ASX

ANNOUNCEMENT

SKY METALS

30 OCTOBER 2020

ASX: SKY

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2020

HIGHLIGHTS

- Hume Target, Cullarin Project, continues to return solid gold results from SKY drilling:

  Hole HUD012: **2m @ 8.36 g/t gold from 172m, and**
  3m @ 3.93 g/t gold from 198m

  Hole HUD013: **19m @ 3.04 g/t gold and 4.77% Pb+Zn from 161m including,**
  8m @ 4.93 g/t gold and 7.65% Pb+Zn from 172m

- HUD013 assay results and visual logging support revised interpretation of controls on high-grade gold at Hume Target
- Hume Target follow up drill program in progress
- New drill targets defined at Hume North, Hamilton, Hume West and Breadalbane Iron Min.
- Option to Purchase Agreement for the Galwadgere Copper-Gold Project, NSW
- Drill testing of Galwadgere Project in progress
- Drilling to commence on the Hamilton and Caledonian gold targets in November

SKY CEO Mark Arundell commented; "*The September 2020 Quarter has seen SKY advance a suite of six high quality drill targets across four project areas. Strong gold results continue to be produced from the Hume Target and further drilling of Hume, as well as the newly generated targets, is eagerly anticipated. Drilling continues to increase the potential for defining a large scale gold system at the Cullarin Project. Well resourced and well funded, SKY remains focussed on fast-tracking evaluation of its portfolio of assets.*"

DECEMBER QUARTER – PROPOSED WORK PROGRAM

- Multi drill rig program planned to test multiple targets across four projects.
- Diamond drilling continues at the Hume Target
- RC drilling of high priority McPhillamys style soil targets at Hume North and Hamilton Targets, Cullarin Project
- RC/Diamond drilling of Galwadgere Copper-Gold Target
- RC drilling of Caledonian Gold Target
- Airborne EM survey Iron Duke

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CULLARIN PROJECT – GOLD

80% SKY (EL7594; HERON JV)

HUME TARGET - DIAMOND DRILLING

Assay results were received from drillholes **HUD011** and **HUD012** completed in the June quarter. Results from **HUD012** are presented on long section as **Figure 2** and detailed in **Table 2**.

Drillhole **HUD012**, located approximately 70m west of HUD002 (93m @ 4.24g/t Au; ASX SKY 10 February 2020), was targeted to test the down dip extent of mineralisation intersected in HUD002 & HUD007 (**Figures 1-2**). 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. High grade gold mineralisation in HUD012 is associated with vein related Pb-Zn-Cu mineralisation (**Photo 1**).



Photo 1 – HUD012– 172-174m – 2m @ 8.36g/t Au

Drillhole **HUD011**, located approximately 325m north of HUD002, was targeted to test the strike extent of the intense alteration and base metal mineralisation intersected in HUD005 (**Figure 1**). Although zones of Pb-Zn-quartz veining were intersected, no intervals of significant mineralisation were recorded.

Evaluation of the results of the drilling revealed a north-west trending structure that appeared to be intimately associated with high grade gold mineralisation in both the SKY drillholes as well as a number of historic drillholes (**Figure 1**).

A program of diamond drilling to test the strike and depth extent of this high grade gold target is currently in progress (**Figure 1**). Five holes have been completed thus far as a test of the updated interpretation of the Hume high-grade target (**Table 1**). Note: HUD013 & 014 were completed in September 2020 and HUD015-017 in October 2020.

Geological logging of drillholes **HUD013-016** has shown that the targeted structure has been intersected at the predicted position and the widths of the intersected alteration and sulphide mineralisation package (pyrite + sphalerite + galena) are considered very encouraging (**Figure 2**). Assay results for part of hole HUD013 have been received, with strong gold mineralisation confirmed within the target structure (**Table 2**).

High grade gold mineralisation in drillhole **HUD013** is associated with intense silica dominant alteration and base metal sulphide mineralisation observed between 160-180m. This zone correlates with the predicted position of the Hume high grade structure supporting SKY's revised interpretation and exploration approach (**Table 2**).

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

Table 1: Cullarin Project, collar summary for drill holes - September 2020 quarter

Hume Target – Au > 1.0g/t

Hole ID	From	To	Interval	Au	Cu	Pb	Zn	Ag	Comment
	(m)	(m)	(m)	g/t	%	%	%	g/t	
HUD012	172	184	12	1.49	0.07	0.68	1.12	4	**Hume high grade target**
inc	**172**	**174**	**2**	**8.36**	**0.17**	**1.47**	**2.39**	**9**	**Hume high grade target**
&	197	206	9	1.42	0.11	1.11	1.97	5	
inc	**198**	**201**	**3**	**3.93**	**0.29**	**2.48**	**4.79**	**12**	
HUD013	112	114	2	2.79	0.07	0.71	1.70	10	
	161	**180**	**19**	**3.04**	**0.10**	**2.51**	**2.26**	**12**	**Hume high grade target**
incl.	**172**	**180**	**8**	**4.93**	**0.18**	**4.33**	**3.32**	**19**	**Hume high grade target**

Table 2: Cullarin Project, Hume Prospect. Significant drillhole intersections – September 2020 quarter

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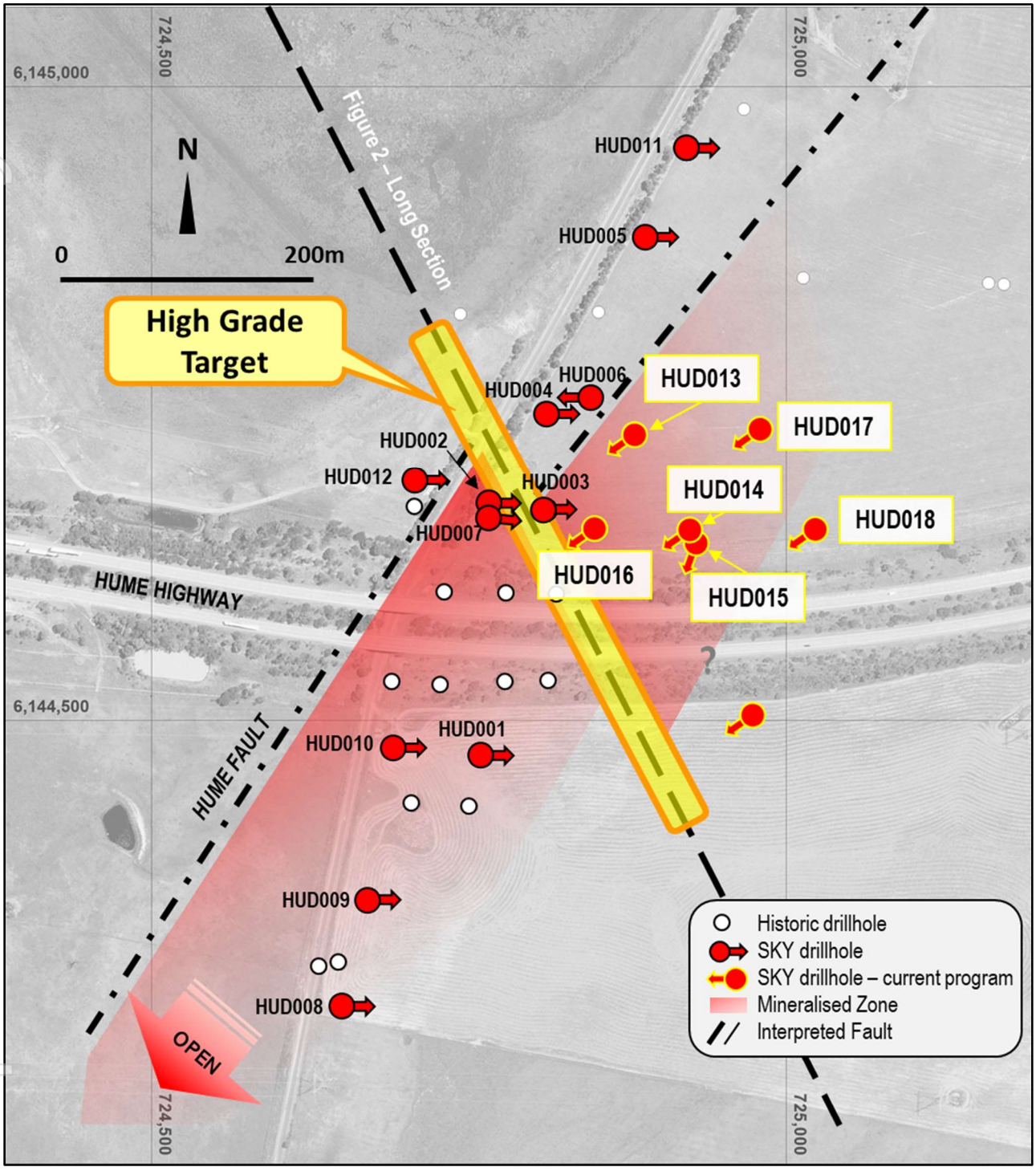


Figure 1 - Hume Target – Drillhole Locations

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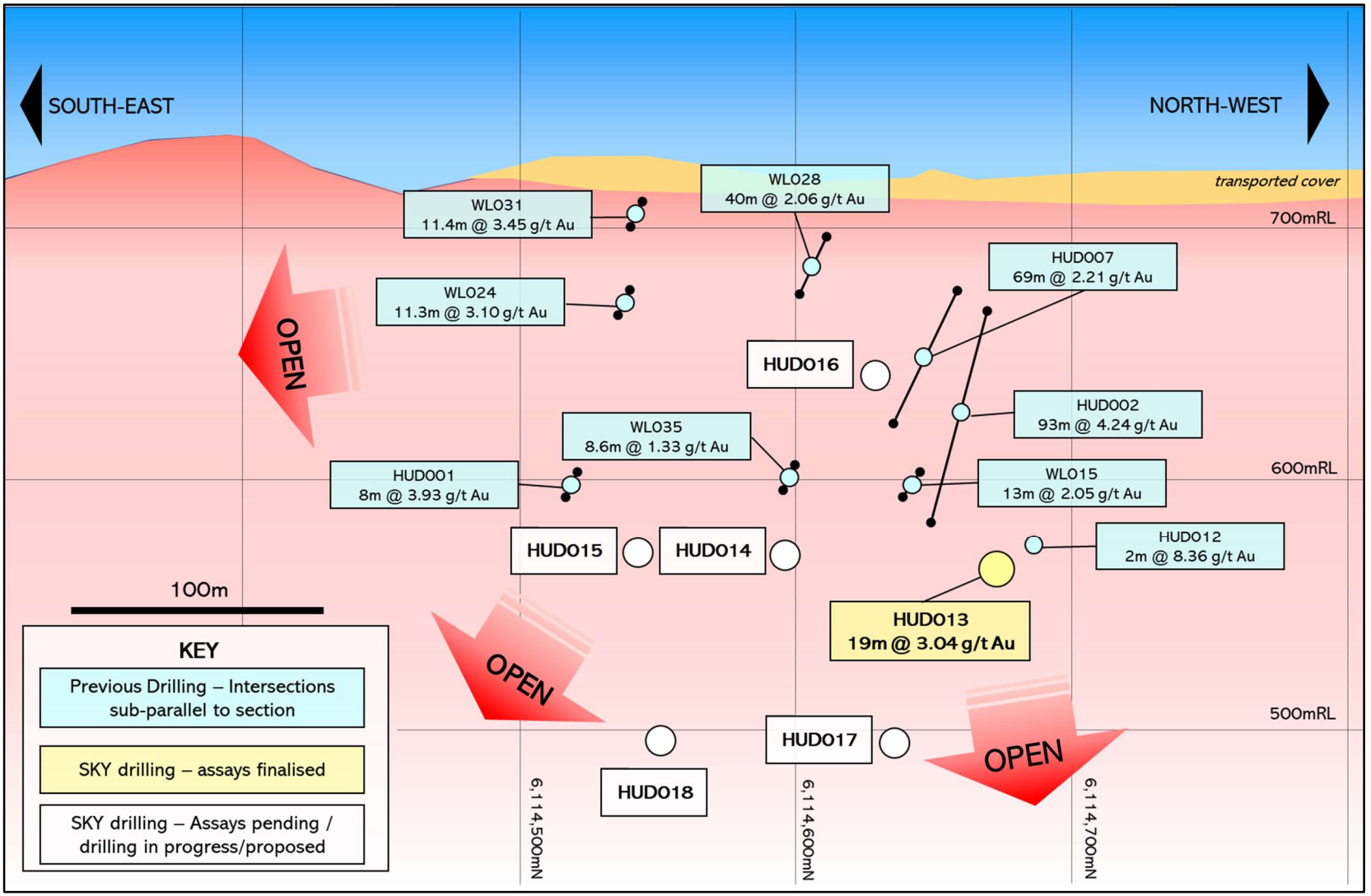


Figure 2 - Hume Target – Long Section (schematic). Intersections reported with 1.0g/t Au cut-off

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HUME TARGET - HISTORIC DRILLHOLE SAMPLING

A total of nine historic drillholes completed by previous explorers and located between HUD002 and HUD008 were logged and sampled by SKY at the NSW Government Core Library (**Figure 1**). SKY's sampling is the first time that these holes have been sampled and analysed by a consistent method. Assay results from these holes are presented in **Table 3.**

Drillholes WL24, WL28 & WL31 were interpreted by SKY to have intersected the Hume high grade target at shallow depth and thus the results received were considered a strong validation of the structural model. The drillholes intersected a zone of intense silica alteration with matrix base metal mineralisation which is interpreted to represent the Hume high grade target.

Hume Target – Historic Drillholes Resampling – Au > 0.5g/t

Hole ID	From	To	Interval	Au	Comment
	(m)	(m)	(m)	g/t	
WL18	42	46.5	4.5	0.61	
WL24	**70.5**	**83.3**	**12.8**	**2.81**	
inc.	**70.5**	**75.8**	**5.3**	**4.61**	**Hume high grade target**
and	135.9	139.9	4	0.97	
WL27	49	54	5	0.69	
and	61	64	3	1.57	
WL28	25.9	160	134.1	1.10	
inc.	32	91.8	59.8	2.02	
inc.	**32**	**36**	**4**	**7.15**	**Hume high grade target**
inc.	**32**	**44**	**12**	**3.96**	
WL31	23.8	159.6	135.8	0.73	
inc.	**23.8**	**30.8**	**7**	**5.14**	**Hume high grade target**
inc.	23.8	48.4	24.6	1.80	
WL29	69	74	5	1.39	
WL30	120	121	1	0.60	
WL32	130	136.3 (EOH)	6.3	1.23	
WL32B	132	143	11	1.12	
inc.	133	141	8	1.31	
WL35	62	74	12	0.53	
and	147.4	158	10.6	1.25	

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

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HUME NORTH TARGET - RC PERCUSSION DRILLING

The **Hume North** soil anomaly occurs over ~1,200m strike extent and is located approximately 1.5km north of HUD002 (**Figure 3**). The combination of the potassium (K) radiometric signature together with a pronounced magnetic low, and gold and multi-element pathfinder anomaly in the soil results, describe a high ranking 'McPhillamys style' target at Hume North. A program of six 200m holes (minimum) was proposed as an initial test of the soil anomaly.

In mid-September, drilling was temporarily suspended due to wet ground conditions at Hume North with the program ~40% completed. Assay results from two drillholes in the southern part of the soil anomaly have been received with no significant gold mineralisation intersected. Drill testing of the northern part of the soil anomaly – considered to be potentially more prospective - is scheduled to commence in November subject to favourable weather and ground conditions.

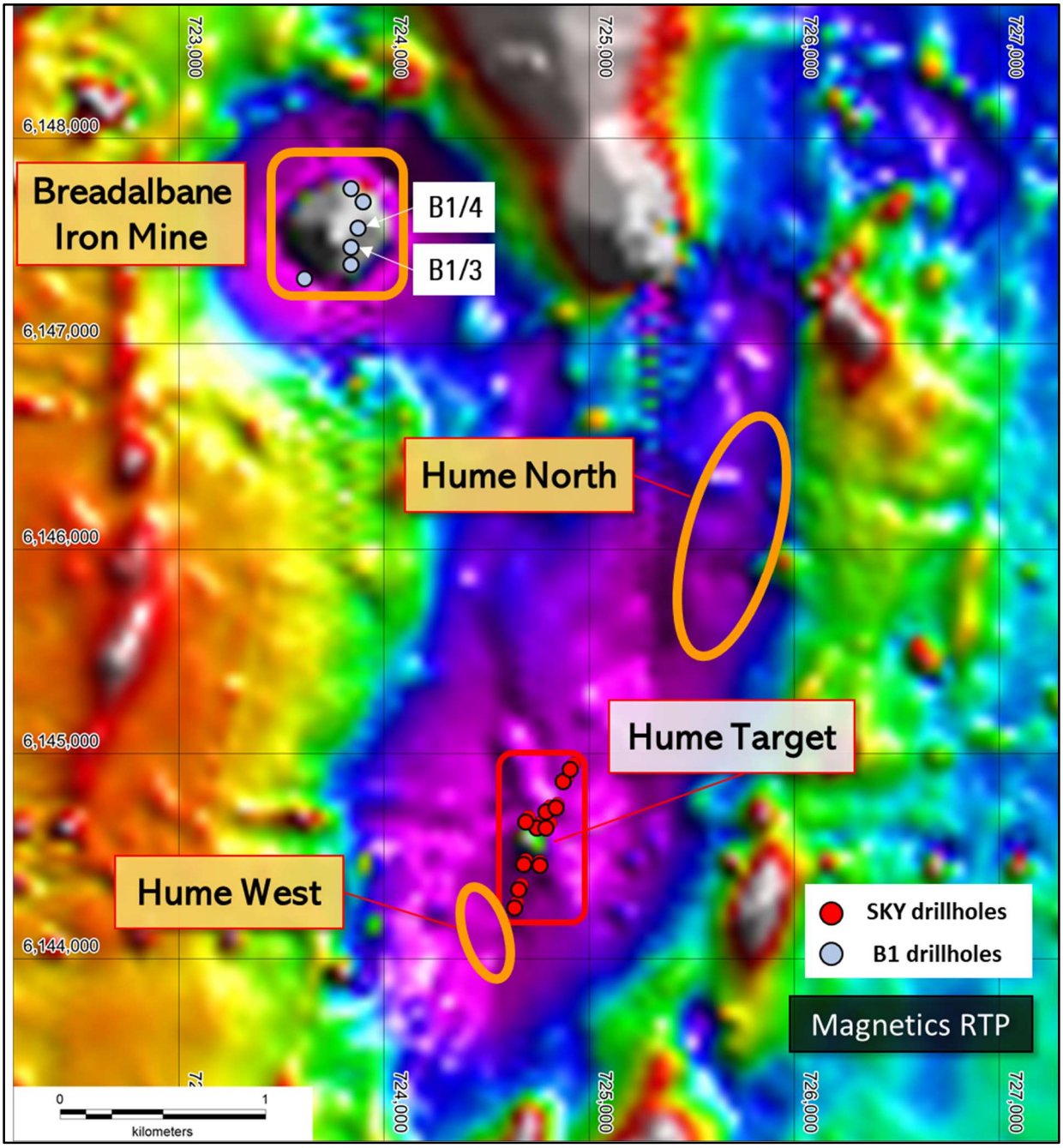


Figure 3 – Cullarin Gold Project - Hume Area– Drill targets

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HAMILTON TARGET - SOIL SAMPLING DEFINES GOLD ANOMALY

The **Hamilton Target** is located approximately 5km north of the Hume Target. Soil sampling has delineated a coherent gold plus multi-element pathfinder anomaly with a strike length of +400m and a width of up to 300m (**Figure 4**). The gold soil anomaly is co-incident with a distinctive radiometric anomaly and a pronounced magnetic low – key criteria for the identification of McPhillamys style gold targets. Drill testing is scheduled to commence in November.

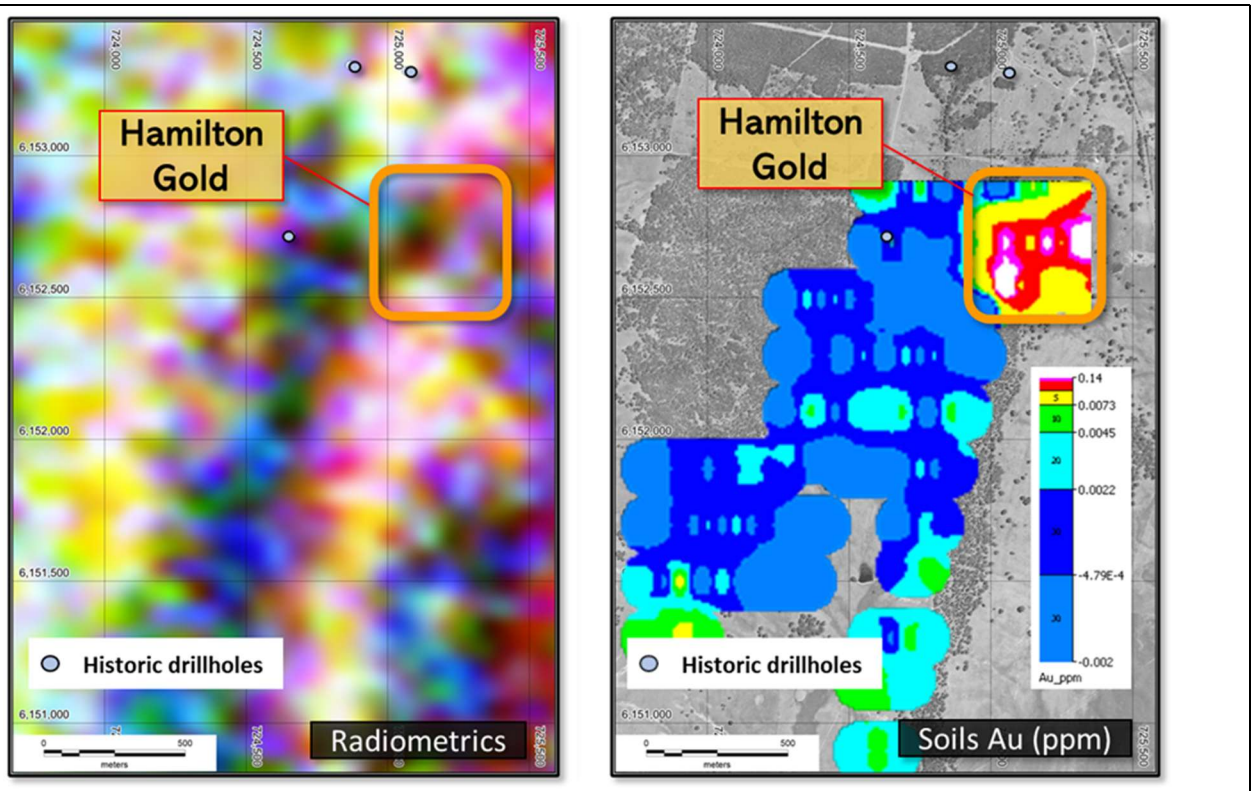


Figure 4 – Hamilton Target –Drill target overlain on radiometrics (Potassium-Thorium-Uranium) and soil samples (colour by Au grade)

BREADALBANE IRON MINE – HISTORIC DRILLHOLE SAMPLING

A gold soil anomaly was identified by SKY soil sampling to the northwest of the Hume Target proximal to the **Breadalbane Iron Mine** (**Figure 3**). A multi-element soil anomaly covering an area of 500m x 400m occurs associated with a distinct magnetic high co-incident with the iron mine.

Six diamond drillholes at the Breadalbane Iron Mine (**B1 Prospect**) completed in the 1970's & 1980's were located at the NSW Government Core Library that cover this soil anomaly but had previously received limited assaying for gold. Logging and sampling of these drillholes has been completed by SKY.

Results from all six drillholes sampled by SKY have now been received. Although sampling by SKY has not located any new zones of significant gold mineralisation, compilation of historic results from previous resampling conducted by other explorers has revealed significant mineralisation in two of the Breadalbane drillholes. Note insufficient drillcore remained at the core library for SKY to re-sample the intervals reported below.

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Results include:

Hole B1/3: **24.38m @ 0.43 g/t gold from 112.78m including,**
6.09m @ 1.36 g/t gold from 112.78m (Pan Aust, 1986) *

Hole B1/4: **19.21m @ 0.48 g/t gold from 80.92m including,**
4.57m @ 1.00 g/t gold from 81.38m (CRAE, 1995) *

(*Note: see notes in the attached Competent Persons Statement)

Gold mineralisation is hosted by a magnetite chlorite breccia and is associated with anomalous copper mineralisation (~0.1% Cu). Data compilation and interpretation is currently in progress in order to determine appropriate follow up to these results.

HUME WEST TARGET - SOIL SAMPLING DEFINES NEW GOLD ANOMALY

A program of soil sampling (**Hume West**) was completed to the south and west of the Hume Target to evaluate the southern strike extent of the Hume mineralisation intersected in HUD008 (**Figure 3**). Assay results from these samples indicate a coherent gold plus multi-element pathfinder anomaly with a strike length of +400m and a width of 50m. Negotiations are currently being undertaken to drill test this anomaly.

CALEDONIAN PROJECT – GOLD

100% SKY (EL8920)

The Caledonian Project (EL8920) is located 30km southeast of Yass in the Southern Tablelands of New South Wales (**Figure 7**). The area contains the historic Caledonian Gold Mine. The distribution of multiple historic drill intersections at Caledonian Prospect indicate a potentially large and shallow mineralised gold system with discrete high-grade zones (e.g. 6m @ 8g/t Au recorded from the main lode, GSNSW; ASX SKY 11 Nov 2019). The deepest historical drillhole is 62m and most holes are ~25m deep. These drillholes are within a coherent 600 x 100m soil gold anomaly (+0.1ppm) (**Figure 5**).

Historic shallow drill intercepts include:

- 10m @ 2.15 g/t Au from 16m
- 19m @ 1.8 g/t Au from 1.7m to EOH

Exploration activity during the September 2020 quarter involved completing a multi-element soil sampling survey over the historic gold soil target at the Caledonian gold mine.

A focussed drill program to determine the depth extent and controls on the Caledonian gold mineralisation is planned for the December quarter.

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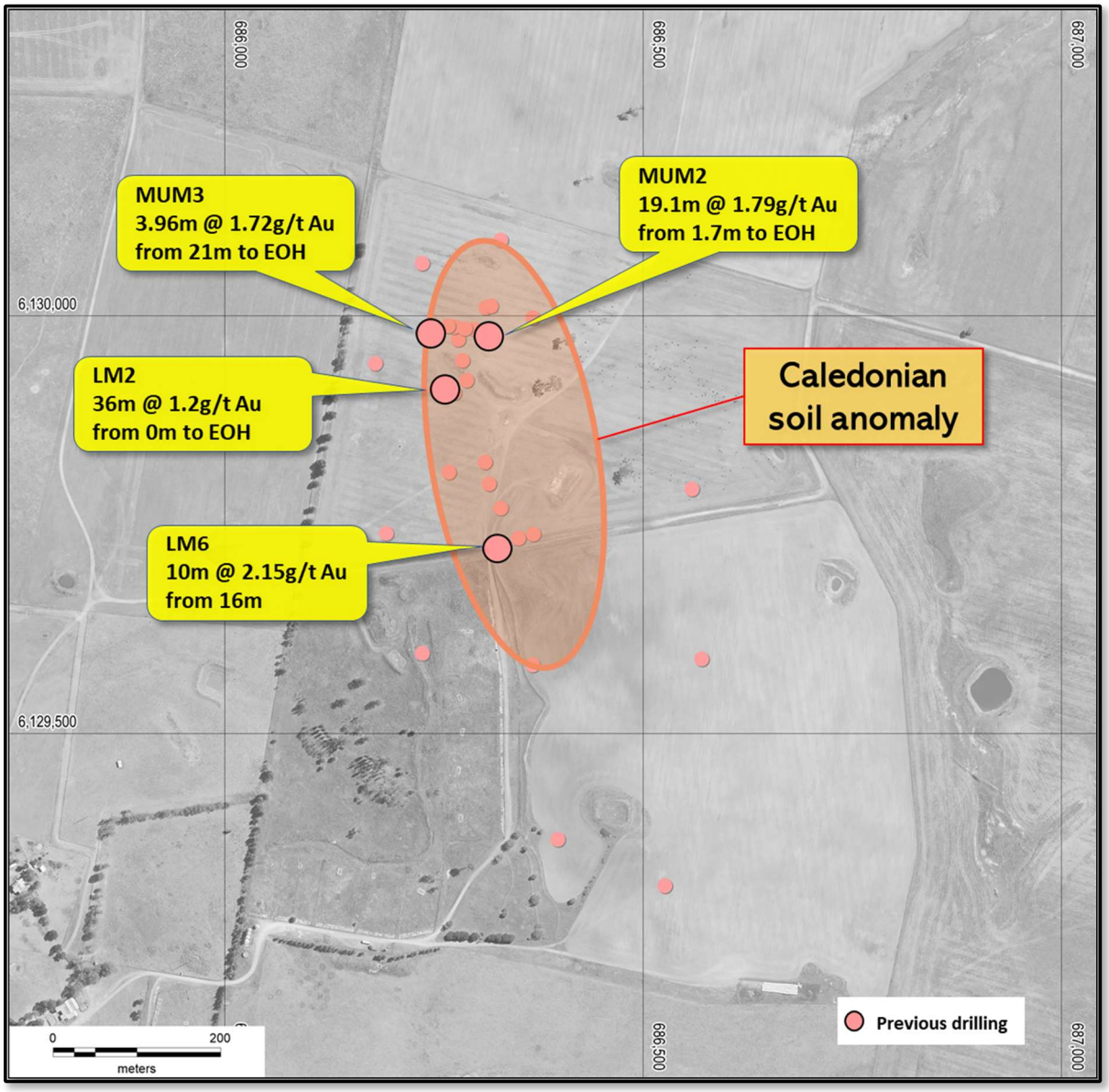


Figure 5 – Caledonian-Gold Project – Soil anomaly & significant historic drillhole intersections.

KANGIARA PROJECT – GOLD

80% SKY (EL8400, EL8573; HERON JV)

The Kangiara Project (EL8400, EL8573) is located 30km northwest of Yass in the Southern Tablelands of New South Wales (**Figure 7**). The Project contains volcanic/volcaniclastic rocks of the Silurian Douro Group considered prospective for gold and base metal (copper-zinc) mineralisation.

The high grade Kangiara Mine operated during the early 1900s, with documented production of ~40,000 tonnes at 16% Pb, 3% Cu, 5% Zn, 280g/t Ag and 2g/t Au from narrow north-south trending sulphide veins (ASX PDM 18 June 2009). Mining occurred up to 120m depth. Previous work by Paradigm Metals led to the calculation of an Indicated and Inferred Mineral Resource at Kangiara.

Exploration activity during the September 2020 quarter was limited to logging a previously unsampled drillhole (DDH-1B) at the NSW Government drillcore library. SKY identified a "footwall position gold target" which this drillhole has tested. No significant alteration nor mineralisation was identified in this drillhole and thus the validity of the footwall target is being re-assessed. An evaluation of the regional potential of the Kangiara Project is planned for the December quarter.

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MYLORA PROJECT – GOLD

100% SKY (EL8915)

The Mylora Project (EL8915) is located 20km west of Yass in the Southern Tablelands of New South Wales (**Figure 7**). Historic gold occurrences in the Mylora area display extensive disseminated/stringer pyrite-sericite alteration zones within Late Silurian volcaniclastics associated with a distinctive multielement geochemical signature of Au-Ag-Zn-Pb-Bi-Mo-Ba-Cu. This is considered to be prospective for McPhillamys-type gold mineralisation.

At the Mylora prospect, extensive 'gossanous' phyllic alteration extends over ~1.5km of strike. Historic drillhole DDH1 returned 3m @ 1.84g/t Au from 150m which is considered very encouraging and no drill testing has previously been conducted beneath historical open pits at Mylora North.

A detailed review of previous exploration covering EL8915 was conducted during the June 2020 quarter. Geological reconnaissance combined with mineral occurrence sampling was conducted in the September quarter as an initial test of gold potential of the area. No high priority areas were delineated from this work.

TIRRANA PROJECT - GOLD

100% SKY (ELA5968)

As part of a regional review of the Cullarin area for McPhillamys-style gold mineralisation, SKY identified an area on open ground to the south-east of the Cullarin project that satisfied a number of the key McPhillamys criteria. SKY has thus applied for an exploration licence (ELA5968) to cover this highly prospective area (**Figure 7**).

A detailed review of previous exploration covering Tirrana commenced in the September quarter.

GALWADGERE PROJECT – COPPER-GOLD

OPTION TO PURCHASE 100% (EL6320)

SKY has been granted an exclusive Option to Purchase of the Galwadgere Copper-Gold Project from Alkane Resources Ltd (Alkane) (**Figure 7**). Previous exploration by Alkane has delineated a shallow, open-ended copper-gold resource at Galwadgere (ASX ALK 28th April 2005).

To exercise the Option,

- SKY must spend $250,000 on in-ground expenditure within 18 months.
- SKY may purchase 100% equity interest in EL6320 by issuing 6,000,000 fully paid ordinary shares in the capital of SKY to Alkane.

SKY has identified the Galwadgere deposit as a target that can be rapidly expanded. South of the Galwadgere deposit, SKY has also identified an untested 'McPhillamys style' gold target as well as devised a program to assess the regional potential of EL 6320 including the McDowells & Christies prospects.

A program of RC percussion / diamond drilling to test a series of targets at the Galwadgere deposit commenced in October (**Figure 6**). Four RC percussion drillholes have been completed (**Table 4**) out of a program of six to eight 200-350m drillholes 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.

Drillholes GARC004 and GARC005 were drilled as pre-collars for diamond core "tails". Both drillholes did not penetrate the overlying unprospective Permian sediments.

Samples from the first two RC 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	487	-60	270	150	Completed
GARC002	692428	6384207	449	-60	270	204	Completed
GARC004	692550	6384350	441	-60	270	198	Completed
GARC005	692590	6384320	441	-60	270	180	Completed

Table 4 – Galwadgere Project. Drillhole collar details

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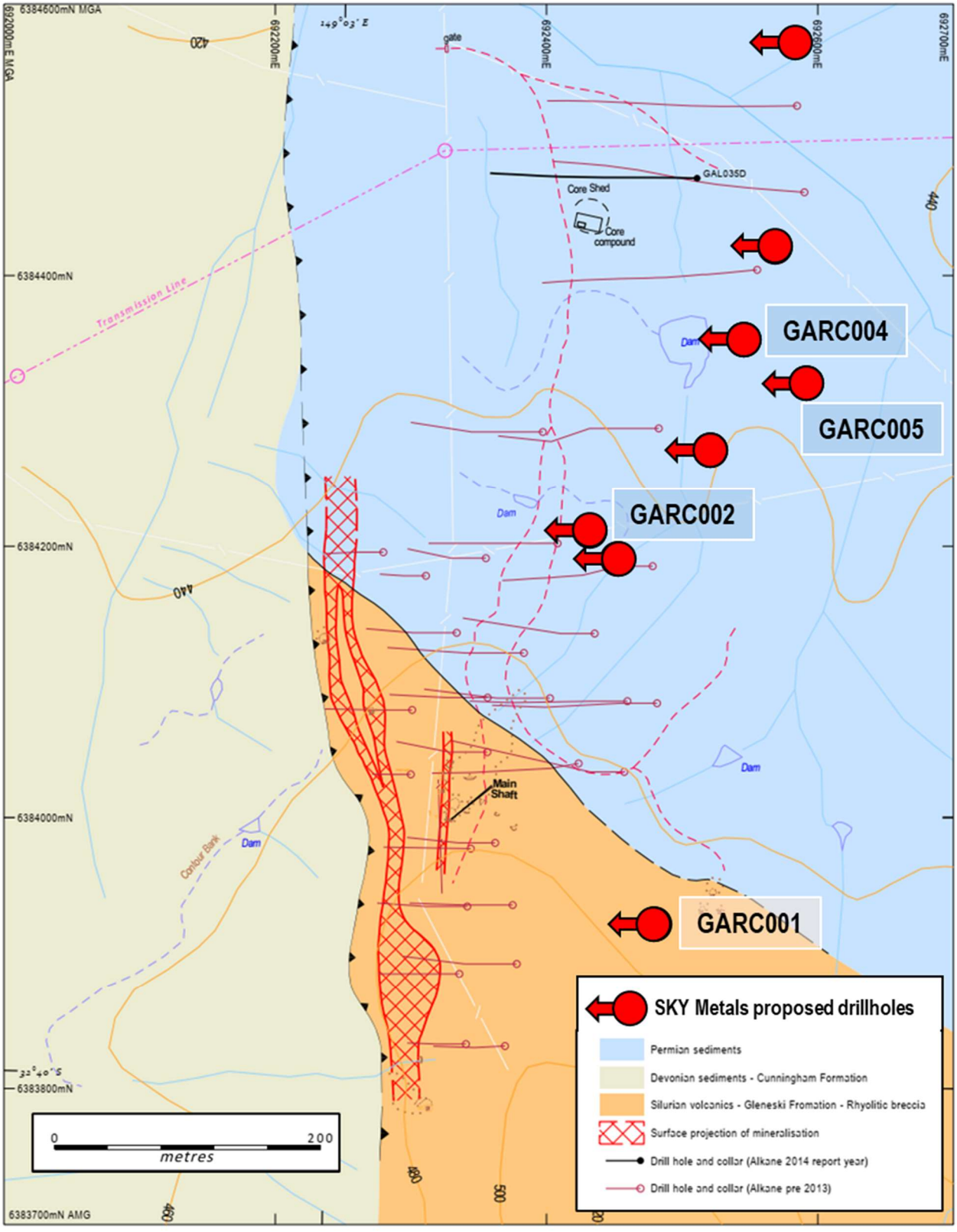


Figure 6 – Galwadgere Copper-Gold Project – Drillhole Locations.

IRON DUKE PROJECT – COPPER-GOLD

OPTION TO PURCHASE 100% (EL6699); 100% SKY (ELA5991)

SKY has been granted an exclusive Option to Purchase of the Iron Duke Copper-Gold Project from Balmain Minerals Pty Ltd (**Figure 7**). Previous exploration has delineated a shallow, open-ended Copper-Gold resource at Iron Duke (ASX KBL Mining 4th June 2012).

SKY has identified the Iron Duke prospect for drill testing. SKY has also devised a program to assess the regional potential of EL 6064 including the Christmas Gift workings. An airborne EM survey is planned for the December quarter in order to generate "walk up" drill targets. Negotiations for land access are continuing with field activities planned to commence in the December quarter.

TALLEBUNG PROJECT – TIN

100% SKY (EL6699)

The Tallebung Project is located approximately 70km north-west of Condobolin in central NSW (**Figure 7**). 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-style tin - tungsten mineralisation. Outcropping mineralisation is developed over two kilometres as sheeted/stockwork quartz-cassiterite-wolframite sulphide veins above a mineralising granite.

The potential of the Tallebung Project to host intrusion related gold (IRG) was identified in the quarter and a review of the area, focussed on generating gold targets, will be completed in the December quarter.

DORADILLA PROJECT – TIN, POLYMETALLIC

100% SKY (EL6258)

The Doradilla Project is located approximately 30km south of Bourke in north-western NSW and represents a large and strategic tin project with potential for significant polymetallic mineralisation (tin, tungsten, copper, bismuth, indium, nickel, cobalt, gold) (**Figure 7**).

A program of RC drilling of multiple targets at the Doradilla Tin and 3KEL Prospects was completed in 2019. As previously reported (ASX SKY 10th March 2020), a number of drillholes intersected high grade tin, copper, indium and silver from the 3KEL & Doradilla Prospects. Of particular significance is the results from 3KEL in hole 3KRC002 (**6m @ 1.11% Sn, 1.48% Cu**, 44g/t Ag, 65g/t In from 105m) which represent the first time significant **primary** tin and copper mineralisation has been recognised at 3KEL. This mineralisation remains open along strike and at depth.

A detailed low level airborne magnetic/radiometric survey was completed between the Doradilla and 3KEL Prospects on the Doradilla Project during the September quarter. Interpretation of these data and drill targeting will be completed in the December quarter.

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CORPORATE

In early August, Sky Metals Limited (SKY) notified Heron Resources Limited (Heron) that it had met the Farm In Expenditure of the Farm-In and Joint Venture Agreement. SKY has expended in excess of A$2,000,000 across the Cullarin and Kangiara Projects ("Projects") within the Farm In Expenditure period to earn an 80% equity interest in the Tenements.

Going forward, Heron will be free carried at its 20% interest for its expenditure until such time that a definitive feasibility study has been completed or until such time that $10,000,000 of Expenditure (inclusive of Farm In Expenditure) has been incurred by SKY, whichever comes first.

During the quarter $1,081k was spent on the exploration activities outlined in this report.

No mining production and development activities undertaken for the quarter.

During the quarter $34k was paid as Non-Executive Director fees.

Actual Expenditure to 30 September 2020 v Prospectus 2 YEAR Use of Funds		
	Prospectus 2 Year Use of Funds	**Actual Expenditure to Date (30 September 2020)**
	$A'000	$A'000
Cost of Acquisition & Capital Raise	500	453
Tallebung Project Exploration Expenditure	2,000	882
Doradilla Project Exploration Expenditure	800	380
Gold Projects Exploration Expenditure	-	2,598
Working Capital	1,684	1,797
Total	**4,984**	**6,110**

Table 5: Actual Expenditure to 30 September 2020 v Prospectus 2 YEAR Use of Funds

Comments

- Cost of Acquisition & Capital Raise less than forecast.
- Tin exploration activities initially in line with prospectus.
- NSW Gold project strategy not planned at time of prospectus. Current focus on gold projects.
- Working Capital, includes $204k for acquisition of vehicles, plant & equipment. Larger than forecast as a result of a higher level of corporate activity associated with gold project strategy.

This report has been approved for release by the Board of Directors.

Holder	Equity	Licence ID	Grant Date	Expiry Date	Units	Area	Comment
Tarago Exploration Pty Ltd (HRR sub)	Earning 80%	EL7954	19-6-2012	19-6-2022	51	144 km^2	Cullarin Project, earning up to 80% + Heron JV
Ochre Resources Pty Ltd (HRR sub)	Earning 80%	EL8400	20-10-2015	20-10-2024	52	147 km^2	Kangiara Project, earning up to 80% + Heron JV
Ochre Resources Pty Ltd (HRR sub)	Earning 80%	EL8573	23-5-2017	23-5-2023	17	48 km^2	Kangiara Project, earning up to 80% + Heron JV
Aurum Metals Pty Ltd (SKY sub)	100%	EL8920	5-12-2019	5-12-2025	65	183 km^2	Caledonian Project
Aurum Metals Pty Ltd (SKY sub)	100%	ELA6031	-	-	50	141 km^2	Murrum Project - application
Aurum Metals Pty Ltd (SKY sub)	100%	EL8915	18-11-2019	18-11-2024	29	82 km^2	Mylora Project
Aurum Metals Pty Ltd (SKY sub)	100%	ELA5968	-	-	52	147 km^2	Tirrana Project - application
Alkane Resources Ltd	Option to Purchase 100%	EL6320	12-10-2004	11-10-2020 *	14	41 km^2	Galwadgere Project
Balmain Minerals Pty Ltd	Option to Purchase 100%	EL6064	21-3-2003	20-3-2022	5	15 km^2	Iron Duke Project
Aurum Metals Pty Ltd (SKY sub)	100%	ELA5991	-	-	60	174 km^2	Iron Duke Project - application
Stannum Pty Ltd (SKY sub)	100%	EL6258	21-6-2004	21-6-2020	38	110 km^2	Doradilla Project
Stannum Pty Ltd (SKY sub)	100%	EL6699	10-1-2007	10-1-2021	14	41 km^2	Tallebung Project

Table 6: Tenement Summary, changes in the June quarter highlighted

* Renewal Sought

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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 7: 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.

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.

SKY ASX releases released during the September 2020 Quarter are listed below:

24 July 2020 – SKY ASX Announcement 'Cullarin Project – Exploration Update'
4 August 2020 – SKY ASX Announcement 'SKY moves to 80% of Cullarin Gold Project'
11 August 2020 – SKY ASX Announcement 'Cullarin Project – Exploration Update'
24 August 2020 – SKY ASX Announcement 'Option to Purchase Galwadgere Copper-Gold Project'
4 September 2020 – SKY ASX Announcement 'Cullarin Project – Exploration Update'
16 September 2020 – SKY ASX Announcement 'Cullarin Project – Exploration Update'
28 September 2020 – SKY ASX Announcement 'Exploration Update Presentation'
30 September 2020 – SKY ASX Announcement 'Exploration Update Presentation – Correction'
30 September 2020 – SKY ASX Announcement 'Exploration Update Presentation – Updated'

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

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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.

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