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Cygnus to raise \$6.3m to advance Pontax Lithium Project in James Bay, Canada

Drilling set to start early next month to follow up high-grade spodumene intersections

ASX ANNOUNCEMENT:

October 13, 2022

ASX: CY5

CORPORATE DIRECTORY

Non-Executive Chairman

Raymond Shorrocks

Executive Director

Michael Naylor

Non-Executive Directors

Michael Bohm

Shaun Hardcastle

CFO & Company Secretary

Susan Field

Major Shareholders

Merk Investments 9.9%

Steve Parsons 5.7%

Southern Cross 5.3%

Michael Naylor 4.2%

Michael Bohm 4.2%

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Key Points

- \$6.3m of the Placement will be raised utilising the "flow-through shares" provisions under Canadian tax law; These shares will be placed at \$0.73 per share, which represents a 66 per cent premium to Cygnus' last sale price
- The Flow-Through Shares will be immediately on sold through a block trade agreement to domestic and offshore investors at \$0.35 per share
- Use of the flow-through provisions will enable Cygnus to minimise issued capital dilution significantly
- The block trade book build was strongly supported by existing and new institutional and sophisticated investors
- A further \$0.4m will be raised via a placement to Cygnus directors at \$0.35 per share (subject to shareholder approval) which is at the same price as the participants in the block trade
- Subject to receiving shareholder approval, Cygnus will emerge from the Placement with a strong cash position of ~\$10m
- A 10,000m diamond drilling campaign is set to start early next month in the area where all holes drilled have hit high grade and shallow spodumene-bearing lithium-caesium-tantalum (LCT) pegmatites. Results include (refer to ASX release dated 29 July 2022):
 - 9.0m @ 1.7% Li₂O from 46.9mⁱ
 - 15.6m @ 1.6% Li₂O from 83.9mⁱ
 - 4.8m @ 2.6% Li₂O from 19.4mⁱ
 - 13.0m @ 1.4% Li₂O from 36mⁱ
- David Southam to join the Cygnus Board as a Non-Executive Director from 1 November 2022 and Managing Director from mid-February 2023. Mr Southam will participate in the Placement
- Cygnus has a major landholding in the heart of the world class James Bay Lithium District with over 40km of strike

Cygnus Executive Director Michael Naylor said: “Cygnus is now in an extremely enviable position with an advanced lithium exploration project, a dominant land position in the heart of the world-class James Bay lithium district, \$10m in committed cash and drilling about to commence.

The Company is utilising the Canadian Flow-Through Regime to raise a significant amount of funds at a premium with minimal dilution to our Shareholders.

“Previous drilling returned saw all 25 drill holes hit spodumene-bearing LCT’s over 620m in strike length and the Company has since expanded its holding so we have more than 40km of strike with mapped pegmatites along a fertile greenstone belt”.

Cygnus Gold Limited (ASX:CY5) is pleased to advise that it has received commitments from sophisticated and professional investors to raise approximately \$6.3 million (before costs) through the issue of up to 8,677,817 fully paid ordinary shares in the Company (“Flow-Through Shares”) at an issue price of \$0.73 per share (“Placement”).

The net cost of the Flow Through Shares to subscribers is \$0.35 after applying the flow through share regime.

Funds raised from the Placement will be used to fund exploration on the Pontax Lithium Project and the significant land package surrounding the Pontax Lithium Project in the world class James Bay lithium district in Quebec. The exploration program includes:

- The 10,000m diamond drilling program expected to commence in early November 2022;
- Field work including mapping and rock chipping in the anticipation of generating further drill targets; and
- Lidar and geophysics at the recently acquired Pontax extension properties.

The Placement is subject to approval by shareholders at a forthcoming General Meeting expected to be held on 18 November 2022.

The offer is facilitated by Canadian flow-through share dealer, Peartree Securities Inc (“PearTree”) and the end buyer block trade is facilitated by Canaccord Genuity (Australia) Ltd (“Canaccord”). PearTree will not receive any fees or commission from the Company for its role with respect to the Placement.

In addition to the above Placement, Cygnus Directors have subscribed for a further \$400,000 of shares in the Placement at the back end price of \$0.35 each (subject to shareholder approval at the forthcoming General Meeting and any required regulatory approvals). The Directors are subscribing for shares at the same price as the participants in the back-end block trade.

Details of The Placement

The Company has received firm commitments to undertake a Placement to raise approximately C\$5,500,000 (A\$6,347,823) (before costs) through the issue of approximately 8,677,817 shares at an issue price of C\$0.6338 (A\$0.73) per share (“Flow-Through Shares”) as Canadian “flow-through shares”, which provide tax incentives to those investors for expenditures that qualify as flow through mining expenditures under the Income Tax Act (Canada). The Flow-Through Shares will be issued at a premium to market pursuant to the Canadian flow-through shares regime. The term “flow-through share” is a defined term in the Income Tax Act (Canada) and is not a special type of share under corporate law.

Pursuant to a block trade agreement between PearTree and Canaccord, Canaccord will facilitate the secondary sale of the Flow-Through Shares acquired by PearTree clients under the Flow Through Share Placement to sophisticated and professional investors in Australia and certain other countries by way of a block trade at \$0.35 per Placement Share. The Flow-Through Shares will cease to be flow-through shares on completion of the Flow Through Share Placement and end-buyers taking Flow-Through Shares in the block trade will not take the Flow-Through Shares as flow-through shares.

A cleansing prospectus under section 713 of the Corporations Act 2001 (Cth) will be issued in connection with the Placement to facilitate secondary trading of the Shares the subject of the Placement.

The tax benefits associated with the Flow-Through Shares are available only to the investors (who are Canadian residents) and not to any other person who acquires the Flow-Through Shares through the on-sale or transfer of those Flow-Through Shares.

Therefore, given the Directors are not eligible to participate in the Flow-Through Placement, the Directors (including David Southam who joins the Company on 1 November 2022) have subscribed for \$400,000 shares at the same price as the block trade, being \$0.35 per share.

Timetable

Event	Time/Date
Announcement of Flow-Through Placement and Trading Halt Lifted	Thursday 13 October 2022
General Meeting to approve Flow-Through Placement and Director Placement	Friday, 18 November 2022
Settlement and Allotment for Flow-Through Shares	Wednesday, 23 November 2022
Flow-Through Shares Commence Normal Trading on ASX	Wednesday, 23 November 2022

About Cygnus Gold Limited

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

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

For and on behalf of the Board

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Media
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Previous Exploration Results

The information in this announcement that relates to Exploration Results relating to the Pontax Lithium Project has been previously released in ASX Announcement dated 29 July 2022. Cygnus Gold confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Not an offer in the United States

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