

24 FEBRUARY 2020

ASX: SKY

SKY RAISES \$10.5M TO FAST TRACK EXPLORATION AT THE CULLARIN GOLD PROJECT, NSW

- ◆ Exceptional support for share placement sees SKY fully funded to aggressively explore +20km strike potential of Cullarin Gold Project
- ◆ Drilling to re-commence at the shallow, high-grade Hume Target in March, targeting extensions to high grade gold intersected in maiden drill programme (93m @ 4.24g/t Au)
- ◆ Previously un-assayed historic drill samples submitted for analysis
- ◆ Regional exploration work to commence immediately to evaluate extent of the 4km Hume Target and potential repetitions along +20km strike

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

SKY has obtained binding commitments from sophisticated and institutional investors for a capital raising of \$10.5 million ("Placement"). The Placement will occur in two tranches with an initial placement of \$5 million followed by a second tranche of \$5.5 million subject to shareholder approval, including \$473,000 committed by the Company's Directors.

The Placement will enable SKY to swiftly progress drilling and other exploration activities on its Cullarin Project. Follow up diamond drilling of the outstanding shallow results obtained from drillhole HUD002 (93m @ 4.24g/t Au) on the Hume Target will be the initial focus (ASX: SKY 10 February 2020).

SKY CEO Mark Arundell commented: "*The intersection of exceptional shallow gold mineralisation in SKY's drillhole HUD002 indicates the potential of a significant gold system at the Cullarin Project. This Placement will enable SKY to execute an accelerated exploration program that will initially target extensions to the mineralisation intersected in HUD002. The exceptionally strong interest in this Placement is testament to the quality of SKY's exploration strategy and ground position.*"

SHARE PLACEMENT

The Placement is being made to investors qualifying under Section 708 of the Corporations Act and the Company will use its existing placement capacity under Listing Rule 7.1 to complete the \$5 million Tranche 1 issue. The \$5.5 million Tranche 2 issue will be subject to shareholder approval. A Notice of Meeting will be distributed to shareholders on or around 9 March 2020. The Placement to raise \$10.5 million (before costs) will comprise the issue of 47,727,272 shares (being 22,727,272 shares in Tranche 1, and 25,000,000 shares in Tranche 2 subject to shareholder approval) at a price of \$0.22 (being an 8.3% discount to last close, and an 18.4% discount to the 10-Day VWAP). SKY's Directors have committed to subscribe for 2,150,000 shares in the placement to raise \$473,000, subject to shareholder approval.

Peloton Capital Pty Ltd acted as Sole Lead Manager to the Placement.

Indicative Timetable

The proposed key dates for the placement are as follows,

Announcement of the Placement	Monday, 24 February 2020
Settlement of Tranche 1	Friday, 28 February 2020
Allotment of New Shares issued under Tranche 1	Monday, 2 March 2020
Dispatch of Notice of Meeting	Monday, 9 March 2020
General Meeting	Wednesday, 8 April 2020
Settlement of Tranche 2	Wednesday, 15 April 2020
Allotment of New Shares issued under Tranche 2	Monday, 20 April 2020

CULLARIN PROJECT (SKY EARNING 80%)

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

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

Both holes, HUD001 and HUD002, intersected a broad package of strongly altered volcanoclastic rocks with associated zinc and lead sulphides, consistent with the target 'McPhillamy's style' gold mineralisation. Mineralisation in hole HUD002 was visibly stronger and included visible gold (**Figure 1**). The results from drillhole HUD002 indicate the potential for a significant shallow, high grade gold system at the Hume Target (**Figure 2 & Table 1**). Full details of this work is reported in SKY ASX release dated 10 February 2020.





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



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

Hole ID	From (m)	To (m)	Interval (m)	Au g/t	Cu %	Pb %	Zn %	Ag g/t	Recovery %
HUD002	56	149	93	4.24	-	0.67	1.2	12	66
Including	56	92	36	2.88	-	0.39	0.66	32	28
Including	92	106	14	20.2	0.13	1.62	3.29	15	63
Including	106	149	43	1.30	-	0.55	0.93	5	>95

Table 1: Collarlin Project, Hume Target. Significant drillhole intersections

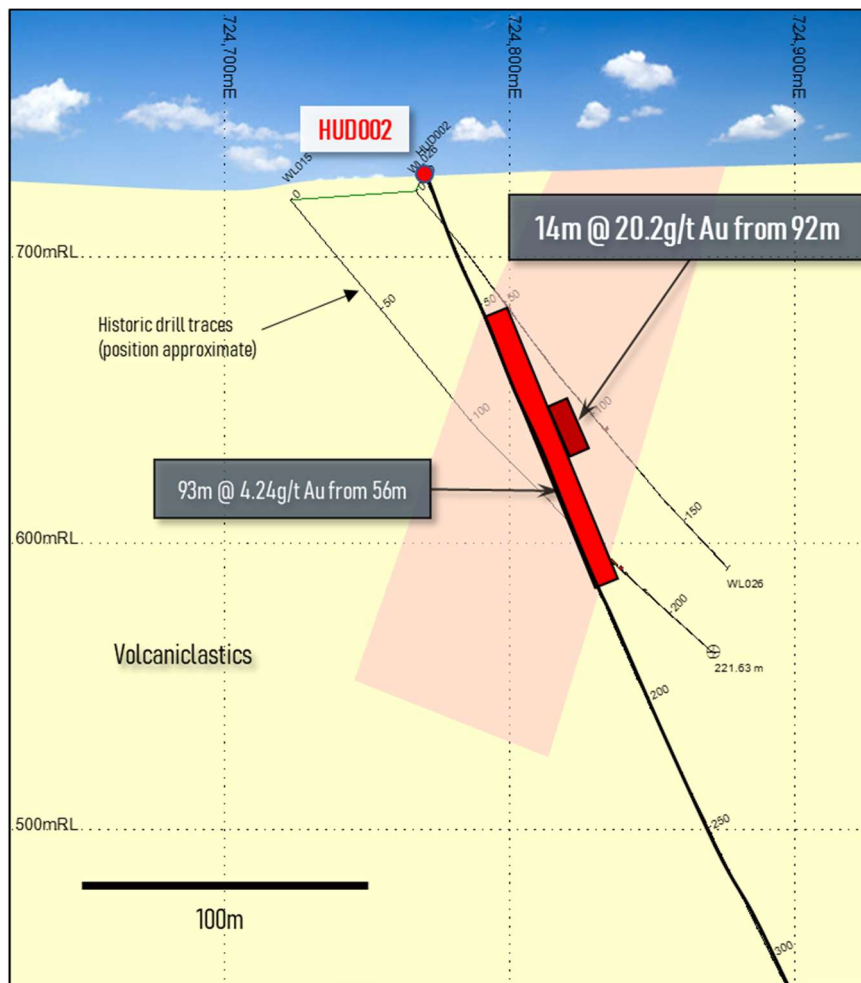


Figure 2: Schematic Cross Section HUD002 - looking North

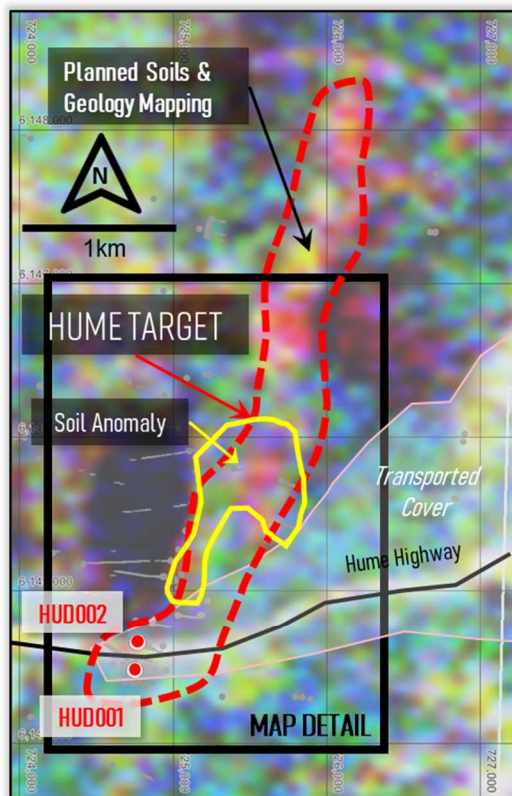
FORWARD PROGRAMME

A multi-pronged programme of exploration activities will be implemented for the Cullarin Project.

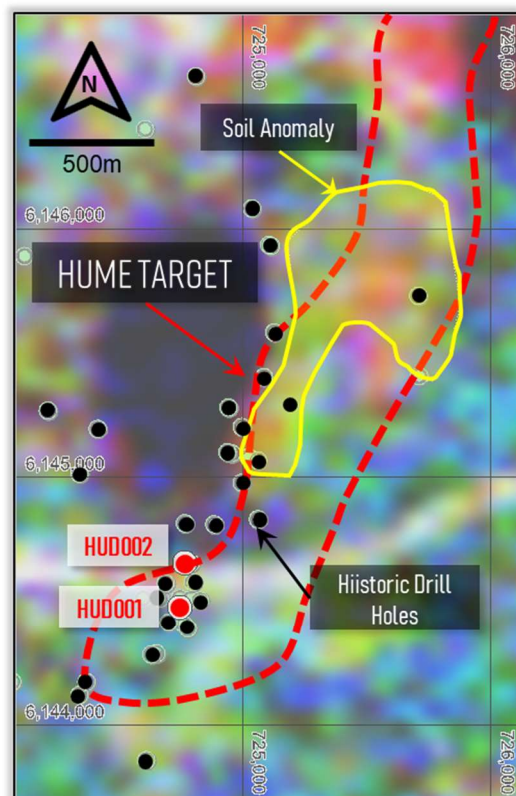
Follow-up drill planning to test the mineralisation encountered in drillhole HUD002 is being finalised and drilling is anticipated to recommence in mid to late March. An initial programme of approximately 1,500-2,000m diamond core drilling will be completed. In addition to this focussed programme targeting extensions to mineralisation intersected in drillhole HUD002, a number of step out holes are proposed to test the McPhillamys pathfinder soil anomaly defined previously (**Figure 3**).

Interrogation of the NSW Government Drill Core Library database revealed that a number of historic diamond drillholes in parts of the Hume Target were located at their storage facility in Londonderry, western Sydney (**Figure 3**). Inspection of these drillcores has revealed intervals in a significant number of the holes that had not been previously sampled. SKY has prioritised a number of these drillholes for sampling. In total, approximately 1,000m of drillcore has been identified for sampling. Data generated from this work will greatly assist in the fast tracking of evaluation of the Hume Target. Also, this will save significant time and enable reallocation of drill metres. The first batch of samples from this work has been recently submitted for analysis.

Soil sampling with multi-element geochemical analysis and concurrent geological mapping is to be deployed as an initial targeting tool to test the full strike extent of the distinct potassium (K) radiometric anomaly associated with the Hume Target (**Figure 3**). This work is scheduled to commence next week. This programme will then be deployed over the Hamilton and Gurrundah Targets to the north of the Hume Target which show similar geophysical and geochemical characteristics to the Hume Target.



KTU RADIOMETRICS



MAP DETAIL: LOCATION OF HISTORIC DRILLHOLES
AT NSW CORE LIBRARY

Figure 3: Cullarin Project – Hume Target (Grid: GDA94)

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 and tin market in the world class mining jurisdiction of NSW.

GOLD PROJECTS

SKY's emerging gold exploration strategy leverages the SKY exploration team's significant combined experience during the early stages of the McPhillamys gold discovery (60Mt @ 1.05g/t Au for 2.03Moz, NPV of ~\$800M @\$1800/oz, Regis Resources Ltd 2017). The McPhillamys mineralisation represents a distinct and economically important gold target style in NSW. The McPhillamys Gold Deposit was discovered in 2006 during the Alkane/Newmont 'Orange District Exploration Joint Venture' and is currently being advanced by Regis Resources Ltd, with a proposed 7Mt/annum mining operation (ASX RRL 8 September 2017).

CULLARIN EL7954 / KANGIARA 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.

DOURO PROJECT (EL8915, EL8920 100% SKY)

Highlight, 'McPhillamys-style' gold results from previous exploration at the new 100% SKY tenements (Douro Project) 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 Douro Project. At the Caledonian Prospect, the distribution of multiple historic drill intersections indicate 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

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).

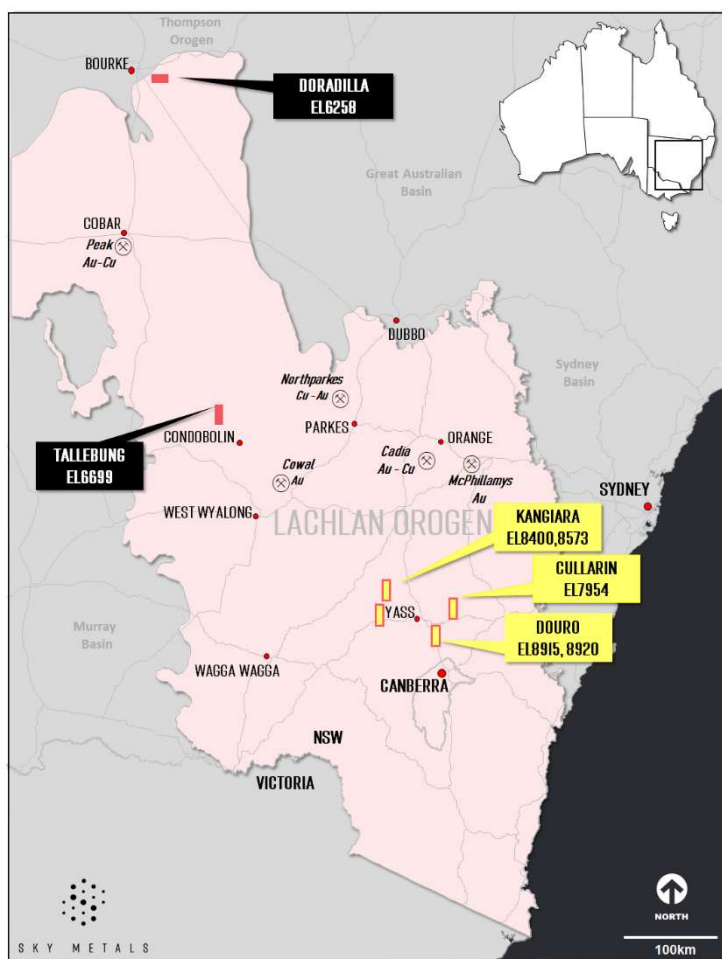


Figure 4: SKY Location Map

COMPETENT PERSONS STATEMENT

The information in this announcement that relates to geology and exploration results and planning was compiled by Mark Arundell, who is a Member of the Australasian Institute of Geoscientists (AIG) and CEO of Sky Metals Ltd. Mr Arundell has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Arundell consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

PREVIOUSLY REPORTED INFORMATION

The information in this report that references previously reported exploration results is extracted from the Company's ASX market announcements released on the date noted in the body of the text where that reference appears. The previous market announcements are available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

DISCLAIMER

This report contains certain forward-looking statements and forecasts, including possible or assumed reserves and resources, production levels and rates, costs, prices, future performance or potential growth of Sky Metals Ltd, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of Sky Metals Ltd. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this report should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities.

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