



**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: 10.00am (AWST) on Tuesday, 31 January 2023

Location: The Quest Kings Park, 54 Kings Park Road, 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 Secretaries 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 Quest Kings Park, 54 Kings Park Road, West Perth WA 6005 on Tuesday, 31 January 2023 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 Sunday, 29 January 2023 at 5.00pm (AWST).

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

Agenda

Resolution 1 – Approval of change of Company name

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

'That the change of the Company name to "Cygnus Metals Limited" is approved under and for the purposes of section 157 of the Corporations Act and for all other purposes, with effect from the date that ASIC alters the details of the Company's registration.'

Resolution 2 – Ratification of issue of 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) 1,681,819 Placement Shares issued under Listing Rule 7.1; and
- (b) 16,500,000 Placement Shares issued under Listing Rule 7.1A,

on the terms and conditions in the Explanatory Memorandum.'

Resolution 3 – Approval of New 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 Metals Limited Employee Securities Incentive Plan' (**New Plan**) and the issue of up to 25,500,000 Securities under the New Plan, on the terms and conditions in the Explanatory Memorandum.'

Resolution 4 – Approval of potential termination benefits under the New Plan

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

'That, conditional on Resolution 3 being approved, for a period commencing from the date this Resolution is passed and ending upon the expiry of all Securities issued or to be issued under the New Plan, approval be given for all purposes including Part 2D.2 of the Corporations Act for the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office, on the terms and conditions in the Explanatory Memorandum.'

Resolution 5 – Approval of Deeds of Indemnity, Insurance and Access

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

'That, in accordance with section 195(4) and Chapters 2D and 2E of the Corporations Act and for all other purposes, approval be given to the Company to:

- (a) *indemnify each Indemnified Person, during their Office and after the cessation of that Office, in respect of certain claims made against that Officer in relation to the period of their Office;*
- (b) *use its reasonable endeavours to procure an insurance policy and pay the premiums of insurance as assessed at market rates for each Indemnified Person in respect of certain claims made against each such Officer in relation to the period of their Office (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company);*
- (c) *use its reasonable endeavours to ensure that each Indemnified Person is at all times covered under an insurance policy for the period of seven years from the date that the Indemnified Person ceases to hold Office (**Insurance Run-Off Period**), which will be on terms not materially less favourable to the Indemnified Person than the terms of insurance applicable at the date of termination of their Office, and to continue to pay those premiums during that Insurance Run-Off Period (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company); and*
- (d) *provide each Indemnified Person with access, upon the termination of their Office, for a period of not less than seven years following that termination, to the Company Records which are either prepared, or provided to the Indemnified Person, during the Retention Period,*

on the terms and conditions in the Explanatory Memorandum.'

Resolution 6 – Approval to issue Director Performance Rights to David Southam

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 10.14, section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 18,000,000 Director Performance Rights to David Southam (or his nominees) under the New Plan, on the terms and conditions in the Explanatory Memorandum.'

Resolution 7 – Approval to increase Non-Executive Directors' fee pool

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

'That the increase of the maximum total aggregate amount of fees payable to non-executive Directors to \$600,000 per annum is approved under and for the purposes of Clause 6.4 of the Constitution, Listing Rule 10.17 and for all other purposes, on the terms and conditions set out in the Explanatory Memorandum.'

Voting exclusions

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

- (a) **Resolution 2(a) and (b)** by or on behalf of a person who participated in the issue of the Placement Shares, or any of their respective associates;
- (b) **Resolution 3** by or on behalf of a person who is eligible to participate in the New Plan, or any of their respective associates;
- (c) **Resolution 6** by or on behalf of David Southam (or his nominees), and any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the New Plan, or any of their respective associates; and
- (d) **Resolution 7** by or on behalf of a Director of the Company, 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 3, Resolution 4, Resolution 5, Resolution 6 and Resolution 7: 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 these Resolutions 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 the 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 the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Resolution 4: In accordance with section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the New Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

Resolution 5: In accordance with section 200E(2A) of the Corporations Act, the Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of an Indemnified Person or any of their associates.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

Resolution 5 and Resolution 6: In accordance with section 224 of the Corporations Act, a vote on this Resolution 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.

However, 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 section 224 Corporations Act voting prohibition statement above, 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



Michael Naylor
Executive Director
Cygnus Gold Limited

Dated: 16 December 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 Quest Kings Park, 54 Kings Park Road, West Perth WA 6005 on Tuesday, 31 January 2023 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 – Approval of change of Company name
Section 4	Resolution 2(a) and (b) – Ratification of issue of Placement Shares
Section 5	Resolution 3 – Approval of New Plan
Section 6	Resolution 4 – Approval of potential termination benefits under the New Plan
Section 7	Resolution 5 – Approval of Deeds of Indemnity, Insurance and Access
Section 8	Resolution 6 – Approval to issue Director Performance Rights to David Southam
Section 9	Resolution 7 – Approval to increase Non-Executive Directors' fee pool
Schedule 1	Definitions
Schedule 2	Summary of material terms of the New Plan
Schedule 3	Terms and conditions of Director Performance Rights
Schedule 4	Valuation of Director Performance Rights

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

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

Subject to the following paragraph, if the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 3, Resolution 4, Resolution 5, Resolution 6 and Resolution 7 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though these Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

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.

2.4 Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Joint Company Secretaries at admin@cygnusgold.com by Sunday, 29 January 2023.

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 – Approval of change of Company name**

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 1 seeks the approval of Shareholders for the Company to change its name to "*Cygnus Metals Limited*" on the basis that it more accurately reflects the diversification of the commodities the Company is now targeting. The Company's ASX code will remain "CY5".

The proposed name has been reserved by the Company with ASIC. If Resolution 1 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

Resolution 1 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends Shareholders vote in favour of Resolution 1.

4. **Resolution 2(a) and (b) – Ratification of issue of Placement Shares**

4.1 **General**

On 9 December 2022, the Company announced a placement to raise approximately \$8 million (before costs) through the issue of up to 18,181,819 Shares (**Placement Shares**) at an issue price of \$0.44 per Share (**Placement**).

The Placement Shares were issued on 16 December 2022 as follows:

- (a) 1,681,819 Placement Shares were issued under the Company's placement capacity available under Listing Rule 7.1 (the subject of Resolution 2(a)); and
- (b) 16,500,000 Placement Shares were issued under the Company's placement capacity available under Listing Rule 7.1A (the subject of Resolution 2(b)).

Resolution 2(a) and (b) seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares.

4.2 **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 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 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 2(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 set out in Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

If Resolution 2(a) is passed, 1,681,819 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 2(b) is passed, 16,500,000 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.

If Resolution 2(a) is not passed, 1,681,819 Placement Shares will continue to be included in the Company's 15% limit under 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 1,681,819 Equity Securities for the 12 month period following the issue of those Placement Shares.

If Resolution 2(b) is not passed, 16,500,000 Placement Shares will continue to be included in the Company's 10% limit under 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 16,500,000 Equity Securities for the 12 month period following the issue of those Placement Shares (and assuming the Company's approval under Listing Rule 7.1A remains in force for this period).

4.3 **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 Placement Shares:

- (a) The Placement Shares were issued to sophisticated and institutional investors. Canaccord Genuity (Australia) Limited acted as the lead manager to the Placement (**Lead Manager**), with Euroz Hartleys Limited as co-manager (**Co-Manager**). The participants in the Placement were identified through a bookbuild process, which involved the Lead Manager and Co-Manager seeking expressions of interest to participate in the Placement from existing contacts of the Company and clients of the Lead Manager and Co-Manager. The Company notes that Canaccord Wealth Management was issued 3,498,972 Placement Shares and the Co-Manager was issued 3,498,751 Shares, but that no other participants in the Placement were Material Investors.
- (b) A total of 18,181,819 Placement Shares were issued as follows:
 - (i) 1,681,819 Placement Shares were issued using the Company's placement capacity under Listing Rule 7.1; and

- (ii) 16,500,000 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 Placement Shares were issued on 16 December 2022.
- (e) The Placement Shares were issued at \$0.44 per Placement Share.
- (f) The proceeds from the issue of the Placement Shares have been and are intended to be applied towards:
 - (i) exploration activities at the Company's Pontax and James Bay Projects in Canada;
 - (ii) exploration activities at the Company's Australian projects;
 - (iii) acquisition costs and potential corporate activity; and
 - (iv) general working capital and transaction costs.
- (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.

4.4 **Additional information**

Resolution 2(a) and (b) are ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolution 2(a) and (b).

5. **Resolution 3 – Approval of New Plan**

5.1 **General**

On 1 October 2022, amendments to the Corporations Act commenced, simplifying the process for incentivising participants under employee share schemes (**ESS**). Division 1A was introduced into Part 7.12 of the Corporations Act, providing a separate regime for the making of offers in connection with an ESS (**New Regime**). This regime will replace the current relief afforded by ASIC Class Order 14/1000 (**Class Order**), which commenced on 30 October 2014. Entities may continue to make new offers under the Class Order relief until 1 January 2023.

In order to ensure that the Company is afforded the relief provided by the New Regime, the Company considers it necessary to adopt a new ESS that makes reference to the New Regime and includes the changes that came into effect on 1 October 2022.

Resolution 3 seeks Shareholder approval for the adoption of the new ESS titled the 'Cygnus Metals Limited Employee Securities Incentive Plan' (**New Plan**) in accordance with Listing Rule 7.2 exception 13(b), for the sole purpose of ensuring that the Company is afforded the relief provided by the New Regime.

Under the New 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 New Plan. A summary of the key terms and conditions is in Schedule 2. In addition, a copy of the New Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the New Plan can also be sent to Shareholders upon request to the Joint Company Secretaries at admin@cygnusgold.com. Shareholders are invited to contact the Company if they have any queries or concerns.

5.2 Key changes between the Class Order and New Regime

The following table summarises the key changes that will be implemented by the New Regime for “Invitations” (within the meaning given in the New Plan) made under the New Plan:

	Previous Class Order	New Regime
Disclosure obligations	<p>The Class Order mandates certain information that must be provided to ESS participants.</p> <p>There is no difference between the disclosure requirements where ESS Interests are offered for monetary consideration or for no monetary consideration.</p>	<p>If the offer of ESS Interests is for no monetary consideration: There are no prescribed disclosure obligations, other than a statement that the offer is made under Division 1A.</p> <p>If the offer of ESS Interests is for monetary consideration:</p> <ul style="list-style-type: none"> • Certain prescribed disclosure requirements apply. These disclosure requirements are similar (although different) to the current disclosure requirements under the Class Order. • The participant cannot acquire the ESS Interests until 14 days after receiving the above disclosure. This mandates a waiting period ensuring a participant has time to consider their decision and seek legal financial advice. • Any associated trust, contribution plan and loan arrangement will need to comply with specified requirements.
Eligible participants	<ul style="list-style-type: none"> • Directors; • Full-time and part-time employees; • Casual employees and contractors, provided they work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the entity. 	<ul style="list-style-type: none"> • Directors; • Full-time and part-time employees; • Any service providers to the entity (with no minimum requirement of hours of service provided); • Certain ‘related persons’ to the above.

	Previous Class Order	New Regime
5% limit	The maximum number of ESS Interests that can be issued under the Class Order relief over a three-year period is 5% of the issued share capital.	<p>If the offer of ESS Interests is for no monetary consideration: There is no limit on the number of such ESS Interests that may be issued.</p> <p>If the offer of ESS Interests is for monetary consideration: The number of ESS Interests issued over a three-year period must not exceed 5% of the issued share capital. Entities may specify a different issue cap in their constitution.</p>
Suspension	For the Class Order relief to be available, the entity's shares must not have been suspended for more than 5 days over the previous 12 months.	The new regime permits an entity to offer ESS Interests regardless of any suspension to the trading of its shares.
ASIC involvement	A 'Notice of Reliance' must be submitted to ASIC to rely on the Class Order relief.	<p>There are no ASIC lodgement requirements.</p> <p>ASIC has the power to require the provision of documents necessary in order to form an opinion about whether the regime has been complied with.</p> <p>ASIC has also been given express enforcement powers including the ability to issue 'stop orders'.</p>
Criminal offences	N/A	New ESS related criminal offences have been introduced regarding certain misleading or deceptive statements or omissions.

5.3 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 New Plan from those set out in this Notice in Schedule 2.

If Resolution 3 is passed, the Company will be able to issue up to a maximum of 25,500,000 Equity Securities under the New Plan pursuant to Listing Rule 7.2, exception 13(b), to eligible participants over a period of three years without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the New 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 3 is not passed, any issue of Equity Securities pursuant to the New Plan will be made either with Shareholder approval or, in default of Shareholder approval, pursuant to the Company's placement capacity under either or both Listing Rules 7.1 and 7.1A.

5.4 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 New Plan:

- (a) A summary of the material terms of the New Plan is in Schedule 2.
- (b) As at the date of this Notice, no Equity Securities have been issued under the New Plan. Subject to Shareholder approval of Resolution 6, the Company intends to issue up to 18,000,000 Director Performance Rights under the New Plan and on the terms and conditions set out in Schedule 3.
- (c) The Company adopted its existing employee securities incentive plan called the 'Cygnus Gold Employee Incentive Plan' under Listing Rule 7.2, exception 13(b) at its general meeting held on 28 September 2022 (**Existing Plan**). Since that date, the Company has issued the following Equity Securities under the Existing Plan:

Issue date	Equity Security	Number of Equity Securities
21 November 2022	Performance Rights	2,000,000
18 November 2022	Performance Rights	900,000
18 November 2022	Shares	500,000

- (d) The maximum number of Equity Securities proposed to be issued under the New Plan pursuant to Listing Rule 7.2, exception 13(b), following approval of Resolution 3 is 25,500,000 (subject to adjustment in the event of a reorganisation of capital and further subject to applicable laws and the Listing Rules). This number comprises approximately 10% of the Company's Equity Securities currently on issue. The maximum number of Equity Securities is not intended to be a prediction of the actual number to be issued under the New Plan but is specified for the purpose of setting a ceiling in accordance with Listing Rule 7.2 exception 13(b). It is not envisaged that the maximum number of Equity Securities for which approval is obtained will be issued immediately.
- (c) A voting exclusion statement is included in the Notice.

5.5 Additional information

Resolution 3 is an ordinary resolution.

The Board declines to make a recommendation in relation to Resolution 3 due to the Directors' potential personal interests in the outcome of the Resolution.

6. **Resolution 4 – Approval of potential termination benefits under the New Plan**

6.1 **General**

The Corporations Act contains certain limitations concerning the payment of 'termination benefits' to persons who hold a 'managerial or executive office'. The Listing Rules also provides certain limitations on the payment of 'termination benefits' to officers of listed entities.

As is common with employee incentive schemes, the New Plan provides the Board with the discretion to, amongst other things, determine that some or all of the Equity Securities granted to a participant under the New Plan (**Plan Securities**) will not lapse in the event of that participant ceasing their engagement with the Company before such Plan Securities have vested. This 'accelerated vesting' of Plan Securities may constitute a 'termination benefit' prohibited under the Corporations Act, regardless of the value of such benefit, unless Shareholder approval is obtained.

If Resolution 4 is not passed, the Company will not be able to offer 'termination benefits' to persons who hold a 'managerial or executive office' pursuant to the terms of the New Plan unless Shareholder approval is obtained each and every time such termination benefit is proposed, in accordance with section 200E of the Corporations Act.

6.2 **Part 2D.2 of the Corporations Act**

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by Shareholders in accordance with section 200E of the Corporations Act.

Subject to Shareholder approval of Resolution 3, Shareholder approval is sought for the purposes of Part 2D.2 of the Corporations Act to approve the giving of benefits under the New Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum.

As noted above, under the terms of the New Plan and subject to the Listing Rules and the Corporations Act, the Board possesses the discretion to vary the terms or conditions of the Plan Securities. Notwithstanding the foregoing, without the consent of the participant in the New Plan, no amendment may be made to the terms of any granted Plan Security which reduces the rights of the participant in respect of that Plan Security, other than an amendment introduced primarily to comply with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.

As a result of the above discretion, the Board has the power to determine that some or all of a participant's Plan Securities will not lapse in the event of the participant ceasing employment or office before the vesting of their Plan Securities.

The exercise of this discretion by the Board may constitute a 'benefit' for the purposes of section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the New Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Plan Securities at the time of their leaving.

6.3 Valuation of the termination benefits

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

The value of the termination benefits that the Board may give under the New Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Plan Securities that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Plan Securities at the time the participant's employment or office ceases; and
- (b) the number of unvested Plan Securities that the participant holds at the time they cease employment or office.

In accordance with Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the terminations benefits that are or may be payable to all officers together exceed 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

6.4 Additional information

Resolution 4 is conditional on the passing of Resolution 3. If Resolution 3 is not approved at the Meeting, Resolution 4 will not be put to the Meeting.

Resolution 4 is an ordinary resolution.

The Board declines to make a recommendation in relation to Resolution 4 due to their potential personal interests in the outcome of the Resolution.

7. Resolution 5 – Approval of Deeds of Indemnity, Insurance and Access

7.1 General

The purpose of Resolution 5 is to enable the Company to provide the existing Directors, Chief Financial Officer and Company Secretaries, being Mr Raymond Shorrocks, Mr Michael Naylor, Mr Michael Bohm, Mr Shaun Hardcastle, Mr David Southam, Ms Susan Field and Ms Maddison Cramer (each an **Indemnified Person**) with a reasonable level of protection in relation to claims made against them in relation to the period of their Office.

Given the duties and responsibilities of each Indemnified Person and their potential liabilities, the Board considers it appropriate that each Indemnified Person be suitably protected from

certain claims made against them. The proposed protection will not extend to the extent it is prohibited by the Corporations Act.

As each Indemnified Person may be called to account for their actions several years after ceasing to hold Office, it is considered reasonable that suitable protection should extend for a period of time after each Indemnified Person has ceased to hold Office.

It is generally recognised that an officer or former officer of a company may face considerable difficulty in properly answering or defending any claim made against him or her, particularly, as is often the case, where the claim is brought after the officer ceases to hold office. Difficulties may arise by reason of the following:

(a) **No indemnity after cessation of Office**

While a company's constitution provides officers with an indemnity in respect of claims made while they hold office, the indemnity arguably ceases if they cease to hold office and does not extend to cover roles as an officer of a body corporate associated with the company. Without the benefit of an indemnity, the cost of defending such a claim in respect of the actions of an officer or former officer, even if the claim is ultimately proven to be without merit, can be considerable and beyond the financial resources of the individual officer.

(b) **Maintenance of insurance policies**

Officers' insurance policies generally only provide cover for claims made during the currency of the insurance policy. Generally, unless insurance premiums continue to be paid after the time an officer ceases to hold office, claims made after cessation of office will not be covered by the insurance policy. The cost to a former officer of personally maintaining insurance cover after ceasing to hold office can be prohibitive, particularly given the number of years for which insurance must be maintained and given the former officer is unlikely to be receiving income from the company.

(c) **Access to Board papers**

In accordance with section 198F of the Corporations Act, officers have a right to inspect the books of the Company:

- (i) whilst they hold office; and
- (ii) for seven years after ceasing to hold office,

at all reasonable times for the purposes of a legal proceeding to which the officer is a party, that the person proposes in good faith to bring or that the person has reason to believe will be brought against him or her.

Despite this statutory right, officers may require access to company documents which are relevant to the officer's office and not strictly required for the purpose of anticipated, threatened or commenced legal proceedings. Furthermore, although a proceeding may be instituted within six years after a cause of action arises, that six year period is calculated from the date the damage is found to have occurred – this may be long after the conduct which allegedly caused the damage occurred.

Given these difficulties a person may be unwilling to become or to remain as an officer of a company without suitable protection being provided by the company. The benefit to such

company in providing such protection is that it will continue to be able to attract persons of suitable expertise and experience to act as officers.

Resolution 5 seeks the approval of Shareholders to provide the Indemnified Persons with a reasonable level of protection in accordance with their deeds of indemnity, insurance and access with the Company under and for the purposes of section 195(4) and Chapters 2D and 2E of the Corporations Act.

7.2 **Summary of the Deeds of Indemnity, Insurance and Access**

The Company and each Indemnified Person has entered into a deed of indemnity, access and insurance (**Deed of Indemnity**) which, subject to Shareholder approval, requires the Company to:

- (a) indemnify each Indemnified Person during their Office and after the cessation of that Office, in respect of certain claims made against such person in relation to the period of his/her Office to the extent allowable under the Corporations Act;
- (b) indemnify each Indemnified Person in respect of all liabilities incurred by each Indemnified Person during the period of their Office to the extent allowable under the Corporations Act;
- (c) maintain an insurance policy and pay the premiums of insurance for each Indemnified Person to the extent available under the Corporations Act, in respect of all liabilities (including legal expenses) incurred by each Indemnified Person in relation to the period of his/her Office and to continue to pay those premiums for a period of up to seven years following the termination of their Office; and
- (d) provide each Indemnified Person with access, upon ceasing for any reason to hold Office and for a period of not less than seven years following that cessation, to any Company records which are either prepared, or provided to the Indemnified Person, during the Retention Period.

7.3 **Summary of indemnity and insurance provisions in the Corporations Act**

In considering Resolution 5, please note the following limitations in the Corporations Act concerning the provision of indemnities and insurance to Company officers. The Deeds of Indemnity for which Shareholder approval is sought under Resolution 5 comply with these limitations.

(a) **Section 199A of the Corporations Act**

The Corporations Act sets out specific prohibitions on the Company's ability to grant indemnities for liabilities and legal costs. The Company is prohibited from indemnifying its officers against a liability if it is a liability:

- (i) to the Company or any of its related bodies corporate;
- (ii) to a third party that arose out of conduct involving a lack of good faith; or
- (iii) for a pecuniary penalty order or a compensation order under the Corporations Act (such orders being made for breaches such as breaches of director's duties, the related party rules and insolvent trading rules).

The Company is also prohibited from indemnifying its officers against legal costs incurred:

- (i) in defending actions where an officer is found liable for a matter for which he/she cannot be indemnified by the Company as set out immediately above; or
- (ii) in defending criminal proceedings where the officer is found guilty; or
- (iii) in defending proceedings brought by ASIC or a liquidator for a court order if the grounds for making the order are found by the court to be established; or
- (iv) in connection with proceedings for relief to the director under the Corporations Act where the court denies the relief.

(b) **Section 199B of the Corporations Act**

If the Company, or a related body corporate of the Company, pays the premium on an insurance policy in favour of an officer, section 199B of the Corporations Act requires the Company to ensure that the relevant contract of insurance does not cover liabilities incurred by the officer arising out of conduct involving either:

- (i) a wilful breach of duty in relation to the Company; or
- (ii) contravention of the provisions relating to an officer making improper use of information or improper use of his or her position for his or her advantage or gain, or to the detriment of the Company.

7.4 Section 200E of the Corporations Act

A summary of section 200E of the Corporations Act is contained in Section 6.2 above.

The Indemnified Persons hold 'managerial or executive offices' as their details are included in the Directors' Report by virtue of being Directors and officers of the Company.

The Directors consider that as the:

- (a) proposed payment of insurance premiums;
- (b) benefit of the indemnity in relation to liabilities incurred during the period each Indemnified Person holds Office; and
- (c) access to Company records,

continue for a period of either up to or not less than seven years (as applicable) after each Indemnified Person ceases to hold Office, each may be viewed as the provision of a benefit given 'in connection with' the retirement for the purposes of section 200B of the Corporations Act.

7.5 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.

Certain Indemnified Persons (namely, Messrs Raymond Shorrocks, Michael Naylor, Michael Bohm, Shaun Hardcastle and David Southam) are related parties of the Company by virtue of being Directors of the Company.

The provision of insurance and indemnity to existing and future Directors may involve the provision of a financial benefit to related parties of the Company within the prohibition in Chapter 2E of the Corporations Act. The Directors consider that the payment of insurance premiums and the provision of indemnities by the Company are 'reasonable in the circumstances' of the Company and therefore (in respect of the indemnities and payment of insurance premiums with regard to the liabilities of Directors incurred as Directors) fall within an exception to the prohibition in Chapter 2E of the Corporations Act. However, given the personal interests of all Directors and that the indemnities and payment of insurance premiums extend to the liabilities of the Indemnified Parties in their capacity as Directors, the Company considers that the reasonable nature of the provision of any indemnity or insurance is an appropriate matter for the Shareholders.

7.6 **Specific information required by sections 200E and 219 of the Corporations Act**

Pursuant to and in accordance with section 200E and 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed resolution:

(a) **Identity of the related parties to whom Resolution 5 permits benefits to be given**

Each Indemnified Person who is a related party, being Mr Raymond Shorrocks, Mr Michael Naylor, Mr Michael Bohm, Mr Shaun Hardcastle and Mr David Southam, is a related party of the Company to whom Resolution 5 would permit the giving of a benefit.

Ms Susan Field and Ms Maddison Cramer are Indemnified Persons, but are not considered to be related parties of the Company. Ms Field is the Chief Financial Officer of the Company and Joint Company Secretary, and Ms Cramer is Joint Company Secretary.

(b) **Nature of the benefit**

The nature of the benefit to be given to the Indemnified Persons is the benefit under the Deeds of Indemnity, the terms of which are summarised at Section 7.2 above. The Company has taken out an insurance policy which will provide insurance cover for the Indemnified Persons against all permitted liabilities incurred by the Indemnified Persons acting as Officers (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company for reasons beyond the control of the Company and despite the Company using best endeavours to procure such insurance).

(c) **Valuation of the benefit**

The value of the potential termination benefits cannot be ascertained at the date of this Notice. The matters, events or circumstances in respect of which a benefit may be provided are described below:

- (i) The Company has taken out an insurance policy which will provide insurance cover for each Indemnified Person against all permitted liabilities incurred by the Indemnified Person acting as an officer of the Company or any Related Body Corporate of the Company (except to the extent such insurance cannot be procured at a reasonable cost or is otherwise unavailable to the Company for reasons beyond the control of the Company and despite the Company using best endeavours to procure such insurance).
- (ii) The insurance premiums payable will be calculated at market rates applicable from time to time.
- (iii) The nature of the benefit to be given to each Indemnified Person is the benefit under the Deeds of Indemnity, Insurance and Access, the terms of which are summarised in Section 7.2 above.
- (iv) The reasons and basis for the benefit are set out in Section 7.1 above.

(d) **Appointment and remuneration of Indemnified Persons**

The Indemnified Persons, who are related parties, were first appointed as Officers on the following dates:

Indemnified Person	Appointment date
Raymond Shorrocks ¹	30 June 2020
Michael Naylor ²	4 October 2016
Michael Bohm ³	30 September 2016
Shaun Hardcastle	30 June 2020
David Southam ⁴	1 November 2022

Notes:

- 1. Mr Shorrocks was appointed as Non-Executive Chairman on 25 May 2022, having previously been Executive Chairman (8 November 2021 – 24 May 2022) and Non-Executive Director (30 June 2020 – 7 November 2021).
- 2. Mr Naylor was appointed as Executive Director on 25 May 2022, having previously been the Company's Chief Financial Officer and Joint Company Secretary since 4 October 2016.
- 3. Mr Bohm was appointed as a Non-Executive Director on 8 November 2021, having previously been appointed Non-Executive Chairman on 30 September 2016.
- 4. Mr Southam was appointed as a Non-Executive Director on 1 November 2022 and will transition to Managing Director commencing mid-February 2023.

The current total annual remuneration package for each of the Indemnified Persons who are related parties as at the date of this Notice are set out below:

Indemnified Person	Salary and fees (inclusive of superannuation)
Raymond Shorrocks	\$82,500
Michael Naylor ^{1, 2}	\$200,000
Michael Bohm	\$55,000
Shaun Hardcastle	\$55,000
David Southam ³	\$55,000

Notes:

- From 1 October 2022, the total annual base salary payable to Mr Naylor increased from \$120,000 to \$200,000 (plus superannuation). The total annual base salary payable to Mr Naylor will revert to \$120,000 (plus superannuation) upon Mr Southam commencing as Managing Director of the Company.
- Blue Leaf Corporate Pty Ltd (**Blue Leaf**), an entity controlled by Mr Naylor, is engaged to provide company secretarial and financial management services to the Company, pursuant to which the Company pays \$6,000 per month to Blue Leaf. The Joint Company Secretary and CFO, Ms Susan Field, is contracted by Blue Leaf to provide these services to the Company.

Belltree Corporate Pty Ltd (**Belltree**), an entity of which Mr Naylor is a director and has an indirect interest in through an entity controlled by his spouse, is engaged to provide company secretarial services to the Company, pursuant to which the Company pays \$6,000 per month to Belltree. The Joint Company Secretary, Ms Maddison Cramer, is contracted by Belltree to provide these services to the Company.
- As announced on 4 October 2022, the Company expects Mr Southam to transition from Non-Executive Director to Managing Director from mid-February 2023. Mr Southam's current annual remuneration package is \$55,000 (inclusive of superannuation) and from his commencement as Managing Director his total annual remuneration package will be \$600,000 (inclusive of superannuation).

(e) **Existing relevant interests**

As at the date of this Notice, each of the Indemnified Persons who are related parties hold relevant interests in Equity Securities of the Company as set out below:

Indemnified Person	Shares ¹	Options ²	Performance Rights ³
Raymond Shorrocks	3,258,449	5,500,000	1,000,000
Michael Naylor	7,158,894	4,250,000	8,000,000
Michael Bohm	6,500,036	2,000,000	Nil

Indemnified Person	Shares ¹	Options ²	Performance Rights ³
Shaun Hardcastle	1,415,645	2,000,000	Nil
David Southam ⁴	285,715	Nil	Nil

Notes:

1. Includes:
 - (a) 695,653 Shares subject to a voluntary holding lock until 20 January 2023; and
 - (b) 664,310 Shares subject to a voluntary holding lock until 21 January 2023.
2. Comprising the following unquoted Options:
 - (a) Options with an exercise price of \$0.08 each and an expiry date of 22 September 2023; and
 - (b) Options with an exercise price of \$0.16 each and an expiry date of 20 January 2025.
3. Performance Rights are subject to the terms and conditions set out in schedule 2 of the Company's notice of general meeting dated 26 August 2022.
4. Subject to Shareholder approval of Resolution 6, the Company intends to issue Mr Southam (or his nominees) up to 18,000,000 Director Performance Rights under the New Plan on the terms and conditions set out in Schedule 3.

(f) **Taxation consequences**

There are no material taxation consequences for the Company arising from the Deeds of Indemnity (including fringe benefits tax).

(g) **Director recommendations**

The reasons and basis for the benefit are set out at Section 7.1 above. The Directors (as Indemnified Persons) consider it inappropriate to make a recommendation to Shareholders in relation to Resolution 5 as they each hold an interest in the benefit proposed to be given by the Company to them.

(h) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the benefits contemplated by Resolution 5.

7.7 Additional Information

Resolution 5 is an ordinary resolution.

8. Resolution 6 – Approval to issue Director Performance Rights to David Southam

8.1 General

On 4 October 2022, the Company announced that highly experienced resources executive David Southam will join the Board from 1 November 2022, as a Non-Executive Director for an initial period, and then commence as Managing Director from mid-February 2023.

On 1 November 2022, Mr Southam was appointed as Non-Executive Director.

In accordance with the terms of Mr Southam's Managing Director employment contract, the Company has agreed, subject to obtaining Shareholder approval, to issue up to a total of 18,000,000 Performance Rights to Mr Southam (or his nominees) (**Director Performance Rights**) under the New Plan as follows:

Director Performance Rights	Number	Vesting Condition	Expiry Date
Tranche A	5,000,000	2 years continuous employment with the Company from the date of appointment (being 1 November 2022)	5 years from the date of issue
Tranche B	2,000,000	The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li ₂ O resource of at least 5Mt at a grade of no less than 0.8% lithium	5 years from the date of issue
Tranche C	2,000,000	The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li ₂ O resource of at least 10Mt at a grade of no less than 0.8% lithium	5 years from the date of issue
Tranche D	4,000,000	The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li ₂ O resource of at least 20Mt at a grade of no less than 0.8% lithium	5 years from the date of issue
Tranche E	2,500,000	The Company achieving a market capitalisation of at least A\$150,000,000 over a period of not less than 10 consecutive trading days on which trades in the Company's Shares actually occur	5 years from the date of issue
Tranche F	2,500,000	The Company's share price having a 10-day VWAP of at least \$1.00 or a market capitalisation of at least \$250,000,000 over a period of not less than 10 consecutive trading days on which trades in the Company's Shares actually occur	5 years from the date of issue

Furthermore, and subject to the terms and conditions in Schedule 3, in order for the Director Performance Rights to vest and convert into Shares upon the satisfaction of the above-mentioned Vesting Conditions within the specified period, Mr Southam must remain employed as an executive, non-executive Director or consultant (under a consultant contract or any similar instrument) of the Company at the date the relevant Vesting Condition is satisfied.

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue of the Director Performance Rights seek to align the efforts of Mr Southam in seeking to achieve growth of the Share price and in the creation of Shareholder value. The Board believes that the issue of these Director Performance Rights will align the interests of Mr Southam with those of the Company and its Shareholders as they are all subject to performance-based vesting conditions. In addition, the Board also believes that incentivising with Performance Rights is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Director Performance Rights to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 10.14 and section 208 of the Corporations Act for the issue of up to 18,000,000 Director Performance Rights under the New Plan to David Southam (or his nominees).

8.2 **Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire Equity Securities under an employee incentive scheme without the approval of its Shareholders:

- (a) a director of the entity (Listing Rule 10.14.1);
- (b) an associate of a person referred to in Listing Rule 10.14.1 (Listing Rule 10.14.2); and
- (c) a person whose relationship with the entity or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by Shareholders.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Performance Rights as approval is being obtained under Listing Rule 10.14. Accordingly, the issue of the Director Performance Rights to Mr Southam (or his nominees) will not be included in the Company's 15% annual placement capacity pursuant to Listing Rule 7.1 or the maximum permitted number of Equity Securities issued under Listing Rule 7.2, exception 13(b).

The effect of Shareholders passing Resolution 6 will be to allow the Company to issue the Director Performance Rights to Mr Southam (or his nominees).

If Resolution 6 is not passed, the Company will not be able to proceed with the issue of the Director Performance Rights to Mr Southam (or his nominees) and the Company will consider other alternative commercial means to incentivise Mr Southam, including by the payment of cash, subject to the requirements of the Constitution, Corporations Act and Listing Rules.

8.3 **Specific information required by Listing Rule 10.15**

Pursuant to and in accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Director Performance Rights:

- (a) The Director Performance Rights will be issued under the New Plan to David Southam (or his nominees).
- (b) Mr Southam is a related party of the Company by virtue of being a Director of the Company and falls into the category stipulated by Listing Rule 10.14.1. In the event the Director Performance Rights are issued to a nominee of Mr Southam, that nominee will fall into the category stipulated by Listing Rule 10.14.2.
- (c) A maximum of 18,000,000 Director Performance Rights will be issued to Mr Southam (or his nominees) under the New Plan in the manner and form set out in Section 8.1 above.
- (d) Mr Southam's current remuneration package is \$55,000 (inclusive of superannuation) and from his commencement as Managing Director (which is expected to occur mid-February 2023) his total remuneration package will be \$600,000 (inclusive of superannuation).
- (e) No Equity Securities have previously been issued under the New Plan or Existing Plan to Mr Southam (or his nominees).
- (f) The Director Performance Rights will be issued on the terms and conditions set out in Schedule 3.
- (g) The Board considers that Performance Rights with performance-based milestones, rather than Shares, are an appropriate form of incentive because they reward the Directors for achievement of sustained growth in the value of the Company. Additionally, the issue of Performance Rights instead of cash is a prudent means of rewarding and incentivising the Directors whilst conserving the Company's available cash reserves.
- (h) Using a Black-Scholes Option Pricing methodology (for Tranches A to D) and a Monte Carlo Simulation Methodology (for Tranche E and Tranche F), an independent valuation of the Director Performance Rights is in Schedule 4 with a summary below:

Tranche	Number of Director Performance Rights	Valuation per Performance Right	Valuation per Tranche
Tranche A	5,000,000	\$0.4900	\$2,450,000
Tranche B	2,000,000	\$0.4410	\$882,000
Tranche C	2,000,000	\$0.3430	\$686,000
Tranche D	4,000,000	\$0.1470	\$588,000
Tranche E	2,500,000	\$0.4287	\$1,071,750
Tranche F	2,500,000	\$0.4081	\$1,020,250
Total	18,000,000	-	\$6,698,000

- (i) The Director Performance Rights will be issued to Mr Southam (or his nominees) as soon as practicable following the Meeting and in any event not later than three years after the Meeting.

- (j) The Director Performance Rights will be issued for nil cash consideration as they will be issued as an incentive component to Mr Southam's remuneration package.
- (k) A summary of the material terms of the New Plan is in Schedule 2.
- (l) No loan will be provided to Mr Southam in relation to the issue of the Director Performance Rights.
- (m) Details of any securities issued under the New Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- (n) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the New Plan after the resolution is approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14.
- (o) A voting exclusion statement is included in the Notice.

8.4 **Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is contained in Section 7.5 above.

The proposed issue of the Director Performance Rights constitutes giving a financial benefit to a related party of the Company.

It is the view of the Board (other than Mr Southam who has a personal interest in the outcome of this Resolution) 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 Mr Southam (or his nominees) pursuant to Resolution 6.

8.5 **Information required under Chapter 2E of the Corporations Act**

Pursuant to and 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 party to whom Resolution 6 would permit financial benefits to be given**

Refer to Section 8.3(a) above.

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

Resolution 6 seeks Shareholder approval to allow the Company to issue the Director Performance Rights in the amounts specified in Section 8.1 to Mr Southam (or his nominees).

The Director Performance Rights are to be issued on the terms and conditions in Schedule 3.

The Shares to be issued upon conversion 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) **Board recommendations**

The Board (other than Mr Southam who has a personal interest in the outcome of this Resolution) recommends that Shareholders vote in favour of Resolution 6 for the following reasons:

- (i) the issue of the Director Performance Rights will provide a means to further motivate and reward Mr Southam for achieving specified performance milestones within a specified performance period; and
- (ii) the issue of the Director Performance Rights is a cost-effective reward for the Company to appropriately incentivise Mr Southam and is consistent with the strategic goals and targets of the Company and aligned with the interests of Shareholders.

(d) **Valuation of financial benefit**

An independent valuation of the Director Performance Rights is in Schedule 4, with a summary set out in Section 8.3(h) above.

(e) **Remuneration of David Southam**

Refer to Section 8.3(d) above.

(f) **Existing relevant interest of David Southam**

At the date of this Notice, Mr Southam holds the following relevant interests in Equity Securities of the Company:

Director	Shares	Options	Performance Rights
David Southam	285,715	Nil	Nil

Assuming that Resolution 6 is approved by Shareholders, all of the Director Performance Rights are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, the relevant interest of Mr Southam in the Company would (based on the Share capital as at the date of this Notice) represent 9.05% of the Company's issued Share capital.

(g) **Dilution**

The issue of the Director Performance Rights will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Director Performance Rights vest and are exercised. The potential dilution if all Director Performance Rights vest and are exercised into Shares is 8.92%. This figure assumes the current Share capital structure as at the date of this Notice and that no 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 6.55% on a fully diluted basis (assuming that all other

Securities are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **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: \$0.60 per Share on 14 November 2022

Lowest: \$0.135 per Share on 17 May 2022

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.425 per Share on 15 December 2022.

(i) **Corporate governance**

The Board acknowledges the grant of the Director Performance Rights to Mr Southam is currently contrary to Recommendation 8.2 of the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**). However, the Board considers the grant of Director Performance Rights to Mr Southam is reasonable in the circumstances for the reasons set out in Section 8.1 and due to the fact that Mr Southam will transition from Non-Executive Director to Managing Director in mid-February 2023.

(j) **Taxation consequences**

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

(k) **Other information**

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 Resolution 6.

8.6 **Additional information**

Resolution 6 is an ordinary resolution.

9. **Resolution 7 – Approval to increase Non-Executive Directors' fee pool**

9.1 **General**

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors (**NED Fee Pool**) without the approval of holders of its ordinary securities.

Clause 6.4 of the Constitution also requires that remuneration payable to the Non-Executive Directors will not exceed the aggregate sum determined by the Company in general meeting from time to time. The aggregate sum will be divided between the Non-Executive Directors in the proportion and manner they agree or, in default of agreement, among them equally.

The NED Fee Pool is currently set at \$300,000 per annum. This level was approved by Shareholders prior to the Company's admission on 11 January 2018. Resolution 7 seeks the approval of Shareholders to increase the NED Fee Pool to \$600,000 per annum under and for the purposes of Listing Rule 10.17 and Clause 6.4 of the Constitution.

If Resolution 7 is passed, the available NED Fee Pool will be increased to \$600,000 per annum. The rationale for seeking this increase is detailed in Section 9.2 below. As also detailed below, the Company does not intend to fully utilise the entire increase in the NED Fee Pool in the short-term.

If Resolution 7 is not passed, the available NED Fee Pool will remain at \$300,000 per annum. This may impact on the Company's ability to achieve the matters described in Section 9.2 below.

9.2 Rationale for the increase

The maximum aggregate amount of fees proposed to be paid to the Non-Executive Directors per annum has been determined after reviewing similar size mineral and exploration companies listed on ASX. The Directors believe that the proposed NED Fee Pool is in line with the aggregate remuneration of such companies.

The Board believes that the remuneration of the Directors must be maintained at a level consistent with similarly sized ASX listed companies, taking into account the time commitment of the role and Company performance.

The proposed level of fees does not mean that the Company must pay the entire amount approved as fees in each year, rather the increase in the proposed limit is requested to:

- (a) create the capacity to allow for the appointment of additional Non-Executive Directors as and when determined appropriate;
- (b) allow for overlapping tenures as part of the Board's orderly succession planning; and
- (c) attract and retain Non-Executive Directors whose skills and qualifications are appropriate for the size and nature of the Company.

9.3 Specific information required by Listing Rule 10.17

Under and for the purposes of Listing Rule 10.17, the following information is provided in relation to the proposed increase in the NED Fee Pool:

- (a) the Company is proposing to increase the total aggregate fixed sum per annum to be paid to the Non-Executive Directors by \$300,000;
- (b) the proposed maximum aggregate amount per annum to be paid to all Non-Executive Directors is \$600,000 and includes superannuation contributions made by the Company for the benefit of Non-Executive Directors and any fees which a Non-Executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine 'special exertion' fees paid in accordance with the Constitution, or securities issued to a Non-Executive Director under Listing Rules 10.11 or 10.14 with approval of Shareholders;

- (c) in the past three years, the Company has issued Equity Securities to Non-Executive Directors, or their nominees, under and for the purposes of Listing Rules 10.11 and 10.14 as follows:

Non-Executive Director	Shareholder approval	Equity Securities	Date of issue
Ray Shorrocks	Listing Rule 10.11: Issue of Shares	142,858 Shares	29 November 2022
	Listing Rule 10.11: Issue of Shares	400,000 Shares	21 October 2022
	Listing Rule 10.11: issue of Performance Rights	1,000,000 Performance Rights ¹	21 October 2022
	Listing Rule 10.11: Issue of Options	3,500,000 Options ²	20 January 2022
	Listing Rule 10.11: Issue of Shares	664,310 Shares	21 January 2021
	Listing Rule 10.11: Issue of Shares	384,615 Shares	16 November 2020
	Listing Rule 10.11: Issue of Shares	444,444 Shares	22 September 2020
	Listing Rule 10.11: Issue of Options	2,000,000 Options ³	22 September 2020
	Listing Rule 10.11: Issue of Shares	1,222,222 Shares	22 September 2020
Shaun Hardcastle	Listing Rule 10.11: Issue of Shares	85,715 Shares	29 November 2022
	Listing Rule 10.11: Issue of Shares	240,000 Shares	21 October 2022
	Listing Rule 10.11: Issue of Shares	260,870 Shares	20 January 2022
	Listing Rule 10.11: Issue of Shares	384,616 Shares	16 November 2020
	Listing Rule 10.11: Issue of Shares	444,444 Shares	22 September 2020
	Listing Rule 10.11: Issue of Options	2,000,000 Options ⁴	22 September 2020

Non-Executive Director	Shareholder approval	Equity Securities	Date of issue
Michael Bohm	Listing Rule 10.11: Issue of Shares	142,858 Shares	29 November 2022
	Listing Rule 10.11: Issue of Shares	200,000 Shares	21 October 2022
	Listing Rule 10.11: Issue of Shares	434,783 Shares	20 January 2022
	Listing Rule 10.11: Issue of Shares	384,615 Shares	16 November 2020
	Listing Rule 10.11: Issue of Shares	1,111,111 Shares	22 September 2020
	Listing Rule 10.11: Issue of Options	2,000,000 Options ⁵	22 September 2020
	Listing Rule 10.11: Issue of Shares	1,056,668 Shares	4 December 2019
David Southam⁶	Listing Rule 10.11: Issue of Shares	285,715 Shares	29 November 2022

Notes:

1. The 1,000,000 Performance Rights issued to Mr Shorrocks were issued on the terms and conditions set out in the Company's notice of general meeting announced to the ASX on 26 August 2022.
2. 3,500,000 Options exercisable at \$0.16 each and expiring on 20 January 2025.
3. 2,000,000 Options exercisable at \$0.08 each and expiring on 22 September 2023.
4. 2,000,000 Options exercisable at \$0.08 each and expiring on 22 September 2023.
5. 2,000,000 Options exercisable at \$0.08 each and expiring on 22 September 2023.
6. Subject to receipt of Shareholder approval at this Meeting, the Company is proposing to issue up to 18,000,000 Director Performance Rights to Mr Southam (or his nominees), the subject of Resolution 6.

(d) a voting exclusion statement is included in the Notice.

9.4 Board recommendation

Resolution 7 is an ordinary resolution.

Given the interest of the Non-Executive Directors in this Resolution, the Non-Executive Directors make no recommendation to Shareholders regarding this Resolution.

Executive Director Michael Naylor recommends that Shareholders vote in favour of Resolution 7.

Schedule 1 Definitions

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

\$ or A\$	means Australian Dollars.
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.
Clause	means a clause of the Constitution.
Class Order	means ASIC Class Order 14/1000: Employee incentive schemes: Listed bodies.
Co-Manager	means Euroz Hartleys Limited, the co-manager to the Placement.
Company	means Cygnus Gold Limited (ACN 609 094 653).
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth), as amended.
Deed of Indemnity	has the meaning in Section 7.2.
Director	means a director of the Company.
Director Performance Rights	means up to 18,000,000 Performance Rights proposed to be issued to David Southam (or his nominees) under the New Plan, the subject of Resolution 3.
Equity Security	has the same meaning as in the Listing Rules.
ESS	means employee share scheme
Existing Plan	has the meaning given in Section 5.4(c).
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
Indemnified Person	means each of the existing Directors, Chief Financial Officer and Company Secretaries, being Mr Raymond Shorrocks, Mr Michael Naylor, Mr Michael Bohm, Mr Shaun Hardcastle, Mr David Southam, Ms Susan Field and Ms Maddison Cramer.
JORC	means Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition).

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) Limited, the lead manager to the Placement.
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.
NED Fee Pool	has the meaning given in Section 9.1.
New Regime	has the meaning given in Section 5.1.
Notice	means this notice of general meeting.
Office	means an office as an Officer.
Officer	has the same meaning, as the context requires, given in paragraphs (a) and (b) of the definition of 'officer' of a corporation, or in paragraphs (a) and (b) of the definition of 'officer' of an entity that is neither an individual nor a corporation, in each case in section 9 of the Corporations Act.
Option	means an option to acquire a Share.
Performance Right	means a right, subject to certain terms and conditions, to acquire a Share on the satisfaction (or waiver) of certain performance conditions.
Placement	has the meaning given in Section 4.1.
Placement Shares	has the meaning given in Section 4.1.
New Plan	means the 'Cygnus Metals Limited Employee Securities Incentive Plan' the subject of Resolution 3.
Plan Securities	means Equity Securities granted to a participant under the New Plan.

Proxy Form	means the proxy form attached to the Notice.
Related Body Corporate	has the meaning given to it for the purposes of the Corporations Act.
Relevant Proceedings	<p>means, in relation to the Officer:</p> <p>(a) any hearing, conference, dispute, inquiry or investigation of a court, arbitrator, mediator, tribunal or governmental or administrative body; and</p> <p>(b) any procedural step preceding or otherwise relating to such a hearing, conference, dispute, inquiry or investigation,</p> <p>in which the Officer is involved because the Officer is or was a Director of the Company or Related Body Corporate of the Company (as the case may be) during the period commencing on the date at which the Officer is or was appointed as an Officer of the Company and expiring on the Retirement Date.</p>
Resolution	means a resolution referred to in the Notice.
Retention Period	<p>means a period:</p> <p>(a) commencing on the later of:</p> <p>(i) the date being 7 years before the date of the relevant Deed of Indemnity; or</p> <p>(ii) the date of the incorporation of the Company; and</p> <p>(b) expiring on the later of:</p> <p>(i) the date 7 years after the Retirement Date; and</p> <p>(ii) the date any Relevant Proceedings commenced during the period referred to in item (b)(i) of this definition have been finally resolved.</p>
Retirement Date	<p>means the earlier of the date on which:</p> <p>(a) the Officer;</p> <p>(i) is removed; or</p> <p>(ii) resigns (except where the Officer retires from office and seeks re-election pursuant to the Company's constitution, and is duly re elected),</p> <p>as a Director of the Company or a Related Body Corporate of the Company, or</p> <p>(b) the Officer's office is vacated or the Officer is disqualified from holding such office by operation of law, as a matter of contract or for any other reason whatsoever.</p>
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.
VWAP	means volume-weighted average price of Shares traded on ASX.

Schedule 2 Summary of material terms of the New Plan

The following is a summary of the material terms and conditions of the New Plan (**Plan**):

- (a) **(Eligible Participant):** Eligible Participant means a person that has been determined by the Board to be eligible to participate in the Plan from time to time and is an “ESS participant” (as that term is defined in Division 1A) in relation to the Company or an associated entity of the Company. This relevantly includes, amongst others:
- (i) an employee or director of the Company or an individual who provides services to the Company;
 - (ii) an employee or director of an associated entity of the Company or an individual who provides services to such an associated entity;
 - (iii) a prospective person to whom paragraphs (i) or (ii) apply;
 - (iv) a person prescribed by the relevant regulations for such purposes; or
 - (v) certain related persons on behalf of the participants described in paragraphs (i) to (iv) (inclusive).
- (b) **(Maximum allocation)** The Company must not make an offer of Securities under the Plan in respect of which monetary consideration is payable (either upfront, or on exercise of convertible securities) where:
- (i) the total number of Plan Shares (as defined in paragraph (m) below) that may be issued or acquired upon exercise of the convertible securities offered; plus
 - (ii) the total number of Plan Shares issued or that may be issued as a result of offers made under the Plan at any time during the previous 3 year period,
- would exceed 5% of the total number of Shares on issue at the date of the offer or such other limit as may be specified by the relevant regulations or the Company’s Constitution from time to time.
- The maximum number of equity securities proposed to be issued under the Plan for the purposes of Listing Rule 7.2, Exception 13 will be as approved by Shareholders from time to time (**ASX Limit**). This means that, subject to the following paragraph, the Company may issue up to the ASX Limit under the Plan without seeking Shareholder approval and without reducing its placement capacity under Listing Rule 7.1.
- The Company will require prior Shareholder approval for the acquisition of equity securities under the Plan to Directors, their associates and any other person whose relationship with the Company or a Director or a Director’s associate is such that, in ASX’s opinion, the acquisition should be approved by Shareholders. The issue of Securities with Shareholder approval will not count towards the ASX Limit.
- (c) **(Purpose):** The purpose of the Plan is to:
- (i) assist in the reward, retention and motivation of Eligible Participants;
 - (ii) link the reward of Eligible Participants to Shareholder value creation; and
 - (iii) 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.

- (d) **(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, subject to compliance with applicable laws and the Listing Rules. The Board may delegate its powers and discretion.
- (e) **(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. An invitation issued under the Plan will comply with the disclosure obligations pursuant to Division 1A.

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.

A waiting period of at least 14 days will apply to acquisitions of Securities for monetary consideration as required by the provisions of Division 1A.

- (f) **(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.
- (g) **(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.

- (h) **(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.
- (i) **(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.

At the time of exercise of the Convertible Securities, and subject to Board approval, 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.

- (j) **(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.
- (k) **(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:

- (i) 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
 - (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
- (l) **(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.
 - (m) **(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.
 - (n) **(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.
 - (o) **(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.

(p) **(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.

(q) **(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.

(r) **(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.

Schedule 3 Terms and conditions of Director Performance Rights

The terms and conditions of the Director Performance Rights (**Performance Rights**) are as follows:

- (a) **(Entitlement):** Subject to the terms and conditions set out below, each Performance Right entitles the holder on conversion to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (b) **(Issue Price):** The Performance Rights are issued for nil cash consideration.
- (c) **(Vesting Conditions):** Subject to the terms and conditions set out below, the Performance Rights will have the vesting conditions (**Vesting Condition**) specified below:

Director Performance Rights	Number	Vesting Condition	Expiry Date
Tranche A	5,000,000	2 years continuous employment with the Company from the date of appointment (being 1 November 2022)	5 years from the date of issue
Tranche B	2,000,000	The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li ₂ O resource of at least 5Mt at a grade of no less than 0.8% lithium	5 years from the date of issue
Tranche C	2,000,000	The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li ₂ O resource of at least 10Mt at a grade of no less than 0.8% lithium	5 years from the date of issue
Tranche D	4,000,000	The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li ₂ O resource of at least 20Mt at a grade of no less than 0.8% lithium	5 years from the date of issue
Tranche E	2,500,000	The Company achieving a market capitalisation of at least A\$150,000,000 over a period of not less than 10 consecutive trading days on which trades in the Company's Shares actually occur	5 years from the date of issue
Tranche F	2,500,000	The Company's share price having a 10-day VWAP of at least \$1.00 or a market capitalisation of at least \$250,000,000 over a period of not less than 10 consecutive trading days on which trades in the Company's Shares actually occur	5 years from the date of issue

Where "VWAP" means "volume weighted average market price" as that term is defined in the ASX Listing Rules.

(d) **(Vesting):** Subject to the satisfaction of the Vesting Condition on or before the Expiry Date and the holder remaining employed by the Company as an executive, non-executive director or a consultant (under a consultant contract or similar instrument) at the date the Vesting Condition is satisfied, the Company will notify the holder in writing (**Vesting Notice**) within 3 Business Days of becoming aware that the relevant Vesting Condition has been satisfied.

(e) **(Expiry Date):** The Performance Rights will expire and lapse on the first to occur of the following:

- (i) 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) (subject to the exercise of the Board's discretion under the New Plan); and
- (ii) 5.00pm (Perth time) on the date which is 5 years after the date of issue of the Performance Rights,

(Expiry Date).

(f) **(Exercise):** At any time between receipt of a Vesting Notice and the Expiry Date (as defined in clause (e) 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.

(g) **(Issue of Shares):** As soon as practicable after the valid exercise of a vested Performance Right, the Company will:

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

(h) **(Restrictions on transfer of Shares):** If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, 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.

(i) **(Ranking):** All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with other Shares.

(j) **(Transferability of the Performance Rights):** The Performance Rights are not transferable, except with the prior written approval of the Company at its sole discretion and subject to compliance with the Corporations Act and Listing Rules.

(k) **(Dividend rights):** A Performance Right does not entitle the holder to any dividends.

- (l) **(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.
- (m) **(Quotation of the Performance Rights)** The Company will not apply for quotation of the Performance Rights on any securities exchange.
- (n) **(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 in accordance with the Listing Rules.
- (o) **(Entitlements and bonus issues):** Subject to the rights under clause (p), holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
- (p) **(Bonus issues):** 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), the number of Shares which must be issued on the exercise of a vested Performance Right will be increased by the number of Shares which the holder would have received if the holder had exercised the Performance Right before the record date for the bonus issue.
- (q) **(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.
- (r) **(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.
- (s) **(Takeovers prohibition):**
 - (i) 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
 - (ii) 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.
- (t) **(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.
- (u) **(Leaver):** Where the holder ceases to be an Eligible Participant all unvested Performance Rights will be dealt with in accordance with the terms of the New Plan, whereby the Board will determine to either permit some or all of the Performance Rights to vest or determine that the unvested Performance Rights be forfeited by the holder.
- (v) **(No other rights):** A Performance Right does not give a holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

- (w) **(New Plan)**: The Performance Rights are issued pursuant to and are subject to the New Plan. In the event of conflict between a provision of these terms and conditions and the New Plan, these terms and conditions prevail to the extent of that conflict.
- (x) **(Constitution)**: Upon the issue of the Shares on exercise of the Performance Rights, the holder will be bound by the Company's Constitution.
- (y) **(ASX Listing Rules)**: The Company reserves the right to unilaterally amend the terms of the Performance Rights to the extent necessary to comply with the ASX Listing Rules.

Schedule 4 Valuation of Director Performance Rights

9 December 2022

Cygnus Gold Limited
Level 2, 8 Richardson 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 six 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 of the Company following shareholder approval at the Company’s next General Meeting. As a result, we undertook the valuation as at 8 December 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 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	Expiry Date	Exercise Price	Term	Vesting condition
Tranche 1	8-Dec-22	5.0yrs from issue	\$nil	5.00 yrs	2 years continuous employment with the Company from the date of appointment.
Tranche 2	8-Dec-22	5.0yrs from issue	\$nil	5.00 yrs	Any of the Company’s mining tenements or projects, reporting a JORC 2012 compliant Li ₂ O resource of 5Mt at a min grade of 0.8% lithium.
Tranche 3	8-Dec-22	5.0yrs from issue	\$nil	5.00 yrs	Any of the Company’s mining tenements or projects, reporting a JORC 2012 compliant Li ₂ O resource of 10Mt at a min grade of 0.8% lithium.
Tranche 4	8-Dec-22	5.0yrs from issue	\$nil	5.00 yrs	Any of the Company’s mining tenements or projects, reporting a JORC 2012 compliant Li ₂ O resource of 20Mt at a min grade of 0.8% lithium.
Tranche 5	8-Dec-22	5.0yrs from issue	\$nil	5.00 yrs	The Company achieving a market capitalisation ≥ \$150m over 10 consecutive trading days.
Tranche 6	8-Dec-22	5.0yrs from issue	\$nil	5.00 yrs	The Company’s share price having a 10-day VWAP ≥ \$1.00; or a market capitalisation ≥ \$250m over 10 consecutive trading days.

- Each individual right is exercisable for one ordinary share in the Company at the exercise prices listed in Table 1 above.

- We understand the Rights are subject to the following non-market-based vesting criteria:
 - All Tranches: The Rights are subject to a service condition whereby the holder must remain employed by the Company at the date the relevant vesting condition(s) are satisfied.
 - Tranche 1: 2 years continuous employment with the Company from the date of appointment (being 1 November 2022).
 - Tranche 2: The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li2O resource of at least 5Mt at a grade of no less than 0.8% lithium.
 - Tranche 3: The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li2O resource of at least 10Mt at a grade of no less than 0.8% lithium.
 - Tranche 4: The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights or acquires at any date in the future, announces a JORC 2012 compliant Li2O resource of at least 20Mt at a grade of no less than 0.8% lithium.
 - Tranche 5: no non-market-based vesting conditions
 - Tranche 6: no non-market-based vesting conditions
- We understand the Rights are subject to the following market-based vesting criteria:
 - Tranche 1: no market-based vesting conditions
 - Tranche 2: no market-based vesting conditions
 - Tranche 3: no market-based vesting conditions
 - Tranche 4: no market-based vesting conditions
 - Tranche 5: The Company achieving a market capitalisation of at least A\$150,000,000 over a period of not less than 10 consecutive trading days on which trades in the Company's shares actually occur.
 - Tranche 6: The Company's share price having a 10-day volume-weighted average price (VWAP) of at least \$1.00 or a market capitalisation of at least \$250,000,000 over a period of not less than 10 consecutive trading days on which trades in the Company's shares actually occur.
- The Rights are exercisable immediately upon vesting (subject to the exercise price) until expiry.
- The Rights expire five years after they are issued, following which the Rights lapse.
- We understand that dividends are not received by the holder of the Rights prior to exercise.
- We understand that there are no other 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

Tranches 1 – 4

In determining the fair value of the Tranche 1 – 4 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			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
i. Underlying share price	\$0.490	\$0.490	\$0.490	\$0.490
ii. Exercise price	\$nil	\$nil	\$nil	\$nil
iii. Term	5.00 yrs	5.00 yrs	5.00 yrs	5.00 yrs
iv. Risk-free rate	3.163%	3.163%	3.163%	3.163%
v. Dividend yield	nil	nil	nil	nil
vi. Volatility (rounded)	90.0%	90.0%	90.0%	90.0%

- i. *Underlying Share price* – being the price of the Company’s shares at the close of the market on the Valuation Date.
- ii. *Exercise price* – We have been provided with the exercise prices of the Rights as listed in Table 2 above.
- iii. *Term* – being the period from the grant date (which for the purposes of this valuation is taken to be the Valuation Date) to the expiry date.
- iv. *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 each tranche. 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.
- v. *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.
- vi. *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 and of equal duration to the term of each tranche (or as long as the shares have been publicly traded). We also considered the volatility over difference calculation periods (from 6-months to 5-years) to determine an appropriate go-forward volatility for each tranche. A summary of our volatility calculations 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:

- Tranche 1 – \$0.4900 / right
- Tranche 2 – \$0.4900 / right
- Tranche 3 – \$0.4900 / right
- Tranche 4 – \$0.4900 / right

Tranches 5 – 6

In determining the fair value of the Tranche 5 and 6 Rights, we used a Monte Carlo Simulation Methodology (MCSM).

Specifically, we undertook the following process for each of 1,000,000 simulations, to determine the fair value of the tranche having regard to the market-based vesting condition of the market capitalisation and VWAP performance hurdle:

1. We created a hypothetical price path using the principals of the Binomial model, on a daily basis, for an ordinary share in the Company between the Valuation Date and the Expiry Date, being a duration equal to the Term of the Rights.
2. During each simulation, we also applied the expected capital raisings and share issuances described in recent ASX announcements (see **Annexure 3** for a summary). At each estimated capital raise / share issuance date, we adjusted the forecast market capitalisation based on the expected capital raising amount, and the number of simulated shares on issued (noting that the starting number of shares was the number on issue at the Valuation Date). Further, as a result of the capital raise and issuance of shares, we have also adjusted the simulated share price to account for any dilution (if the raise price was less than the simulated share price) or accretion (if the raise price was greater than the simulated share price).
3. At each day of the hypothetical price path, we determined the simulated market capitalisation – using the simulated share price and shares outstanding adjusted for the capital raises described in Point 2 above – and compared it to the market capitalisation hurdle (see Table 3 below). For the Tranche 6 rights, we also compared the 10-day VWAP to the VWAP hurdle noting that the Tranche 6 rights can vest at achievement of either the VWAP or Market Capitalisation hurdle.
4. When the simulated market capitalisation exceeded the hurdle for 10 consecutive trading days (or VWAP hurdle achieved for Tranche 6), the rights were considered to have vested, and it was assumed that the rights would be exercised immediately. As such, in each simulation that the hurdle condition was met, we discounted the value of the exercised right, being the difference between: (i) the simulated share price on the date the vesting condition was satisfied; and (ii) the exercise price of \$nil, to the Valuation Date.
5. In simulations that did not result in the performance hurdle being met, or in the Rights being exercised (exercise price > share price), we assumed a value of \$nil for the simulation.
6. Finally, we averaged the results in points 2 – 5 above to determine the value of the tranche.

Following and in Table 3 below are the key inputs used to determine the hypothetical price path and present value of any vested ordinary shares in the MCSM.

Table 3: MCSM Inputs

Input	Values at Valuation Date	
	Tranche 5	Tranche 6
i. Underlying share price	\$0.490	\$0.490
ii. Exercise price	\$nil	\$nil
iii. Term	5.00 yrs	5.00 yrs
iv. Risk-free rate	3.163%	3.163%
v. Dividend yield	nil	nil
vi. Volatility (rounded)	90.0%	90.0%
vii. Market Capitalisation Hurdle	\$150,000,000 for 10 days	\$250,000,000 for 10 days
viii. VWAP Hurdle	n/a	10-day VWAP ≥ \$1.00
ix. Shares outstanding	165,692,393	165,692,393

- i. *Underlying Share price* – being the closing price of the Company’s shares at the close of the market on the Valuation Date.
- ii. *Exercise price* – We have been provided with the exercise price of the Rights as listed in Table 3 above.
- iii. *Term* – being the period from the grant date (which for the purposes of this valuation is taken to be the Valuation Date) to the expiry date.
- iv. *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 tranche. 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.
- v. *Dividends* – The dividend yield was assumed to be nil as no dividend has been recently paid by the Company or is forecast to be paid over the term of the Rights.
- vi. *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 and of equal duration to the term of each tranche (or as long as the shares have been publicly traded). We also considered the volatility over difference calculation periods (from 6-months to 5-years) to determine an appropriate go-forward volatility for each tranche. A summary of our volatility calculations is attached as **Annexure 2**.
- vii. *Market Capitalisation Hurdle* – We have been instructed that the market capitalisation hurdle is \$150m for the Tranche 5 rights and \$250m for the Tranche 6 rights.
- viii. *VWAP Hurdle* – We have been instructed that the 10-day VWAP hurdle for the Tranche 6 rights is \$1.00. There is no VWAP hurdle applicable to the Tranche 5 rights.
- ix. *Shares outstanding* – per the Company’s ASX profile (www2.asx.com.au/markets/company/cy5), on the Valuation Date the total shares outstanding was 165,692,393.

Based on the foregoing methodology and inputs, and before any discount discussed in the next section, we determined the value of Rights to be:

Tranche 5 – \$0.4287 per right

Tranche 6 – \$0.4081 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 discussions with management of the Company, they currently estimate the following in regard to each tranche's non-market-based vesting conditions:

- For the purposes of this valuation, it was assumed that the likelihood of meeting the service condition was 100% for all tranches.
- Tranche 1 – two-year continuous employment from 1 November 2022 – The Company estimates the likelihood of vesting to be 100%.
- Tranche 2 – JORC 2012 compliant Li₂O resource of 5Mt at a min grade of 0.8% lithium – The Company estimates the likelihood of vesting to be 90%.
- Tranche 3 – JORC 2012 compliant Li₂O resource of 10Mt at a min grade of 0.8% lithium – The Company estimates the likelihood of vesting to be 70%.
- Tranche 4 – JORC 2012 compliant Li₂O resource of 20Mt at a min grade of 0.8% lithium – The Company estimates the likelihood of vesting to be 30%.
- Tranches 5 & 6 – there are no non-market-based vesting conditions applicable to these tranches and so the above clauses do not apply.

5. Valuation Conclusion

Based on the above inputs and assumptions, the resulting fair value for each tranche of the Rights is summarised in Table 4 below. Ordinarily, when determining the value of each tranche, the Company would factor in the non-market-based vesting conditions by adjusting the number of rights included in the measurement. Since we are concluding at a per-right value for each tranche, we have applied the probability of achievement of the non-market-based vesting conditions to the fair value of a right. In order to determine the value of each tranche to be recognised, the Company should apply the Concluded Value per Right to the total number of rights in each tranche.

Table 4: Valuation Conclusion				
Tranche	Vesting condition	Fair value per Right	Probability of occurrence	Concluded Value per Right
		(a)	(b)	(a)*(b)
Tranche 1	Two-years continuous employment	\$0.4900	100.0%	\$0.4900
Tranche 2	JORC compliant Li2O resource of 5Mt	\$0.4900	90.0%	\$0.4410
Tranche 3	JORC compliant Li2O resource of 10Mt	\$0.4900	70.0%	\$0.3430
Tranche 4	JORC compliant Li2O resource of 20Mt	\$0.4900	30.0%	\$0.1470
Tranche 5	Market capitalisation \geq \$150m	\$0.4287	n/a	\$0.4287
Tranche 6	Market capitalisation \geq \$250m; or 10-day VWAP \geq \$1.00	\$0.4081	n/a	\$0.4081

Should you have any questions regarding anything contained in this letter please do not hesitate to contact me.

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
<p>2 (a) <i>Applicable paragraph</i></p>	<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>
<p><i>22 Corporate Advisory comment</i></p>	<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 director) as consideration for equity instruments of the entity (including shares or share options).</p>
<p>10 & 11</p>	<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>
<p>14, 15</p>	<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 (i.e. holder must remain employed by the Company until vesting). As such, we consider the Company should account for the services rendered by the holder of the 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 used the closing share price on the Valuation Date as accurately reflecting the per share price of a fully-paid ordinary share in the Company as at the Valuation Date.</p> <p>See Section 3 titled, <i>Valuation of the Rights</i>, for more detail.</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> <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</p>

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>number of equity instruments 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 subject to market conditions (share price appreciation above the exercise price and a Market Capitalisation hurdle for tranches 5 & 6) and therefore these market conditions must be taken into account when estimating the fair value of the Rights.</p> <p>Based on information provided, there are no other market conditions upon which vesting is conditioned.</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>For the valuation of Tranches 1-4, 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> <p>For the valuation of Tranches 5-6, we have used the Monte Carlo Simulation (MCS) Methodology, which utilises the Binomial Option Pricing Model, to estimate the fair value of the Rights. The valuation under the MCS 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>

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
	<p>Given that the Rights can be exercised for nil consideration, we consider that they would be exercised immediately after satisfaction of the vesting criteria.</p> <p>For the Tranche 1-4 Rights, given their non-market-based vesting condition and nil exercise price, we consider the impact of early exercise to be negligible on value. As a result, we consider the Tranche 1-4 Rights to be sufficiently simple enough for the BSOP methodology to be an appropriate price model to use in their valuation.</p> <p>For the Tranche 5-6 Rights, this would be at achievement of their market capitalisation hurdle (or VWAP hurdle for tranche 6), which could occur at any point before expiry. Consequently, we consider the MCSM to be the most appropriate method to value this tranche as it allows more flexibly around the potential of early exercise.</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 B27 – B29	<p><u>Expected volatility – Unlisted Entities</u></p> <p>An unlisted entity will not have historical information to consider when estimating expected volatility. Some factors to consider instead are set out below.</p> <p>In some cases, an unlisted entity that regularly issues options or shares to employees (or other parties) might have set up an internal market for its shares. The volatility of those share prices could be considered when estimating expected volatility.</p> <p>Alternatively, the entity could consider the historical or implied volatility of similar listed entities, for which share price or option price information is available, to use when estimating expected volatility. This would be appropriate if the entity has based the value of its shares on the share prices of similar listed entities.</p> <p>As the Company is listed this clause is not applicable to the Rights. See Section 3 titled, <i>Valuation of the Rights</i>, for our discussion on volatility.</p>

Table A1-1: AASB 2 – Share Based Payment

AASB Paragraph	Comment
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

Table A2-1: Volatility Summary
(monthly change in share price)

Tranche	Tranche 1-6
End date (Valuation Date)	08/12/2022
Period (days)	1,826
Start date	08/12/2017

Workings

Beginning of period (Trading day)	15/01/2018
Trading segments in period (months)	59
Standard deviation of price change (ΔP)	28.11%
Annualised Volatility	97.38%
Annualised Volatility (rounded)	97.00%

Table A2-2: Volatility Summary – alternate calculation periods

Calculation period	Change in share price		
	Daily	Weekly	Monthly
6 mnths	113.54%	116.17%	91.69%
12 mnths	95.24%	86.74%	73.34%
15 mnths	93.28%	82.15%	66.23%
18 mnths	95.45%	81.08%	79.70%
21 mnths	91.43%	76.42%	75.12%
24 mnths	87.98%	71.66%	70.41%
30 mnths	101.85%	86.62%	86.21%
36 mnths	110.64%	97.03%	84.70%
42 mnths	113.54%	107.13%	105.75%
48 mnths	111.72%	104.31%	102.15%
54 mnths	107.81%	99.81%	98.74%
60 mnths	109.04%	102.10%	97.38%
Average	102.63%	92.60%	85.95%
Median	104.83%	91.89%	85.46%
Average entire series	93.73%		
Median entire series	95.34%		

Note: the Company has only been listed for 4.9yrs from the Valuation Date and so the maximum calculation period was capped at this term.

Chosen Volatility: 90%

Annexure 3

Forecast Capital Raise and Share Issuance Summary

Table A3-1: Forecast Capital Raises and Share Issuances

Date (est.)	Description	Shares	Price / share	Amount Raised	Source
16/12/22	Forecast capital raise	18,181,919	\$0.440	\$8,000,044	(1)
23/5/23	Consideration shares – CMH option (approval date + 6mnths)	1,217,001	\$0.277	\$337,109	(2)
23/9/23	Exercise of unlisted options	29,500,000	\$0.080	\$2,360,000	(3)
23/11/23	Consideration shares – CMH option (approval date + 12mnths)	1,217,001	\$0.277	\$337,109	(2)
15/11/24	Exercise of unlisted options	5,000,000	\$0.160	\$800,000	(4)
30/11/24	Consideration shares – CMH option (approval date + 24mnths)	486,801	\$0.277	\$134,844	(2)
20/01/25	Exercise of unlisted options	3,500,000	\$0.160	\$560,000	(3)
21/10/25	Exercise of unlisted Advisor Options	1,500,000	\$0.250	\$375,000	(4) & (5)
21/10/25	Exercise of unlisted Advisor Options	1,500,000	\$0.500	\$750,000	(4) & (5)
21/10/25	Exercise of unlisted Advisor Options	1,500,000	\$0.750	\$1,125,000	(4) & (5)
21/10/25	Exercise of unlisted Advisor Options	1,500,000	\$1.000	\$1,500,000	(4) & (5)
21/10/27	Exercise of unlisted Performance Rights	14,450,000 ¹	\$nil	\$nil	(4) & (5) & (6)
Total		79,552,722		\$16,279,107	

Sources:

1. Estimated capital raise as instructed by management of the Company
2. ASX announcement – "Notice of General Meeting/ Proxy Form" - 17/10/22
3. ASX announcement – "Application for quotation of securities - CY5" - 8/8/22
4. ASX announcement – "Notice of General Meeting/ Proxy Form" - 26/8/22
5. ASX announcement – "Notification regarding unquoted securities - CY5" - 21/10/22
6. ASX announcement – "Notification regarding unquoted securities - CY5" - 21/11/22

Notes:

1. Unlisted performance rights total 28,900,000 instruments (50% tranche 1 and 50% tranche 2). Both tranches are subject to non-market-based vesting conditions with estimated likelihoods of achievement of 75% and 25%, respectively. The estimated likelihoods of vesting were applied to the number of rights in each tranche to get a probability adjusted number of rights expected to vest (i.e. 14,450,000 rights).
2. While the Consideration Shares are being issue for nil cash consideration, they are deemed to have a value of \$0.277/share and it was assumed that the CMH Projects acquired would have an equivalent value.
3. It was assumed that the exercise of currently issued options/rights would occur at their expiry.
4. It was assumed that the Consideration Shares would be issued in the amounts and dates indicated in the notice of meeting (Source 1) (Section 3 – Background).



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



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AWST) on Sunday, 29 January 2023.**

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: 182022

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.

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.

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 Quest Kings Park, 54 Kings Park Road, West Perth WA 6005 on Tuesday, 31 January 2023 at 10:00am (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Subject to the following paragraph, 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 3, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 3, 4, 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution under s 224 of the *Corporations Act 2001* (Cth), 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. Shareholders are encouraged to specify their voting intention for each Resolution.

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 3, 4, 5, 6 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
Resolution 1	Approval of change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2a	Ratification of issue of Placement Shares issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2b	Ratification of issue of Placement Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of New Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of potential termination benefits under the New Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of Deeds of Indemnity, Insurance and Access	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue Director Performance Rights to David Southam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to increase Non-Executive Directors' fee pool	<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

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

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

