



**Cygnus Gold Limited
ACN 609 094 653**

Notice of General Meeting

A general meeting of the Company will be held as follows:

Time and date: 10.00 am (AWST) on Wednesday, 28 September 2022

Location: at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their suitably qualified advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 6118 1627.

Shareholders are urged to vote by lodging the Proxy Form

Cygnus Gold Limited
ACN 609 094 653
(Company)

Notice of General Meeting

Notice is hereby given that a general meeting of Shareholders of Cygnus Gold Limited will be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 on Wednesday, 28 September 2022 at 10.00am (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 26 September 2022 at 5.00pm (AWST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

1 Resolutions

Resolution 1 – Ratification of issue of Tranche 1 Placement Shares

To consider and, if thought fit, to pass with or without amendment, each as a **separate** ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:

- (a) 17,500,000 Placement Shares issued under Listing Rule 7.1; and
- (b) 11,700,000 Placement Shares issued under Listing Rule 7.1A,

on the terms and conditions in the Explanatory Memorandum.'

Resolution 2 – Approval of issue of Tranche 2 Placement Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 2,240,000 Tranche 2 Placement Shares, on the terms and conditions in the Explanatory Memorandum.'

Resolution 3 – Approval of issue of Director Placement Shares

To consider and, if thought fit, to pass without or without amendment, each as a **separate** ordinary resolution the following:

'That, pursuant to and in accordance with Listing Rule 10.11 and section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of the Director Placement Shares to the Directors (or their respective nominees) as follows:

- (a) *up to 400,000 Director Placement Shares to Raymond Shorrocks;*
- (b) *up to 400,000 Director Placement Shares to Michael Bohm;*
- (c) *up to 400,000 Director Placement Shares to Shaun Hardcastle; and*
- (d) *up to 800,000 Director Placement Shares to Michael Naylor,*

on the terms and conditions in the Explanatory Memorandum.'

Resolution 4 – Approval of issue of Director Performance Rights

To consider and, if thought fit, to pass without or without amendment, each as a **separate** ordinary resolution the following:

'That the issue of:

- (a) *up to 8,000,000 Performance Rights to Michael Naylor (or his nominee); and*
- (b) *up to 1,000,000 Performance Rights to Raymond Shorrocks (or his nominee),*

is approved under and for the purposes of Listing Rule 10.11, section 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 5 – Approval of issue of Employee Performance Rights

To consider and, if thought fit, to pass without or without amendment, as an ordinary resolution the following:

'That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 17,000,000 Performance Rights to employees and consultants of the Company on the terms and conditions set out in the Explanatory Memorandum.'

Resolution 6 – Approval of issue of Advisor Securities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 2,000,000 Shares and up to 6,000,000 Options to the Lead Manager (or its nominee) on the terms and conditions set out in the Explanatory Memorandum."

Resolution 7 – Approval of Employee Securities Incentive Plan

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That, pursuant to and in accordance with exception 13(b) of Listing Rule 7.2 and for all other purposes, Shareholders approve the new employee securities incentive scheme of the Company known as the ‘Cygnus Gold Employee Securities Incentive Plan’ and the issue of Securities under that plan, on the terms and conditions in the Explanatory Memorandum.”

Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) Resolution 1(a) and (b) by or on behalf of a person who participated in the issue of the Tranche 1 Placement Shares, or any of their respective associates;
- (b) Resolution 2 by or on behalf of any person expected to participate in, or who will obtain a material benefit as a result of, the issue of the Tranche 2 Placement Shares, or any of their respective associates;
- (c) Resolution 3(a) by or on behalf of Raymond Shorrocks and any other person who will obtain a material benefit as a result of the issue of these Director Placement Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (d) Resolution 3(b) by or on behalf of Michael Bohm and any other person who will obtain a material benefit as a result of the issue of these Director Placement Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (e) Resolution 3(c) by or on behalf of Shaun Hardcastle and any other person who will obtain a material benefit as a result of the issue of these Director Placement Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (f) Resolution 3(d) by or on behalf of Michael Naylor and any other person who will obtain a material benefit as a result of the issue of these Director Placement Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (g) Resolution 4(a) by or on behalf of Michael Naylor and any other person who will obtain a material benefit as a result of the issue of these Director Performance Rights (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (h) Resolution 4(b) by or on behalf of Raymond Shorrocks and any other person who will obtain a material benefit as a result of the issue of these Director Performance Rights (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (i) Resolution 5 by or on behalf of any person expected to participate in, or who will obtain a material benefit as a result of, the issue of the Employee Performance Rights, or any of their respective associates;
- (j) Resolution 6 by or on behalf of the Lead Manager and any other person who will obtain a material benefit as a result of the issue of the Advisor Securities, or any of their respective associates; and
- (k) Resolution 7 by or on behalf of a person who is eligible to participate in the Plan, or any of their respective associates.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting prohibitions

Resolution 4(a) and (b) and Resolution 5: In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in respect of Resolution 4(a) and (b), in accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

The above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: if the Chair is a person referred to in the voting prohibition statement above (section 224 of the Corporations Act), the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution. If you purport to cast a vote other than as permitted above, that vote

will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'Michael Naylor', written in a cursive style.

Michael Naylor
Executive Director
Cygnus Gold Limited
Dated: 26 August 2022

Cygnus Gold Limited
ACN 609 094 653
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 on Wednesday, 28 September 2022 at 10.00am (AWST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1(a) and (b) – Ratification of issue of Tranche 1 Placement Shares
Section 4	Resolution 2 – Approval of issue of Tranche 2 Placement Shares
Section 5	Resolution 3(a), (b), (c) and (d) – Approval of issue of Director Placement Shares
Section 6	Resolution 4(a) and (b) – Approval of issue of Director Performance Rights
Section 7	Resolution 5 – Approval of issue of Employee Performance Rights
Section 8	Resolution 6 – Approval of issue of Advisor Securities
Section 9	Resolution 7 – Approval of Employee Securities Incentive Plan
Schedule 1	Definitions
Schedule 2	Terms and conditions of Performance Rights
Schedule 3	Terms and conditions of Advisor Options
Schedule 4	Valuation of Director Performance Rights
Schedule 5	Summary of Employee Securities Incentive Plan

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolution.

2.1 Voting in person

To vote in person, attend the Meeting on the date and at the place set out above.

2.2 Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (b) the appointed proxy is not the chair of the meeting;

- (c) at the meeting, a poll is duly demanded, or is otherwise required under section 250JA on the resolution; and
- (d) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

2.3 **Chair's voting intentions**

If the Chair is your proxy, either by appointment or by default, and you have not indicated your voting intention, you expressly authorise the Chair to exercise the proxy in respect of Resolution 4(a) and (b) and Resolution 5 even though these Resolutions are connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

Subject to the following paragraph, the Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under section 224 of the Corporations Act, the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form for that Resolution.

2.4 **Submitting questions**

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at admin@cygnusgold.com by Monday, 26 September 2022.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

3. **Resolution 1(a) and (b) – Ratification of issue of Tranche 1 Placement Shares**

3.1 **General**

On 29 July 2022, the Company announced that it had entered an earn-in agreement with Stria Lithium Inc. (TSX-V: SRA.P) whereby the Company will have the opportunity to earn a 70% interest in the Pontax Lithium Project in Quebec, Canada (**Pontax Acquisition**) (refer to the announcement titled ‘Cygnus poised for rapid growth after game-changing deal to acquire high-grade lithium spodumene project’). On the same date and in connection with the Pontax Acquisition, the Company announced a placement to raise \$4,180,000 (before costs) through the issue of up to 33,440,000 Shares (**Placement Shares**) at an issue price of \$0.125 (**Placement**).

Canaccord was engaged to provide corporate advisory services in connection with the Pontax Acquisition and to act as lead manager to the Placement (**Lead Manager**). Pursuant to a lead manager mandate between the Company and the Lead Manager dated 23 July 2022 (**Lead Manager Mandate**), the Company agreed to pay fees to the Lead Manager comprising:

- (a) a capital raising fee of 5.0% of the gross funds raised under the Placement; and
- (b) a corporate advisory fee consisting of 2,000,000 Shares and 6,000,000 Options (the subject of Resolution 6).

The Placement comprises the following two tranches:

- (c) Tranche 1: 29,200,000 Placement Shares issued without Shareholder approval under the Company’s available Listing Rule 7.1 and 7.1A placement capacity (the subject of Resolution 1(a) and (b)) (**Tranche 1 Placement Shares**); and
- (d) Tranche 2: 4,240,000 Placement Shares, consisting of:
 - (i) 2,240,000 Placement Shares to be issued to unrelated parties of the Company subject to Shareholders approving Resolution 2 (**Tranche 2 Placement Shares**); and
 - (ii) 2,000,000 Placement Shares to be issued to certain Directors of the Company who wish to participate in the Placement subject to Shareholders approving Resolution 3(a), (b), (c) and (d) (**Director Placement Shares**).

On 8 August 2022, the Company issued the Tranche 1 Placement Shares as follows:

- (a) 17,500,000 Shares issued using the Company’s 15% placement capacity under Listing Rule 7.1; and
- (b) 11,700,000 Shares issued using the Company’s 10% placement capacity under Listing Rule 7.1A.

Resolution 1(a) and (b) seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Tranche 1 Placement Shares.

3.2 Listing Rules 7.1, 7.1A and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained this approval at its annual general meeting held on 27 May 2022.

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions to Listing Rules 7.1 and 7.1A and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1 and 10% placement capacity under Listing Rule 7.1A. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under those Listing Rules for the 12 month period following the issue of the Tranche 1 Placement Shares.

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A.

The effect of Shareholders passing Resolution 1(a) and (b) will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% additional placement capacity set out in Listing Rule 7.1 and the 10% additional placement capacity under Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

The effect of Shareholders passing Resolution 1(a) and (b) will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity under Listing Rule 7.1 and the additional 10% annual placement capacity under Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

If Resolution 1(a) is passed, 17,500,000 Tranche 1 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 1(b) is passed, 11,700,000 Tranche 1 Placement Shares will be excluded in calculating the Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date (assuming the Company's approval under Listing Rule 7.1A remains in force for this period).

If Resolution 1(a) is not passed, 17,500,000 Tranche 1 Placement Shares will continue to be included in the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 17,500,000 Equity Securities for the 12 month period following the issue of the Tranche 1 Placement Shares.

If Resolution 1(b) is not passed, 11,700,000 Tranche 1 Placement Shares will continue to be included in the Company's 10% limit in Listing Rule 7.1A, effectively decreasing the number of

Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 11,700,000 Equity Securities for the 12 month period following the issue of the Tranche 1 Placement Shares (assuming the Company's approval under Listing Rule 7.1A remains in force for this period).

3.3 **Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Tranche 1 Placement Shares:

- (a) The Placement Shares were issued to sophisticated and institutional investors, none of whom is a related party or a Material Investor. The participants in the Placement were identified through a bookbuild process, which involved the Lead Manager seeking expressions of interest to participate in the Placement from existing contacts of the Company and clients of the Lead Managers (**Placement Participants**).
- (b) A total of 29,200,000 Tranche 1 Placement Shares were issued as follows:
 - (i) 17,500,000 Tranche 1 Placement Shares were issued using the Company's placement capacity under Listing Rule 7.1; and
 - (ii) 11,700,000 Tranche 1 Placement Shares were issued using the Company's placement capacity under Listing Rule 7.1A.
- (c) The Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Tranche 1 Placement Shares were issued on 8 August 2022.
- (e) The Tranche 1 Placement Shares were issued at a price of \$0.125 per Share.
- (f) The proceeds of the Placement have been and are intended to be applied towards:
 - (i) exploration, including drilling and geophysics at the Pontax Lithium Project;
 - (ii) C\$1,000,000 for the option to earn in to the Pontax Lithium Project;
 - (iii) exploration at the Bencubbin Project; and
 - (iv) general working capital.
- (g) There are no other material terms to the agreement for the subscription of the Placement Shares.
- (h) A voting exclusion statement is included in the Notice.

3.4 **Additional information**

Resolution 1(a) and (b) are separate ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolution 1(a) and (b).

4. **Resolution 2 – Approval of issue of Tranche 2 Placement Shares**

4.1 **General**

The background to the Placement is summarised in Section 3.1.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 2,240,000 Tranche 2 Placement Shares.

4.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is in Section 3.2 above.

The effect of Shareholders passing Resolution 2 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% additional placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares without using its available capacity under Listing Rule 7.1 or 7.1A.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares without using its available capacity under Listing Rule 7.1 or 7.1A.

4.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Tranche 2 Placement Shares:

- (a) The Tranche 2 Placement Shares will be issued to the Placement Participants described in Section 3.1, none of whom is a related party of the Company or a Material Investor.
- (b) A maximum of 2,240,000 Tranche 2 Placement Shares will be issued.
- (c) The Tranche 2 Placement Shares are fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (d) The Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting.
- (e) The Tranche 2 Placement Shares will be issued at a price of \$0.125 each.
- (f) A summary of the intended use of funds raised from the Placement is in Section 3.1.
- (g) There are no other material terms to the agreement for the subscription of the Tranche 2 Placement Shares.
- (h) A voting exclusion statement is included in the Notice.

4.4 **Additional information**

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

5. **Resolution 3(a), (b), (c) and (d) – Approval of issue of Director Placement Shares**

5.1 **General**

The background to the proposed issue of the Director Placement Shares is in Section 3.1 above.

Resolution 3(a), (b), (c) and (d) seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 2,000,000 Director Placement Shares to the participating Directors (or their respective nominees).

The Directors have committed a total of \$250,000 under the Placement. The Director Placement Shares will be issued in the following proportions:

Director	Amount committed to the Placement	Number of Director Placement Shares
Raymond Shorrocks	\$50,000	400,000
Michael Bohm	\$50,000	400,000
Shaun Hardcastle	\$50,000	400,000
Michael Naylor	\$100,000	800,000

5.2 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to any of the following persons without the approval of its Shareholders:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule

10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5).

The Directors are related parties of the Company by virtue of being Directors. Shareholder approval pursuant to Listing Rule 10.11 is therefore required unless an exception applies. It is the view of the Board that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Placement Shares as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Director Placement Shares to the Directors (or their respective nominees) will not be included in the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

The effect of Shareholders passing Resolution 3(a), (b), (c) and (d) will be to allow the Company to issue the Director Placement Shares, raising \$250,000 (before costs).

If Resolution 3(a), (b), (c) and (d) are not passed, the Company will not be able to proceed with the issue of the Director Placement Shares, and will not receive the additional \$250,000 committed by the Directors.

5.3 **Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Director Placement Shares:

- (a) The Director Placement Shares will be issued to Raymond Shorrocks, Michael Bohm, Shaun Hardcastle and Michael Naylor (or their respective nominees).
- (b) The Directors fall into the category stipulated by Listing Rule 10.11.1 by virtue of being Directors of the Company.
- (c) A maximum of 2,000,000 Director Placement Shares will be issued to the Directors (or their respective nominees) in the manner and form set out in Section 5.1 above.
- (d) The Director Placement Shares will be fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (e) The Director Placement Shares will be issued no later than one month after the date of the Meeting.
- (f) The Director Placement Shares are proposed to be issued at an issue price of \$0.125 each, being the same price at which the Placement Shares were issued to other participants in the Placement.
- (g) A summary of the intended use of funds raised under the Placement is in Section 3.3(f) above.
- (h) The proposed issue of the Director Placement Shares is not intended to remunerate or incentivise the Directors.
- (i) There are no other material terms to the proposed issue of the Director Placement Shares.
- (j) A voting exclusion statement is included in the Notice.

5.4 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Director Placement Shares constitutes giving a financial benefit to related parties of the Company.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Placement Shares because the Shares will be issued on the same terms as those Shares issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

5.5 Additional information

Each of Resolution 3(a), (b), (c) and (d) are ordinary resolutions.

The Directors decline to make a recommendation to Shareholders in relation to Resolution 3(a)-(d) (inclusive) due to their personal interests in the outcome of the Resolutions.

6. Resolution 4(a) and (b) – Approval of issue of Director Performance Rights

6.1 General

The Company is proposing, subject to obtaining Shareholder approval, to issue up to 8,000,000 Performance Rights to Mr Michael Naylor (or his nominee) and 1,000,000 Performance Rights to Mr Raymond Shorrocks (or his nominee) (together, the **Director Performance Rights**).

The Board considers that the proposed issue of the Director Performance Rights is reasonable in the circumstances in order to further align the interests of Mr Naylor and Mr Shorrocks with those of the Shareholders and to provide appropriate remuneration for these Directors' ongoing commitment and contribution to the Company whilst minimising the expenditure of the Company's cash resources.

Resolution 4(a) and (b) seek Shareholder approval pursuant to Listing Rule 10.11 and section 208 of the Corporations Act for the issue of up to 8,000,000 Performance Rights to Mr Naylor and 1,000,000 Performance Rights to Mr Shorrocks (or their respective nominees).

6.2 Listing Rule 10.11

A summary of Listing Rule 10.11 is in Section 5.1 above.

Mr Naylor and Mr Shorrocks are each a related party of the Company by virtue of being a Director. As the issue of the Director Performance Rights involves the issue of Securities to a related party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies.

If Resolution 4(a) and (b) are passed, the Company will be able to proceed with the issue of the Director Performance Rights to the respective Directors.

If Resolution 4(a) and (b) are not passed, the Company will not will not be able to proceed with the issue of the relevant Director Performance Rights and the Company may consider other forms of remuneration, including by the payment of cash.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of the Director Performance Rights will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

6.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Performance Rights:

- (a) The Director Performance Rights will be issued to Mr Michael Naylor and Mr Raymond Shorrocks (or their respective nominees).
- (b) Mr Naylor and Mr Shorrocks are each a related party of the Company by virtue of being a Director and fall into the category stipulated by Listing Rule 10.11.1. In the event the Director Performance Rights are issued to a nominee of these Directors, that person will fall into the category stipulated by Listing Rule 10.11.4.
- (c) An aggregate maximum of 9,000,000 Director Performance Rights will be issued to Mr Naylor and Mr Shorrocks (or their respective nominees) in the proportions in Section 6.1.
- (d) The Director Performance Rights are subject to the following performance milestones and are otherwise subject to the terms and conditions in Schedule 2:

Performance Rights	Milestone	Milestone Date ¹	Expiry Date
4,500,000 ⁽²⁾	The Company reporting a JORC compliant Inferred Mineral Resource of 5Mt at a minimum grade of 0.8% Li ₂ O.	4 years	5 years
4,500,000 ⁽³⁾	The Company reporting a JORC compliant Inferred Mineral Resource of 10Mt at a minimum grade of 0.8% Li ₂ O.	4 years	5 years

Notes:

1. The performance rights will not vest unless the relevant Milestone is satisfied prior to the Milestone Date.

2. Comprising 500,000 Performance Rights to be issued to Mr Shorrocks and 4,000,000 Performance Rights to be issued to Mr Naylor.
 3. Comprising 500,000 Performance Rights to be issued to Mr Shorrocks and 4,000,000 Performance Rights to be issued to Mr Naylor.
- (e) The Director Performance Rights will be issued no later than one month after the date of the Meeting.
- (f) The Director Performance Rights will be issued for nil consideration as they will be issued as part of the Directors' respective remuneration packages.
- (g) The purpose of the issue of the Director Performance Rights is to provide an incentive component to Mr Naylor and Mr Shorrocks' respective remuneration packages and align their interests with those of Shareholders. The Board considers that the number of Director Performance Rights to be granted to the Directors is commensurate with the value to the Company and is an appropriate method to provide cost effective remuneration.
- (h) The relevant Directors' current total remuneration (exclusive of superannuation) is:
- (i) Mr Michael Naylor:
 - (A) \$120,000 per annum as Executive Director; and
 - (B) Blue Leaf Corporate Pty Ltd (**Blue Leaf**), an entity controlled by Mr Naylor, is engaged to provide company secretarial services for a fee of \$10,500 per month (exclusive of GST). The Company Secretary and CFO, Sue Field, is contracted by Blue Leaf to provide these services to the Company; and
 - (i) Mr Raymond Shorrocks: \$75,000 per annum as Non-Executive Director.
- (i) The Director Performance Rights will not be issued under an agreement.
- (j) A voting exclusion statement is included in the Notice.

6.4 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is in Section 5.4.

The issue of the Director Performance Rights constitutes giving a financial benefit and the Directors are each a related party of the Company by virtue of being a Director.

It is the view of the Board that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Director Performance Rights proposed to be issued to the Directors pursuant to Resolution 4(a) and (b).

6.5 Information requirements for Chapter 2E of the Corporations Act

In accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Director Performance Rights:

(a) **Identity of the related parties to whom Resolution 4(a) and (b) permit a financial benefit to be given**

The Director Performance Rights will be issued to Mr Naylor and Mr Shorrocks (or their respective nominees).

(b) **Nature of the financial benefit**

Resolution 4(a) and (b) seek approval from Shareholders to allow the Company to issue up to 8,000,000 Performance Rights to Mr Naylor and up to 1,000,000 Performance Rights to Mr Shorrocks (who are each a related party of the Company).

The Director Performance Rights will be issued on the terms and conditions in Schedule 2.

The Shares to be issued upon vesting and exercise of the Director Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

A valuation of the Performance Rights is set out in Schedule 4.

(d) **Remuneration of Relevant Directors**

The total annual remuneration of each of Mr Naylor and Mr Shorrocks is described in Section 6.3(h) above.

(e) **Existing relevant interests**

At the date of this Notice, the relevant Directors (or their nominees) hold the following relevant interests in Equity Securities of the Company:

Director	Shares	Unquoted Options
Michael Naylor	6,073,179	4,000,000
Raymond Shorrocks	2,715,591	2,000,000

Assuming that the resolutions comprising Resolution 4 are approved by Shareholders and, all of the Director Performance Rights applicable to these Resolutions are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, the interests of Mr Naylor and Mr Shorrocks in the Company would be approximately 9.06% and 2.39% of the Company's expanded capital, respectively.

(f) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest:	\$0.23per Share on 5 August 2022
Lowest:	\$0.115 per Share on 6 October 2021, 7 October 2021 and 13 October 2021

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.215 per Share on 4 August 2022.

(g) **Dilution**

The issue of the Director Performance Rights will have a dilutive effect on the percentage interest of existing Shareholders' holdings if the Director Performance Rights are exercised. The potential dilution effect is summarised below:

Director	Proposed maximum issue of Director Performance Rights	Dilutive effect
Michael Naylor	8,000,000	5.47%
Raymond Shorrocks	1,000,000	0.68%

The above table assumes the current Share capital structure of the Company as at the date of this Notice (being 146,272,271 Shares on 5 August 2022) and that no other Shares are issued other than the Shares issued on exercise of the Director Performance Rights. The exercise of all of the Director Performance Rights will result in a total dilution of all other Shareholders' holdings of 6.15% (assuming that all of the Director Performance Rights are vested and exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Corporate governance**

The Board acknowledges the grant of the Director Performance Rights to Mr Shorrocks as a Non-Executive Director is contrary to Recommendation 8.2 of the 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board considers that the grant of Director Performance Rights is reasonable in the circumstances for the reasons set out in Section 6.1.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Director Performance Rights (including fringe benefits tax).

(j) **Board recommendation**

The Board (other than Michael Naylor and Raymond Shorrocks who have a personal interest in the outcome of these Resolutions) recommends that Shareholders vote in favour of the resolutions which form part of Resolution 4.

6.6 Additional information

Resolution 4(a) and (b) are ordinary resolutions.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass each of Resolution 4(a) and (b).

7. Resolution 5 – Approval of issue of Employee Performance Rights

7.1 General

The Company is proposing, subject to obtaining Shareholder approval, to issue up to 17,000,000 performance rights to employees and consultants of the Company (or their respective nominees) (**Employee Performance Rights**).

A summary of Listing Rule 7.1 is in Section 3.2 above.

The effect of Shareholders passing Resolution 5 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% additional placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Employee Performance Rights.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Employee Performance Rights except to the extent that they fit within the Company's 15% placement capacity permitted under Listing Rule 7.1.

7.2 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Employee Performance Rights:

- (a) The Employee Performance Rights will be issued to unrelated employees and consultants of the Company. For the purposes of paragraph 7.2 of Guidance Note 21 the Company notes that Material Investor, Steve Parsons (a consultant and substantial holder) will be issued 10,000,000 Employee Performance Rights.
- (b) A maximum of 17,000,000 Employee Performance Rights will be issued.
- (c) The Employee Performance Rights are subject to the following performance milestones and are otherwise subject to the terms and conditions in Schedule 2:

Performance Rights	Milestone	Milestone Date	Expiry Date
8,500,000	The Company reporting a JORC compliant Inferred Mineral Resource of 5Mt at a minimum grade of 0.8% Li ₂ O.	4 years	5 years

8,500,000	The Company reporting a JORC compliant Inferred Mineral Resource of 10Mt at a minimum grade of 0.8% Li ₂ O.	4 years	5 years
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Note: The performance rights will not vest unless the relevant Milestone is satisfied prior to the Milestone Date.

- (d) The Employee Performance Rights will be issued no later than 3 months after the date of the Meeting.
- (e) The Employee Performance Rights will be issued for nil cash consideration as they are being issued as an incentive component of the respective recipients' remuneration.
- (f) The Employee Performance Rights are not being issued under an agreement.
- (g) A voting exclusion statement is included in the Notice.

7.3 Additional information

Resolution 5 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 5.

8. Resolution 6 – Approval of issue of Advisor Securities

8.1 General

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 2,000,000 Shares (**Advisor Shares**) and 6,000,000 Options (**Advisor Options**) (together, the **Advisor Securities**) to the Lead Manager in consideration for services provided as lead manager to the Placement and corporate advisory services provided in relation to the Pontax Acquisition (refer to the summary of the Pontax Acquisition Section 3.1).

The Advisor Shares will be subject to voluntary escrow for a period of two years from the date of issue.

The Advisor Options are exercisable as follows and are otherwise subject to the terms and conditions in Schedule 3:

Number	Exercise Price	Expiry Date
1,500,000	\$0.25	3 years from the date of issue
1,500,000	\$0.50	3 years from the date of issue
1,500,000	\$0.75	3 years from the date of issue
1,500,000	\$1.00	3 years from the date of issue

If Resolution 6 is passed, the issue of Advisor Securities can proceed without using up any of the Company's 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

If Resolution 6 is not passed, the issue of Advisor Securities can still proceed, but it will reduce, to the extent of 8,000,000 Equity Securities, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

8.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is in Section 3.2 above.

8.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Advisor Securities:

- (a) The Advisor Securities will be issued to the Lead Manager (or its nominees).
- (b) A maximum of 2,000,000 Advisor Shares and 6,000,000 Advisor Options will be issued subject to Shareholders passing Resolution 6.
- (c) The Advisor Options are exercisable at the prices set out in Section 8.1 and expire three years from the date of issue and will otherwise be issued on the terms and conditions set out Schedule 3.
- (d) The Advisor Shares are fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue.
- (e) The Advisor Securities will be issued within three months after the date of the Meeting.
- (f) The Advisor Securities are being issued in consideration for corporate advisory services. The Lead Manager will pay a nominal amount of \$20 in consideration for the Advisor Securities.
- (g) A summary of the material terms of the Lead Manager Mandate is set out in Section 8.1 above.

(h) A voting exclusion statement is included in the Notice.

8.4 **Additional information**

Resolution 6 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 6.

9. **Resolution 7 – Approval of Employee Securities Incentive Plan**

9.1 **General**

The Company considers that it is desirable to adopt a new employee incentive scheme pursuant to which the Company can issue Equity Securities to attract, motivate and retain key directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company.

Resolution 7 seeks Shareholder approval for the adoption of the new employee incentive scheme titled the Cygnus Gold Employee Securities Incentive Plan (**Plan**) in accordance with Listing Rule 7.2 exception 13(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of the key terms and conditions is in Schedule 5. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

9.2 **Listing Rules 7.1 and 7.2, exception 13(b)**

Broadly speaking, Listing Rule 7.1 limits the ability of a listed entity from issuing or agreeing to issue Equity Securities over a 12 month period which exceeds 15% of the number of fully paid ordinary Shares it had on issue at the start of the 12 month period.

Listing Rule 7.2, exception 13(b), provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of three years from the date on which Shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

Listing Rule 7.2, exception 13(b), ceases to be available to the Company if there is a material change to the terms of the Plan from those set out in this Notice in Schedule 5.

If Resolution 7 is passed, the Company will be able to issue Equity Securities under the Plan pursuant to Listing Rule 7.2, exception 13(b), to eligible participants over a period of three years up to a nominated maximum amount without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

If Resolution 7 is not passed, the Company will not be able to adopt the Plan.

9.3 **Specific information required by Listing Rule 7.2, exception 13(b)**

Pursuant to and in accordance with Listing Rule 7.2, exception 13(b), the following information is provided in relation to the Plan:

- (a) A summary of the material terms of the Plan is in Schedule 5.
- (b) This is the first time the Company is seeking Shareholder approval of the Plan and no Equity Securities have been issued under the Plan as at the date of this Notice. No Equity Securities were issued under the Company's previous employee incentive plan.
- (c) The maximum number of Equity Securities that may be issued under the Plan pursuant to Listing Rule 7.2, exception 13(b) is 12,000,000.
- (d) A voting exclusion statement is included in the Notice.

9.4 **Additional information**

Resolution 7 is an ordinary resolution.

The Board declines to make a recommendation in relation to Resolution 7 due to their personal interests in the outcome of the Resolution.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ or A\$	means Australian Dollars.
Advisor Options	means 6,000,000 Options to be issued to the Lead Manager on the terms and conditions in Schedule 3 subject to Shareholders approving Resolution 6.
Advisor Securities	means the Advisor Shares and Advisor Options.
Advisor Shares	means 2,000,000 Shares to be issued to the Lead Manager subject to Shareholders approving Resolution 6.
ASX	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
AWST	means Western Standard Time, being the time in Perth, Western Australia.
Board	means the board of Directors.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Canaccord	means Canaccord Genuity (Australia) Pty Ltd.
Company	means Cygnus Gold Limited (ACN 609 094 653).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth), as amended.
Director	means a director of the Company.
Director Performance Rights	has the meaning given in Section 6.1.
Director Placement Shares	has the meaning given in Section 3.1.
Employee Performance Rights	has the meaning given in Section 7.1.
Employee Securities Incentive Plan	means the employee securities incentive plan summarised in Schedule 5.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Inferred Mineral Resource	has the meaning given in the JORC Code.

JORC Code	means the Joint Ore Reserves Committee Australian Code (2012) for reporting of Mineral Resources and Ore Resources.
Key Management Personnel	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
Lead Manager	means Canaccord Genuity (Australia) Pty Ltd (ACN 075 071 466).
Listing Rules	means the listing rules of ASX.
Material Investor	means, in relation to the Company: <ul style="list-style-type: none"> (a) a related party; (b) Key Management Personnel; (c) a substantial Shareholder; (d) an advisor; or (e) an associate of the above, who received or will receive Securities in the Company which constitute more than 1% of the Company's issued capital.
Meeting	has the meaning given in the introductory paragraph of the Notice.
Notice	means this notice of general meeting.
Placement	has the meaning given in Section 3.1.
Placement Participants	means the participants in the Placement.
Placement Shares	means 33,440,000 Shares issued or to be issued under the Placement.
Plan	means the Employee Securities Incentive Plan.
Pontax Acquisition	has the meaning given in Section 3.1.
Proxy Form	means the proxy form attached to the Notice.
Resolution	means a resolution referred to in the Notice.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
Share	means a fully paid ordinary share in the capital of the Company.

Shareholder	means the holder of a Share.
Tranche 1 Placement Shares	has the meaning given in Section 3.1.
Tranche 2 Placement Shares	has the meaning given in Section 3.1.

Schedule 2 Terms and conditions of Performance Rights

1. Entitlement

Performance Rights	Number	Entitlement
Employee Performance Rights to be issued to Steve Parsons	10,000,000	At the discretion of the Board, each Performance Right entitles the holder to receive cash to the value of one Share or to subscribe for one Share upon the exercise of each Performance Right.
Director Performance Rights to be issued to Michael Naylor	8,000,000	
Balance of Employee Performance Rights and Director Performance Rights	8,000,000	Subject to the terms and conditions set out below, each Performance Right entitles the holder on conversion to the issue of one Share in the capital of the Company.

2. Quotation of Performance Rights

The Company will not apply for official quotation of the Performance Rights on ASX.

3. Issue Price

The Performance Rights will be issued for nil cash consideration.

4. Vesting Conditions

Performance Rights	Number	Milestone	Milestone Date
Director Performance Rights	4,500,000	The Company reporting a JORC compliant Inferred Mineral Resource of 5Mt at a minimum grade of 0.8% Li ₂ O.	4 years
Employee Performance Rights	8,500,000		

Director Performance Rights	4,500,000	The Company reporting a JORC compliant Inferred Mineral Resource of 10Mt at a minimum grade of 0.8% Li ₂ O.	4 years
Employee Performance Rights	8,500,000		

Note: The Milestone Date is calculated from the date of issue.

5. Vesting

Subject to the satisfaction of the Vesting Condition on or before the Milestone Date, the Company will notify the holder in writing (**Vesting Notice**) within 5 Business Days of becoming aware that the relevant Vesting Condition has been satisfied.

6. Exercise Price

Nil

7. Expiry Date

The Performance Rights will expire and lapse on the first to occur of the following:

- (a) the relevant Vesting Condition becoming incapable of satisfaction due to the cessation of employment of the holder with the Company (or any of its subsidiary entities); and
- (b) 5.00pm (Perth time) on the date which is 5 years after the date of issue of the Performance Rights,

(Expiry Date).

8. Exercise

At any time between receipt of a Vesting Notice and the Expiry Date (as defined in clause 0 above), the holder may apply to exercise Performance Rights by delivering a signed notice of exercise to the Company Secretary. The holder is not required to pay a fee to exercise the Performance Rights.

9. Leaver

The Performance Rights will be automatically forfeited on the cessation of the holder's employment or office or engagement with the Company (or an associated body corporate of the Company), unless the Board otherwise determines in its absolute discretion.

10. Change of Control

Unvested Performance Rights automatically vest and are automatically exercised upon the occurrence of a "Change of Control" occurring before the Expiry Date. A "Change of Control" will occur if a person who does not control the Company at the time the Performance Rights are issued achieving control of more than 50% of the ordinary voting securities in the Company.

11. Timing of issue of Shares and quotation of Shares on exercise

Subject to clause 24, as soon as practicable after the valid exercise of a Performance Right by the holder, the Company will:

- (a) issue, allocate or cause to be transferred to the Performance Rights holder the number of Shares to which the Performance Rights holder is entitled;
- (b) issue a substitute Certificate for any remaining unexercised Performance Rights held by the Performance Rights holder;
- (c) if required and subject to clause 12, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Performance Rights will upon issue rank equally in all respects with the then issued Shares.

12. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

13. Quotation of Shares on exercise

The Company will apply for official quotation on ASX of all Shares issued upon exercise of the Performance Rights within 5 Business Days after the date of issue of those Shares.

14. Performance Rights transferrable

The Performance Rights will not be transferable.

15. Participation in new issues

There are no participation rights or entitlements inherent in the Performance Rights and the Performance Rights holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights. However, the Company will give the Performance Rights holder notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

16. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will not be increased by the number of Shares which the Performance Rights holder would have received if the Performance Rights holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

17. Adjustment for entitlement issue

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Performance Right will not be adjusted following an entitlement offer.

18. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Performance Rights holder will be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

19. Voting rights

A Performance Right does not entitle the holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.

20. Dividend rights

A Performance Right does not entitle the holder to any dividends.

21. Return of capital rights

The Performance Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

22. Rights on winding up

The Performance Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.

23. Takeovers prohibition:

- (a) The issue of Shares on exercise of the Performance Rights is subject to and conditional upon the issue of the relevant Shares not resulting in any person being in breach of section 606(1) of the Corporations Act; and
- (b) The Company will not be required to seek the approval of its members for the purposes of item 7 of section 611 of the Corporations Act to permit the issue of any Shares on exercise of the Performance Rights.

The following clause 24 applies only to the Performance Rights to be issued to Steve Parsons and Michael Naylor.

24. Election to pay cash

As soon as practicable following receipt of a notice of exercise under clause 8, the Company will notify the holder in writing as to its election to satisfy the exercise of Performance Rights through the issue of Shares or the payment of cash.

If the Performance Rights are satisfied through the payment of cash, the amount of cash payable will be calculated based on the "volume weighted average market price" (as that term is defined in the ASX Listing Rules) of the Company's Shares over the 20 trading day period immediately preceding the date of exercise.

Schedule 3 Terms and conditions of Advisor Options

The terms and conditions of the Options are as follows:

1. Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

2. Issue Price

The Options were issued for nil consideration.

3. Exercise Price

The Options have the following exercise prices:

Number	Exercise Price
1,500,000	\$0.25
1,500,000	\$0.50
1,500,000	\$0.75
1,500,000	\$1.00

4. Expiry Date

Each Option will expire at 5:00pm (AWST) on the date that is 3 years from the date of the Company's admission to the official list of ASX Limited (**ASX**) (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

5. Exercise Period

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

6. Quotation of the Options

The Options will be unquoted.

7. Transferability of the Options

The Options are not transferable, except with the prior written approval of the Company.

8. Notice of Exercise

The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

9. Timing of issue of Shares and quotation of Shares on exercise

As soon as practicable after the valid exercise of an Option the Company will:

- (a) issue, allocate or cause to be transferred to the holder the number of Shares to which the holder is entitled;
- (b) issue a substitute certificate for any remaining unexercised Options held by the holder;
- (c) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the ASX Listing Rules.

All Shares issued upon the exercise of the Options will upon issue rank equally in all respects with the then issued Shares.

10. Restrictions on transfer of Shares

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to the issue a prospectus pursuant to section 708A(11) of the Corporations Act.

11. Dividend and voting rights

The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.

12. Transferability of the Options

The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act.

13. Quotation of the Options

The Company will not apply for quotation of the Options on any securities exchange.

14. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the ASX Listing Rules.

15. Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders (**Shareholders**) during the currency of the Options without exercising the Options.

16. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

Schedule 4 Valuation of Director Performance Rights

9 August 2022

Cygnus Gold Limited
 Ground floor, 24 Outram Street
 West Perth, WA 6005

Attention: Michael Naylor

RE: Valuation of Cygnus Gold Limited performance rights

Dear Michael,

1. Introduction

You have requested that we determine the fair market value of two tranches of performance rights (the **Rights**) in accordance with AASB 2 – Share Based Payment. The Rights are proposed to be issued by Cygnus Gold Limited (the **Company**) to directors following shareholder approval at the Company’s next General Meeting. As a result, we have conducted the valuation as at 8 August 2022 (**Valuation Date**), being the most recent concluded market day prior to the date of this report.

Our valuation, summarised below, concludes at a per-right value and total-tranche value for the Rights. Our valuation of the Rights as at the Valuation Date is contained in the following letter, including Annexures, and is subject to the attached statement of limiting conditions.

2. Summary of the Rights

Table 1 below summarises the key terms of the Rights

Table 1: Summary of the Rights					
Tranche	Valuation Date	Exercise Price	Term	Number of Rights	Vesting conditions
Tranche 1	8-Aug-22	\$nil	5 yrs	4,500,000	The Company reporting a JORC compliant Inferred resource of 5Mt at a minimum grade of 0.8% Li2O four years after the date of issue.
Tranche 2	8-Aug-22	\$nil	5 yrs	4,500,000	The Company reporting a JORC compliant Inferred resource of 10Mt at a minimum grade of 0.8% Li2O four years after the date of issue.

- The Rights consist of 9,000,000 rights to be issued to directors of the Company.
- Each individual right is exercisable for one ordinary share in the Company at an exercise price of \$nil/share.
- The Rights are subject to two non-market-based vesting conditions summarised in Table 1 above, and which must be satisfied within a vesting period of four years.
- The Rights will expire five years after their grant date and following which they lapse. For the purposes of this valuation, we have assumed that the grant date of the Rights is the Valuation Date, being the most recently concluded market day prior to the date of this report.
- We understand that dividends are not received by the holder of the Rights prior to exercise.

- We understand that there are no restrictions on disposal of shares after exercise of the Rights, and that there are no other market-based or non-market-based vesting conditions, or any other conditions that impact on the value of the Rights.

3. Valuation of the Rights

In determining the fair value of the Rights we used the Black-Scholes Option Pricing (**BSOP**) methodology. Table 2 below summarises the key inputs used in the BSOP methodology, and is followed by an explanation of each of the six key inputs and how they were determined.

Table 2: Black-Scholes Inputs

Input	Values at Valuation Date
i. Underlying share price	\$0.195
ii. Exercise price	\$nil
iii. Term	5.00yrs
iv. Risk-free rate	3.035%
v. Dividend yield	nil
vi. Volatility (rounded)	75.0%

- Share price* – The underlying share price of the Company was \$0.195 at the close of the market on the Valuation Date.
- Exercise price* – We have been instructed that the exercise price of the Rights is \$nil/share as listed in Table 2 above.
- Term* – The term of the Rights is 5.00 years, being the period from the grant date, which for the purpose of this valuation is taken to be the Valuation Date, to the expiry date.
- Risk-free rate* – The risk-free rate was determined to be the yield-to-maturity of an Australian government bond on the Valuation Date and with a term of equal duration to the Rights. The government bond interest rates were taken from the *F16 – Indicative Mid Rates of Australian Government Securities* interest rate table on the Reserve Bank of Australia website. As the term of the Rights did not match the any term listed on the interest rate table for Australian government bonds as at the Valuation Date, linear interpolation was used to determine the risk-free rate. Given the aforementioned, the risk-free rate was determined to be 3.035%.
- Dividends* – The dividend yield was assumed to be nil as no dividend has been recently paid by the Company and it was assumed that this trend would continue over the term of the Rights.
- Volatility* – In accordance with AASB 2 paragraph B22, volatility was determined to be the annualised standard deviation of the continuously compounded change in price of the Company’s shares. For each Tranche, the volatility was calculated using the daily, weekly and monthly share prices for a period prior to the Valuation Date. We considered a calculation period of equal duration to the term of the Rights (being 5 years), as well as periods down all the way to the volatility for the most recent six months. Based on the aforementioned method, volatility was determined to be 75.0% (rounded). A summary of our volatility calculation is attached as **Annexure 2**.

Based on the foregoing methodology and inputs, and before any discount discussed in the next section, we determined the value of a right to be **\$0.195 per right**.

4. Other Considerations

Non-market based vesting conditions – Per clause 19 and 20 of AASB 2, any non-market based vesting conditions are taken into account in the valuation of the Rights by adjusting the number of equity instruments included in the measurement. The Company must estimate the probability of achievement of any non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of rights comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.

Based on the information provided to us, we understand that there are two non-market-based vesting conditions applicable to the Rights as summarised in Table 1. Management of the Company currently estimate a 75% probability of achieving the Tranche 1 vesting condition, and a 25% probability of achieving the Tranche 2 vesting condition within the four-year vesting period.

Dilution factor – Given that the exercise of the Rights results in additional shares being issued in the Company, we also factored into the valuation of the Rights the potential dilution impact that the exercise of the Rights has on the per share value of the Company.

Exercise of the Rights and the resultant issuance of new shares will mean that the Company's value is apportioned among a greater number of shares, which can concurrently lead to a decrease in the per share value of the Company. The BSOP methodology calculates the value of a right on an existing share in a company and does not take into consideration the dilutory impact of the issue of additional shares. Therefore, we must separately consider the effect of exercising the Rights and resulting dilution in share value when calculating the value of the Rights.

Specifically, the value of each tranche was determined using BSOP inputs outlined in Section 3 above, and then a dilution factor was applied to determine the diluted value of the Rights. Given that the Rights have a nil exercise price, the Rights are considered “in-the-money” and there is a resulting dilutory impact factor.

A dilution factor was determined for the Rights in aggregate, as they are all granted on the same day, and so their dilution factor was calculated as if all the Rights would have been exercised. It is assumed that the potential dilutive effect of previously issued options and rights (i.e. already on issue as at the Valuation Date) have already been factored in to the share price.

Based on the above, the dilution factor was determined to be 0.9703. See **Annexure 3** for a detailed summary. We applied this dilution factor to the value of the Rights determined in the previous section.

5. Valuation Conclusion

Based on the above inputs and assumptions, the resulting fair value for the Rights is summarised in Table 3 below:

Table 3: Valuation Conclusion					
Tranche	# of equity instruments	Probability of occurrence	Value per Right	Dilution Factor	Concluded Tranche Value
	(a)	(b)	(c)	(d)	(e) = (a)*(b)*(c)*(d)
1	4,500,000	75%	\$0.195	0.9703	\$638,600
2	4,500,000	25%	\$0.195	0.9703	\$212,900

Should you have any questions regarding anything contained in this letter please do not hesitate to contact me on (07) 3054 4523.

Yours faithfully



Oliver Schweizer, CFA
Director

STATEMENT OF LIMITING CONDITIONS

In accordance with professional ethics, our fees for this service are not contingent upon the opinions expressed herein. Information provided by management or its representatives in the course of this investigation has been accepted, without further verification, as correctly reflecting Cygnus Gold Limited's business conditions and operating results.

Financial and statistical information is from sources we deem reliable. We make no representation as to our sources' accuracy or completeness and have accepted their information without further verification.

The conclusions are based upon the assumption that present management will continue to maintain the character and integrity of Cygnus Gold Limited through any sale, reorganisation, or diminution of the owners' participation.

Our opinions expressed herein are valid only for the stated purpose and date of the appraisal. Though some similarities exist between the value as set forth for this purpose and others, it would be incorrect to use the opinions as determined herein for any other purpose due to specific timing, performance, and marketability issues. Accordingly, any such use of the conclusions as determined herein for other purposes would be inaccurate and possibly misleading.

Future services regarding the subject matter contained herein, including, but not limited to, testimony or attendance in court shall not be required of 22 Corporate Advisory Pty Ltd unless previous arrangements have been made in writing.

Neither all nor any part of the contents contained herein shall be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent and approval of 22 Corporate Advisory Pty Ltd.

VALUERS' CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this letter are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinion, and conclusion.
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- No one provided significant professional assistance to the persons signing this certification other than other employees of 22 Corporate Advisory Pty Ltd.



Oliver Schweizer, CFA

Director

Annexure 1

Summary of AASB 2 Share-based Payment

Table A1-1 below sets out the pertinent clauses of AASB 2 – Share-based Payment as they relate to the Rights.

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
2 (a) <i>Applicable paragraph</i>	<p>An entity shall apply this Standard in accounting for all share-based payment transactions, whether or not the entity can identify specifically some or all of the goods or services received, including:</p> <ul style="list-style-type: none"> (a) equity-settled share-based payment transactions; (b) cash-settled share-based payment transactions; and (c) transactions in which the entity receives or acquires goods or services and the terms of the arrangement provide either the entity or the supplier of those goods or services with a choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, <p>except as noted in paragraphs 3A-6. In the absence of specifically identifiable goods or services, other circumstances may indicate that goods or services have been (or will be) received, in which case this Standard applies.</p>
22 <i>Corporate Advisory comment</i>	<p>The Rights are equity-settled share-based payment transactions, in which the entity (Cygnus Gold Limited) receives goods or services (employment bonus of the Company’s directors) as consideration for equity instruments of the entity (including shares or share options).</p>
10 & 11	<p>For equity-settled share-based payment transactions, the entity shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.</p> <p>To apply the requirements of paragraph 10 to transactions with employees and others providing similar services, the entity shall measure the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received, as explained in paragraph 12. The fair value of those equity instruments shall be measured at grant date.</p> <p>We believe that the entity cannot reliably measure the goods or services received along with the corresponding increase in equity. Accordingly, per clause 10, we have defaulted to measuring the goods or services received and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.</p> <p>Given that the Rights essentially allow the holder to receive a fully-paid ordinary share in the Company (whose value can be reliably estimated), subject to certain vesting criteria, we are of the view that the fair value of the equity instruments granted can be reliably estimated causing AASB 2 clauses 24 – 25 to be irrelevant.</p>
14, 15	<p>If the equity instruments granted vest immediately, the counterparty is not required to complete a specified period of service before becoming unconditionally entitled to those equity instruments. In the absence of evidence to the contrary, the entity shall presume</p>

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>that services rendered by the counterparty as consideration for the equity instruments have been received. In this case, on grant date the entity shall recognise the services received in full, with a corresponding increase in equity.</p> <p>If the equity instruments granted do not vest until the counterparty completes a specified period of service, the entity shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The entity shall account for those services as they are rendered by the counterparty during the vesting period, with a corresponding increase in equity. For example:</p> <p>(a) If an employee is granted share options conditional upon completing three years' service, then the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over that three-year vesting period.</p> <p>(b) If an employee is granted share options conditional upon the achievement of a performance condition and remaining in the entity's employ until that performance condition is satisfied, and the length of the vesting period varies depending on when that performance condition is satisfied, the entity shall presume that the services to be rendered by the employee as consideration for the share options will be received in the future, over the expected vesting period. The entity shall estimate the length of the expected vesting period at the grant date, based on the most likely outcome of the performance condition. If the performance condition is a <i>market condition</i>, the estimate of the length of the expected vesting period shall be consistent with the assumption used in estimating the fair value of the options granted, and shall not be subsequently revised. If the performance condition is <u>not a market condition</u>, the entity shall revise its estimate of the length of the vesting period, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.</p> <p>We consider the Rights to have a service condition (holder must remain employed by the Company until vesting). As such, we consider the Company should account for the services rendered by the holders of these rights over the expected vesting period of the Rights, with a corresponding increase in equity. The Company should estimate the length of the expected vesting period as at the grant date, based on the most likely outcome of the performance condition.</p> <ul style="list-style-type: none"> ➤ For instruments with <u>only a service condition</u>, the vesting period should be equal to the period of required service. ➤ For instruments with <u>market-based vesting criteria</u>, the length of the expected vesting criteria should be consistent with the assumptions used in estimating their fair value and should not be subsequently revised. ➤ For instruments with <u>non-market-based vesting criteria</u>, the Company should revise its estimate, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates. <p>We note that these accounting treatments should be confirmed with the Company's auditors.</p>
16	For transactions measured by reference to the fair value of the equity instruments granted, an entity shall measure the fair value of equity instruments granted at the

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>measurement date, based on market prices if available, taking into account the terms and conditions upon which those equity instruments were granted (subject to the requirements of paragraphs 19-22).</p> <p>We have been instructed that the Rights are subject to shareholder approval at the Company’s next General Meeting, and have therefore used the date of the most recent available market data as the Valuation Date for the purposes of this letter. Accordingly, we have used 8 August 2022, being the most recently concluded market day prior to the date of this report, as the valuation date.</p> <p>On 8 August 2022, the shares of the Company closed at \$0.195. We have used this price as accurately reflecting the per share price of a fully-paid ordinary share in the Company as at the Valuation Date.</p>
19	<p>A grant of equity instruments might be conditional upon satisfying specified <i>vesting conditions</i>. For example, a grant of shares or share options to an employee is typically conditional on the employee remaining in the entity’s employ for a specified period of time. There might be performance conditions that must be satisfied, such as the entity achieving a specified growth in profit or a specified increase in the entity’s share price. Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Hence, on a cumulative basis, no amount is recognised for goods or services received if the equity instruments granted do not vest because of failure to satisfy a vesting condition, for example, the counterparty fails to complete a specified service period, or a performance condition is not satisfied, subject to the requirements of paragraph 21.</p> <p>The granting of shares from exercise of the Rights is conditional upon achievement of share price appreciation above the exercise price, which will be taken into account when determining the fair value of the Rights.</p> <p>Any non-market-based vesting conditions will be taken into account by estimating their probability of achievement and adjusting the number of equity instruments included in the measurement of the transaction.</p> <p>Any market-based vesting conditions will be taken into account when determining the fair value of the Rights.</p>
20	<p>To apply the requirements of paragraph 19, the entity shall recognise an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested, subject to the requirements of paragraph 21.</p>

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>The Company must estimate the probability of achievement of each non-market-based vesting condition (expressed as a % probability) and apply that percentage to the total number of rights comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.</p>
21	<p>Market conditions, such as a target share price upon which vesting (or exercisability) is conditioned, shall be taken into account when estimating the fair value of the equity instruments granted. Therefore, for grants of equity instruments with market conditions, the entity shall recognise the goods or services received from a counterparty who satisfies all other vesting conditions (e.g. services received from an employee who remains in service for the specified period of service), irrespective of whether that market condition is satisfied.</p> <p>We have determined that exercisability of the Rights is not subject to market conditions and therefore this clause is not applicable to the Rights.</p>
AG B4	<p>For share options granted to employees, in many cases market prices are not available, because the options granted are subject to terms and conditions that do not apply to traded options. If traded options with similar terms and conditions do not exist, the fair value of the options granted shall be estimated by applying an option pricing model.</p> <p>We have used the Black-Scholes Option Pricing (BSOP) methodology to estimate the fair value of the Rights. The valuation under the BSOP methodology is discussed in Section 3 titled, <i>Valuation of the Rights</i>.</p>
AG B5	<p>The entity shall consider factors that knowledgeable, willing market participants would consider in selecting the option pricing model to apply. For example, many employee options have long lives, are usually exercisable during the period between vesting date and the end of the options' life, and are often exercised early. These factors should be considered when estimating the grant date fair value of the options. For many entities, this might preclude the use of the Black-Scholes-Merton formula, which does not allow for the possibility of exercise before the end of the option's life and may not adequately reflect the effects of expected early exercise. It also does not allow for the possibility that expected volatility and other model inputs might vary over the option's life. However, for share options with relatively short contractual lives, or that must be exercised within a short period of time after vesting date, the factors identified above may not apply. In these instances, the Black-Scholes-Merton formula may produce a value that is substantially the same as a more flexible option pricing model.</p> <p>There is substantial empirical evidence (including a paper¹ by the author of the Black-Scholes-Merton model) showing that the value a European call option (one that can be exercised only on expiry) and an American call option (one that can be exercised prior</p>

¹*Theory of Rational Option Price* (Robert Merton, published 1973) showed that an American call option (one that can be exercised before expiry) on a non-dividend paying stock should not be exercised prematurely.

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>to expiry) are the same. A difference in values between an American and European option arise only in certain circumstances, such as the presence of significant financial frictions, or prior to a significant dividend payment. Therefore, we consider the effect of early exercise on the value of the Rights to be immaterial.</p> <p>Further, we consider the Rights to be sufficiently simple enough for the BSOP methodology to be an appropriate pricing model to use in their valuation.</p>
AG B6	<p>All option pricing models take into account, as a minimum, the following factors:</p> <ul style="list-style-type: none"> (a) the exercise price of the option; (b) the life of the option; (c) the current price of the underlying shares; (d) the expected volatility of the share price; (e) the dividends expected on the shares (if appropriate); and (f) the risk-free interest rate for the life of the option. <p>In Section 3 titled, <i>Valuation of the Rights</i>, the above factors are taken into account in the valuation of the Rights.</p>
AG B7	<p>Other factors that knowledgeable, willing market participants would consider in setting the price shall also be taken into account (except for vesting conditions and reload features that are excluded from the measurement of fair value in accordance with paragraphs 19-22).</p> <p>Based on our instructions, there are no other factors a knowledgeable, willing market participant would consider in setting the price of the Rights.</p>
AG B34 & B35	<p>Conversely, if the employees are not entitled to dividends or dividend equivalents during the vesting period (or before exercise, in the case of an option), the grant date valuation of the rights to shares or options should take expected dividends into account. That is to say, when the fair value of an option grant is estimated, expected dividends should be included in the application of an option pricing model. When the fair value of a share grant is estimated, that valuation should be reduced by the present value of dividends expected to be paid during the vesting period.</p> <p>Option pricing models generally call for expected dividend yield. However, the models may be modified to use an expected dividend amount rather than a yield. An entity may use either its expected yield or its expected payments. If the entity uses the latter, it should consider its historical pattern of increases in dividends. For example, if an entity's policy has generally been to increase dividends by approximately 3 per cent per year, its estimated option value should not assume a fixed dividend amount throughout the option's life unless there is evidence that supports that assumption.</p> <p>The Company has not paid any dividends recently and is assumed to continue this trend for the term of the Rights. As such, this clause is not applicable to the valuation of the Rights.</p>

Annexure 2



Volatility Summary

Historical Volatilities			
Months prior to VD	Volatilities		
	Daily	Weekly	Monthly
6	74.9%	59.8%	50.4%
9	77.2%	52.6%	44.6%
12	81.9%	58.1%	48.7%
15	82.8%	59.2%	66.8%
18	80.5%	55.1%	61.7%
21	78.1%	54.8%	57.0%
24	77.3%	58.0%	59.7%
30	108.9%	90.3%	83.4%
36	107.1%	92.2%	85.3%
42	109.9%	101.9%	101.5%
48	106.6%	97.5%	97.0%
60	102.9%	95.0%	91.6%
average	90.7%	72.9%	70.6%
median	82.3%	59.5%	64.2%
average of entire series			78.1%
median of entire series			79.3%

Annexure 3



Dilution Factor

Dilution Calculations		
Unique Grant Dates		8/08/2022
# of securities		9,000,000
Probability		50.0%
Securities to vest		4,500,000
Exercise price		\$0.000
Contributed capital on exercise		\$0
Shares on issue at the Valuation date	(a)	147,185,315
Price per share at the Valuation Date	(b)	\$0.1950
Implied market value of equity	(c)=(a)*(b)	<u>\$28,701,136</u>
Contributed capital on exercise of the Rights (# of rights * exercise price)	(d)	\$0
Implied value of equity after exercise of the Rights	(e)=(c)+(d)	<u>\$28,701,136</u>
New shares issued upon exercise of the Rights	(f)	<u>4,500,000</u>
Total shares on issue including potential shares from the Rights	(g)=(a)+(f)	151,685,315
Diluted value per share	(h)=(e)/(g)	\$0.1892
Dilution factor	(i)=min[(h)/(b),1]	0.9703

Schedule 5 Summary of Employee Securities Incentive Plan

A summary of the terms of the Plan is set out below:

1. Eligible Participant

Eligible Participant means a person that:

- (a) is an “eligible participant” (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (b) has been determined by the Board to be eligible to participate in the Plan from time to time.

2. Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

3. Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

4. Eligibility, invitation and application

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

5. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the successful applicant (**Participant**) the relevant number of Securities, subject to the terms

and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

6. Terms of Convertible Securities

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

7. Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

8. Exercise of Convertible Securities and cashless exercise

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

9. Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

10. Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the

Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

11. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

12. Rights attaching to Plan Shares

All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

13. Disposal restrictions on Securities

If the invitation provides that any Plan Shares or Convertible Securities are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share or Convertible Security is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

Notwithstanding any other provision of the Plan, where a Plan Share or Convertible Security is issued in reliance on the Company satisfying the start-up company requirements in section 83A-33 of the Income Tax Assessment Act 1997 (Cth) (**Tax Act**), a legal or a beneficial interest in the Convertible Security may not be disposed of until the earlier of:

- (a) the Eligible Participant to whom the Convertible Securities were offered under an invitation becoming neither an employee nor a director of the Company;
- (b) three (3) years after the acquisition date of the Convertible Security;

- (c) a disposal under an arrangement which meets the requirements in section 83A-130 of the Tax Act;
- (d) such time as the Commissioner of Taxation allows in accordance with section 83A-45(5) of the Tax Act; and
- (e) the Board determines that the Commissioner of Taxation is reasonably likely to allow a disposal of the Convertible Security under section 83A-45(5) of the Tax Act.

14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

15. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

16. Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

17. Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.



Cygnus Gold Limited
ABN 80 609 094 653

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



CY5
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Monday, 26 September 2022.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Cygnus Gold Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Cygnus Gold Limited to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth WA 6005 on Wednesday, 28 September 2022 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 4a, 4b, 5 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 4a, 4b, 5 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 4a, 4b, 5 and 7 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain		For	Against	Abstain
1a	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4a	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1b	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4b	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3c	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3d	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

