

29 OCTOBER 2019

ASX: SKY

EXPLORATION UPDATE

- ◆ RC drilling re-commenced at Tallebung – targeting shallow high-grade tin mineralisation
- ◆ RC drilling of shallow high-grade tin targets at Doradilla on track for mid-November

Sky Metals Limited ('SKY' or 'The Company') is pleased to provide an update on its exploration activities at the Tallebung and Doradilla tin projects.

TALLEBUNG RC DRILLING UNDERWAY

Drilling at Tallebung has commenced targeting extensions to shallow, high-grade tin lodes identified in drilling and rock chip sampling (ASX: 15 October, 17 September 2019 & 27 August 2019).

Approximately 6 reverse circulation drillholes are designed to test for a southern continuation of the high-grade tin lode package at shallow depths, as defined by high grade rock chip results, including up to **5.4% tin**, **1% tungsten**, **194ppm silver** and recent RC drilling results (4m @ 2.58% Sn, 1m @ 5.83% Sn; ASX 23 July 2019) (Figure 1).

DORADILLA DRILLING ON TRACK FOR NOVEMBER

Land access has been arranged at the Doradilla Project, located approximately 30km south of Bourke in north-western NSW. Drilling of multiple targets testing shallow, high-grade tin mineralisation (ASX: 15 October 2019) is on track for commencement in mid-November.

Immediate exploration upside is recognized, with historical multi-element results highlighting potential for economically significant polymetallic tin mineralisation at the 3KEL Prospect (40m @ 0.56% Cu, 1.6% Sn, 0.38% Zn from 6m to EOH, inc. 18m @ 3% Sn, 0.85% Cu, 0.73% Zn from 18m, 3KAC004) and tin mineralisation (as cassiterite) at the Doradilla Tin Prospect (10m @ 1.09% Sn from 80m, DRAC009) (ASX: 22 November 2018).

Initial drilling activity at Doradilla will comprise approximately 8 reverse circulation drillholes for 1200m, designed to test:

1. extents of the oxide mineralisation at the Doradilla Tin Prospect and to acquire suitable material to commence metallurgical test work.
2. extents of the 3KEL Prospect oxide mineralisation and assess the potential for economically significant tin and polymetallic mineralisation

Managing Director, Peter Duerden, commented: *'We're excited to be drilling again and advancing our tin strategy of identifying shallow, high grade tin resources at the Tallebung and Doradilla Projects'*

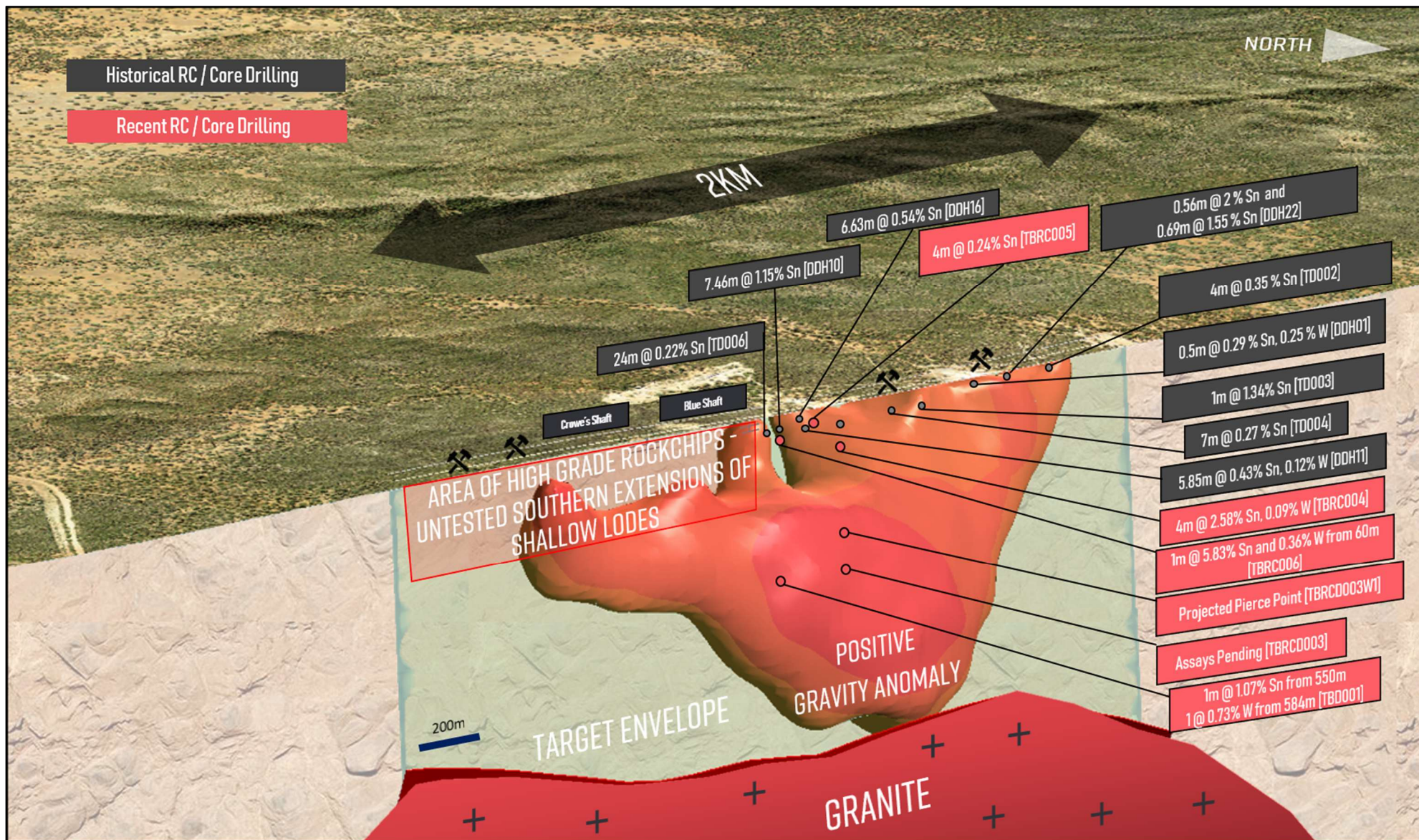


Figure 1: Tallebung Project, oblique 3D schematic long section, looking west

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 market, where a long-term growth in prices reflects challenged supply and growing demand amid new applications for the metal; and the gold market.

TALLEBUNG PROJECT (EL6699, 100% SKY)

The Tallebung Project is located approximately 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. Tin-tungsten mineralisation occurs as outcropping sheeted quartz - cassiterite - wolframite ± sulphide veins over a 2 kilometre strike with preservation of an underlying porphyry setting interpreted from resistivity geophysics. The potential of porphyry-style tin in Australia remains poorly tested, despite forming high value polymetallic mineral resources elsewhere in the world (e.g. Central Andean Tin Belt). The prospectivity of this target style in the Wagga Tin Belt is highlighted by the nearby Ardlethan Tin Mine, where an intrusion-hosted porphyry-breccia complex is the site of mainland Australia's most productive tin field (66500t total tin resources @ A\$28,000/t = A\$1.8b total metal endowment value).

DORADILLA PROJECT (EL6258, 100% SKY)

The Doradilla Project is located approximately 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). The area lies between the Lachlan and Thompson Orogens, with known mineralisation hosted within the extensive Doradilla-Midway-3KEL skarn ('DMK-skarn') which marks a 20-100m wide zone extending over 16 kilometres along strike.

Immediate exploration upside is recognized, with sporadic historical multielement assaying highlighting potential for economically significant polymetallic mineralisation at the 3KEL Prospect (40m @ 0.56% Cu, 1.6% Sn, 0.38% Zn from 6m to EOH, 3KAC004) and tin mineralisation over 2km strike length at the Doradilla Tin Prospect (10m @ 1.09% Sn from 80m, DRAC009) (ASX: 22 November 2018).

GOLD PROJECTS (EL7954 / EL8400 / EL8573, HRR FARM-IN) (ELA 5783 / 5787, 100% SKY)

SKY's emerging gold exploration strategy leverages the SKY exploration team's significant combined experience during the early stages of the McPhillamys gold discovery (69Mt @ 1.05g/t Au for 2.03Moz, Regis Resources Ltd). The McPhillamys mineralisation represents a distinct and economically important gold target style in NSW. The McPhillamys Gold Deposit was discovered in 2006 during the Alkane/Newmont 'Orange District Exploration Joint Venture' and is currently being advanced by Regis Resources Ltd, with a proposed 7Mt/annum mining operation and ore reserves of 60.1Mt @ 1.05g/t Au for 2.03Moz (ASX RRL 8 September 2017).

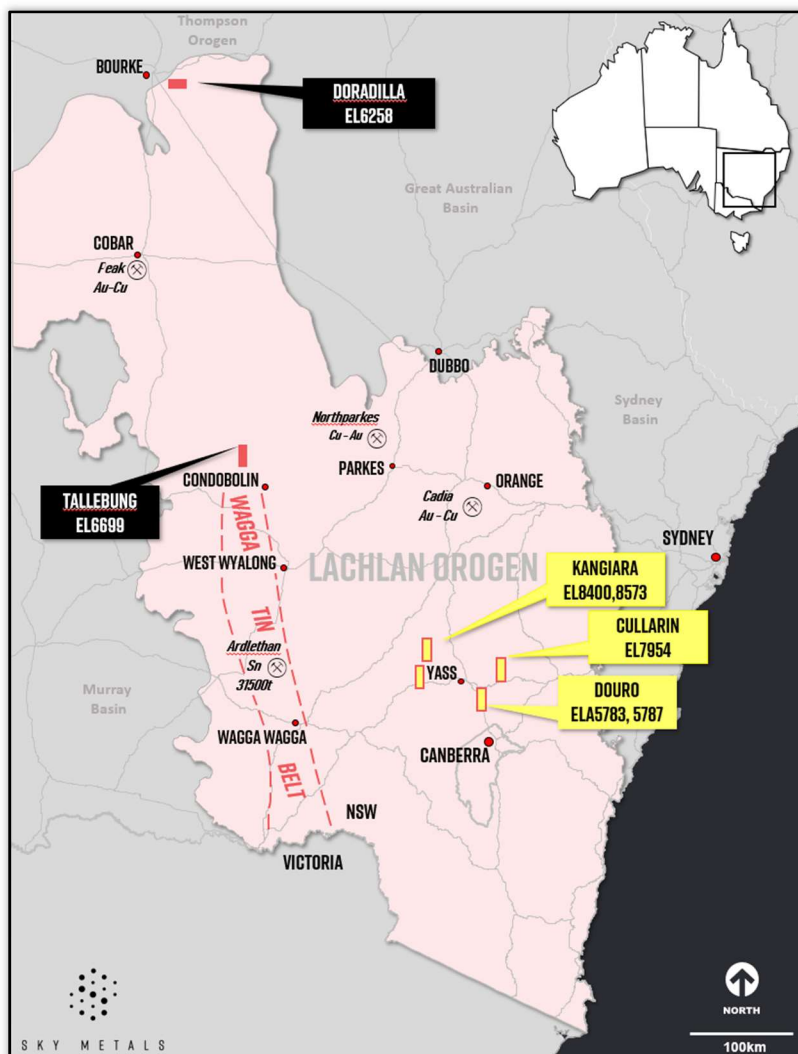


Figure 2: SKY Location Map

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to geology and exploration results and planning was compiled by Mr Peter Duerden, who is a Registered Professional Geoscientist (RPGeo) and Member of the Australasian Institute of Geoscientists (AIG) and an employee, and option holder of the Company. Mr Duerden has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Duerden consents to the inclusion in the report of the matters based on the 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.

