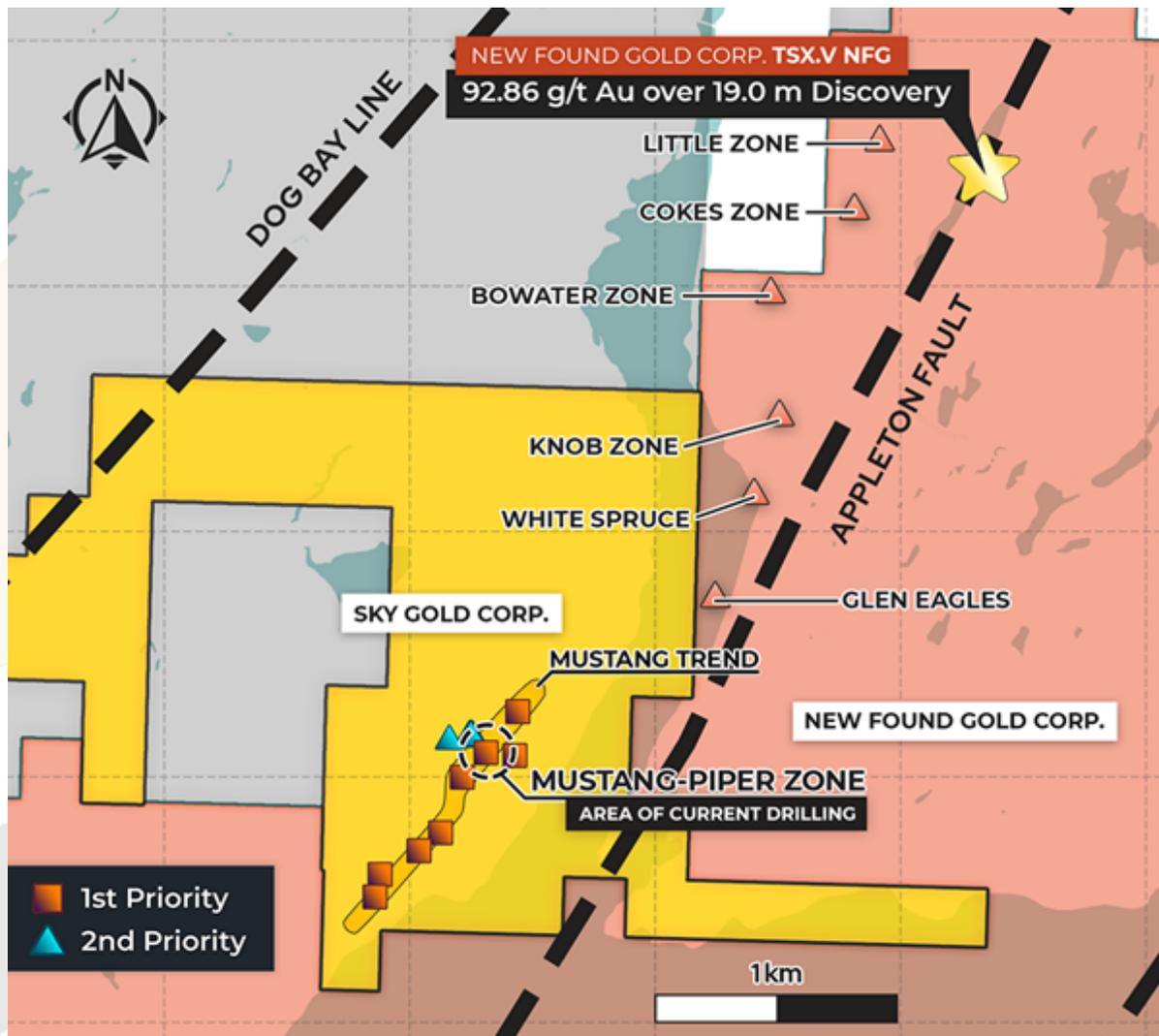


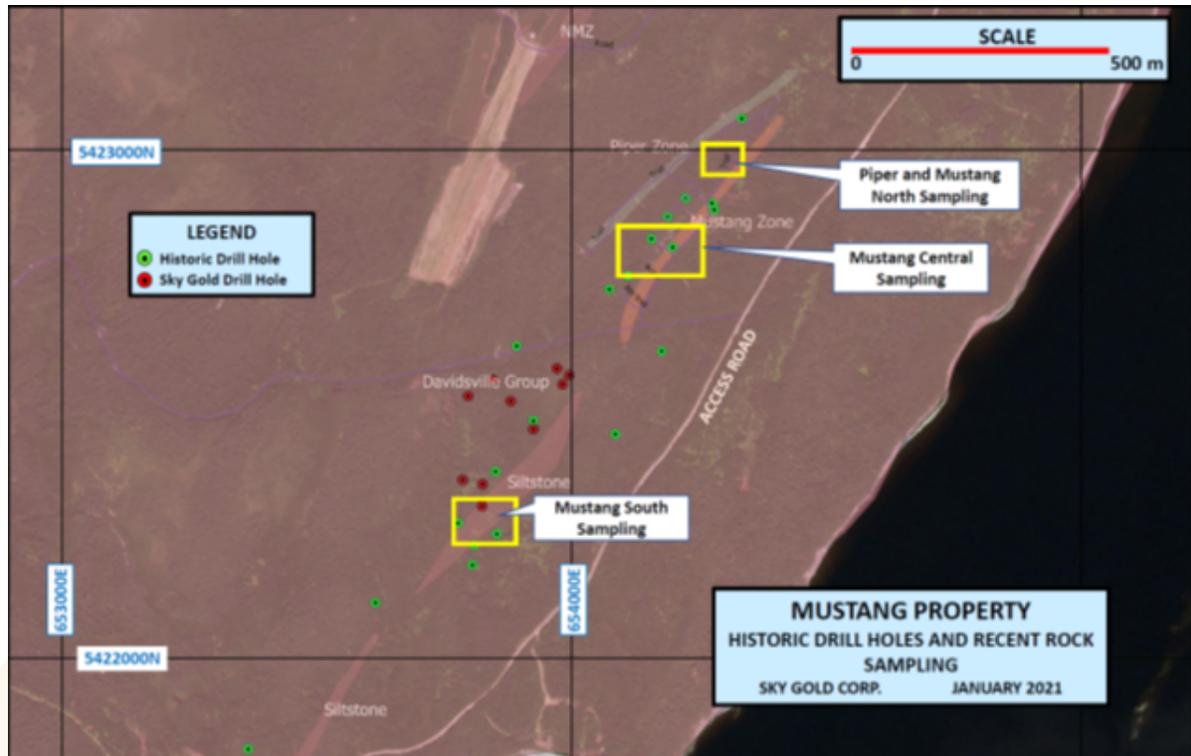


## SKY GOLD REPORTS SURFACE ROCK GRAB SAMPLES UP TO 12.14 AU G/T FROM THE MUSTANG PROJECT, NEWFOUNDLAND

Vancouver, British Columbia - January 25, 2021 - Sky Gold Corp. (TSX-V: SKYG) (US:SRKZF) ("Sky Gold Corp." or the "Company") is pleased to report surface rock samples assay results from the prospecting and geological mapping activities on the Company's Mustang Property contiguous to the Queensway Gold Project, owned by New Found Gold Corp. ("New Found Gold").



In total 296 samples were taken over several targets on the Property. Sampling presented in this press release was conducted over approximately 1.25 kilometers of the Mustang (and parallel) zones with encouraging gold values over three prospective areas. Most samples comprised quartz veining, brecciation and silicification material, and quartz stockwork, with associated sulphides (pyrite, arsenopyrite, and sphalerite). Samples from other targets areas are being reviewed and the data compiled.



### Mustang South

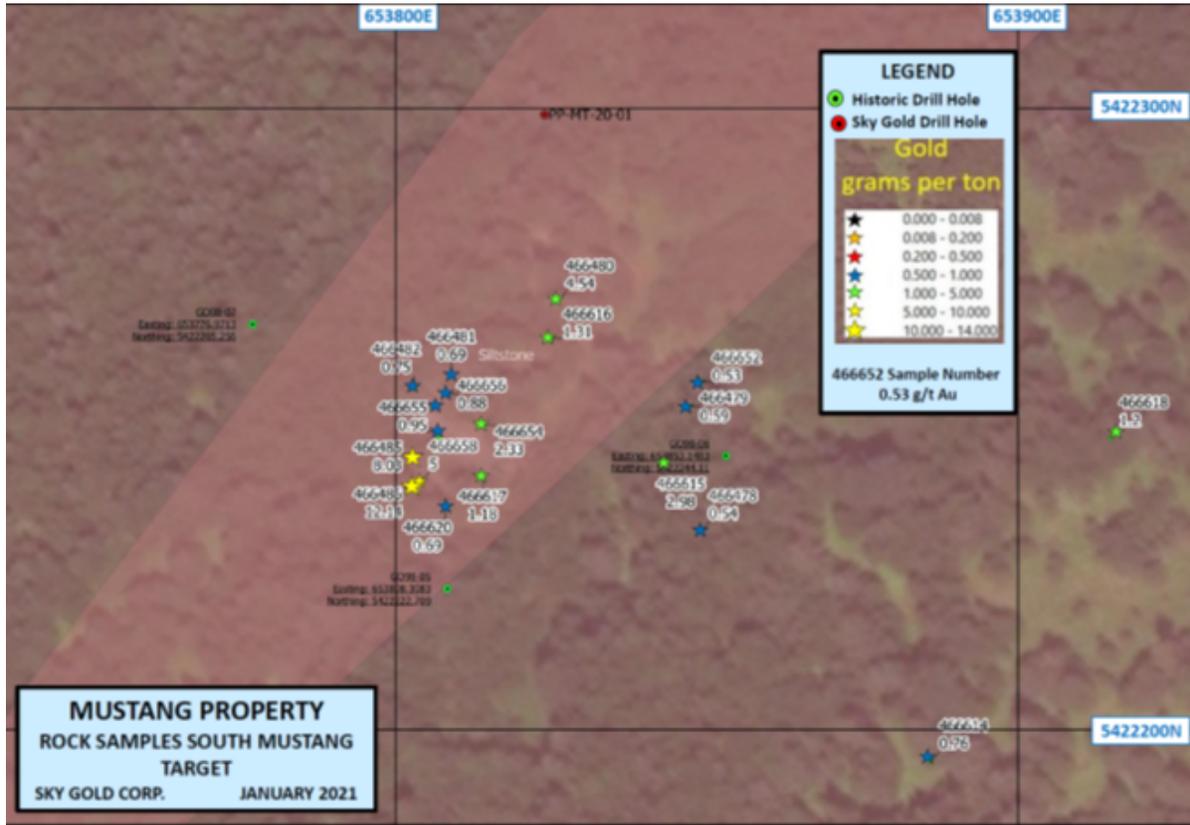
A total of 24 rock samples were collected across roughly northwest-southeast trending lines while prospecting and geologic mapping over the Mustang South portion of the Mustang Zone, with 16 samples averaging 2.68 grams gold per tonne (Au g/t) with a peak value of 12.14 Au g/t, with a range from 0.10 Au g/t to 12.14 Au g/t. Eight samples were collected east of the Mustang zone suggesting the presence of parallel mineralized zones. These samples averaged 1.05 Au g/t with a range from 0.44 Au g/t to 2.98 Au g/t.

Mustang South Target

Sample #	Easting	Northing	Description	Type	Au g/t
466616	653825	5422263	Mustang South	Outcrop-grab	1.31
466480	653826	5422269	Mustang South	Subcrop-grab	4.54
466481	653809	5422257	Mustang South	Outcrop-grab	0.69
466482	653803	5422255	Mustang South	Outcrop-grab	0.75
466656	653808	5422254	Mustang South	Outcrop-grab	0.88
466655	653807	5422248	Mustang South	Outcrop-grab	0.95
466764	653806	5422247	Mustang South	Outcrop-grab	0.74
466654	653814	5422249	Mustang South	Outcrop-grab	2.33
466485	653803	5422244	Mustang South	Subcrop-grab	8.03
466657	653807	5422247	Mustang South	Outcrop-grab	1.14
466658	653804	5422240	Mustang South	Outcrop-grab	5.00
466617	653814	5422241	Mustang South	Outcrop-grab	1.18
466765	653812	5422240	Mustang South	Subcrop-grab	2.52
466619	653810	5422239	Mustang South	Outcrop-grab	0.10
466486	653803	5422239	Mustang South	Outcrop-grab	12.14
466620	653808	5422236	Mustang South	Outcrop-grab	0.69
<b>Mustang South - From SW to NE Extent Approx. 50 meters</b>				<b>Average</b>	<b>2.68</b>

Mustang South Target - Eastern Portion

Sample #	Easting	Northing	Description	Type	Au g/t
466760	653843	5422255	Mustang S East	Subcrop-grab	1.38
466762	653827	5422241	Mustang S East	Subcrop-grab	0.44
466615	653843	5422243	Mustang S East	Outcrop-grab	2.98
466652	653849	5422256	Mustang S East	Subcrop-grab	0.53
466478	653849	5422232	Mustang S East	Subcrop-grab	0.54
466614	653886	5422195	Mustang S Far East	Outcrop-grab	0.76
466618	653915	5422247	Mustang S Far East	Outcrop-grab	1.20
466479	653847	5422252	Mustang S East	Subcrop-grab	0.59
<b>Mustang South - East - possible parallel zones</b>				<b>Average</b>	<b>1.05</b>



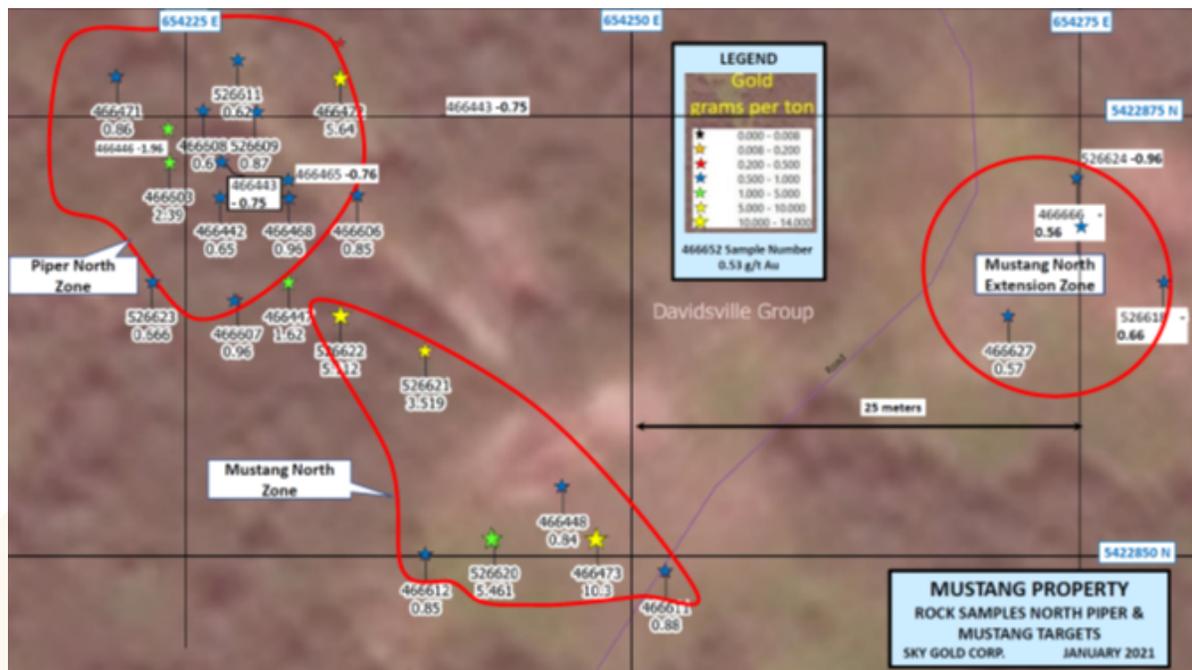
### Mustang Central

A total of 18 samples were taken over the Mustang Central portion of the Mustang Zone, averaging 1.31 Au g/t, with a range from 0.17 Au g/t to 3.42 Au g/t. Samples were taken across the width of the projected target zone, over a strike length of approximately 260 meters from the northeast to southwest extent.

Sample #	Easting	Northing	Description	Type	Au g/t
466493	654179	5422827	Mustang Central NE	Outcrop-grab	0.63
466771	654175	5422811	Mustang Central	Subcrop-grab	3.42
466770	654175	5422809	Mustang Central	Subcrop-grab	0.52
466665	654183	5422805	Mustang Central	Subcrop-grab	0.17
466625	654176	5422799	Mustang Central	Outcrop-grab	1.21
466769	654180	5422795	Mustang Central	Outcrop-grab	1.83
466663	654170	5422790	Mustang Central	Subcrop-grab	0.37
466491	654171	5422793	Mustang Central	Subcrop-grab	2.26
466660	654152	5422772	Mustang Central	Outcrop-grab	0.54
466490	654160	5422781	Mustang Central	Outcrop-grab	3.38



Sample #	Easting	Northing	Description	Type	Au g/t
526622	654234	5422863	North Mustang	Trench 1	5.11
526621	654239	5422860	North Mustang	Trench 1	3.52
466448	654246	5422854	North Mustang	Outcrop-grab	0.84
466473	654248	5422851	North Mustang	Outcrop-grab	10.30
466611	654252	5422849	North Mustang	Outcrop-grab	0.88
466612	654238	5422850	North Mustang	Subcrop-grab	0.85
<b>Mustang North Zone - across approx 20 meters</b>				<b>Average</b>	<b>3.58</b>



Sample #	Easting	Northing	Description	Type	Au g/t
526624	654276	5422872	North Mustang	trench 2	0.96
466666	654276	5422869	North Mustang	Outcrop-grab	0.56
466627	654272	5422864	North Mustang	Outcrop-grab	0.57
526618	654280	5422867	North Mustang	trench 2	0.77
<b>Mustang North Extension Zone - across approx 10 meters</b>				<b>Average</b>	<b>0.71</b>

Sample #	Easting	Northing	Description	Type	Au g/t
526611	654227	5422879	North Piper Zone	0.5 m channel	0.62
466472	654233	5422878	North Piper Zone	Outcrop-grab	5.64
526609	654228	5422876	North Piper Zone	0.5 m channel	0.87
466471	654220	5422878	North Piper Zone	Outcrop-grab	0.86
466752	654223	5422875	North Piper Zone	Subcrop-grab	1.45
466446	654226	5422874	North Piper Zone	Subcrop-grab	1.59
466465	654230	5422872	North Piper Zone	Float-grab	0.76
466443	654229	5422871	North Piper Zone	Outcrop-grab	0.75
466466	654226	5422873	North Piper Zone	Subcrop-grab	0.94
466467	654221	5422873	North Piper Zone	Subcrop-grab	0.00
466468	654230	5422871	North Piper Zone	Outcrop-grab	0.96
466606	654234	5422871	North Piper Zone	Outcrop-grab	0.85
466603	654223	5422873	North Piper Zone	Outcrop-grab	2.39
466442	654226	5422871	North Piper Zone	Outcrop-grab	0.65
466447	654230	5422866	North Piper Zone	Outcrop-grab	1.62
466607	654227	5422865	North Piper Zone	Outcrop-grab	0.96
<b>Piper North Zone - across approx 15 m by 15 m area</b>				<b>Average</b>	<b>1.31</b>

Company President and CEO Mike England commented "These surface results confirm the significant gold values at surface and assist in designing the drill program to test the Mustang Zone at depth and along strike."

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.

All rock samples were secured delivered to Eastern Analytical Laboratory in Springdale, Newfoundland, for analysis, an ISO/IEC17025 accredited laboratory. QA/QC included the systematic insertion of certified standards and blanks. Samples were analyzed for the ICP-34 package (34 element 4 acid leach, ICP-OES finish) and the Fire Assay (30g) with AA finish. Eastern Analytical also provides its own internal QA/QC protocol of blanks, duplicates and standards in each work order, which is supplied to the Company.

## 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 Au g/t 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 Au g/t, and a second showing comprised a sheared gabbro returned a grab sample up to 109.6 Au g/t\*.

### 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 Au g/t 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 Au g/t over 11.3 metres, 0.67 Au g/t over 18.3 metres and 0.92 Au g/t 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, and Independent Director of Sky Gold, 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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release.

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