

20 OCTOBER 2020

ASX: SKY

DRILLING COMMENCES AT GALWADGERE PROJECT

- ◆ Drilling program commenced at Galwadgere Project.
- ◆ Copper-gold mineralisation at the Galwadgere deposit considered by SKY to be open to the south, north and down dip.
- ◆ Encouraging sulphide mineralisation noted in initial drillholes.

The Board of Sky Metals Limited ('SKY' or 'The Company') is pleased to provide an update on exploration activities at the Galwadgere Copper-Gold Project near Wellington (SKY Option to Purchase 100%) in NSW (SKY 80%) (**Figure 3**).

SKY CEO Mark Arundell commented: "*RC percussion drilling at Galwadgere is part of the Company's aggressive exploration program focussed on the drill testing of high priority targets. Drilling is primarily focussed on extending both the strike and down dip extent of the Galwadgere mineralisation.*"

GALWADGERE COPPER-GOLD PROJECT – RC PERCUSSION DRILLING

A program of RC percussion drilling to test a series of targets at the Galwadgere deposit commenced late last week (**Figures 1 & 2**). A program of four to eight 200-250m drillholes is proposed to test the Galwadgere mineralisation down dip and along strike as well as confirm historic drill intersections.

GARC001 was drilled to test the downdip extent of mineralisation intersected at the southern end of the Galwadgere deposit. The drillhole did not achieve target depth of 200m but intersected a sequence of intensely altered rocks (mostly sericite) with associated pyrite mineralisation from 100m depth. This is interpreted to be proximal alteration of the copper-gold mineralisation and thus very encouraging. It is planned to deepen this drillhole with diamond core.

GARC002 was drilled to test the downdip extent of strong mineralisation intersected in Alkane drillholes GAL008 (47m @ 0.90% Cu & 1.58g/t Au from 122m, ASX SKY 24 August 2020). Strong sulphide mineralisation (pyrite +/- chalcopyrite) mineralisation was intersected over an approximate 50m zone from 140-190m downhole before the drillhole passed into "footwall" unaltered Devonian sediments at approximately 197m.

Samples from the first two drillholes have been submitted for analysis and results are expected mid November.

Hole ID	Easting (MGA)	Northing (MGA)	RL (m)	Dip	Azimuth (MGA)	Total Depth (m)	Comments
GARC001	692480	6383917	486.83	-60	270	150	Completed
GARC002	692428	6384207	449.265	-60	270	204	Completed
GARC004	692520	6384270	442	-60	270	200 (planned)	In progress

Table 1 – Galwadgere Project. Drillhole collar details

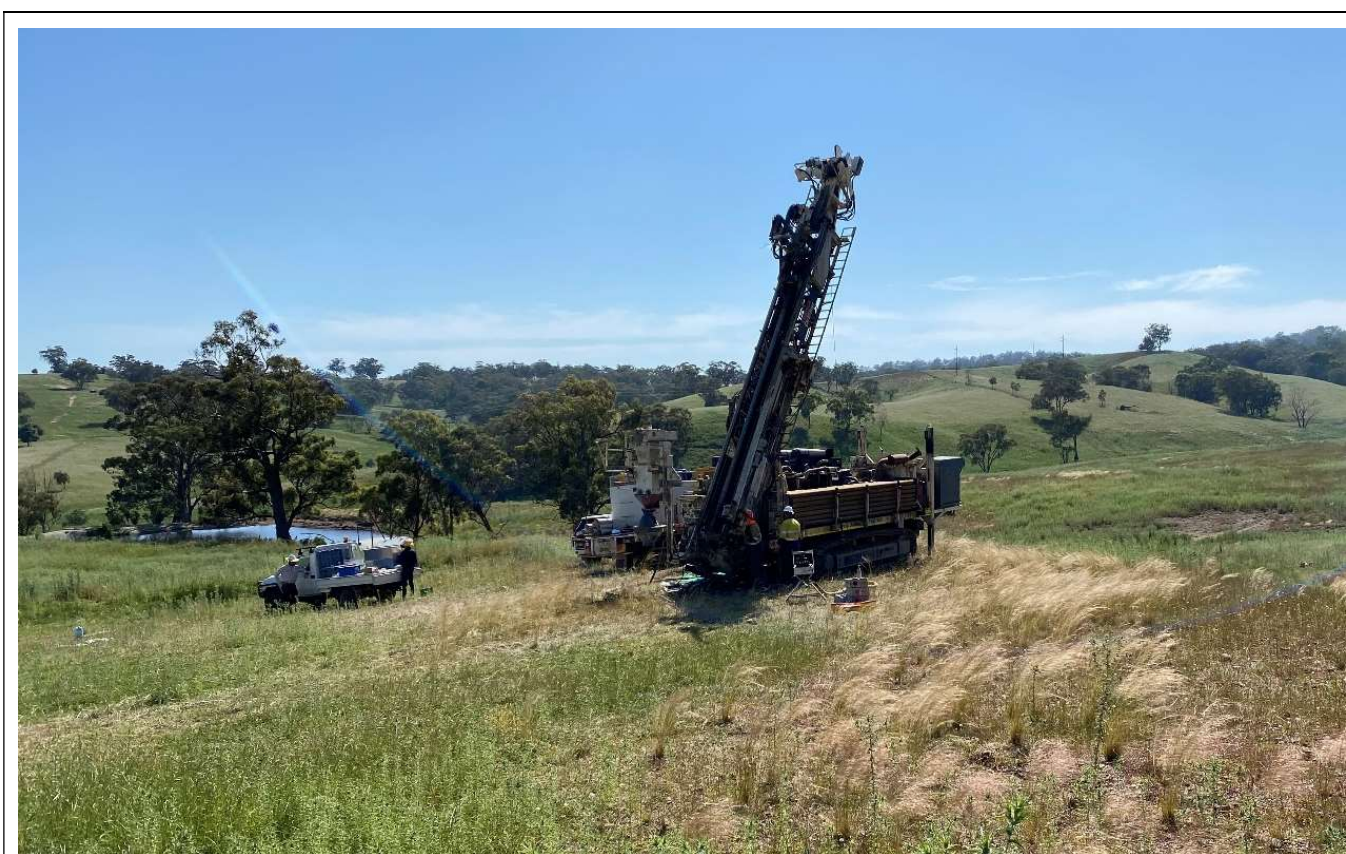


Figure 1 – Galwadgere Deposit – RC percussion drilling GARC002

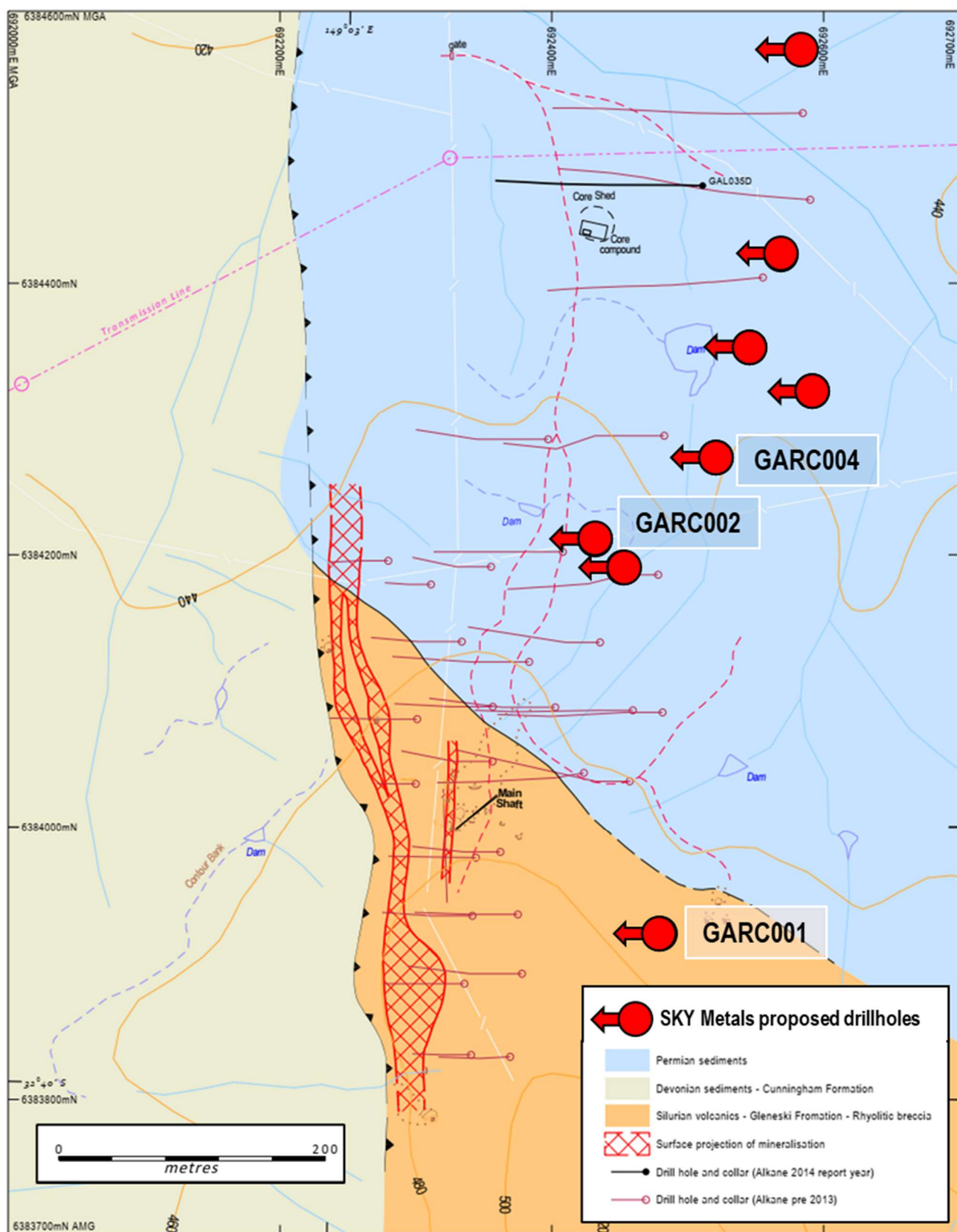


Figure 2 – Galwadgere Copper-Gold Project – Drillhole Locations.

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 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, & 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, geophysical & alteration signature. SKY's maiden drill program to follow up this historical work was very successful including core hole HUD002 which returned 93m @ 4.2 g/t Au from 56m.

MYLORA / CALEDONIAN / TIRRANA PROJECTS (EL8915, EL8920, ELA5968, ELA6031 100% SKY)

Highlight, 'McPhillamys-style' gold results from previous exploration include 36m @ 1.2 g/t Au from 0m to EOH in drillhole LM2 and 81m @ 0.87g/t Au in a costean on EL8920 at the Caledonian 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 PROJECTS

GALWADGERE (EL6320, ALKANE OPTION)

The Galwadgere project is located ~15km south-east of Wellington in central NSW. High grade copper-gold mineralisation has been intersected by previous explorers (e.g. 47m @ 0.90% Cu & 1.58g/t Au) and the mineralisation is open along strike and at depth.

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

The Iron Duke project is located ~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 open down dip to and to the south.

TIN PROJECTS

TALLEBUNG PROJECT (EL6699, 100% SKY)

The Tallebung Project is located ~70km north-west of Condobolin in central NSW. The project encompasses the historic Tallebung Tin Mining Field at the northern extent of the Wagga Tin Belt within the central Lachlan Orogen and is considered prospective for lode and porphyry-style tin - tungsten mineralisation.

DORADILLA PROJECT (EL6258, 100% SKY)

The Doradilla Project is located ~ 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 3: 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.