

28 March 2023

Cygnus established as major James Bay lithium explorer with acquisition of highly prospective new projects

Sakami project located just 44km west of Patriot Battery Metals' Corvette Project; plus, Cygnus substantially expands its Auclair project in James Bay to 337sqkm

Highlights

- New acquisitions will establish Cygnus as one of the major lithium explorers in James Bay, Quebec
- Latest acquisitions from Canadian Mining House ("CMH") will increase total ground coverage to 756km² across four projects
- Both project acquisitions have excellent infrastructure with year-round road access

Sakami Project

- The 118km² Sakami Project is located in the highly prospective La Grande greenstone belt just 44km west of Patriot Battery Metals' (ASX:PMT) Corvette discovery and adjacent to Winsome Resources' (ASX:WR1) Cancet Project
- The project covers known greenstone belts with only five holes ever drilled (in 1976)

Auclair Project

- Cygnus has increased its ground position at Auclair to 337km², which is a twelve-fold increase from the original acquisition from Osisko Development (announced on 28 February 2023)
- The additional ground is immediately adjacent to and surrounding the Auclair Project
- Historic drilling at Auclair includes a visual intersection of 11m of spodumene-bearing pegmatites*

Cygnus Managing Director David Southam said: "Cygnus has established an enviable land holding in the tier-one lithium district of James Bay in Canada, being one of the hottest lithium exploration districts in the world.

"We have already established the presence of extensive spodumene-bearing pegmatites and we are on track to publish a maiden resource in the middle of this year.

"The Sakami project provides us exposure to the same belt as Patriot's and Winsome's major discoveries while Auclair gives us a secondary advanced project with lithium minerals already identified in drilling.

"The next 12 months is going to be an exciting time for the Company, with three diamond drill rigs operating to ensure we maximise our ability to create shareholder value."

**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 (ASX:CY5) ("Cygnus") is pleased to announce that it will acquire the Sakami Project and additional ground surrounding the Auclair Project from Canadian Mining House. Both projects are located in the world-class James Bay lithium province and consolidate Cygnus as one of the major lithium explorers in Quebec. Both projects boast excellent infrastructure with year-round access through gravel roads.

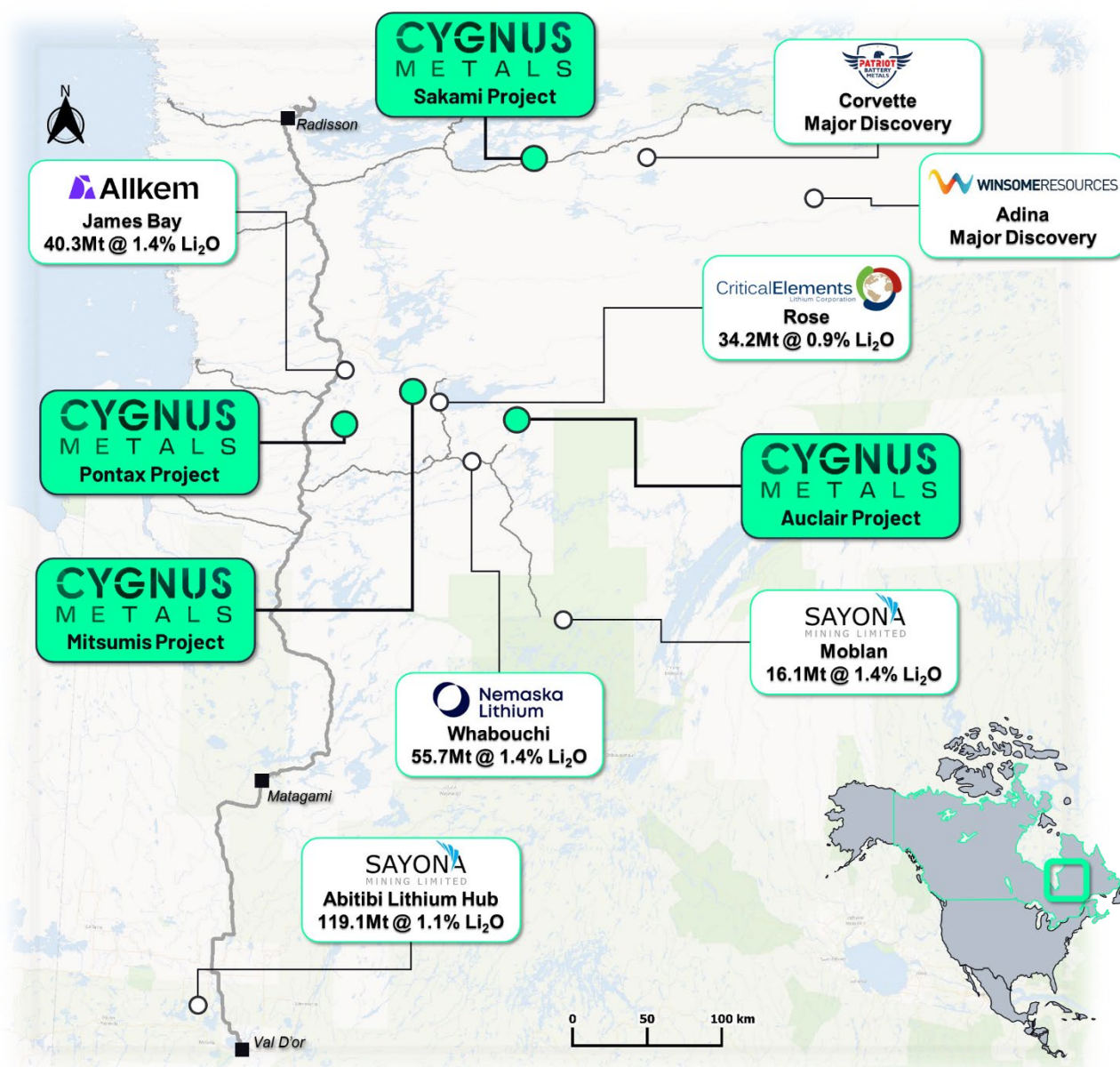


Figure 1: Plan view showing the location of Cygnus Metals' projects relative to other major lithium resources in the region.¹

The Sakami Project is comprised of 231 claims covering 118km² and is located in the La Grande greenstone belt, just 44km west of Patriot Battery Metals' Corvette Project which hosts the outstanding CV5 discovery. Sakami is also directly adjacent to Winsome Resources' (ASX:WR1) Cancet Project, another significant discovery in this new and previously unrecognised lithium province. As a result, Sakami remains largely underexplored with very little work completed to date. The only drilling undertaken on the property was for gold and base metals in 1976, comprising 5 diamond drill holes. No specifically targeted lithium exploration has been recorded on the project.

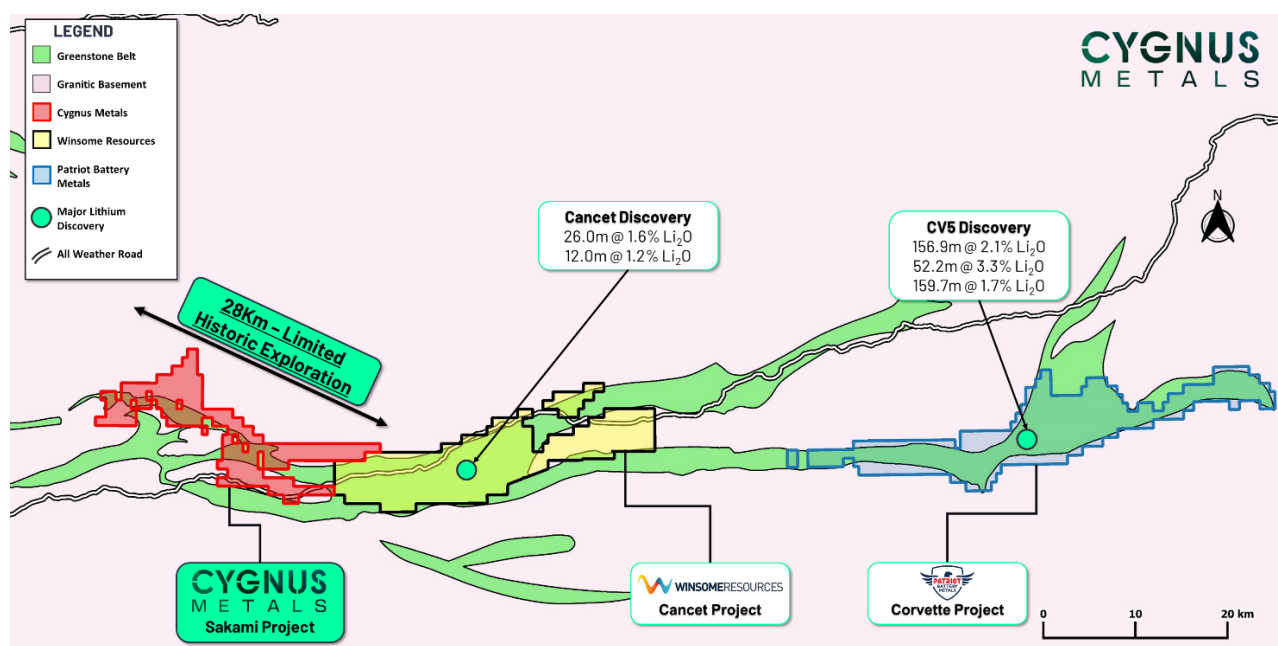


Figure 2: Location of the Sakami Project relative to other major discoveries in the La Grande greenstone belt²

The additional ground acquired surrounding the Auclair Project is comprised of 589 claims and consolidates the Auclair Project to cover a total of 337km². The new ground immediately adjacent to and surrounds the original Auclair Project, where recent reviews of drill logs and available core has confirmed an unsampled 11.0m of spodumene bearing pegmatite (refer to ASX:CY5 Announcement 28 February).^{*} This presents Cygnus with an exceptional opportunity to conduct the first ever lithium focussed exploration at the expanded Auclair Project, with known spodumene bearing pegmatites which have never been assayed, let alone followed up with any focussed lithium exploration activities.

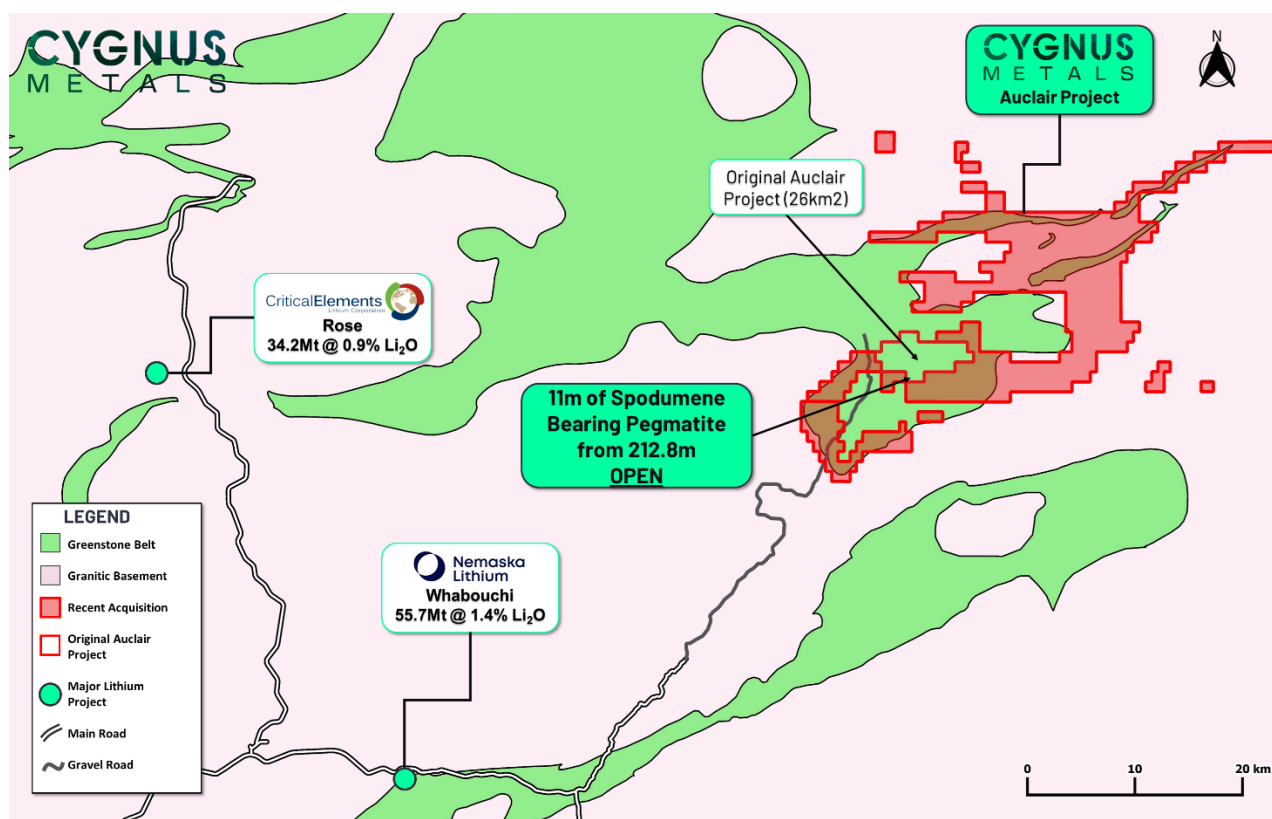


Figure 3: Significant increase in the size of the Auclair Project to 337km². With the location of the drillhole containing 11m of unsampled spodumene bearing pegmatite^{*} and strike extents remaining completely open and untested.³

Transaction Details

Cygnus has entered into option agreements with 9219-8845 QC. Inc. (Canadian Mining House) (“CMH”), Anna Rosa Giglio and Steve Labranche (together, the “Vendors”) to acquire the additional ground comprised of two projects: Sakami and Auclair extension. The terms of these option agreements are outlined below:

Sakami Project

In order for Cygnus to earn a 100% interest (in all mineral rights) at Sakami, Cygnus will be required to pay the Vendors CAD\$300,000 cash payment and 3,450,000 fully paid ordinary shares in Cygnus, in aggregate.

In addition to the above payments, Cygnus must incur exploration expenditure to the amount of CAD\$1,000,000 within the first 36 months of closing the Option Agreement.

The consideration is payable via the following stages, at the election of Cygnus (other than stage 1):

Option Stage	Cash	Shares
1. Within 5 business days following satisfaction of the last of the conditions precedent (“Sakami Approval Date”)	CAD\$75,000	1,500,000 ¹
2. The date that is 12 months from the Sakami Approval Date	CAD\$75,000	900,000
3. The date that is 24 months from the Sakami Approval Date	CAD\$75,000	600,000
4. The date that is 36 months from the Sakami Approval Date	CAD\$120,000	450,000
TOTAL	CAD\$300,000	3,450,000

Note:

1. Subject to a 6-month voluntary escrow period from the issue date.

Beryl Project (surrounding the Auclair Project)

In order for Cygnus to acquire a 100% interest in the project and all mineral rights, Cygnus will be required to pay the Vendors CAD\$395,000 cash payment and 4,000,000 fully paid ordinary shares in Cygnus, in aggregate.

In addition to the above payments, Cygnus must incur exploration expenditure of the amount of CAD\$1,000,000 within the first 36 months following the closing of the Option Agreement.

The consideration is payable via the following stages, at the election of Cygnus (other than stages 1 and 2):

Option Stage	Cash	Shares
1. Within 5 business days following satisfaction of the last of the conditions precedent (“Beryl Approval Date”)	CAD\$125,000	1,500,000 ¹
2. The date that is 12 months from the Beryl Approval Date	CAD\$75,000	900,000
3. The date that is 24 months from the Beryl Approval Date	CAD\$75,000	1,000,000
4. The date that is 36 months from the Beryl Approval Date	CAD\$120,000	600,000
TOTAL	CAD\$395,000	4,000,000

Note:

1. Subject to a 6-month voluntary escrow period from the issue date.

The above acquisitions are subject to the Company obtaining shareholder approval for stage 1 of the Sakami acquisition and stages 1 and 2 of the Beryl acquisition, respectively, but if Cygnus elects to proceed with the remaining option stages, the remaining consideration shares are intended to be issued using the Company's available placement capacity under ASX Listing Rule 7.1.

Cygnus will grant a 2% net smelter royalty on both the Sakami Project and the Beryl Project, payable to CMH and Anna Rosa Giglio in equal proportions.

There are no other substantive conditions precedent outstanding and Cygnus expects completion to occur following shareholder approval.

For and on behalf of the Board

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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.

Previous Exploration Results

The information in this announcement that relates to previously reported Exploration Results 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. For: James Bay (40Mt @ 1.4% Li₂O), refer to Allkem Ltd's ASX Announcement dated 21 December 2021; Whabouchi (55.7Mt @ 1.4% Li₂O), refer to Nemaska Lithium Inc's NI 43-101 dated 31 May 2019; Rose (34.2Mt @ 0.9% Li₂O), refer for Critical Elements Lithium Corp's TSX-V Announcement dated 13 June 2022; Abitibi Lithium Hub (119.1Mt @ 1.1% Li₂O) operated by Sayona Mining Limited/Piedmont Lithium Inc, refer to Sayona Mining Limited's Annual Report ASX release dated 13 October 2022; and Moblan (16.1Mt @ 1.4% Li₂O) operated by Sayona Mining Limited/SOQUEM Inc, refer to Sayona Mining Limited's ASX Presentation dated 27 May 2022.
2. Refer to ASX:WR1 announcement on 14 July 2022 and ASX:PMT announcements on 30 January 2023 and 5 February 2023.
3. Refer to CY5's ASX announcement on 28 February 2023.

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