28 February 2023

Cygnus to acquire second advanced lithium project in James Bay, Quebec, Canada

Visible spodumene* noted in historic drilling with logged pegmatites, which were never assayed; Auclair Lithium Project to complement the Pontax Lithium Project

Highlights

- **Cygnus to acquire the Auclair Lithium Project in James Bay, Quebec from Osisko Development Corp. ("Osisko"); This is the Company's second project in this world-class lithium province, giving it a total land holding of 332sqkm**
- **Exploration by previous owner focused on gold; This drilling returned a significant visual pegmatite interval of 11m from 212.8m (hole AC-2010-004)***
- **Cygnus geologists have confirmed this pegmatite contains visible spodumene and will be sent to the laboratory for assaying***
- **The spodumene-bearing pegmatite mineralisation in hole AC-2010-004 is completely open with no other drilling along the same trend. This presents Cygnus with an immediate follow-up drill target in an area never explored for lithium**
- **The project is located just 60km north-east of Whabouchi (55.7Mt @ 1.4% Li_2O),[1] which is owned and operated by Nemaska Lithium**
- **The project boasts excellent infrastructure with year-round access through gravel roads that service Hydro Quebec power lines which lie within 1km of the project**
- **The new ground complements ongoing exploration at Cygnus' flagship Pontax lithium project in James Bay, where drilling is continuing with three rigs**
- **A sample of some of assays from Pontax (see ASX releases dated 14 February 2023 and 29 July 2022) show multiple high-grade mineralised zones of Li_2O including:**
  - **13.0m @ 1.4% Li_2O from 36.0m**
  - **9.0m @ 1.7% Li_2O from 46.9m**
  - **15.6m @ 1.6% Li_2O from 83.9m**
  - **16.5m @ 1.1% Li_2O from 239.8m; and**
  - **13.3m @ 1.3% Li_2O from 300.2m**

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

Cygnus Metals Limited
Level 2, 8 Richardson Street, West Perth WA 6005
T: +61 8 6118 1627 E: info@cygnusmetals.com W: www.cygnusmetals.com

***Cygnus Managing Director David Southam said*: "The acquisition is an excellent opportunity for Cygnus and satisfies our strict investment criteria of being prospective for lithium with access to infrastructure in James Bay, Quebec. The fact that our geologist has confirmed spodumene bearing pegmatites in core, on an open contact with no historic drill program targeting lithium, is exciting.**

"We now have two advanced projects in the heart of the world-class James Bay lithium province, spear headed by Pontax, where we have three rigs operating and a resource scheduled for mid-2023."

Cygnus Metals Limited (ASX:CY5) is pleased to announce that it will acquire the Auclair Property in Canada's world-class James Bay lithium province from Osisko.

The Auclair property comprises 48 claims covering 25.5km^2 and is located just 60km north-east of Whabouchi (55.7Mt @ 1.4% Li_2O),[1] which is owned and operated by Nemaska Lithium.

No lithium exploration or analysis has been conducted at the project, with previous work focused on gold.

A total of 12 diamond drill holes have been completed on the property for 3,173m. A review of drill logs and available core has confirmed two unsampled pegmatite intervals from drillhole AC-2010-004, one of which has been confirmed by Cygnus to contain visual spodumene mineralisation.

Unfortunately, due to the poor condition of the core storage facility, only one interval could be validated by Cygnus geologists at this time: 11m of spodumene bearing pegmatite from 212.8m (see Figure 1 below).

Drillhole AC-2010-004, containing visible spodumene mineralisation, is completely open along strike with no other drilling along the interpreted prospective trend. This presents Cygnus with an exceptional opportunity to conduct the first ever lithium focussed exploration at the Auclair Lithium Project ("Auclair"), with known spodumene bearing pegmatites which have never been assayed, let alone followed up.

The Auclair property lies within the Middle to Lower Eastmain Greenstone Belt, which forms part of the La Grande sub-province of the Archean Superior Province of the Canadian Shield. The geology of the property comprises tholeiitic basalts and paragneiss with extensive banded iron formation horizons.

The project also boasts excellent infrastructure with year-round access through gravel roads that service Hydro Quebec power lines which lie within 1km of Auclair.

*Figure 1: **Visible spodumene** observed in drillcore from AC-2010-004 between 212.8m and 223.8m. **NO historic drill core has ever been assayed for Lithuim bearing minerals.***

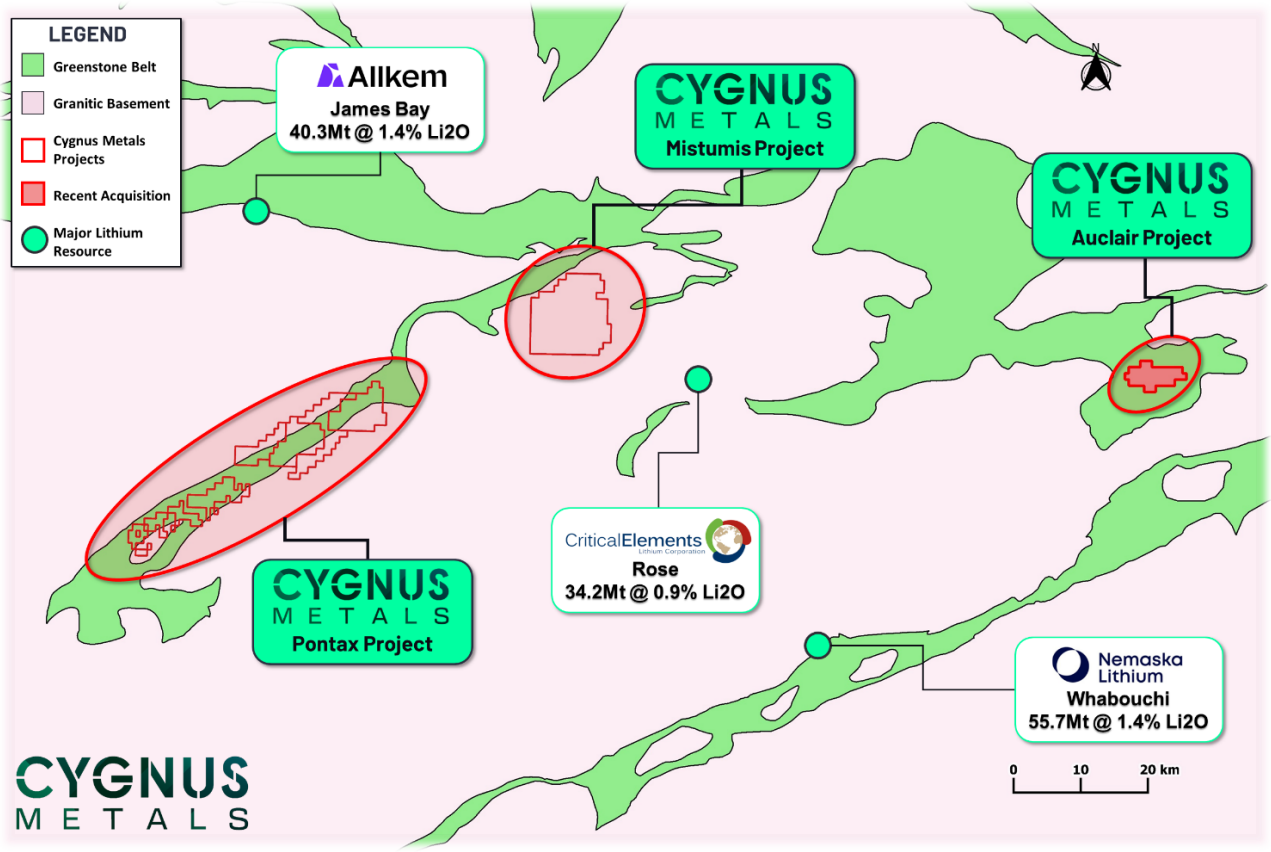

*Figure 2: Plan view showing the location of **Cygnus Metals project relative to other major lithium resources in the region** including: James Bay (40.3Mt @ 1.4% Li_2O) operated by Allkem Ltd (refer to Allkem's ASX Announcement dated 21 December 2021); Whabouchi (55.7Mt @ 1.4% Li_2O) operated by Nemaska Lithium Inc (refer to Nemaska Lithium NI 43-101 dated 31 May 2019); Rose (34.2Mt @ 0.9% Li_2O) operated by Critical Elements Lithium Corp (refer to Critical Elements' TSX-V Announcement dated 13 June 2022).*

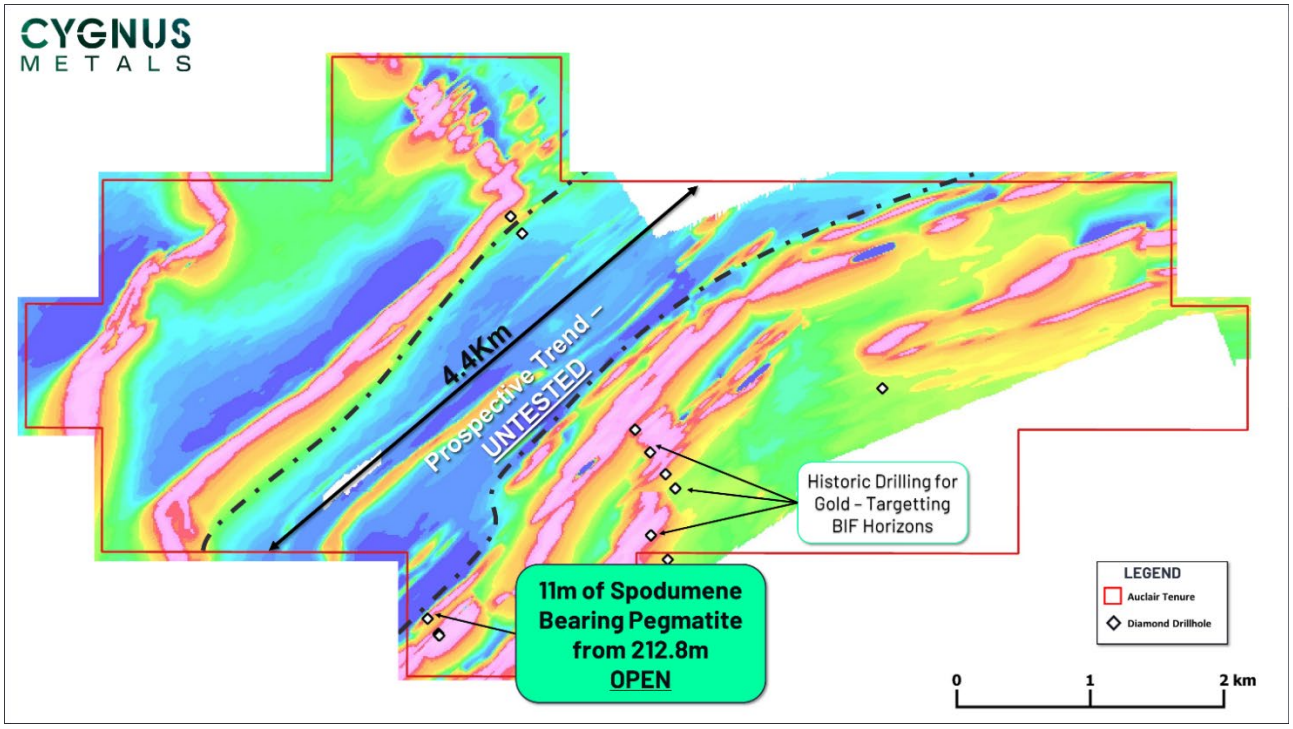

*Figure 3: Map of the Auclair Project showing project magnetics and location of drillhole containing **11m of unsampled spodumene bearing pegmatite** with strike exents remaining **completely open and untested**. All previous drilling has targeted gold mineralisation on BIF horizons.*

Figure 4: Cygnus geologists reviewing core on site from under 3ft of snow.

Planned Exploration

Once assays are received from re-sampled core, follow up drilling is planned, stepping up dip and along strike from AC-2010-004 to understand the orientation of the pegmatite mineralisation. This work will also begin to establish the scale and potential of pegmatite mineralisation at Auclair.

In conjunction to exploration drilling, fundamental exploration targeting layers including LiDAR, high resolution aerial imagery and magnetics will be flown in to define further targets ahead of detailed mapping and sampling planned for the summer campaign.

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 mafic belt and provides potential for utilising modern geophysics to target pegmatites under cover.

Transaction Details

Cygnus will acquire the additional ground through an outright purchase from Osisko comprising:

(a) C$247,164.62 in cash, which is for the reimbursement of costs of the exploration licences;

(b) 1,000,000 fully paid ordinary shares in Cygnus, which are expected to be issued shortly using Cygnus' placement capacity under Listing Rule 7.1 and which will be subject to voluntary escrow for a period of 12 months from completion; and

(c) Deferred Consideration of:

  (i) C$3,000,000 in shares or cash (at Cygnus' election) when the Company achieves a JORC Code 2012 or NI 43-101 compliant mineral resource estimate of inferred or greater quality at Auclair of three million tonnes containing not less than 1.2% Li_2O_3; and

  (ii) $3,000,000 in shares or cash (at Cygnus' election) when the Company achieves a JORC Code 2012 or NI 43-101 compliant mineral resource estimate of inferred or greater quality at Auclair of 1Moz Au or greater at a minimum of 3 g/t.

The additional gold milestone was inserted by Osisko as the property was previously explored for gold by Osisko. Cygnus remains soley focussed on the exploration for lithium.

There are no substantive conditions precedent outstanding and Cygnus expects completion to occur shortly.

For and on behalf of the Board

David Southam
Managing Director
T: +61 8 6118 1627
E: info@cygnusmetals.com

Media
For further information, please contact:

Paul Armstrong
Read Corporate
+61 8 9388 1474

About Cygnus Metals

Cygnus Metals Limited (ASX: CY5) is an emerging exploration company focussed on advancing the Pontax Lithium Project (earning up to 70%) and the Auclair Lithium Project 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.

Competent Persons Statements

The information in this announcement that relates to exploration results is based on and fairly represents information and supporting documentation compiled by Mr Duncan Grieve, a Competent Person who is a member of The Australasian Institute of Geoscientists. Mr Grieve is the Chief Geologist and a full-time employee of Cygnus Metals and holds shares in the Company. Mr Grieve has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Grieve consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

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 Metals 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.

End Notes

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

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

APPENDIX A – Historic Drillholes

Coordinates given in UTM NAD27 (Zone 18)

Hole ID	Easting	Northing	RL	Azimuth	Dip	Depth	Date
AC-2010-002	488797	5763223	306	145	-52	303	2010
AC-2010-003	488804	5763209	319	325	-52	300	2010
AC-2010-004	488716	5763336	303	325	-52	300	2010
AC-2010-005	490571	5764310	310	325	-52	300	2010
AC-2010-006	490498	5764417	321	325	-52	300	2010
AC-2010-007	490382	5764580	313	325	-52	300	2010
AC-2010-008	490270	5764750	314	325	-52	300	2010
AC-2010-009	490388	5763960	310	325	-52	303	2010
AC-2010-010	490514	5763778	312	325	-52	300	2010
AC-97-19	489423.8	5766217	311	325	-45	127	1997
AC-97-20	489337.8	5766345	308	325	-45	127	1997
AC-97-33	492120.8	5765059	335	338	-54	212	1997

APPENDIX B – Logged and Visual Geology Including Percentage of Spodumene in Pegmatites

Intercept lengths may not add up due to rounding to the appropriate reporting precision.

Hole ID	From	To	Interval	Lithology	Description
AC-2010-004	212.8	223.8	11.0	Pegmatite	Greenish white coloured, coarse grained pegmatite composed of 50% quartz, 20% feldspars, 20% muscovite with trace of beryl. 5-10% spodumene observed by Cygnus Geologists

APPENDIX C – Significant Results from Previous Gold Exploration

Table extract from SIGEOM: GM65074 – Technical Report and Recommendations Auclair Project. Virginia Mines Inc. April 2010

Hole ID	From	To	Length	Au g/t
AC-2010-002	277.50	278.25	0.75	0.76
AC-2010-003	No Significant Assay			
AC-2010-004	No Significant Assay			
AC-2010-005	212.00	213.00	1.00	1.50
AC-2010-006	23.00	24.00	1.00	4.44
AC-2010-007	50.20	51.00	0.80	4.10
AC-2010-008	205.00	206.00	1.00	1.56
AC-2010-009	No Significant Assay			
AC-2010-010	No Significant Assay			
AC-97-19	No Significant Assay			
AC-97-20	No Significant Assay			
AC-97-33	No Significant Assay			

APPENDIX C

Auclair Project Drilling - 2012 JORC Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Diamond holes were completed by NQ diamond core drilling.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	• QAQC samples were inserted in the sample runs, comprising gold standards (CRM's or Certified Reference Materials) and sourced blank material
	Aspects of the determination of mineralisation that are Material to the Public Report. *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Sampling was nominally at 1 m intervals however over narrow zones of mineralisation it was as short as 0.5 m. • Sampling practice was deemed appropriate to the geology and mineralisation of the deposit and complies with industry best practice.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Diamond core was drilled using surface diamond rigs with industry recognised contractors Forage Chibougamau • Drilling was conducted using NQ core size • Directional surveys have been taken at 6 m intervals
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples.* *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Due to the historic nature of these drill holes, detailed information regarding drill core recovery is not available.

Criteria	JORC Code explanation	Commentary
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All core was geologically and geotechnically logged. Lithology, veining, alteration and mineralisation are recorded in multiple tables of the drillhole database.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	• Geological logging of core is qualitative and descriptive in nature.
	The total length and percentage of the relevant intersections logged.	• 3,173 metres (100%) has been logged.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Pegmatite intervals referred to in the above text were not cut, sampled or sent for laboratory analysis. For gold sampling: • Core was cut in half, one half retained as a reference and the other sent for assay • Samples were submitted to ALS Chemex, Val d'Or • Samples were crushed in their entirety at the ALS Chemex preparation laboratory in Val-d'Or to >70% passing 2 mm (ALS Chemex Procedure CRU-31). A 200- to 250-g sub-sample was obtained after splitting the finer material (<2 mm). The split portion derived from the crushing process was pulverized using a ring mill to >85% passing 75 µm (200 mesh - ALS Chemex Procedure PUL-31). From each such pulp, a 100-g sub-sample was obtained from another splitting and shipped to the ALS Chemex laboratory for assay. • ALS Chemex, as part of their standard quality control, ran duplicate check samples and standards
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• The samples are assayed for gold only. Au was determined by the AA23 Procedure. For the sample with the value higher than 10000 ppm Au, the analysis was repeated with the GRA21 Procedure.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	• None used
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	• During the collection of core samples, blanks and standards were systematically inserted for each batch of 50 samples as a part of Virginia Mines quality control.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	• Visual verification was made by Cygnus Metals professional geologists.
	The use of twinned holes.	• No drillholes were twinned

Criteria	JORC Code explanation	Commentary
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	• All data has been extracted from SIGEOM historic reports as well as Access database supplied by Osisko. The data has then been validated by Cygnus Metals and stored by the Company
	Discuss any adjustment to assay data.	• There were no adjustments to the assay data
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Due to the historic nature of these drill holes, detailed information regarding location of data points is not available.
	Specification of the grid system used.	• The grid system used is UTM NAD27 (Zone 18)
	Quality and adequacy of topographic control.	• Due to the historic nature of these drill holes, detailed information regarding topographic control is not available
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	• Reported drill holes were targeting deformed BIF horizons, the drill holes were not equally spaced
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	• No resource estimation is made.
	Whether sample compositing has been applied.	• No sample compositing has been applied
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Not applicable to the style of mineralisation considered in this announcement. No sampling of pegmatites undertaken.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• As the pegmatites intercepted were not the target units of the drill program, no bias is considered to have been introduced by the existing drilling orientation.
Sample security	*The measures taken to ensure sample security.*	• All gold samples were initially stored at the campsite. Samples were not secured in locked facilities, this precaution deemed unnecessary due to the remote location of the camp. Rock samples were then loaded onto a pickup truck for transport to Val-d'Or where Virginia personnel delivered them to the ALS Chemex sample preparation facility.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of sampling techniques have been conducted

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• The drillhole data reported within this announcement is from the Auclair Property with Cygnus Metals entering into a binding term sheet to acquire up to 100% of the Auclair Property from a wholly-owned subsidiary of Osisko Development Corp. • The Auclair Property consists of 48 mining titles or cells designated on maps (CDC) for a total area of 2543.15 ha (25.43 km2). Cells or mining titles are duly registered in the name of Osisko Baie-James SENC. (96214) to 100%.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	• There are no known issues affecting the security of title or impediments to operating in the area
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	• All drilling intersections and results discussed in this announcement are based on historical exploration drilling completed by Virginia Mines Inc (now Osisko Exploration James Bay Inc).
Geology	*Deposit type, geological setting and style of mineralisation.*	• The Auclair Property is situated within the Middle to Lower Eastmain Greenstone Belt, which forms part of the La Grande sub-province of the Archean Superior Province of the Canadian Shield. The geology of the property comprises tholeiitic basalts and paragneiss with extensive banded iron formation horizons. • The area is considered prospective for both gold and lithium
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• All requisite drillhole information is tabulated elsewhere in this release. Refer Appendix A and B of the body text.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• Gold results are reported as a weighted average

Criteria	JORC Code explanation	Commentary
	Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	• Due to the historic nature of these drill holes, detailed information regarding data aggregation is not available.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	• No metal equivalents are reported
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The geometry of the pegmatite dykes is unknown being only intersected in a single drillhole.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Included elsewhere in this release. Refer figures in the body text.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All significant intercepts from historic drilling are reported.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All reference to mineralogy of the pegmatites has been visually verified only. No sampling of pegmatites undertaken.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Cygnus Metals intends to drill test the depth and lateral extensions of the identified Auclair pegmatites. • Further work will include geophysics and prospecting. • Not enough data is available for geological interpretation.