

19 DECEMBER 2019

ASX: SKY

EXPLORATION UPDATE

- ◆ First drill hole at the Cullarin Gold Project completed
- ◆ Drill testing of shallow high-grade tin and polymetallic targets at Doradilla completed

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

CULLARIN CORE DRILLING (SKY EARNING 80%)

SKY's maiden drilling programme at the Cullarin Project is underway with the first of two diamond core holes completed and initial results due in late January 2020. As anticipated, drillhole HUD001 intersected a broad package of strongly sericite + pyrite-altered volcanoclastics and was completed at 334.9 m (Table 1). The second and final diamond drillhole in the current programme has commenced and will be completed in early January. Drilling activity was designed to validate historical results and test the geometry and depth extensions of previously identified mineralisation at the Hume Target (ASX 9 October 2019) (Figure 2).



Figure 1: Cullarin Project, Hume Target, HUD001 drill site

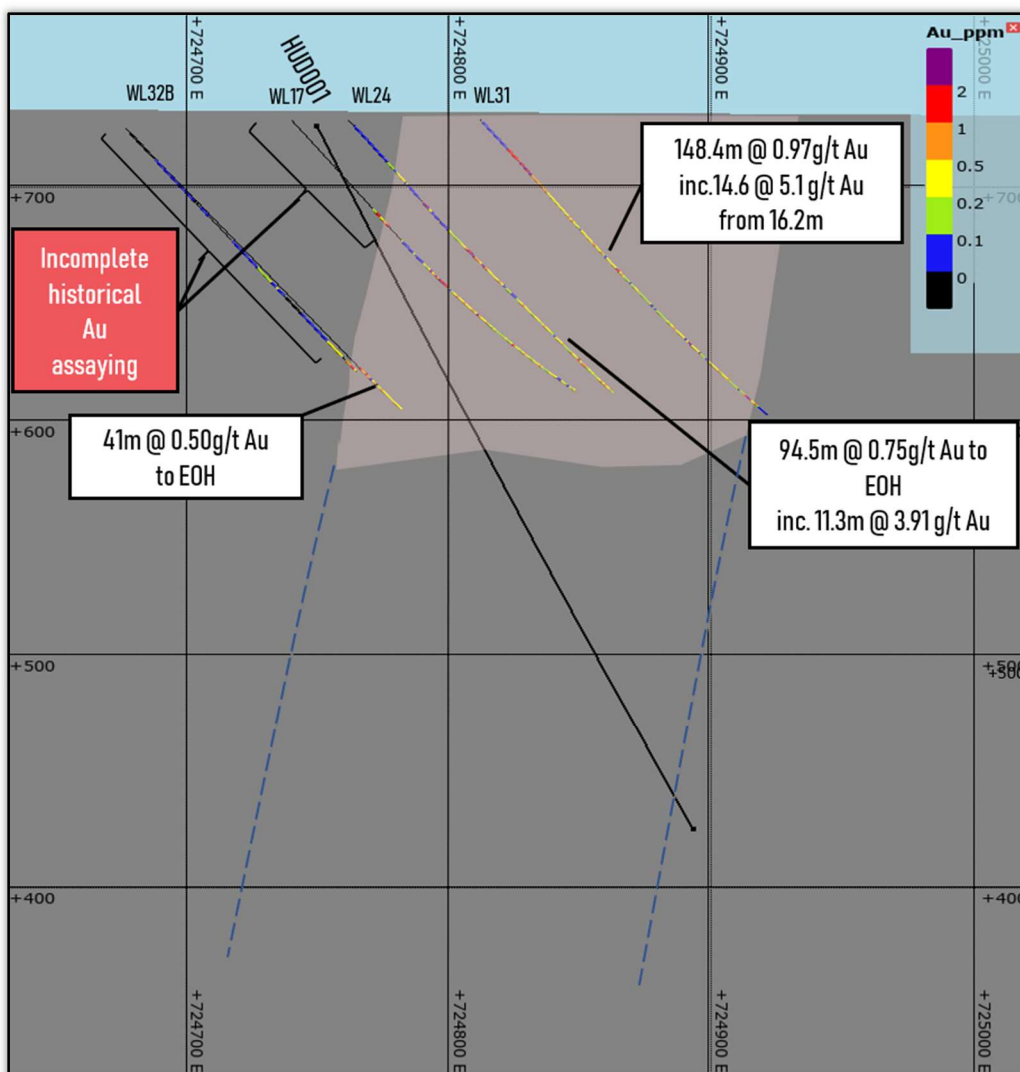


Figure 2: Cullarin Project, Hume Target Schematic Cross Section

Hole ID	Hole Type	Easting (MGA)	Northing (MGA)	RL (m)	Dip	Azimuth (MGA)	Total Depth (m)	Comments
HUD001	DD	724750	6144480	726	-65	075	334.9	Completed
HUD002	DD	724770	6144660	729	-65	090	-	In progress

Table 1: Cullarin Project, collar summary for drill holes reported in this release



DORADILLA TIN - POLYMETALLIC RC DRILLING (SKY 100%)

RC drilling of multiple targets testing shallow, high-grade tin + polymetallic mineralisation has been completed with initial results due in early January 2020. A total of 10 holes were completed for 1127m (Table 2). Drilling was designed to test the continuity and extensions to existing 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 shallow, high grade tin mineralisation (as cassiterite) at the Doradilla Tin Prospect (10m @ 1.09% Sn from 80m, DRAC009) (ASX: 22 November 2018) (Figure 3).

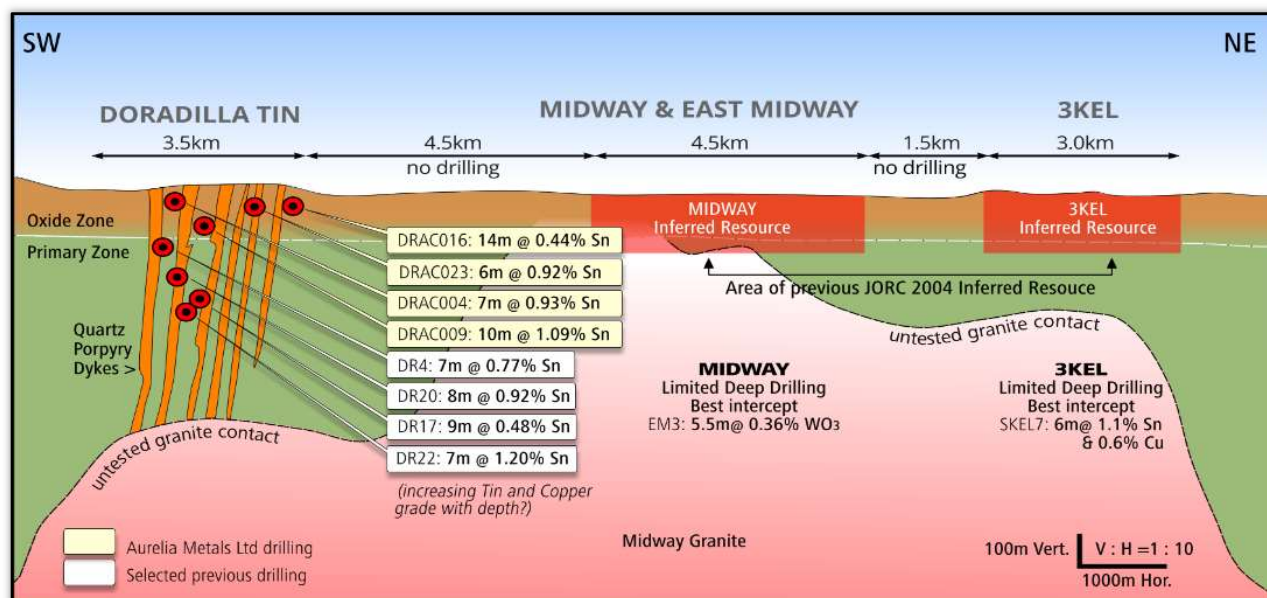


Figure 3: Doradilla Project, DMK Line Schematic

Hole ID	Hole Type	Easting (MGA)	Northing (MGA)	RL (m)	Dip	Azimuth (MGA)	Total Depth (m)	Comments
DORC001	RC	433747	6641512	135	-60	318.8	90	Completed, pending results
DORC002	RC	433836	6641562	140	-55	318.8	102	Completed, pending results
DORC003	RC	434017	6641656	142	-60	318.8	144	Completed, pending results
DORC004	RC	434170	6641786	140	-60	318.8	99	Completed, pending results
DORC005	RC	434263	6641843	140	-55	318.8	128	Completed, pending results
DORC006	RC	434543	6642100	135	-55	318.8	78	Completed, pending results
3KRC001	RC	444670	6649542	140	-60	318.8	96	Completed, pending results
3KRC002	RC	444703	6649542	140	-60	318.8	174	Completed, pending results
3KRC003	RC	444510	6649421	135	-60	318.8	102	Completed, pending results
3KRC004	RC	444281	6649230	140	-60	318.8	114	Completed, pending results

Table 2: Doradilla Project, collar summary for drill holes reported in this release

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 3.5km strike length at the Doradilla Tin Prospect (10m @ 1.09% Sn from 80m, DRAC009) (ASX: 22 November 2018).

GOLD PROJECTS (CULLARIN EL7954 / EL8400, KANGIARA 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). Under the HRR farm-in, SKY may earn up to an 80% interest in the projects via the expenditure of \$2M prior to the formation of a joint venture (ASX: 9 October 2019).

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

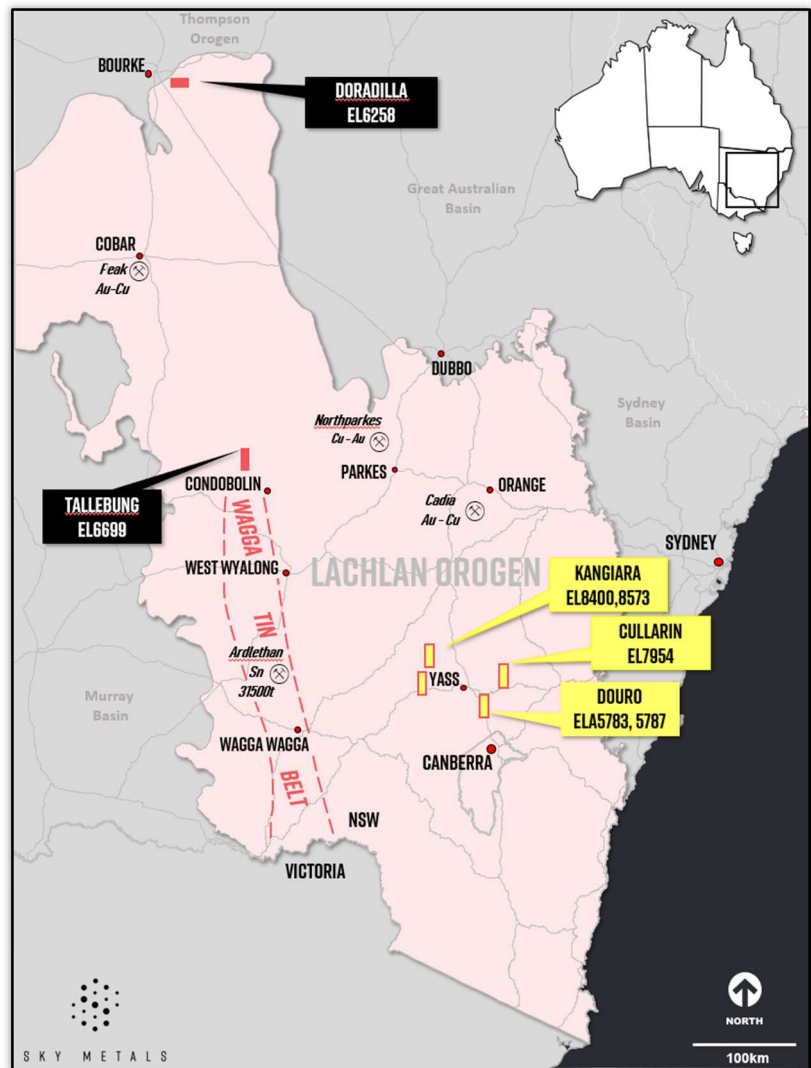


Figure 4: SKY Location Map



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.

