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Pontax Lithium Project, James Bay Canada

Cygnus set for a substantial and rapid drilling program following a highly successful \$8M Placement

In light of the exceptional early drilling results, a second rig will commence in January, with a third rig shortly thereafter; Maiden Resource targeted for mid-2023

ASX ANNOUNCEMENT:

9 December 2022

Key Points

ASX: CY5

CORPORATE DIRECTORY

Non-Executive Chairman

Raymond Shorrocks

Executive Director

Michael Naylor

Non-Executive Directors

David Southam

Michael Bohm

Shaun Hardcastle

Joint Company Secretaries

Susan Field

Maddison Cramer

Major Shareholders

Merk Investments 9.4%

Steve Parsons 5.6%

Michael Naylor 4.4%

Michael Bohm 4.0%

~\$15m Cash and Commitments³

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- Cygnus has received firm commitments totalling \$8 million via a Share Placement (“the Placement”) at 44c per share with the majority taken up by Australian and North American institutions
- The Placement was well supported with the size of demand substantially exceeding \$8 million
- Completion of the Placement will leave the Company with ~\$15m cash to fund a multi-rig drilling program aimed at delivering a maiden Mineral Resource mid 2023
- A second rig will commence in January, with a third rig planned shortly thereafter for a planned 10,000m of diamond drilling over the first half of CY23
- Existing drilling remains ongoing with assays expected in the coming quarter
- The first two holes from the drilling program at Pontax confirmed a 75m-thick pegmatite-bearing zone, with multiple stacked spodumene-bearing pegmatite dykes¹
- Both these diamond core holes intersected multiple zones, including a 37.2m interval of spodumene-bearing pegmatites¹
- A third hole returned a 13.3m intersection of spodumene pegmatite on a new mineralised trend north of previous drilling.¹ This result is considered particularly important because it highlights potential to replicate Pontax Central
- Mineralisation at Pontax has already been outlined over a 620m strike length with historic drilling returning high grade intersections² including:
 - 9.0m @ 1.7% Li₂O from 46.9m
 - 15.6m @ 1.6% Li₂O from 83.9m
 - 4.8m @ 2.6% Li₂O from 19.4m
 - 13.0m @ 1.4% Li₂O from 36m
- Canaccord Genuity acted as lead manager for the Placement and Euroz Hartleys acted as Co-Manager.

Cygnus Executive Director Michael Naylor said: *“In light of the outstanding results from our first three holes at Pontax, which doubled the known depth of mineralisation and discovered a new separate zone which potentially replicates Pontax to the north, Cygnus has decided to expedite drilling.*

“The results showed we have a huge opportunity at Pontax, with the mineralisation open in every direction. This raising will enable us to realise the value of this opportunity much faster.

“With a second drill rig secured and a third rig being sourced, the additional funding gives us the opportunity to rapidly define a hardrock lithium resource in a Tier-1 jurisdiction with world-class infrastructure and several large hard rock lithium deposits.

“We will ramp up exploration, which will generate a consistent flow of drilling results from the 10,000m drill program over the next six months”.

Cygnus Gold Limited (ASX: CY5) is pleased to advise that it has received commitments from sophisticated and professional investors to raise approximately \$8 million (before costs) through the issue of up to 18,181,819 fully paid ordinary shares in the Company (“Placement Shares”) at an issue price of 44c per Share (“Issue Price”) (“Placement”). The Issue Price represents a discount of approximately 10.2% to the last traded price of 49c and the volume weighted average market price of Company shares over the previous 15 trading days, which was also 49c.

The Placement Shares are expected to be issued on or about 16 December 2022 using the Company’s available placement capacity under Listing Rules 7.1 (1,681,819 shares) and 7.1A (16,500,000 shares) without the need for shareholder approval.

Funds raised from the Placement will be used for:

- Exploration activities at the Pontax and James Bay Projects in Canada;
- Exploration activities at the Company’s Australian projects;
- Acquisition costs and potential corporate activity; and
- General working capital and transaction costs.

Canaccord Genuity (Australia) Limited acted as lead manager for the placement and Euroz Hartleys Limited acted as Co-Manager.

Pontax Lithium Project (CY5 Earning Up To 70%): Located in one of Canada's most prolific lithium provinces⁴

The Pontax Lithium Project was acquired for its potential to host a substantial lithium Resource. The Project is located in the prolific Superior Province of Quebec, with the James Bay region one of the most endowed lithium terranes in the world, even though only minimal modern exploration has been seen over the past 20 years.

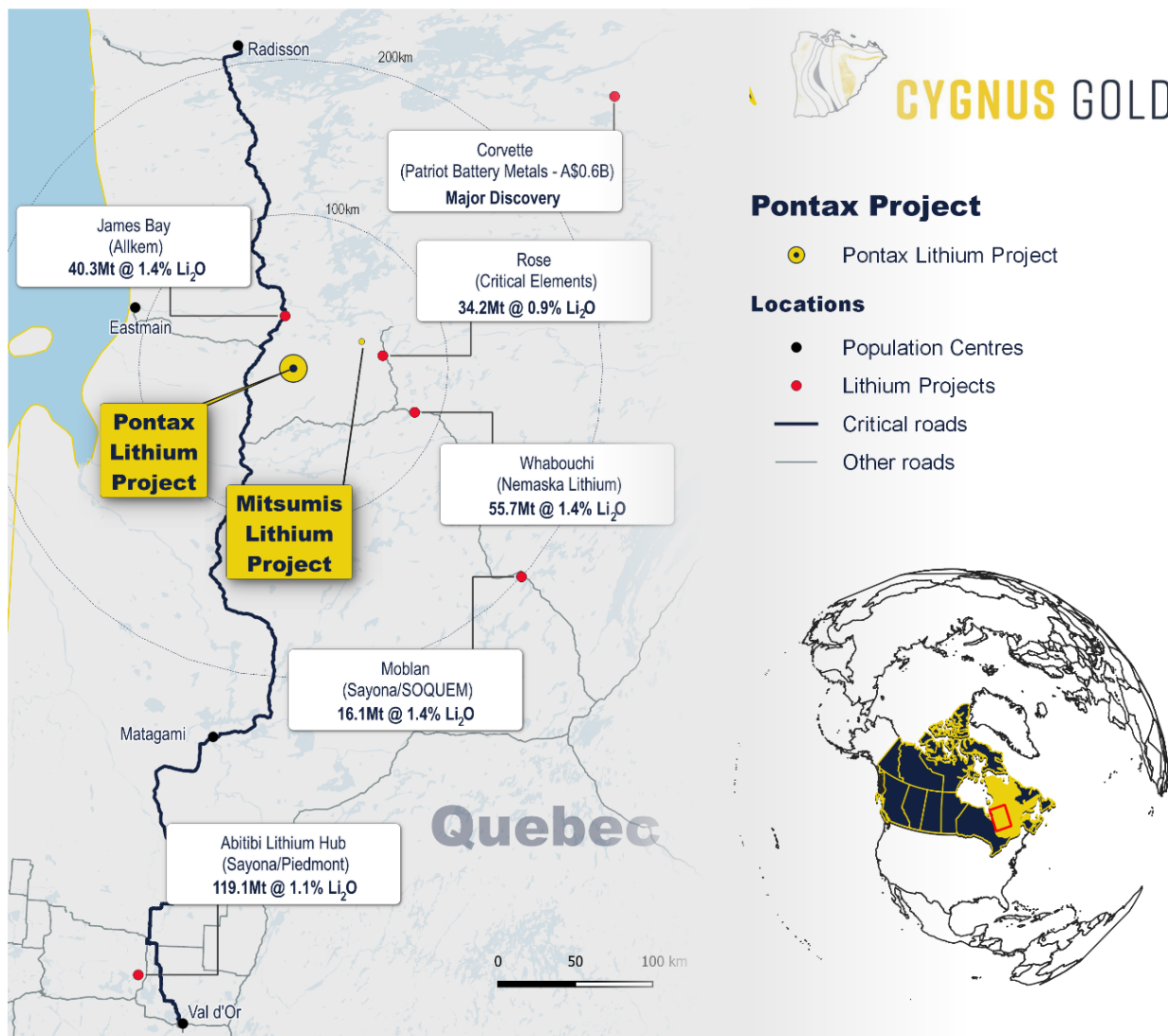


Figure 1: Location of the Pontax and Mitsumis Lithium Projects in relation to other significant lithium deposits in the James Bay Area and major access routes through the region.⁶

The Pontax Lithium Project is host to numerous pegmatite occurrences with the only historically drill tested pegmatites being Central Pontax which outcrops over 620m of strike and remains open along strike and at depth. There are untested pegmatite outcrops north of the central outcrop swarm that have never been drilled and provide multiple targets for follow up drilling.

The Company has completed three holes of a planned 10,000 metre drill program:¹

- The first two holes confirmed a 75m-thick pegmatite-bearing zone, with multiple stacked spodumene-bearing pegmatite dykes. Both these diamond core holes intersected multiple zones, including a 37.2m interval of spodumene-bearing pegmatites; and
- A third hole returned a 13.3m intersection of spodumene pegmatite on a new mineralised trend north of previous drilling.

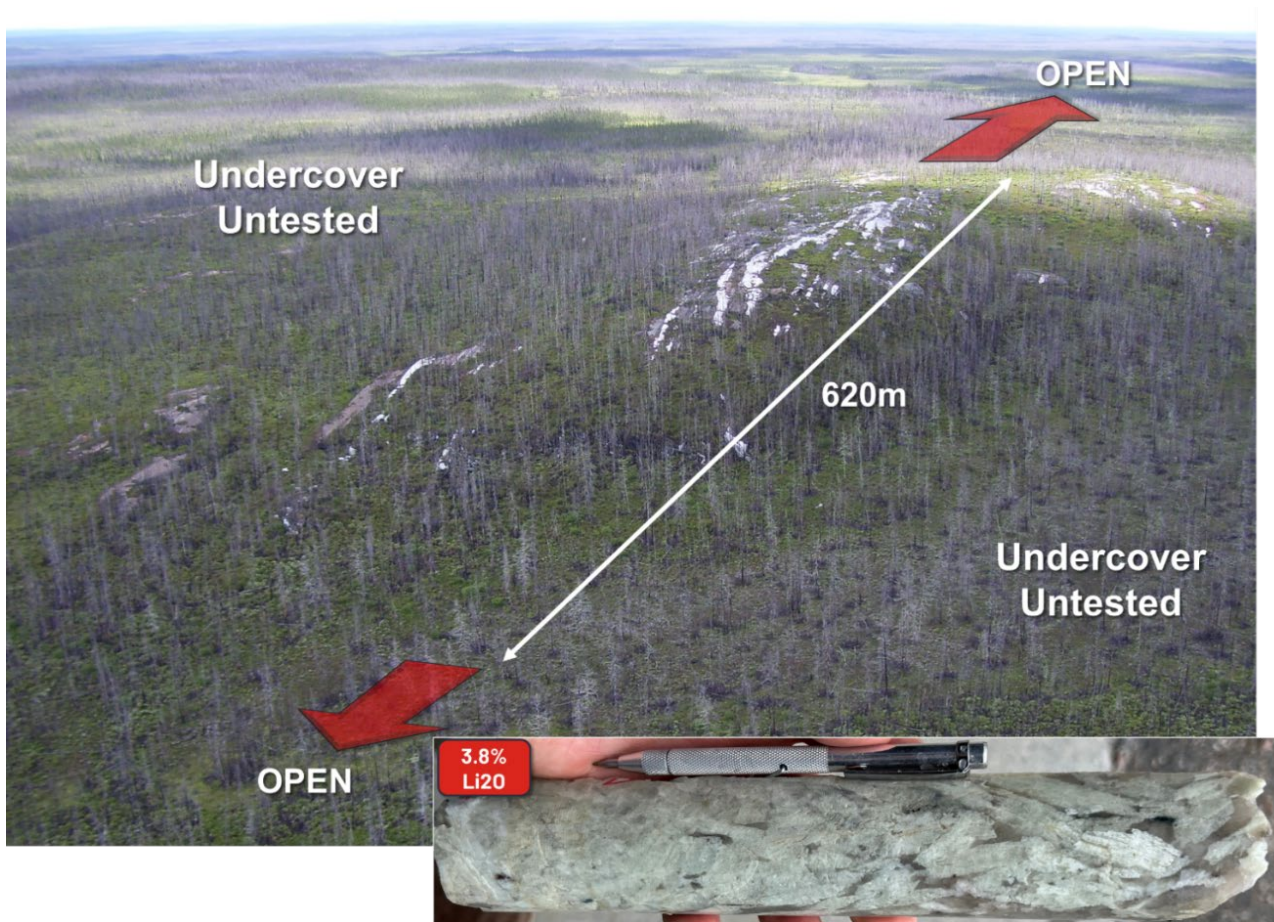


Figure 2: Aerial view of the Central Pontax lithium pegmatite swarm looking towards the south west. The mineralisation outcrops over 620m and has been the sole focus of historic drilling whilst mineralisation remains open in all directions. Inset: Example of high grade mineralisation in drill core with abundant spodumene crystals from just 20m depth in hole 975-19-020. **Interval grading 3.8% Li_2O** within a broader intercept of 4.8m at 2.6% Li_2O from 19.4m.²

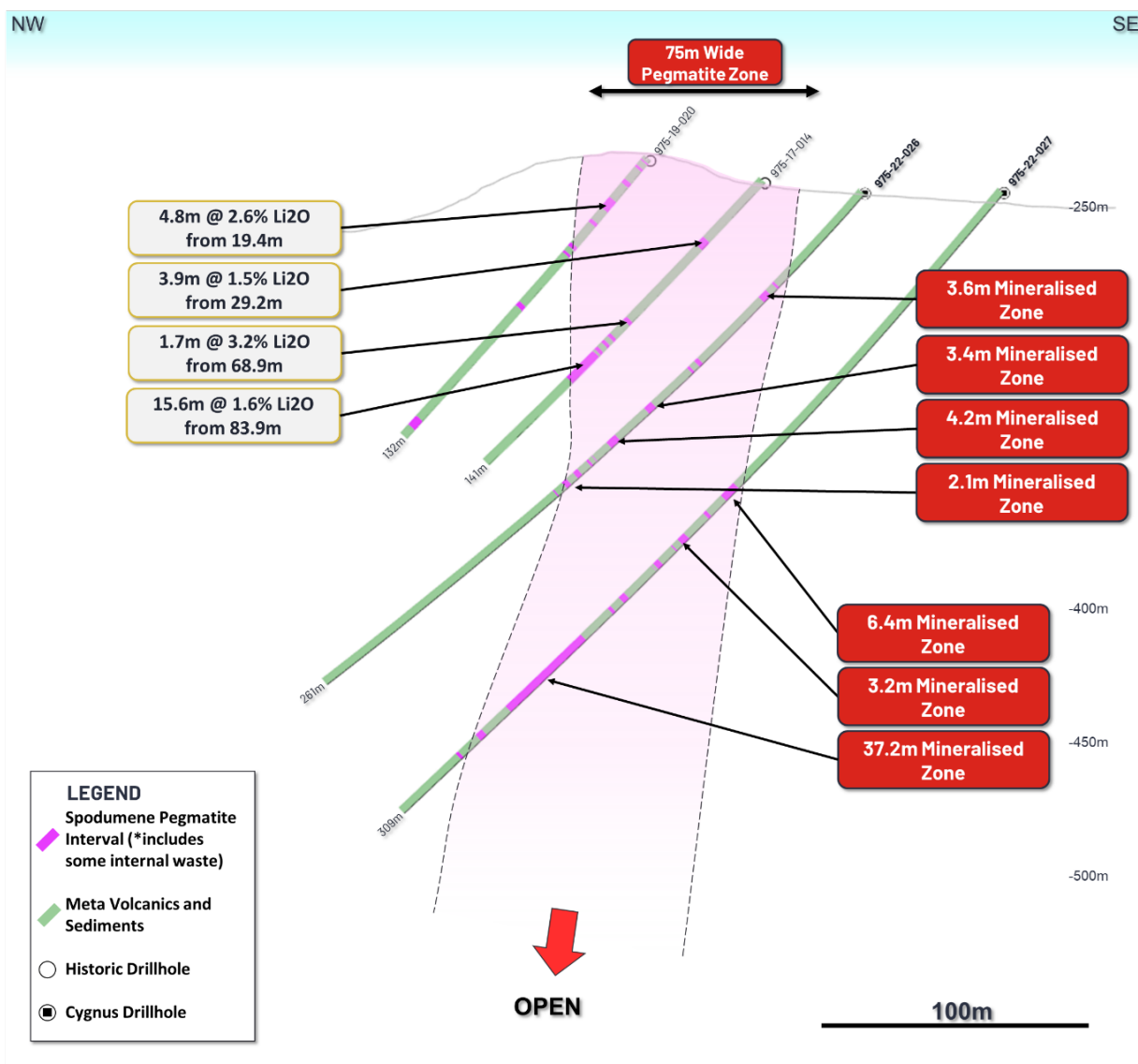


Figure 3: Cross section through Pontax Central looking towards the NE, showing both historic shallow drillholes and the Cygnus deeper drillholes. Observed geology illustrating multiple spodumene-bearing pegmatites focussed over a 75m wide zone. The recent drilling is the deepest drilling on the project to date stepping out over 100m from existing drilling with mineralisation remaining open in all directions.¹

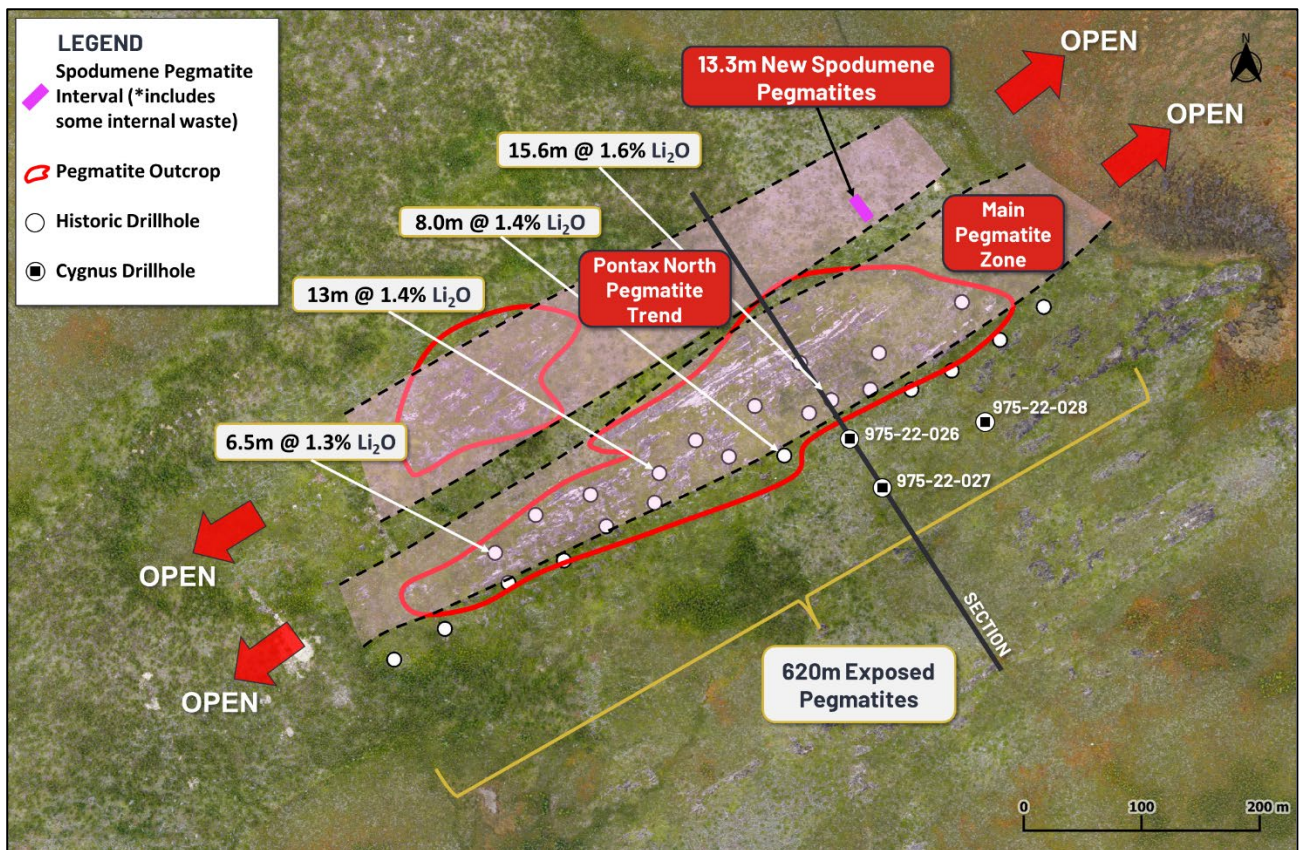


Figure 4. Plan view of Pontax Central with the location of the 25 holes drilled to date with selected significant intercepts from historic drilling. Also illustrates the locations of Cygnus' recent drilling, **showing new zone of mineralisation** to the north and outside the Pontax Central trend.¹

Significant Land Holding (option to earn up to 80-100% CY5)⁴

Cygnus has a significant land holding in the James Bay lithium region of 266km².

The Pontax Lithium Project covers 145km² and 40km of strike along the highly prospective Chambois Greenstone Belt. This ground hosts known LCT pegmatites with limited historical rock chip sampling returning high grades of up to 2.8% Li₂O and 524ppm Ta₂O₅.⁵

High grade tantalum (Ta₂O₅) in pegmatite rock chips is highly significant, indicating enrichment in incompatible elements which is likely to include lithium and caesium, part of the diagnostic signature elements of LCT pegmatites. These rock chip results are significant for the regional potential of the project with LCT pegmatites identified over an area of at least 15km of strike length, with no follow up work completed. This is highly encouraging for the exploration team as they embark on the first systematic exploration of Pontax.

The exploration package also includes the 121km² Mitsumis Project which is just 12km from the 34Mt @ 0.9% Li₂O Rose Deposit, currently in feasibility with Critical Elements Lithium (TSXV:CRE).⁵ The newly acquired area is hugely underexplored with only minor amounts of mapping and sampling. Given the proximity to Rose, the comparable geology and the lack of exploration to date there is high potential for similar style LCT pegmatite mineralisation within the Mitsumis Project.

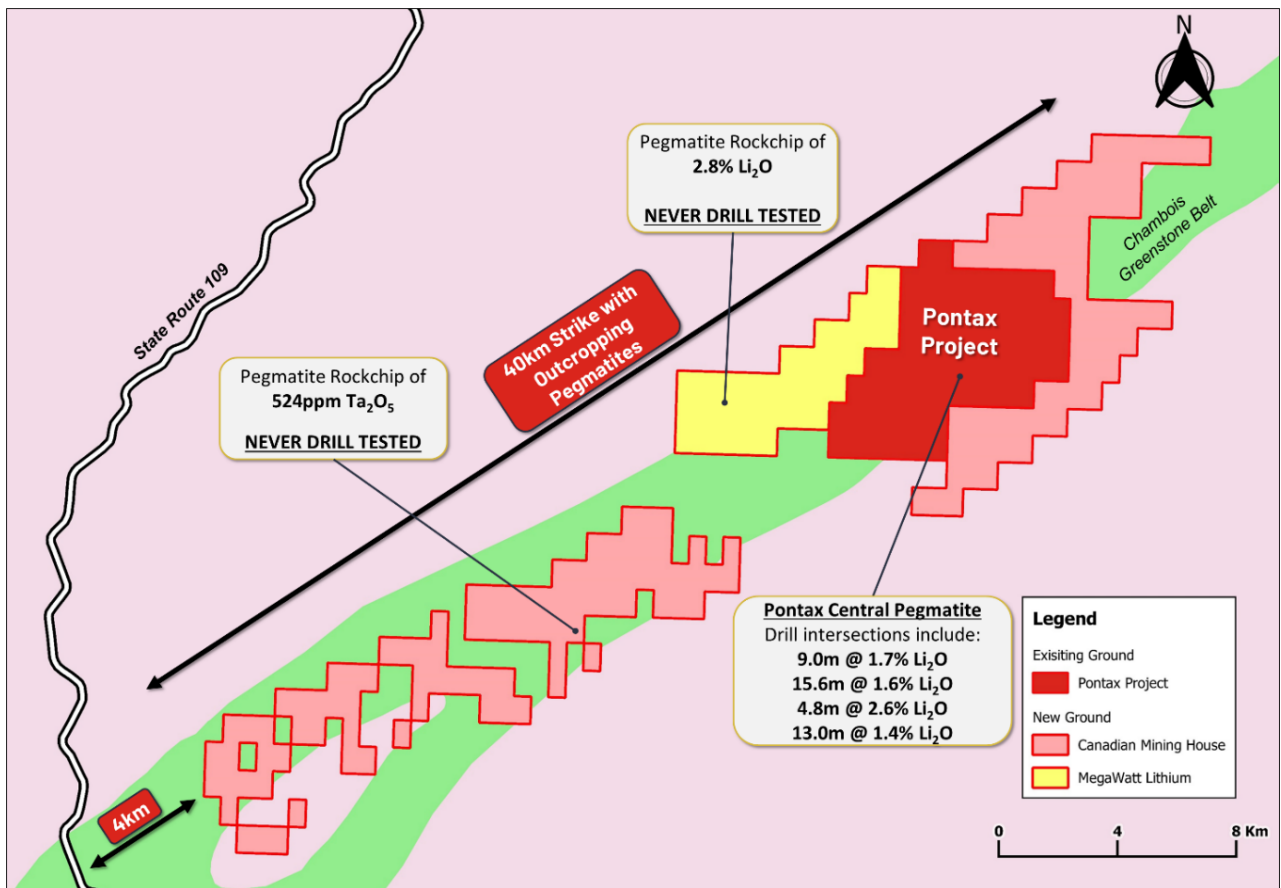


Figure 5: Plan view of the Chambois Greenstone Belt with new tenure surrounding the Pontax Project which now covers a strike length of 40km. The image illustrates drill intersections from Pontax Central and rock chips from regional exploration which have never been followed up.⁵ These results now confirm LCT pegmatites outcropping over 15km of strike length highlighting the immense exploration potential of the belt.

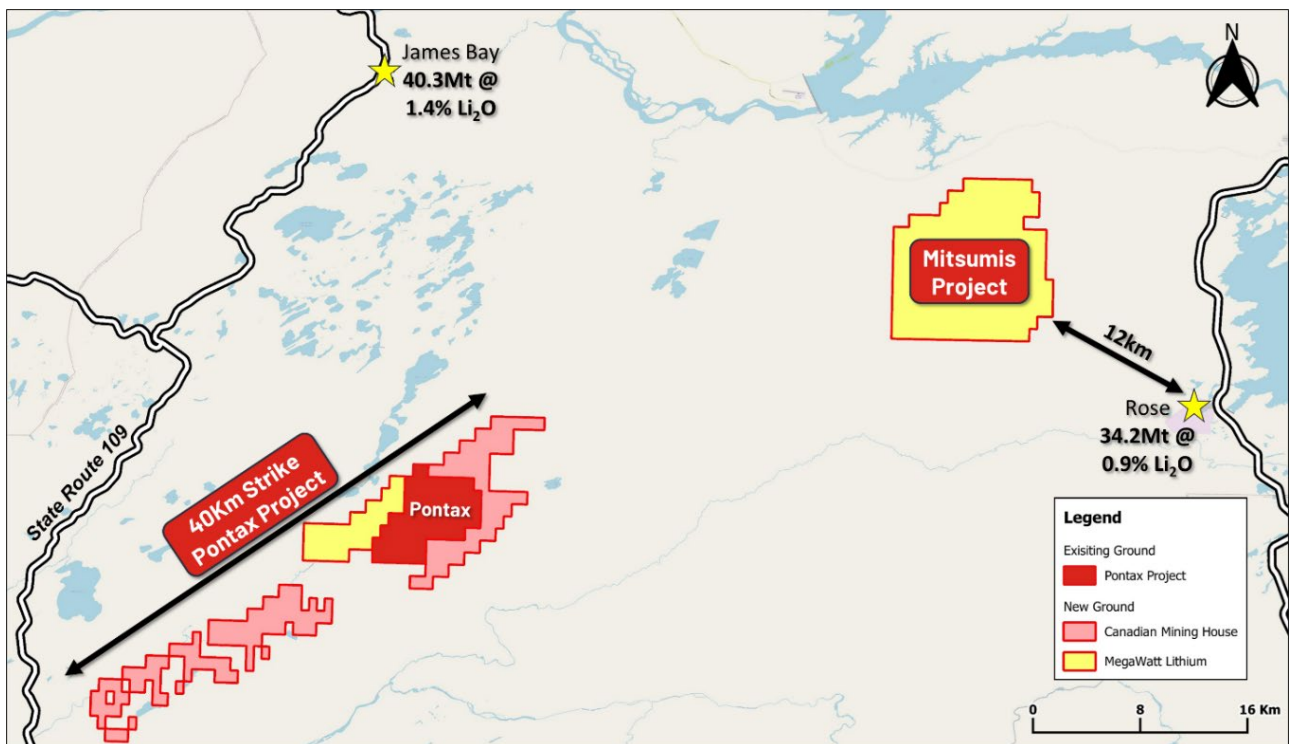


Figure 6: Location of Mitsumis Project relative to the Pontax Project. Mitsumis covers 121km² and is located only 12km from the Rose Deposit (34.2Mt @ 0.9% Li_2O) operated by Critical Elements Lithium Corp.⁶

About Cygnus Gold Limited

Cygnus Gold Limited (ASX: CY5) is an emerging exploration company focussed on advancing the Pontax Lithium Project (earning up to 70%) in the world class James Bay lithium district in Canada, as well as the Bencubbin Lithium Project and Snake Rock Project in Western Australia. The Cygnus Board of Directors and Technical Management team has a proven track record of substantial exploration success and creating wealth for shareholders and all stakeholders in recent years.

Cygnus Gold's tenements range from early-stage exploration areas through to advanced drill-ready targets.

For and on behalf of the Board

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Previous Exploration Results

The information in this announcement that relates to previously reported Exploration Results at the Pontax Lithium Project has been previously released by Cygnus Gold in ASX Announcements as noted in the End Notes below. Cygnus Gold is not aware of any new information or data that materially effects the information in the said announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

End Notes

¹ Refer to Cygnus Gold ASX announcement dated 29 November 2022. In relation to the disclosure of visual intersections of pegmatite and spodumene, the Company cautions that visual intersections should never be considered a proxy or substitute for laboratory analysis. Laboratory assay results are required to confirm the widths and grade of visual intersections of pegmatite reported in the preliminary geological logging. The Company will update the market when laboratory analytical results become available.

² Refer to Cygnus Gold ASX announcement dated 29 July 2022.

³ Includes current cash and receivables plus the commitments from this Placement.

⁴ For details of acquisition terms, refer to Cygnus Gold ASX announcements dated 29 July 2022 and 27 September 2022.

⁵ Refer to Cygnus Gold ASX announcement dated 27 September 2022 for further details on exploration results.

⁶ Refer to ASX announcement for Galaxy Resources Limited (ASX: GXY) dated 17 November 2020 located at <https://www.asx.com.au/asxpdf/20201117/pdf/44pz2xpqltcb4m.pdf>

Refer to NI 43-101 report on the Estimate to Complete for the Whabouchi Lithium Mine and Shawinigan Electrochemical Plant Nemaska Project dated 31 May 2019 and available at: https://www.nemaskalithium.com/assets/documents/NMX_NI4301_20190809.pdf

Refer to TSX release for Critical Elements Lithium Corporation (TSX-V: CRE) dated 13 June 2022 available at: <https://sedar.com/CheckCode.do>