SKY METALS

ASX ANNOUNCEMENT

23 January 2026

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QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2025

MAJOR NEW DRILLING CAMPAIGN ACCELERATING RESOURCE GROWTH, ADVANCING TOWARDS MINING STUDIES AT THE TALLEBUNG TIN PROJECT

TALLEBUNG TIN PROJECT, NSW

- Major new multi-rig drilling program of +100 drill holes commenced at Tallebung, designed to target:
  - As a first priority, extensions to the exceptional high-grade silver-tin intercept in TBRC171, located on the south-eastern margin of the known deposit:

    TBRC171: **3m @ 686.3g/t silver & 0.96% tin** from 24m

  - Expansion of other newly discovered high-grade zones on the margins of the deposit.
  - In-fill drilling to support an updated Mineral Resource Estimate (MRE) and improve confidence in the shallow mineralisation at Tallebung.
  - Diamond drilling to gather structural and geotechnical data to support mine design.
- An updated MRE and mining studies are scheduled for release in early 2026, incorporating data from more than 300 holes (current MRE based on only 115 holes).
- Bulk metallurgical testwork is progressing, focused on optimising the ore sorting and gravity processing flowsheet, producing a saleable concentrate for marketing in the next quarter.
- Environmental studies are also advancing, including biodiversity, groundwater and geochemical assessments, to support future mining approvals.

DORADILLA TIN PROJECT, NSW

- A major metallurgical breakthrough has successfully produced a saleable tin concentrate, confirming Doradilla's strong potential as a second development asset alongside Tallebung.
- Further work planned over the next quarters to continue advancing the emerging large-scale, high-grade tin project at Doradilla and build on this exciting opportunity.
- Highly regarded mining executive Scott Todd appointed as Executive Director – Project Development to fast-track project studies and approvals at Tallebung.
- SKY received $592,000 in funding from Directors and Management following AGM-approved participation in the recent placement, demonstrating strong Board commitment.
- SKY remains well-funded, with a cash balance of $4.7M at 31 December 2025, supporting the continued pace of drilling, testwork and project studies well into 2026.

MARCH 2026 QUARTER – PROPOSED WORK PROGRAM

TALLEBUNG PROJECT

- Completion of follow-up Reverse Circulation (RC) and diamond drilling program at Tallebung targeting ongoing Resource expansion and newly discovered high-grade zones.
- Progress ongoing bulk sample metallurgical program to optimise the process flowsheet and produce marketable tin concentrates to aid in offtake marketing.
- Progress towards an updated MRE and mining studies following completion of Resource expansion and in-fill drilling programs.

The Board of Sky Metals Limited ('SKY' or 'The Company') is pleased to provide a Quarterly Activities Report outlining SKY's exploration and development programs during the December 2025 Quarter.

TALLEBUNG PROJECT (EL 6699, SKY 100%)

COMMENCEMENT OF MAJOR NEW RESOURCE GROWTH-FOCUSED DRILLING PROGRAM

Sky Metals commenced a major new growth drilling program at the Tallebung Project during the December Quarter. The new round of drilling is designed to target Resource extensions discovered in the recent, highly successful 143-hole drilling program where multiple high-grade tin-silver-tungsten zones were discovered on the margin of the existing deposit. The new program will also include in-fill and diamond drilling to support an updated Mineral Resource Estimate (MRE), which is targeted for completion in the first half of 2026.

The new phase of drilling will focus on expanding and in-filling high-grade tin-silver zones identified in the previous program, with particular emphasis on the exceptional intercept returned in drill-hole TBRC171 and other newly discovered shallow, high-grade tin-silver-tungsten zones.

At the end of the reporting period, a total of 47 holes had been completed. These first holes were designed to in-fill existing resources, before progressing to test extensions to the exceptional high-grade silver-tin intercept in TBRC171, located on the south-eastern margin of the deposit (see Figure 1).

This intercept highlights the outstanding potential for high-grade zones within the broader Tallebung system:

TBRC171: **3m @ 686.3g/t Ag & 0.96% Sn** from 24m

With this priority work completed, drilling will now move to expand other newly discovered high-grade zones on the deposit margins and complete in-fill drilling to underpin an updated Mineral Resource Estimate (MRE).

In addition to TBRC171, other standout intercepts on the margins of the known deposit include:

TBRC253: **5m @ 1.63% Sn** from 6m, including:
1m @ 7.44% Sn & 13.9g/t Ag from 6m.

TBRC216: **40m @ 0.24% Sn & 26.6g/t Ag** from 31m, including:
8m @ 0.55% Sn & 120g/t Ag from 42m.

TBRC201: **2m @ 4.28% Sn** from 16m.

TBRC195: **12m @ 0.26% Sn & 85.6g/t Ag** from 13m, including:
1m @ 1.41% Sn & 341g/t Ag from 14m.

TBRC218: **6m @ 1.32% W, 20.2g/t Ag & 0.10% Sn** from 21m; and
10m @ 0.60% W, 80.6g/t Ag & 0.10% Sn from 53m, including:
3m @ 1.58% W, 173g/t Ag & 0.18% Sn from 60m.

Diamond drilling will also be undertaken to obtain structural and geotechnical data essential for mine design.

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An updated MRE and mining studies remain on track for completion early this year, incorporating data from more than 300 holes, a significant increase from the 115 holes used for the existing MRE (see SKY ASX Announcement 31July 2025).

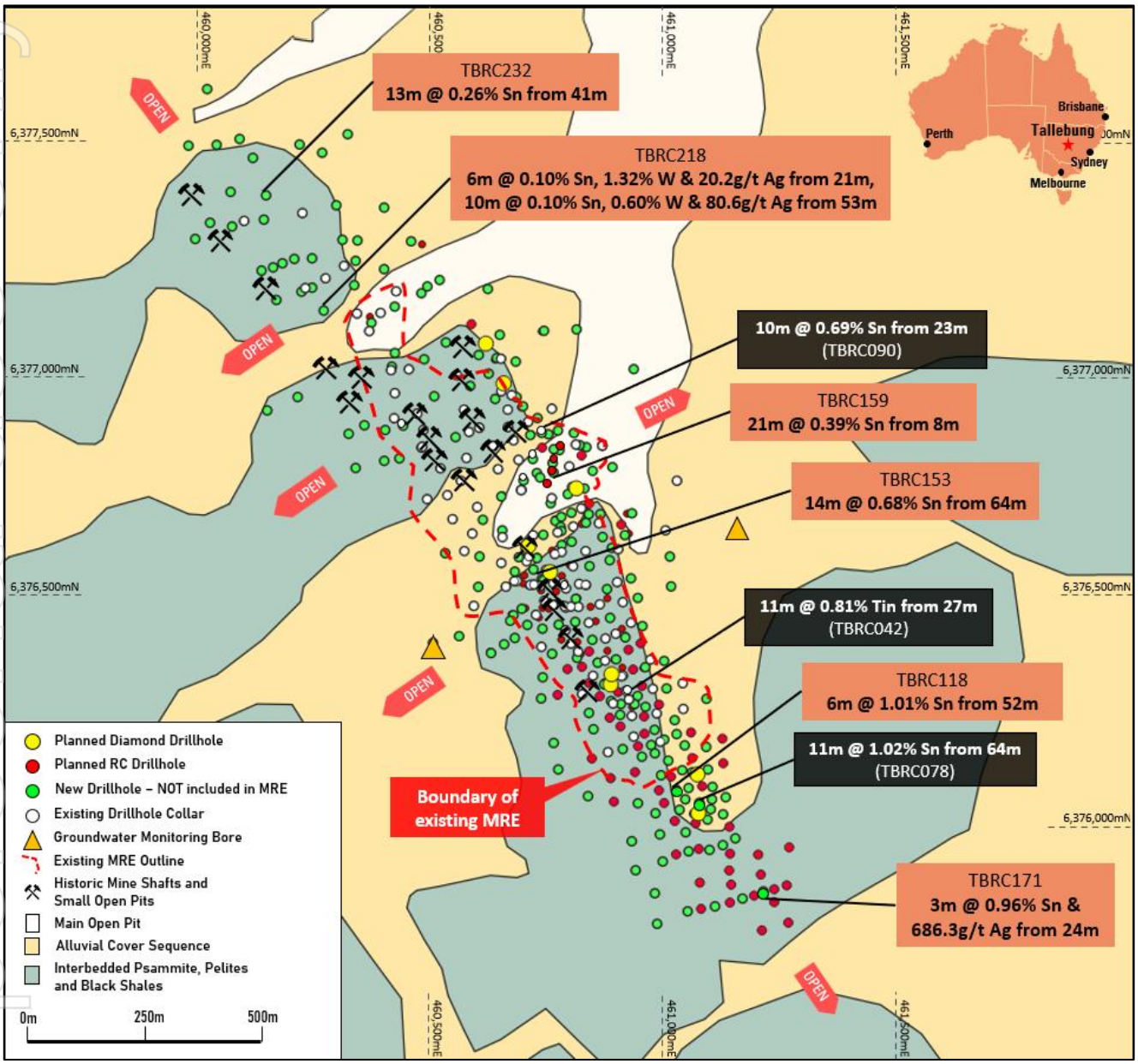


Figure 1: *Plan showing the location of the drill-holes in the latest program, including new assay results, new extensional drill-holes and selected previously reported highlight drill intercepts. The boundary of the existing Tallebung MRE is also shown over surface geology and holes not included in the last MRE are in green.*

Drilling Program Details

- Over 100 drill-holes planned, comprising a mix of Reverse Circulation (RC) and diamond drilling with two drill rigs on-site through to the next quarter and a third drill rig to be added in the next quarter.
- RC drilling will rapidly test shallow extensions and in-fill zones including those highlighted above.
- Diamond drilling will provide structural and geotechnical data to support open-pit mine design and feasibility studies.

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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 completed over the last quarters.

The installation of the weather station is providing vital data for the environmental studies needed for the mining approvals process. This installation complements the work already completed, 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 ensure Tallebung is poised to advance as quickly as possible through the mining approvals process required to commence development of the Tallebung Tin Project.

NEXT STEPS

Following the completion of the current drilling campaign, data from more than 300 drill holes will be used to inform an updated Mineral Resource Estimate and mining studies which are scheduled for completion in the first half of 2026.

DORADILLA PROJECT (EL 6258, SKY 100%)

METALLURGICAL BREAKTHROUGH

During the previous quarter, SKY successfully developed a new metallurgical processing flowsheet for the Doradilla Tin Deposit, achieving a significant milestone in tin recovery. Recent metallurgical testwork on drill core from hole DOXD001 – originally drilled by YTC Resources in 2008 – has demonstrated that approximately 78% of tin can be recovered into a high-grade, saleable tin concentrate.

The testwork focused on the oxide zone mineralisation from DOXD001, with a sample taken from between 29.4 – 38.1m depth. Initial tests focused on confirming cassiterite as the dominant tin mineral through optical mineralogy and XRD analysis. The flowsheet developed begins with gravity separation, recovering around 55% of tin, followed by further concentration steps that further increase grade to 45–55% tin in a saleable concentrate.

The flowsheet is largely conventional, however, the process sequence and some stages have been innovated to achieve improved tin recoveries. The flowsheet begins with crushing and grinding for cassiterite liberation, then +38um cassiterite recovery by standard gravity followed by flotation of the -38+6um fraction fine cassiterite.

The gravity concentrate dresses readily to a high grade.

Following gravity recovery and screening to remove the +38um material, the -38um flotation stage uses styryl phosphoric acid (SPA) as the collector, which delivers high grade & recovery when linked with several proprietary flotation feed preparation steps. A high iron contamination in product is effectively removed in several stages of Wet High Intensity Magnetic Separation (WHIMS).

Further work using ultra-fine enhanced gravity techniques is planned to optimise flotation product grade.

Additional analysis is underway to assess the potential recovery of rare earth elements (REE) and other potential by-products from process materials, further enhancing the value of Doradilla's polymetallic mineralisation. Initial results indicate that the REE's report to the high intensity magnetics fractions along with iron.

SKY will continue refining the process to position Doradilla as a reliable source of tin concentrate amid growing global demand and continued global supply challenges.

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EXPLORATION TARGET

An Exploration Target has been defined for the Doradilla Tin Deposit, situated at the southwestern end of the Doradilla–Midway–3KEL (DMK) skarn line within EL6258. The target is estimated at 10-15 million tonnes (Mt) grading 0.32-0.42% Sn, representing a potential 32,000 to 63,000 tonnes of contained tin.

Table 1: *Doradilla Tin Deposit: Initial Exploration Target for only 2.5km of the total 7.5km strike*

Exploration Target	Tonnage Range	Grade Range	Contained Metal
	Mt	**Tin (%)**	**Tin (t)**
Total @ 0.20% tin cut-off grade	**10 - 15**	**0.32 - 0.42**	**32,000 - 63,000**

The potential quantity and grade of the Exploration Target are conceptual in nature. As such, there has been insufficient exploration to estimate a Mineral Resource, and it is uncertain whether further exploration will result in a Mineral Resource. The Exploration Target has been prepared in accordance with the JORC Code 2012.

The Exploration Target is based on:

- Historical drilling data from North Broken Hill Ltd, Renison Ltd, Aberfoyle Exploration Pty Ltd, and others between 1972 and 1984 (detailed in Table 2).
- Compilation of over 94 drill collars and 5,150 assay records from SKY's database.
- Observed mineralisation style and host geology, delineating the cassiterite-rich skarn system.

Full details of the Exploration Target were provided in the Company's ASX Announcement dated 31 July 2025.

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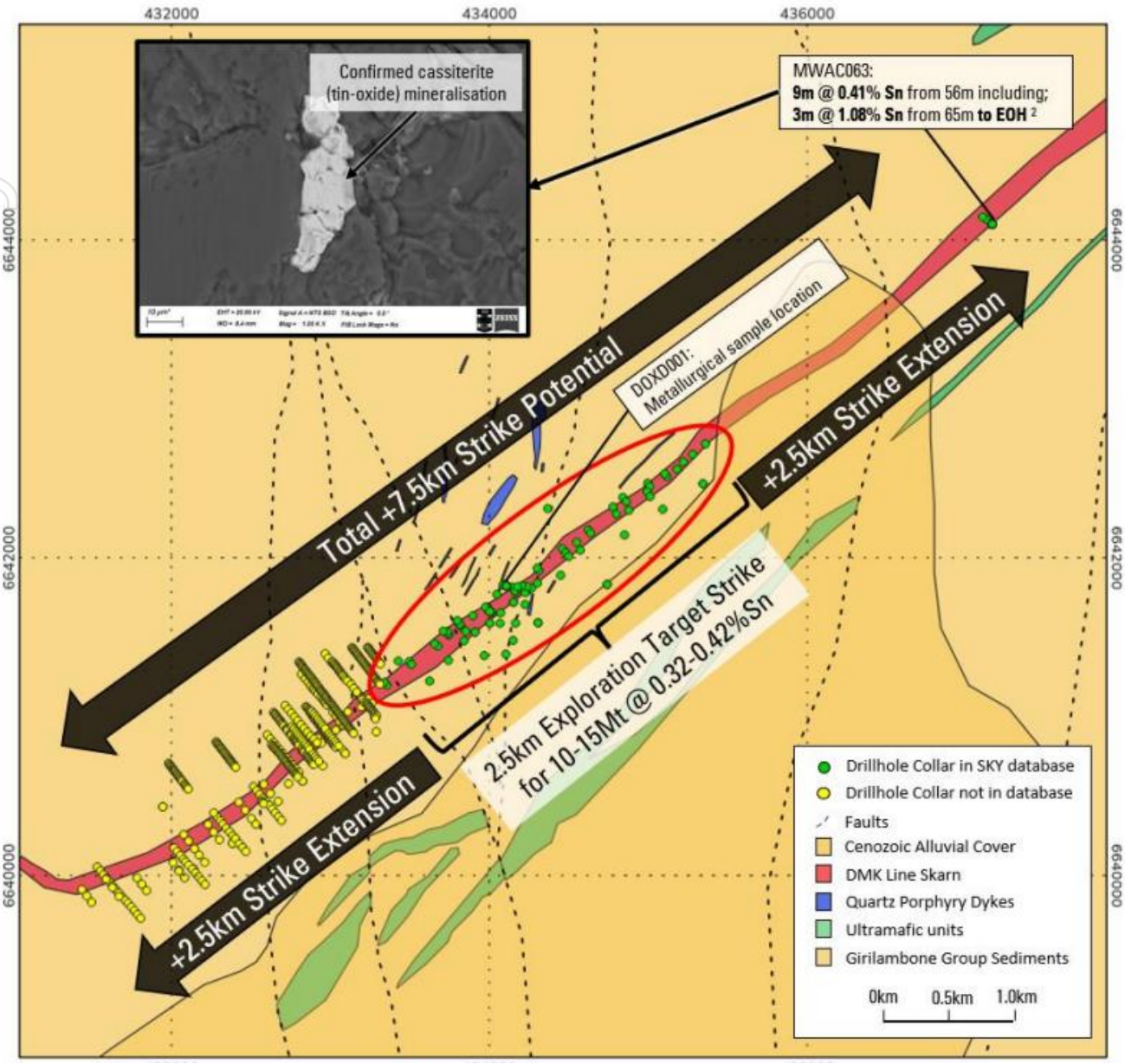


Figure 2: *Plan showing the initial Exploration Taret area and the extensions to potentially triple the Exploration Target along strike. Insert shows an image of the cassiterite (tin-oxide) (courtesy of UNSW) over 2.5km along strike beyond the margin of the initial Exploration Target and, to the southwest, the drillholes not currently in the SKY database. Showing that the Doradilla Tin Deposit continuous and open in all directions.*

NARRIAH PROJECT (EL 9524, SKY 100%)

MAIDEN DIAMOND DRILLING PROGRAM

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 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.

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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 2024, 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.

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

HUME TARGET – DIAMOND DRILLING AND DHEM

Initial exploration at the Cullarin Project successfully validated historical results, returning broad zones of high-grade mineralisation. Most notably:

HUD002: **93m @ 4.24g/t Au** & 1.87% Pb+Zn from 56m

In addition to the excellent drill results, re-assay of historical auger drilling pulps has revealed multiple untested gold anomalies, including at the Poplar Prospect, where **9.91g/t Au** was intercepted with no follow-up work completed to date. Demonstrating the prospectivity of a **+20km Gold Corridor at Cullarin**.

Given the exceptional potential of these high-grade gold prospects and SKY's strategic focus on advancing its tin portfolio, the Company is open to partnering with groups capable of accelerating exploration and development at Cullarin. SKY is enthusiastic to see further exploration on this project offering significant upside in a proven +20km mineralised corridor.

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.

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).

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. SKY has completed a soil sampling program, a phase of AC drilling, two phases

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of RC drilling and two diamond drill holes at the Caledonian Prospect and intersected high-grade gold, results included:

CARC011:	5m @ 4.46 g/t Au from 11m including, 2m @ 8.82 g/t Au from 11m
CARC002:	3m @ 13.6 g/t Au from 14m including, 1m @ 38.4 g/t Au from 15m
CAD001:	2m @ 11.4 g/t Au from 22m including, 1m @ 21.9 g/t Au from 22m

Recent review of drill core indicates that SKY was incorrect to target the Caledonian Prospect as a strata-hosted skarn deposit and instead is more similar to the McPhillamys Deposit as first interpreted.

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. 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 prospective copper-gold, multielement pathfinder soil anomalies. The northern soil sampling program has delineated a soil anomaly which is coincident with the McDowell's mine, where several historic mine shafts and copper-carbonate minerals were 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 along with other copper-gold working within the tenement.

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.

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CORPORATE

APPOINTMENT OF NEW EXECUTIVE DIRECTOR

Sky Metals has appointed highly experienced mining executive Mr Scott Todd as Executive Director – Project Development. Mr Todd's experience will be invaluable to SKY through the Company's next phase of development, as it advances its flagship Tallebung Tin Project in NSW through permitting, construction and into operations.

Mr Todd is a qualified mining engineer and highly experienced mining professional, who has held numerous senior leadership positions such as Chief Operating Officer at PYBAR Mining Services, Vice President at Mitsubishi Development Pty Ltd, and NSW Mining Division Manager at Thiess Pty Ltd.

Most recently, Mr Todd served as General Manager – Delivery at North Harbour Clean Energy, where he was responsible for managing and delivery of NSW State Significant Projects and steering major developments through the NSW Government's planning and approvals processes.

TENEMENT SUMMARY

***Table 1**: 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	23-5-2029	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
Cuprum Aurum Pty Ltd (SKY sub)	100%	EL6320	12-10-2004	12-10-2026	14	41 km^2	Galwadgere Project
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%	EL9779	Granted on 5-7-2024	15-05-2031	101	287 km^2	Narriah Project
Stannum Pty Ltd (SKY sub)	100%	ELA6926	Applied for on 3-7-2025	-	177	514 km^2	Tallebung Project – Application
Stannum Pty Ltd (SKY sub)	100%	ELA6977	Applied for on 29-9-2025	-	6	18 km^2	Tallebung Project – Application

CAPITAL RAISING

On 31 July 2025, SKY announced that it had received binding commitments for a share placement (Placement) to raise $6.1 million (before costs).

Following shareholder approval at the Company's AGM on 10 November, Tranche 2 proceeds totalling $592,000 were received from Directors and Management who participated in the Placement, reinforcing strong board support.

The funds will underpin the next stage of exploration and development at the Tallebung Tin Project.

FINANCIAL

During the quarter $1,397k was spent on the exploration activities outlined in this report.

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

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During the quarter $54k was paid as Non-Executive Director fees.

This announcement is authorised for release by the Board of Sky Metals Limited.

For further information:

Investors:
Oliver Davies, CEO – Sky Metals
M: 0430 359 547

Media:
Nicholas Read – Read Corporate
M: 0419 929 046

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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.

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 and 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. Davies consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

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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.

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