



David Southam
Managing Director
Date: 17 July 2023



Cygnus Metals Limited
ACN 609 094 653

Notice of General Meeting

A general meeting of the Company will be held as follows:

Time and date: 9:00am (AWST) on Monday, 28 August 2023

Location: The Quest Kings Park, 54 Kings Park Rd, 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 Secretary by telephone on (08) 6118 1627.

Shareholders are urged to vote by lodging the Proxy Form

Cygnus Metals Limited
ACN 609 094 653
(Company)

Notice of General Meeting

Notice is hereby given that a general meeting of Shareholders of Cygnus Metals Limited will be held at The Quest Kings Park, 54 Kings Park Rd, West Perth WA 6005 on Monday, 28 August 2023 at 9:00am (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 Saturday, 26 August 2023 at 9.00am (AWST).

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

Agenda

Resolution 1– Ratification of issue of Shares to Sirios Resources Inc.

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 7.4 and for all other purposes, Shareholders ratify the prior issue of 750,000 Shares to Sirios Resources Inc, on the terms and conditions in the Explanatory Memorandum.'

Resolution 2– Ratification of issue of Shares to Stria Lithium Inc.

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 7.4 and for all other purposes, Shareholders ratify the prior issue of 9,129,825 Shares to Stria Lithium Inc, on the terms and conditions in the Explanatory Memorandum.'

Resolution 3– Approval to issue Director Performance Rights

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 3,178,809 Director Performance Rights to David Southam (or his nominees) under the Plan, on the terms and conditions in the Explanatory Memorandum.'

Voting exclusions

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

- (a) **Resolution 1:** by or on behalf of Sirios Resources Inc. or any other person who participated in the issue, or any of their respective associates;
- (b) **Resolution 2:** by or on behalf of Stria Lithium Inc. or any other person who participated in the issue, or any of their respective associates; and
- (c) **Resolution 3:** 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 Plan, 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: 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 this Resolution 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.

Further, 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.

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

A handwritten signature in black ink, appearing to be 'DS' with a stylized flourish.

David Southam
Managing Director
Cygnus Metals Limited
Dated: 17 July 2023

Cygnus Metals 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 Rd, West Perth WA 6005 on Monday, 28 August 2023 at 9:00am (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 – Ratification of issue of Shares to Sirius Resources Inc.
Section 4	Resolution 2 – Ratification of issue of Shares to Stria Lithium Inc.
Section 5	Resolution 3 – Approval to issue Director Performance Rights
Schedule 1	Definitions
Schedule 2	Terms and conditions of Director Performance Rights
Schedule 3	Summary of material terms of the Plan
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. If the Chair is appointed as

your proxy and you have not specified the way the Chair is to vote on Resolution 3 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 this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

2.4 Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at admin@cygnusmetals.com by Friday, 25 August 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 – Ratification of issue of Shares to Sirios Resources Inc.

3.1 General

On 17 February 2023, the Company announced that it had entered into a binding agreement to acquire 70 individual mineral claims covering 40km² from Sirios Resources Inc. (**Sirios**) located north-east of, and adjacent to, the Company's Pontax Project in the highly-prospective James Bay lithium district, Québec.

A summary of the material terms of the acquisition of the mineral claims held by Sirios (**Sirios Acquisition Agreement**) is in Section 3.2 below.

Following satisfaction of the conditions precedent and upon completion of the acquisition in accordance with the terms of the Sirios Acquisition Agreement, the Company issued 750,000 Shares to Sirios on 11 April 2023 using the Company's placement capacity under Listing Rule 7.1 (**Sirios Shares**).

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.4 to ratify the issue of the Sirios Shares.

3.2 Summary of material terms of Sirios Acquisition Agreement

Pursuant to the Sirios Acquisition Agreement, the Company agreed to purchase 100% of the relevant mineral claims from Sirios for the following consideration:

- (a) an upfront cash payment of C\$1,200,000;
- (b) issue 750,000 fully paid ordinary shares in the Company, with 50% of the Sirios Shares subject to voluntary escrow for a period of 12 months from the date of issue; and
- (c) payment of certain deferred consideration as follows:

- (i) upon defining a JORC Resource of 4 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further cash payment of C\$1,000,000 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**); and
- (ii) upon defining a JORC Resource of 6 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further cash payment of C\$2,000,000 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 2 Shares**).

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

The Sirios Acquisition Agreement was subject to certain conditions precedent, which were satisfied prior to completion of the acquisition on 11 April 2023:

- (a) 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;
- (b) 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; and
- (c) the execution and delivery of a mutually agreeable voluntary restriction deed in relation to the escrow of the Sirios Shares.

The Sirios Acquisition Agreement contains warranties, indemnities and other rights and obligations that are considered standard for an agreement of this nature.

3.3 Listing Rules 7.1 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.

The issue of the Sirios Shares does not fit within any of the exceptions to Listing Rule 7.1 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. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the issue of the Sirios Shares.

Listing Rule 7.4 provides an exception to Listing Rule 7.1. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Shareholders passing Resolution 1 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% placement capacity set out in Listing Rule 7.1, without the requirement to obtain prior Shareholder approval.

If Resolution 1 is passed, 750,000 Sirios 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 1 is not passed, 750,000 Sirios 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.

3.4 **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 Sirios Shares:

- (a) The Sirios Shares were issued to Sirios, who is not a related party of the Company or a Material Investor.
- (b) A total of 750,000 Sirios Shares were issued within the Company's 15% placement capacity permitted under Listing Rule 7.1.
- (c) The Sirios 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 Sirios Shares were issued on 11 April 2023.
- (e) The Sirios Shares were issued for nil cash consideration, as part of the consideration payable pursuant to the Sirios Acquisition Agreement. Accordingly, no funds were raised from the issue of the Sirios Shares.
- (f) A summary of the material terms of the Sirios Acquisition Agreement is in Section 3.2 above.
- (g) A voting exclusion statement is included in the Notice.

3.5 **Additional information**

Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1.

4. **Resolution 2 – Ratification of issue of Shares to Stria Lithium Inc.**

4.1 **General**

On 29 July 2022, the Company announced that it had entered into a binding earn-in agreement with Stria Lithium Inc. (**Stria**) to acquire up to 70% of the Pontax Lithium Project in Québec, Canada (**Pontax**).

A summary of the material terms of the earn-in agreement for the Pontax Lithium Project with Stria (**Stria Earn-in Agreement**) is in Section 4.2 below.

On 6 July 2023, the Company announced that it had satisfied the Stage 1 Earn-In (defined below) and earned a 51% interest in Pontax by expending C\$4 million on exploration at the project. As a demonstration of the co-operation between Stria and the Company, the parties agreed during JV discussions in June 2023 that the C\$2 million payable by the Company upon achieving the milestone would instead be satisfied by the issue of fully paid ordinary shares in the Company. The Company is already a 7% shareholder of Stria and the Shares in the Company issued to Stria resulted in positive cross ownership between both partners.

Accordingly, the Company issued a total of 9,129,825 Shares to Stria using the Company's placement capacity under Listing Rule 7.1 on 6 July 2023 (**Stria Shares**), at a deemed price of A\$0.2475 each (C\$0.2191), which aligned with the Company's 30-day VWAP.

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 7.4 to ratify the issue of the Stria Shares.

4.2 **Summary of material terms of Stria Earn-in Agreement**

The key terms of the Stria Earn-in Agreement are as follows:

- (a) an initial cash payment of C\$1,000,000 from the Company to Stria;
- (b) the Company may earn an initial 51% interest in Pontax (**Stage 1 Earn-In**) by:
 - (i) expending C\$4,000,000 on exploration over an 18-month period; and
 - (i) making a cash payment to Stria of C\$2,000,000 at the end of the Stage 1 Earn-in period. The parties subsequently agreed to satisfy this payment by way of an issue of 9,129,825 Shares in the Company (the subject of this Resolution 2);
- (c) the Company may earn a further 19% interest in Pontax (**Stage 2 Earn-In**) by:
 - (ii) expending C\$6,000,000 on exploration over a 30-month period commencing on the date that the Company satisfies the Stage 1 Earn-In; and
 - (i) making a cash payment to Stria of C\$3,000,000;
- (d) a joint venture will be formed on the earlier of the end of the Stage 2 Earn-In period, and the date that the Company withdraws from the Stage 2 Earn-In (if it elects to do so) (**Joint Venture**);
- (e) subject to the Company completing the Stage 2 Earn-In and formation of the Joint Venture, the Company will free-carry Stria's remaining 30% interest through to completion of a feasibility study. Following the free-carry period, the Company and Stria must each fund all expenditure under the Joint Venture on a pro-rata basis in proportion to their respective interest in the Joint Venture from time to time; and
- (f) the Company shall be reimbursed for Stria's 30% proportionate share of the cost of any Joint Venture activities undertaken or incurred during the free carry period (that has been funded by the Company) out of cash flows generated from production.

In August 2022, the Company announced that the conditions precedent to the acquisition had been satisfied, with Stria obtaining shareholder approval of the binding term sheet in order to complete the transaction and the Company subscribing for \$350,000 worth of shares in Stria under a private placement.

In October 2022, Cygnus and Stria entered into a formal earn-in agreement and unincorporated joint venture agreement to formally and more fully document the above terms.

The Stria Earn-in Agreement contains warranties, indemnities and other rights and obligations that are considered standard for an agreement of this nature.

4.3 Listing Rules 7.1 and 7.4

Refer to Section 3.3 for a summary of Listing Rules 7.1 and 7.4.

The issue of the Stria Shares does not fit within any of the exceptions to Listing Rule 7.1 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. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12-month period following the issue of the Stria Shares.

The effect of Shareholders passing Resolution 2 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% placement capacity set out in Listing Rule 7.1, without the requirement to obtain prior Shareholder approval.

If Resolution 2 is passed, 9,129,825 Stria 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 is not passed, 9,129,825 Stria 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.

4.4 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 Stria Shares:

- (a) The Stria Shares were issued to Stria, who is not a related party of the Company or a Material Investor.
- (b) A total of 9,129,825 Stria Shares were issued within the Company's 15% placement capacity permitted under Listing Rule 7.1.
- (c) The Stria 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 Stria Shares were issued on 6 July 2023 at a deemed issue price of \$0.2475 per Share, which was consistent with the Company's 30-day VWAP.
- (e) The Stria Shares were issued for nil cash consideration, as part of the consideration payable for the acquisition of an interest in 51% of Pontax. Accordingly, no funds were raised from the issue of the Stria Shares.
- (f) A summary of the material terms of the Stria Earn-in Agreement is in Section 4.2 above.
- (g) A voting exclusion statement is included in the Notice.

4.5 **Additional information**

Resolution 2 is an ordinary resolution. The Board recommends that Shareholders vote in favour of Resolution 2.

5. **Resolution 3 – Approval to issue Director Performance Rights**

5.1 **General**

On 4 October 2022, the Company announced that highly experienced resources executive David Southam would join the Board as a Non-Executive Director on 1 November 2022 and on 13 February 2023, Mr Southam commenced as the Company's Managing Director.

In accordance with the terms of Mr Southam's Executive Services Agreement, Mr Southam is entitled to earn an annual long-term incentive (**LTI**). Commencing 1 July 2023, the first LTI is for up to 150% of the base salary component of Mr Southam's total fixed remuneration (based on 0.8 full time equivalent), on objectives set by the Board in consultation with Mr Southam and assessed by the Board in its discretion.

Accordingly, subject to obtaining Shareholder approval, the Company is proposing to issue up to a total of 3,178,809 Performance Rights to Mr Southam (or his nominees) (**Director Performance Rights**) under the Plan.

The Company is in a critical stage of development with significant opportunities and challenges in both the near and long-term, and the proposed Performance Rights issues seek to align the efforts of the Managing Director in achieving long-term strategic objectives and long-term, sustainable outperformance in the Share price and Shareholder value creation.

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 and in the best interests of shareholders to offer these Performance Rights to continue to attract, motivate and retain highly experienced and qualified executives in a competitive market.

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.14 and section 208 of the Corporations Act for the issue of up to 3,178,809 Director Performance Rights under the Plan to David Southam (or his nominees).

5.2 **Terms and conditions of Director Performance Rights**

The Director Performance Rights are proposed to be issued in three equal tranches, with vesting conditions designed to align the Managing Director's interest to those of Shareholders.

Furthermore, and subject to the terms and conditions in Schedule 2, in order for the Director Performance Rights to vest and convert into Shares upon the satisfaction of the vesting conditions summarised below within the specified periods, 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 Director Performance Rights will expire on the date which is 5 years from the date of issue.

(a) Total Shareholder Return – 1,059,603 Class X Performance Rights

One third of the Director Performance Rights will vest based on the total shareholder return (**TSR**) of the Company over the measurement period from 1 July 2023 to 31 December 2025 (**Performance Period**) (equivalent to the change in Share Price

(as described below) plus dividends declared assumed to be reinvested), compared to the median TSR of the Company's Peer Group (defined below).

The 'Share Price' will be measured using a 10-day VWAP for the 10 Trading Days up to and including the first day of the Performance Period and the 10 Trading Days up to and including the last day of the Performance Period.

The performance required will be proportional to the TSR growth of the Peer Group, with the Company's TSR ranked against the Peer Group TSR:

- (i) if the Company's TSR is >50th percentile of the Peer Group TSR, then 100% of the Class X Performance Rights will vest;
- (ii) if the Company's TSR is between the 25th and 50th percentiles of the Peer Group TSR, then 50% of the Class X Performance Rights will vest; and
- (iii) if the Company's TSR is <25th percentile of the Peer Group TSR, then none of the Class X Performance Rights will vest.

The "Peer Group" means the following entities:

Company	ASX:	Company	ASX:
Ioneer Ltd	INR	Prospect Resources Ltd	PSC
Global Lithium Resources Ltd	GL1	Infinity Lithium Corporation Ltd	INF
Latin Resources Ltd	LRS	Green Technology Metals Ltd	GT1
Jindalee Resources Ltd	JRL	Hannans Ltd	HNR
Delta Lithium Ltd	DLI	Loyal Lithium Ltd	LLI
Benz Mining Corp.	BNZ	Recharge Metals Ltd	REC
Omnia Metals Group Ltd	OM1	Megado Minerals Ltd	MEG

(b) Lithium Resource – 1,059,603 Class Y Performance Rights

One third of the Director Performance Rights will vest upon 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 (other than Pontax) or acquires at any date in the future, announcing a JORC-compliant lithium resource of at least 5Mt at a grade of no less than 0.8% Li₂O on or before 31 December 2025.

(c) Retention – 1,059,603 Class Z Performance Rights

One third of the Director Performance Rights will vest subject to David Southam remaining employed by the Company up to and including 31 December 2025.

5.3 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 3 will be to allow the Company to issue the Director Performance Rights to Mr Southam (or his nominees).

If Resolution 3 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.

5.4 **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 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 3,178,809 Director Performance Rights will be issued to Mr Southam (or his nominees) under the Plan on the terms and conditions in Schedule 2.
- (d) Mr Southam's current annual remuneration package is \$480,000 (inclusive of superannuation). Mr Southam is also entitled to earn an annual short-term incentive of up to 25% of his fixed remuneration, subject to achievement of short-term objectives set by the Board. Mr Southam is likewise entitled to earn an annual long-term incentive, subject to satisfaction at the Board's discretion of long-term objectives set by the Board.
- (e) The Company has previously issued 18,000,000 Performance Rights to Mr Southam on 14 February 2023, after receiving Shareholder approval for the issue on 31 January 2023.
- (f) The Director Performance Rights will be issued on the terms and conditions set out in Schedule 2.
- (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) An independent valuation of the Director Performance Rights is in Schedule 4 with a summary below:

Class	Number of Director Performance Rights	Valuation per Performance Right	Valuation
Class X	1,059,603	\$0.2825	\$299,338
Class Y	1,059,603	\$0.2950	\$312,583
Class Z	1,059,603	\$0.2950	\$312,583
Total	3,178,809	-	\$924,504

- (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 Plan is in Schedule 3.
- (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 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 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.

5.5 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.

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 3.

5.6 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 3 would permit financial benefits to be given**

Refer to Section 5.4(a) above.

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

Resolution 3 seeks Shareholder approval to allow the Company to issue a total of 3,178,809 Director Performance Rights to Mr Southam (or his nominees).

The Director Performance Rights are to be issued on the terms and conditions in Schedule 2.

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) recommend that Shareholders vote in favour of Resolution 3 for the following reasons:

- (i) in accordance with the terms of Mr Southam's Executive Services Agreement, Mr Southam is entitled to earn a long-term incentive on an annual basis, subject to the achievement of long-term objectives set by the Board;
- (ii) 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
- (iii) 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 5.4(h) above.

(e) **Remuneration of David Southam**

Refer to Section 5.4(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: 285,715 Shares and 18,000,000 Performance Rights.

Assuming that Resolution 3 is approved by Shareholders, all of the Director Performance Rights are issued, and all of Mr Southam's Performance Rights (including the Director Performance Rights) are 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 8.78% 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. Assuming the current Share capital structure as at the date of this Notice, the potential dilution if all Director Performance Rights vest and are exercised into Shares is:

- (i) 1.40%, assuming that no Shares are issued other than the Shares issued on exercise of the Director Performance Rights; and
- (ii) 1.08% 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: \$0.16 per Share on 26 July 2022

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.32 per Share on 14 July 2023.

(i) **Corporate governance**

The Board notes that the grant of the Director Performance Rights to Mr Southam is in accordance with Recommendation 8.2 of the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**), as the Board considers Mr Southam's remuneration package to include an appropriate balance of fixed remuneration and performance-based remuneration.

(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 3.

5.7 Additional information

Resolution 3 is an ordinary resolution.

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.
C\$	means Canadian Dollars.
Chair	means the person appointed to chair the Meeting of the Company convened by the Notice.
Company	means Cygnus Metals Limited (ACN 609 094 653).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth), as amended.
Director	means a director of the Company.
Director Performance Rights	means up to 3,178,809 Performance Rights proposed to be issued to David Southam (or his nominees) under the Plan, the subject of Resolution 3.
Equity Security	has the same meaning as in the Listing Rules.
Explanatory Memorandum	means the explanatory memorandum which forms part of the Notice.
JORC	means the 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.
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.
Notice	means this notice of general meeting.
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.
Plan	means the 'Cygnus Metals Employee Securities Incentive Plan' approved by Shareholders at the Company's general meeting held on 31 January 2023.
Proxy Form	means the proxy form attached to the Notice.
Resolution	means a resolution referred to in the Notice.
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.
Sirios	means Sirios Resources Inc. (TSX-V:SOI).
Sirios Acquisition Agreement	has the meaning given in Section 3.1.
Sirios Shares	has the meaning given in Section 3.1.
Stria	means Stria Lithium Inc. (TSX-V:SRA).
Stria Earn-in Agreement	has the meaning given in Section 4.1.
Stria Shares	has the meaning given in Section 4.1.
VWAP	means volume-weighted average market price of fully paid ordinary shares, as that term is defined in the Listing Rules.

Schedule 2 Terms and conditions of Director Performance Rights

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

- (a) **Entitlement**: At the discretion of the Board, each Performance Right entitles the holder to receive cash to the value of one fully paid ordinary share in the capital of the Company (**Share**) calculated in accordance with clause (f), or to subscribe for one Share upon the exercise of each Performance Right.
- (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:

Performance Rights		Vesting Condition	Performance Period
Class	Number		
Class X	1,059,603	The Company's total shareholder return (TSR) exceeds the median TSR of the Peer Group (defined below) for the Performance Period. The proportion to vest will be calculated as: <ul style="list-style-type: none"> • If TSR >50th percentile – 100% vesting • If TSR between 25th and 50th percentile – 50% vesting • If TSR <25% percentile – 0% vesting 	1 July 2023 to 31 December 2025
Class Y	1,059,603	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 (other than the Pontax Project) 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% Li ₂ O	1 July 2023 to 31 December 2025
Class Z	1,059,603	Continuous employment with the Company up to and including 31 December 2025	1 July 2023 to 31 December 2025

Where:

"Peer Group" means the following entities:

Company	ASX code	Company	ASX code
Ioneer Ltd	INR	Prospect Resources Ltd	PSC
Global Lithium Resources Ltd	GL1	Infinity Lithium Corporation Ltd	INF
Latin Resources Ltd	LRS	Green Technology Metals Ltd	GT1
Jindalee Resources Ltd	JRL	Hannans Ltd	HNR

Company	ASX code	Company	ASX code
Delta Lithium Ltd	DLI	Loyal Lithium Ltd	LLI
Benz Mining Corp.	BNZ	Recharge Metals Ltd	REC
Omnia Metals Group Ltd	OM1	Megado Minerals Ltd	MEG

“TSR” means a growth in a company’s Share Price over the Performance Period plus dividends paid during that period, with “Share Price” measured using a 10-day VWAP for the 10 Trading Days up to and including the first day of the Performance Period and the 10 Trading Days up to and including the last day of the Performance Period.

“VWAP” means the “volume weighted average market price” of fully paid ordinary shares, as that term is defined in the ASX Listing Rules.

The Company’s TSR will be ranked against the Peer Group. To measure performance against the Vesting Condition of the Class X Performance Rights:

- (i) the TSR of each company in the Peer Group will be calculated;
 - (ii) the Peer Group companies will be ranked according to their TSR;
 - (iii) the Company’s TSR will be calculated to determine its percentile in relation to the Peer Group companies; and
 - (iv) the Company’s percentile will determine the proportion of Performance Rights to vest.
- (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 (**Vesting Date**), 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 (AWST) on the date which is 5 years after the date of issue of the Performance Rights,
- (Expiry Date).**
- (f) **(Election to pay cash):** The Company will notify the holder in the Vesting Notice as to its election to satisfy the exercise of Performance Rights through the issue of Shares and/or the payment of cash. If the Performance Rights are satisfied through the payment of cash, the amount of cash payable will be calculated based on the VWAP of the Company’s Shares over the 20-trading day period immediately preceding the Vesting Date and paid within 2 months of the Vesting Notice.
- (g) **(Exercise):** Where the Board elects to satisfy the Performance Rights by the issue of Shares, 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.

- (h) **(Issue of Shares):** Subject to clause (f), 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 (i), 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.
- (i) **(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.
- (j) **(Ranking):** All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with other Shares.
- (k) **(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.
- (l) **(Dividend rights):** A Performance Right does not entitle the holder to any dividends.
- (m) **(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.
- (n) **(Quotation of the Performance Rights)** The Company will not apply for quotation of the Performance Rights on any securities exchange.
- (o) **(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.
- (p) **(Entitlements and bonus issues):** Subject to the rights under clause (q), holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
- (q) **(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.

- (r) **(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.
- (s) **(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.
- (t) **(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.
- (u) **(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.
- (v) **(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.
- (w) **(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.
- (x) **(Plan):** The Performance Rights are issued pursuant to and are subject to the Plan. In the event of conflict between a provision of these terms and conditions and the Plan, these terms and conditions prevail to the extent of that conflict.
- (y) **(Constitution):** Upon the issue of the Shares on exercise of the Performance Rights, the holder will be bound by the Company's Constitution.
- (z) **(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 3 Summary of material terms of the Plan

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

1. **(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:
 - (a) an employee or director of the Company or an individual who provides services to the Company;
 - (b) an employee or director of an associated entity of the Company or an individual who provides services to such an associated entity;
 - (c) a prospective person to whom paragraphs (a) or (b) apply;
 - (d) a person prescribed by the relevant regulations for such purposes; or
 - (e) certain related persons on behalf of the participants described in paragraphs (a) to (d) (inclusive).
2. **(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:
 - (a) the total number of Plan Shares (as defined in paragraph 13 below) that may be issued or acquired upon exercise of the convertible securities offered; plus
 - (b) 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.
3. **(Purpose)**: The purpose of the Plan is to:
 - (a) assist in the reward, retention and motivation of Eligible Participants;
 - (b) link the reward of Eligible Participants to Shareholder value creation; and

- (c) 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.
- 4. **(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.
- 5. **(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.

- 6. **(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.
- 7. **(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.

- 8. **(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.
- 9. **(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.

10. **(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.
11. **(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:

- (a) 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
 - (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
12. **(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.
13. **(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.

14. **(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.
15. **(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.

16. **(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.
17. **(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.

18. **(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 4 Valuation of Director Performance Rights

See over page.

10 July 2023

Cygnus Metals Limited
Level 2, 8 Richardson Street
West Perth, WA 6005
Attention: Maddison Cramer

RE: Valuation of Cygnus Metals Limited performance rights

Dear Maddison,

1. Introduction

You have requested that we determine the fair market value of three tranches of performance rights (the **Rights**) in accordance with AASB 2 – Share Based Payment (the **Engagement**). The Rights are proposed to be granted by Cygnus Metals Limited (the **Company**) to a managing director of the Company following shareholder approval at the Company's next General Meeting. As a result, we undertook the valuation on 7 July 2023 (**Valuation Date**), being the most recently concluded market day prior to the date of this report.

Tranche	Summary of vesting conditions
Tranche 1	TSR of the Company exceeds the median TSR of the Peer Group
Tranche 2	Any of the Company's mining tenements or projects, reporting Li2O resource of 5Mt at a min grade of 0.8% lithium.
Tranche 3	Continuous employment with the Company up to and including 31 December 2025

We have used the Black-Scholes Option Pricing (BSOP) methodology, which utilises the Black-Scholes-Merton model, and Monte Carlo Simulation (MCS) Methodology, which utilises the Binomial Option Pricing Model, to estimate the fair value of the Rights. Our valuation of the Rights takes into consideration:

- (1) The material terms of the Rights Annexure 1
- (2) Methodology and key inputs of the BSOP and MCS Annexure 2
- (3) Other considerations Annexure 3
- (4) Key relevant accounting standards Annexure 4

2. Valuation Conclusion

Based on the inputs and assumptions discussed in this letter (including annexures), the resulting fair value for the Rights is summarised in Table 1 below.

Table 1: Valuation Conclusion				
Tranche	# of equity instruments	Probability of achievement ¹	Value per Right	Concluded value
	(a)	(b)	(c)	(d) = (a)*(b)*(c)
Tranche 1	1,059,603	100.0%	\$0.2825	\$299,338
Tranche 2	1,059,603	100.0%	\$0.2950	\$312,583
Tranche 3	1,059,603	100.0%	\$0.2950	\$312,583
Total	3,178,809			\$924,504

Note 1: the Company must apply their estimated probability of achievement of each tranche's non-market-based vesting conditions to the number of equity instruments in each tranche, to determine the number of equity instruments expected to vest as at the Valuation Date.

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



Oliver Schweizer, CFA
Director

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.

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 Metals 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 Metals 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.

Annexure 1

Summary of the Rights

Annexure 1 – Summary of the Rights

- Table A1-1 below summarises the key terms of the Rights:

Table A1-1: Summary of the Rights

Tranche	# of Rights	Valuation Date	Expiry Date	Term	Exercise Price	Vesting Period Start	Vesting Period End
Tranche 1	1,059,603	07-Jul-23	07-Jul-28	5.00 yrs	\$nil	1-Jul-23	31-Dec-25
Tranche 2	1,059,603	07-Jul-23	07-Jul-28	5.00 yrs	\$nil	1-Jul-23	31-Dec-25
Tranche 3	1,059,603	07-Jul-23	07-Jul-28	5.00 yrs	\$nil	1-Jul-23	31-Dec-25

- Each individual Right is exercisable for one ordinary share in the Company at the exercise prices listed in Table A1-1 above.
- The Rights are subject to the following vesting conditions:

Non-market-based vesting criteria

Tranche 1	no non-market-based vesting conditions
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 (other than the Pontax Project) 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% Li2O
Tranche 3	Continuous employment with the Company up to and including 31 December 2025

Market-based vesting criteria

Tranche 1	The Company's total shareholder return ('TSR') exceeds the median TSR of the Peer Group for the Vesting Period. The proportion to vest will be calculated as: (i) If TSR >50th percentile – 100% vesting; (ii) If TSR between 25th and 50th percentile – 50% vesting; and (iii) If TSR <25% percentile – 0% vesting.
Tranche 2	no market-based vesting conditions
Tranche 3	no market-based vesting conditions

- We understand the Rights are subject to a service condition, whereby the holder of the Rights must remain employed by the Company until vesting.
- The Rights are exercisable immediately upon vesting (subject to the exercise price) until expiry.
- The Rights expire five years after their grant date (also the Valuation Date) and 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 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.

Annexure 2

Methodology and Key Inputs of the BSOP and MCS

Annexure 2 – Methodology and Key Inputs of the BSOP and MCS

Tranches 2 & 3

In determining the fair value of the Tranche 2 & 3 Rights we used the Black-Scholes Option Pricing (**BSOP**) Methodology, which utilises the Black-Scholes-Merton model. Table A2-1 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.

Tranche 1

In determining the fair value of the Tranche 1 Rights we used the Monte Carlo Simulation (MCS) Methodology, which utilises the Binomial Option Pricing Model.

Specifically, in the MCS, we undertook the following process for each of 1,000,000 simulations, to determine the fair value of each tranche having regard to the market-based vesting condition(s):

1. We created a hypothetical price path using the principals of the Binomial model, on a daily basis, for: (a) an ordinary share in the Company; and (b) an ordinary share in each of the constituents of the Peer Group ('Reference Group'), between the Valuation Date and the end of the Vesting Period, being a duration equal to the Term listed in Table A2-1 below. The constituents of the Reference Group are listed in Table A2-2 below.
2. At the end of the Vesting Period, we calculated the Total Shareholder Return ('TSR') of both the Company's shares and the shares of each constituent of the Reference Group by comparing: (a) each entity's simulated 10-day volume weighted average share price ('VWAP') at the end of the Vesting Period; to (b) their respective 10-day VWAP at the start of the Vesting Period ('Comparison Price'). We note that the TSR includes dividends received during the period, however, given the theoretical/mathematical position that a company's share price reduces by the per-share amount of dividends paid, for the purposes of the MCS we have not included any dividend 'leakage' in the Binomial model so that the calculation of TSR simplifies to a comparison between the beginning and ending share price, expressed as a percentage. Table A2-2 below lists the Comparison Prices for each entity at the start of the Vesting Period.
3. Subsequently, we compared the TSRs for each entity and determined the percentile rank of the Company's TSR within the results of the Reference Group. When the percentile rank exceeded the performance hurdles outlined in Annexure 1, the tranche was considered to have vested and number of instruments vesting was also determined based on the percentile rank i.e. 50% vesting between the 25th-50th percentile, increasing to 100% vesting at the 50th percentile and above.
4. In each simulation where the tranche vested, it was assumed that the tranche would be exercised immediately given the \$nil exercise price, and we discounted the value of an exercised right, being the difference between: (i) the Company's simulated share price at vesting; and (ii) the exercise price, back to the Valuation Date – noting that the simulated share price must exceed the exercise price for the right to be exercised. Subsequently, the vesting percentage (i.e. number of rights vesting determined in point 3 above) was applied this exercised right value.
5. In simulations that did not result in the performance hurdle being met, or in the tranche 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.

Table A2-1 below summarises the key inputs used in the BSOP and MCS methodology, and is followed by an explanation of each of the key inputs and how they were determined.

Table A2-1: BSOP and MCS Inputs

Input	Values at Valuation Date		
	Tranche 1	Tranche 2	Tranche 3
Valuation Methodology	MCS	BSOP	BSOP
i. Underlying share price	\$0.295	\$0.295	\$0.295
ii. Exercise price	\$nil	\$nil	\$nil
iii. Term	2.48 yrs	2.48 yrs	2.48 yrs
iv. Risk-free rate	4.301%	4.301%	4.301%
v. Dividend yield	Nil	Nil	Nil
vi. Volatility (rounded)	80.0%	80.0%	80.0%
vii. Comparison price	\$0.238	n/a	n/a

i. Underlying share price

Being the price of the Company's shares (Table A2-1) and constituents of the Reference Group's shares (Table A2-2) 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 A2-1 above.

iii. Term

For the purpose of the Monte Carlo Simulation, being the period from the Valuation Date to the end of the Vesting Period. While the Rights expire 5.0 years after the Valuation Date, we assumed that the Rights would be exercised immediately after vesting given their \$nil exercise price, and so limited the duration of the simulation to the end of the relevant Vesting Period.

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 data provider S&P Capital IQ for the government bonds quoted on the Australian Office of Financial Management website (<https://www.aofm.gov.au/securities/treasury-bonds>). As the term of the Rights did not match the any term-to-maturity for the 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. The dividend yield was also assumed to be nil for the constituents of the Reference Group because the TSR condition assumes that dividends are to be re-invested and so a nil dividend yield was used to replicate the reinvestment of dividends.

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 a company's shares. For each Tranche, the volatility of the Company and constituents of the Reference Group 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 60-months) to determine an appropriate go-forward volatility. A summary of our volatility calculations is set out on the following page.

vii. Comparison price

The TSR performance condition requires that the Total Return of the Company's Shares and Reference Group is measured against their respective price (10-day VWAP) at the start of the Vesting Period. The prices listed in Tables A2-1 and A2-2 are the 10-day VWAPs immediately prior the start of the Vesting Period (1 July 2023) calculated from information provided by S&P Capital IQ.

Table A2-2: Peer Group / Reference Group and MCS Inputs (Tranche 1)

Company Name	Tickers	Comparison Price ⁽²⁾	Underlying share price	Volatility
ioneer Ltd	ASX:INR	\$0.337	\$0.315	66.0%
Global Lithium Resources Limited	ASX:GL1	\$1.502	\$1.690	81.0%
Latin Resources Limited	ASX:LRS	\$0.264	\$0.350	100.0%
Jindalee Resources Limited	ASX:JRL	\$1.862	\$1.860	83.0%
Delta Lithium Limited ¹	ASX:DLI	\$0.853	\$0.900	93.0%
Benz Mining Corp.	ASX:BNZ	\$0.480	\$0.455	68.0%
Omnia Metals Group Ltd	ASX:OM1	\$0.222	\$0.235	78.0%
Prospect Resources Limited	ASX:PSC	\$0.129	\$0.140	74.0%
Infinity Lithium Corporation Limited	ASX:INF	\$0.095	\$0.110	108.0%
Green Technology Metals Limited	ASX:GT1	\$0.689	\$0.665	73.0%
Hannans Limited	ASX:HNR	\$0.011	\$0.012	98.0%
Loyal Lithium Limited	ASX:LLI	\$0.320	\$0.320	92.0%
Recharge Metals Limited	ASX:REC	\$0.312	\$0.345	134.0%
Megado Minerals Limited	ASX:MEG	\$0.052	\$0.057	89.0%

(1) Red Dirt Minerals Ltd (ASX:RDT) has changed its name to Delta Lithium Limited (ASX:DLI)

(2) 10-day VWAP at the start of the Vesting Period (1 July 2023)

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

Tranche 1	-	\$0.2825	per Right
Tranche 2	-	\$0.2950	per Right
Tranche 3	-	\$0.2950	per Right

Table A2-3: Volatility Summary

(using weekly changes in share price)

Tranche	Tranche 1	Tranche 2	Tranche 3
End date (Valuation Date)	07/07/2023	07/07/2023	07/07/2023
Period (days)	908	908	908
Period (months)	29.80 mths	29.80 mths	29.80 mths
Period (yrs)	2.48 yrs	2.48 yrs	2.48 yrs
Start date	10/01/2021	10/01/2021	10/01/2021

Workings

Beginning of period (Trading day)	11/01/2021	11/01/2021	11/01/2021
Trading segments in period (Weeks)	130	130	130
Standard deviation of price change	10.9%	10.9%	10.9%
Annualised Volatility	78.3%	78.3%	78.3%
Annualised Volatility (rounded)	78.0%	78.0%	78.0%

Table A2-4: Volatility Summary – alternative calculation periods

Calculation date:		07-Jul-23	07-Jul-23	07-Jul-23
Calculation Period	Weight	Change in share price		
		Daily	Weekly	Monthly
6 mnths	0.0	112.0%	94.0%	113.9%
12 mnths	0.0	114.2%	108.6%	110.8%
15 mnths	0.0	105.9%	98.9%	100.4%
18 mnths	0.0	101.1%	91.9%	91.5%
21 mnths	0.0	99.4%	87.2%	86.3%
24 mnths	1.0	99.7%	85.2%	86.9%
30 mnths	1.0	93.8%	78.0%	81.9%
36 mnths	0.0	91.5%	77.5%	91.3%
42 mnths	0.0	110.6%	96.5%	90.0%
48 mnths	0.0	110.7%	99.2%	104.4%
54 mnths	0.0	111.5%	103.0%	102.5%
60 mnths	0.0	107.3%	99.0%	100.1%
Average		104.8%	93.2%	96.7%
Median		106.6%	95.2%	95.8%
Average entire series		98.2%		
Median entire series		99.3%		
Weighted average		96.8%	81.6%	84.4%
Weighted median		96.8%	81.6%	84.4%
Weighted average (all share price intervals)		87.6%		
Weighted median (all share price intervals)		86.1%		

Chosen Volatility: 80.0%

Table A2-5: Reference Group Volatility Summary

(using weekly changes in share price)

End date (Valuation Date)	7/07/2023	7/07/2023	7/07/2023	7/07/2023
Period (days)	366	731	1,096	908
Period (months)	12.00 mths	24.00 mths	36.00 mths	29.80 mths
Period (yrs)	1.00 yrs	2.00 yrs	3.00 yrs	2.49 yrs
Start date	6/07/2022	6/07/2021	6/07/2020	10/01/2021

Reference Group	Weight	Volatilities of Reference Group Companies			
ioneer Ltd	1.0	65.0%	67.0%	69.0%	66.0%
Global Lithium Resources Limited	1.0	82.0%	82.0%	81.0%	81.0%
Latin Resources Limited	1.0	84.0%	102.0%	105.0%	100.0%
Jindalee Resources Limited	1.0	49.0%	63.0%	85.0%	83.0%
Delta Lithium Limited	1.0	78.0%	98.0%	90.0%	93.0%
Benz Mining Corp.	1.0	74.0%	69.0%	69.0%	68.0%
Omnia Metals Group Ltd	1.0	87.0%	78.0%	78.0%	78.0%
Prospect Resources Limited	1.0	92.0%	76.0%	83.0%	74.0%
Infinity Lithium Corporation Limited	1.0	84.0%	81.0%	104.0%	108.0%
Green Technology Metals Limited	1.0	60.0%	73.0%	73.0%	73.0%
Hannans Limited	1.0	48.0%	94.0%	96.0%	98.0%
Loyal Lithium Limited	1.0	106.0%	92.0%	92.0%	92.0%
Recharge Metals Limited	1.0	88.0%	134.0%	134.0%	134.0%
Megado Minerals Limited	1.0	89.0%	94.0%	87.0%	89.0%

Annexure 3

Other Considerations

Annexure 3 – 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 instruments comprising the Rights, to determine the number of equity instruments expected to vest as at the Valuation Date.

Given the non-market-based vesting conditions and employment condition described in Annexure 1 of this report, the Company should estimate the probability of achievement of these conditions for each tranche and apply that percentage to the total number of Rights comprising each tranche. For the purposes of this valuation, it was assumed that the likelihood of meeting the vesting and employment conditions was 100%.

Annexure 4

Summary of AASB 2 Share-based Payment

Table A4-1 below sets out the pertinent clauses of AASB 2 – Share-based Payment as they relate to the Rights.

Table A4-1: AASB 2 – Share Based Payment

AASB

Paragraph Comment

2 (a) <i>Applicable paragraph</i>	<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>
22 Corporate Advisory comment	<p>The Rights are equity-settled share-based payment transactions, in which the entity (Cygnus Metals Limited) receives goods or services (employment services of the grantee) as consideration for equity instruments of the entity (including shares or share options).</p>
10 & 11	<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>
14, 15	<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 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>

Table A4-1: AASB 2 – Share Based Payment

AASB

Paragraph Comment

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:

(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.

(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 market condition, 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 not a market condition, 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.

We understand 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.

► For instruments with only a service condition, the vesting period should be equal to the period of required service.

► For instruments with market-based vesting criteria, 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 non-market-based vesting criteria, the Company should revise its estimate, if necessary, if subsequent information indicates that the length of the vesting period differs from previous estimates.

We note that these accounting treatments should be confirmed with the Company's auditors.

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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 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).

Table A4-1: AASB 2 – Share Based Payment

AASB	
Paragraph	Comment
	<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>
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 and TSR performance for Tranche 1, 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 number of 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>

Table A4-1: AASB 2 – Share Based Payment

AASB	
Paragraph	Comment
	<p>We have determined that exercisability of the Rights is subject to market conditions (share price appreciation above the exercise price and TSR performance for Tranche 1) 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>We have used the Black-Scholes Option Pricing (BSOP) methodology, which utilises the Black-Scholes-Merton model, to estimate the fair value of the Tranche 2, and Tranche 3 Rights. The valuation under the BSOP methodology is discussed in Annexure 2.</p> <p>We have used the Monte Carlo Simulation (MCS) Methodology, which utilises the Binomial Option Pricing Model, to estimate the fair value of the Tranche 1 Rights. The valuation under the MCS methodology is discussed in Annexure 2.</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> <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, being achievement of the performance hurdle, which could occur before expiry.</p> <p>Consequently, for the Tranche 1 Rights, we consider the MCS Methodology to be the most appropriate method to value the Rights as it allows more flexibly to evaluate the performance hurdle during the vesting period.</p> <p>Further, for the Tranche 2 & 3 Rights, we consider these instruments to be sufficiently simple enough for the BSOP methodology to be an appropriate pricing model to use in their valuation.</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;

Table A4-1: AASB 2 – Share Based Payment

AASB

Paragraph Comment

- (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.

The above factors are taken into account in the valuation of the Rights (See Annexure 2).

AG B7 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).

Based on our instructions, there are no other factors a knowledgeable, willing market participant would consider in setting the price of the Rights.

Expected volatility – Unlisted Entities

AG B27 – An unlisted entity will not have historical information to consider when estimating expected volatility. Some factors to consider instead are set out below.

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.

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.

As the Company is listed this clause is not applicable to the Rights. See Annexure 2 for our discussion on volatility.

AG B34 & B35 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.

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.

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.

CYGNUS METALS

Cygnus Metals 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 **9:00am (AWST) on Saturday, 26 August 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: 182771

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 Metals 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 Metals Limited to be held at The Quest Kings Park, 54 Kings Park Rd, West Perth, WA 6005 on Monday, 28 August 2023 at 9:00am (AWST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: 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 Resolution 3 (except where I/we have indicated a different voting intention in step 2) even though Resolution 3 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

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 Resolution 3 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	Ratification of issue of Shares to Sirios Resources Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of issue of Shares to Stria Lithium Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval to issue Director Performance Rights	<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

CY5

301041A



Computershare



28 July 2023

Dear Shareholder

General Meeting – Notice of Meeting and Proxies

Notice is given that the General Meeting (**Meeting**) of Shareholders of Cygnus Metals Limited (ACN 609 094 653) (**Company**) will be held as follows:

Time and date: 9:00am (Perth time) on Monday, 28 August 2023

Location: The Quest Kings Park, 54 Kings Park Road, West Perth WA 6005

Notice of Meeting

In accordance with the *Corporations Act 2001* (Cth) the Company will not be dispatching physical copies of the Notice of Meeting unless individual shareholders have made a valid election to receive documents in hard copy. Instead, the Notice of Meeting and accompanying explanatory statement (**Meeting Materials**) are being made available to shareholders electronically and can be viewed and downloaded from:

- the Company's website at <https://www.cygnusmetals.com/>; and
- the ASX market announcements page under the Company's code "CY5".

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting.

Voting at the Meeting or by proxy

Shareholders can vote by attending the Meeting in person, by proxy or by appointing an authorised representative. Shareholders are encouraged to vote by lodging a proxy form.

Proxy forms can be lodged:

Online: www.investorvote.com.au (control number: 182771) or use your mobile device to scan the personalised QR code

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

Your proxy voting instruction must be received by 9:00am (Perth time) on Saturday, 26 August 2023, being not less than 48 hours before the commencement of the Meeting. Any proxy voting instructions received after that time will not be valid for the Meeting.

If you have questions about your Proxy Form or difficulties accessing the Notice of Meeting, please contact Computershare Investor Services on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

The Meeting Materials should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Authorised for release by:

Maddison Cramer
Joint Company Secretary
Cygnus Metals Limited