ASX ANNOUNCEMENT

SKY METALS

24 JULY 2020

ASX: SKY

CULLARIN PROJECT – EXPLORATION UPDATE

- Assay results received for a further three and a half SKY diamond holes at Hume Target
- Best results include:

  Hole HUD008: **25.2m @ 0.94 g/t gold from 58m including, 6.7m @ 2.46 g/t gold from 75.7m**
- Depth potential & south extension of high-grade Hume gold target identified as priority for evaluation - multi drill rig program planned
- SKY soil sampling delineates two new high priority McPhillamy's style gold anomalies within the Hume Target area
- RC drill testing of soil targets planned to commence in August
- Soil sampling to be extended to the south to determine strike extent of Hume mineralisation
- Sampling of Hume Target historic drillcore in progress

The Board of Sky Metals Limited ('SKY' or 'The Company') is pleased to provide an update on exploration activities at its Hume Target within the Cullarin Gold Project near Goulburn in NSW (SKY earning 80%).

The Hume diamond drilling program has been focussed on testing the controls and extensions of high-grade gold mineralisation in HUD002 (93m @ 4.24g/t Au; ASX SKY 10 February 2020). Gold mineralisation is currently interpreted to be associated with lead-zinc sulphides within zones of intense silica-sericite-carbonate alteration proximal to the Hume Fault (**Figure 1**). Favourable alteration plus base metal sulphide has been recognised over a significant strike length and is open at depth and to the south. The regional soil sampling program has been directed at locating repeat occurrences of McPhillamy's style gold mineralisation.

DIAMOND DRILLING

Assay results have now been received from drillholes **HUD007** (204-351.3m) to **HUD010**. Geological commentary on drillholes **HUD007** to **HUD012** was reported by SKY previously (SKY ASX 25 May 2020 & 22 June 2020) and the following is largely an update for the drillholes where assay results have now been received. Results are presented on long section as **Figure 2**.

Drillhole **HUD008** located 400m south of HUD002, was targeted to test the southern strike extent of the Hume mineralisation (**Figures 1 & 2**). It intersected an intensely altered volcanic package (silica-sericite-base metal sulphide) of ~50m thickness. HUD008 assays indicate that the Hume mineralisation remains open to the south, with results including:

Hole HUD008: **25.2m @ 0.94 g/t gold from 58m including, 6.7m @ 2.46 g/t gold from 75.7m**

Drillhole **HUD009,** located ~300m south of HUD002, was targeted to follow up anomalous gold mineralisation intersected in historic drillholes between HUD008 and HUD002 (**Figures 1 & 2**). Similar to HUD008, it intersected an intensely altered volcanic package (silica-sericite-base metal sulphide) of ~50m thickness before intersecting a fault and passing into unmineralized footwall units. HUD009 recorded only low tenor gold mineralisation with a best result of:

Hole HUD009: **7.8m @ 0.69 g/t gold from 146m**

The lower tenure of gold mineralisation in HUD009 compared with HUD008 is thought to be due to HUD009 being collared further to the east of the interpreted position of the Hume Fault.

Drillhole **HUD010**, located 200m south of HUD002, was targeted to test the down dip extent of the mineralisation intersected in HUD001 **(5m @ 5.76g/t Au**; ASX SKY 10 February 2020) (**Figures 1 & 2**). HUD010 intersected an intensely altered volcanic package (silica-sericite-base metal sulphide) of ~70m thickness before intersecting a fault and passing into unmineralized chlorite footwall units. The high-grade mineralisation encountered in HUD001 was not replicated in HUD010, recording a best intersection of:

Hole HUD10: **3m @ 1.89 g/t gold from 220m**

Drillhole **HUD007**, located approximately 15m south of HUD002, was drilled to the south-east in order to confirm drill results from historic holes to the south as well as provide replication and validation of the strongly mineralised intervals of poor recovery in HUD002 (**Figures 1-3**). As previously reported (SKY ASX 22 June 2020), the hole intersected a zone of intense sericite alteration with associated base metal sulphide mineralisation from 50-120m downhole (**69m @ 2.2g/t Au from 44m**). Assay results from the lower part of the drill hole 204-351.3m of **HUD007** (**Tables 1 & 2**) indicate similar anomalous mineralisation to that encountered at depth in drillhole HUD002, with best results of:

Hole HUD07: **7m @ 0.53 g/t gold from 335m**

Drillhole **HUD012**, located approximately 70m west of HUD002, was targeted to test the down dip extent of mineralisation intersected in HUD002 & HUD007 (**Figures 1-3**). The Hume Fault was intersected at 150m with a zone of intense silica alteration with matrix base metal mineralisation present between 182-191m and stringer base metal sulphide veins extending to around 220m. This zone is located 50-75m beneath the high-grade mineralisation intersected in HUD002 and thus has the potential to greatly enhance the depth potential of the Hume mineralisation. Assay results for HUD012 remain pending.

Once all assay results from the current drill program at Hume have been received and collated, SKY will look to commence a multi drill rig program to rapidly advance assessment of the potential of the Hume Target.

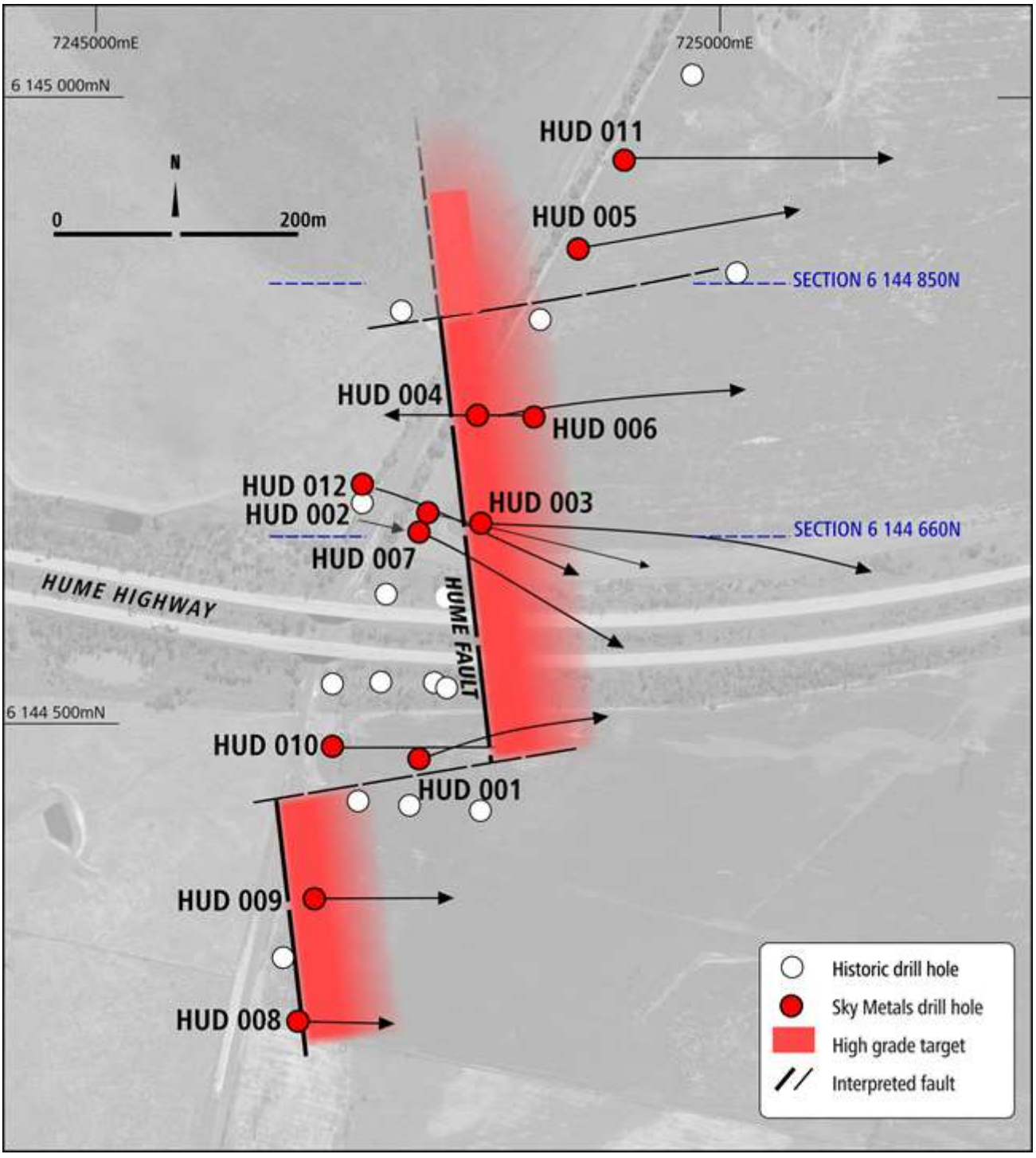

Figure 1 - Hume Target – Drillhole Locations

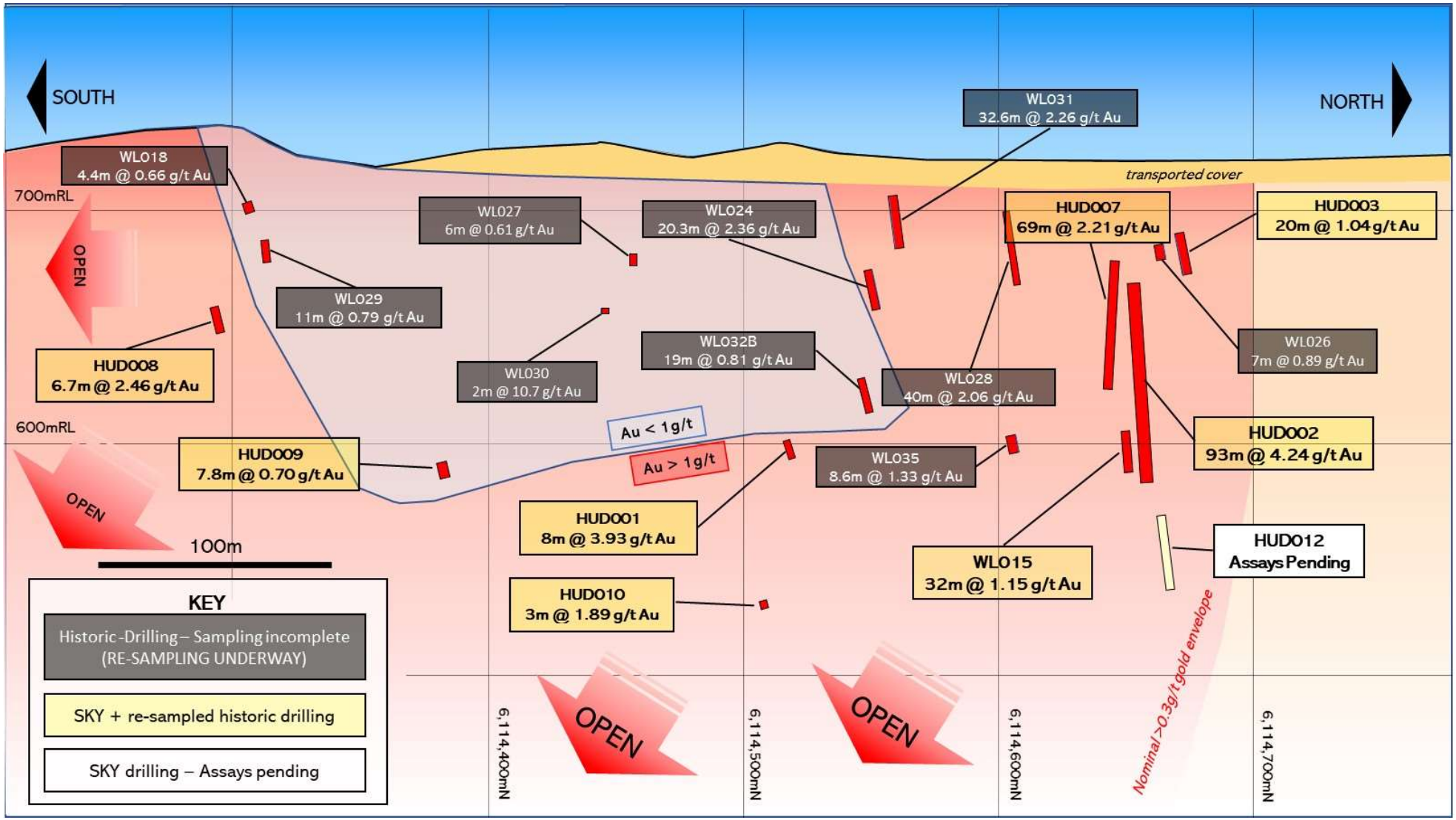

Figure 2 - Hume Target – Long Section (schematic). Intersections reported with 0.5g/t Au cut-off.

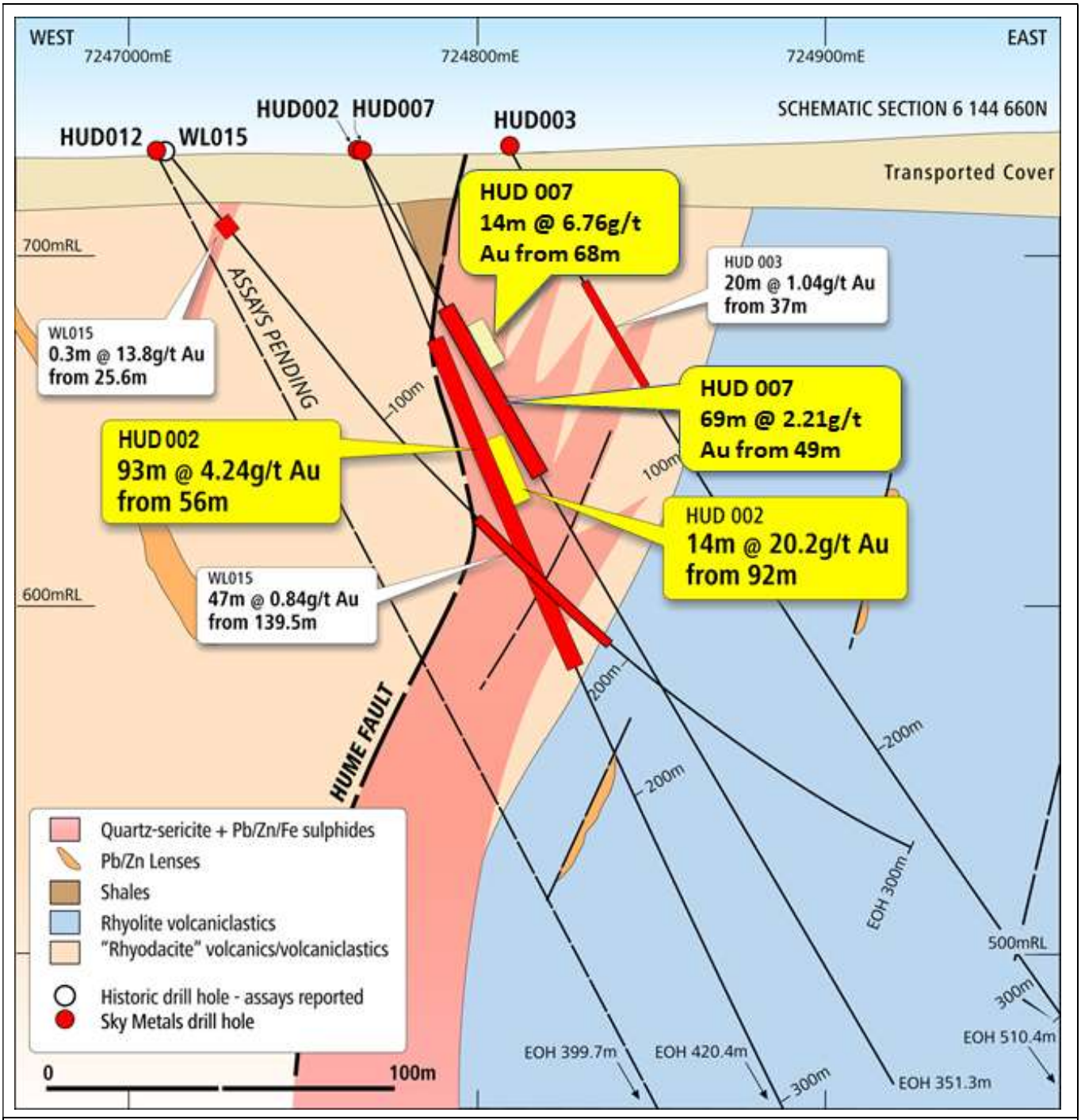

Figure 3 - Hume Target – Section 6,144,660N (schematic)

*Hume Target Diamond Drilling (**Tables 1 & 2**)*

Hole ID	From	To	Interval	Au	Cu	Pb	Zn	Ag	Comment
	(m)	(m)	(m)	g/t	%	%	%	g/t	
HUD007	335	342	7	0.53		0.06	0.14	34	HUD07
HUD008	58	83.2	25.2	0.94		0.27	0.28	4	85% recovery
inc	**75.7**	**82.4**	**6.7**	**2.46**		**0.13**	**0.38**	**4**	**60% recovery**
HUD009	146	153.8	7.8	0.70		0.23	0.69	24	
HUD010	220	223	3	1.89		0.87	1.45	24	

Table 1: Cullarin Project, Hume Target. Significant drillhole intersections (Au > 0.5g/t)

Hole ID	From	To	Interval	Au	Cu	Pb	Zn	Ag	Comment
	(m)	(m)	(m)	g/t	%	%	%	g/t	
HUD007	208	256	48	0.19					
and	307	351.3*	44.3	0.29	-	0.06	0.12	9	*EOH
HUD008	10	30	20	0.13	-	0.26	-	-	
and	42	85	43	0.56	-	0.34	0.37	4	
HUD009	30	51	21	0.17	-	0.17	0.12		
and	76	153.8	77.8	0.26	-	0.18	0.37	6	
HUD010	202	241	39	0.29	-	0.23	0.40	5	

Table 2: Cullarin Project, Hume Target. Anomalous drillhole intersections (Au > 0.1g/t)

HUME TARGET SOIL SAMPLING

Results have been received from a program of soil sampling completed over the northern part of the Hume Target. This work was completed in order to assess the potassium radiometric anomaly identified along strike north of SKY's Hume drilling (ASX SKY 11 February 2020).

Results indicate a robust McPhillamys multi-element anomaly (**Hume North**) over ~1,200m strike extent associated with the radiometric anomaly approximately 1.5km north of HUD002 (**Figure 4**). The combination of the potassium (K) radiometric signature together with a pronounced magnetic low, and gold and multi-element pathfinder elements in the soil results, describe a compelling 'McPhillamys style' target at Hume North.

A second gold anomaly has been identified to the northwest of Hume North proximal to the **Breadalbane Iron Mine.** A McPhillamys multi-element anomaly is also present over an area of 500m x 400m peripheral to a distinct magnetic high associated with the iron mine.

A programme of RC percussion drilling is proposed to test these anomalies commencing in August.

Given the encouraging results from drillhole HUD008, soil sampling will be extended to the south of the current grid to evaluate the southern strike extent of the Hume mineralisation. Samples are to be collected late July.

SKY CEO Mark Arundell commented; "*The scale and intensity of mineralisation at the Hume Target remains highly encouraging, with the next phase of exploration to focus on the depth extent of the high-grade gold mineralisation recorded in holes HUD002 and HUD007 and the southern extension of HUD008. SKY's soils results indicate undrilled gold mineralisation has been repeated at the Hume North and Breadalbane Iron Mine targets.*"

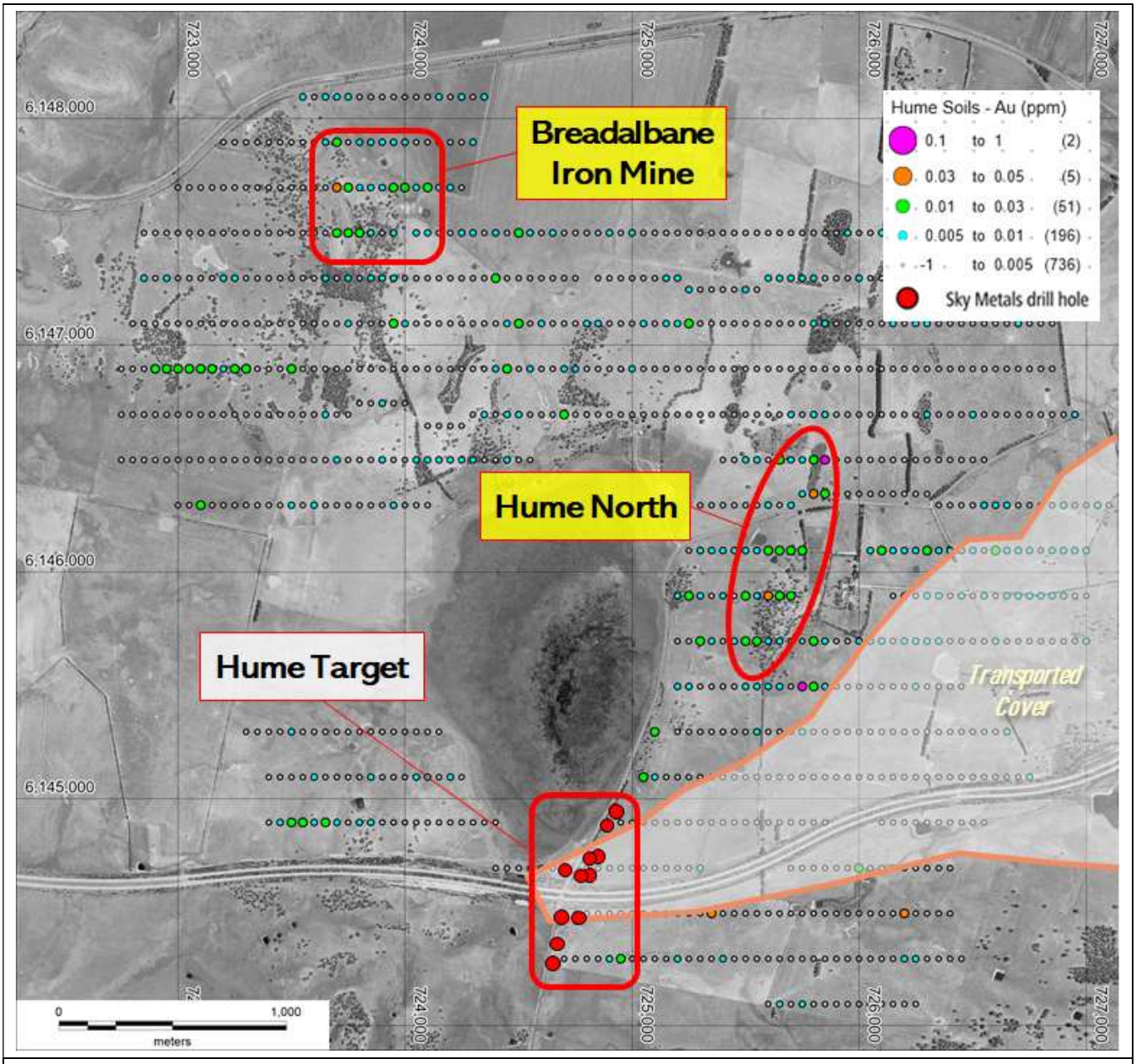

Figure 4 – Hume Target – Soil samples (colour by Au grade) and drill targets

Hume Target Historic Drillholes

Sampling of historic diamond core holes at the NSW Government drillcore library has been in progress since early June (**Figure 1**). All historic diamond drillholes completed by previous explorers between HUD002 and HUD008 are being logged and sampled. Although each of these drillholes record wide intervals of gold mineralisation, the historic sampling has been incomplete. Assay results from the initial batch of samples are pending.

Sampling of these drillholes offers SKY a great opportunity to advance the evaluation of the Hume Target. Not only is SKY enacting a sampling program which will save significant time and money, this work is in effect a continuation of the current drill program.

COVID-19: Through its exploration procedures SKY maintains a clear focus on protecting the health and wellbeing of our staff, contractors, landholders and other stakeholders. All planned work is subject to advice on any restrictions on normal business activities associated with COVID-19 imposed by the Australian and/or NSW governments. Being locally based SKY is in a unique position to be able to advance its projects at this time.

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 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). 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 HUD002 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)

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 down dip to and to the south.

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

SKY METALS

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 PQ & HQ core. Nominal sample intervals are 1m with a range from 0.3m to 2.0m. 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 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 0.25g 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 coring. Core orientation was completed where possible
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.
	• *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.

Criteria	Explanation	Commentary
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 by NBH and their joint venture partners when the holes were originally drilled. Data collected includes: • Nature and extent of lithologies. • Relationship between lithologies. • 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.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography*	Both qualitative and quantitative data is collected. Half core (HQ) & ¾ core (PQ) samples are retained in trays for future reference.
	• *The total length and percentage of the relevant intersections logged*	All core were geologically and geotechnically logged. Soil samples were geologically 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 (HQ) or quarter core (PQ) 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.
	• *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.
	• *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.*	No field duplicates are taken for core samples. Core samples were cut in ½ for HQ and ¼ for PQ generally in down hole intervals of 1m, however, intervals can range from 0.3-2.0m. 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

Criteria	Explanation	Commentary
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.
	• *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.*	Historic drill hole collars were located using either a licenced surveyor or on a local imperial or metric grid. Conversion of the local grid co-ordinates has been undertaken by previous exploration companies. SKY has used DGPS surveying of its drillholes (± 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*	Historic drill hole collars were located using either a licenced surveyor or on a local imperial or metric grid. SKY drill hole collars were located using DGPS surveying (± 0.1m)

Criteria	Explanation	Commentary
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. However, the potential for bias is being investigated by the current drilling campaign
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 or placed in a stillage box 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.

Criteria	Explanation	Commentary
	• *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.
	• *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.

Criteria	Explanation	Commentary
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 has been used by SKY 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. Limited structural data can be
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.