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Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Rimas Kairaitis, who is a Member of the Australasian Institute of Mining and Metallurgy. Rimas Kairaitis is a Director of Sky Metals Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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. Kairaitis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.







HUME TARGET: BEFORE SKY DRILLING



Source: Golden Cross Operations Pty Ltd, 2003



CULLARIN PROJECT: BEFORE SKY DRILLING

- Review of previous exploration showed a +20km strike length of the prospective belt.
- Broad and high-grade gold and base metal mineralisation coincident with characteristic soil, IP, magnetic response.
- Numerous 'untested' repetitions of characteristic responses.
- Little recent exploration widespread targeting historic mineralisation.



HUME TARGET: INTIAL SKY DRILLING

- Intense ser-sil-py alteration, strong qtzpy-sph-ga+/-cpy veining, foliated rhyolitic Wet Lagoon Volcanics
- HUD001: 8m @ 3.93 g/t Au from 128m.
- HUD002: 93m @ 4.24 g/t Au from 56m.
- All drilling west to east.
- Follow up program of another 10 diamond drillholes all drilled on an east to west orientation.



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HUD002: 164.0m - 170.9m



HUME TARGET: ORIENTATIONS

- Orientated drillcore showed a high angle to foliation and quartz veining.
- Measurements indicated a steeply west dipping sequence with subparallel veining.
- Coherent lithological contact intercepted in drilling also steeply west dipping.
- All historic drilling east-west or westeast to target north-south striking units.



HUME TARGET: FOLLOW UP DRILLING

- First follow up hole HUD003 drilled up dip from HUD002.
- Results included:
 - HUD003: 20m @ 0.95g/t Au from 37m including;
 7.7m @ 2.08g/t Au from 49.3m.
- HUD004-6 and HUD008-12 failed to intercept further broad high-grade gold.
- Collar positions of historic WL-series holes uncertain.





HUME TARGET: FOLLOW UP DRILLING

- HUD007 drilled southwest from same pad as • HUD002.
 - HUD007: 69m @ 2.2g/t Au from 49m including; • 33 @ 3.58g/t Au from 51m including; 14m @ 6.76g/t Au from 68m.
- Footwall in HUD002 and HUD007 defined by a large • +5-10m qtz-py-sph-ga-cpy-gold vein.
- The footwall vein was modelled in 3D to provide ٠ insight into possible controls on mineralisation.





HUME TARGET: FOLLOW UP DRILLING



HUD007: 80.9m - 92.4m





HUME TARGET: HISTORIC DATA

- Early on SKYhad reasons to doubt the collar information historic datasets conflicted.
- SKYundertook an investigation into acquiring all the original data and coordinates.
- Using historic drill collars and survey marks from the original imperial grid of the 1960s, 70s and 80s.
- DGPS'd historic points to +/-0.1m.
- Provided details to surveyors to professionally swing the grid and achieve +/-5m accuracy on the collar locations.





HUME TARGET: CORE LIBRARY REVIEW

- Resampled +30 historic drillholes for +5,000 samples at the core library.
- Photos taken of all core and corrections to logs and assay tables made from core inspection.





HUME TARGET: CORE LIBRARY REVIEW

- Tracing the new Hume Structure in 3D to the south supported the new theory.
- Predicted intercepts were inspected using the core photos taken at Londonderry.
- These photos showed the large quartzat the predicated depth, these looked similar to the veining intercepted in HUD002 and HUD007.







HUME TARGET: CORE LIBRARY REVIEW



WL28: 30.3m - 57.9m



HUME TARGET: CORE LIBRARY REVIEW

- Tracing the newly modelled Hume Structure in 3D to even further south towards HUD001 continued to support new theory.
- Predicted intercepts were inspected using the core photos taken at Londonderry.



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HUME TARGET: CORE LIBRARY REVIEW



WL24: 123.4m - 140.4m





HUME TARGET: SUCCESS AT LAST

- First two holes drilled in new northeast-southwest orientation intercept broad high-grade gold mineralisation.
- HUD013: 19m @ 3.04 g/t Au and 4.77% Pb+Zn from 161m including, 8m @ 4.93 g/t Au and 7.65% Pb+Zn from 172m HUD014: 4.9m @ 8.13 g/t Au & 0.54% Pb+Zn from 92m and, 5m @ 9.72 g/t Au & 1.97% Pb+Zn from 233m.
- First consistent intercepts at Hume Target since beginning of drilling by SKY.
- HUD014 identified a possible repetition to high-grade mineralisation at Hume.
- Follow up holes drilled now drilled in correct orientation.







HUME TARGET: UPDATED MAP – FURTHER DRILLING

- Follow up drilling identified further structural complexity.
- Three faults in the vicinity of Hume now recognised Central, Hovell and Hume.
- Intersection of Hume and Hovell Faults appears important to concentrating mineralisation.
- Mineralisation terminates on contact with chlorite schist unit to the east.



HUME TARGET: X-SECTION

- Majority of mineralisation localised in the intersection of the Hume and Hovell Faults.
- Mineralisation is controlled by the Hume Fault north of intersection, Hovell Fault to the south.
- HUD017 drilled frustratingly close to mineralisation.



Cross-Section along HUD021 through Hume Fault

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Long Section of the Hume Fault

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HUME TARGET: WHAT DOES IT LOOK LIKE NOW

- Drilling to continue identifying depth extensions to mineralisation.
- DHEM to discover further mineralisation and identify trends or near misses.

ASX: SKY CULLARIN PROJECT









HUME TARGET: WHERE TO NEXT – REGIONALLY

- Three advanced targets have been highlighted along the Hume Fault:
 - Hume Target
 - Murrays (previously Breadalbane Iron Mine/B1)
 - Hannans Flat Target
- Murrays Target is a historic copper mine with ore grade intercepts including:

B1/3: 2.36m @ 1.06% Cu & 0.57g/t Au from 106.2m B1/2: 2.26m @ 1.73% Cu from 63.7m

• Hannans Flat analog to the Hume Target







HANNANS FLAT TARGET: WHERE TO NEXT – REGIONALLY

- Similar geomorphology to Hume Target, located under Alluvial/ lacustrine sediments filling basin.
- Large strike of base metal intercepts with limited gold assays.
- Intense ser-py-silica alteration throughout as at the Hume Target.



IN CONCLUSION

- 3D structural modelling has enabled SKY to identify controls to high-grade mineralisation at Cullarin.
- Hume Target appears to be thickening at depth and there are possible repetitions to the Hume structure to be further explored.
- Numerous prospects along strike at Cullarin remain to be further tested.







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