

VANCOUVER, BC, August 13, 2008 -- Skye Resources Inc. ("Skye" or the "Company") (TSX:SKR) today released a report on its second quarter activities, an update on its proposed merger with HudBay Minerals Inc. ("HudBay") (TSX:HBM) and its unaudited consolidated interim financial statements for the three and six months ended June 30, 2008.

### **Second Quarter Activities**

On June 23, 2008, Skye entered into an Arrangement Agreement with HudBay to combine their respective businesses. On June 27, 2008, HudBay acquired 12,679,266 Skye Shares at an issue price of C\$7.51 per share for gross proceeds to Skye of approximately C\$95.2 million. These proceeds are being used to ramp up the full engineering, procurement and construction activities at the Fenix Project, including the reactivation of long lead time equipment orders that had been suspended and Skye has directed Hatch Ltd. to resume activities under the engineering, procurement, and construction management contract.

### **Update on Proposed Arrangement Agreement with HudBay**

A meeting of Skye shareholders, optionholders and holders of Deferred Share Units has been set for August 19, 2008 to approve the Arrangement Agreement between Skye and HudBay. A management proxy circular dated July 18, 2008 containing details of the transaction was mailed to holders of record on July 16, 2008.

An Advance Ruling Certificate has been received from the Commissioner of Competition which indicates that the commissioner will not apply to the Competition Tribunal under Section 92 of the Competition Act.

Subject to the approval at the meeting, a final hearing on the arrangement will be held by the Supreme Court of British Columbia, currently anticipated to be August 22, 2008, with closing of the arrangement expected to occur by the end of August.

Security holders should refer to Skye's management proxy circular dated July 18, 2008 and filed on SEDAR for further information regarding the proposed business combination with HudBay.

### **2008 Second Quarter Financial Results**

(all amounts are in U.S. dollars unless otherwise indicated)

Skye had a loss of \$6,660,000 and \$17,576,000 respectively for the three and six months ended June 30, 2008 (basic and diluted loss per share of \$0.13 and \$0.34) compared with a loss of \$5,888,000 and \$11,619,000 for the three and six months ended June 30, 2007 (basic and diluted loss per share of \$0.13 and \$0.27). The loss for the three and six month periods in 2008 relate principally to exploration and development costs for the Fenix Project, salaries and stock-based compensation expense and project financing costs. As at June 30, 2008, Skye had net working capital of \$133,579,000. In the quarter, the

Company capitalized \$11,035,000 of Fenix Project direct development costs (engineering, project management and procurement costs) bringing the total capitalized expenditures to date to \$ 83,376,000.

Skye's unaudited consolidated interim financial statements and Management's Discussion and Analysis (MD&A) for the three and six months ended June 30, 2008 will be filed on SEDAR and available for download at [www.sedar.com](http://www.sedar.com).

## About Skye

Skye's principal asset is the world class Fenix Nickel Project (the "Fenix Project") in Guatemala, which includes 41.4 million tonnes of reserves. Skye acquired the rights to the Fenix Project in December 2004 and has completed a feasibility study for a ferro-nickel project using proven conventional smelting technology. Environmental and construction permits for the project have been received, basic engineering is complete, detailed engineering is approximately 50% complete and Skye is preparing to initiate construction.

**Cautionary Notice:** This news release contains "forward-looking information" within the meaning of applicable Canadian securities legislation and United States securities laws. Forward-looking information includes, but is not limited to, information concerning the proposed business combination between HudBay and Skye and matters relating thereto as well as statements concerning Skye's plans, objectives, strategies, expectations and intentions. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved". Forward-looking information is based on the opinions and estimates of management at the date the information is made, and is based on a number of assumptions and subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking information. Assumptions upon which such forward-looking information is based include, without limitation, that the shareholders of Skye will approve the transaction with HudBay, that all required third party regulatory and governmental approvals to the transaction will be obtained and all other conditions to completion of the transaction will be satisfied or waived as well as assumptions about costs and metal prices. Many of these assumptions are based on factors and events that are not within the control of Skye and there is no assurance they will prove to be correct. Factors that could cause actual results to vary materially from results anticipated by such forward-looking information include changes in market conditions, failure to construct the mine facilities within the time frame and costs as planned, variations in ore grade or recovery rates, risks relating to international operations, fluctuating metal prices and currency exchange rates, fluctuations in power, fuel and other commodity prices, changes in project parameters, the possibility of project cost overruns or unanticipated costs and expenses, unavailability of key personnel, skilled labor, supplies, equipment, machinery, parts, contractors and necessary components of Skye's project, delays in obtaining or failures to obtain required governmental, environmental or other project permits, licenses or approvals, political factors, changes in tax or mining laws, failure to build and maintain good relationships with the local community, illegal land occupations, civil disturbances, changes in the regulatory environment, labour disputes and other risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, the business of Skye and HudBay not being integrated successfully or such integration proving more difficult, time consuming or costly than expected as well as those risk factors discussed in Skye's Annual Information Form for the year ended December 31, 2007 available at [www.sedar.com](http://www.sedar.com). Although Skye has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Skye undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking information.

## FOR FURTHER INFORMATION PLEASE CONTACT:

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