

28 July 2023

## Auclair Lithium Project, James Bay, Canada

# Cygnus expands landholding at highly prospective Auclair project

Geophysics and mapping underway ahead of drilling to follow up samples grading up to 1.2% Li<sub>2</sub>O<sup>1</sup>; Auclair now covers 417sqkm

### Highlights

- Opportunistic deal with Noranda Royalties increases Auclair Project to 417sqkm, with Cygnus one of the largest ASX-listed landholders in James Bay
- Exploration in progress at Auclair with mapping recently identifying spodumene-bearing pegmatite boulders over 2.6km of strike, highlighting potential for a large pegmatite system\*
- Importantly, some of the most promising targets are yet to be visited due to helicopter availability issues caused by the ongoing wildfires in Quebec. These include the 67 previously identified and unsampled pegmatites, some of which are up to 1.6km long and 60m wide<sup>1</sup>
- An airborne magnetic survey was completed in late June. LiDAR and high resolution orthophotography is expected to commence later this month
- Geophysics, mapping and sampling are expected to be followed by diamond drilling commencing in August, with a rig and crew contracted for the entire summer season
- Auclair is known to host spodumene-bearing pegmatites which have returned significant grades from resampling of historic drilling,<sup>1</sup> including a partial assay of 9.8m @ 0.8% Li<sub>2</sub>O from 212.8m, including 5.1m @ 1.0% Li<sub>2</sub>O and 1m @ 1.2% Li<sub>2</sub>O
- Auclair boasts excellent infrastructure, with year-round road access and high-voltage transmission lines running through the project, as well as being located within 80km of the Nemiscau Airport and just 50km northeast of Whabouchi (55.7Mt @ 1.4% Li<sub>2</sub>O)<sup>2</sup>
- At the Pontax Lithium Project, the maiden JORC Resource is set for release in the first few weeks of August, with the drill rig set to be mobilised from Auclair to Pontax later in the season

*Cygnus Managing Director David Southam said: "We see Auclair as an exceptional exploration opportunity to create value for shareholders, as shown by samples grading up to 1.2 per cent Li<sub>2</sub>O.*

*"As such we continue to take the opportunity to consolidate our land position in the region through acquisition and cement our position as one of the largest ASX-listed landholders in James Bay".*

Cygnus Metals Limited (ASX:CY5) is pleased to announce that it has secured more highly prospective tenure at its Auclair Lithium Project in James Bay, Canada.

The Company has entered into a binding agreement (“Acquisition Agreement”) to acquire 22 mining claims (“Claims”) from Noranda Royalties and 6998046 Canada Inc. (together, the “Vendors”) via a wholly owned subsidiary of Cygnus, increasing the Auclair Project to 417km<sup>2</sup> and cementing Cygnus as one of the largest ASX-listed landholders in James Bay.

The Auclair Project is seen as an exceptional opportunity to create value for shareholders because high-grade lithium spodumene has already been identified in historical drilling and there is immense scope for further discovery with no previous lithium exploration completed on the project.

Recent exploration has rapidly defined a spodumene-bearing pegmatite boulder field over 2.6km. The pegmatite field surrounds historic drillhole AC-2010-004 which returned a partial assay of **9.8m @ 0.8% Li<sub>2</sub>O** **from 212.8m**, including 5.1m @ 1% Li<sub>2</sub>O and 1m @ 1.2% Li<sub>2</sub>O.<sup>1</sup>

Importantly, some of the most prospective targets at the Auclair Project have not yet been visited due to ongoing helicopter availability issues caused by the wildfires in Quebec. These include the 67 pegmatites identified in the existing high-resolution imagery and government datasets, some of which are up to 1.6km in strike and up to 60m wide.\* In addition, work is ongoing to locate the 14 identified pegmatite intervals across five historic holes which are yet to be verified and resampled, with individual intervals of up to 19.6m.

The mapping will be followed by a diamond drilling campaign commencing in August, with permitting in place for follow up drilling targeting spodumene-bearing pegmatite intersections in historic drillhole AC-2010-004. The mineralised pegmatite in AC-2010-004 remains completely open along strike and down dip with no other drilling along the interpreted prospective trend.

### Acquisition Terms

Pursuant to the terms of the Acquisition Agreement, the Company has agreed to acquire a 100% interest in the Claims, in consideration for the Company making the following payments to the Vendors (and their nominees):

- (a) cash consideration of C\$100,000, to be paid within 5 business days of the execution of the Acquisition Agreement (“Completion”);
- (b) 1,000,000 fully paid ordinary shares in the capital of Cygnus (“Shares”), with 500,000 Shares to be issued by the Company at Completion and a further 500,000 Shares to be issued 12 months from Completion, with both issues being made utilising Cygnus’ available placement capacity under Listing Rule 7.1; and
- (c) the following deferred milestone payments, upon and subject to the Company defining a JORC 2012 compliant mineral resource estimate of inferred or greater category for the Claims with a delineation of:
  - (i) at least 3 million metric tonne resources with a grade of at least 1.2% Li<sub>2</sub>O (“Milestone 1”), at the election of Cygnus:
    - (A) the Company will pay C\$3,000,000 in cash; or
    - (B) Cygnus will issue the number of Shares equal to C\$3,000,000 at a deemed issue price equal to the 20-day volume weighted average price of Cygnus Shares (“20-day VWAP”) over the trading days immediately prior to the date of Milestone 1 being met;

- (ii) at least 1 million oz of gold at a minimum grade of 3.0g/t Au (“Milestone 2”), at the election of CY5:
- (A) the Company will pay C\$3,000,000 in cash; or
  - (B) Cygnus will issue to the number of Shares equal to C\$3,000,000 at a deemed issue price equal to the 20-day VWAP over the trading days immediately prior to the date of Milestone 2 being met; and
- (iii) at least 10 million metric tonne resources with a grade of at least 1.2% Li<sub>2</sub>O (“Milestone 3”), at the election of Cygnus:
- (A) the Company will pay \$3,000,000 in cash; or
  - (B) Cygnus will issue the number of Shares equal to C\$3,000,000 at a deemed issue price equal to the 20-day VWAP over the trading days immediately prior to the date of Milestone 3 being met,

(together, the **Milestone Consideration**).

Any Milestone Consideration payments that Cygnus elects to pay in Shares will be subject to receipt of approval from Cygnus’ shareholders and must be issued within 5 years of the date of the Acquisition Agreement.

In addition to the above, Cygnus has also granted Noranda Royalties a 2% gross revenue royalty that will be payable on critical minerals and rare earth deposits extracted from the Claims.

The remaining terms of the Acquisition Agreement are considered commercially standard for agreements of this nature, including the standard warranties relating to the Claims.

### **Location and Infrastructure**

The Auclair property is ideally located just 80km northeast of the Nemiscau airport and 50km northeast of Whabouchi (55.7Mt @ 1.4% Li<sub>2</sub>O), which is owned and operated by Nemaska Lithium.<sup>2</sup> The property can be accessed year-round by all-weather roads and has Hydro Quebec high-voltage transmission lines running north-south through the project area.

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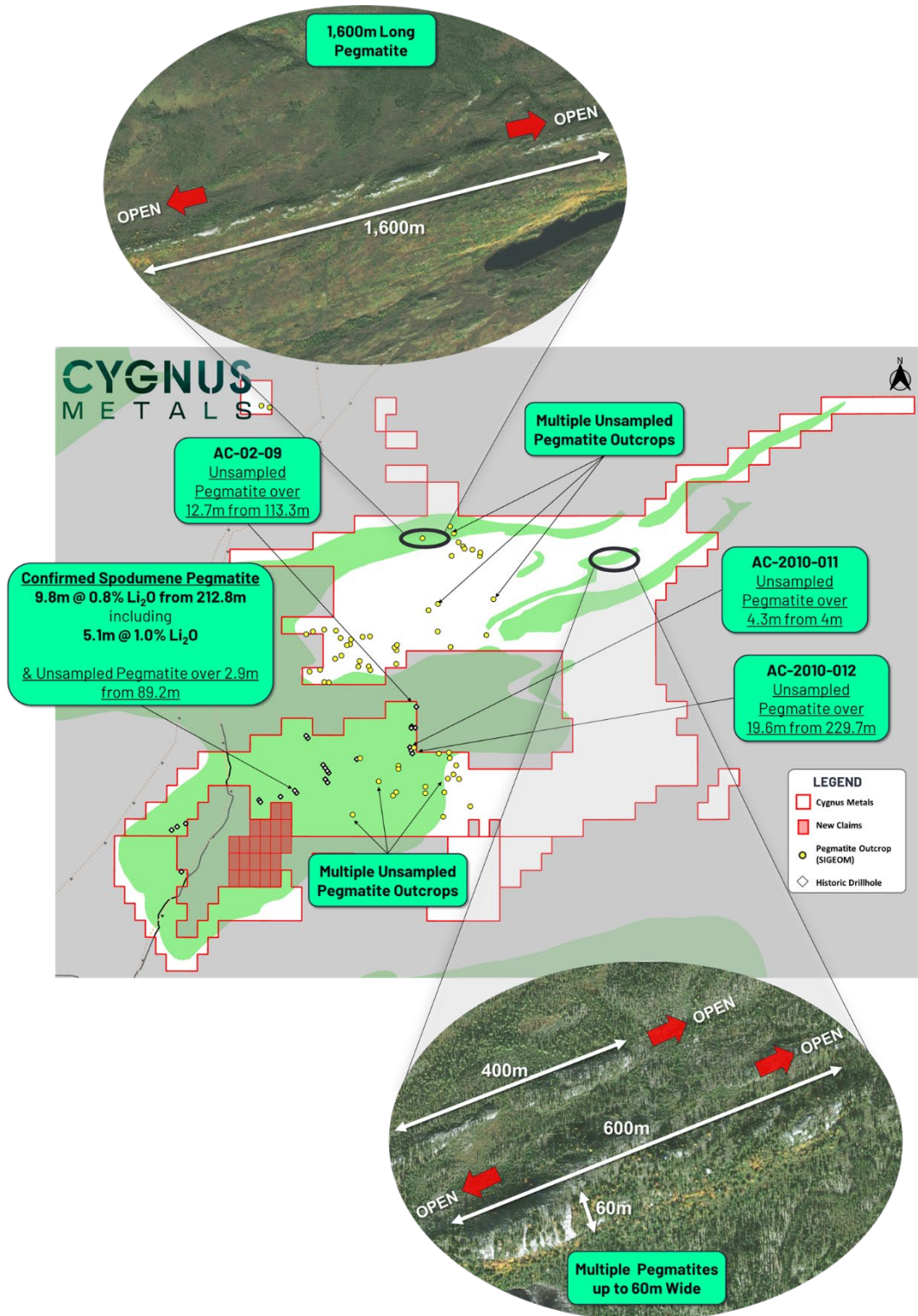


Figure 1: Increased ground position at Auclair, with confirmed spodumene<sup>1</sup> and unsampled pegmatites both in drilling and outcrop as reported 12 July 2023. \* Background regional geology interpretation from SIGEOM.



*Figure 2: Cygnus Business Development Manager and Geologist, Gareth Reynolds, inspecting a large spodumene-bearing pegmatite boulder. Close up of spodumene mineralisation (spodumene crystals circled in white). Sample ID 155790004\* (refer CY5's ASX Announcement dated 12 July 2023).*

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For and on behalf of the Board

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#### **About Cygnus Metals**

Cygnus Metals Limited (ASX: CY5) is an emerging exploration company focussed on advancing the Pontax Lithium Project (earning up to 70%), 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**

1. Refer to CY5's ASX announcement on 22 May 2023. Assays are partial as the full pegmatite interval could not be recovered due to winter conditions.
2. For the information in this announcement that relates to Whabouchi (55.7Mt @ 1.4% Li<sub>2</sub>O), refer to Nemaska Lithium Inc's NI 43-101 dated 31 May 2019.

The information in this announcement that relates to previously reported Exploration Results 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 Resource or Ore Reserves, 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 estimates of mineral abundance should never be considered a proxy or substitute for laboratory analyses where concentrations or grades are the factor of principal economic interest. Visual estimates also potentially provide no information regarding impurities or deleterious physical properties relevant to valuations. The Company expects to receive the laboratory analytical results of rock chip samples this quarter*