

4 AUGUST 2020

ASX: SKY

SKY MOVES TO 80% OF THE CULLARIN GOLD PROJECT

- ◆ SKY completes Farm In Expenditure on Cullerlin & Kangiara Gold Projects in NSW
- ◆ SKY has spent in excess of \$2.0M to earn 80% of both Heron JV projects.
- ◆ Drilling scheduled to re-commence later this month

The Board of SKY Metals Limited ('SKY' or 'The Company') is pleased to provide an update on its Cullarin & Kangiara Gold Projects located approximately 20km west of Goulburn & approximately 40km north of Yass, respectively, in NSW (**Figure 1**)

CULLARIN & KANGIARA GOLD PROJECTS - (EL 7954 & EL 8400 + 8573; SKY 80%, HRR 20%)

Sky Metals Limited (SKY) has notified Heron Resources Limited (Heron or HRR) that it has now met the Farm In Expenditure of the Farm-In and Joint Venture Agreement (ASX SKY 9 October 2019). SKY has now expended in excess of A\$2,000,000 across the Cullarin and Kangiara Projects ("Projects") within the Farm In Expenditure period to earn an 80% equity interest in the Tenements.

Going forward, Heron will be free carried at its 20% interest for its expenditure until such time that a definitive feasibility study has been completed or until such time that \$10,000,000 of Expenditure (inclusive of Farm In Expenditure) has been incurred by SKY, whichever comes first (Free Carried Period).

DRILLING TO RE-COMMENCE AT HUME TARGET, CULLARIN PROJECT

A multi drill rig program is planned to evaluate the depth potential & southern extension of high-grade Hume gold target as well as test the high priority McPhillamys style soil targets north of Hume target (ASX SKY 31 July 2020). This programme is scheduled to commence later this month.

SKY CEO Mark Arundell commented; *"SKY has achieved 80% ownership of the Cullarin and Kangiara Projects less than ten months after signing the Farm in and JV Agreement with Heron. SKY's forward exploration programmes, including the drilling programme at the Hume Target, will enable SKY to rapidly evaluate the gold potential of both Projects. Also, the prospectivity of the Cullarin Project targets are currently being evaluated at low cost by assaying of historic drillcore & soil sampling.*

This announcement is authorised for release by SKY's 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 gold, copper and tin markets in the world class mining jurisdiction of NSW.

GOLD PROJECTS

CULLARIN / KANGIARA PROJECTS (EL7954; EL8400 & EL8573, HRR FARM-IN)

Under the HRR farm-in, SKY has now earned an 80% interest in the projects via the expenditure of \$2M prior to the formation of a joint venture (ASX: 9 October 2019). Highlight, 'McPhillamys-style' gold results from previous drilling at the Cullarin Project include 148.4m @ 0.97 g/t Au (WL31) including 14.6m @ 5.1 g/t Au from 16.2m, and 142.1m @ 0.89 g/t Au (WL28) including 12m @ 4.4 g/t Au from 25.9m. The Cullarin Project contains equivalent host stratigraphy to the McPhillamys deposit with a similar geochemical (multielement pathfinders), geophysical (magnetics, radiometrics & IP) and alteration (white mica) signature. SKY's maiden drill programme to follow up this historical work has been very successful including core hole HU002 which returned 93m @ 4.2 g/t Au from 56m.

MYLORA / CALEDONIAN / TIRRANA PROJECTS (EL8915, EL8920, ELA5968 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 Costeaning: 81m @ 0.87g/t Au in a costean on EL8920 at the Caledonian Prospect, Caledonian Project. At the Caledonian Prospect, the distribution of multiple historic drill intersections indicates a potentially large mineralised gold zone with discrete high-grade zones, e.g. 6m @ 8g /t Au recorded from lode at historic Caledonian Mines (GSNSW). A strong, robust soil gold anomaly (600 x 100m @ +0.1ppm) occurs and most drillholes (depth ~25m) terminate in the mineralised zone

COPPER GOLD PROJECT

IRON DUKE (EL6064, BALMAIN OPTION; ELA5991 100% SKY)

The Iron Duke project is located approximately 10km south-east of Tottenham in central NSW. High grade copper-gold mineralisation has been intersected by previous explorers (e.g. 13m @ 1.56% Cu & 4.48g/t Au) and the mineralisation is considered to be open to the south and down dip.

TIN PROJECTS

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.

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).



Figure 1: SKY Location Map

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to geology and exploration results and planning was compiled by Mr Mark Arundell, who is a Member of the Australasian Institute of Geoscientists (AIG) and an employee, and CEO of Sky Metals Ltd. Mr Arundell 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 Arundell 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.

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