an exhalative horizon with strong potential to host gold-silver and base metal mineralisation. SKY is continuing to work with the solar farm developers to ensure that the solar farm will not be developed over significant mineralisation. The work to date has delineated a gold soil anomaly which SKY plans to follow up in the following quarters, pending ongoing negotiations with the Solar Farm developers.

GALWADGERE PROJECT: COPPER-GOLD

100% SKY (EL6320)

SKY and Burrendong Minerals Ltd (proposed ASX ticker BIG) have entered into to a purchase agreement for the divestment of SKY's non-core Galwadgere Project. Galwadgere, EL6320, will be purchased outright with $600,000 worth of BIG shares on the successful IPO of BIG within a year from the commencement of the agreement and an extension was granted to BIG until 31 March, 2025.

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 with a portfolio of

nearby projects which complement and include the Galwadgere Project in NSW. The divestment of the non-core Galwadgere Project allows SKY to remain focused on developing the Company's core assets.

KANGIARA PROJECT: GOLD

80% SKY (EL8400 & EL8573; DVP JV)

The Kangiara Project (EL8400, EL8573) is located 30km north-west of Yass in the Southern Tablelands of New South Wales (Figure 5). The project contains volcanic/volcaniclastic rocks of the Silurian Douro Group, considered prospective for gold and base metal (copper-zinc) mineralisation. The high-grade Kangiara Mine operated during the early 1900s, with documented production of ~40,000 tonnes at 16% Pb, 3% Cu, 5% Zn, 280g/t Ag and 2g/t Au from narrow north-south trending sulphide veins (ASX: PDM 18 June 2009). Previous work by Paradigm Metals led to the calculation of an Indicated and Inferred Mineral Resource at Kangiara.

Desktop studies have identified potential for copper-gold mineralisation at the Crosby Prospect. Field investigations are planned for the upcoming quarters to investigate this prospect.

CORPORATE

CAPITAL RAISING

During the Quarter, the Company raised $6 million (before costs) through a share placement to fund the next stage of exploration and development at Tallebung.

The Placement was undertaken to institutional, sophisticated and professional investors at an issue price of A$0.05 per share, with approximately 120 million new fully-paid ordinary shares issued.

The Placement was completed in two tranches. Tranche 1 comprised the issue of 87,600,000 shares to raise $4.4 million under the Company's existing placement capacity under ASX Listing Rule 7.1, and Tranche 2 comprised the issue of 32,400,000 shares to raise $1.6 million. Tranche 2, which was approved by shareholders at a general meeting held on 16 December 2024, included $0.55 million committed by the Company's Directors.

FINANCIALS

During the quarter $527k was spent on the exploration activities outlined in this report.

No mining production and development activities were undertaken for the quarter.

During the quarter $53k was paid as Non-Executive Director fees.

TENEMENT SUMMARY

Table 2: Tenement Summary.

Holder	Equity	Licence ID	Grant Date	Expiry Date	Units	Area	Comment
Tarago Exploration Pty Ltd (DVP sub)	80%	EL7954	19-6-2012	19-6-2028	51	144 km^2	Cullarin Project, SKY: DVP JV
Ochre Resources Pty Ltd (DVP sub)	80%	EL8400	20-10-2015	20-10-2024	52	147 km^2	Kangiara Project, SKY: DVP JV Renewal submitted
Ochre Resources Pty Ltd (DVP sub)	80%	EL8573	23-5-2017	23-5-2029	17	48 km^2	Kangiara Project, SKY: DVP JV
Aurum Metals Pty Ltd (SKY sub)	100%	EL8920	5-12-2019	5-12-2025	65	183 km^2	Caledonian Project
Aurum Metals Pty Ltd (SKY sub)	100%	EL9120	30-3-2021	30-3-2027	50	141 km^2	Caledonian Project
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km^2	Galwadgere Project - agreement with pre-IPO Burrendong Minerals Ltd
Balmain Minerals Pty Ltd (SKY sub)	100%	EL6064	21-3-2003	20-3-2028	5	15 km^2	Iron Duke Project
Balmain Minerals Pty Ltd (SKY sub)	100%	EL9191	8-6-2021	8-6-2027	60	174 km^2	Iron Duke Project
Stannum Pty Ltd (SKY sub)	100%	EL6258	21-6-2004	21-6-2026	38	113 km^2	Doradilla Project
Stannum Pty Ltd (SKY sub)	100%	EL6699	10-1-2007	10-1-2027	14	41 km^2	Tallebung Project
Stannum Pty Ltd (SKY sub)	100%	EL9524	8-2-2023	08-02-2029	92	262 km^2	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	ELA6786	Applied for on 5-7-2024	-	101	287 km^2	Narriah Project – Application

LAUNCH OF INVESTOR HUB

Sky Metals has launched a new interactive Investor Hub for dedicated investor engagement. This will allow shareholders, stakeholders and prospective investors to learn more about the Company's activities and communicate with the SKY management team directly.

SKY invites shareholders and interested parties to join Investor Hub:

1. Click on the following link to create an account:
Join SKY Investor Hub.

2. Follow the prompts to complete the sign-up process.

For further information:

Investors:

Oliver Davies, CEO – Sky Metals

M: 0430 359 547

Media:

Nicholas Read – Read Corporate

M: 0419 929 046

About the Tallebung Tin Project - (100% SKY)

Tallebung stands as an open-pit, technology enabled, near-term tin development project. Tallebung is uniquely placed to provide secure tin supply, to feed irreplaceable and rapidly expanding tin demand, essential in semi-conductors, electronics and solar PV technologies.

The Tallebung Tin Project is located at the site of large-scale historical tin mining in central Western NSW where tin was first discovered in the 1890s. SKY is progressively defining a large-scale hardrock tin resource with recent higher-grade tin zones discovered on the margins of the known deposit and exceptional metallurgical performance demonstrated across the entire known deposit.

The shallow, open-pit tin veins combined with the ideal nature of the tin, hosted as large, discrete grains of simple tin-oxide (cassiterite minerals), all ideally lends itself to low-cost tin production advantages, including exceptional X-ray based ore sorting performance, demonstrated to upgrade the tin up to **44x,** prior to low-cost gravity separation to produce a saleable tin concentrate.

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

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr. Oliver Davies, who is a Member of the Australasian Institute of Geoscientists. Mr. Oliver Davies is an employee 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. Davies 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.

SKY ASX releases released during the December 2024 Quarter or referenced in the announcement are listed below:

24 January 2025 – SKY ASX Announcement 'Strong Trenching Results at Tallebung Tin Project'
23 January 2025 – SKY ASX Announcement 'Tallebung Tin Project Update - Amended'
10 December 2024 – SKY ASX Announcement 'Commencement of Trenching and Ongoing Project Studies'
11 November 2024 – SKY ASX Announcement '$6 Million Placement - Further Information'
4 November 2024 – SKY ASX Announcement '$6 Million Placement to Advance the Tallebung Tin Project'
1 October 2024 – SKY ASX Announcement 'Wide, Higher-Grade Tin Intercepts at Tallebung'

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 prepared in accordance with the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves JORC Code 2012