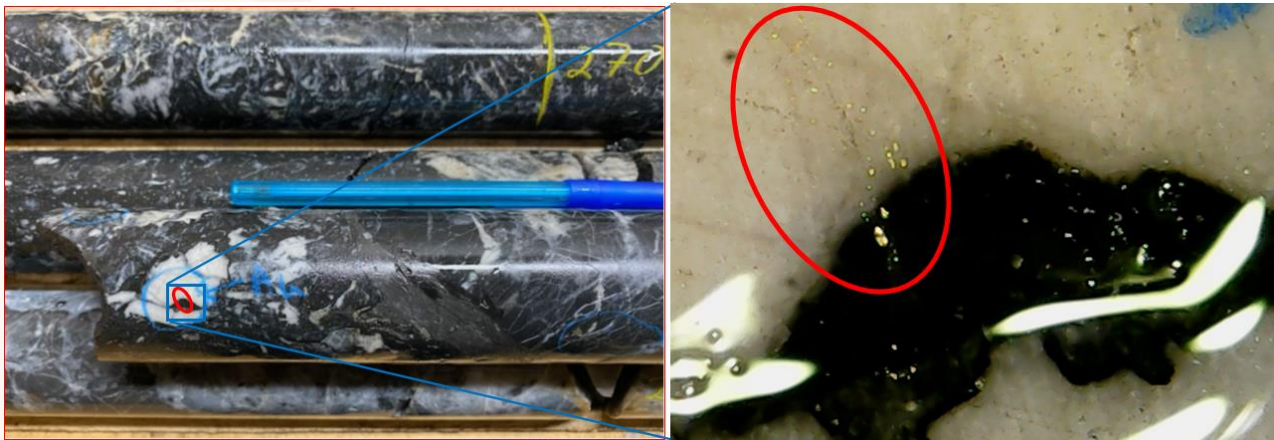




SKY GOLD INTERCEPTS VISIBLE GOLD IN HOLE MT-20-06 AT MUSTANG PROJECT, NEWFOUNDLAND AND PROVIDES DRILLING UPDATE

Vancouver, British Columbia – December 30, 2020 – Sky Gold Corp. (TSX-V: SKYG) (US:SRKZF) ("Sky Gold Corp." or the "Company") is pleased to report an update on the ongoing maiden diamond drilling program on the Company's Mustang Property contiguous to the Queensway Gold Project, owned by New Found Gold Corp. ("New Found Gold"), and the observation of **fine grained "visible gold"** in hole MT-20-06.



Highlights include:

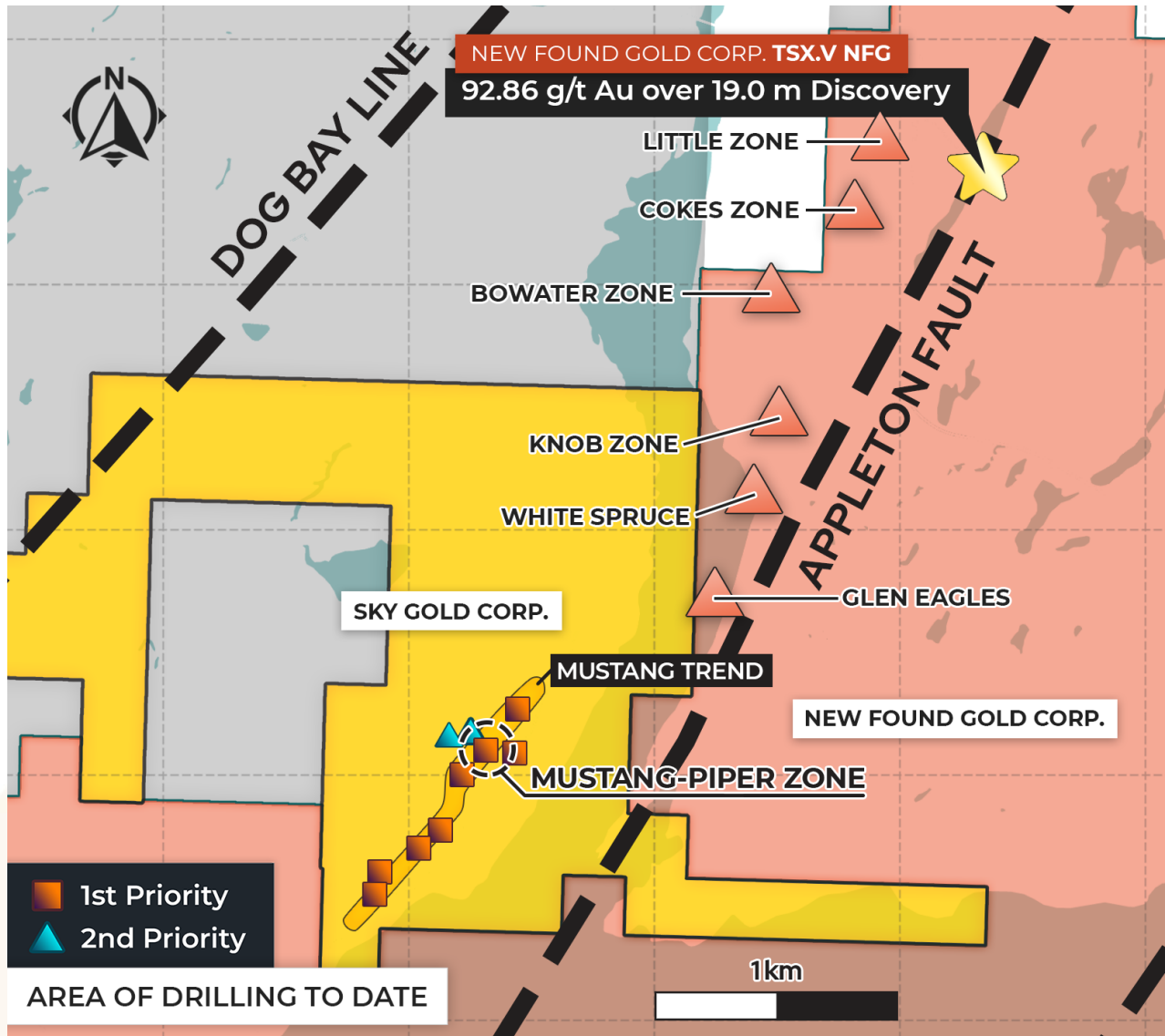
- Since mid-November, to date, seven holes have been completed on the Mustang Property, comprising 1,321 meters. Assays are pending.
- Six holes targeted the Mustang Zone and one hole tested for a parallel zone. All six holes on the Mustang Zone intersected prospective geology with a varying amount of quartz veining, brecciation and silicification, and quartz stockwork, with associated sulphides (pyrite, arsenopyrite, sphalerite, trace galena and chalcopyrite), in sediments (greywacke and siltstone) and in faulted graphitic siltstone.
- Significantly, several fine pin-point grains of **visible gold** were observed in a chloritized black jasperoid clast in hole MT-20-06 at depth of ~260 meters down the hole (653800 m N, 5422510 m E, azimuth 134°, dip -52°). To the Company's knowledge this is the first observation of visible gold in diamond drill core on the Mustang zone. Hole MT-20-06 was designed for a depth of 180

meters but was drilled to a depth of 294 meters due to extensive quartz veining, brecciation – silicification, quartz veins and associated sulphides observed in intervals from 250 to 282 meters.

- The Company's recent drilling, previous shallow drilling and rehabilitated trenches indicate a style of mineralization consistent with a low sulphidation epithermal model, comprising hydrobrecciation and vuggy quartz veining and stockworks.
- Drilling has been contracted to Cabo Drilling (Pacific) Corp. with a minimum 3,000-metre diamond drill program over multiple target locations on both the Mustang property and the Virginia property, which are situated within the highly prospective Gander gold district. Drilling has ceased for a two -week period over the Holidays and will resume in early January 2021. Logging, core cutting and sampling is ongoing from a facility established in Gander.
- Drilling in 2021 will also investigate the Barite, Jasperoid and Road Breccia showings on the western portion of the Mustang property, which have never been drilled. Ongoing trenching and soil geochemistry is also in progress on the remainder of the property.

Company President and CEO Mike England commented "Rapid drilling progress, encouraging visual geology and now the observation of the first visible gold in core on the Mustang Zone, are an excellent start to our maiden drill program in Newfoundland. We are expediting the logging, core cutting, sampling and assaying of the prospective zones in holes MT-20-06 and MT-20-07 to assist the design of, and to expand, the drill program in 2021."

All of the Company's field activities are conducted under Federal and Provincial COVID-19 operating protocols and safety measures as required. Planet X Exploration Services Ltd.'s field crews, retained through Grassroots Prospecting, a local, Newfoundland-based prospect generation company, are undertaking all field and drill activities on the Company's Newfoundland properties. Project Manager, Robert Weicker states, "The efforts and diligence of the teams of Planet X Exploration Services Ltd., and Grassroots Prospecting, are to be commended and are greatly appreciated."



SKY GOLD'S NEWFOUNDLAND PROJECTS

Virginia Property

The Virginia property comprises 100 hectares and is approximately 5.7 kilometres northeast of New Found Gold's drill hole NFGC-19-01 which intersected 92.86 g/t Au over 19 metres (see New Found Gold Corp. press release dated August 12, 2020). Historic results completed in the early 1990s by Manor Resources Ltd., reports two areas of mineralization (Zone A-2). One showing comprised quartz veining developed over a 35-metre-wide zone within sheared gabbro and graphitic shale (main shear) returning up to 8.7 g/t Au, and a second showing comprised a sheared gabbro returned a grab sample up to 109.6 g/t Au*.

Mustang Property

The recently expanded Mustang property comprises 1,625 hectares and is contiguous to New Found Gold's Queensway project and approximately five kilometres southwest of their discovery hole. The Mustang property hosts numerous gold prospects including the Mustang and Piper zones, on trend with New Found Gold Corp's current drill program, and the Road Breccia, Jasperoid, and Barite showings on the western portion of the property.

Gold mineralization was discovered at the Mustang zone in 1987 by Noranda Exploration Company Ltd., who completed geologic mapping, trenching and shallow (average 84 metres) diamond drilling (12 holes totaling 1,007.6 metres). Altius Resources Inc. ("Altius") completed diamond drilling over the Mustang zone in 1998 (10 holes, 1,197.6 meters). In late 2001 Altius held the current claim area, with the Mustang zone anchoring a major northeast-southwest structural feature of prospective geology covered by a larger property project known as the Mustang trend. Altius optioned the property to Barrick Gold Corp. who undertook reconnaissance exploration in 2002, resulting in the discovery of several new gold showings on the western portion of the property including the Road Breccia, Barite, and Jasperoid showings.

Highest surface gold values from the Mustang zone include up to 28 g/t Au over 0.8 metres, occur in dark grey hydrobreccia units, associated with higher arsenopyrite concentrations*. Selected diamond drill assay results from Noranda's drill program include 1.27 g/t Au over 11.3 metres, 0.67 g/t Au over 18.3 metres and 0.92 g/t Au over 9.0 metres*. The company is focused on confirming and extending these known mineral showings with the proposed diamond drill program.

**Gold values on adjacent properties in similar rocks, and assays based on historical work in surface sampling and drilling, are not representative of the mineralization on the property, and have not been verified and should not be relied upon.*

Qualified Person

Catherine Fitzgerald, P.Geo., a Qualified Person under National Instrument 43-101, is the Qualified Person responsible for reviewing and approving the technical contents of this news release as they pertain to the Mustang and Virginia properties.

About Sky Gold Corp.

Sky Gold Corp. is a junior mineral exploration company engaged in acquiring and advancing mineral properties in Canada and the USA. In addition to the Company's Newfoundland properties, the Company also owns the Evening Star property, located 12 km southeast of Hawthorne, NV, which is prospective for gold mineralization and CRD (Carbonate Replacement Deposit) base and precious (silver and gold) mineralization.

ON BEHALF OF THE BOARD

"Mike England"

Mike England, CEO & Director

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