ASX ANNOUNCEMENT

SKY METALS

10 FEBRUARY 2020

ASX: SKY

OUTSTANDING GOLD RESULTS AT THE CULLARIN PROJECT, NSW

- Maiden SKY drilling programme at the Hume Prospect, Cullarin Project returns:
  - **Hole HUD002:** **93m @ 4.24 g/t gold from 56m (66% recovery) including:**
    36m @ 2.88 g/t gold from 56m (28% core recovery), and
    14m @ 20.2 g/t gold from 92m (63% core recovery), and
    43m @ 1.30 g/t gold from 106m (>95% core recovery)
  - **Hole HUD001:** **54m @ 0.84g/t gold from 116m, including**
    5m @ 5.76g/t gold from 128m
    23m @ 0.76 g/t gold from 224m
- Geophysics and recent soil results indicate a target zone extending 4km north of HUD002
- Planning of a follow up drill focussed exploration programme is well advanced

The Board of Sky Metals Limited ('SKY' or 'The Company') is delighted to provide an update on its exploration activities at the Cullarin Gold Project located approximately 20km west of Goulburn in NSW.

CULLARIN CORE DRILLING (SKY EARNING 80%)

SKY's maiden drilling programme at the Hume Prospect, Cullarin Project was completed in January 2020 with two diamond core holes drilled approximately 200m apart to test and extend the scale and tenor of gold mineralisation recorded in historic drilling.

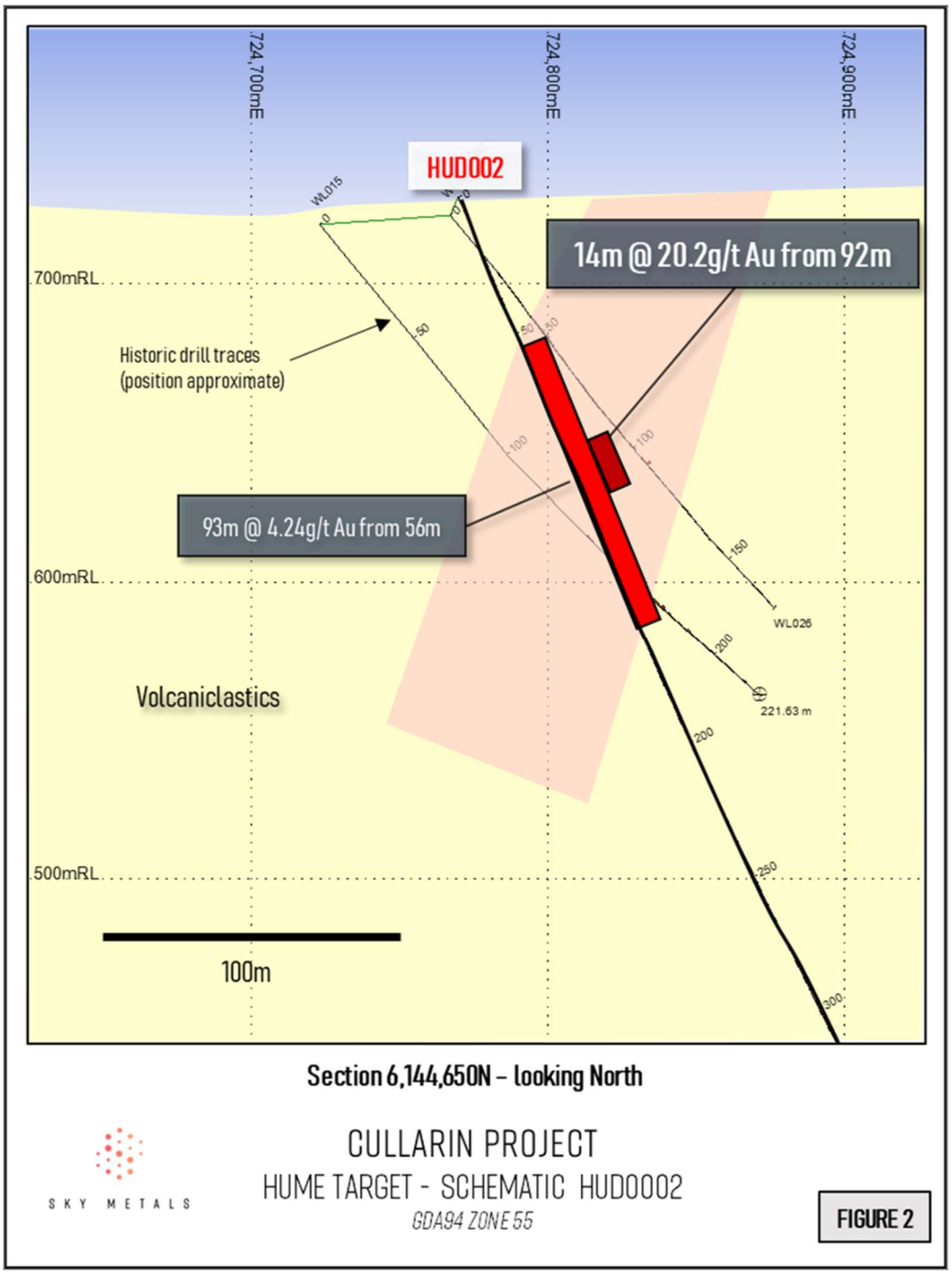
Both holes, HUD001 and HUD002, intersected a broad package of strongly altered volcaniclastic rocks with associated zinc and lead sulphides, consistent with the target 'McPhillamy's style' gold mineralisation. Mineralisation in hole HUD002 was visibly stronger and included visible gold (**Figure 1**). The results from drillhole HUD002 indicate the potential for a significant high grade gold system at the Hume Prospect (**Figure 2**). Follow-up drill planning is well advanced.

Hole HUD002 also included zones of significant core loss in the shallow sections of the hole associated with mineralisation thus these zones have been separated in the result summary below. Lower recoveries were associated with broken and clay altered zones.

SKY CEO Mark Arundell commented; "*These are outstanding results from our maiden drill programme and a very strong validation of the SKY gold strategy and targeting methodology. These drill results, combined with the soil results, upgrade both the potential tenor and scale of the Hume Target. The management and exploration team are justifiably proud of these exceptional results and we are tremendously excited by the possibilities of the next stage of exploration*"

Figure 1a: *Visible gold in hole HUD002 at 129.7m*

Figure 1b: *Strong pyrite-silica alteration HUD002 at 110m*



COMMENTARY

The Hume Prospect is located at the southern end of the Cullarin Project tenement (EL7954) located approximately 20km west of Goulburn in NSW. Previous exploration in this area has focussed on VHMS base-metal mineralisation. SKY, however, is targeting 'McPhillamy's Style' gold mineralisation within the same rock sequence, but at a slighter lower stratigraphic level. This strategy leverages the SKY exploration team's significant combined experience gained during the exploration and discovery of the McPhillamys Gold Deposit (**60.1Mt @ 1.05g/t Au for 2.03MOz**; ASX RRL 8 September 2017).

Whilst previous drilling had intersected gold mineralisation, the exact location of the drillholes and the sampling and analytical details of the drillcore was uncertain.

Highlights from this previous drilling (1989) on EL7954 included:

- **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 at the Cullarin Project

SKY's maiden drilling campaign, being holes HUD001 and HUD002, was directed at confirming, and extending the gold mineralisation at the Hume Prospect. Hole collar details are shown in **Table 1**, below.

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	420.4	Completed

Table 1: Cullarin Project, collar summary for drill holes completed in maiden Hume Prospect drill programme

Both holes, HUD001 and HUD002, intersected a broad package of strongly sericite + pyrite ± silica altered volcaniclastics with associated zinc and lead sulphides, consistent with the target 'McPhillamy's style' gold mineralisation signature (**Figure 2 & 3**). Sulphide mineralisation (pyrite, sphalerite [Zn] and galena [Pb]) in hole HUD002 was visibly stronger than hole HUD001 and included minor visible gold (**Figure 1**).

Note historic drilling is shown on **Figures 2 & 3** purely as a reference to prior exploration work. Since the exact locations of the prior drilling has not yet been established, they cannot be relied upon for stratigraphic or grade correlation.

SKY drilling assay results have both confirmed and dramatically upgraded the tenor of gold mineralisation at the Hume Prospect, with summary intersections below.

Hole HUD002 also included zones of significant core loss in the shallow sections of the hole associated with mineralisation with these zones separated in the results summary above. Lower recoveries were associated with broken and clay altered zones. Analysis was undertaken in order to determine whether there was an association of core loss with higher gold grade and no association between grade and low recoveries was indicated. Follow-up drill planning is now underway, and low core recoveries are expected to be remedied with wider core diameters and slower drill rates. Full assay tables for the mineralised intervals in HUD002 with core recoveries are set out in **Table 3**.

Hole ID	From	To	Interval	Au	Cu	Pb	Zn	Ag	Recovery
	(m)	(m)	(m)	g/t	%	%	%	g/t	%
HUD002	56	149	93	4.24	-	0.67	1.2	12	66
Including	56	92	36	2.88	-	0.39	0.66	32	28
Including	92	106	14	20.2	0.13	1.62	3.29	15	63
Including	106	149	43	1.30	-	0.55	0.93	5	>95
HUD001	116	170	54	0.84	-	0.25	0.14	10	>95
Including	128	136	8	3.93	-	0.93	0.79	18	>95
Including	128	133	5	5.76	0.12	1.38	1.27	27	>95
	224	247	23	0.76	-	-	-	24	>95
Including	224	233	9	1.29	-	-	-	49	>95

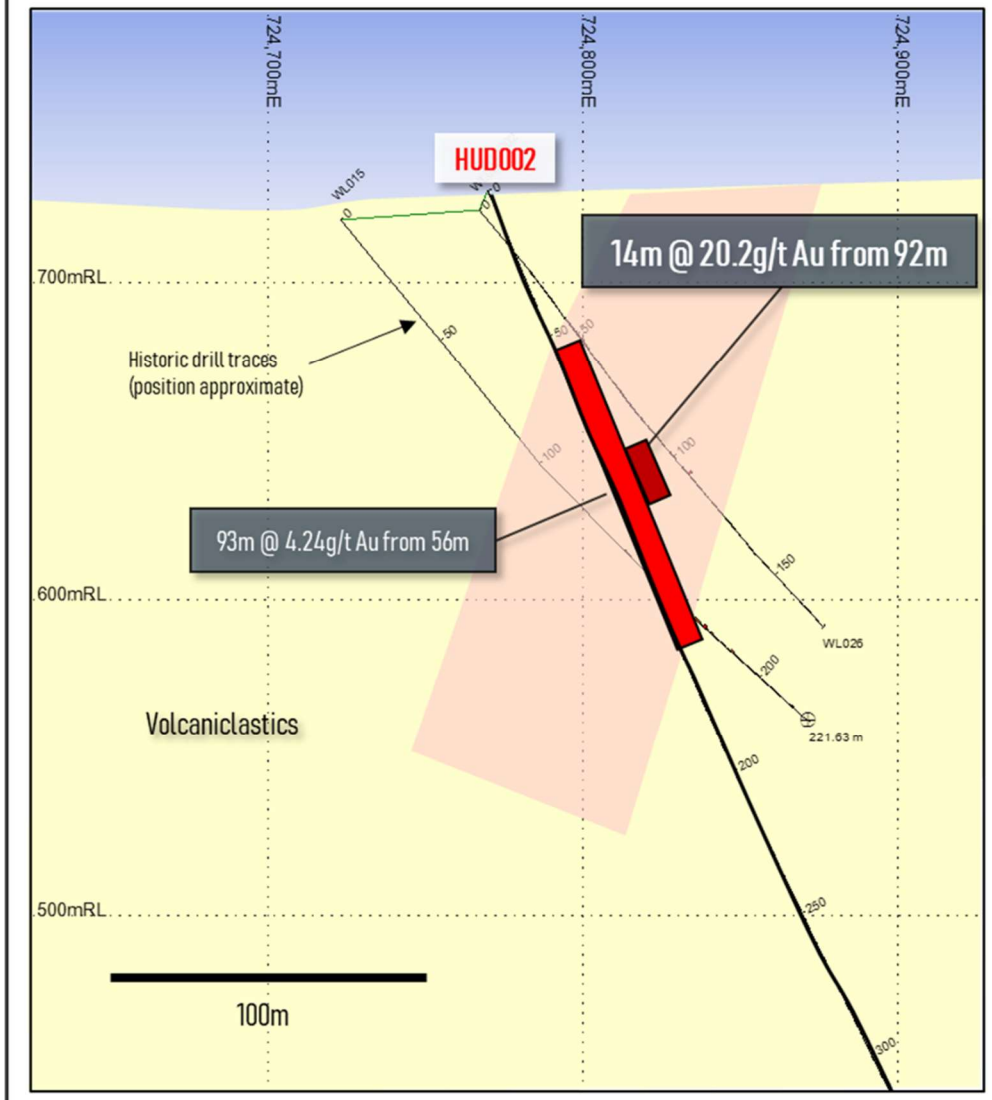
Table 2: Cullarin Project, Hume Prospect. Significant drillhole intersections

Re-imaging of a high-resolution geophysical survey collected by a previous explorer has revealed a distinct potassium (K) radiometric anomaly, akin to that associated with the McPhillamy's deposit, trending to the north of hole HUD002 (**Figure 4**).

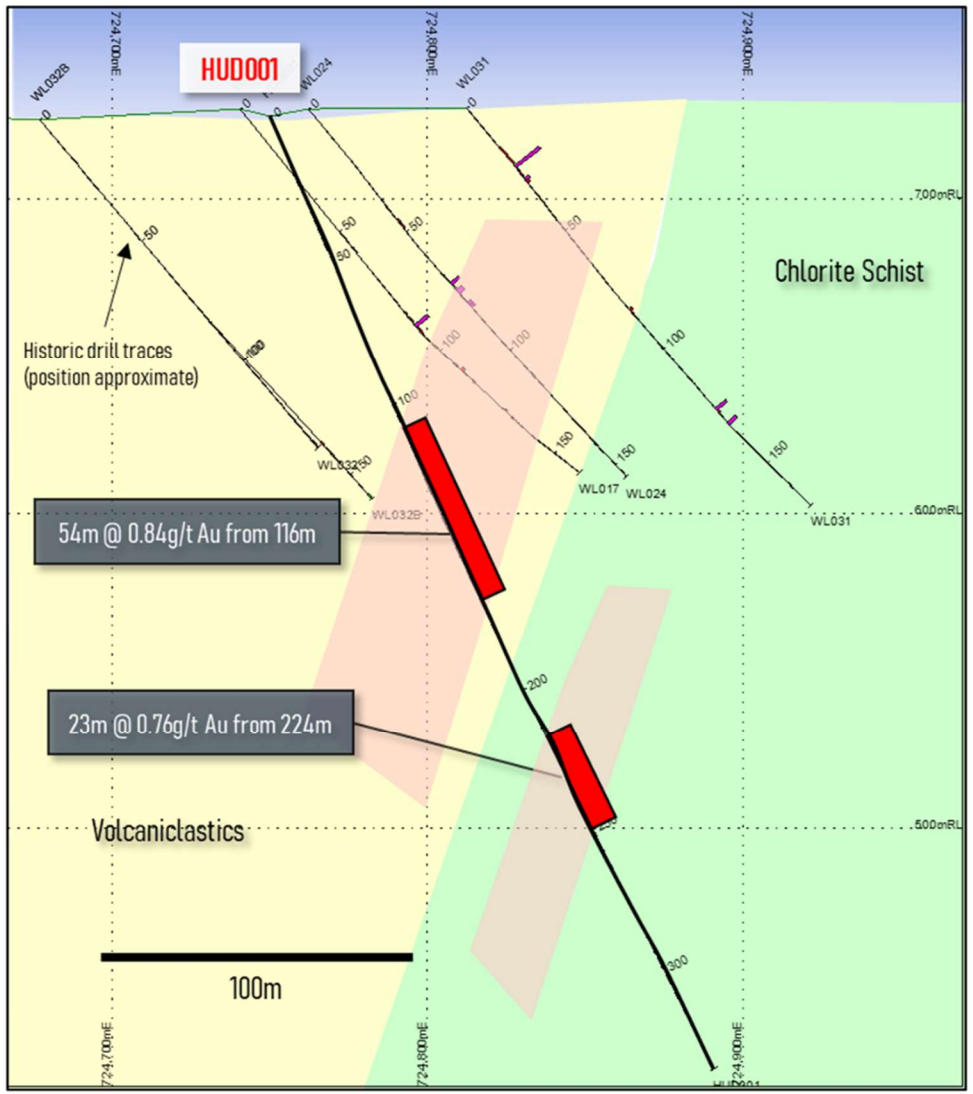
Also, SKY has received results from its first soil sampling programme completed over the southern end of the radiometric anomaly noted above. Results indicate a coherent McPhillamy's pathfinder anomaly co-incident with radiometric anomaly over what is now referred to as the Hume Target area (**Figure 4**).

The combination of a high potassium (K) radiometric signature (shown in pink in **Figure 4**, below) together with a pronounced magnetic low, and gold and multi-element pathfinder elements in the soil results, describe a compelling 'McPhillamy's style target at Hume, which extends approximately 4km to the north of hole HUD002.

SKY is currently evaluating these results in detail and planning of a drill focussed exploration programme is well advanced.



Section 6,144,650N – looking North



Section 6,144,500N – looking North

CULLARIN PROJECT

HUME TARGET - SCHEMATIC DRILLHOLES HUD001 & HUD002

GDA94 ZONE 55

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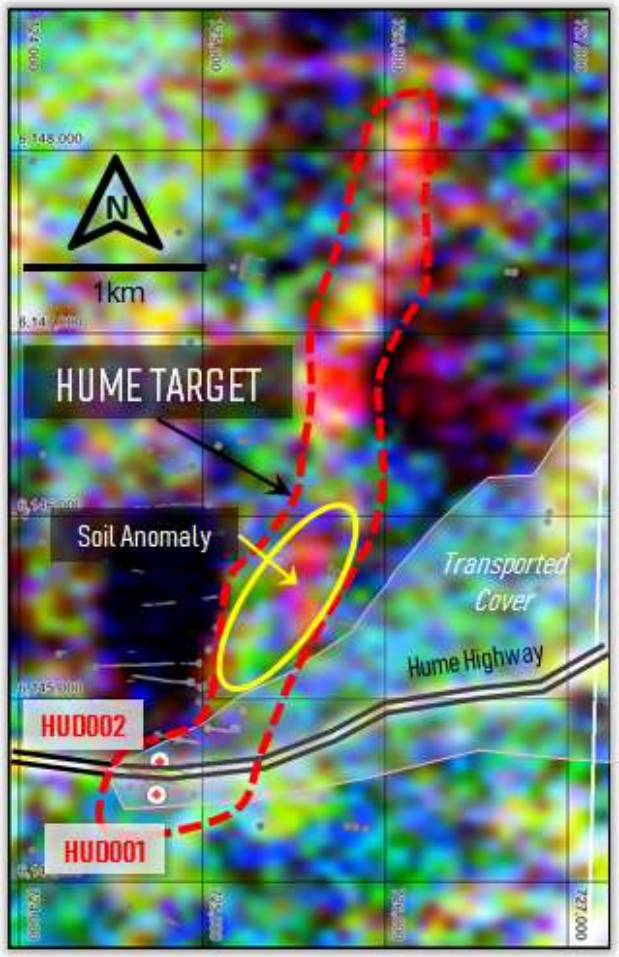
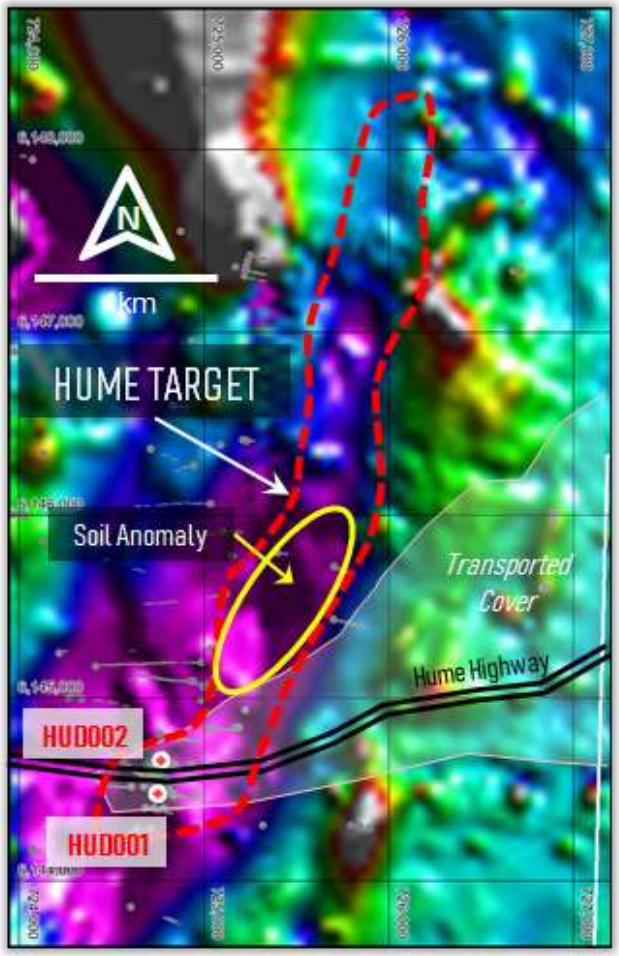
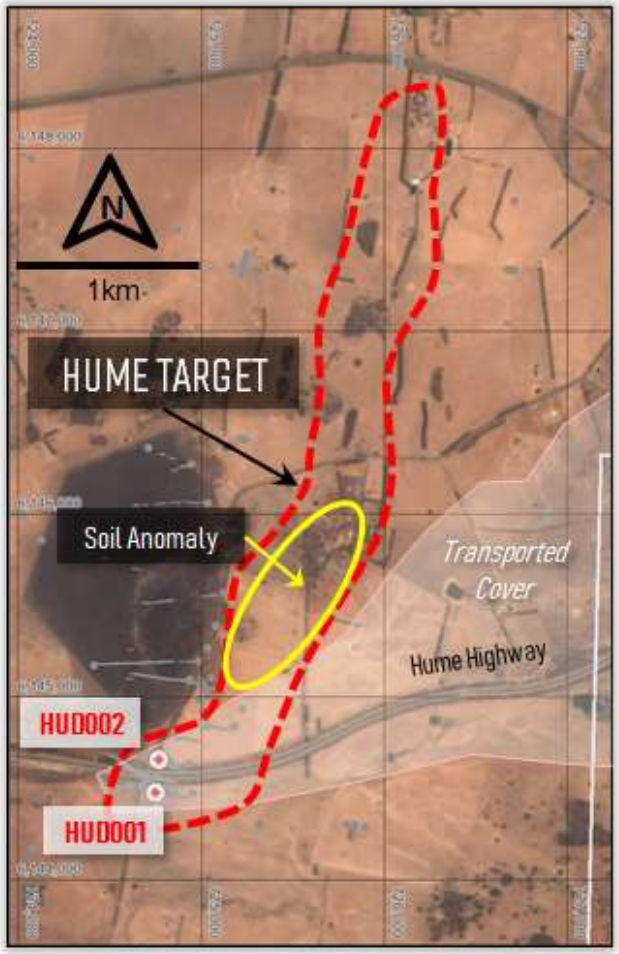
FIGURE 3



KTU RADIOMETRICS



RTP MAGNETICS



AERIAL PHOTO

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CULLARIN PROJECT

HUME TARGET

GRID: GDA94 ZONE 55

FIGURE 4

Table 3 – Detailed breakdown of analytical results with core recovery

Hole ID	From	To	Interval	Recovery	Au	Cu	Pb	Zn	Ag
	(m)	(m)	(m)	%	g/t	%	%	%	g/t
HUD002	56	57.1	1.1	65	0.53	0.01	0.34	0.00	1.33
HUD002	57.7	58.5	0.8	38	7.93	0.05	0.64	1.13	5.23
HUD002	59.8	60.7	0.9	38	4.83	0.04	0.50	0.00	1.85
HUD002	62.2	62.5	0.3	20	1.29	0.10	1.18	1.88	7.31
HUD002	63.7	64.2	0.5	14	29.4	0.19	20.00	9.31	175
HUD002	67.3	67.6	0.3	27	1.36	0.08	2.96	0.01	4.89
HUD002	68.4	69	0.6	100	0.71	0.04	0.59	0.01	2.52
HUD002	69	70.1	1.1	27	0.6	0.02	0.23	0.01	1.61
HUD002	73	73.7	0.7	15	8.46	0.11	1.15	1.85	10.1
HUD002	77.7	78.5	0.8	11	2	0.96	1.11	1.38	385
HUD002	85.2	86	0.8	100	0.46	0.00	0.01	0.00	0.53
HUD002	86	86.9	0.9	19	0.78	0.00	0.03	0.00	0.47
HUD002	90.7	92	1.3	100	0.79	0.01	0.11	0.01	1.22
HUD002	92	93.2	1.2	52	43.4	0.20	0.16	0.00	9.37
HUD002	94.3	95	0.7	100	18.2	0.17	0.81	2.89	11
HUD002	95	95.9	0.9	53	21.3	0.13	2.88	9.89	25.5
HUD002	96.7	97.5	0.8	53	39.1	0.13	1.81	3.41	15.65
HUD002	98.2	99	0.8	100	26.9	0.15	6.11	6.37	42.7
HUD002	99	100	1	100	27.4	0.06	1.33	2.64	9.87
HUD002	100	101.1	1.1	34	6.52	0.04	1.15	2.59	6.81
HUD002	103.2	104.4	1.2	71	2.25	0.28	1.45	3.02	16.55
HUD002	104.9	106	1.1	100	7.4	0.06	0.56	1.60	5.16
HUD002	106	107	1	100	3.67	0.00	0.03	0.01	0.34
HUD002	107	108	1	100	1.23	0.01	0.03	0.00	0.57
HUD002	108	108.4	0.4	44	0.48	0.04	0.92	3.22	4.09
HUD002	108.9	110	1.1	100	0.42	0.04	0.40	1.88	2.21
HUD002	110	111	1	100	0.46	0.02	0.63	1.20	2.53
HUD002	111	112	1	100	0.65	0.01	0.04	0.00	0.62
HUD002	112	113	1	100	0.48	0.03	0.26	1.37	1.77
HUD002	113	114	1	100	0.54	0.02	0.50	0.00	2.93
HUD002	114	115	1	100	0.87	0.02	0.09	0.00	1.18
HUD002	115	116	1	100	0.28	0.00	0.04	0.00	0.33
HUD002	116	117	1	100	0.62	0.01	0.28	0.00	1.54
HUD002	117	118	1	100	6.76	0.08	0.27	0.00	4.31
HUD002	118	119	1	100	2.61	0.22	2.24	4.96	13.2
HUD002	119	120	1	100	4	0.14	2.83	6.17	13.95
HUD002	120	121	1	100	1.42	0.09	1.43	2.70	13.25
HUD002	121	122	1	100	0.53	0.06	0.63	1.64	9.37
HUD002	122	123	1	100	1.12	0.07	0.55	1.03	9.86
HUD002	123	124	1	100	0.35	0.04	0.90	0.00	7.82
HUD002	124	125	1	100	0.23	0.02	0.46	0.00	6.1
HUD002	125	126	1	100	1.38	0.07	0.65	1.06	10.85
HUD002	126	127	1	100	1.21	0.05	0.57	0.00	8.73
HUD002	127	128	1	100	2.33	0.10	0.55	0.00	11.55
HUD002	128	129	1	100	0.51	0.04	0.96	1.09	7.12

Hole ID	From	To	Interval	Recovery	Au	Cu	Pb	Zn	Ag
	(m)	(m)	(m)	%	g/t	%	%	%	g/t
HUD002	129	130	1	100	11.2	0.08	1.14	2.25	13.2
HUD002	130	131	1	100	2.86	0.04	0.25	0.00	5.2
HUD002	131	132	1	100	0.61	0.01	0.01	0.01	0.79
HUD002	132	133	1	100	0.86	0.01	0.09	0.01	2.38
HUD002	133	134	1	100	0.71	0.05	0.64	1.07	7.57
HUD002	134	135	1	100	2.01	0.07	1.30	0.00	15.55
HUD002	135	136	1	100	0.72	0.01	0.06	0.01	2.17
HUD002	136	137	1	100	0.64	0.04	0.04	0.00	8.33
HUD002	137	138	1	100	0.64	0.01	0.01	0.01	0.73
HUD002	138	139	1	100	1.11	0.05	0.24	0.01	5.03
HUD002	139	140	1	100	0.43	0.04	0.45	0.00	4.25
HUD002	140	141	1	100	0.53	0.00	0.01	0.01	0.5
HUD002	141	142	1	100	0.42	0.01	1.06	3.39	4.28
HUD002	142	143	1	100	0.28	0.02	1.36	4.16	5.14
HUD002	143	144	1	100	0.17	0.01	0.44	1.92	2.5
HUD002	144	145	1	100	0.1	0.00	0.08	0.01	1.39
HUD002	145	146	1	100	0.12	0.02	0.15	0.00	3.27
HUD002	146	147	1	100	0.21	0.02	0.32	0.00	5.1
HUD002	147	148	1	100	0.31	0.01	0.19	0.01	2.72
HUD002	148	149	1	100	0.28	0.10	1.21	2.54	7.85

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.

GOLD PROJECTS (CULLARIN EL7954 / KANGIARA EL8400 & EL8573, HRR FARM-IN; EL8915, EL8920 100% SKY)

SKYs 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).

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).

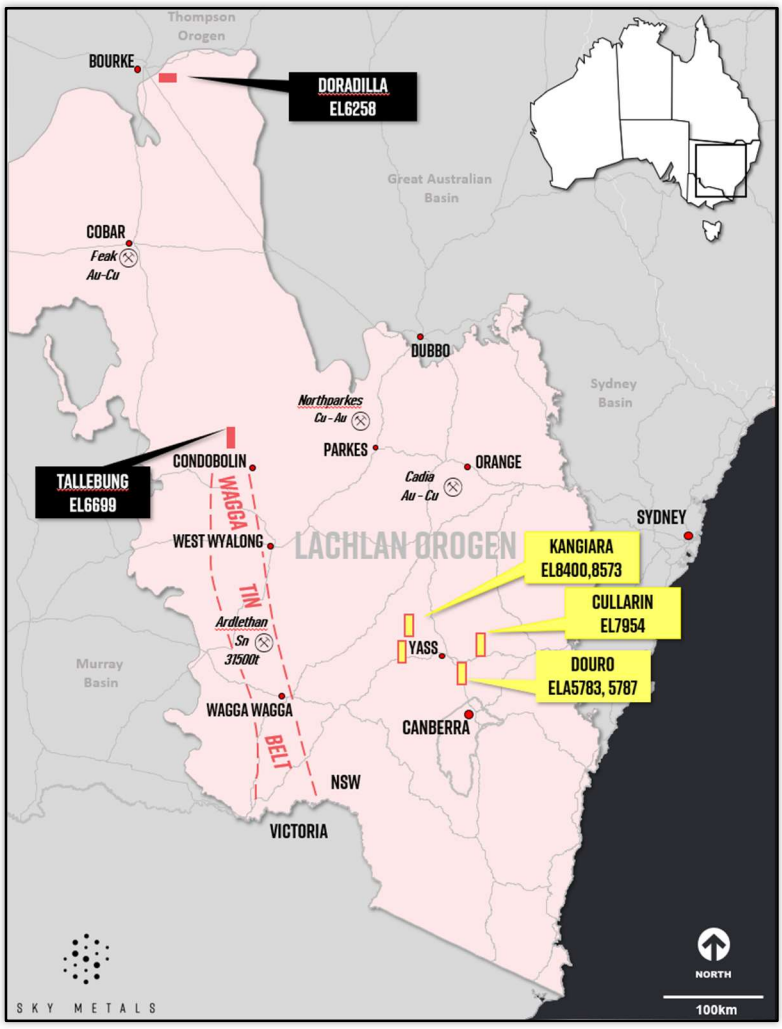

Figure 4: SKY Location Map

COMPETENT PERSONS STATEMENT

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

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.

JORC CODE, 2012 - TABLE 1

Section 1 Sampling Techniques and Data –CULLARIN PROJECT

(Criteria in this section apply to all succeeding sections)

Criteria	Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	Drill core sampling is by sawn half core HQ & PQ core or quarter PQ core. Nominal sample intervals are 1m with a range from 0.5m to 1.5m. Soil samples were collected from holes approximately 15cm in depth and sieved to 0.2mm, a 50-100g sample was collected for assay. All samples were submitted to ALS Chemex Orange for preparation and assaying.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	Assay standards or blanks are inserted at least every 30 samples for diamond drill core. All sample weights show consistency with core recovery and interval length. Standards and field duplicates were used at least every 50 samples for soil sampling with field duplicates to ensure sample representivity.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	Each sample was dried, crushed and pulverised as per standard industry practice. Diamond drilling - core samples were taken at nominally 1m, but with a range between 0.5-1.5m. Core samples are cut in half, dried, crushed and pulverised to 90% passing 75 microns. The primary metal of interest, Gold (Au) was determined by 50g fire assay (method Au-AA26) with a detection limit 0.01ppm. Multielement assaying was completed for 48 elements by 30g four-acid digest with ICPMS determination (method ME-ICP61). Soil sampling – Gold was determined by 30g fire assay for trace Au with Au-AA21 with a detection limit of 0.002ppm. Multielement assaying was completed for 48 elements by 30g four-acid digest with ICPMS determination (method ME-ICP61).
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc)*	Diamond Drilling completed using PQ core until fresh rock is reached then HQ or NQ coring with triple tube. Core orientation completed using a REFLEX tool
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed*	Diamond drill core recovery recorded against intervals drilled as part of geotechnical logging to determine recovery. Recoveries are generally greater than 95% once in fresh rock.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples*	Diamond drilling utilising triple tube drilling and short drilling runs employed to maximise core recovery.

Criteria	Explanation	Commentary
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material*	There is no known relationship between sample recovery and grade. Where samples recoveries are less than 95% there is no relationship observed between grade and sample recovery. Relationships between sample recovery and grade are not considered significant where recoveries exceeded 95% in fresh rock.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies*	Systematic geological and geotechnical logging was undertaken. Data collected includes: • Nature and extent of lithologies and/or soils. • Relationship between lithologies and/or soils. • Amount and mode of occurrence of ore minerals. • Location, extent and nature of structures such as bedding, cleavage, veins, faults etc. Structural data (alpha & beta) are recorded for orientated core. • Geotechnical data such as recovery, RQD, fracture frequency, qualitative IRS, microfractures, veinlets and number of defect sets. For some geotechnical holes the orientation, nature of defects and defect fill are recorded. • Bulk density by Archimedes principle at regular intervals. • Magnetic susceptibility recorded at 1m intervals for some holes as an orientation and alteration characterisation tool.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography*	Both qualitative and quantitative data is collected. All core was digitally photographed. Half core samples are retained in trays for future reference.
	• *The total length and percentage of the relevant intersections logged*	All core and soil samples were geologically and geotechnically logged.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken*	Diamond drilling - core was sawn with half core submitted for assay. Sampling was consistently on one side of the orientation line so that the same part of the core is sent for assay. PQ core is sampled by quarter or half core.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry*	Not applicable for core drilling reported. Soil samples were collected from holes approximately 15cm in depth and sieved to 0.2mm, a 50-100g sample was collected for assay.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique*	Core and soil samples were dried crushed and pulverised to 90% passing 75 microns. This is considered to appropriately homogenise the sample to allow subsampling for the various assay techniques.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples*	The use of Certified Standard Reference Materials and blanks were inserted at least every 30 samples to assess the accuracy and reproducibility of the drill core results. Standards and field duplicates were used at least every 50 samples for soil sampling. The results of the standards were to be within ±10% variance from known certified result. If greater than 10% variance the standard and up to 10 samples each side were re-assayed. ALS conducted internal check samples every 20 samples for Au and every 20 for multielement assay. Field duplicate soil samples demonstrated representivity of samples.

Criteria	Explanation	Commentary
	• *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.*	Diamond drilling - No field duplicates are taken for core samples. Core samples were cut in ½ for down hole intervals of 1m, however, intervals can range from 0.5-1.5m. This is considered representative of the in-situ material. The sample was crushed and pulverised to 90% passing 75 microns. This was considered to appropriately homogenise the sample. Field duplicate soil samples were collected and demonstrated representivity of soils samples.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled*	Sample sizes are industry standard and considered appropriate
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total*	Standard assay procedures performed by a reputable assay lab, (ALS Group), were undertaken. Gold (Au) was determined by 50g fire assay (method Au-AA26) with a detection limit 0.01ppm for drill core and soils samples were determined by 30g fire assay for trace Au with Au-AA21 with a detection limit of 0.002ppm. Multielement assaying for both drill core and soil samples was completed for 48 elements by 30g four-acid total digest with ICPMS determination (method ME-ICP61).
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc*	Not applicable as no geophysical tools were used in the determination of assay results.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established*	Certified reference material or blanks were inserted at least every 30 samples and every 50 samples in soil samples alternating with field duplicates. Standards are purchased from Certified Reference Material manufacture companies: Standards were purchased in foil lined packets of between 60g and 100g. Different reference materials were used to cover high grade, medium grade, low grade and trace ranges of elements, with a primary focus on gold.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	Drill data is compiled and collated and reviewed by senior staff. External consultants do not routinely verify exploration data until resource estimation procedures are deemed necessary. The intersection calculations were viewed by >1 geological personnel.
	• *The use of twinned holes.*	Twinned holes have not been used in the drilling.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	Drill Hole Data including: meta data, any gear left in the drill hole, lithological, mineral, survey, sampling, magnetic susceptibility was collected and stored as physical and electronic copies or entered directly into an excel spread sheet using drop down codes. When complete the spreadsheet was combined into a master excel spreadsheet as the drill hole database. Soils sampling data including location, soil type and colour, details regarding nearby outcrop and regolith details were all recorded manually in the field and then scanned and added into spreadsheets to store data electronically. Assay data was provided by ALS via .csv spreadsheets. The data was validated using the results received from the known certified reference material. Hard copies of the assay certificates were stored with drill hole data such as drillers plods, invoices and hole planning documents.

Criteria	Explanation	Commentary
	• *Discuss any adjustment to assay data*	Assay data is not adjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Drill hole collars and soils samples were located using hand held GPS (accuracy ± 2m). DGPS surveying of holes will be completed on completion (± 0.1m).
	• *Specification of the grid system used*	All coordinates are based on Map Grid Australia Zone 55E, Geodetic Datum of Australia 1994.
	• *Quality and adequacy of topographic control*	Drill hole collars and soil samples were located using hand held GPS (accuracy ± 2m). DGPS surveying of holes will be completed on completion (± 0.1m)
Data spacing and distribution	• *Data spacing for reporting of Exploration Results*	At this early exploration stage, the data spacing is variable as the focus is on geological mapping and identifying new zones of mineralisation.
	• *Data spacing for reporting of Exploration Results Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied*	Not Applicable as no resource estimate has been completed
	• *Whether sample compositing has been applied*	Sample compositing is not applied.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type*	Drilling was orientated east to cross the interpreted, steeply westerly dipping mineralisation trend at moderate to high angles. The use of orientated core allows estimates of the true width and orientation of the mineralisation to be made. Soils sampling traverses were completed west to east to most appropriately sample dominantly north-south striking structures.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced sampling bias, this should be assessed and reported if material*	No sample bias due to drilling orientation is known.
Sample security	• *The measures taken to ensure sample security*	Sample chain of custody has been managed by the employees of Sky Metals who commissioned the drilling from the drilling rig to assay laboratory. All samples are bagged in tied numbered calico bags, grouped into larger tied polyweave bags and transported to ALS in Orange by SKY personnel. Soil samples are collected in bags and transported to ALS in Orange by SKY personnel. All sample submissions are documented via ALS tracking system and all assays are reported via email. Sample pulps are returned to site and stored for an appropriate length of time (minimum 3 years). The Company has in place protocols to ensure data security.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data*	The Company does not routinely have external consultants verify exploration data until resource estimation procedures are deemed necessary.

Section 2 Reporting of Exploration Results - CULLARIN PROJECT
(Criteria listed in the preceding section also apply to this section)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The Cullarin Project is described by NSW Exploration Licence 7954. The tenement is 100% owned by Tarago Exploration Pty Ltd, a 100% owned subsidiary of Heron Resources Ltd. This licence is one of three under the HRR-SKY JV with Sky Metals Ltd to earn an 80% interest the JV tenements following a farm-in expenditure of $2,000,000 within 36 months. See SKY ASX announcement 9 October 2019 for more details.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area*	All exploration licences are in good standing. EL7954 expires on 19 June 2022.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties*	Significant exploration was carried out initially interested in base metals and shifting to gold in the 1980s with the Hume prospect identified as a Au-rich VMS system with similarities to the Henty Mine in western Tasmania. Shallow diamond drilling at the Hume prospect identified broad low-grade Au mineralisation including high grade zones suitable for underground mining before the 1990s. From the 1990s a period of exploration for largely intrusion-related deposit styles commenced and included the re-assay of historic drill core and collation of previous exploration data.
Geology	• *Deposit type, geological setting and style of mineralisation*	Mineralisation at the Hume prospect is associated with sulphide-rich and intensely silica-sericite altered horizons hosted in a late Silurian volcaniclastic sequence interpreted to be equivalent to the stratigraphy to that which hosts the McPhillamys deposit near Blaney NSW. This stratigraphy is likely to represent basin opening of the Hill End Trough. The mineralisation is interpreted as Au-rich VMS with similarities to the Henty Mine in western Tasmania and the McPhillamys deposit in NSW. Gold mineralisation appears to be coincident with Zn, Pb, Cu and Ag mineralisation.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* - *easting and northing of the drill hole collar* - *elevation or RL (Reduced Level–elevation above sea level in metres) of the drill hole collar* - *dip and azimuth of the hole* - *down hole length and interception depth* - *hole length*	See body of announcement.
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Not applicable as drill hole information is included.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	Where reported, drilling results from the Cullarin Project have been length weighted. Grades greater than 0.1g/t Au have been used to calculate intercepts. No high cut-off has been applied.

Criteria	Explanation	Commentary
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	Intercepts are length weighted with no cutting of grades. This may lead to elevation of intercept grades due to the presence of a narrow interval of high-grade material. Such high grade zones are reported as included intercepts inside the broader intercept.
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated*	No metal equivalences quoted.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results-* - *if the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* - *if it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	Orientated drill core used to allow determination of orientation of structures and mineralisation. Orientation of the mineralisation and structural trends is constrained by previous drilling and outcrop though true widths are not yet estimated as there is insufficient data at this stage of exploration.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	See body of announcement, appendix of ASX announcement, 22 November 2018.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	See table in appendix of ASX announcement, 22 November 2018.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples–size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	See body of announcement
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Further drill testing to assess the scale and grade of the mineralisation is planned along with investigation of related targets.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	See body of announcement.