

12 April 2023

Cygnus completes purchase of second highly prospective lithium project in James Bay, Canada

Revised terms with vendor Osisko Development will see Osisko increase its shareholding in Cygnus in return for reduced cash consideration; Amended deal also allows Cygnus to leverage Osisko's Canadian exploration expertise and network

Highlights

- Cygnus has completed the acquisition of the Auclair lithium project from Osisko Development (see ASX release dated 28 February 2023); Auclair is in James Bay, the world-class lithium province which hosts Cygnus' Pontax lithium project
- Under the revised terms of the transaction, Osisko will take Cygnus shares upfront in lieu of cash, demonstrating its strong support for Cygnus' lithium strategy
- A co-operative framework arrangement has also been agreed whereby Cygnus can leverage the exceptional in-country knowledge and expertise of Osisko for future exploration, development and corporate plans
- The relationship with Osisko, combined with the appointment of experienced Director and Canadian resident Kevin Tomlinson as Chair and the recent appointment of an in-country manager, results in Cygnus having access to an extensive knowledge base and network in Canada
- Following the land acquisitions announced on 28 March 2023, the Auclair Project ground position has increased to 337km² on a highly prospective greenstone belt
- Cygnus is planning a significant work program across the entire package that will include geophysics and follow-up of the 11m spodumene-bearing pegmatite* observed in core, which is being sent for assaying
- Separately, the winter drilling program at Pontax has now completed with a maiden Resource on target for completion mid-year

Cygnus Managing Director David Southam said: "We are very pleased to have completed the Auclair acquisition on these terms which closely aligns our two companies' interests in James Bay, Quebec.

"Osisko Development and its related entities and executives have an enviable track record in Canada and specifically Quebec. Being able to leverage their relationships and expertise in-country will only benefit our strategy as continue our rapid advancement.

"Our immediate next step is to complete assaying of the observed spodumene bearing pegmatite and complete a regional geophysics and exploration program for the coming year for the entire 337km² project area at Auclair."

**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 has completed the purchase of the Auclair Project from Osisko Development. The ground holding for the Auclair project now sits at 337km² in a greenstone belt with known pegmatite occurrences. The Auclair Project has excellent access to infrastructure, including all year road access.

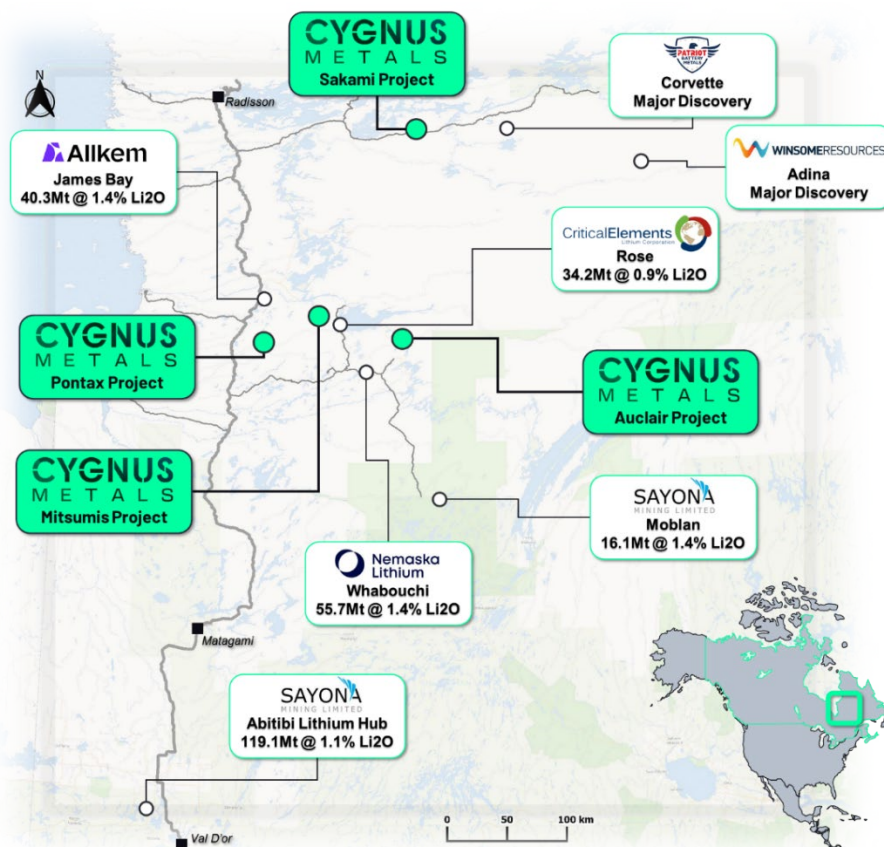


Figure 1: Plan view showing the location of Cygnus Metals' projects relative to other major lithium resources in the region.¹

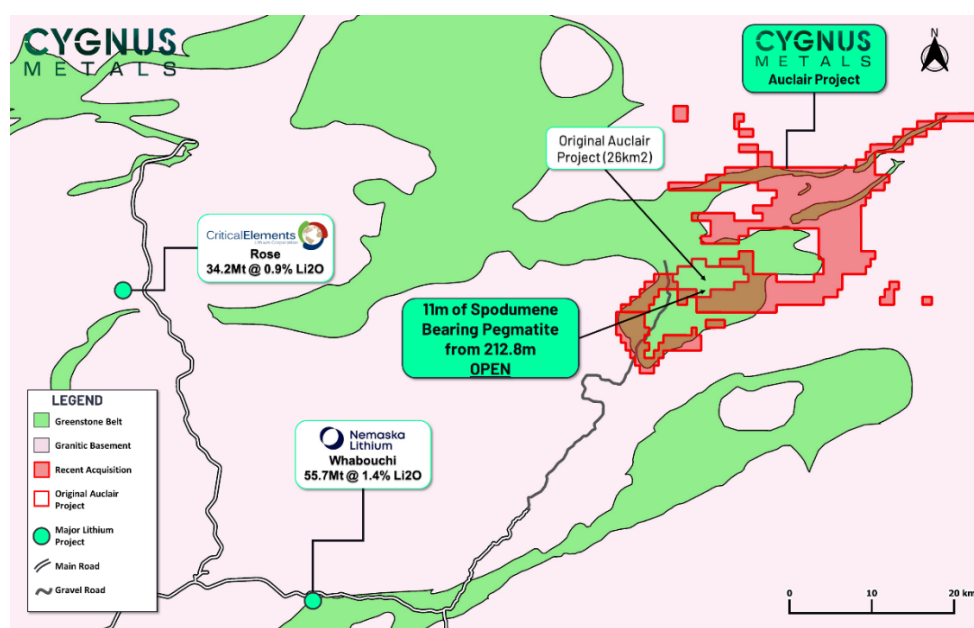


Figure 2: Significant increase in the size of the Auclair Project to 337km². With the location of the drillhole containing 11m of unsampled spodumene bearing pegmatite* and strike extents remaining completely open and untested.²

In further enhancements to the deal structure announced on 28 February 2023, Osisko Development and Cygnus have agreed a framework to work closely together further aligning the companies' project interests. Accordingly, Cygnus will be able to utilise Osisko's in-country knowledge and expertise at a time when the Company is rapidly advancing its interests in James Bay, Quebec. The principal changes to consideration Cygnus will provide Osisko include greater up-front equity, mainly in lieu of the C\$247k up-front cash payment, and an additional milestone payment in Cygnus shares or cash if Cygnus achieves a 10Mt Li₂O Resource.

Updated Transaction Details

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

- (a) the issue of 2,500,000 Cygnus Shares (subject to 12 months' escrow); and
- (b) Deferred Consideration of:
 - (i) C\$3,000,000 in shares or cash (at Cygnus's election) when the Company achieves a JORC Code 2012 compliant mineral resource estimate of an inferred or greater category (**MRE**) of three million tonnes or greater containing not less than 1.2% Li₂O₃ on the Auclair property;
 - (ii) C\$3,000,000 in shares or cash (at Cygnus' election) when the Company achieves an MRE at Auclair of 1Moz Au or greater at a minimum of 3 g/t; and
 - (iii) C\$3,000,000 in shares or cash (at Cygnus's election) when the Company achieves an MRE of ten million tonnes or greater containing not less than 1.2% Li₂O₃ on the Auclair property.

Osisko will provide CY5 with in-country consultancy services for 12 months, commencing on completion of the Proposed Transaction. The consultancy services will comprise the following:

- exploration and project development advice;
- introductions to third party services providers, equipment providers and consultants, particularly in Quebec; and
- introductions to key government, first nations or regulatory contacts.

Winter Drilling Program - Pontax

The Winter drilling program has now been completed with three diamond drill rigs being demobilised from site. A total of 11,641 metres were drilled, as part of a 15,000 metre program for CY23. Final core is being processed and sent for assaying. At this point in time, Cygnus remains on track to announce a maiden Resource mid-year.

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 and End Notes. 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 CY5's ASX announcement on 28 February 2023.

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