

15 FEBRUARY 2021

ASX: SKY

SKY METALS – EXPLORATION UPDATE

- ◆ Further consistent high grade gold mineralisation intersected at Hume Target, Cullarin Project including:
 - Hole HUD018A: 2m @ 5.56 g/t gold from 293m
 - Hole HUD015: 2m @ 3.71 g/t gold from 152m
- ◆ Hume Target 2021 drilling program in progress with very encouraging veining and sulphide mineralisation and alteration associated with the targeted structure noted in drillholes HUD019-HUD022 - assay results pending.
- ◆ Drilling to continue to test open, high grade north-west plunge on the Hume Target.
- ◆ Moderate gold mineralisation intersected in initial drilling program at Caledonian Project. RC and diamond drilling in progress to fully test the extent of the SKY gold soil anomaly.
- ◆ Step out drilling intersects more encouraging copper-gold mineralisation at Galwadgere deposit:
 - Hole GARC004D: 6m @ 0.31 % copper, 0.86 g/t gold from 326m
- ◆ Encouraging sulphide mineralisation and alteration in GADD001 at Galwadgere deposit indicates potential for new zone of copper-gold mineralisation down dip of previous intersections.
- ◆ Downhole EM and soil sampling to be completed to test for extensions of Galwadgere deposit.

The Board of Sky Metals Limited ('SKY' or 'The Company') is pleased to provide an update on exploration activities at three of its projects in NSW - Cullarin Gold Project near Goulburn, Caledonian Gold Project near Yass, and Galwadgere Copper-Gold Project near Wellington (**Figure 7**).

SKY CEO Mark Arundell commented: *"Results from the Hume gold target continue to validate SKY's approach in targeting the interpreted high-grade structure. Intense veining and sulphide mineralisation encountered in drillholes HUD019-022 indicates the Hume high grade mineralisation remains open along strike. Continued diamond drilling at Hume is part of the Company's aggressive exploration program focussed on drill testing high potential targets. Initial drill testing of the Caledonian Target has intersected moderate grade gold mineralisation which is currently being evaluated.*

The copper sulphide mineralisation and veining thus far encountered in drilling provides SKY with great confidence in the potential of the Galwadgere Copper-Gold project. SKY looks forward to the results of the downhole EM and soils surveys delineating new drill targets in what is considered a very prospective area."

CULLARIN GOLD PROJECT (EL 7954; SKY 80%; HERON RESOURCES JV)

HUME TARGET - DIAMOND DRILLING

Diamond drilling of the high grade Hume Target has continued through late 2020 and into the March quarter 2021. Six diamond drillholes to test the strike and depth extent of the Hume high grade gold target were completed in late 2020, with results now received. (**Figure 1 & Table 1**). A further four diamond drill holes have been completed to date in 2021, with assays still pending.

Drillholes **HUD013-018A** intersected encouraging widths of alteration and sulphide mineralisation (pyrite + sphalerite + galena) within the targeted structure at the predicted position (**Figure 2**). Assay results for drillholes **HUD015-018A** have now been received, confirming the continuity of the Hume Target zone, with higher-grade gold mineralisation intersected in the following drillholes:

Hole HUD015:	2m @ 3.71 g/t gold from 152m
Hole HUD017:	2m @ 3.94 g/t gold from 55m
Hole HUD018A:	2m @ 5.56 g/t gold from 293m

These results complement those reported from **HUD013** (ASX SKY 26 October 2020) and **HUD014** (ASX SKY 18 November 2020)

Hole HUD013:	8m @ 4.93 g/t gold from 172m
Hole HUD014:	5m @ 9.72 g/t gold from 233m

Significant and anomalous results received from drillholes HUD015-018A are presented in **Tables 2 & 3**.

Similar to **HUD013 & HUD014**, high grade gold mineralisation in drillholes **HUD015-018A** tends to be associated with intense silica dominant alteration but, noticeably, base metal sulphide mineralisation is not as strong. The zones of high-grade mineralisation correlates with the predicted position of the Hume high grade structure supporting SKY's revised interpretation and exploration approach and coincide with zones of intense silica dominant alteration (**Figure 2 & Table 2**). Strong to moderate silica dominant alteration was noted in all drillholes which appears to be associated with consistent and very extensive anomalous gold mineralisation indicating the significant gold endowment of the Hume system (**Table 3**). These drillholes have confirmed the down dip continuity of the Hume mineralisation and indicate that the mineralisation is still open at depth and along strike (**Figure 2**).

Drilling of the Hume target re-commenced in early January with the focus of the 2021 drilling program to determine the strike extent of the Hume high grade mineralisation as well as further test the Hume high grade structure at depth (**Figure 1**).

Drillhole **HUD019** was drilled to test the south-east extent of the Hume mineralisation and intersected three encouraging zones of moderate to strong silica dominant alteration at the interpreted position of the Hume high grade structure.

Drillhole **HUD020** was drilled to assess the north-west extent of the Hume mineralisation and intersected very encouraging zones of intense silica dominant alteration and veining with strong to abundant base metal sulphide mineralisation at 140m, 280m (**Photo 1 & Photo 2**) and from 360m to end of hole – the latter at the interpreted position of the Hume high grade structure.

Drillhole **HUD021** intersected very encouraging zones of intense silica dominant alteration and veining with strong base metal sulphide mineralisation at 225m, 300m, 350m and 370m.



Very encouraging zones of intense silica dominant alteration and veining with strong base metal sulphide mineralisation were intersected in drillhole **HUD022** at 200m, 240m and 260m.

Samples from drillholes HUD019-022 have been submitted for analysis.



Photo 1 – Cullarin Gold Project - Hume Target – Drillhole HUD020 – 287.5m – massive sphalerite & galena.



Photo 2 – Cullarin Gold Project - Hume Target – Drillhole HUD020 – 290-293.5m – intense, banded quartz-carbonate-veining with sphalerite & galena.

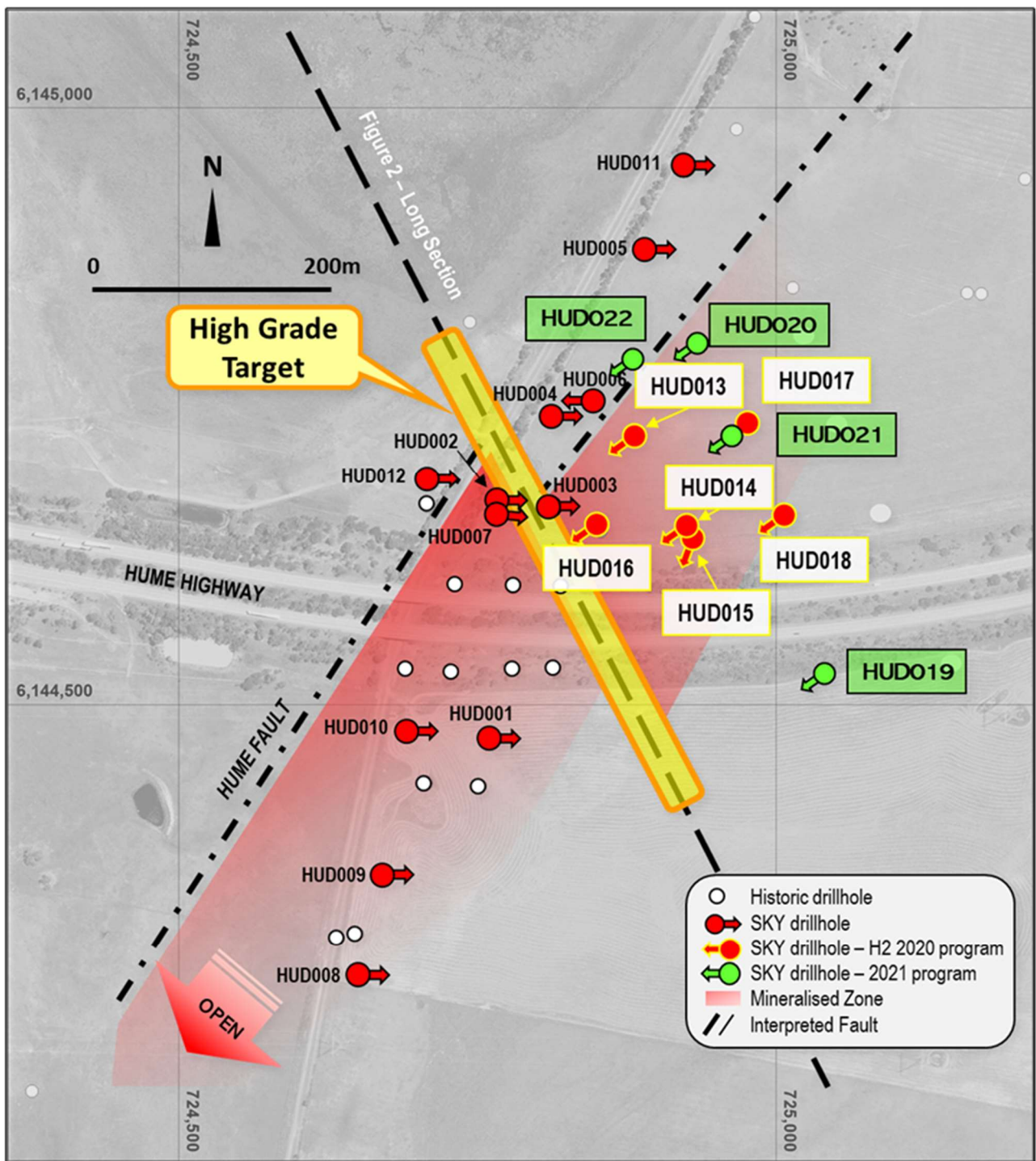
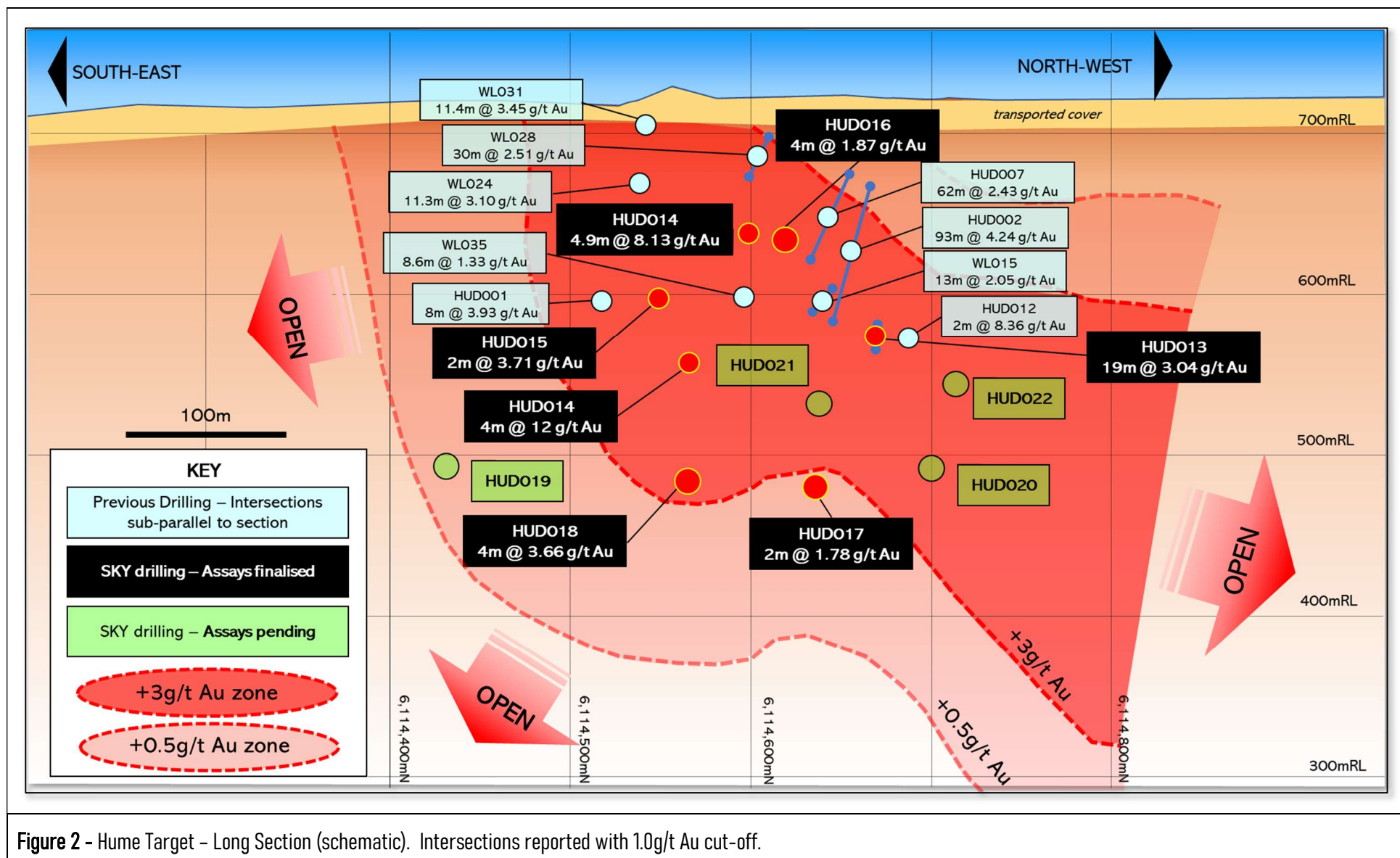


Figure 1 – Cullarin Gold Project - Hume Target – Drillhole Locations.



Hole ID	Easting (MGA)	Northing (MGA)	RL (m)	Dip	Azimuth (MGA)	Total Depth (m)	Comments
HUD013	724880	6144725	709	-60	235	254.6	Completed
HUD014	724920	6144650	709	-60	235	321.3	Completed
HUD015	724920	6144650	709	-60	200	300.2	Completed
HUD016	724850	6144650	709	-60	235	165.3	Completed
HUD017	724975	6144740	712	-60	235	369.3	Completed
HUD018	724975	6144740	712	-60	235	399.4	Completed
HUD019	725040	6144525	712	-60	235	357.6	Completed
HUD020	724937	6144802	715	-60	235	399.4	Completed
HUD021	724965	6144735	715	-53	235	350*	Completed
HUD022	724965	6144735	715	-53	235	350*	Completed

Table 1 – Cullarin Project, Hume Target. Drillhole collar details

Hume Target – Au > 1.0g/t

Hole ID	From	To	Interval	Au	Cu	Pb	Zn	Ag	Comment
	(m)	(m)	(m)	g/t	%	%	%	g/t	
HUD015	152	154	2	3.71	-	-	-	-	Hume structure
and	184	186	2	1.94	-	0.13	0.17	-	
and	212	214	2	1.10	-	-	-	-	
HUD016	97	101	4	1.87	-	0.38	1.73	-	Hume structure
HUD017	55	57	2	3.94	-	0.19	0.24	7	
and	363	365	2	1.78	0.11	0.26	0.35	9	Hume structure
HUD018A	166	171	5	1.38	-	0.11	0.17	12	
and	293	295	2	5.56	-	0.15	0.16	-	Hume structure
and	301	305	4	3.66	-	0.35	0.68	5	
and	317	319	2	3.28	0.14	0.44	0.68	6	

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

Hume Target – Au > 0.1g/t

Hole ID	From	To	Interval	Au	Cu	Pb	Zn	Ag	Comment
	(m)	(m)	(m)	g/t	%	%	%	g/t	
HUD015	26.1	288	261.9	0.28	-	-	0.10	5	
HUD016	26	117	91	0.36	-	0.30	0.75	-	
HUD017	22.5	79	56.5	0.33	-	-	-	-	
and	106	136	30	0.21	-	-	0.14	-	
and	147	157	10	0.22	-	-	-	-	
and	346	365	19	0.51	-	0.39	0.93	5	
HUD018	32.1	59.1 (EOH)	27	0.39	-	0.13	-	8	
HUD018A	58.8	132	73.2	0.23	-	-	-	-	
and	150	185	35	0.48	-	-	0.12	7	
and	195	222	27	0.11	-	-	-	-	
and	271	399.4 (EOH)	128.4	0.50	-	-	0.10	-	

Table 3: Cullarin Project, Hume Target. Anomalous drillhole intersections



CALEDONIAN GOLD PROJECT (EL 8920; SKY 100%)

RC PERCUSSION DRILLING

A six hole RC percussion drilling program (**Table 4**) was completed by SKY in December 2020 (**Figure 3**). The drilling program was enacted as an initial test of two parallel zones of gold mineralisation approximately 500m long and 50m wide delineated by a multi-element soil sampling survey recently completed by SKY over the historic Caledonian gold mine (**Figure 3**). Previous explorers had not detected the eastern zone which contains exceptional gold results up to **65.3g/t Au** (ASX SKY 16th November 2020).

Results have now been received from the remaining drillholes (CARC003-006) from the December 2020 program. Narrow intervals of lower grade gold mineralisation were intersected in two drillholes:

CARC005: 4m @ 1.17 g/t Au from 36m

CARC003: 3m @ 0.96 g/t Au from 56m

Strong, shallow high-grade gold results (ASX SKY 21st December 2020) were recorded from the eastern gold soil zone (**Figure 3** and **Table 5**).

CARC002: 3m @ 13.6 g/t Au from 14m including,

1m @ 38.4 g/t Au from 15m

High grade gold mineralisation in drillhole CARC002 appears to be associated with a zone of intense quartz veining (up to 50%) hosted by a strongly weathered unit interpreted to be a skarn. Drillholes **CARC003, 005 & 006** all intersected substantial downhole thicknesses of the targeted skarn alteration package albeit heavily weathered. Drillhole CARC001 intersected sediments and rhyolite only and is considered to have been collared too far to the east to have intersected the eastern skarn unit.

A drill program to follow up the high grade results received from drillhole CARC002 as well as test the full aerial extent of the SKY gold soil anomaly is currently in progress (**Figure 3**).



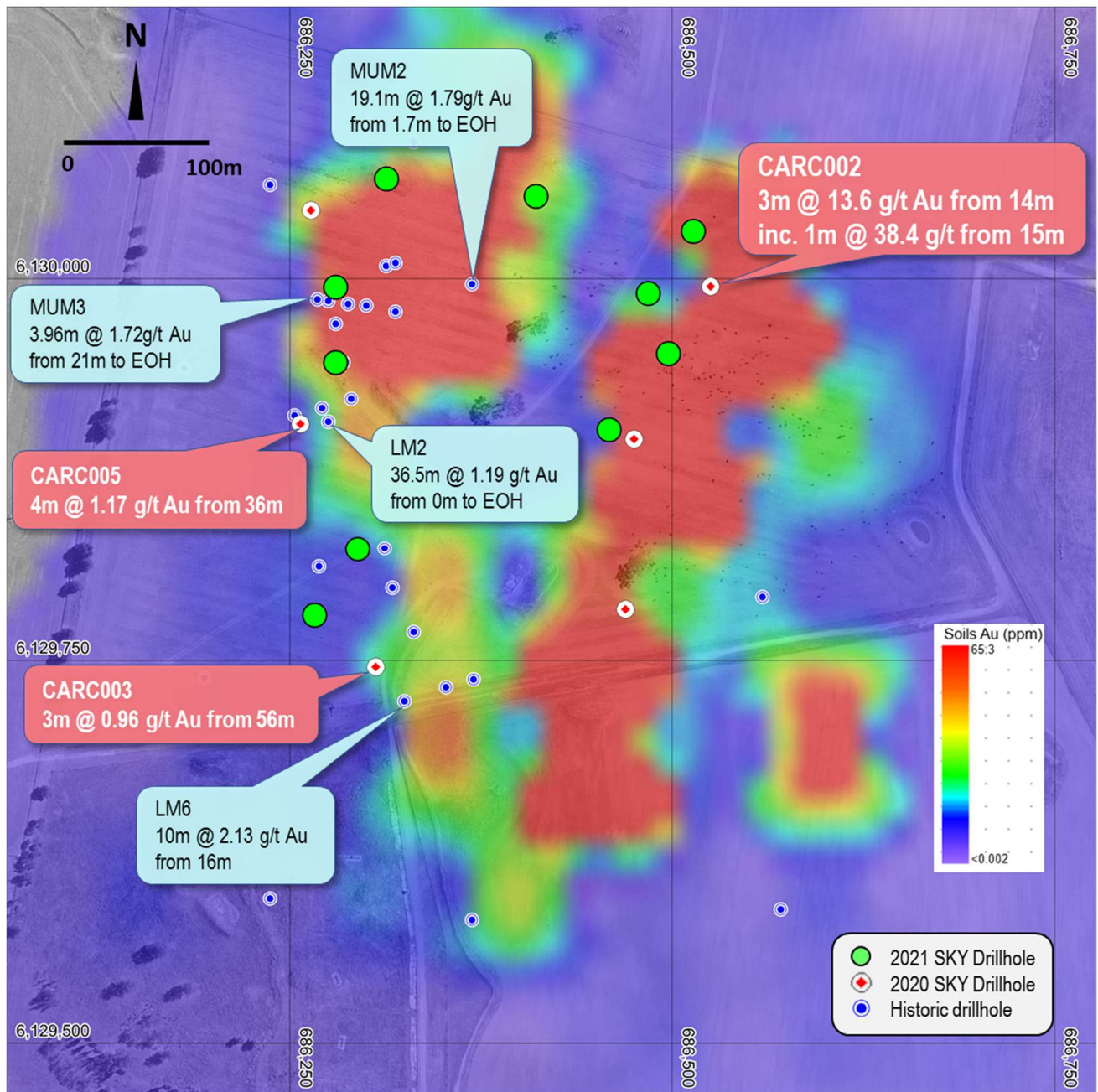


Figure 3 - Caledonian Target – Historic and SKY drilling. Background image: SKY soil gold values.

Hole ID	Easting (MGA)	Northing (MGA)	RL (m)	Dip	Azimuth (MGA)	Total Depth (m)	Comments
CARC001	686475	6129895	583	-60	90	90	Completed
CARC002	686475	6129995	580	-60	90	84	Completed
CARC003	686300	6129747	588	-60	90	138	Completed
CARC004	686492	6129781	587	-60	90	84	Completed
CARC005	686257	6129905	583	-60	90	90	Completed
CARC006	686264	6130045	580	-60	90	66	Completed
CAD001	686484	6129991	568	-60	90	101.2	Completed
CAD002	686266	6129780	568	-60	90	200*	* Planned depth; in progress
CARC007	686459	6129902	568	-60	90	85	Completed
CARC008	686498	6129952	568	-60	90	65	Completed
CARC009	686514	6130032	568	-60	90	67	Completed
CARC010	686280	6129995	568	-60	90	78	Completed
CARC011	686280	6129946	568	-60	90	73	Completed
CARC012	686294	6129824	568	-60	90	91	Completed
CARC013	686313	6130066	568	-60	90	73	Completed
CARC014	686411	6130055	568	-60	90	48	Completed

Table 4 – Caledonian Project. Drillhole collar details – 2021 drilling program in bold

Hole ID	From	To	Interval	Au	Cu	Comment
	(m)	(m)	(m)	g/t	%	
CARC002	10	23	13	3.24	-	Previously reported
inc.	14	17	3	13.6	-	Previously reported
inc.	15	16	1	38.4	-	Previously reported
and	20	27	7	-	0.25	
and	65	68	3	0.36		Previously reported
CARC003	43	60	17	0.29		
incl.	56	59	3	0.96		
and	69	73	4	0.15		
CARC005	35	41	6	0.84		
inc.	36	40	4	1.17		

Table 5: Caledonian Project. Significant (**bold**) and anomalous drillhole intersections



GALWADGERE COPPER-GOLD PROJECT (EL 6320; SKY 100%)

RC PERCUSSION & DIAMOND DRILLING

SKY completed a program of RC percussion and diamond drilling to test the strike and depth extent of the Galwadgere copper-gold deposit in late 2020 (**Figure 4**). Besides drillhole GARC002, the holes were designed as major “step outs” from known mineralisation to test the extents of the Galwadgere deposit (**Table 6**).

Drillholes intersected encouraging visible widths of copper sulphide mineralisation (chalcopyrite), pyrite, quartz veining and associated alteration. Assay results for all the drillholes have been received with encouraging copper-gold mineralisation intersected in the following drillhole:

Hole GARC004D: 6m @ 0.31 % copper, 0.86 g/t gold from 326m

These results complement those reported from GARC002 (SKY ASX 30 November 2020):

**Hole GARC002: 53m @ 0.55 % copper, 0.75 g/t gold from 142m including,
6m @ 1.04 % copper, 2.15 g/t gold from 142m and,
5m @ 1.98 % copper, 3.91 g/t gold from 183m**

Significant and anomalous results from the entire program are presented in **Table 7 & Table 8**.

Diamond drillhole **GAD001** was targeted to test the down dip potential of the Galwadgere mineralisation at the southern end of the deposit (**Figure 5**). A zone of copper sulphide (chalcopyrite), pyrite and quartz veining was intersected between 160 and 200m. Stronger chalcopyrite/pyrite and quartz veining were noted in logging between 160 & 175m and this correlates well with the reported higher grade copper-gold intervals. GAD001 was a re-drill of RC percussion drillhole **GARC001** since this hole did not reach its planned target depth due to excessive drillhole deviation. Given the encouraging sulphide mineralisation intersected in drillhole GAD001, downhole EM is planned to test for high grade mineralisation proximal to GAD001.

Drillholes **GAD002 & GAD002A** were drilled from the same site to test the potential for extensions of the Galwadgere deposit to the north under deep Permian cover in two positions on the same section (**Figure 5**). Both drillholes deviated from their intended target positions and thus the low grade copper-gold mineralisation reported from GAD002 was anticipated. Given the drillhole deviation and the anomalous sulphide mineralisation intersected in drillhole GAD002, downhole EM is planned to test for high grade mineralisation proximal to GAD002.

Drillholes **GARC004D** and **GARC005D** were drilled to test extent of mineralisation between Alkane drillholes GAL011 & GAL034 considered by SKY to be a significant gap in the drillhole coverage (**Figure 5**). Both drillholes deviated from their intended target positions and intersected the targeted position deeper than what was intended. Thus, the widths and grades of copper-gold mineralisation reported from GARC004D and GARC005D were in line with what was expected.

DOWNHOLE ELECTROMAGNETICS (DHEM)

A program of downhole EM (DHEM) will be conducted at Galwadgere in February. Drillholes GAD001 and GAD002 will be probed to test for potential extensions of the mineralisation at the southern and northern ends, respectively, of the Galwadgere deposit. DHEM has the potential to detect “off-hole conductors” which are likely to be associated with high grade sulphide mineralisation at Galwadgere.



SOIL SAMPLING

A soil sampling program is currently in progress to assess a distinctive airborne radiometric anomaly noted approximately 1km south of Galwadgere at **Oaky Hill (Figure 6)**. Reprocessing of Alkane's detailed magnetics/radiometric survey over Galwadgere revealed what is interpreted to be an area of potassium-rich alteration. SKY rock sampling in this area has encountered anomalous values of gold (0.07g/t), arsenic (450ppm), barium (1040ppm) and antimony (33ppm) which is considered very encouraging.

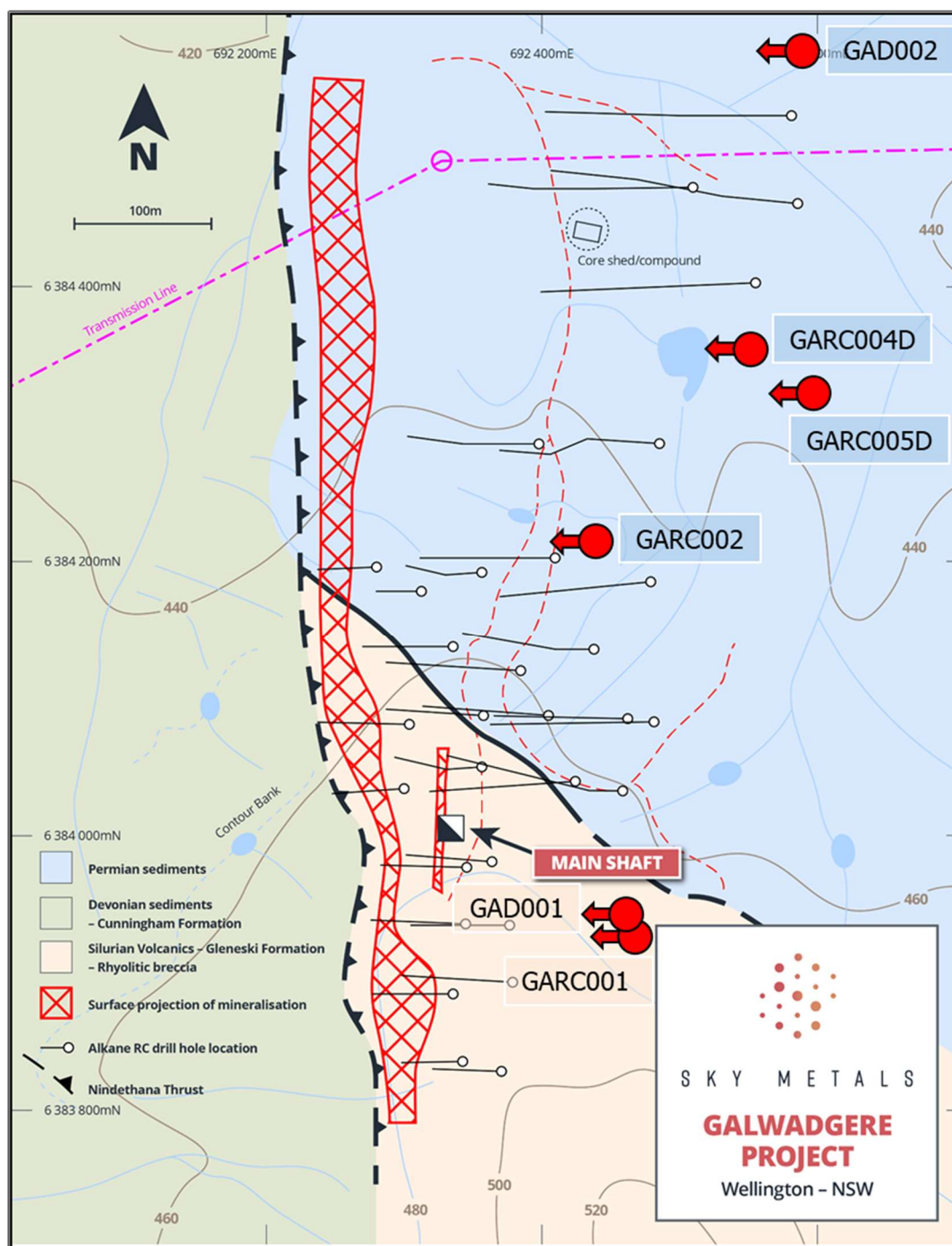


Figure 4 – Galwadgere Copper-Gold Project – Drillhole Locations.

Hole ID	Easting (MGA)	Northing (MGA)	RL (m)	Dip	Azimuth (MGA)	Total Depth (m)	Comments
GARC001	692486	6383912	471	-60	270	150	Completed
GARC002	692430	6384207	447	-60	270	204	Completed
GARC004D	692553	6384348	433	-60	270	342	Completed; RC pre-collar
GARC005D	692580	6384320	433	-60	270	398	Completed; RC pre-collar
GAD001	692480	6383920	471	-60	270	262	Completed
GAD002	692590	6384575	418	-60	270	394	Completed
GAD002A	692590	6384575	418	-60	270	409	Completed; wedge off GAD002

Table 6 – Galwadgere Project. Drillhole collar details

Galwadgere Project– Cu > 0.5% & Au > 0.5g/t

Hole ID	From	To	Interval	Cu	Au	Comment
	(m)	(m)	(m)	%	g/t	
GARC004D	302	305	3	0.59	0.11	
and	326	332	6	0.31	0.86	
GARC002	142	195	53	0.55	0.75	Previously reported
inc.	142	148	6	1.04	2.15	Previously reported
and	183	188	5	1.98	3.91	Previously reported

Table 7: Galwadgere Project. Significant drillhole intersections

Galwadgere Project– Cu > 0.1% & Au > 0.1g/t

Hole ID	From	To	Interval	Cu	Au	Comment
	(m)	(m)	(m)	%	g/t	
GAD001	162	173	11	0.25	0.08	
	187	197	10	0.12	0.03	
GAD002	307	311	4	0.39	0.02	
GAD002A	321	323	2	0.2		
GARC004D	228	243	15	0.11	0.13	
and	266	269	3	0.24	0.04	
GARC005D	279	298	19	0.23	0.03	
incl.	287	292	5	0.49	0.04	

Table 8: Galwadgere Project. Anomalous drillhole intersections



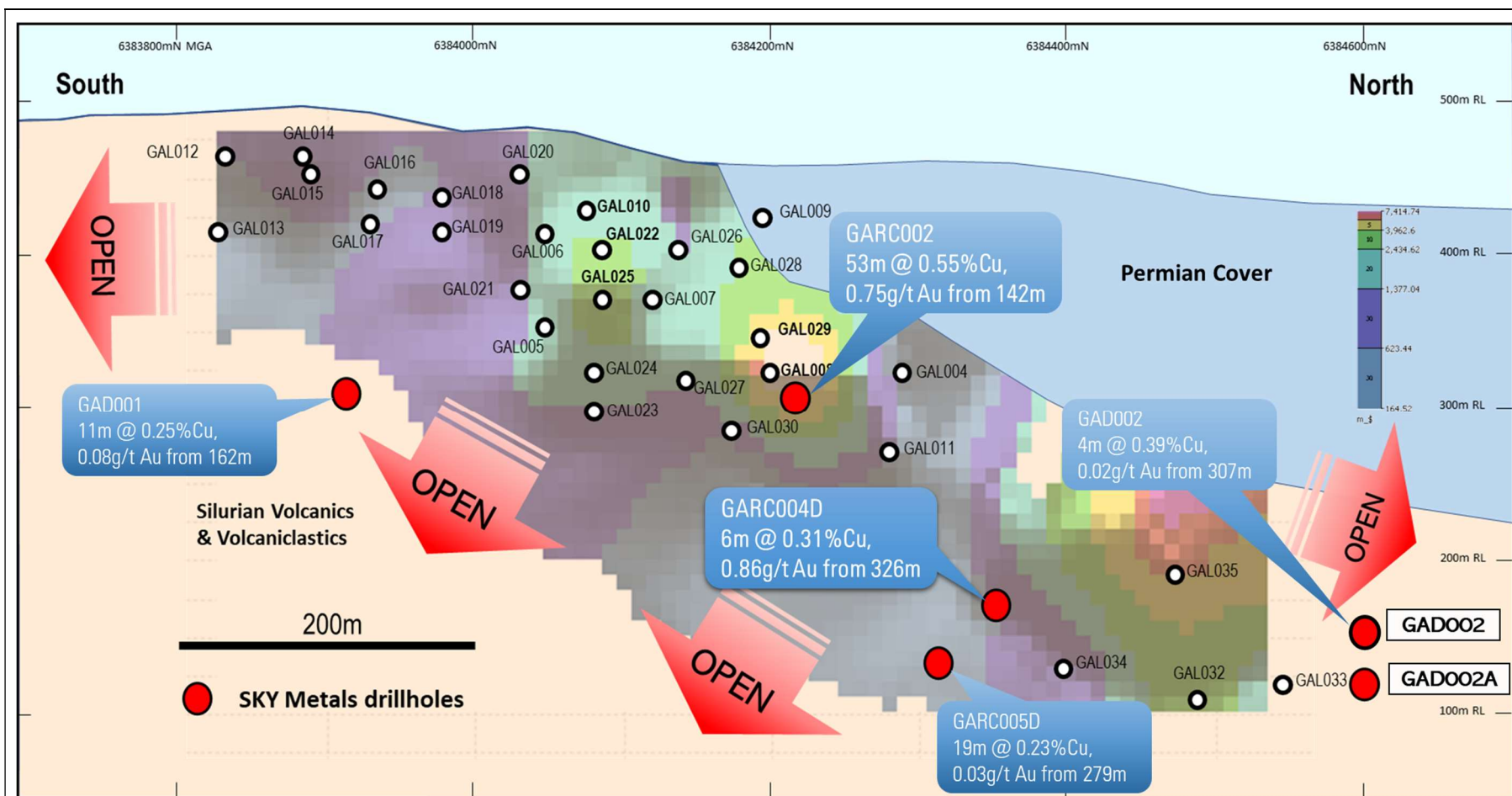


Figure 5 – Galwadgere Copper-Gold Project – Long Section (schematic).

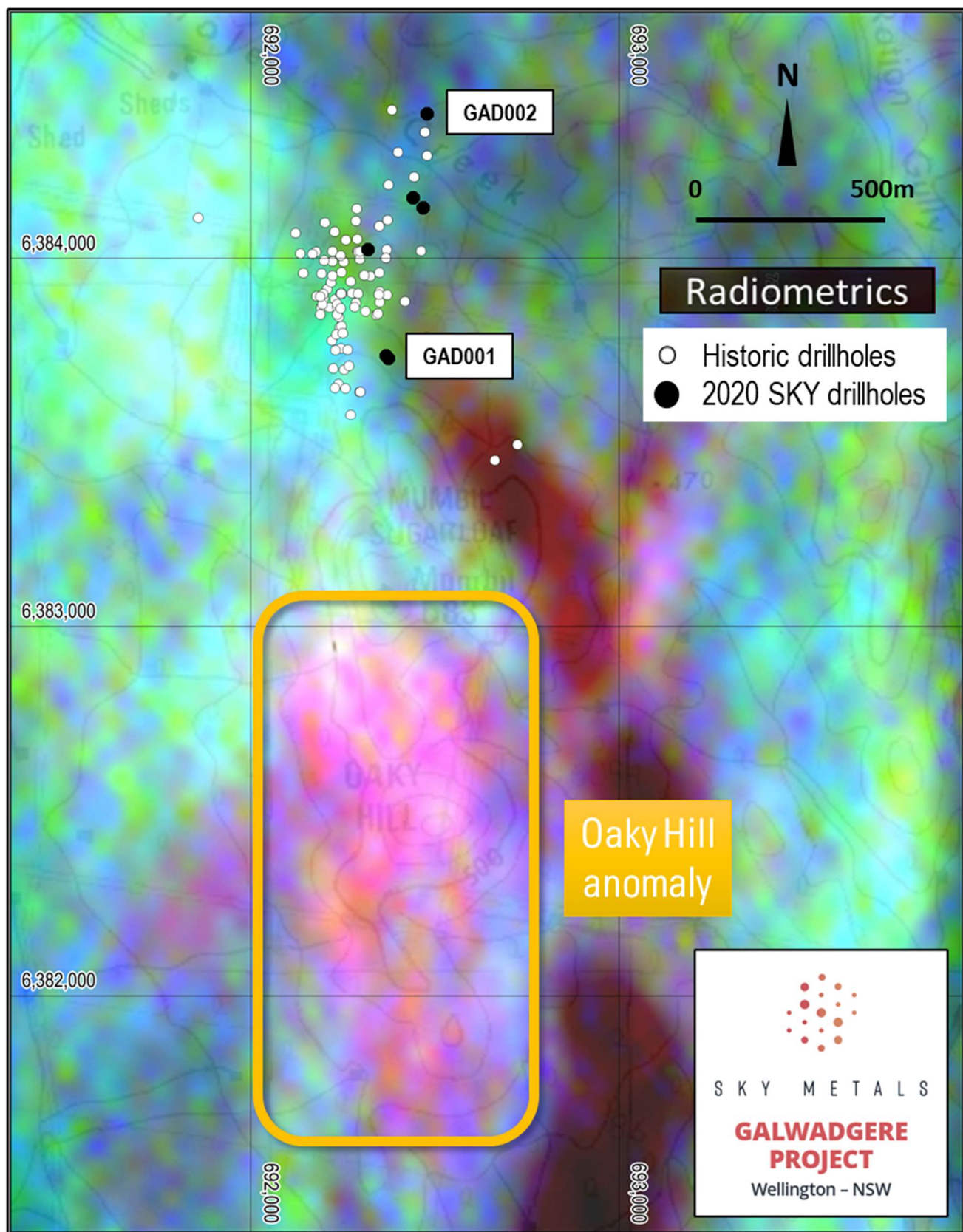


Figure 6 – Galwadgere Copper-Gold Project – Radiometric anomaly.

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 currently.

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.

CALEDONIAN / TIRRANA PROJECTS (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 7: 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.

The results include historical pre-1989 exploration results. Exploration activity at the Cullarin Project was undertaken from 1985-1987 (pre-JORC) by Pan Australian Mining Ltd. As per ASX requirements for reporting pre-1989 historical data, SKY notes that the results are not reported in accordance with the JORC Code 2012; a competent person has not done sufficient work to disclose the exploration results in accordance with the JORC Code 2012; it is possible that following further evaluation and/or exploration work that the confidence in the prior reported exploration results may be reduced when reported under the JORC Code 2012; that nothing has come to the attention of SKY that questions the accuracy or reliability of the former owners exploration results, but SKY has not independently validated the former owner's Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results. The previous drilling activity, which produced these results, involved multiple diamond drillholes and check assaying, providing SKY with confidence that the results are reliable, relevant and an accurate representation of the available data and studies undertaken by previous exploration activity.

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, CALEDONIAN & GALWADGERE PROJECTS

(Criteria in this section apply to all succeeding sections)

Criteria	Explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<p>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.</p> <p>All RC samples were submitted to ALS Orange for preparation and assaying.</p> <p>All samples were submitted to ALS Orange for preparation and assaying.</p>
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<p>For RC drilling, assay standards or blanks are inserted at least every 30 samples.</p> <p>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.</p>
	<ul style="list-style-type: none"> 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. 	<p>Each sample was dried, crushed and pulverised as per standard industry practice.</p> <p>RC Drilling – the total sample (~20-30kg) is delivered via cyclone into a large plastic bag which is retained for future use if required. 1m intervals are split using a cone splitter on the rig into a separate calico at the time of drilling. Though the Permian overlying sequence, composite spear samples of 3m were taken.</p> <p>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.</p> <p>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).</p>
Drilling techniques	<ul style="list-style-type: none"> 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) 	<p>Reverse circulation (RC) drilling using 110mm rods, 144mm face sampling hammer.</p> <p>Diamond Drilling completed using PQ core until fresh rock is reached then HQ coring.</p> <p>Core orientation was completed where possible</p>
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed 	<p>RC drilling - high capacity RC rig was used to enable dry samples collected. Drill cyclone is cleaned between rod changes and after each hole to minimise cross-hole contamination.</p> <p>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.</p>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	<p>Systematic geological and geotechnical logging was undertaken by NBH and their joint venture partners when the holes were originally drilled. Data collected includes:</p> <ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography 	<p>Both qualitative and quantitative data is collected.</p> <p>Half core (HQ) & ¾ core (PQ) samples are retained in trays for future reference.</p> <p>A representative sample of each one metre RC interval is retained in chip trays for future reference. Half core samples are retained in trays for future reference.</p>
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged 	All core was geologically and geotechnically logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry 	RC drilling - the total sample (~20-30kg) is delivered via cyclone into a large plastic bag which is retained for future use if required. 1m intervals are split using a cone splitter on the rig into a separate calico at the time of drilling.
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique 	<p>Core 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.</p> <p>For RC samples: samples were dried crushed and pulverised to 85% passing 75 microns. This is considered to appropriately homogenise the sample to allow subsampling for the various assay techniques.</p>

Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples 	SKY: Certified Reference Material (CRM) and blanks were inserted at least every 30 samples to assess the accuracy and reproducibility of the drill core results. The results of the standards were to be within $\pm 10\%$ 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.
	<ul style="list-style-type: none"> 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. 	<p>No field duplicates are taken for core samples. Core samples were cut in $\frac{1}{2}$ for HQ and $\frac{1}{4}$ 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.</p> <p>No field duplicates are taken for RC samples. The sample was crushed and pulverised to 90% passing 75 microns. This was considered to appropriately homogenise the sample.</p>
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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. Multielement assaying for drill core samples was completed for 48 elements by 30g four-acid total digest with ICPMS determination (method ME-ICP61).
	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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. 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	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> The use of twinned holes. 	Twinned holes have not been used in the drilling.
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<p>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.</p> <p>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.</p>



Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> Discuss any adjustment to assay data 	Assay data is not adjusted.
Location of data points	<ul style="list-style-type: none"> 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 handheld GPS to locate drillholes at this stage (accuracy $\pm 2\text{m}$). DGPS surveying of drillholes ($\pm 0.1\text{m}$) will be undertaken.
	<ul style="list-style-type: none"> Specification of the grid system used 	All coordinates are based on Map Grid Australia Zone 55E, Geodetic Datum of Australia 1994.
	<ul style="list-style-type: none"> 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 has used handheld GPS to locate drillholes at this stage (accuracy $\pm 2\text{m}$). DGPS surveying of drillholes ($\pm 0.1\text{m}$) will be undertaken.
Data spacing and distribution	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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
	<ul style="list-style-type: none"> Whether sample compositing has been applied 	Sample compositing is not applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> 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 to cross the 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.
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> The measures taken to ensure sample security 	<p>Sample chain of custody has been managed by the employees of Sky Metals who commissioned the drilling from the drilling rig to assay laboratory.</p> <p>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.</p> <p>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.</p>
Audits or reviews	<ul style="list-style-type: none"> 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, CALEDONIAN & GALWADGERE PROJECTS
(Criteria listed in the preceding section also apply to this section)

Criteria	Explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 	<p>The Cullarin Project is described by NSW Exploration Licence 7954. The tenement is 80% owned by SKY Metals Ltd with 20% 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. See SKY ASX announcement 9 October 2019 for more details.</p> <p>The Caledonian Project is described by NSW Exploration Licence 8920. The tenement is 100% owned by Aurum Metals Pty Ltd which is a 100% owned subsidiary of SKY Metals Ltd.</p> <p>The Galwadgere Project is described by NSW Exploration Licence 6320. The tenement is subject to an Option to Purchase Agreement whereby SKY Metals Ltd may purchase the tenement from Alkane Resources Ltd (Alkane). See SKY ASX announcement 24 August 2020 for more details.</p>
	<ul style="list-style-type: none"> 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 	<p>All exploration licences are in good standing. EL7954 expires on 19 June 2022. EL 8920 expires on 5th December 2025. Renewal has been sort for 100% of EL 6320 which expired on 11 October 2020. A determination of the renewal is yet to be made by NSW MEG</p>
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties 	<p>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.</p> <p>Significant exploration was carried out initially focussed on base metals and shifting to gold in the 1980s with the Caledonian prospect identified as a Au-rich skarn system. Shallow diamond drilling identified broad low-grade Au mineralisation. From the 1990s limited exploration has occurred on the prospect.</p> <p>Exploration by various companies has taken place intermittently in the Galwadgere area since 1967, with the bulk of the work comprising diamond drilling completed during the 1970s. Alkane's drilling in 2004 intersected altered volcanics hosting broad widths of pyrite-chalcocopyrite mineralisation with occasional massive sulphide lenses up to 5 metres thick.</p>
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation 	<p>Mineralisation at the Hume prospect is associated with sulphide-rich and intensely silica-sericite altered horizons hosted in a late Silurian volcanoclastic 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</p>



Criteria	Explanation	Commentary
		<p>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.</p> <p>Mineralisation at the Caledonian prospect appears to be associated with skarn units, particularly where iron oxides are more abundant than epidote. High gold grades were noted in the lowermost skarn unit; values in outcrop of the upper two horizons were not sustained in drill intersections down-dip. Previous drilling has largely been confined to a sequence of skarn and pelitic acid volcanics. Three main skarn horizons, having an overall moderate westerly dip, have been recognised. Flexuring of these units, seemingly plunging to the south, is interpreted. Within the skarn, limonite/hematite development is extensive, probably in part after sericite/clay altered tremolite-actinolite, whilst nontronite is also common. Most, of the pelite/volcanics interbedded with the skarn are extensively clay altered as well.</p> <p>Drilling located an extensively altered Silurian felsic to intermediate volcanic sequence hosting base metal sulphide and gold mineralisation. While the deposit has previously been categorised as a Volcanogenic Massive Sulphide (VMS) type deposit, Alkane considered that later structural overprint may have modified the distribution of the metals. The mineralisation at Galwagere has been traced over a strike length of at least 700 metres, with at least 400m of this strike extent covered by younger Permian sediments. The mineralisation varies in thickness from 5 to 35 metres and has been tested to a depth of 400 metres, although the bulk of the drilling is above 200 metre vertical depth. The system dips to the east at about 60°, and there is an apparent plunge to the north at 45- 50°. The mineralisation consists of disseminated and stringer pyrite-chalcopyrite lenses within altered felsic volcanic rocks. The system is structurally overturned and appears to be zoned with a capping of zinc-lead-silver-gold rich bedded massive sulphide. To the west, non-prospective Devonian sediments outcrop with the prospective Silurian sequence cut off by a major regional east dipping thrust fault.</p>
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 have been length weighted. Grades greater than 0.1g/t Au and 0.5g/t Au have been used to calculate intercepts for the Cullarin and Caledonian Projects and 0.5% Cu and 0.5g/t Au for the Galwagere Project. No high cut-off has been applied.
	<ul style="list-style-type: none"> 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.



Criteria	Explanation	Commentary
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results- <ul style="list-style-type: none"> 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.
Diagrams	<ul style="list-style-type: none"> 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, ASX announcement 24 August 2020 and ASX announcement 16 November 2020.
Balanced reporting	<ul style="list-style-type: none"> 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 ASX announcement 24 August 2020 and ASX announcement 16 November 2020.
Other substantive exploration data	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.
	<ul style="list-style-type: none"> 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. ASX announcement 24 August 2020 and ASX announcement 16 November 2020.