QUARTERLY ACTIVITIES REPORT TO 30 JUNE 2023

TALLEBUNG PROJECT

- The first phase of a resource expansion and infill drilling program commenced during the quarter at the Tallebung Tin Project.
- Drilling is ongoing and designed to expand the maiden Inferred MRE of **10.2Mt @ 0.18% Tin*** towards the larger Exploration Target while increasing confidence in the MRE.
- The program will also provide samples to confirm, and potentially improve, the over 3x upgrade of tin mineralisation from ~0.18% Tin to **+0.5% Tin** achieved with TOMRA Ore Sorting.
- Primarily, this program aims to build a 'critical mass' Resource for upcoming mine scoping studies to be completed in the upcoming quarters.

DORADILLA PROJECT

- Assay results were received in the quarter for the aircore program at the Doradilla Project. These results **extended the DMK Line strike by 4km**, with further REE mineralisation discovered at Midway and over the Midway Granite. Results included:

MWAC031: 24m @ 3,871ppm (0.39%) TREO from 44m, including;
8m @ 10,191ppm (1.02%) TREO from 48m.

- Testwork is ongoing to develop extraction pathways for the high value REE, Tin and polymetallic mineralisation at discovered at Doradilla.

NARRIAH PROJECT

- Rock chip samples collected from a >1km strike of historic tin and tungsten mines at the newly acquired Narriah Project have identified strong tin and tungsten with associated lithium mineralisation, returning grades up to:

3.59% Tin, 1.66% Tungsten and 0.19% Lithium.

- Drill testing of these encouraging results is planned imminently for the current quarter.

CORPORATE

- Successful placement of $3.5m to advance the ongoing development of SKY's Portfolio.

* For further details on the maiden MRE for Tallebung please see SKY ASX Announcement 22 March 2023.

SEPTEMBER 2023 QUARTER – PROPOSED WORK PROGRAM

TALLEBUNG PROJECT

- Continue Mine Concept and Scoping Studies to assess the economic potential at Tallebung.
- Diamond and RC drilling at Tallebung, aiming to significantly grow the maiden MRE and convert the Exploration Target into resources over the coming quarter.
- Complete an updated MRE to include the ongoing drilling at Tallebung, once the program has been completed and assay results are received.

NARRIAH PROJECT

- Diamond drill testing of the Narriah Project with the aim of discovering further Tin and Tungsten mineralisation at depth beneath the shallow historic Tin and Tungsten workings recently rock chip sampled by SKY.
- Assess the potential for Lithium mineralisation at depth at the Narriah Project in the historically mapped pegmatites and granitic rocks hosting the Tin and Tungsten mineralisation at Narriah.

DORADILLA PROJECT

- REE mineral characterisation and metallurgical testwork to find potential extraction pathways for the tin, REE and polymetallic mineralisation at Doradilla.

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 June 2023 quarter.

TALLEBUNG PROJECT (EL 6699, SKY 100%)

TALLEBUNG PROJECT – RESOURCE EXTENSION AND INFILL DRILLING

This quarter SKY has commenced RC and diamond drilling designed to grow SKY's maiden MRE of 10.2Mt @ 0.18% Tin for 18.4kt at a 0.10% Tin cut-off grade, and convert the estimated Exploration Target of **16 – 21 Mt at a grade ranging between 0.16 - 0.20 % tin** at 0.1% Tin cut-off, into additional resources (SKY ASX Announcement 22 March 2023). This program will also increase the confidence in the resource at Tallebung, aiming to convert a significant portion of inferred resources into indicated resources with further drilling.

This program is targeting the southern and central area of the historic Tallebung Tin Mining Field where the majority of the historic hardrock workings are located (**Figure 1**). This program is focussing on converting a 'critical mass' into inferred and indicated resources. Once defined, this expanded MRE will then provide a platform for mine scoping studies to commence on the Tallebung Tin Project to evaluate the project economics.

The diamond drilling commenced in this program will be completed across the entire strike of the area to be developed into further resources in this program. The holes will provide SKY with a further opportunity to complete geotechnical studies to aid in future mine planning and mine open pit designs for any future mining excavations.

These diamond drillholes will be drilled with wide diameter PQ drill core to over 150m downhole to provide material for a bulk sample for further representative metallurgical testing. This work will aim to improve on the current simple processing methods and provide further representative samples for TOMRA Ore Sorting testwork to confirm and possibly improve on the excellent results achieved to date.

This program of ~8,000m of RC and diamond drilling at Tallebung has been split into two phases with the first phase to be completed early in the September quarter. Once all assay results have been received for this first phase program, it is anticipated that the data will be used to complete another mineral resource estimate for the Tallebung Tin Project. Following the updated MRE, the second phase will commence to infill resource and increase confidence in the MRE at Tallebung to begin further mine scoping studies, to be released in the ensuing quarters.

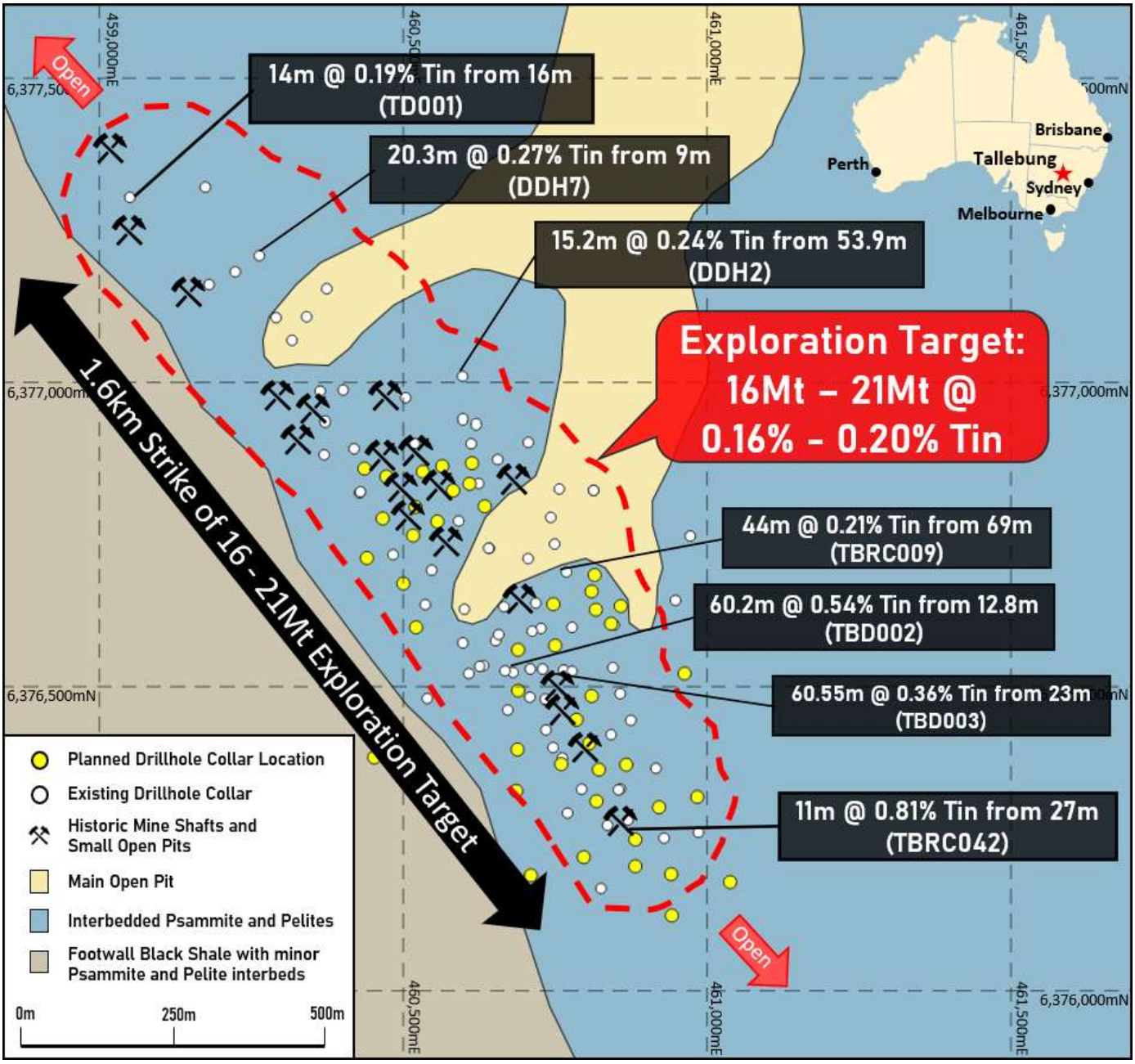

Figure 1: *Tallebung Tin Project – Plan view showing the past drilling with highlighted intercepts, the extent of the current Exploration Target and maiden MRE, along with the locations of the planned drillholes in the resource expansion and infill drilling program now commenced overlaid on the geology.*

DORADILLA PROJECT (EL 6258, SKY 100%)

RARE EARTH ELEMENT MINERALISATION – AIRCORE DRILLING PROGRAM

Results for the aircore drilling program completed at the Doradilla Project this quarter were received for all 63 holes for a total of 3,062m. The program successfully expanded the strike of the DMK Line by 4km, between the Doradilla and Midway Deposits, and discovered additional REE mineralisation over the Midway Granite.

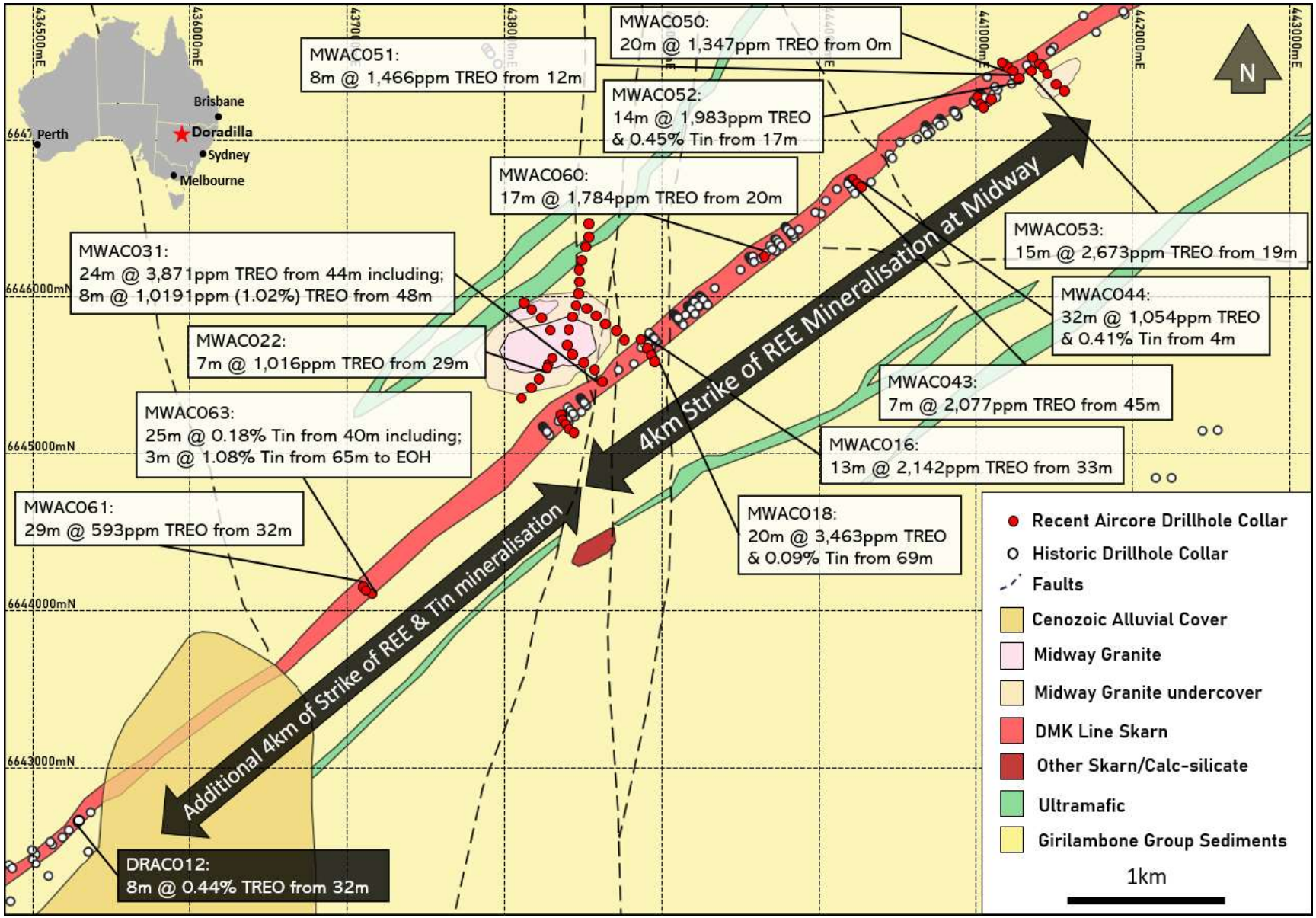

Figure 2: *Doradilla Project – Map shows the large strike extension of the previously undrilled and untested strike between Midway and Doradilla on the DMK Line and the previous strike extent with recent aircore drilling intercepts overlaid on the mapped and interpreted geology.*

SKY METALS

The program was focussed on testing the Midway Deposit and along strike extension of the DMK Line for REE and Tin mineralisation. The program was focussed on Midway as it has the **highest grade REE and tin identified along the DMK Line to date**. This program was also designed to test the outcropping Midway Granite for potential REE mineralisation.

The program commenced with drilling two traverses on a southeast-northwest orientation commencing from the DMK line and progressed across the surface outcrop of the Midway Granite. Another traverse was then completed southwest-northeast over the Midway Granite outcrop to test the volume of the weathered Midway Granite for potential mineralisation.

Results from these traverses intercepted exceptionally high grade REE mineralisation in the DMK Line through the Midway Deposit (Figures 1 and 2 and Table 2), results included:

MWAC031: 24m @ 3,871ppm (0.39%) TREO from 44m, including;
8m @ 10,191ppm (1.02%) TREO from 48m.

MWAC018: 20m @ 3,463ppm (0.35%) TREO from 69m, including;
7m @ 5,682ppm (0.57%) TREO from 73m.

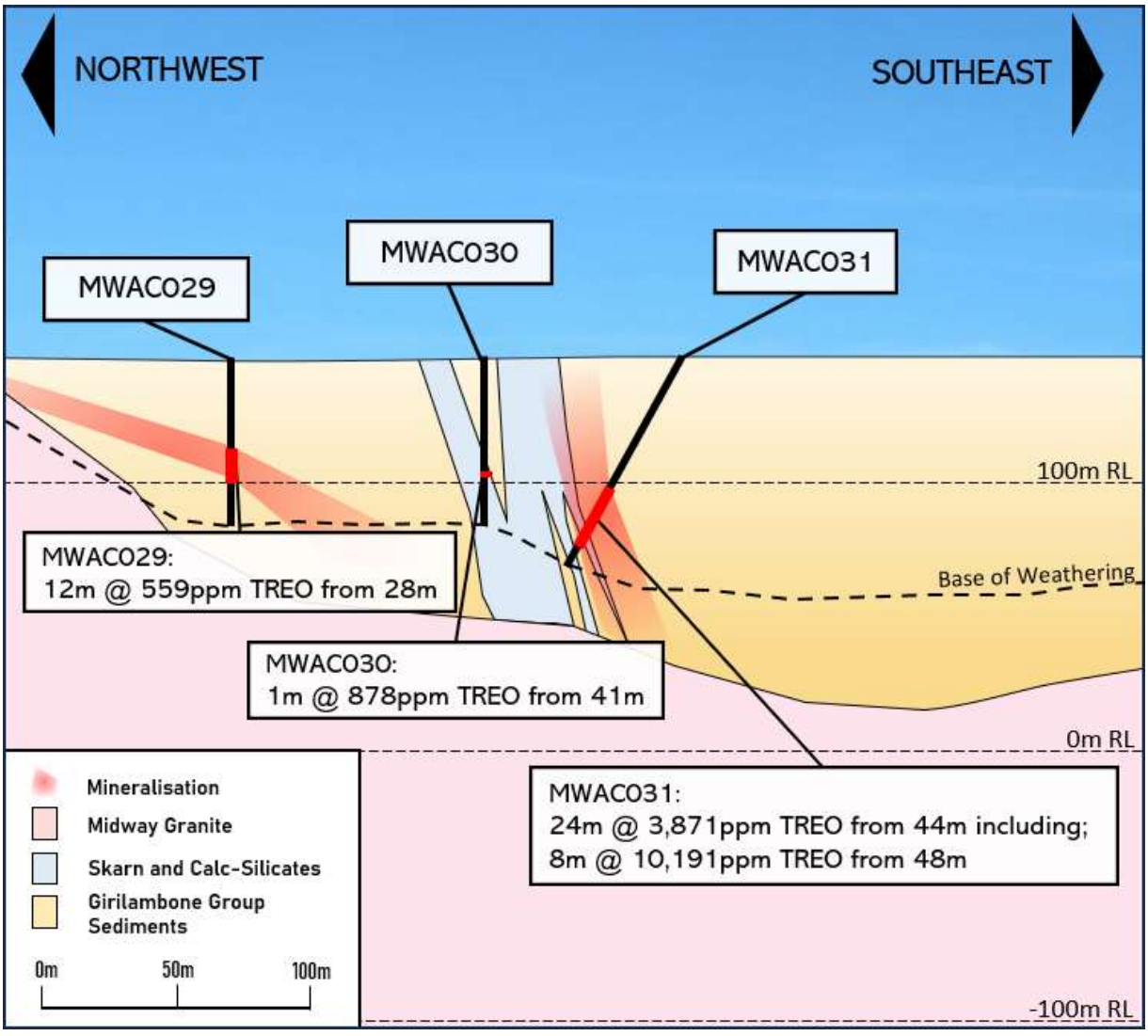

Figure 3: *Doradilla Project – Cross-section from MWAC029 to MWAC031 showing the DMK line Skarn above the Midway Granite with the Midway Granite coming to surface and outcropping to the northwest.*

Drilling then continued along the Midway Deposit with multiple traverses of angled aircore holes to confirm the historic drilling results throughout the Midway Deposit from drilling in the 1970s and 1980s. These results also confirmed the re-assaying completed by SKY of the historic drill pulp samples. Numerous high-grade and broad zones of REE and Tin mineralisation were confirmed throughout the Midway Deposit (Figures 1 and 3 and Table 2), results included:

MWAC052: 41m @ 822pm (0.08%) TREO & 0.33% Tin from 4m, including;
14m @ 1,983ppm (0.20%) TREO & 0.45% Tin from 17m, including;
3m @ 6,854ppm (0.69%) TREO & 0.26% Tin from 17m.
1m @ 10,114ppm (1.01%) TREO & 0.08% Tin from 17m.

MWAC044: 32m @ 1,054ppm (0.11%) TREO & 0.41% Tin from 32m, including;
15m @ 1,081ppm (0.11%) TREO & 0.75% Tin from 12m, and;
6m @ 2,266ppm (0.23%) TREO & 0.51% Tin from 23m.

MWAC053: 15m @ 2,673ppm (0.27%) TREO, 0.08% Tin & 0.03% Tungsten from 15m.

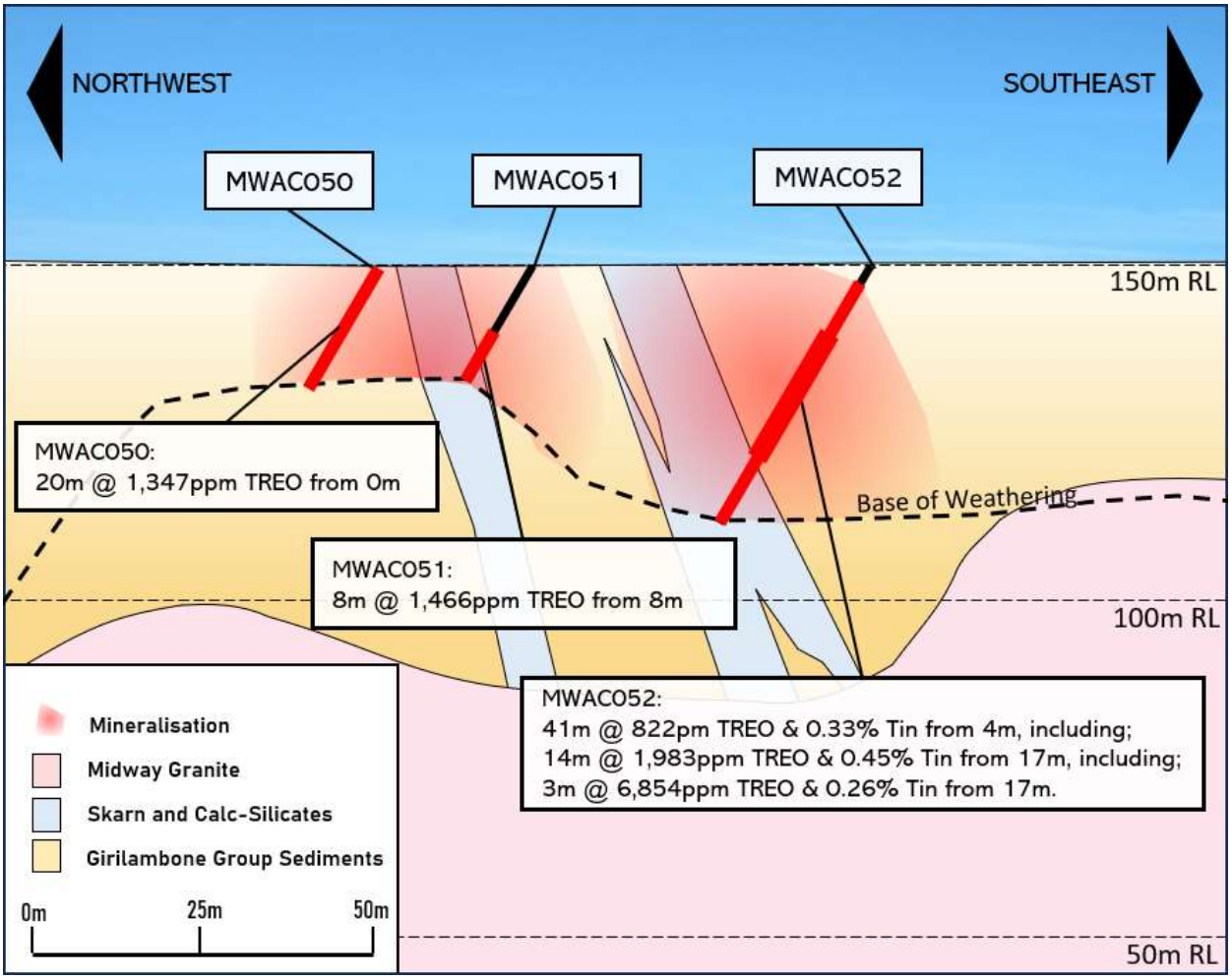

Figure 4: *Doradilla Project – Cross-section from MWAC050 to MWAC052 showing the multiple skarns of the DMK line associated with REE and tin mineralisation above the Midway Granite which underlies the area.*

Finally, a traverse of three (3) angled aircore holes were drilled for a 1.5km along strike step out southwest from Midway and 2.5km along strike to the northeast from Doradilla, testing the 4km of untested strike of the DMK Line between the Midway and Doradilla Deposits. These holes successfully intercepted the DMK Line and REE and tin

mineralisation. This extends the strike of the DMK line over an additional 4km between the previous untested strike of the DMK Line Doradilla and Midway (Figure 1 and Table 2), results included:

MWAC061: 29m @ 593ppm (0.06%) TREO from 32m.

MWAC062: 13m @ 620ppm (0.06%) TREO from 44m.

MWAC063: 25m @ 0.18% Tin & 0.71% Zn from 40m, including;
9m @ 0.41% Tin & 0.77% Zn from 56m, including;
3m @ 1.08% Tin from 62m.

This strike extension between the Midway and Doradilla Deposits further demonstrates the remarkable opportunity to continue to expand the DMK Line's high value REE and tin mineralisation at Doradilla.

This aircore program successfully:

- Discovered complimentary REE mineralisation over the Midway Granite,
- Confirmed and expanded the REE and tin mineralisation at the Midway Deposit and,
- Substantially extended the REE and tin mineralisation of the DMK Line, showing the DMK Line is continuous over **an additional 4km** of previously untested strike between the Midway and Doradilla Deposits.

This program highlights the exceptional opportunity to continue to grow this large and high value, potential source of REE and tin-polymetallic mineralisation.

METALLUGICAL TESTWORK PROGRAM

Samples from this aircore drilling program will be sent to ANSTO over the next quarter to test extraction of the REE via AS (ammonium sulphate) leaching or for investigation with other extraction methods, if required.

However, the samples obtained of the Midway Granite and other areas of the Midway Deposit, possibly represent a discrete type of REE mineralisation and, therefore, different chemistry from the previously tested mineralisation. Therefore, it is possible that this mineralisation will be more amenable REE extraction via AS leaching than previous samples tested.

More broadly, SKY is continuing to progress the preliminary work on the nature, mineralogy, and potential metallurgical pathways, for the extraction of the high value REE and tin mineralisation at Doradilla. This has commenced with the REE mineralisation characterisation work and review of past metallurgical work currently being completed at ANSTO and UNSW.

A first pass trial of ammonium sulphate (AS) leaching at a solution pH of 4 and pH of 3 by ANSTO for samples from the DMK Line has not shown promise for economic extraction of REE via this method in the samples provided to date. However, this is one of many possible methods for economic REE extraction that may be investigated. It is likely that a number of other extraction pathways will be available given the strong grades and the high value of mineralisation present at the project.

SKY will continue to work with ANSTO, along with other experts, to further test a broad range of methods available to extract the REE, tin and polymetallic mineralisation on the DMK Line and mineralisation more widely discovered to unlock the high value mineralisation at Doradilla.

Table 1: *Doradilla Project – Drillhole Collar Details.*

Hole ID	Easting (MGA)	Northing (MGA)	RL (m)	DIP	Azimuth (MGA)	Total Depth (m)	Comment
MWAC001	438757	6645730	180	-90	0	78	
MWAC002	438711	6645781	180	-90	0	76	
MWAC003	438636	6645830	180.1	-90	0	77	
MWAC004	438579	6645880	180.1	-90	0	50	
MWAC005	438521	6645928	180	-90	0	68	
MWAC006	438456	6645947	180	-90	0	62	
MWAC007	438467	6646022	180	-90	0	42	
MWAC008	438473	6646094	180	-90	0	60	
MWAC009	438472	6646166	180	-90	0	59	
MWAC010	438481	6646231	180	-90	0	63	
MWAC011	438510	6646312	180	-90	0	39	
MWAC012	438535	6646383	180	-90	0	78	
MWAC013	438538	6646464	180	-90	0	66	
MWAC014	438427	6645870	180	-90	0	22	
MWAC015	438401	6645794	180	-90	0	2	
MWAC016	438862	6645729	180	-60	325	57	
MWAC017	438882	6645699	180	-60	326	44	
MWAC018	438910	6645664	180	-60	326	89	
MWAC019	438935	6645627	180	-60	326	66	
MWAC020	438955	6645598	180	-60	326	67	
MWAC021	438299	6645619	180	-90	0	2	
MWAC022	438262	6645549	180	-90	0	36	
MWAC023	438209	6645472	180	-90	0	36	
MWAC024	438160	6645412	180	-90	0	33	
MWAC025	438108	6645347	180	-90	0	38	
MWAC026	438279	6645574	180	-90	0	9	
MWAC027	438404	6645686	180	-90	0	20	
MWAC028	438429	6645639	180	-90	0	22	
MWAC029	438501	6645589	180	-90	0	60	
MWAC030	438573	6645528	180	-90	0	60	
MWAC031	438617	6645469	180	-60	325	87	
MWAC032	438350	6645253	180	-60	326	36	
MWAC033	438371	6645214	180	-60	326	39	Abandoned
MWAC034	438392	6645195	180	-60	325	71	
MWAC035	438412	6645158	180	-60	325	78	
MWAC036	438439	6645131	180	-60	325	53	
MWAC037	438289	6645791	180	-90	10	1	
MWAC038	438224	6645869	180	-90	10	55	
MWAC039	438164	6645916	180	-90	10	3	
MWAC040	438116	6645957	180	-90	10	28	
MWAC041	440207	6646752	180	-60	325	53	
MWAC042	440232	6646727	180	-60	325	33	Abandoned
MWAC043	440261	6646698	180	-60	325	62	
MWAC044	441011	6647248	180	-60	325	36	
MWAC045	441030	6647228	180	-60	325	62	
MWAC046	441049	6647208	180	-60	325	78	
MWAC047	441088	6647259	180	-60	325	61	
MWAC048	440999	6647264	180	-60	325	20	
MWAC049	441162	6647491	180	-60	325	77	
MWAC050	441210	6647441	180	-60	325	20	
MWAC051	441229	6647427	180	-60	325	20	
MWAC052	441257	6647385	180	-60	325	45	
MWAC053	441341	6647436	180	-60	325	34	
MWAC054	441357	6647526	180	-60	325	40	
MWAC055	441396	6647478	180	-60	325	13	
MWAC056	441417	6647462	180	-60	325	45	

Hole ID	Easting (MGA)	Northing (MGA)	RL (m)	DIP	Azimuth (MGA)	Total Depth (m)	Comment
MWAC057	441455	6647415	180	-60	325	78	
MWAC058	441500	6647353	180	-60	325	48	
MWAC059	441551	6647311	180	-60	325	45	
MWAC060	439647	6646266	180	-60	325	49	
MWAC061	437165	6644101	180	-60	325	80	
MWAC062	437129	6644135	180	-60	325	66	
MWAC063	437106	6644150	180	-60	325	65	

Table 2: *Doradilla Project – Significant Drillhole Intercepts.*

Hole ID	From	To	Interval	TREO	MREO	Sn	W	Cu	Zn	In	Ag	Comment
	(m)	(m)	(m)	ppm	%	%	%	%	%	g/t	g/t	
MWAC001	36	56	20	593	23	-	-	-	-	-	-	Open to EOH, 4m composite samples
MWAC002	20	32	12	1016	20	-	-	-	-	-	-	4m composite samples
MWAC004	28	40	12	753	21	-	-	-	-	-	-	4m composite samples
MWAC005	20	36	16	712	24	-	-	-	-	-	-	4m composite samples
MWAC006	16	28	12	526	24	-	-	-	-	-	-	4m composite samples
MWAC007	24	40	16	602	24	-	-	-	-	-	-	4m composite samples
MWAC008	36	44	8	634	26	-	-	-	-	-	-	4m composite samples
MWAC009	36	48	12	519	22	-	-	-	-	-	-	4m composite samples
MWAC011	12	24	12	494	26	-	-	-	-	-	-	4m composite samples
MWAC012	58	61	3	493	23	-	-	-	-	-	-	
MWAC013	32	40	8	541	22	-	-	-	-	-	-	4m composite samples
MWAC014	8	22	14	691	21	-	-	-	-	-	-	4m composite samples & 2m composite
MWAC016	33	46	13	**2142**	20	0.04	-	-	-	-	-	
including	34	38	4	**3998**	20	0.03	-	0.07	0.2	-	-	
	43	45	2	**625**	20	**0.15**	-	-	-	-	-	
MWAC017	4	16	12	556	11	**0.21**	-	-	-	12.6	-	4m composite samples
including	12	16	4	**1038**	5	**0.33**	-	-	-	25.6	-	4m composite samples
	31	34	3	831	19	-	-	-	-	-	-	
MWAC018	16	89	73	**1355**	17	**0.16**	-	-	-	-	-	4m composite and 1m samples
including	16	36	20	615	13	**0.33**	-	-	-	24.5	-	4m composite samples
	69	89	20	**3463**	26	0.09	-	-	0.4	-	-	
including	73	80	7	**5682**	27	0.04	-	-	0.54	-	-	
including	84	89	5	**1380**	24	0.18	-	-	0.25	10.2	-	
MWAC019	36	60	24	525	26	-	-	-	-	-	-	4m composite and 1m samples
MWAC020	40	44	4	495	30	-	-	-	-	-	-	4m composite samples
MWAC021	1	2	1	416	15	-	-	-	-	-	-	EOH at 2m, drilled into shallow hard granite
MWAC022	29	36	7	1016	22	-	-	-	-	-	-	EOH at 36m, drilled into flank of granite
MWAC023	20	24	4	516	19	-	-	-	-	-	-	4m composite samples
MWAC024	25	28	3	469	16	-	-	-	-	-	-	
MWAC025	20	28	8	524	24	-	-	-	-	-	-	4m composite samples
MWAC026	6	7	1	616	14	-	-	-	-	-	-	
MWAC027	4	5	1	465	17	-	-	-	-	-	-	

Hole ID	From	To	Interval	TREO	MREO	Sn	W	Cu	Zn	In	Ag	Comment
	(m)	(m)	(m)	ppm	%	%	%	%	%	g/t	g/t	
MWAC028	12	17	5	802	22	-	-	-	-	-	-	
MWAC029	28	40	12	559	21	-	-	-	-	-	-	4m composite samples
MWAC030	41	42	1	878	24	-	-	0.07	-	-	-	
MWAC031	44	68	24	**3871**	**30**	-	-	-	-	-	-	4m composite samples
including	48	56	8	**10191**	**34**	-	-	-	-	-	-	4m composite samples
MWAC032	12	16	4	529	40	-	-	-	-	-	-	4m composite samples
MWAC034	44	68	24	629	19	0.13	-	0.04	-	-	-	4m composite samples
MWAC035	56	72	16	1325	22	0.1	-	-	-	-	-	4m composite samples
including	56	64	8	**2143**	**29**	0.1	-	-	-	-	-	4m composite samples
MWAC038	24	40	16	705	20	-	-	-	-	-	-	
MWAC041	36	43	7	744	24	-	-	-	-	-	-	
MWAC042	16	27	11	1976	27	-	-	-	0.26	-	-	4m composite and 1m samples
MWAC043	20	32	12	**1189**	**28**	-	-	-	-	-	-	
	45	52	7	**2077**	24	-	-	-	0.4	-	-	
including	46	48	2	**4557**	**28**	0.17	-	-	0.23	-	-	
MWAC044	4	36	32	**1054**	22	**0.41**	-	-	0.31	24.6	-	4m composite and 1m samples
including	12	27	15	**1081**	23	**0.75**	-	-	0.38	43.6	-	
including	23	29	6	**2266**	22	**0.51**	-	-	0.66	32.3	-	
MWAC045	28	54	26	673	16	**0.37**	-	-	-	24.6	-	
including	48	54	6	**1729**	24	**0.09**	-	0.06	0.38	-	-	
MWAC046	48	64	16	652	28	-	-	-	-	-	-	4m composite samples
	74	78	4	-	-	0.19	-	-	-	20.6	-	
MWAC047	16	61	45	560	21	**0.58**	-	-	-	20.9	-	4m composite and 1m samples
including	36	61	25	563	17	**1.03**	-	0.08	0.2	37.4	-	
including	52	59	7	947	24	**0.67**	-	0.08	0.29	29.2	-	
MWAC048	16	20	4	**1587**	**32**	-	-	-	-	-	-	
MWAC049	12	32	20	653	25	-	-	-	-	-	-	4m composite samples
MWAC050	0	20	20	1347	24	-	-	-	-	-	-	
MWAC051	12	20	8	1466	28	-	-	-	-	-	-	
MWAC052	4	45	41	**822**	23	**0.33**	-	-	-	-	-	
including	17	31	14	**1983**	24	**0.45**	-	-	0.28	19.8	-	
including	17	20	3	**6854**	**30**	**0.26**	-	-	0.27	11.3	-	
including	17	18	1	**10114**	**29**	**0.08**	-	-	0.33	-	-	
MWAC053	19	34	15	**2673**	23	**0.08**	0.03	-	-	-	-	
MWAC054	20	37	17	694	23	-	-	-	-	-	-	
MWAC056	16	20	4	534	25	-	-	-	-	-	-	4m composite sample
MWAC057	28	32	4	610	29	-	-	-	-	-	-	4m composite sample
MWAC058	15	21	6	525	24	-	-	-	-	-	-	
	27	42	15	480	20	-	-	-	-	-	-	
MWAC059	21	41	20	956	20	-	-	-	-	-	-	
MWAC060	20	37	17	**1784**	24	0.07	-	-	0.35	-	-	4m composite and 1m samples
	34	45	11	643	18	0.1	-	-	0.19	-	-	Tin intercept
MWAC061	32	61	29	593	24	-	-	-	-	-	-	
MWAC062	44	57	13	620	25	-	-	-	0.35	-	-	

Hole ID	From	To	Interval	TREO	MREO	Sn	W	Cu	Zn	In	Ag	Comment
	(m)	(m)	(m)	ppm	%	%	%	%	%	g/t	g/t	
MWAC063	40	65	25	-	-	0.18	-	-	0.71	-	-	4m composite and 1m samples
including	56	65	9	-	-	0.41	-	-	0.77	-	-	
including	62	65	3	-	-	1.08	-	-	0.22	-	-	

NARRIAH PROJECT (EL 9524, SKY 100%)

RESTDOWN MINES – ROCK CHIP RESULTS AND MAPPING

During the quarter, SKY completed an initial first field inspection and rock chip sampling at the newly acquired Narriah Project in NSW. Numerous historic shafts and small open pits were observed at three main workings, namely the Arctic, Restdown and Tex Prospects, collectively referred to as the Restdown Mining Area (Figure 1).

Forty (40) rock chip samples were collected from the limited outcrop and old mine dumps at all three prospects inspected at the Restdown Mining Area. Of the 40 samples collected, 10 samples were taken from the Restdown Prospect (OD20230531-1-10), 18 samples were taken from the Tex Prospect (OD20230601-1 – 18) and 12 samples from the Arctic Prospect (OD20230601-19 – 30).

A majority of the samples were weathered granite of variable composition and grain size as well as samples of quartz veining with variable cassiterite, wolframite, biotite, and tourmaline content with associated granite wall rock (Figure 1 and 2 and Table 1). Highlight results included:

Tin & Tungsten: **3.59% tin & 0.63% tungsten** (OD20230601-26)
1.66% tungsten & 0.11% tin (OD20230601-11)
0.59% tin & 0.39% tungsten (OD20230601-15)

Lithium mineralisation: **0.19% Li_2O, 107ppm Caesium & 1530ppm Rubidium** (OD20230531-10)
0.16% Li_2O, 193ppm Caesium & 879ppm Rubidium (OD20230601-27)
0.16% Li_2O, 121.5ppm Caesium & 718ppm Rubidium (OD20230601-12)

Lithium mineralisation was noted to be associated with samples collected from the host rock Erigolia Granite. Lithium mineralisation was associated with Rubidium and Caesium anomalism; however, the tin and tungsten mineralisation appear most associated with veining within the Erigolia Granite margins.

Of further encouragement for significant lithium mineralisation at the project is the recording of pegmatites within geological mapping of historic mining levels from 1977.

Further samples will be taken for detailed petrographic description of these rocks and future drillcore will vitally aid in the identification of the host lithologies and the nature of the lithium mineralisation.

As lithium is often a very mobile element in the weathering of rocks it is likely to be depleted in the rock chip samples collected by SKY to date as these have all been of weathered rock. Therefore, SKY anticipates that lithium grades will be higher when tested at depth in this upcoming drilling program.

Level sampling of the historic mines recorded a highlight tin result of **8m @ 0.81% tin** recorded in underground mapping records from 1977.

Historical level sampling did not assay for lithium.

RESTDOWN MINES – FUTURE WORK

Following these very encouraging rock chip results and identification of extensive historical workings, SKY plans to drill test this target as soon as possible. Currently, two shallow diamond drill holes are planned to test under each of three of the prospects sampled to date (Arctic, Restdown and Tex Prospects) for a total of 6 diamond drillholes for a total of approximately 500m.

Diamond drilling has been selected as orientated drill core will allow detailed study of the host rock and mineralisation as well as structural measurements to provide information to aid in best targeting further mineralisation. This drill program aims to assess the extent of the previously mined tin and tungsten mineralisation while testing the newly identified lithium mineralisation at depth.

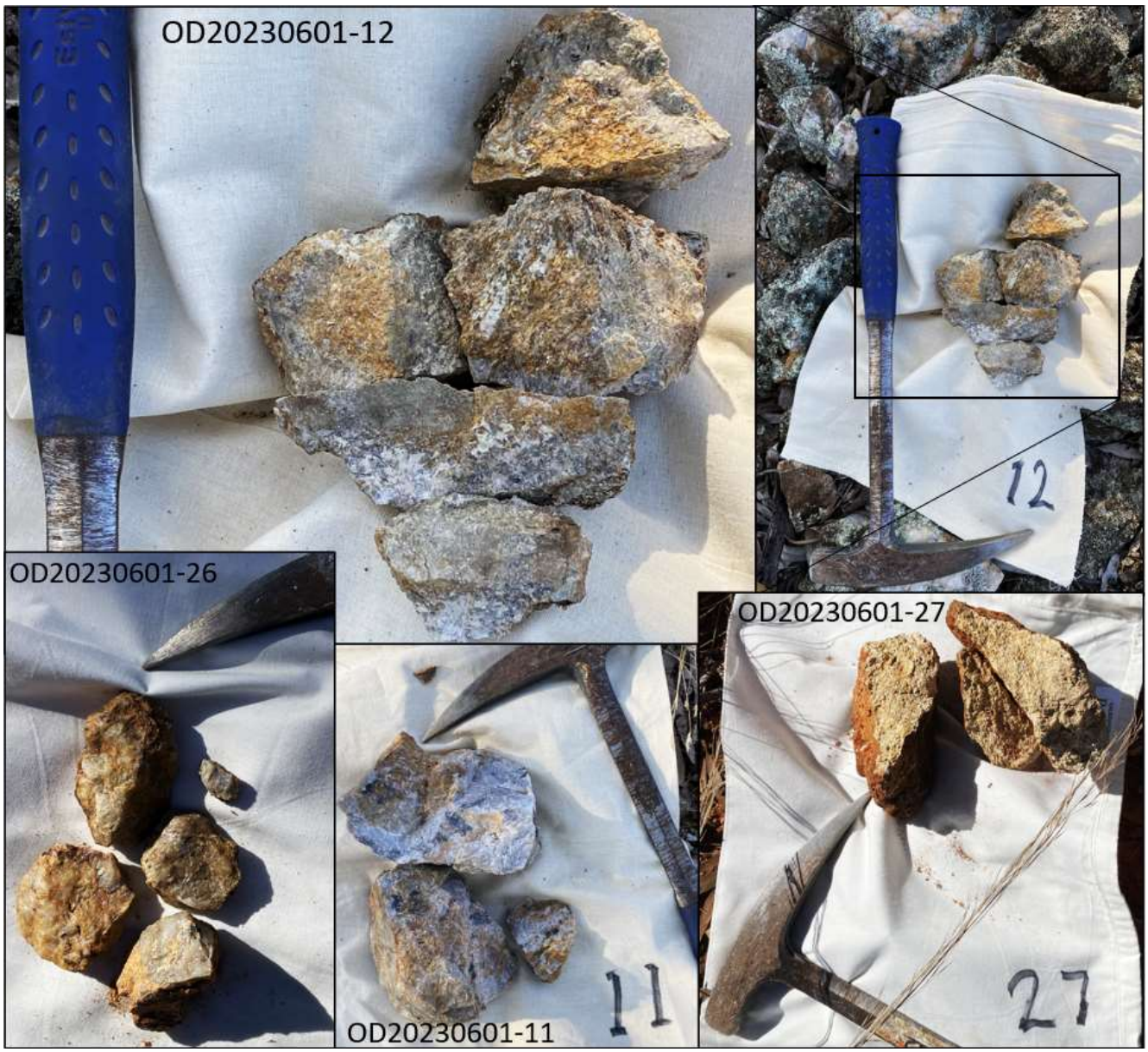

Figure 5: *Narriah Project – Photos of key rock chip samples, descriptions starting at the top left and moving counterclockwise:* ***OD20230601-12****: Micaceous quartz-eye Erigolia Granite with pale grey bands of possible xenoliths (grading* ***0.16% Li_2O****).* ***OD20230601-26:*** *Quartz veining with 5mm cassiterite crystals and elongated wolframite and tourmaline crystals (grading* ***3.59% Tin and 0.63% Tungsten****).* ***OD20230601-11****: Quartz blow with wolframite and minor granite wall rock (grading* ***0.11% Tin and 1.66% Tungsten****).* ***OD20230601-27****: Weathered micaceous granite from mullocks with less abundant quartz-eyes and greener tinge possibly indicating less weathering (grading* ***0.16% Li_2O****).*

***Table 3**: Narriah Project: Rock Chip Results.*

Sample Number	Easting	Northing	RL	Grid	Li_2O	Cs	Rb	Sn	W	Comment
	mE	mN	AHD		ppm	ppm	ppm	ppm	ppm	
OD20230531-1	450592	6245849	178	MGA94_55	53	1.8	14	10	9	Quartz beside 10m shaft. Grains approx. 2cm size. White vitreous
OD20230531-2	450592	6245848	178	MGA94_55	21	0.51	2	14	5	Tourmaline in quartz. Abundant mica surrounding sample. Decomposed granite - sandy texture.
OD20230531-3	450563	6245889	178	MGA94_55	46	2.55	10	224	80	Fine to med grained, light grey granite. Relic xenocrysts. FeOxide weathering surface. Fine biotite. Slightly pitted texture.
OD20230531-4	450546	6245886	177	MGA94_55	87	17	89	884	36	Coarse granite.
OD20230531-5	450550	6245893	178	MGA94_55	59	3.13	14	217	53	Light grey, fine grained granite.
OD20230531-6	450548	6245871	178	MGA94_55	113	10.5	39	203	51	Grey granite, matrix weathered to clays. Soft with abundant quartz grains. FeOxide staining.
OD20230531-7	450550	6245855	179	MGA94_55	27	2.26	21	26	7	Ferruginous granite from 2m wide outcrop.
OD20230531-8	450570	6245862	179	MGA94_55	91	7.89	30	256	63	Coarse grained granite. Sandy decomposition with sugary texture.
OD20230531-9	450573	6245882	178	MGA94_55	46	3.33	13	333	63	Grey fine-grained granite with up to 5% biotite. Disseminated Cassiterite?
OD20230531-10	450609	6245822	179	MGA94_55	**1922**	107	1530	461	52	Red brown granite. Mica-rich. Rounded quartz eyes. Fairly equigranular with 2mm grains.
OD20230601-1	451084	6245427	185	MGA94_55	821	93.9	559	231	74	Coarse grained granite-Mica laden with muscovite. Minor FeOxide weathering rind and grain boundaries.
OD20230601-2	451084	6245427	185	MGA94_55	507	45	330	231	782	Sample from mullock dump. Quartz with possible Tourmaline and Wolframite. Coarse equigranular granite host rock with abundant 2mm muscovite flakes
OD20230601-3	451086	6245425	186	MGA94_55	120	7.67	47	207	62	Quartz vein with up to 5% tourmaline and minor wall rock granite.
OD20230601-4	451059	6245372	185	MGA94_55	152	12.15	65	87	27	Quartz veining with cherty chalcedony zones.
OD20230601-5	451059	6245372	185	MGA94_55	128	24	387	34	39	Rounded clear Gray quart eye granite with clay matrix of interlocking 4mm muscovite and biotite flakes from open pit.
OD20230601-6	451054	6245347	184	MGA94_55	52	11	457	172	126	Decomposed ferruginous granite from mullock. Muscovite and biotite 2mm flakes in granite with tourmaline and quartz veinlets.
OD20230601-7	451038	6245341	184	MGA94_55	890	87.6	481	142	51	Muscovite dominant with minor biotite in quartz-eye granite with clear grey vitreous 5mm quartz vein.
OD20230601-8	451038	6245341	184	MGA94_55	942	102	548	**2580**	93	Micaceous granite with possible wolframite.
OD20230601-9	451014	6245316	183	MGA94_55	**1281**	119	663	**5650**	84	Micaceous granite with possible chlorite and biotite.
OD20230601-10	451014	6245316	183	MGA94_55	**1013**	97.4	684	521	66	Micaceous quartz-eye granite, appears less weather with a green tinge.
OD20230601-11	451006	6245316	183	MGA94_55	225	20.9	125	**1105**	**16600**	Quartz blow with wolframite. Minor granite wall rock.

Sample Number	Easting	Northing	RL	Grid	Li_2O	Cs	Rb	Sn	W	Comment
	mE	mN	AHD		ppm	ppm	ppm	ppm	ppm	
OD20230601-12	450997	6245314	183	MGA94_55	**1566**	121.5	718	630	152	Micaceous quartz-eye granite with pale grey bands of possible xenoliths.
OD20230601-13	450999	6245314	183	MGA94_55	319	43.2	480	56	129	Decomposed micaceous granite. Matrix weathered to clays with 5-10mm feldspar phenocrysts present.
OD20230601-14	450999	6245311	183	MGA94_55	741	117.5	569	81	176	Biotite-rich micaceous quartz-eye granite. Feldspar 5mm phenocrysts
OD20230601-15	450990	6245318	183	MGA94_55	469	48.8	272	**5930**	**3930**	Quartz vein and beginning of phenocryst quartz-micaceous granite wall rock.
OD20230601-16	450990	6245318	183	MGA94_55	685	82	652	137	139	Biotite-rich micaceous Granite.
OD20230601-17	450986	6245317	184	MGA94_55	398	69.9	354	78	32	Biotite-rich granite and relatively less micaceous. Porphyritic off white feldspar phenocrysts.
OD20230601-18	451011	6245334	184	MGA94_55	497	65.9	357	83	100	Biotite-rich micaceous granite, very weathered.
OD20230601-19	450616	6246206	181	MGA94_55	177	23.2	229	68	85	Interlocking equigranular micaceous quartz-eye granite with no biotite observed.
OD20230601-20	450674	6246189	182	MGA94_55	128	10.7	202	26	52	Micaceous granite outcrop with feldspar phenocrysts.
OD20230601-21	450693	6246204	183	MGA94_55	85	15.4	111	31	36	Quartz-eye granite with fine-grained (-1mm) micaceous matrix and feldspar phenocrysts.
OD20230601-22	450695	6246220	183	MGA94_55	59	5.27	75	18	11	ferruginous micaceous granite with coarse (+5mm) quartz-eyes.
OD20230601-23	450704	6246221	183	MGA94_55	154	11.6	145	104	48	Micaceous tailings dump sample.
OD20230601-24	450707	6246230	183	MGA94_55	68	5.79	95	23	9	Ferruginous granite outcrop, deeply weathered quartz-eye micaceous granite and +5mm feldspar phenocrysts.
OD20230601-25	450678	6246235	183	MGA94_55	490	32.4	303	679	522	Equigranular granite, micaceous matrix weathered to clays.
OD20230601-26	450679	6246232	183	MGA94_55	61	1.72	26	**35900**	**6310**	Quartz vein with cassiterite grain up to 5mm and possible tourmaline, biotite and wolframite.
OD20230601-27	450667	6246236	183	MGA94_55	**1587**	193	879	**1825**	**403**	weathered micaceous granite from mullock with less abundant quartz-eyes and greener tinge.
OD20230601-28	450659	6246243	182	MGA94_55	**1052**	83.7	539	456	635	Micaceous granite with no observed biotite and abundant quartz-eyes.
OD20230601-29	450649	6246255	181	MGA94_55	17	2.41	56	13	5	Possible phyllite with 0.1m foliation cleavage.
OD20230601-30	450657	6246282	182	MGA94_55	74	8.88	108	196	424	Muscovite -poor ferruginous quartz-eye granite with clay matrix.

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 previous quarter, SKY re-entering **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). SKY re-entered the hole and drilled on to 702.4m (Figures 8).

Initial 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 intercept 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 over the coming quarters to identify any further targets for expanding the gold-rich, polymetallic mineralisation at the Cullarin Project.

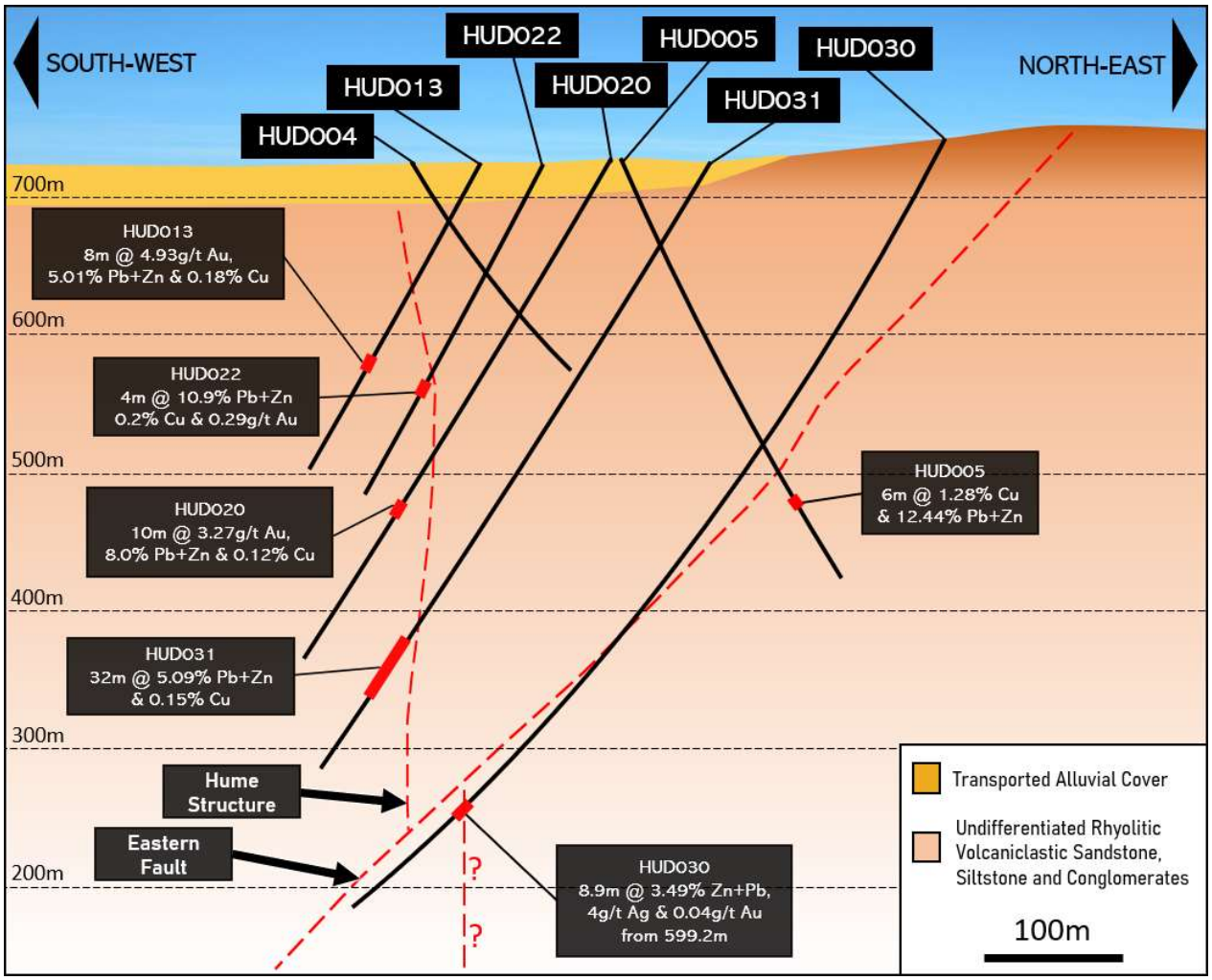

***Figure 6**: Hume Target – Cross-section of **HUD030** showing the trace in red of the extension of the hole to test the Hume Structure at depth and provide a platform for DHEM – Assays are pending for the extended hole interval shown in red.*

IRON DUKE PROJECT: COPPER-GOLD

BALMAIN OPTION 100% (EL6064), SKY 100% (9191)

The Iron Duke Project covers the Iron Duke Shear Zone which is at least 4km in strike and 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 condition 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 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 SKY's and historic results indicates 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. Dure to significant ground waters intercepted by the AC drilling, preventing all but 4 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 proposed 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)

In 2021 SKY announced the Galwadgere maiden JORC-2012 Inferred Resource of **3.6Mt at 0.82% Cu & 0.27g/t Au** prepared by H&S Consultants (H&SC). H&S were engaged by SKY to complete the maiden resource using drilling completed by SKY in 2020 and previous drilling completed by Alkane Resources (ALK) and other past explorers. A

drilling program at the Galwadgere Target is planned for the next quarters to further expand on the maiden JORC-2012 resource.

Soil sampling undertaken along strike from the Galwadgere MRE has identified two copper-gold, multielement pathfinder soil anomalies. The northern soil sampling program has delineated a 200m x 100m soil anomaly which is coincident with the McDowell's mine, several historic mine shafts and copper-carbonate bearing rocks discovered near these workings. Soil sampling south of the Galwadgere Target has identified another soil anomaly which appears similar in tenor to the anomaly identified at the McDowell's mine. These anomalies are within 3km of the Galwadgere resource and provide strong support for expanding the copper-gold resource at Galwadgere with along strike exploration. These are priority drill targets to be tested.

KANGIARA PROJECT: GOLD

80% SKY (EL8400 & EL8573; DVP JV)

The Kangiara Project (EL8400, EL8573) is located 30km northwest of Yass in the Southern Tablelands of New South Wales (**Figure 10**). 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. Further desktop studies and follow-up field investigations are planned for the following quarters.

TIRRANA PROJECT: GOLD

100% SKY (EL9048)

As part of a regional review of the Cullarin area for McPhillamys-style gold mineralisation, SKY identified an area of open ground to the south-east of the Cullarin project. A detailed desktop review of previous exploration covering Tirrana was completed in the December 2021 quarter. This review identified two key areas for follow up.

NEW ENGLAND PROJECT: TIN

100% SKY (EL9200 & 9210)

The New England Projects in the New England Orogen of NSW cover areas of significant historical tin production – Emmaville & Gilgai. These areas were selected as they were considered to have significant potential to host hardrock tin resources and limited modern-day exploration has been conducted. Additionally, recent reviews of the geochemistry of the intrusions in the licence area have identified significant potential for REE mineralisation to have developed in some suitable geological settings. A detailed desktop review of previous exploration covering these areas is proposed for the following quarters with field work planned to follow-up any prospective targets which are identified.

CORPORATE

SKY completed a successful capital raising of $3.5 million from sophisticated and institutional investors through the issue of 77,773,326 ordinary shares on the 26th May 2023.

During the quarter $335k was spent on the exploration activities outlined in this report.

No mining production and development activities undertaken for the quarter.

During the quarter $40k was paid as Non-Executive Director fees.

Table 4: 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
Ochre Resources Pty Ltd (DVP sub)	80%	EL8573	23-5-2017	23-5-2023	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
Aurum Metals Pty Ltd (SKY sub)	100%	EL9048	15-2-2021	15-2-2026	52	147 km^2	Tirrana Project
Gradient Energy Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km^2	Galwadgere Project
Balmain Minerals Pty Ltd	Option to Purchase 100%	EL6064	21-3-2003	20-3-2028	5	15 km^2	Iron Duke Project
Gradient Energy 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%	EL9200	21-06-2021	21-06-2027	74	221 km^2	Emmaville Project
Stannum Pty Ltd (SKY sub)	100%	EL9210	01-07-2021	01-07-2027	82	244 km^2	Gilgai Project
Stannum Pty Ltd (SKY sub)	100%	EL9425	08-02-2023	08-02-2029	92	262 km^2	Narriah Project

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, 100% SKY)

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.

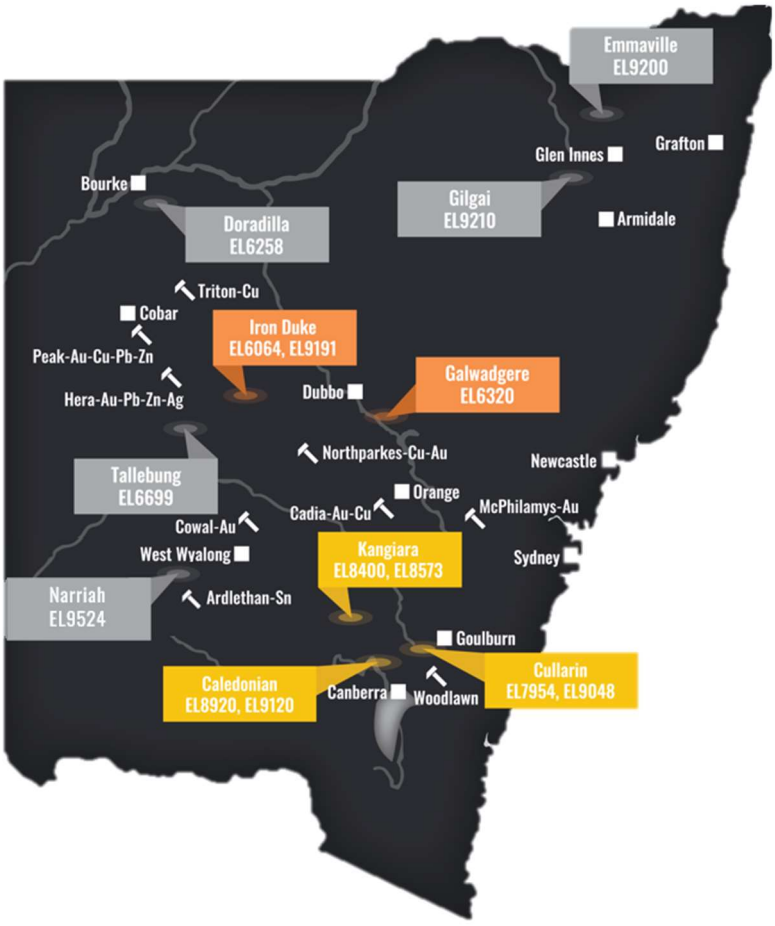

Figure 7: *SKY Tenement Location Map*

SKY METALS

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.

SKY ASX releases released during the June 2023 Quarter or referenced in the announcement are listed below:

22 March 2023 – SKY ASX Announcement 'Tallebung Tin Maiden MRE and Exploration Target'
19 May 2023 – SKY ASX Announcement '$3.5 Million Share Placement'
22 June 2023 – SKY ASX Announcement 'Tallebung Tin Project - Drilling Commenced'
4 July 2023 – SKY ASX Announcement 'Doradilla Project - Large Expansion of REE Mineralisation'
5 July 2023 – SKY ASX Announcement 'Strong Tin, Tungsten with Lithium at the Narriah Project'

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.