

17 February 2023

Cygnus acquires ground next to the Pontax Lithium Project in James Bay, Québec

Cygnus now holds 20km of continuous strike on the prospective greenstone belt with multiple rigs drilling

Highlights

- Cygnus acquires an additional ~9km of strike on the Chambois Greenstone Belt, which hosts its Pontax Lithium Project ("Pontax"), giving it a continuous 20km strike length on the prospective greenstone belt
- The newly acquired ground has had no previous lithium exploration, but is prospective for lithium
- Cygnus has now completed a further three complimentary transactions for land packages in the James Bay District since first buying into Pontax in July 2022
- Cygnus continues to evaluate opportunities in Québec in line with its strict investment criteria
- Construction of the 37km winter road was recently completed for the continuation of the 15,000m diamond drill program
- Strong assays from first two holes (see ASX release dated 14 February 2023) identified multiple high grade mineralised zones of Li_2O including:
 - 16.5m @ 1.1% Li_2O from 239.8m (including an interval of 6.0m @ 1.8% Li_2O) and 4.3m @ 1.8% Li_2O from 227.6m; and
 - 13.3m @ 1.3% Li_2O from 300.2m (including an interval of 3.7m @ 2.1% Li_2O) and 5.7m @ 1.4% Li_2O (including an interval of 1.8m @ 3.1% Li_2O) from 194.3m
- Of the 700m of currently known mineralisation, initial drilling has proven a stacked sequence of spodumene-bearing pegmatites, doubling the known depth to 230m vertical and remaining open
- Further assays are expected to be announced in the March 2023 quarter

Cygnus Managing Director Mr David Southam said: "We are poised to create substantial shareholder value over the next six months. We have already demonstrated our credentials in-country by acquiring Pontax and obtaining additional ground immediately adjacent and along strike. This deal with Sirios Resources ensures we secure the most favourable ground immediately to the North and adjacent to Pontax."

"Prior to this deal, we had already established the presence of spodumene-bearing pegmatites over a 700m strike length. Assays from the first two holes demonstrated multiple high grade mineralised zones and, importantly, more than doubled the last known depth extension from historical drilling to 230m vertical."

"The current 15,000m diamond drill program has been supported by additional rigs which are now at work following the successful completion of ice road access. The drilling is aimed at both infilling the known spodumene area, extending it and making new discoveries along what is a highly prospective belt in a world-class lithium province."

Cygnus Metals Limited (ASX:CY5) is pleased to announce that it has increased the size of the Pontax Lithium Project ("Pontax") in the highly prospective James Bay lithium district, Québec to over 180km².

The additional land, comprising 70 individual claims covering 40km², was acquired from TSXV-listed Sirios Resources Inc. ("Sirios") and sits immediately north-east of, and adjacent to, Cygnus' Pontax Project. The acquisition provides Cygnus a further ~9km of continuous strike length (now 20km continuous) of the highly prospective Chambois Greenstone Belt which hosts the spodumene-bearing pegmatites at Pontax, taking the Company's total strike length to ~44km.

Exploration by previous explorers has focused on silver-lead-zinc anomalies to the south-east of the greenstone belt with no lithium exploration recorded on the property.

As with the Pontax project area, much of the newly acquired property is covered by shallow glacial cover and thick vegetation with very little outcrop. This is particularly notable along the trend of the greenstone belt and provides potential for utilising modern geophysics to target pegmatites under cover. An initial program planned for Spring 2023 comprising magnetics and LiDAR will be carried out to assist with regional targeting and follow-up reconnaissance mapping.

Transaction Details

Cygnus has acquired the additional ground through an outright purchase from Sirios comprising:

- An upfront payment of C\$1.2m in cash plus 750,000 fully paid ordinary shares ("Shares") (with 50% of the Shares to be subject to voluntary escrow for 12 months and the Share issue to be made utilising Cygnus' available placement capacity under Listing Rule 7.1).
- Milestone payment 1: Cygnus must, upon defining a JORC Resource of 4 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further payment of C\$1.0 million plus, subject to the receipt of shareholder approval and the milestone being met within 5 years of the date of the agreement, issue 500,000 Shares ("Milestone 1 Shares").
- Milestone payment 2: Cygnus must, upon defining a JORC Resource of 6 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further payment of C\$2.0 million plus, subject to receipt of shareholder approval and the milestone being met within 5 years of the date of the agreement, issue 500,000 Shares ("Milestone 2 Shares").

In the event that shareholders do not approve the Milestone 1 Shares and/or Milestone 2 Shares, Cygnus must pay the equivalent value of the relevant tranche in cash to Sirios based on the 10 day VWAP of Cygnus Shares calculated from the date the relevant milestone was met.

The Sale and Purchase Agreement with Sirios is subject to the following conditions precedent:

- The execution of a Deed of Assignment and Assumption with an existing royalty holder (and a related Deed of Hypothec in relation to this royalty). The project has an existing 0.5% net smelter return royalty, with the right to buy back half for C\$200,000.
- The execution and delivery of a mutually agreeable Royalty Deed with Sirios for a 1.5% net smelter return royalty payable on base metals and precious metals extracted from the Sirios tenements. Cygnus has the right to buy half the royalty back for C\$600,000.
- The execution and delivery of a mutually agreeable Voluntary Restriction Deed in relation to the escrow of the consideration shares.

The Pontax project was initially acquired as an outstanding opportunity for Cygnus to create value for its shareholders due to high-grade lithium spodumene-bearing pegmatites already identified through drilling with immense scope to continue growing the economic potential through exploration. This new ground acquisition increases the regional exploration upside around Pontax and establishes a strong ground position in a world class terrain.

The spodumene-bearing pegmatites at Pontax outcrop at surface and several phases of diamond drilling have returned numerous high-grade lithium intersections.

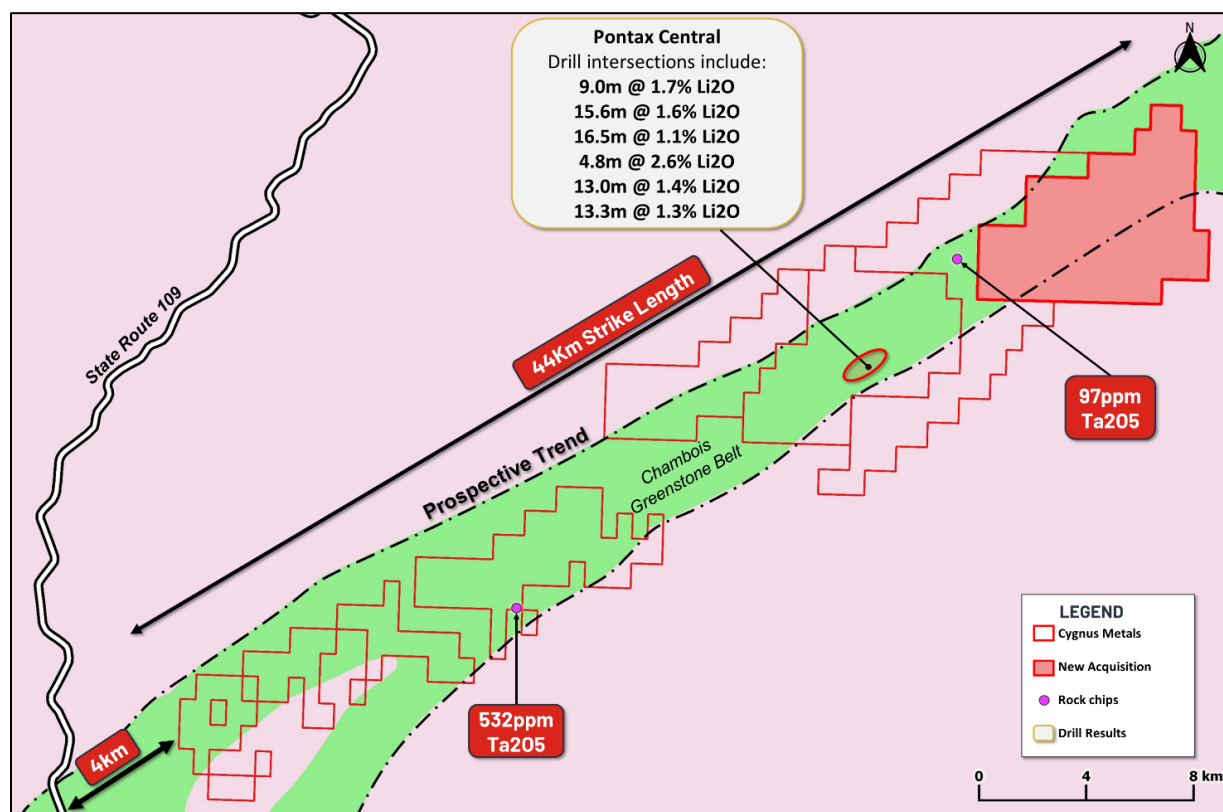


Figure 1: Plan view of the Chambois Greenstone Belt with new acquisition northeast of the Pontax Project. The image illustrates drill intersections from Pontax Central and rock chips from regional exploration (ASX announcements 29 July 2022 and 18 January 2023).

Winter Road Completion

The winter road which has been under construction through January 2023 is now complete, allowing land-based diamond drill rigs and the drill crews to drive the 37km from the highway to the Pontax project site.



Figure 2: The completed Pontax winter road

About Cygnus Metals

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

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

For and on behalf of the Board

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Previous Exploration Results

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