

21 August 2023

## Lithium in James Bay, Canada

# Successful raising positions Cygnus for major drilling programs to grow resources and test known spodumene-bearing targets

Firm commitments received for ~A\$11.1m; C\$7.0m of this is priced at a large premium using Canadian flow-through shares

### Highlights

- Cygnus has received firm commitments totalling ~A\$11.1m (using 0.865 AUD/CDN exchange rate) via a Capital Raising utilising:
  - Flow-through share provisions under Canadian tax law to raise C\$7.0m (FTS Placement)
  - Placement of A\$3.0m to institutions & sophisticated investors (Traditional Placement)
- The C\$7.0m FTS Placement raising (A\$8.1m) was priced at A\$0.4275 per share, which represents a 67.7% premium to Cygnus' last sale price and 90.0% premium to the book build price of A\$0.225
- The A\$3.0m Traditional Placement was priced at A\$0.225 per share, being a 11.8% discount to the last sale price of A\$0.255
- The Traditional Placement and the block trade book build for the FTS Placement were well supported with demand of coming from a mixture of existing and new investors, resulting in scale backs being required
- Cygnus will also offer a Share Purchase Plan (SPP) to eligible shareholders at the same issue price as the Traditional Placement. All eligible Directors have indicated that they will participate in the SPP
- Completion of the Capital Raising will leave the Company with ~A\$15.9m (before costs and SPP proceeds and based on 31 July 2023 cash balance of A\$4.8m) to fund the summer exploration program currently underway and the larger winter drill program where activity levels increase significantly due to more favourable drilling conditions
- From now through to the forecasted end of the Winter drilling season, Cygnus is planning to drill ~17,000m for exploration and extension to the Maiden Inferred Resource of 10.1Mt @ 1.04% Li<sub>2</sub>O<sup>1</sup> at Pontax, ongoing drilling at Auclair and early-stage exploration at Sakami
- Exploration at Auclair has already commenced with drilling to test the extents of known spodumene mineralisation in historical drillholes and step out drilling along the identified trend
- Canaccord Genuity and Euroz Hartleys Limited acted as Joint Lead Managers, and Shaw and Partners as Co-Managers, to the Capital Raising

*Cygnus Managing Director David Southam said: “We have only scratched the surface of the huge potential at our Pontax project. We believe the recent maiden Resource is just the start of ongoing growth of Pontax. The proceeds of this raising will ensure we realise that potential to maximise value creation for shareholders.*

*“The funding will also enable us to unlock the significant upside at our Auclair and Sakami projects. The team has done a wonderful job in securing an amazing suite of projects in James Bay and now we can explore them during what will be a very busy winter program.*

*“Our drilling plans at Auclair and Sakami will remain flexible while we complete LiDAR and prospecting of the significant number of pegmatite outcrops identified.*

*“Our ability to raise well over half the funds at a 90% premium to the raising price utilising the Canadian flow through share scheme is an excellent outcome for existing and new shareholders that we welcome to our register”.*

Cygnus Metals Limited (ASX:CY5) is pleased to advise that it has received commitments from institutional and sophisticated investors to raise approximately A\$11.1 million (before costs) through the issue of:

1. 18,934,273 fully paid ordinary shares in the Company utilising FTS Placement at an issue price of A\$0.4275 per share to raise C\$7.0 million (A\$8.1 million); and
2. 13,333,333 fully paid ordinary shares in a traditional placement to institutional and sophisticated investors at A\$0.225 per share to raise a total of A\$3.0m (before costs).

The FTS Placement and Traditional Placement are together referred to as the “Capital Raising”.

The Company will also undertake a Share Purchase Plan to raise up to A\$2.0 million via the issue of shares at A\$0.225 each. All eligible Directors on the Cygnus Board have indicated that they will participate in the SPP.

Funds raised from the Capital Raising will be used to finance summer and winter exploration programs into 2024 with a focus on all three Company core projects of Pontax, Auclair and Sakami in the James Bay region of Quebec. The exploration program includes:

- Approximately 17,000m diamond drilling, with drilling having commenced at Auclair last week;
- Field work, including mapping and rock chipping, in anticipation of generating further drill targets, particularly at Auclair and Sakami;
- LiDAR and geophysics at the acquired Pontax extension properties, Auclair and Sakami; and
- Resource extension and step-out drilling at Pontax.

Canaccord Genuity (Australia) Limited and Euroz Hartleys Limited acted as Joint Lead Managers to the Traditional Placement and block trade book build for the FTS Placement, with Shaw and Partners as co-manager.

### **Exploration plans**

Proceeds from the Capital Raising will fund Cygnus’ Summer exploration program, which is currently underway, as well as its winter drill program where activity levels will significantly increase due to the more favourable drill conditions. From September through to March 2024, Cygnus is planning to drill circa 17,000 metres for resource extension and exploration at Pontax and ongoing drilling at Auclair.

Following the release of the Pontax Maiden Inferred Resource of 10.1Mt @ 1.04% Li<sub>2</sub>O,<sup>1</sup> the Pontax exploration program will focus on resource growth through extensional drilling, exploration drilling along the 9km spodumene trend and geophysics across the wider project area.

Exploration at Auclair has already commenced with drilling to test the extents of known spodumene mineralisation in historical drillholes and step out drilling along the identified trend. The remainder of drilling will be dependent on target generation from prospecting the 67 identified pegmatites,<sup>2</sup> LiDAR and other geophysical techniques.

Exploration at Sakami will initially include early-stage prospecting and geophysics to develop follow up drill targets with the immediate focus on the extensive pegmatite outcrops identified through the recent desktop study. This area has never been explored for lithium and is extremely prospective given it is on the same greenstone belt as Patriot's Corvette and Winsome's Cancet discoveries.

### **Flow-Through Share Placement**

The Company has received firm commitments to undertake a raising of approximately C\$7,000,000 (A\$8,094,402) (before costs) through the issue of 18,934,273 shares at an issue price of C\$0.37 (A\$0.4275) per share ("Flow-Through Shares") as Canadian "flow-through shares", which provide tax incentives to those investors for certain expenditures that qualify 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 Securities Inc ("PearTree"), Canaccord Genuity (Australia) Limited ("Canaccord"), and Euroz Hartleys Limited ("Euroz"), Canaccord together with Euroz will facilitate the secondary sale of the Flow-Through Shares acquired by PearTree clients under the FTS Placement to sophisticated and professional investors in Australia and certain other countries by way of a block trade at the Traditional Placement price of A\$0.225 per share. The Flow-Through Shares will cease to be flow-through shares in the secondary sale and end-buyers will receive fully paid ordinary shares without any tax benefits associated with the Flow-Through Shares.

The tax benefits associated with the Flow-Through Shares are available only to the initial 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.

A cleansing prospectus under section 713 of the *Corporations Act 2001* (Cth) will be issued in connection with the FTS Placement to facilitate secondary trading of the shares the subject of the FTS Placement. Shares issued under the FTS Placement will rank equally with existing shares on issue and will be issued using the Company's available capacity under Listing Rule 7.1A.

The FTS Placement has been facilitated by share dealer, Peartree, and the end buyer block trade is facilitated by Canaccord and Euroz. PearTree will not receive any fees or commission from the Company for its role with respect to any of the FTS Placement proceeds.

### **Traditional Placement**

The Company has also received firm commitments to undertake a placement of 13,333,333 shares at A\$0.225 each to existing and new institutional and sophisticated investors to raise up to A\$3.0m (before costs).

The issue price represents a discount of 11.8% to the last closing price of A\$0.255 on Wednesday, 16 August 2023, a discount of 19.5% to the 5-day VWAP of A\$0.2794 and a 23.9% discount to the 15-day VWAP of A\$0.2956.

The Traditional Placement shares will be issued using the Company's existing capacity under Listing Rule 7.1 (10,928,535 Shares) and 7.1A (2,404,798 Shares). Proceeds will also be applied to working capital and to the costs of the Capital Raising.

## Share Purchase Plan

In addition to the Capital Raising, Cygnus will also undertake a SPP of up to A\$2 million (before costs) in recognition of the support of Cygnus' shareholders. Up to 8,888,889 fully paid ordinary shares will be offered under the SPP at the Traditional Placement price of A\$0.225 each ("SPP Shares").

The Company reserves the right (in its absolute discretion) to close the SPP early or scale back applications under the SPP if demand exceeds A\$2m, or to accept oversubscriptions (subject to the ASX Listing Rules). The SPP is not underwritten.

Eligible shareholders, being those shareholders that are residents in Australia and New Zealand that held Cygnus shares as at 5:00pm (AWST) on Friday, 18 August 2023, will be invited to participate in the SPP at the same issue price as the Traditional Placement (A\$0.225). The SPP will provide such shareholders with the opportunity to increase their holding by up to A\$30,000 of SPP Shares at the same issue price as the Traditional Placement without incurring any brokerage or transaction costs. All eligible Directors on the Cygnus Board have indicated that they will participate in the SPP.

The SPP offer period is anticipated to be open from Monday, 28 August 2023 to 5:00pm AWST on Monday, 25 September 2023, subject to Cygnus' discretion to amend these dates by making an ASX announcement.

Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer booklet, which is expected to be lodged with ASX and dispatched on Monday, 28 August 2023.

## Indicative Timetable\*

Event	Time/Date
Record date for the SPP (5:00pm AWST)	Friday, 18 August 2023
Announcement of Capital Raising and Trading Halt Lifted	Monday, 21 August 2023
Lodgement of Prospectus for Flow-Through Shares with ASX	Wednesday, 23 August 2023
Settlement and allotment for Flow-Through Shares	Thursday, 24 August 2023
Settlement and allotment for Traditional Placement Shares	Friday, 25 August 2023
Quotation and commencement of trading of Flow-Through Shares and Traditional Placement Shares on ASX	Monday, 28 August 2023
Announcement and despatch of SPP offer booklet and SPP opening date	
SPP closing date* (5:00pm AWST)	Monday, 25 September 2023
Announcement of SPP results, issue of SPP Shares and application for quotation of SPP Shares	Monday, 2 October 2023
Commencement of trading of SPP Shares	Tuesday, 3 October 2023

\* The above timetable is indicative only and remains subject to change at Cygnus' discretion, subject to compliance with the Corporations Act, the ASX Listing Rules and other applicable laws. Cygnus reserves the right to change the timetable or cancel the SPP at any time before the SPP Shares are issued, subject to regulatory requirements. Cygnus encourages eligible shareholders who wish to participate to act promptly in submitting their application forms. The Company reserves the right to close the SPP early without prior notice in its sole and absolute discretion by making an announcement to ASX.

For and on behalf of the Board

**David Southam**  
**Managing Director**  
**T: +61 8 6118 1627**  
**E: [info@cygnusmetals.com](mailto:info@cygnusmetals.com)**

#### **Media**

For further information, please contact:

**Paul Armstrong**  
**Read Corporate**  
**+61 8 9388 1474**

#### **About Cygnus Metals**

Cygnus Metals Limited (ASX: CY5) is an emerging exploration company focussed on advancing the Pontax Lithium Project (earning up to 70%), the Auclair Lithium Project and Sakami Lithium Project in the world class James Bay lithium district in Canada. In addition, the Company has REE and base metal projects at Bencubbin and Snake Rock in Western Australia. The Cygnus Board of Directors and Technical Management team has a proven track record of substantial exploration success and creating wealth for shareholders and all stakeholders in recent years. Cygnus Metals' tenements range from early-stage exploration areas through to advanced drill-ready targets.

#### **End Notes and Compliance Statements**

1. Refer to CY5's ASX announcement on 14 August 2023.
2. Refer to CY5's ASX announcement on 22 May 2023.\*

The information in this announcement that relates to previously reported Exploration Results and Mineral Resources has been previously released in ASX Announcements as noted in the End Notes above. Cygnus Metals is not aware of any new information or data that materially affects the information in the said announcements, and in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

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