

CYGNUS
METALS

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ANNUAL | **20**
REPORT | **22**

Formerly Cygnus Gold Limited

ABN: 80 609 094 653

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CORPORATE DIRECTORY

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AUSTRALIAN BUSINESS NUMBER

80 609 094 653

DIRECTORS

Mr Raymond Shorrocks Non-Executive Chairman

Mr David Southam Managing Director

Mr Michael Naylor Non-Executive Director

Mr Michael Bohm Non-Executive Director

Mr Shaun Hardcastle Non-Executive Director

JOINT COMPANY SECRETARIES

Ms Maddison Cramer

Mr Carl Travaglini

AUDITORS

Ernst & Young

11 Mounts Bay Road, Perth WA 6000

STOCK EXCHANGE LISTING

Primary listing: Australian Securities Exchange

ASX Code: CY5

SHARE REGISTER

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BANKERS

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SOLICITORS

Hamilton Locke

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Dear Fellow Shareholder,

Welcome to the 2022 Annual Report for our company as we reflect on a period that has been transformative for Cygnus Metals Limited

(ASX: CY5, formerly Cygnus Gold Limited), not only in our new name but also our newly diversified project portfolio.

We've made pivotal moves over the past 12 months to shift our focus to critical minerals, acquiring the game-changing Pontax Lithium Project in Quebec, Canada and further adding to our portfolio of lithium projects in the James Bay region by picking up the Auclair and Mitsumis projects. James Bay is emerging as one of the world's premier lithium regions, home to Allkem's James Bay Project, Nemaska Lithium's Whabouchi Project and Critical Elements' Rose Project. We are excited to have staked a major landholding in the heart of this area.

Pontax is an outstanding opportunity for Cygnus to create value for our shareholders. With 44km of strike along a fertile greenstone belt, Pontax remains underexplored despite hosting known spodumene pegmatites. High-grade lithium spodumene has been established through limited previous drilling, with results of 15.6m at 1.6% Li_2O from 83.9m and 4.8m at 2.6% Li_2O .¹

We have three drill rigs on site at Pontax and have already delivered promising results, with our first holes intersecting multiple spodumene pegmatites over 700m strike and 75m wide and extending the mineralisation at depth, as well as intersecting a new mineralised trend to the north. Mineralisation remains open, providing the opportunity for growth. We're on track to deliver a maiden resource for Pontax by mid-2023, using assays from current drilling to build on previous results, and we are working hard to achieve this.

Our acquisition of the Auclair project, announced in February 2023, expanded our landholding in the James Bay region to more than 330km². We've already confirmed a spodumene pegmatite here using historical drill core, however previously exploration focused solely on gold. We're busy planning our

1. Refer to CY5 ASX announcement dated 29 July 2022

exploration for this project to advance it as quickly as possible in parallel with Pontax.

In addition to these, we will continue to explore our portfolio of Australian projects, including the Bencubbin Project in Western Australia that is prospective for lithium, nickel, copper, platinum group elements (PGEs) and gold. We've recently completed reverse circulation (RC) drilling at Bencubbin to test its lithium-caesium-tantalum (LCT) anomalies and we look forward to results from this. We'll continue to assess our other Australian projects for opportunities to deliver shareholder value.

Our move into lithium reflects the emerging needs of the world as we move towards electrification and decarbonisation. Lithium plays an important role in this as a key component of batteries for electric vehicles (EVs) and other new technologies, and we expect to see demand for this and other battery metals grow exponentially over the next decade.

In line with our changing focus and name, we have welcomed several new faces to our Board and Management team over the past 12 months as we look to bolster and round out our leadership skillset. David Southam joined our Board as a Non-Executive Director during the year and recently took up the role of Managing Director. David is well known as the former MD of Mincor Resources (ASX: MCR), where he led its highly successful return to the ranks of Australian nickel producers within a three-year period, overseeing a major greenfields discovery, resource definition, completed off-take arrangements, feasibility studies, project financing and construction of the Kambalda Nickel Operations, with most of these achievements during the peak of Covid-19. We are thrilled to have such an experienced resources professional to take the reins of Cygnus during such an important time in its development.

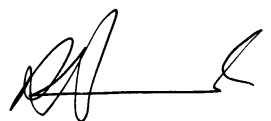
In addition, we appointed two highly experienced lithium experts to help drive the exploration and development strategy at Pontax with Gareth Reynolds appointed as Head of Business Development and Mark Calderwood as Board Advisor. Gareth is a geologist with more than 18 years' experience having held senior positions at major lithium projects including Bald Hill, Wodgina and Mt Marion Lithium Projects, while Mark has more than 30 years' experience in exploration and production across gold and lithium projects in Australia and internationally.

During 2022 we also welcomed Maddison Cramer as a

Company Secretary. Maddison is a corporate lawyer with extensive experience in both the listed and unlisted space, advising entities across a variety of different sectors, but with a focus on mining and resources. After the end of the year we also appointed Carl Travaglini as our Chief Financial Officer and joint Company Secretary, working alongside Maddison Cramer in this role. Carl is a Chartered Accountant and Chartered Company Secretary with nearly 15 years' experience in the resources sector, having served in various finance and company secretarial roles in Australia, Canada and Africa. I believe these appointments will serve Cygnus well as we continue to grow our position as an emerging lithium explorer and developer. I thank my fellow Directors along with our staff and management for their excellent contributions across the year, and look forward to working together to further progress Cygnus in the year to come.

I thank our Shareholders for your support over the past 12 months, particularly through our capital raising activities which have enabled Cygnus to achieve important progress and plan future exploration goals. We have a strong cash position as we head into 2023 and we look forward to executing our exploration strategy.

We have important milestones ahead and I am excited to see what we can achieve over the coming months. I hope you will continue to share this journey with us.



Ray Shorrocks
Non-Executive Chairman
Cygnus Metals Limited

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INVESTMENT HIGHLIGHTS

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- Four lithium projects, Pontax, Auclair, Mitsumis and Sakami, in the James Bay region of Quebec with a total landholding of 756km²
- All projects boast excellent access and nearby infrastructure including access to Quebec's hydroelectricity network
- Exploration at Pontax has outlined spodumene over 700m strike, with clearly visible pegmatites mapped and sampled over 20km
- Pontax has returned shallow, high-grade lithium intersections with mineralisation remaining open in all directions
- Pegmatite containing spodumene identified at Auclair with mineralisation open and limited lithium-focused exploration completed
- Cygnus is well funded to accelerate exploration at Pontax and Auclair in 2023, with A\$13 million cash at bank²
- 15,000m drill program underway to infill and extend pegmatite corridor at Pontax
- Highly experienced Board and management team with track record of lithium exploration success.

2. As at 31 December 2022

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OPERATIONS REVIEW

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EXPLORATION - CANADA

Cygnus Metals Limited (“Cygnus” or the “Company”) (ASX: CY5) is exploring for lithium in the world-class James Bay lithium region of Quebec. The Company has 756km² of prospective greenstone belt and is focused on generating shareholder value through exploring the:

1. Pontax Lithium Project and surrounding exploration tenements, with the target of releasing a maiden Resource in mid-2023.
2. Auclair Lithium Project, which has known spodumene occurrences in historic drill holes.
3. Mitsumis Project, which is an early-stage lithium exploration project.
4. Sakami Project, which is an early-stage lithium exploration project in the La grande greenstone belt.

Pontax Lithium Project (Earning Up To 70%)

In July 2022, Cygnus announced it had entered into a binding agreement to acquire up to a 70 per cent of the Pontax Lithium Project in Quebec, Canada.

High-grade lithium spodumene was established through previous drilling at Pontax and there is immense scope to continue growing the mineralisation through exploration.

Pontax has spodumene-hosted LCT (lithium-caesium-tantalum) pegmatites with limited diamond drilling returning numerous high-grade lithium intersections from outcropping mineralisation. Mineralisation at Pontax remains open along strike and at depth with multiple walk-up drill targets.

The Project is located in the prolific Superior Province of Quebec, within the James Bay region, one of the most endowed lithium terranes in the world, even though only minimal modern lithium exploration has been seen over the past 20 years.

Advanced significant lithium projects of northern Quebec¹ include:

- Abitibi Lithium Hub (119.1Mt @ 1.1% Li₂O) operated by Sayona Mining Limited/Piedmont Lithium Inc
- James Bay (40.3Mt @ 1.4% Li₂O) operated by Allkem Ltd
- Whabouchi (55.7Mt @ 1.4% Li₂O) operated by Nemaska Lithium Inc
- Rose (34.2Mt @ 0.9% Li₂O) operated by Critical Elements Lithium Corp
- Moblan (16.1Mt @ 1.4% Li₂O) operated by Sayona Mining/SOQUEM Inc

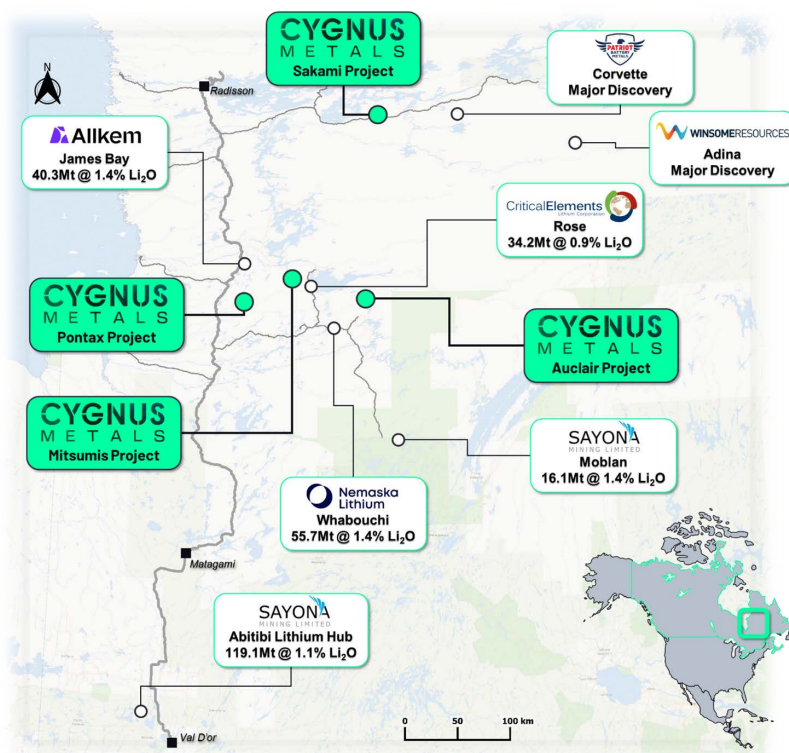


Figure 1 - Location of the Pontax, Mitsumis, Auclair and Sakami Lithium Projects in relation to other significant lithium deposits in the James Bay Area and major access routes through the region¹.



The Pontax Lithium Project is host to numerous pegmatite swarms with the only explored swarm being Central Pontax which outcrops over 700m of strike and remains open along strike and at depth. There are untested pegmatite outcrops north of the central outcrop that have never been drilled and multiple targets for follow up drilling.

The pegmatites at Pontax Central have previously been drill tested to a vertical depth of 115m with 25 historical diamond holes for ~3,286m. All historic holes intersected spodumene-bearing LCT pegmatites with mineralisation remaining open in all directions. Significant historical intersections (refer ASX release dated 29 July 2022) include:

- 9.0m @ 1.7% Li₂O from 46.9m
- 15.6m @ 1.6% Li₂O from 83.9m
- 8m @ 2.6% Li₂O from 19.4m
- 13.0m @ 1.4% Li₂O from 36m.

PONTAX BACKGROUND

Geology and Mineralisation

The Pontax Lithium Project is hosted in the world-class Archean Superior Province of the Canadian Shield, which hosts some of the largest and most significant hard rock lithium resources in the world. The Project is hosted in the Chambois Greenstone Belt, which sits on the southern margin of the granitic basement block which also bounds the James Bay Deposit (ASX:Allkem) in the Eastmain Greenstone Belt to the north. Like the other major greenstone belt hosted deposits in the region, the Chambois Greenstone Belt has been metamorphosed to upper greenschist/amphibolite facies with pegmatites hosted in a combination of metamorphosed basalts and metasediments.

The Central Pontax Pegmatite Swarm is hosted in multiple parallel dykes which individually are up to 15m thick. The pegmatites of the Central Pontax Swarm are LCT type pegmatites with high amounts of the lithium bearing mineral spodumene, which in places can reach up to 40% of the rock mass. The spodumene forms aggregated crystal masses with individual crystals up to 40cm in length, characterised by a light green colour. Spodumene is the only known lithium bearing mineral hosted in the pegmatites at Central Pontax.

Excellent Location and Infrastructure

The Project is well situated in the emerging James Bay territory in northern Québec, which is the focus of significant investment from the Quebec government under Québec's "Plan Nord" economic development strategy that offers significant tax incentives for mining companies to invest in and explore the province's vast northern mineral wealth.

The project itself is situated only 4km off the James Bay Road (State Route 109) which connects Matagami, 350km to the south, to the village of Radisson, 240km to the north. Matagami

has both an airport and major railway which connects directly to major infrastructure throughout North America. Major development projects surround the Pontax Project including James Bay, Rose and Whabouchi which only enhances the viability of commercial production from the area with continued investment from major lithium companies.

In addition, Quebec is strategically well-positioned regarding the critical transitioning energy and e-mobility markets in Europe and the United States and boasts excellent infrastructure including low cost and low carbon electricity through Hydro-Quebec.

Metallurgy

Two series of preliminary metallurgical test work, aimed at demonstrating the amenability of the Pontax pegmatites to standard beneficiation techniques, were carried out in 2015/2016 at SGS laboratories in Lakefield, Ontario. Samples for variability and bulk testing were largely obtained from channel sampling of near surface and outcrop pegmatites from within the identified spodumene bearing zones.

The first test series utilised the recognised heavy liquid separation (“HLS”) technique to test the response to a more economic gravity process flowsheet. These tests indicated 6% Li₂O concentrates, at a mass yield of 10%, could be produced after crushing to either 9.5mm or 6.3mm.

Mineralogical examination of the ore by x-ray diffraction (XRD) confirmed the main lithium bearing mineral was spodumene, while physical testing confirmed the mineralisation was of medium hardness and it was further demonstrated that overall lithium recovery may be increased by flotation of the fine material.

In the second test series, a bulk sample of 14 tonnes with a head grade of 1.48% Li₂O, was processed through a pilot scale dense medium separation plant (DMS) and flotation facilities and not only confirmed the findings of the first test series but indicated an improved performance of 84% overall lithium recovery into 6% Li₂O concentrates.

The programme also included a sighter test on the amenability of the spodumene concentrates to downstream production of lithium carbonate or hydroxide with almost 100% conversion of the spodumene to the acid soluble version being achieved under standard conditions of heating to 1050°C for 30 minutes.

The results reported from these test series and the manner in which they were performed have provided Cygnus with insight into suitability of the Pontax pegmatites to economic recovery.

LiDAR and Magnetic Results

Results from the first stage of exploration at the Pontax Lithium Project were received ahead of the mapping campaign which commenced in October. This work included detailed magnetics alongside LiDAR and high-resolution aerial photography. This was the first time the project has been systematically explored using fundamental exploration tools, in particular for regional targeting. Results from this work delivered numerous walk-up targets which the Cygnus team mapped and sampled during the October field campaign, delivering further regional drill targets ahead of the 15,000m drill campaign.

Detailed airborne magnetics is crucial in understanding project scale geology especially in areas where there is limited outcrop. The recently acquired magnetics is currently being interpreted and will be used to underpin the geological interpretation of the belt and to assist with regional targeting. A main focus is delineating the metavolcanic-metasedimentary belts which are known to be the preferred host rock for LCT pegmatite emplacement. Already with the preliminary results the geological understanding has been significantly improved, with the team able to delineate multiple repetitions of the prospective mafic horizon throughout the 10km trend which to date had not been formally recognised.

LiDAR and high-resolution imagery have also provided a comprehensive assessment of the terrane and outcrop coverage throughout the Pontax Lithium Project. Multiple walk-up targets were generated that appear to represent outcropping pegmatites that have never been mapped or sampled.

Collectively, the geophysics and LiDAR results have demonstrated that the project remains totally unexplored, covered by sparse low-level vegetation and minor marshy areas. The LiDAR generated a high quality digital elevation model (DEM) which has identified multiple areas of elevated topography along prospective trends that may represent areas of outcrop beneath thin vegetation. These are significant targets for stripping and trenching as exploration advances into the summer season.

The geophysics and LiDAR campaign has only been completed over the main Pontax Lithium Project (ie 10km of strike). The Company plans to complete a similar exploration program over the recently acquired Pontax extensions in the second quarter of next year, where the Company has over 40km of strike along the highly prospective Chambois Greenstone Belt.



Figure 2: Utilizing the LiDAR to uncover pegmatite dykes beneath vegetation cover³

SURFACE SAMPLE RESULTS

In October 2022, the Company completed an initial on-ground reconnaissance mapping and sampling program of the Pontax project following up on targets generated from early-stage LiDAR and airborne magnetics. This initial work is the first time the wider Pontax area has been systematically explored for lithium using fundamental exploration tools.

Results from surface sampling show significant results of up to 3.3% Li_2O and 857ppm Ta_2O_5 (refer ASX release dated 18 January 2023). Samples were taken across the project focusing on areas of pegmatite outcrop interpreted from the aerial photography as well as targets generated from the LiDAR thought to represent outcrop beneath thin vegetation.

Results were received from Pontax Central with a new 4m wide spodumene-bearing pegmatite identified 80m southwest of the current extent of the known mineralisation, returning results of 3.3% Li_2O , 2.3% Li_2O , 1.8% Li_2O and 1.4% Li_2O (refer ASX release dated 18 January 2023).

These results expanded the known mineralised envelope at Pontax Central to 700m, with mineralisation remaining completely open along strike and at depth. This strongly mineralised pegmatite exposure is the last outcrop before the trend is covered by fluvial glacial sediments. Exploration drilling to test the along-strike extents of Pontax Central is planned for the current program.

At Pontax North, multiple spodumene-bearing pegmatites up to 5m wide returned results of up to 2.5% Li_2O , 1.4% Li_2O and 1.3% Li_2O (refer ASX release dated 18 January 2023). This was the first time spodumene had been identified in the Pontax North pegmatites, which have not previously been the focus of exploration. The pegmatites at Pontax North are exposed over 160m with significant potential to expand the strike length through ongoing exploration drilling.

Outside of the main targets at Pontax Central and Pontax North, rock chip samples have returned significant tantalum grades from pegmatites exposed in sparse outcrop in areas that are mainly undercover. High grade tantalum (Ta_2O_5) in pegmatite rock chips is highly significant as one of the diagnostic signature elements of LCT pegmatites. Results include up to 857ppm Ta_2O_5 with numerous

significant results of +50ppm Ta₂O₅ from areas adjacent and along strike from Pontax Central, increasing the current envelope of LCT type pegmatites to over 2.5km of strike in the main Pontax Central target area (refer ASX release dated 18 January 2023). The recent results are also highly significant for the greater potential of the Pontax area with LCT pegmatites now recorded over a 20km strike length, indicating the potential for a large LCT pegmatite system that to date has only been explored around the major outcrop. This is particularly important taking into consideration the amount of cover across the project (with less than 2% visible outcrop). These areas undercover will be systematically explored by step out drilling targeting the mafic host stratigraphy identified through the project magnetics.

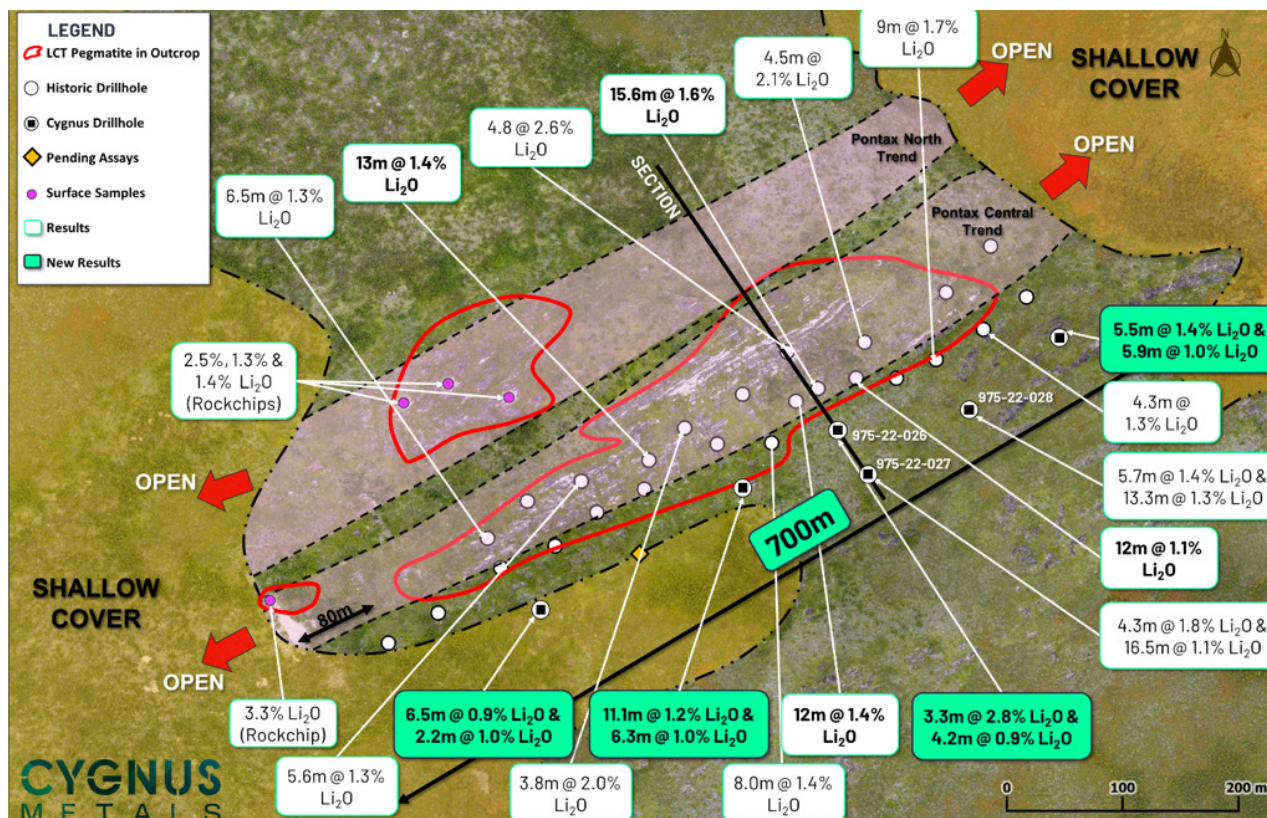


Figure 3. Plan view of Pontax Central with the location of all reported drilling to date², highlighting recent intersections and demonstrating mineralisation remains open along strike. Also illustrating rock chip results from Pontax North

PONTAX MAIDEN DRILLING PROGRAM

In November 2022, Cygnus commenced its maiden 15,000m diamond drill program which was designed to systematically step out from known mineralisation at Pontax Central where the extensive spodumene-bearing pegmatite swarm outcrops over 700m of strike. This drill program is focused on delivering a maiden resource for Pontax Central by mid-2023 while also drilling some exploration holes away from Pontax Central focussed on discovery.

Results for six diamond holes have been released to date for a total of 1,788 drill metres. These holes are drilled on 100m spaced sections stepping out 50m to 100m below existing mineralisation with results doubling the known depth of mineralisation to 230m vertical depth from surface.

Spodumene has been observed throughout these holes and is the only lithium mineral observed within the mineralised dykes, with up to 40% spodumene in places. The spodumene forms aggregated crystal masses with individual crystals up to 40cm in length, characterised by a cream to light green colour.

Assay results were received in early 2023 (refer ASX releases dated 14 February 2023 and 21 March 2023) included:

- DDH975-22-027: **16.5m @ 1.1% Li₂O** from 239.8m (including an interval of **6.0m @ 1.8% Li₂O**) and **4.3m @ 1.8% Li₂O** from 227.6m
- DDH975-22-028: **13.3m @ 1.3% Li₂O** from 300.2m (including an interval of **3.7m @ 2.1% Li₂O**) and 5.7m @ 1.4% Li₂O from 194.3m.
- DDH975-22-029: **11.1m @ 1.2% Li₂O** from 146.3m (including **2.5m @ 2.6% Li₂O**), 3.6m @ 1.4% Li₂O from 65.6m & 6.3m @ 1.0%

Li₂O from 94.9m

- DDH975-22-032: 5.5m @ 1.4% Li₂O from 178.7m & 5.9m @ 1.0% Li₂O from 262.0m
- DDH975-22-026: 3.3m @ 2.8% Li₂O from 107m (including 1.0m @ 5.0% Li₂O) & 4.2m @ 0.9% Li₂O from 124.4m

These results confirm Pontax Central as a sub-vertically dipping spodumene-bearing pegmatite swarm with multiple pegmatite dykes over a 75m wide zone. Individual pegmatite dykes returned up to 16.5m intersections, with multiple pegmatites intercepted in each drill hole. In drill hole 975-22-027, multiple intersections returned a cumulative thickness of 36.3m of spodumene bearing pegmatite, while 975-22-028 returned a cumulative thickness of 27.1m.

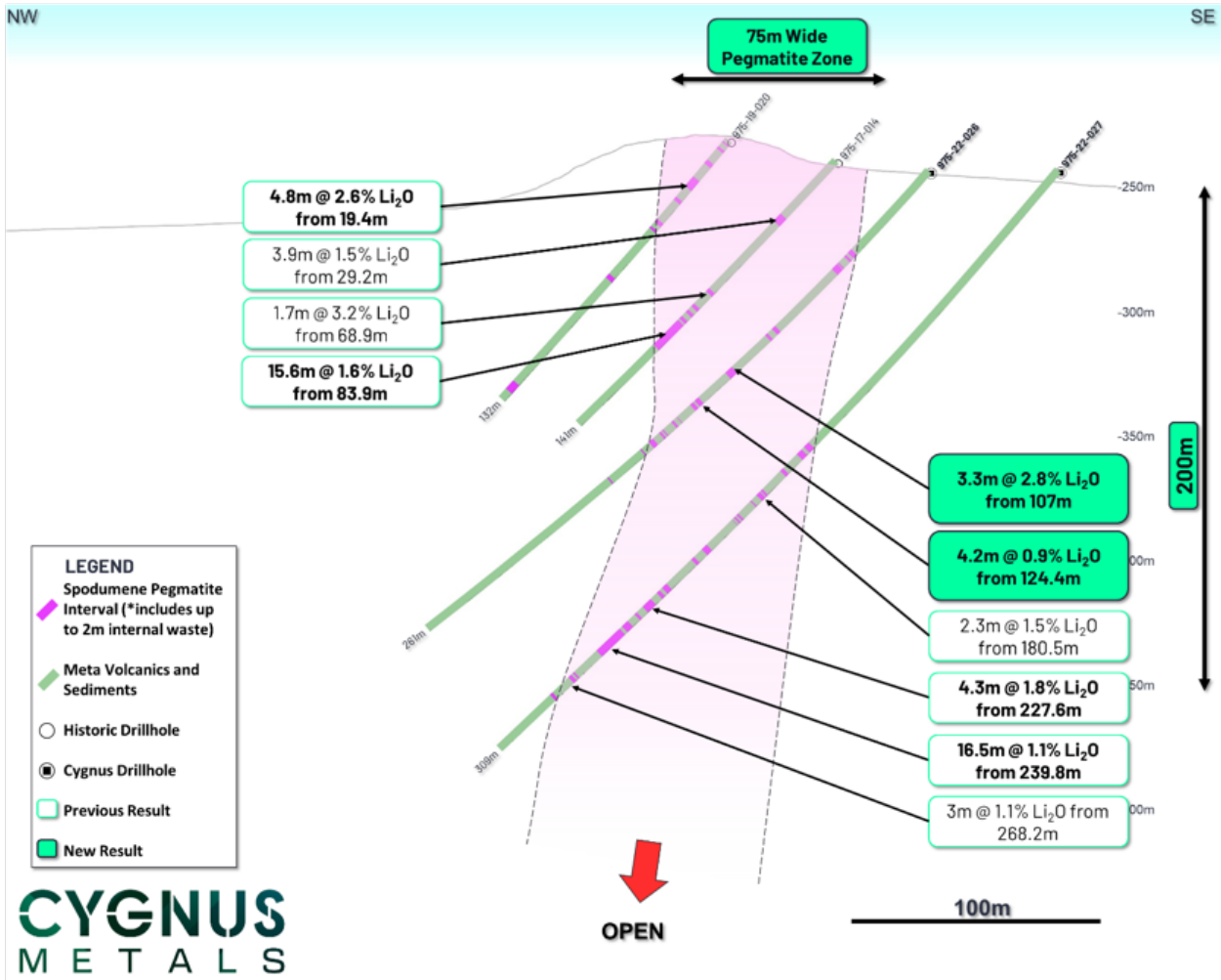


Figure 4: Cross section through Pontax Central looking towards the NE, showing both shallow historic drillholes and the recent deeper drillholes completed by Cygnus. Observed geology illustrating multiple spodumene-bearing pegmatites focussed over a 75m wide zone. The recent drilling is the deepest drilling on the project to date stepping out over 100m from existing drilling with mineralisation remaining open in all directions.

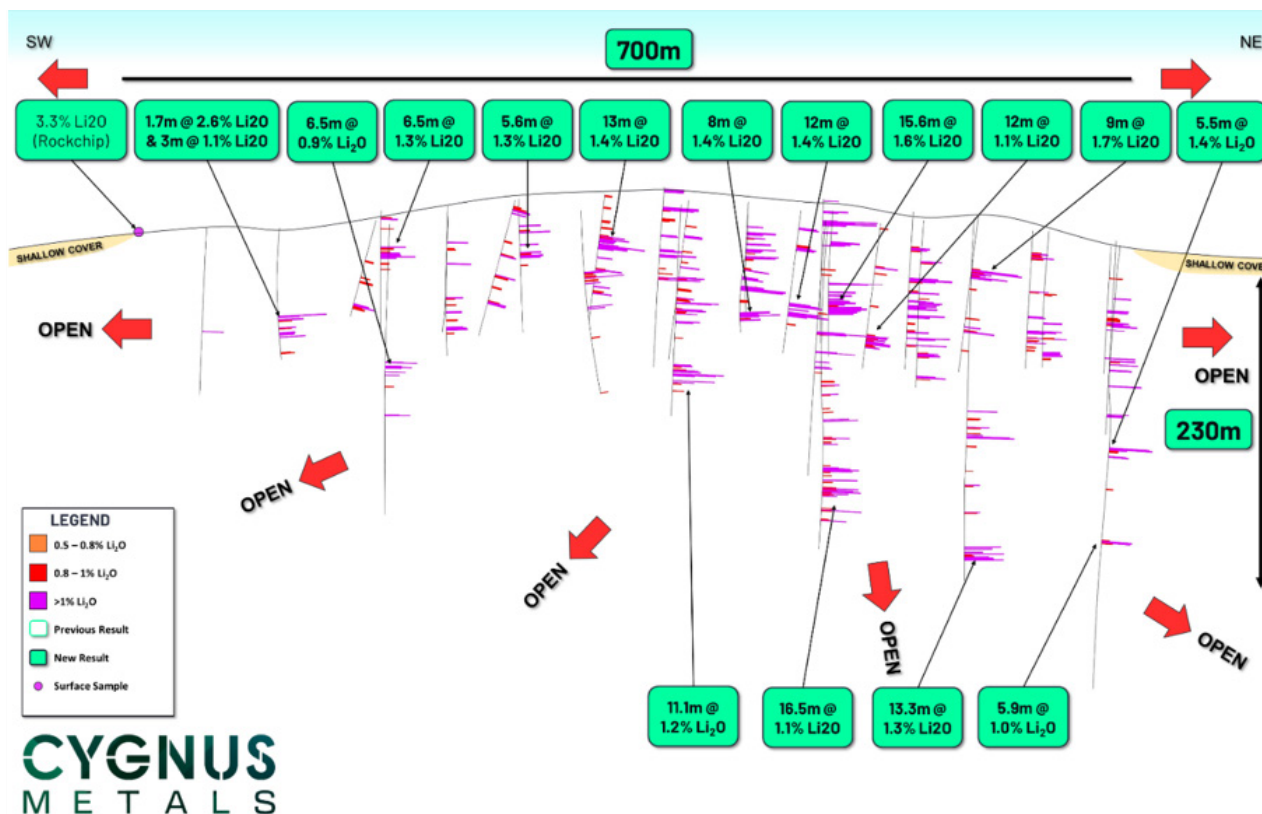


Figure 5. Longsection view through Pontax Central showing mineralisation is open in all directions with recent significant intersections up to 11.1m @ 1.1% Li_2O . All mineralisation sits within 230m of surface.

2023 DRILL PROGRAM

Ongoing resource definition drilling at Pontax is systematically exploring Pontax Central on 100m spaced sections, extending the known mineralisation at depth and along strike. The program has recently been expanded to 15,000m to facilitate both ongoing resource drilling as well as step out and discovery focused drilling along strike of Pontax Central. Multiple rigs are now on site to continue this aggressive exploration strategy which aims to establish a maiden resource by mid-2023.

PONTAX EXTENSIONS (OPTION TO EARN UP TO 100% CY5)

Cygnus significantly increased its land position at the Pontax Lithium Project to 180km², through two separate land acquisitions, the first in September 2022 and the second in February 2023.

In September 2022, the Company acquired additional ground adjacent and along strike to the Pontax Lithium Project with the entire project covering an additional 30km of strike along the highly prospective Chambois Greenstone Belt. This ground is host to known LCT pegmatites with limited historical rock chip sampling returning high grades of up to 2.8% Li_2O and 524ppm tantalum (Ta_2O_5) (refer release dated 27 September 2022).

High grade tantalum in pegmatite rock chips is highly significant, indicating enrichment in incompatible elements which are likely to include lithium and caesium, part of the diagnostic signature elements of LCT pegmatites. These rock chip results are significant for the regional potential of the project with LCT pegmatites identified over an area of at least 20km of strike length, with no follow up work completed. This is highly encouraging for the exploration team as they continue the first systematic exploration of Pontax.

Cygnus signed two option agreements:

1. With MegaWatt Lithium and Battery Minerals Corp ("MegaWatt") ("MegaWatt Option Agreement") - Under the terms of the MegaWatt Option Agreement, Cygnus is granted an exclusive option to acquire an 80% interest in the 40 mining claims known as the Route 381 Project and an additional 229 claims known as the Mitsumis project located in Quebec, Canada.
2. With 9219-8845 QC. INC. (Canadian Mining House) ("CMH") ("CMH Option Agreement"). Under the terms of the CMH

Option Agreement, Cygnus is granted an exclusive option to acquire a 100% interest in the 166 mining claims known as the Pontax Extension Property located in Quebec, Canada (“CMH Projects”).

In February 2023, Cygnus signed an agreement for a third land acquisition surrounding Pontax.

The additional land, comprising 70 individual claims covering 40km², was acquired from TSXV-listed Sirios Resources Inc. (“Sirios”) and sits immediately north-east of, and adjacent to, Cygnus’ Pontax Project. The acquisition provides Cygnus a further ~9km of continuous strike length (now 20km continuous) of the highly prospective Chambois Greenstone Belt which hosts the spodumene-bearing pegmatites at Pontax, taking the Company’s total strike length to ~44km.

Exploration by previous explorers has focused on silver-lead-zinc anomalies to the south-east of the greenstone belt with no lithium exploration recorded on the property.

As with the Pontax project area, much of the newly acquired property is covered by shallow glacial cover and thick vegetation with very little outcrop. This is particularly notable along the trend of the greenstone belt and provides potential for utilising modern geophysics to target pegmatites under cover. An initial program planned for Spring 2023 comprising magnetics and LiDAR will be carried out to assist with regional targeting and follow up reconnaissance mapping.

Refer to the Corporate Section for full details of the transactions.

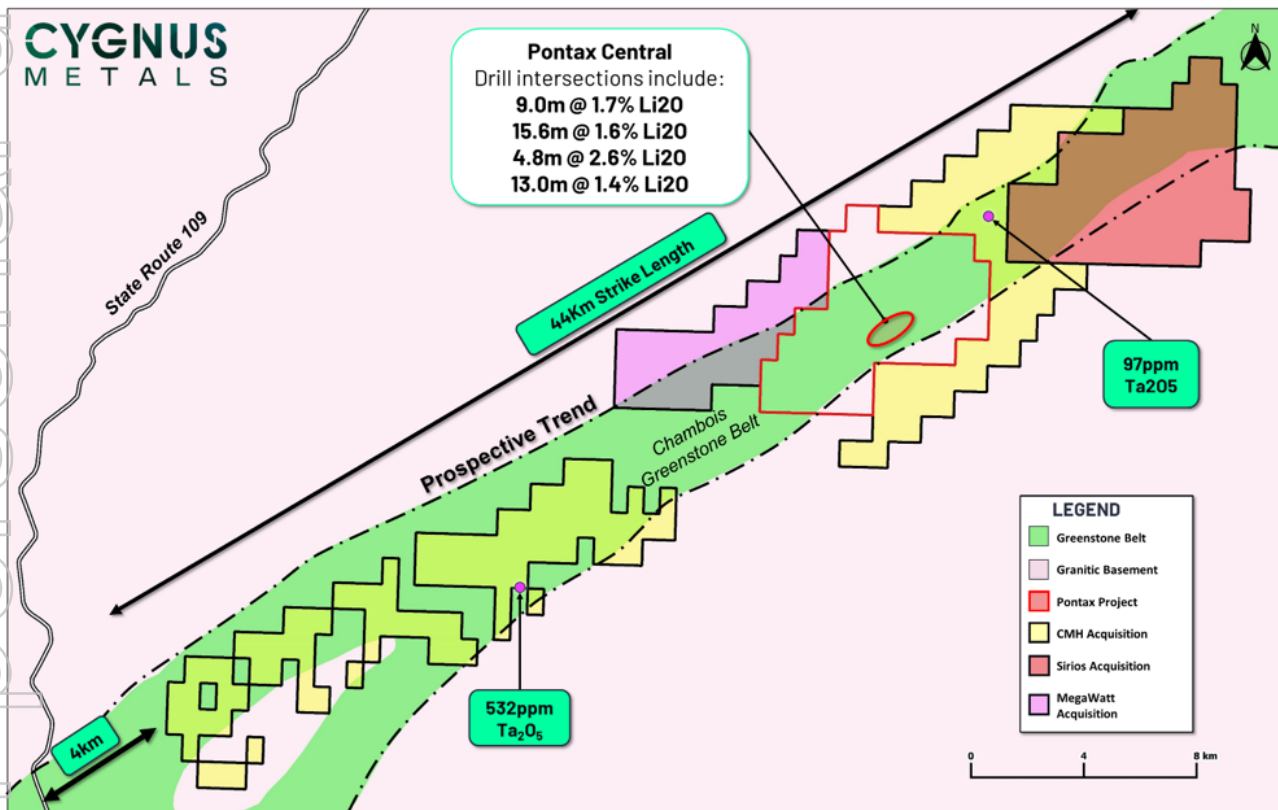


Figure 6: Showing acquisitions around Pontax, increasing strike length of project to 44km²

MITSUMIS LITHIUM PROJECTS ACQUISITIONS (OPTION TO EARN UP TO 80% CY5)

As part of the same transaction with MegaWatt, the Company also has the right to earn up to 80% in the Mitsumis Project.

The 121km² Mitsumis Project is just 12km from the 34Mt @ 0.9% Li₂O Rose Deposit, currently in feasibility with Critical Elements Lithium (TSXV:CRE) and is underexplored with only minor amounts of mapping and sampling. Given the proximity to Rose, the comparable geology and the lack of exploration to date there is high potential for similar style LCT pegmatite mineralisation within the Mitsumis Project.

EXPLORATION - AUSTRALIA

Cygnus Metals’ Australian exploration activities are also focused in the Southwest Terrane (SWT), an underexplored region of highly prospective geology within the prolific Yilgarn Craton, Western Australia.

The Company has approximately 1,750km² (100% Cygnus) granted tenements covering interpreted and known greenstone belts where previous explorers identified numerous prospects with widespread high grade, near surface gold and/or base metals mineralisation.

Cygnus continued exploration on priority tenure prospective for lithium as well as gold, nickel, copper and PGE’s during 2022.

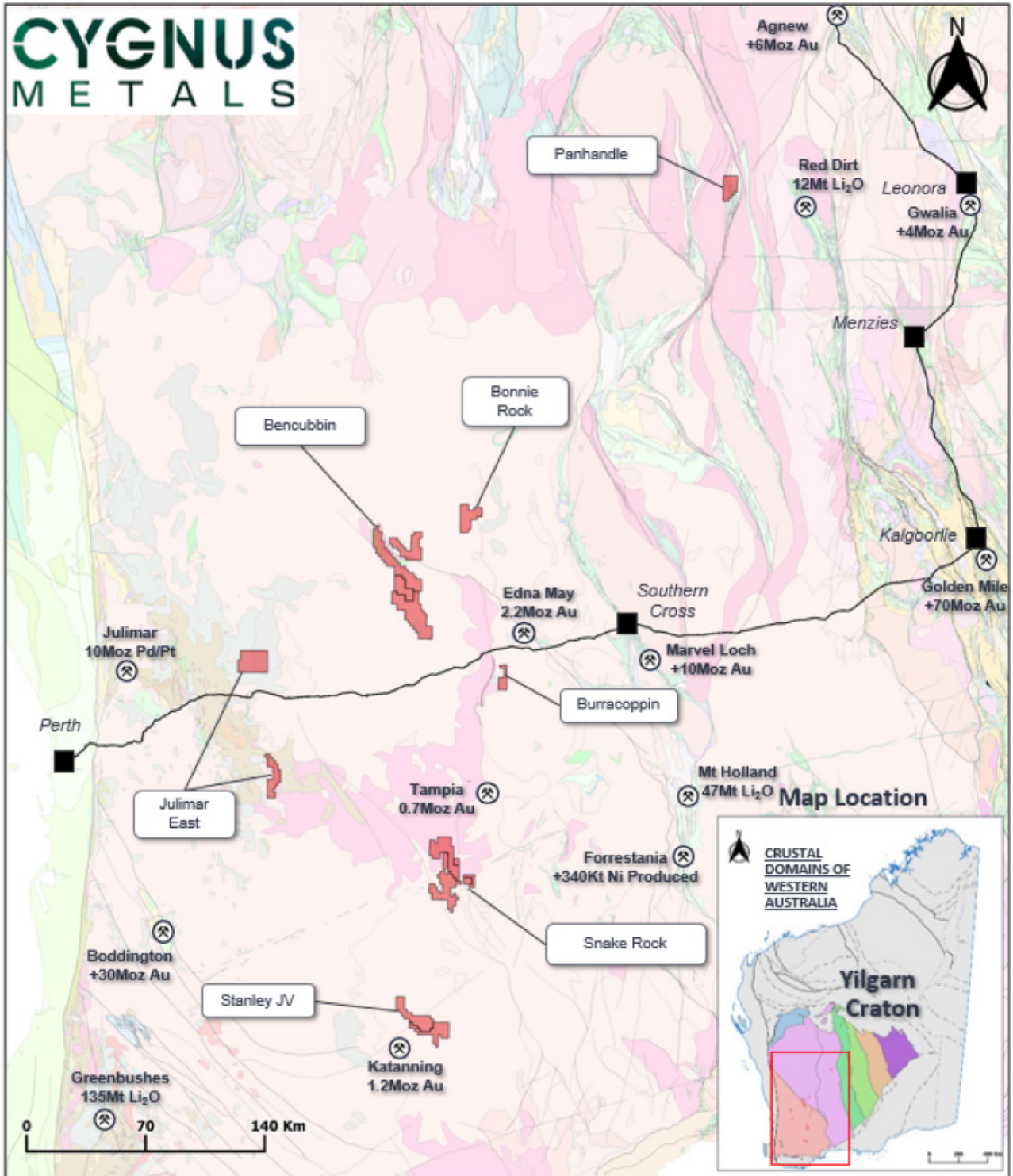


Figure 7: Cygnus current Australian tenure with background geology from GSWA mapped regional geology (1:500,000) (December QR)

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BENCUBBIN PROJECT (100% CY5)

The ~800km² Bencubbin Project is located ~220km northeast of Perth and covers the Bencubbin Greenstone Belt, an underexplored greenstone sequence extending for over 70km of strike, and up to 5km in width. Greenstone belts such as Bencubbin are highly prospective for LCT pegmatites around late granitoid intrusions, many of which have recently been identified in the newly flown airborne magnetics.

An extensive and significant auger geochemical pathfinder anomaly with elevated Li, Ta and Nb, typically associated with LCT pegmatite mineralisation, has been identified in the project auger data. Peak values in the auger returned values up to 152 ppm Li₂O, 55 ppm Ta₂O₅ and 152 ppm Nb₂O₅, with two large coherent anomalies defined over 2.2km of strike, both proximal to late granite intrusions (refer ASX release dated 30 May 2022). These values are comparable to soil signatures over major lithium deposits in the southwestern regolith environment including Greenbushes Lithium mine with up to 100ppm Li and 75ppm Nb recorded in the pisolitic laterite⁵. Both significant areas of anomalism are open to the north while there is no existing geochemistry surrounding some of the other late granite intrusions.

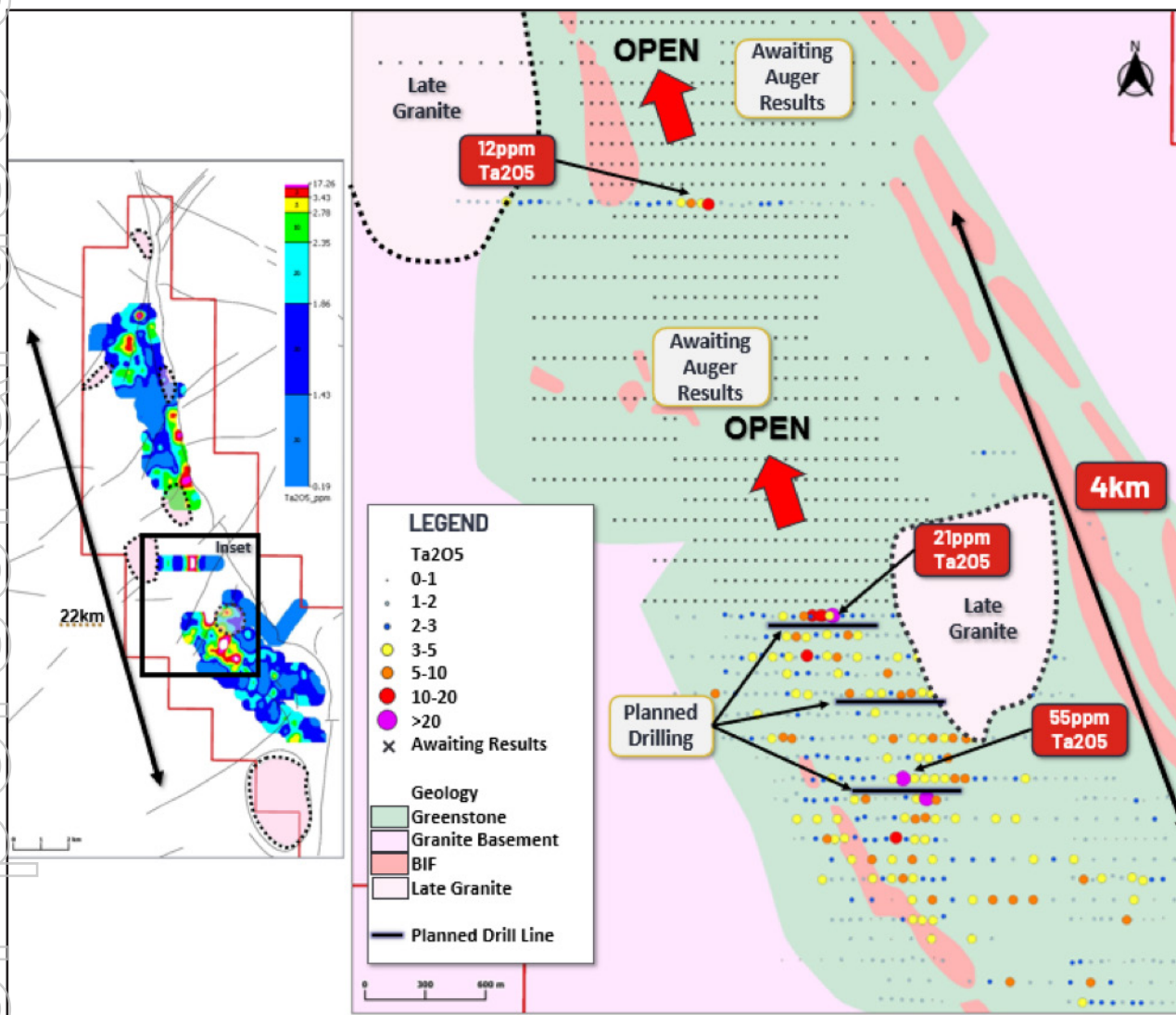


Figure 8: Right - Significant Ta₂O₅ anomalism over 4km which remains open along strike to the north. Planned RC drilling over significant Ta₂O₅ anomalism surrounding late granite intrusion. Left - Multiple anomalies along 22km long Bencubbin Greenstone Belt⁴

CURRENT EXPLORATION AND NEXT STEPS

An initial phase of auger geochemistry has commenced at 50m spaced samples and 100m spaced lines to infill the existing wide spaced anomaly which is currently on 100m spaced samples and 200m spaced lines where it has been completed. This spacing is considered broad when looking to define LCT pegmatite mineralisation, with many of the elements having minimal dispersion. Sampling aims to tighten the geochemistry and refine the anomaly ahead of drill testing in the summer drill season. This phase of auger geochemistry was completed having been delayed several times due to inclement weather over the winter period.

A secondary phase of auger was completed in December to test the southern anomaly where a significant 2km long LCT pathfinder anomaly has been defined with values of up to 55ppm Ta_2O_5 (refer ASX release dated 30 May 2022). This area is an open 4km area along strike of the existing trend however it has been under crop for the exploration period and was sampled when access was granted. RC drill lines are planned on a 500m spacing to test the bedrock around late granite intrusions. Results from the additional auger are expected prior to drilling and results will be integrated into further step-out drill lines.

SNAKE ROCK PROJECT (100% CY5)

The Snake Rock Project (E70/4911, E70/5098 & E70/4990) is located 230km east of Perth, Western Australia in the Yilgarn Craton, south-west terrane. The project covers 448km² of an area considered highly prospective for Ni, Cu and PGEs; covering the south eastern extent of the same mobile belt which hosts the Julimar Ni-Cu-PGE discovery (ASX:CHN). The project is also prospective for gold mineralisation, located just 30km south west and along the same structural lineament as the 700Koz Tampia gold deposit (ASX:RMS).

In May 2022, Cygnus completed a 19-hole air core programme designed to test a distinct gravity anomaly defined through ground gravity completed in 2018. The programme has successfully defined prospective mafic to intermediate lithologies with 11 out of the 19 holes intersecting a medium to coarse grained mafic gneiss and granodiorite at bottom of hole.

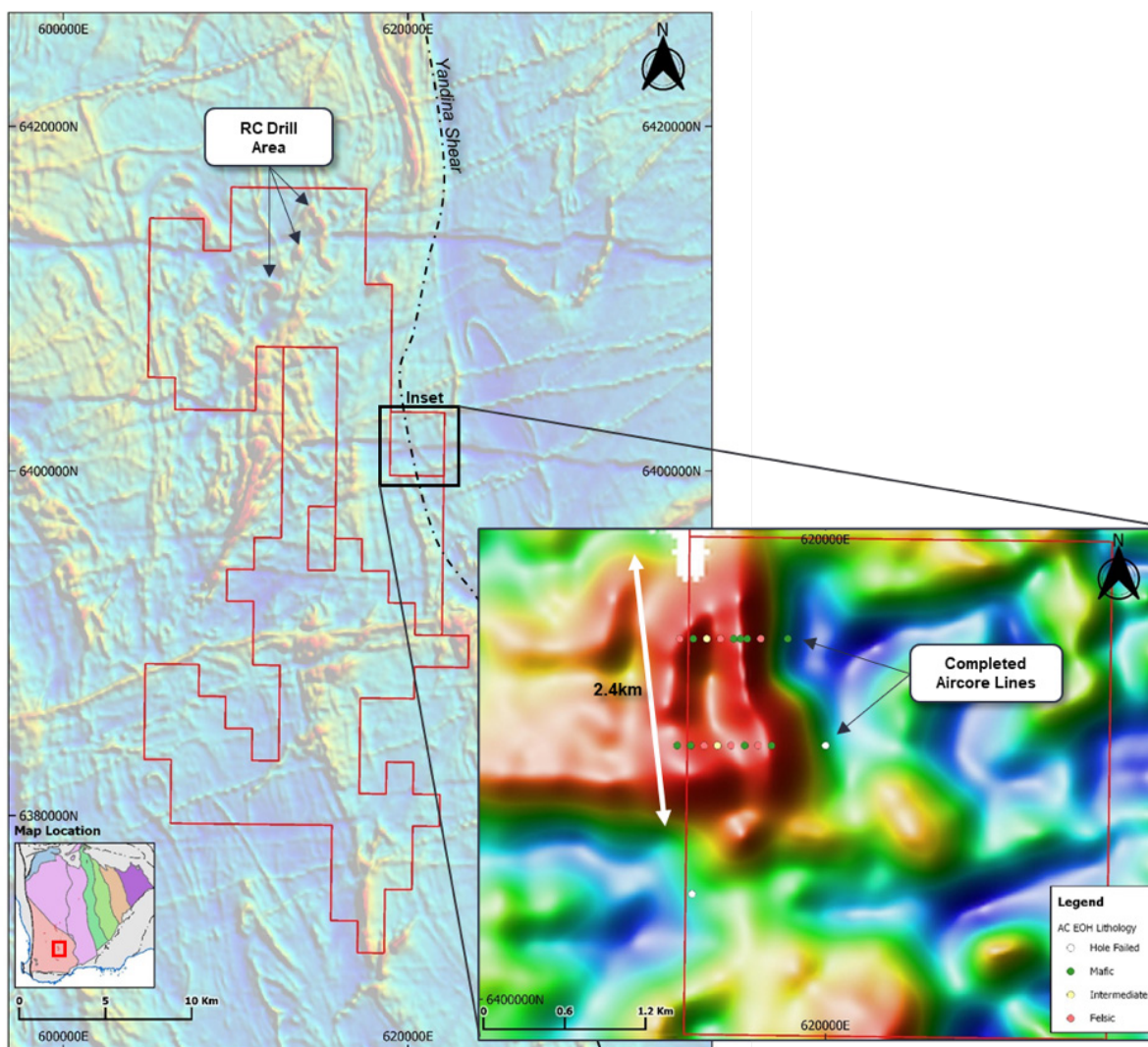


Figure 9: Map of the Snake Rock Project (E70/4911, E70/5098 & E70/4990). Inset on right showing location of completed AC holes on both E70/4990 and E70/4911 with bottom of hole geology

In July 2022, the Company completed a seven-hole reverse circulation (RC) drill programme for 776m which has since been followed up by a 91m diamond tail on SRRCD0007. This drilling targeted areas of high magnetism, analogous to the geophysical signature of the prospective ultramafic lithology on the adjacent tenure, being targeted by Sultan Resources (ASX:SLZ).

Project-wide exploration to assist in targeting has been completed which has consisted of roadside gravity traverses with roadside sampling to be completed in 2023. The gravity traverses were completed during the year to assess the distribution of dense ultramafic lithologies to further prioritise drilling areas. Ground magnetics was completed over prospective targets and magnetic modelling completed by Southern Geoscience consultants.

DRILLING RESULTS

All drill holes successfully intersected mafic to ultramafic lithologies with a significant 74.5m wide zone with 0.15g/t gold and 0.1% copper intersected in SRRCCD0007. Significant intervals within the 74.5m zone include (refer ASX release dated 31 January 2023):

- 6.2m @ 0.7 g/t Au & 0.3% Cu including 0.6m @ 2.7g/t Au & 0.6% Cu
- 3.0m @ 1.1 g/t Au & 0.4%Cu including 0.5m @ 2.6g/t Au & 0.3% Cu

Significantly, these zones of mineralisation are coincident with highly elevated pathfinder elements for intrusion related gold which includes tellurium up to 21ppm and bismuth up to 32ppm. The mineralisation is hosted within a differentiated gabbro with abundant magnetite and garnet alteration, with the magnetite providing a valuable vector in utilising the existing magnetic data for ongoing targeting. With only seven holes completed across more than 8km of strike over similar magnetic and gravity targets, the area remains totally underexplored.

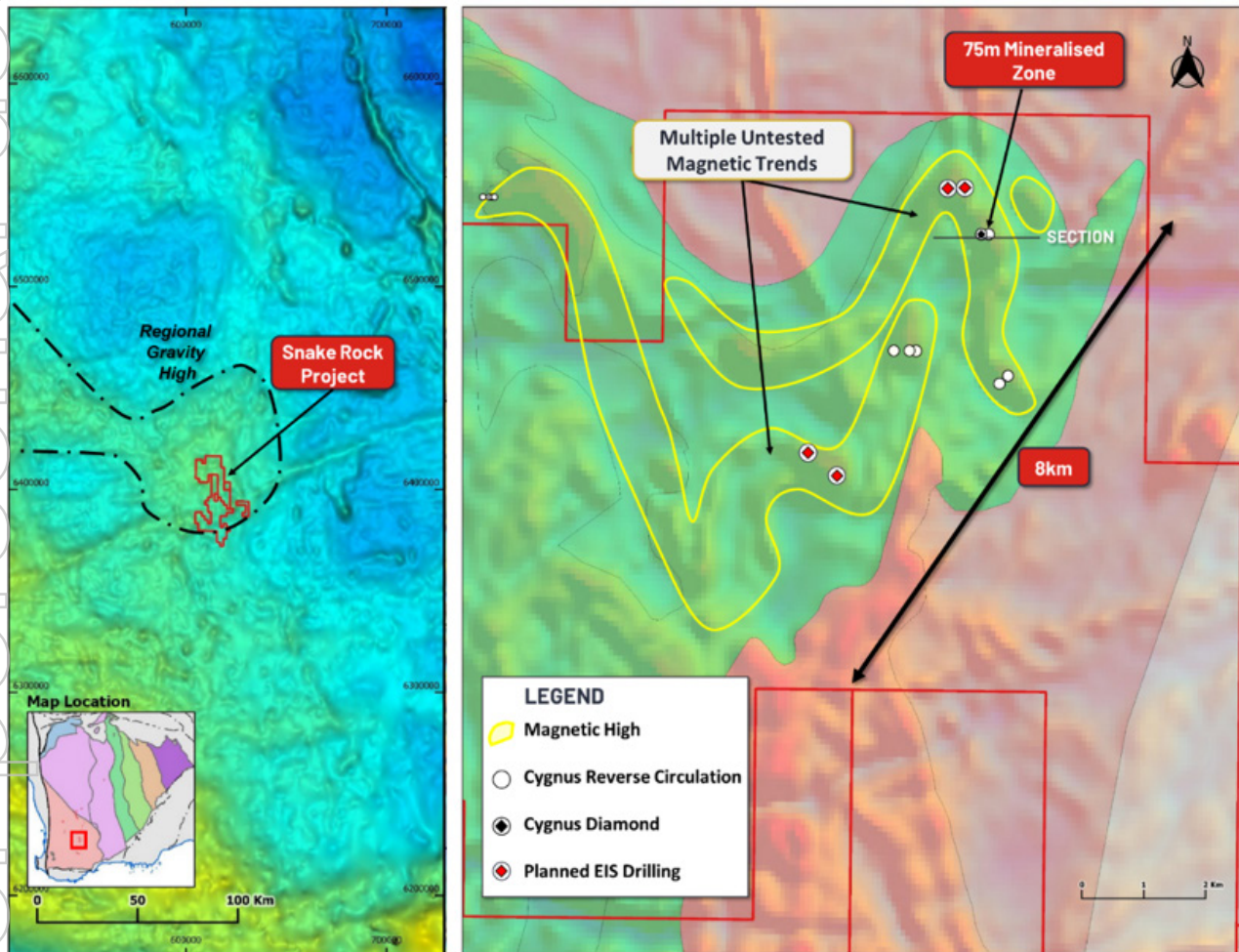


Figure 10: Location of drilling at Snake Rock Project with significant scale magnetic and gravity anomalies over 8km of strike. Map on the left showing background GSWA regional gravity

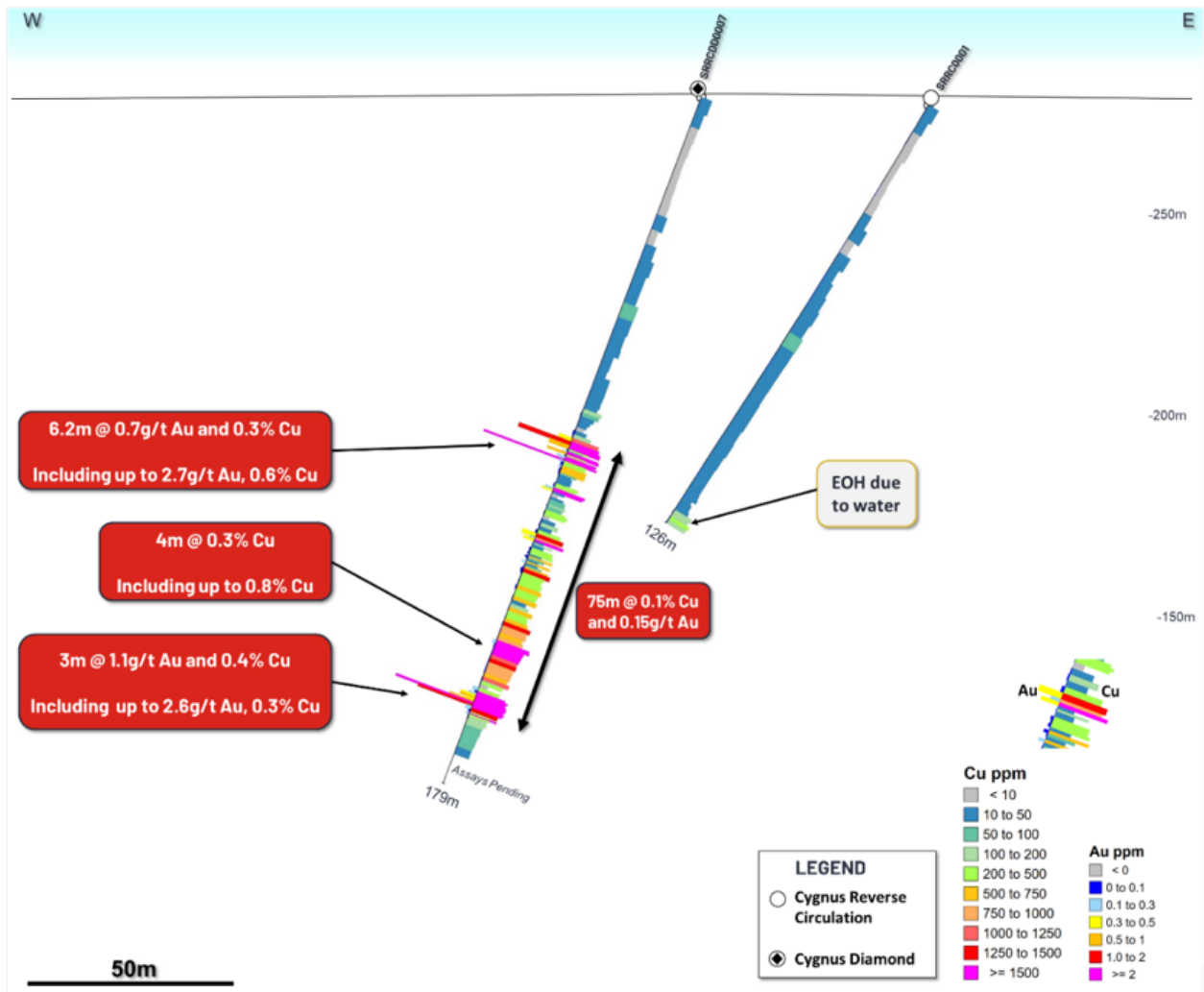


Figure 11: 74.5m mineralised zone with up to 2.7g/t gold and 0.8% copper in SRRCD0007. Elevated gold intersections associated with high tellurium and bismuth. Reverse circulation hole to the east had to be abandoned due to excessive water⁴

ONGOING EXPLORATION

The initial round of drilling demonstrates that Snake Rock Project is highly prospective for copper-gold as well as ultramafic hosted Ni, Cu and PGEs. With the lack of exploration and the significance of recent results, follow up exploration has been planned for early 2023. This will include DHEM on SRRCD0007 and further geophysical testing on both the core and the surrounding tenement area. A six-hole RC program testing further magnetic and gravity targets is scheduled to be completed in early 2023 which is expected to be co-funded by the West Australian Government Exploration Initiative Scheme.

PANHANDLE PROJECT (100% CY5)

Cygnus Metals' E29/1075 (Panhandle Project) is located in the Central Yilgarn Craton, approximately 50km north-west of the Mt Ida lithium deposit (ASX:RDT). The ~100km² Panhandle tenement covers a 13km section of the Panhandle Greenstone Belt (Youanmi Terrane, Yilgarn Craton) where the Company's review of historical exploration has revealed no drilling and limited surface sampling and geophysical surveys.

Assays for the initial rock chip sampling of pegmatite outcrop have confirmed a geochemistry indicative of lithium, caesium, tantalum (LCT) fertile pegmatites. The K:Rb ratio derived from recent assays highlights the prospectivity of the southern pegmatites. The ratio is an indicator of a fractionated pegmatite, the lower the K:Rb ratio, the more fractionated and prospective the pegmatites. The occurrence of these fractionated pegmatites in a cluster in the south is highly encouraging for the potential for lithium mineralisation to be associated with these pegmatites. Phase 1 rock chipping of the large area returned results of up to 517ppm Li₂O, 78ppm Ta₂O₅ and 265ppm Nb₂O₅ from pegmatites up to 16m wide at surface refer ASX release dated 31 January 2023). Pegmatites are dominantly trending northeast with a shallow dip and hosted in basalts and dolerites near a major shear zone, which shows similarities to Red Dirt Metals' (ASX:RDT) Mt Ida Lithium Deposit.

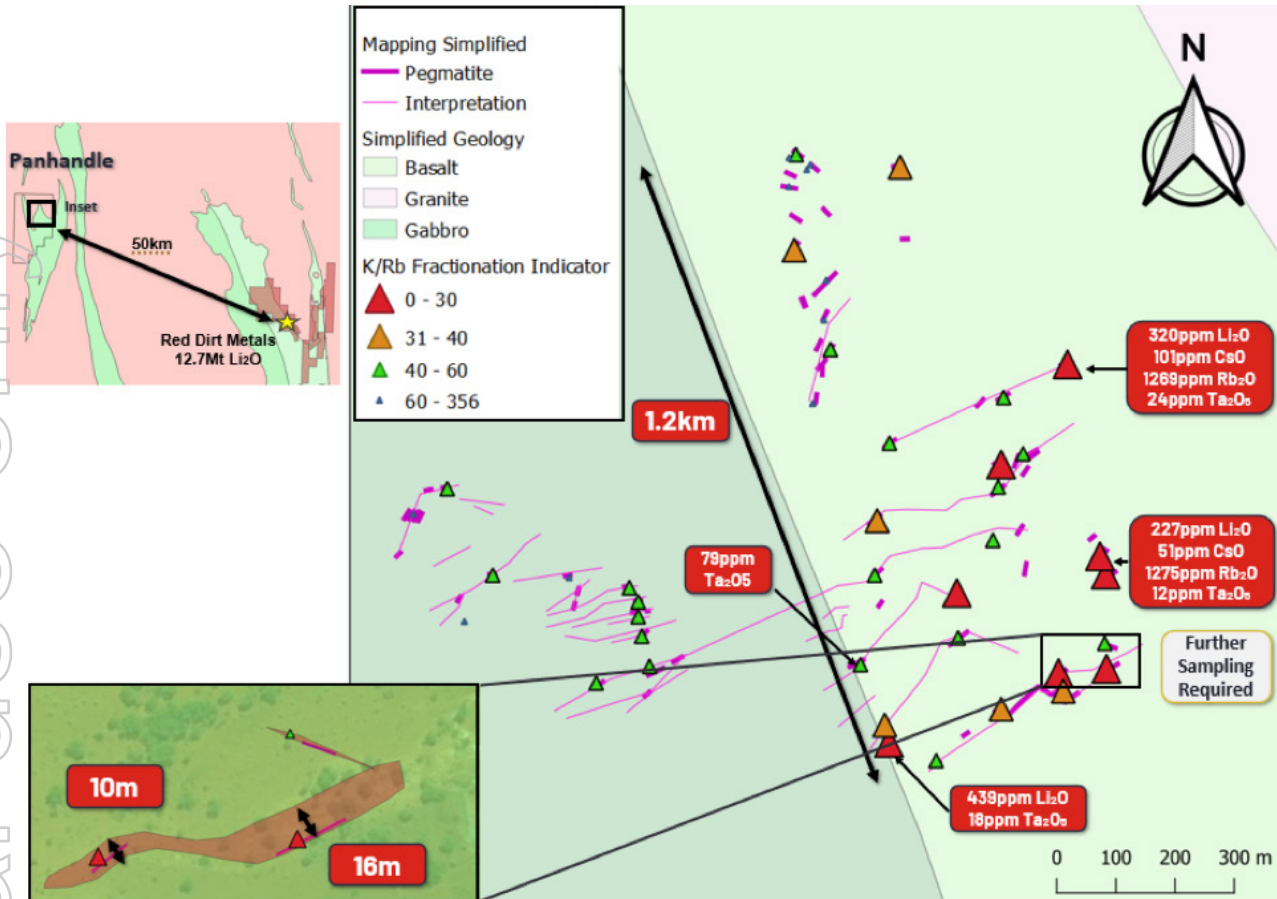


Figure 12: Cygnus' Panhandle project interpreted geology with inset of recent pegmatite mapping and sampling points⁴. The K/Rb ratio is an indicator of a fractionated pegmatites, the lower the K:Rb ratio, the more fractionated and prospective the pegmatites. Bottom left image shows thicknesses at surface indicating further sampling required.

EXPLORATION PLANS

Follow-up rock chipping and mapping in the south-eastern target area is planned for 2023 to further delineate the prospective trends and to test the strike and width of these pegmatites which are up to 16m wide at the surface in currently mapped areas. A heritage survey has been completed which will accommodate a follow up drilling program from the most prospective areas.

JULIMAR EAST PROJECT (100% CY5)

The Julimar East Project is made up of two tenements, Culbarting (E70/5492) and Mackie (E70/5397) for a combined 325km² located in the highly prospective Julimar district. The tenements, like Chalice Mining's (ASX:CHN) Julimar discovery, sit on the margin of the Jimperding metamorphic belt and are adjacent to Anglo-American's significant ground holding of >10,000km² picked up in 2020 following the Julimar discovery.

On both tenements, magnetic and gravity anomalies considered prospective for nickel sulphide mineralisation have been identified, analogous to Julimar's Ni-Cu-PGE discovery within the Southwest Terrane.

Recently completed 1km x 100m auger traverses over the 9km long x 2km wide gravity high returned results elevated in Au & PGE's in multiple locations along the edges of the interpreted ultramafic body modelled by Southern Geoscience which sits under a thin veneer of cover. Values up to 23ppb Au, 21ppb Pt, 28ppb Pd & 66ppm Co were returned on geochemical results which indicates potential for ultramafic hosted Ni-Cu-PGE mineralisation (refer ASX release dated 31 January 2023).

EXPLORATION PLANS

These recent auger results were part of a wide spaced reconnaissance programme which has successfully defined potential for ultramafic hosted Ni-Cu-PGE mineralisation associated with a significant gravity anomaly. Infill and extensional auger are planned for Q1 this year ahead of potential drill programs based on prospective results. Ongoing work to secure land access is progressing at Mackie while Culbarting remains with historic land access issues.

CORPORATE

NAME CHANGE TO “CYGNUS METALS LIMITED”

The Company’s change of name from Cygnus Gold Limited to Cygnus Metals Limited was implemented on 8 February 2023 following official confirmation from the Australian Securities and Investments Commission.

The new name more accurately reflects the diversification of the commodities the Company is now actively exploring, in particular lithium in the James Bay region of Canada.

PLACEMENTS

A\$3,650,000 Placement

In July 2022, Cygnus completed a placement to sophisticated and professional investors to raise approximately \$3,650,000 (before costs) through the issue of 29,200,000 fully paid ordinary shares in the Company at an issue price of \$0.125 per Share.

The Placement excluded participation by directors and management of the Company, who subscribed for a total of 4,240,000 shares at \$0.125 each following receipt of approval by shareholders in September 2022.

C\$5,500,000 Placement

In October 2022, the Company completed another Placement to raise approximately C\$5,500,000 (A\$6,347,823) through the issue of 8,677,817 fully paid ordinary 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 were 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 facilitated 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.

A cleansing prospectus under section 713 of the Corporations Act 2001 (Cth) was issued in connection with the Placement to facilitate secondary trading of the Shares the subject of the Placement in November 2022.

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

Given the Directors were not eligible to participate in the Flow-Through Placement and following shareholder approval, the Directors (including David Southam who joined the Company on 1 November 2022) also subscribed for a total of \$400,000 worth of shares at the same price as the block trade, being \$0.35 per share.

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A\$8,000,000 Placement

In December 2022, Cygnus completed an additional placement to sophisticated and professional investors to raise approximately \$8,000,000 (before costs) through the issue of 18,181,819 fully paid ordinary shares in the Company at an issue price of \$0.44 per share.

Funds raised from the Placement will be used for:

- Exploration activities at the Pontax and James Bay Projects in Canada;
- Exploration activities at the Company's Australian projects;
- Acquisition costs and potential corporate activity; and
- General working capital and transaction costs

Canaccord Genuity (Australia) Limited acted as lead manager for the placement and Euroz Hartleys Limited acted as Co-Manager.

BOARD AND MANAGEMENT CHANGES

David Southam appointed Managing Director

In November 2022, David Southam joined the Board of Directors and commenced as Managing Director on 13 February 2023.

Mr Southam's distinguished career as a senior executive of listed resources and industrial companies culminated in his appointment in 2019 as Managing Director of Mincor Resources (ASX: MCR), where he led that Company's highly successful return to the ranks of Australian nickel producers within a three-year period, overseeing a major greenfields discovery, resource definition, the completion of off-take arrangements, feasibility studies, project financing and construction of the Kambalda Nickel Operations, nearly all of which was completed during a global pandemic. During Mr Southam's tenure, the market capitalisation of Mincor increased from circa \$70 million to \$1 billion.

Importantly, he also has significant experience in battery metals through his non-executive director role at Kidman Resources, which was ultimately acquired by Wesfarmers, and through his work over a decade in the nickel industry.

Maddison Cramer appointed Joint Company Secretary

In November 2022, Cygnus appointed Ms Maddison Cramer as a Joint Company Secretary of the Company.

Ms Cramer is a corporate lawyer with experience in both the listed and unlisted space, advising entities across a variety of different sectors, but with a focus on mining and resources. She recently co-founded boutique corporate services business Belltree Corporate and is currently a company secretary at ASX-listed junior exploration companies AuTECO Minerals Ltd (ASX:AUT), Midas Minerals Ltd (ASX:MM1), Bellavista Resources Ltd (ASX:BVR) and Mitre Mining Limited (ASX:MMC).

Prior to this, Ms Cramer was Joint Company Secretary at ASX300 Bellevue Gold Limited (ASX:BGL) and was an Associate at Bellanhouse Legal and HWL Ebsworth Lawyers. Ms Cramer specialises in corporate and commercial transactions, including capital raisings, IPOs and backdoor listings, and corporate governance issues.

Carl Travaglini appointed Chief Financial Officer and Joint Company Secretary

Carl Travaglini was appointed Chief Financial Officer and Joint Company Secretary on 1 February 2023.

Mr Travaglini is a Chartered Accountant and Chartered Company Secretary with over 14 years' experience in the resources sector, having served in various finance and company secretarial roles in Australia, Canada and Africa. Mr Travaglini is currently Chief Financial Officer of Bellavista Resources Limited (ASX: BVR) and Midas Minerals Limited (ASX: MM1).

Before joining Cygnus, Mr Travaglini worked for and assisted a number of publicly listed lithium and gold companies through exploration, project development and production phases. Prior to that, he worked in assurance services. Mr Travaglini brings extensive experience in financial reporting, corporate governance and risk management.

Former SQM Chief Exploration Geologist Gareth Reynolds and WA lithium expert Mark Calderwood join Cygnus

During the year Cygnus also appointed two highly experienced lithium experts to help drive the exploration and development strategy at its Pontax Lithium Project in James Bay, Canada.

Gareth Reynolds was appointed as Head of Business Development and Mark Calderwood as Board Advisor.

Mr Reynolds is a geologist with more than 18 years' experience having held senior positions at major lithium projects including Bald Hill, Wodgina and Mt Marion Lithium Projects.

His previous roles include Chief Exploration Geologist for Sociedad Química y Minera (SQM) identifying and assessing lithium projects for acquisition in Western Australia and abroad; Exploration Manager for Tawana Resources undertaking a lead role in the development and implementation of the exploration program which defined the 26MT+ lithium deposit at Bald Hill; and Senior Geologist for Mineral Resources where he undertook management and supervision of the resource definition program at Mt Marion and early-stage exploration at Wodgina.

Mr Calderwood has more than 30 years' experience in exploration and production. He has played key roles in the discovery of several world-class gold deposits including Edikan (Perseus), Kibali (Barrick-AGA) and Tarmoola (King of the Hills) in Western Australia.

His previous roles include Chief Executive of Perseus Mining, where he led the Company from a micro-cap explorer to a \$1.6B, ASX-100 gold producer. Mr Calderwood also has significant experience with lithium exploration and mine development and is a co-author of a guidebook to the pegmatites of Western Australia.

TRANSACTION DETAILS - PONTAX LITHIUM PROJECT

In July 2022 Cygnus entered into a binding term sheet to acquire up to 70% of the Pontax Lithium Project from Strian Lithium Inc (TSX-V: SRA) ("Stria").

The key acquisition terms are as follows:

- A payment of C\$1,000,000 to be made to Stria within five days of signing.
- Cygnus may earn an initial 51% interest in the Project ("Stage 1 Earn-In") by:
 - expending C\$4,000,000 on exploration over an 18-month period; and
 - making a cash payment to Stria of C\$2,000,000 at the end of the Stage 1 Earn-in period.
- Cygnus may earn a further 19% interest in the Project ("Stage 2 Earn-In") by:
 - expending C\$6,000,000 on exploration in the 30-month period commencing on the date that Cygnus satisfies the Stage 1 Earn-in; and
 - making a cash payment to Stria of C\$3,000,000.
- A Joint Operation will be formed on the earlier of:

- the end of the Stage 2 Earn-in period; and
- the date that Cygnus withdraws from the Stage 2 Earn-in (if it elects to do so).
- Subject to Cygnus completing the Stage 2 Earn-in and formation of the Joint Operation, Cygnus will free carry Stria's remaining 30% interest through to completion of a Feasibility Study. Following the free carry period, Cygnus and Stria must each fund all expenditure under the Joint Operation on a pro-rata basis in proportion to their respective interest in the Joint Operation from time to time.
- Cygnus shall be reimbursed for Stria's 30% proportionate share of the cost of any Joint Operation activities undertaken or incurred during the free carry period (that has been funded by Cygnus) out of cash flows generated from production.

In October 2022, Cygnus and Stria completed the formal agreement via an unincorporated joint venture.

TRANSACTION DETAILS - MEGAWATT PROJECTS

In September 2022 Cygnus entered into an option agreement with MegaWatt Lithium and Battery Minerals Corp ("MegaWatt") ("MegaWatt Option Agreement"). Under the terms of the MegaWatt Option Agreement, Cygnus is granted an exclusive option to acquire a 51% interest in the 40 mining claims known as the Route 381 Project and an additional 229 claims known as the Mitsumis project located in Quebec, Canada ("MegaWatt Projects"). Following the exercise of the first option, MegaWatt has granted Cygnus the right to acquire an additional 29% interest in the claims.

In order to exercise the first option and acquire the 51% interest in the MegaWatt Projects ("First Option"), Cygnus must commit \$2,000,000 towards exploration on the MegaWatt Projects, as follows:

- \$500,000 of exploration expenditure within the first 12 months of the MegaWatt Option Agreement;
- a further \$500,000 of exploration expenditure within the second 12 months of the MegaWatt Option Agreement; and
- a further \$1,000,000 of exploration expenditure within the third 12 months of the MegaWatt Option Agreement.

In order to acquire a further 29% interest in the MegaWatt Projects ("Second Option"), Cygnus must:

- pay cash consideration to MegaWatt of \$50,000 within 30 days of the satisfaction of the First Option;
- file a NI 43-101 or JORC Code compliant mineral resource estimate which establishes a lithium oxide resource on the Property of at least 5MT with an average grade of not less than 0.8% Li₂O in any resource category as defined in NI43-101 or the JORC Code, by the date which is no later than 5 years from the exercise of the First Option; and
- pay cash consideration to MegaWatt of \$1,000,000 within 3 days of filing the above report.

Upon satisfaction of the Second Option, Cygnus will free carry MegaWatt until a feasibility study is successfully announced on the ASX. After the release of the feasibility study, or in the event the Second Option is not exercised by Cygnus, the parties will enter into a formal joint venture agreement in accordance with their participating interests, on standard terms. The Route 381 Project is subject to a 2% net smelter royalty in favour of 9219-8845 QC. INC. (Canadian Mining House).

TRANSACTION DETAILS - CANADIAN MINING HOUSE PONTAX EXTENSION PROPERTY

In September 2022 Cygnus entered into an option agreement with 9219-8845 QC. INC. (Canadian Mining House) ("CMH") ("CMH Option Agreement"), pursuant to which Cygnus was granted an exclusive option to acquire a 100% interest in the 166 mining claims known as the Pontax Extension Property located in Quebec, Canada ("CMH Projects").

It was a condition precedent to the CMH Option Agreement that Cygnus obtain shareholder approval to satisfy the option terms. In order to acquire the CMH Projects, Cygnus must:

- make an upfront cash payment of \$120,000 and issue approximately 1,946,400 fully paid ordinary shares in the capital of Cygnus (Shares);
- 6 months after receiving shareholder approval (Approval Date), pay a further \$75,000 in cash and issue a further 1,217,001 Shares;
- 12 months after the Approval Date, pay a further \$75,000 in cash and issue a further 1,217,001 Shares;
- 24 months after the Approval Date, pay a further \$30,000 in cash and issue a further 486,801 Shares.

The CMH Projects are subject to a 2% net smelter return royalty in favour of CMH.



LISTED INVESTMENTS

The Company has 1,650,000 TSX-V listed shares in unincorporated joint venture partner Stria Lithium Inc (“Stria”) which represents approximately 7% of the total issued capital in Stria.

As at 31 December 2022, the value of the investment (based on a closing price of Stria of C\$0.215) is \$0.4m (2021: Nil).

CHANGE OF COMPANY ADDRESS

In November 2022, Cygnus’s registered address and principal place of business changed to Level 2, 8 Richardson Street, West Perth WA 6005. The Company’s telephone number remains the same.

END NOTES

1. James Bay (40Mt @ 1.4% Li₂O) operated by Allkem Ltd (refer to Allkem’s ASX Announcement dated 21 December 2021); Whabouchi (55.7Mt @ 1.4% Li₂O) operated by Nemaska Lithium Inc (refer to Nemaska Lithium NI 43-101 dated 31 May 2019); Rose (34.2Mt @ 0.9% Li₂O) operated by Critical Elements Lithium Corp (refer to Critical Elements’ TSX-V Announcement dated 13 June 2022); Abitibi Lithium Hub (119.1Mt @ 1.1% Li₂O) operated by Sayona Mining Limited/Piedmont Lithium Inc (refer to Sayona Mining’s Annual Report ASX Release dated 13 October 2022); Moblan (16.1Mt @ 1.4% Li₂O) operated by Sayona Mining/SOQUEM Inc (refer to Sayona Mining’s ASX Presentation dated 27 May 2022).
2. Refer to Cygnus’ ASX announcements dated 29 July 2022, 27 September 2022, 18 January 2023, 14 February 2023 and 21 March 2023.
3. In relation to the disclosure of visual intersections of pegmatite and spodumene, the Company cautions that visual intersections should never be considered a proxy or substitute for laboratory analysis. Laboratory assay results are required to confirm the widths and grade of visual intersections of pegmatite reported in the preliminary geological logging. The Company will update the market when laboratory analytical results become available.
4. Refer to Cygnus’ ASX announcements dated 31 January 2023.
5. Refer to scientific paper ‘Recent pegmatite-hosted spodumene discoveries in Western Australia: insights for lithium exploration in Australia and globally written by Zoe Phelps-Barber, Allan Trench & David I. Groves. Paper available at: <https://www.tandfonline.com/doi/full/10.1080/25726838.2022.2065450?scroll=top&needAccess=true>

The Directors of Cygnus Metals Limited ("Cygnus" or the "Company") (formerly Cygnus Gold Limited) and the entities controlled ("Group") present their report, together with the financial statements for the year ended 31 December 2022.

DIRECTORS

The names and details of the Group's directors in office during the financial year and until the date of this report (unless otherwise stated) are as follows:

RAYMOND SHORROCKS	
Position	Non-Executive Chairman
Qualifications	BA (Hons), MBA (Finance)
Appointment date	25 May 2022, previously appointed Non-Executive Director on 30 June 2020 and Executive Chairman on 8 November 2021
Resignation date	N/A
Length of service	2 years 9 months
Biography	<p>Ray Shorrocks has over 28 years' experience working in the investment banking industry. He is highly conversant and experienced in all areas of mergers and acquisitions and equity capital markets, including a significant track record of transactions in the metals and mining sectors. He was previously Chairman of ASX listed Bellevue Gold Limited and Republic Gold Limited.</p> <p>Mr Shorrocks is Executive Chairman of AuTECO Minerals Limited and Non-Executive Chairman of Alicanto Minerals Limited, Galilee Energy Limited and a number of private companies. Mr Shorrocks is former Director and Head of the Corporate Finance department of a major Australian investment services company based in Sydney.</p>
Current ASX listed directorships	AuTECO Minerals Limited – January 2020 to present Galilee Energy Limited – December 2013 to present HCD Limited – January 2016 to present Alicanto Minerals Limited – August 2020 to present Mitre Mining Corporation Limited – February 2023 to present
Former ASX listed directorships in the last three years	None
DAVID SOUTHAM	
Position	Managing Director
Qualifications	B.Comm, CPA, MAICD
Appointment date	13 February 2023, previously appointed Non-Executive Director on 1 November 2022
Resignation date	N/A
Length of service	5 months
Biography	<p>Mr Southam is a CPA with more than 30 years' experience in accounting, operations, capital markets and finance across the resources and industrial sectors. He was previously Managing Director of Mincor Resources NL. Prior to Mincor, David was Executive Director of ASX200 nickel company Western Areas Limited and has held senior executive roles within Brambles Group, ANZ Investment Bank and WMC Resources. David is currently a non-executive director of Ramelius Resources Ltd.</p>
Current ASX listed directorships	Ramelius Resources Ltd – July 2018 to present
Former ASX listed directorships in the last three years	Mincor Resources NL – February 2019 to August 2022

MICHAEL NAYLOR	
Position	Non-Executive Director
Qualifications	B.Com, CA
Appointment date	1 March 2023, previously appointed Executive Director on 25 May 2022.
Resignation date	N/A
Length of service	1 year 4 months
Biography	<p>Mr Naylor has 25 years' experience in corporate advisory and public company management since commencing his career and qualifying as a Chartered Accountant with Ernst & Young. He has been involved in the financial management of mineral and resources focused public companies, serving on both the Board and Executive Management Team. He has significant experience in focusing on advancing and developing mineral resource assets and business development.</p> <p>Michael has worked in Australia and Canada and has extensive experience in financial reporting, capital raisings, debt financings and treasury management of resource companies.</p>
Current ASX listed directorships	Bellevue Gold Limited – July 2018 to present AuTECO Minerals Limited – November 2018 to present Midas Minerals Limited – June 2018 to present Bellavista Resources Ltd – March 2023 to present
Former ASX listed directorships in the last three years	None
MICHAEL BOHM	
Position	Non-Executive Director
Qualifications	B.AppSc (Mining Eng), MAusIMM, MAICD
Appointment date	8 November 2021, previously appointed Non-Executive Chairman on 30 September 2016
Resignation date	N/A
Length of service	6 years 6 months
Biography	<p>Mr Bohm is a qualified mining professional with significant corporate and operations experience. He has had extensive minerals industry experience in Australia, South East Asia, Africa, Chile, Canada and Europe. A graduate of WA School of Mines, Mr Bohm has worked as a mining engineer, mine manager, study manager, project manager, project director and managing director and has been directly involved in a number of new mine developments.</p> <p>Mr Bohm currently serves as a Director of a number of ASX-listed companies and sits on their Audit Risk and Sustainability Committees and Chairs their Remuneration Committees. Prior to this, he has held a number of directorships including those with Perseus Mining Limited, Argyle Diamonds Mines, Sally Malay Mining Limited and Ashton Mining of Canada.</p>
Current ASX listed directorships	Mincor Resources Limited – January 2017 to present Riedel Resources Limited – December 2020 to present
Former ASX listed directorships in the last three years	Ramelius Resources Limited – November 2012 to May 2022

SHAUN HARDCASTLE	
Position	Non-Executive Director
Qualifications	LLB, BA
Appointment date	30 June 2020
Resignation date	N/A
Length of service	2 years 10 months
Biography	Mr Hardcastle has over 15 years' experience as a corporate lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross border and domestic transactions including equity capital markets, mergers & acquisitions, corporate governance and project finance. Mr Hardcastle has practised law both in Australia and overseas and currently works as a Partner with Hamilton Locke. He graduated from the University of Western Australia in 2005 with a Bachelor of Laws and Bachelor of Arts.
Current ASX listed directorships	Rare X Limited – December 2017 to present
Former ASX listed directorships in the last three years	Hawkstone Mining Ltd – February 2015 to July 2020 Schrole Group Ltd – October 2017 to May 2021
SIMON JACKSON	
Position	Non-Executive Director
Qualifications	CA
Appointment date	17 November 2017
Resignation date	25 May 2022
Length of service	4 years 6 months
Biography	Mr Jackson is a Chartered Accountant with over 30 years' experience in the gold industry. He previously held a number of senior executive positions including CEO of Kopore Metals Limited, CEO of Beadell Resources and President and CEO of TSXV-listed Orca Gold Inc, which recently announced it is being acquired by Perseus Mining. From 1999 to 2010, he was an integral part of the senior management team at Red Back Mining Inc, which grew from a small West Perth-based junior to a TSX-listed intermediate producer that was taken over by Kinross Gold Corp in 2010. Mr Jackson's career includes corporate transactions and equity financings involving assets in Australia, Africa, Asia and South America.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the directors in the shares (direct and indirect) of the Company were:

Director	Ordinary shares	Unlisted options	Unlisted performance rights
Mr Ray Shorrocks	3,258,449	5,500,000	1,000,000
Mr David Southam	285,715	-	18,000,000
Mr Michael Naylor	7,158,894	4,250,000	8,000,000
Mr Michael Bohm	6,500,036	2,000,000	-
Mr Shaun Hardcastle	1,415,645	2,000,000	-

COMPANY SECRETARIES

MADDISON CRAMER	
Qualifications	LLB, BA (Hons)
Appointment date	1 November 2022
Resignation date	N/A
Length of service	5 months
Biography	Ms Cramer is a corporate lawyer with experience in both the listed and unlisted space, advising entities across a variety of different sectors, but with a focus on mining and resources. Ms Cramer is currently a company secretary of Bellavista Resources Ltd (ASX: BVR), Midas Minerals Limited (ASX: MM1), Alicanto Minerals Limited (ASX: AQI), AuTECO Minerals Limited (ASX: AUT) and Mitre Mining Corporation Limited (ASX: MMC).
CARL TRAVAGLINI	
Qualifications	CA, ACG (CS)
Appointment date	1 February 2023
Resignation date	N/A
Length of service	2 months
Biography	Mr Travaglini is a Chartered Accountant and Chartered Company Secretary with over 14 years' experience in the resources sector, having served in various finance and company secretarial roles in Australia, Canada and Africa. Mr Travaglini is currently Chief Financial Officer of Bellavista Resources Ltd (ASX: BVR) and Midas Minerals Limited (ASX: MM1).
SUSAN FIELD	
Qualifications	CA
Appointment date	23 December 2020
Resignation date	1 February 2023
Length of service	2 years 1 month
Biography	Susan is a Chartered Accountant with 29 years' experience in the corporate sector and in public practice. Since qualifying as a Chartered Accountant with Ernst & Young, Ms Field has worked in several management roles in both the public and private sector. Prior to entering public practice, Ms Field also spent over 11 years in the financial services and retail banking industry where she held various positions in several operational management roles.
MICHAEL NAYLOR	
Appointment date	4 October 2016
Resignation date	1 November 2022
Length of service	6 years 1 month

OPERATING RESULTS

The Group's consolidated net loss for the year ended 31 December 2022 after providing for income tax amounted to \$2,761,228 (2021: \$2,081,181).

The loss included the following items:

- Share-based payment of \$394,157 (2021: \$795,814), refer Note 11.1(b)
- Exploration and evaluation expenditure written off or impaired of \$23,879 (2021: \$318,162)

REVIEW OF FINANCIAL POSITION

The Group held net assets of \$17,402,441 as at 31 December 2021 (2021: \$3,110,086).

At year end the Group remains well financed with \$13,530,678 in cash and cash equivalents (2021: \$2,811,336).

PRINCIPAL ACTIVITIES

Cygnus is an exploration company that during 2022 changed focus to advancing the Pontax Lithium Project (earning up to 70%), the Mitsumis Lithium Project (earning up to 80%) and the Auclair Lithium Project in the world class James Bay lithium district in Canada, as well as continuing to explore for and advance lithium, gold and base metals deposits in the southwest Yilgarn of Western Australia.

There have been no significant changes in the nature of these activities during the period other than as stated above.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group is committed to:

- exploration of the Group's key assets in the James Bay district of Canada;
- exploration of the Group's assets in the Wheatbelt region of Western Australia; and
- implementing a strategy to seek out further exploration, acquisition and joint venture opportunities.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no changes in the state of affairs of the Group other than those outlined in the Operations Review.

POST REPORTING DATE EVENTS

NAME CHANGE

On 8 February 2023, the Company announced that it had changed name from Cygnus Gold Limited to Cygnus Metals Limited to more accurately reflect the diversification of the commodities the Company is now actively exploring.

PONTAX EXTENSION PROPERTY – SIRIOS RESOURCES INC.

On 17 February 2023, the Company announced that it had entered into an agreement to acquire an additional ~9km of strike on the Chambois Greenstone Belt, which hosts the Company's Pontax Lithium Project, giving the Company a continuous 20km strike length on the prospective greenstone belt. The additional ground will be acquired through an outright purchase from TSXV-listed Sirios Resources Inc. comprising:

- An upfront payment of C\$1.2m in cash plus 750,000 fully paid ordinary shares, with 50% of the shares to be subject to voluntary escrow for 12 months.
- Milestone payment 1: The Company must, upon defining a JORC Resource of 4 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further payment of C\$1.0 million, 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 fully paid ordinary shares.
- Milestone payment 2: The Company must, upon defining a JORC Resource of 6 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further payment of C\$2.0 million, 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 fully paid ordinary shares.

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

The Sale and Purchase Agreement with Sirios is subject to the following conditions precedent, which the Company expects will be completed shortly:

- 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.
- 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.

- The execution and delivery of a mutually agreeable Voluntary Restriction Deed in relation to the escrow of the consideration shares.

AUCLAIR LITHIUM PROJECT – OSISKO DEVELOPMENT CORP.

On 28 February 2023, the Company announced that it would be acquiring the Auclair Lithium Project in James Bay, Quebec covering 25.5km² from Osisko Development Corp. Transaction details of the outright purchase include:

- C\$247,164.62 in cash or shares, which is for the reimbursement of costs of the exploration licenses.
- 1,000,000 fully paid ordinary shares, subject to 12 months' voluntary escrow.
- Deferred consideration of:
 - ❖ C\$3,000,000 in shares or cash (at the Company's election) when the Company achieves a JORC Resource of 3 million tonnes at a minimum grade of 1.2% Li₂O.
 - ❖ C\$3,000,000 in shares or cash (at the Company's election) when the Company achieves a JORC Resource of 1Moz Au or greater at a minimum grade of 3 g/t.

The additional gold milestone was inserted by Osisko as the property was previously explored for gold by Osisko. Cygnus remains solely focussed on the exploration for lithium.

SAKAMI PROJECT AND AUCLAIR EXTENSION PROPERTY – CANADIAN MINING HOUSE

On 28 March 2023, the Company announced that had entered into option agreements with Canadian Mining House to acquire a 100% interest in the Sakami Project in the La Grande greenstone belt, just 44km west of Patriot Battery Metals' Corvette Project, and the additional ground immediately adjacent to and surrounding the Auclair Project.

The terms of these option agreements are outlined below.

- Sakami Project:
 - ❖ Cygnus will be required to pay the Vendors C\$300,000 cash payment and 3,450,000 fully paid ordinary shares in Cygnus, in aggregate.
 - ❖ The consideration is payable in 4 stages over 3 years, at the election of Cygnus, other than stage 1. Stage 1 comprises of C\$75,000 in cash and 1,500,000 Shares (subject to 6 months' voluntary escrow) payable upfront, subject to the receipt of shareholder approval.
 - ❖ In addition to the above payments, Cygnus must incur exploration expenditure to the amount of C\$1,000,000 within the first 36 months of closing the Option Agreement.
- Beryl Project (surrounding the Auclair Project):
 - ❖ Cygnus will be required to pay the Vendors C\$395,000 cash payment and 4,000,000 fully paid ordinary shares in Cygnus, in aggregate.
 - ❖ The consideration is payable in 4 stages over 3 years, at the election of Cygnus, other than stages 1 and 2. Stage 1 comprises of C\$125,000 in cash and 1,500,000 Shares (subject to 6 months' voluntary escrow) payable upfront, subject to the receipt of shareholder approval. Stage 2 comprises C\$75,000 and 900,000 shares payable in 12 months, subject to the receipt of shareholder approval.
 - ❖ In addition to the above payments, Cygnus must incur exploration expenditure to the amount of CAD\$1,000,000 within the first 36 months of closing the Option Agreement.

Cygnus will grant the vendors a 2% net smelter royalty on both the Sakami Project and the Beryl Project. There are no other substantive conditions precedent outstanding and Cygnus expects completion to occur following shareholder approval, which will be sought at the Company's annual general meeting in May 2023.

APPOINTMENT OF MANAGING DIRECTOR

On 4 October 2022 the Company announced the appointment of Mr David Southam as Non-Executive Director from 1 November 2022 and as Managing Director from mid-February 2023. On 13 February 2023 Mr Southam commenced as Managing Director. The material terms of Mr Southam's Managing Director employment contract are:

- Commencement Date: 13 February 2023 on a part-time basis with transition arrangements to move to full-time
- Term / Notice Period: Ongoing term, with termination by the Company of six months and termination by the Managing Director of three months. The Company may terminate the employment without notice in certain circumstances.
- Remuneration: A fixed Total Remuneration Package ("TRP") of \$600,000 (Full Time Equivalent), inclusive of superannuation contributions.
- Short Term Incentive Program ("STIP"): Eligible to participate in a STIP of up to 25% of TRP subject to achievement of STIP hurdles.
- Employee Incentives Securities Plan ("EISP"): Eligible to participate in the EISP. The Company agreed to issue 18,000,000 performance rights to Mr Southam which are linked to his commencement in the role as Managing Director on 13 February 2023.
- The Company has also agreed to issue Long Term Incentives to Mr Southam up to 150% of the base salary component of his TRP commencing 1 July 2023.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. The directors have considered the *National Greenhouse and Energy Reporting Act 2007* ('the NGER Act') and at the current stage of exploration and based on the locations of the Group's operations, the directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

No environmental breaches have occurred or have been notified by any Government agencies during the year ended 31 December 2022.

CORPORATE GOVERNANCE

The directors of Cygnus believe that effective corporate governance improves company performance, enhances corporate social responsibility and benefits all stakeholders. Changes and improvements are made in a substance over form manner, which appropriately reflect the changing circumstances of the company as it grows and evolves. Accordingly, the Board has established a number of practices and policies to ensure that these intentions are met and that all shareholders are fully informed about the affairs of the Group.

The Company reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of exploration. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (4th edition).

The Board has reviewed and approved its Corporate Governance Statement on 31 March 2023, and this is available on the Company's website at <https://www.cygnusmetals.com/corporate-governancedetail>

The Company has a corporate governance section on the website which includes details on the Company's governance arrangements and copies of relevant policies and charters.

CAPITAL STRUCTURE

LISTED SHARES ON ISSUE

In January 2022, the Company completed the first part of a placement (announced in November 2021) to participating directors (as approved by Shareholders at a General Meeting of Shareholders on 23 December 2021) by issuing 913,044 fully paid ordinary shares at an issue price of \$0.115 per share raising \$105,000 before issue costs. Application monies were received during December 2021 and are recognised in 'other contributed equity' in the 2021 financial year, refer details at Note 9.

In January 2022, the Company completed the final part of the placement (announced in November 2021) to participating directors (as approved by Shareholders at a General Meeting of Shareholders on 23 December 2021) by issuing 664,310 fully paid ordinary shares at an issue price of \$0.115 per share raising \$76,396 before issue costs

In August 2022, the Company completed a placement to sophisticated and professional investors to raise approximately \$3,650,000 (before costs) through the issue of 29,200,000 fully paid ordinary shares in the Company at an issue price of \$0.125 per Share. Directors and management of the Company were issued a further 4,240,000 shares at \$0.125 each in October 2022 following receipt of shareholder approval.

In November 2022, the Company completed a Placement to raise approximately C\$5,500,000 (A\$6,347,823) through the issue of 8,677,817 fully paid ordinary shares at an issue price of C\$0.6338 (A\$0.73) each (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).

Pursuant to a block trade agreement between PearTree and Canaccord, Canaccord facilitated 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.

Given the Directors were not eligible to participate in the Flow-Through Placement and following shareholder approval, the Directors (including David Southam who joined the Company on 1 November 2022) also subscribed for a total of \$400,000 worth of shares at the same price as the block trade, being \$0.35 per share.

In December 2022, Cygnus completed an additional placement to sophisticated and professional investors to raise approximately \$8,000,000 (before costs) through the issue of 18,181,819 fully paid ordinary shares in the Company at an issue price of \$0.44 per share.

As at the date of this report, the Company had 183,874,212 fully paid ordinary shares on issue (ASX: CY5) (2021: 117,985,315).

SHARES UNDER OPTION OR ISSUED ON EXERCISE OF PERFORMANCE RIGHTS

Details of unissued shares or interests under option as at the date of this report are:

Number	Security type	Exercise price	Expiry date	Class of shares	Issuing entity
1,500,000	Share Option	\$0.25	21/10/2025	Ordinary	Cygnus Metals Limited
1,500,000	Share Option	\$0.50	21/10/2025	Ordinary	Cygnus Metals Limited
1,500,000	Share Option	\$0.75	21/10/2025	Ordinary	Cygnus Metals Limited
1,500,000	Share Option	\$1.00	21/10/2025	Ordinary	Cygnus Metals Limited
3,500,000	Share Option	\$0.16	20/01/2025	Ordinary	Cygnus Metals Limited
29,500,000	Share Option	\$0.08	22/09/2023	Ordinary	Cygnus Metals Limited
5,000,000	Share Option	\$0.16	15/11/2024	Ordinary	Cygnus Metals Limited
300,000	Performance Right	N/A	30/09/2025	Ordinary	Cygnus Metals Limited
500,000	Performance Right	N/A	30/07/2025	Ordinary	Cygnus Metals Limited
100,000	Performance Right	N/A	30/11/2026	Ordinary	Cygnus Metals Limited
300,000	Performance Right	N/A	3/04/2028	Ordinary	Cygnus Metals Limited
28,000,000	Performance Right	N/A	21/10/2027	Ordinary	Cygnus Metals Limited
18,700,000	Performance Right	N/A	13/02/2028	Ordinary	Cygnus Metals Limited

The holders of these share options and performance rights do not have the right, by virtue of the option or right, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

On 20 January 2022, the Company issued 3,500,000 unlisted share options to director Mr Ray Shorrocks (or his nominee) which was approved by Shareholders at a General Meeting of Shareholders held on 23 December 2021, with an exercise price of \$0.16, expiring on 20 January 2025.

PERFORMANCE RIGHTS CONVERTED

No performance rights vested or were converted during 2022.

SHARE OPTIONS EXERCISED

No unquoted share options vested or were exercised during 2022.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

MATERIAL BUSINESS RISKS

The following describes the material business risks that could affect the Company, including any material exposure to economic, environmental and social sustainability risks, and how the Company seeks to manage them.

CONTRACT RISK

The Company is party to various option and acquisition agreements to acquire interests in mining claims ("Mining Claims") in Canada ("Agreements"), which require further option exercise or deferred consideration payments to be made in the future in order to secure the rights to the Mining Claims, by way of further share issues and/or payments in cash. Some of the share issues are subject to future shareholder approvals. In the event that the Company is unable to satisfy the option exercise payments or issue the deferred consideration (including in circumstances where shareholder vote down proposed shareholder approvals), or the Company is unable to meet the mandatory expenditure obligations under the Agreements, the Company may not be able to complete some or all of the Agreements, which may reduce the number of Mining Claims in Canada it is able to acquire, or alternatively, reduce the interest it holds in these claims.

FUTURE CAPITAL REQUIREMENTS AND MARKET RISKS

As an exploration entity, the Company is not generating net cash flow, meaning it is reliant on raising funds from investors or lenders in order to continue to fund its operations and to scale growth. The Company will require further funding in the future.

The Company is exposed to external market forces that impact on specific commodity prices and overarching market sentiment that may restrict the Company's access to new flows of capital if the Company's project pipeline is not ascribed value in the market at any given time. The Company manages this risk by ensuring a constant focus on the Company's current financial position and forecast working capital requirements. Discretionary exploration activities are focused on commodities and in jurisdictions that will ensure access to higher levels of capital in times of broader market depression.

Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the current market price or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing (while not currently a focus), if available, may involve restrictions on financing and operating activities.

Although the Company believes that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its activities, which could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

TENURE, ACCESS AND GRANT OF LICENCES / PERMITS

The Company's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary grants or renewals of licences / permits for the proposed operations, additional licences / permits for any possible future changes to operations, or additional permits associated with new legislation.

Prior to any development on any of its properties, subsidiaries of the Company must receive licences / permits from appropriate governmental authorities. There is no certainty that the Company will hold all licences / permits necessary to develop or continue operating at any particular property.

LAND ACCESS RISK

Land access is critical for exploration and exploitation to succeed. It requires both access to the mineral rights and access to the surface rights.

Minerals rights may be negotiated and acquired. In all cases, the acquisition of prospective exploration and mining licences is a competitive business in which proprietary knowledge or information is critical, and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. The Company may not be successful in acquiring or obtaining the necessary licences to conduct exploration or evaluation activities outside of the mineral tenements that it owns or seeks to acquire.

Access to land for exploration and evaluation purposes can be obtained by:

- (i) private access and compensation agreement with the landowner;
- (ii) purchase of surface rights; or
- (iii) through judicial rulings.

However, access rights to licences can be affected by many factors, including:

- (i) surface title land ownership negotiations, which are required before ground disturbing exploration activities can commence within the jurisdictions in which the Company operates;
- (ii) permitting for exploration activities, which are required in order to undertake most exploration and exploitation activities within the jurisdictions in which the Company operates; and
- (iii) natural occurrences, including inclement weather, volcanic eruptions, lahars and earthquakes.

All of these issues have the potential to delay, curtail and preclude the Company's operations. While the Company will have the potential to influence some of these access issues, and retains staff to manage those instances where negotiations are required to gain access, it is not possible for the Company to predict the extent to which the above-mentioned risks and uncertainties may adversely impact the Company's operations.

ACCESS TO SUFFICIENT USED AND NEW EQUIPMENT

The Company is dependent on access to used and new mining equipment. In the event that the Company has difficulty in securing adequate supplies of mining equipment at appropriate prices, or if the quality of the equipment is not acceptable or suitable, its ability to perform or commence new projects may be adversely affected. This difficulty may have an adverse impact on the financial performance and financial position of the Company.

DATA MANAGEMENT

The risk of retaining or managing the Company's corporate data in a way that is inconsistent with the Company's regulatory obligations. This is considered to be a growing risk as the Company and related data volumes grow and cyber-security threats become more sophisticated. Failure to properly manage the Company's corporate data could result in significant financial and regulatory implications.

The Company has implemented a number of company-wide controls to manage this risk, including the continuous review and updating of security controls on the Company's network based on known security threats and the latest intelligence.

REGULATORY ENVIRONMENT

The risk of failing to adapt and adhere to rapidly evolving regulatory environments in Australia and abroad. This can result in the increased complexity and cost of doing business and the risk of forfeiture of exploration and mining claims from the failure of complying with these complex regulatory environments. The Company's exposure to this risk has now broadened with the recent extension of exploration activities into Canada where government and regulatory environments are less familiar.

In Australia, significant compliance risk may arise from emerging changes to regulatory frameworks, including the Work Health and Safety (Mines) Regulations 2022.

The Company's risk management strategy is designed to monitor and limit the adverse consequences of existing and new regulations in a way that is efficient and minimizes compliance costs.

PEOPLE CAPABILITY

The risk that the Company fails to attract and retain the talent and leadership required to execute the Company's strategies and objectives, including the technical expertise to explore for and discover economic mineral deposits, and the corporate talent to achieve value for shareholders via corporate activities, including project acquisitions, project divestments and joint venture activities.

The intention of the Company's remuneration framework is to ensure remuneration and reward structures are aligned with shareholders' interests by being market competitive to attract and retain high calibre individuals, rewarding superior individual performance, recognising the contribution of each executive to the continued growth and success of the Company, and linking long-term incentives to shareholder value.

GENERAL ECONOMIC CLIMATE

Factors such as inflation, currency fluctuations, interest rates, legislative changes, political decisions and industrial disruption have an impact on operating costs. The Company's future income, asset values and share price can be affected by these factors.

CLIMATE CHANGE

There are a number of climate-related factors that may affect the Company's business. Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the ability of the Company to access and utilise its tenements and therefore the Company's ability to carry out operations.

Changes in policy, technological innovation, and consumer or investor preferences could adversely impact the Company's business strategy, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Company is committed to protecting and respecting the environment and local communities within which it operates and looks forward to enhancing its positive impact in these areas.

As the Company advances its strategies, it will be sharing its ESG efforts and impact regularly, in line with its annual reporting cycle.

AUDITED REMUNERATION REPORT

This remuneration report for the year ended 31 December 2022 outlines the remuneration arrangements of the Company and its controlled entities ("Group") in accordance with the requirements of the *Corporations Act 2001* (Cth) (the "Act") and its Regulations. This information has been audited as required by section 300A of the Corporations Act.

The remuneration report details the remuneration arrangements for Directors and Key Management Personnel ("KMP"), who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Company and Group, directly or indirectly including any director (whether executive or otherwise) of the parent entity.

The table below outlines the Directors and KMP of the Company during the financial year ended 31 December 2022. Unless otherwise indicated, the individuals were Directors or KMP for the entire financial year.

For the purposes of this report, the term "executive" includes the executive directors and senior executives of the Company.

Non-Executive Directors

Raymond Shorrocks	Non-Executive Chairman (appointed 25 May 2022, previously appointed Non-Executive Director on 30 June 2020 and Executive Chairman on 8 November 2021)
David Southam	Non-Executive Director (appointed 1 November 2022)
Michael Bohm	Non-Executive Director
Shaun Hardcastle	Non-Executive Director
Simon Jackson	Non-Executive Director (resigned 25 May 2022)

Executive Directors

Michael Naylor	Executive Director (appointed 25 May 2022, previously appointed Joint Company Secretary on 4 October 2016)
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Other KMP

Susan Field	Chief Financial Officer and Joint Company Secretary
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After the reporting date and before the date the financial report was authorised for issue the following changes to KMP occurred:

- David Southam was appointed as Managing Director on 13 February 2023.
- Michael Naylor was appointed as Non-Executive Director on 1 March 2023.
- Carl Travaglini was appointed and Susan Field resigned as Chief Financial Officer and Joint Company Secretary on 1 February 2023.

There were no other changes to Directors or KMPs after reporting date and before the date the financial report was authorised for issue.

REMUNERATION GOVERNANCE

Due to the current size of the Group, it is more efficient and effective for the functions otherwise undertaken by a remuneration committee to be performed by the Board. All directors are therefore responsible for determining and reviewing compensation arrangements for key management personnel, including periodically assessing the appropriateness of the nature and amount of remuneration by reference to relevant market conditions and prevailing practices. Directors excuse themselves from discussions that are specific to their individual remuneration components and are not in relation to the remuneration of the group of non-executive directors as a collective.

The Board may obtain professional advice where necessary to ensure that the Group attracts and retains talented and motivated directors, executives and employees who can enhance Group performance through their contributions and leadership.

AUDITED REMUNERATION REPORT (Continued)

REMUNERATION FRAMEWORK

The Board recognises that the Group's performance and ultimate success in project delivery depends on many factors including its ability to attract and retain highly skilled, qualified and motivated people. At the same time, remuneration practices must be transparent to shareholders and be fair and competitive, taking into account the nature and size of the organisation and its current stage of activities, funding and general market conditions.

The approach to remuneration has been structured with the following objectives:

- Fairness: provide a fair level of reward to all employees;
- Transparency: establish transparent links between reward and performance;
- Alignment: promote mutually beneficial outcomes by aligning employee, and shareholder interests; and
- Culture: drive leadership performance and behaviours that promote safety, diversity and employee engagement.

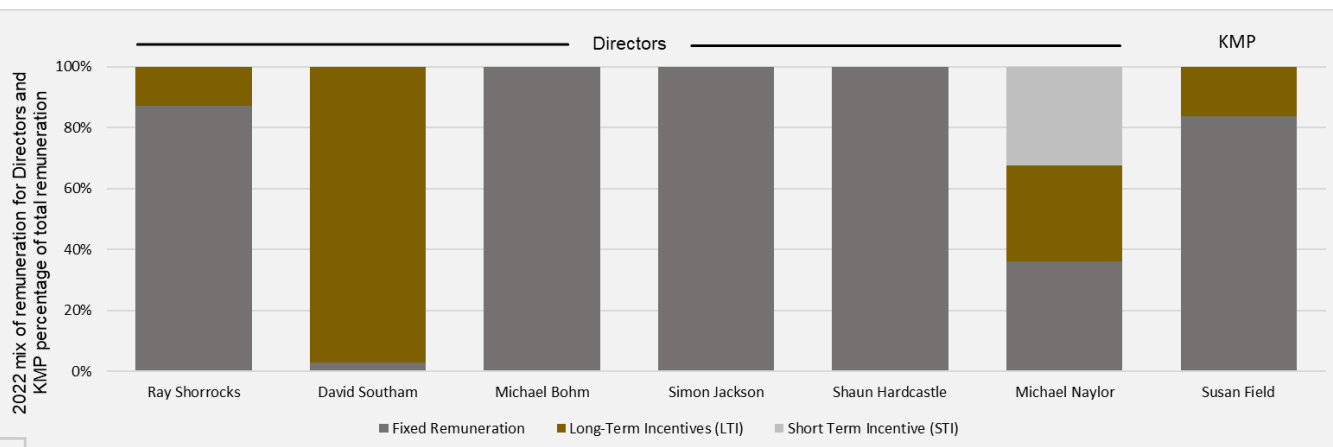
The remuneration for executives may have several components, including:

- Fixed remuneration, inclusive of superannuation and allowances;
- Short Term Incentives ("STI") under a performance-based cash or equity bonus incentive plan; and
- Long Term Incentives ("LTI") through participation in the Company's approved equity incentive plan.

These three components comprise each executive's total annual remuneration.

To link executive remuneration with the Group's performance, the Company's policy is to endeavour to provide a portion of each executive's total remuneration as "at risk".

2022 MIX OF REMUNERATION FOR DIRECTORS AND KMP PERCENTAGE OF TOTAL REMUNERATION



OVERVIEW OF COMPANY PERFORMANCE

In considering the Company's performance and benefits for shareholder wealth, the Board has regard to the following indices in respect of the current and the previous four financial years:

	2022	2021	2020	2019	2018
Income	\$685,203	\$30,311	\$439,311	\$231,203	\$198,317
Net loss after tax	\$2,761,228	\$2,081,181	\$7,720,430	\$870,917	\$638,119
Share price at 31 December	\$0.38	\$0.175	\$0.180	\$0.044	\$0.065

Currently, there is a portion of remuneration of certain executive KMP that is linked to share price performance. The rationale for this approach is that the Group is in the exploration phase, and it is currently not appropriate to link remuneration to any other factors such as profitability.

AUDITED REMUNERATION REPORT (Continued)

KMP REMUNERATION

A combination of fixed and variable reward may be provided to KMPs, based on their responsibility within the Group in relation to the achievement of its strategic objectives and capacity to contribute to the generation of long-term shareholder value.

The components of KMP remuneration may consist of:

Fixed Remuneration

KMPs receive either an annual fixed base cash salary or fee and other associated benefits depending on the nature of their contract. Fixed remuneration includes statutory superannuation guarantee contributions required by Australian legislation, which was 10.5% on 31 December 2022. Directors and KMP do not receive any other retirement benefits.

Fixed remuneration of KMPs will be set by the Board each year and is based on a number of factors. In setting fixed remuneration for KMPs, individual performance, skills, expertise and experience are taken into account as well as the Group's current level of activity and funding.

Where appropriate, external remuneration consultants may be engaged to assist the Board.

Short-Term Incentives

Under the Company's remuneration policy, employees are eligible to participate in the Company's Short-Term Incentive Program ("STIP") and earn short-term bonuses of up to a fixed % of their fixed total remuneration package, subject to achievement of STIP hurdles.

The objective of the STIP is to provide the opportunity to earn a cash or equity bonus by rewarding those employees who successfully achieve, in the opinion of the Board, the critical short-term objectives of the Company over a twelve-month period. Those short-term objectives for each employee are pre-determined and approved by the Board as being aligned with the Company's stated strategy to derive shareholder return.

For an employee who resigns or is terminated for cause before the end of the financial year, no STI is awarded for that year. Similarly, any deferred STI awards are forfeited, unless otherwise determined by the Board.

If an employee ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstance approved by the Board, the employee will be entitled to a pro-rata cash payment based on assessment of performance up to the date of ceasing employment for that year and any deferred STI awards will be retained (subject to Board discretion).

Long-Term Incentives

The Group also awards its KMP with Long-Term Incentives ("LTIs"). LTIs are issued under the Company's Employee Incentives Securities Plan which was approved by Shareholders on 28 September 2022. The objective of LTIs is to provide potential reward to KMP in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTIs can be awarded to KMP who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance.

If an employee resigns or is terminated for cause before the end of the financial year, no LTIs will vest for that year. Similarly, any vested and unexercised LTI awards are forfeited, unless otherwise determined by the Board.

If an employee ceases employment during the performance period by reason of redundancy, ill health, death, or other circumstance approved by the Board, the employee will be entitled to receive any vested but unexercised LTIs as at the date of ceasing employment, subject to Board discretion.

The treatment of vested and unexercised awards in all other circumstances will be determined by the Board with reference to the circumstances of cessation.

AUDITED REMUNERATION REPORT (Continued)

The Company prohibits directors or employees from entering into arrangements to protect the value of any Company shares, options or performance rights that the director or employee has become entitled to as part of their remuneration package. This includes entering into contract to hedge their exposure.

Unlisted Share Options

During 2022 the Company issued 3,500,000 unlisted share options to Ray Shorrocks (or his nominee) as detailed on page 47. These options were granted with an exercise price of \$0.16 and time to expiry of three years. There are no service conditions nor vesting conditions attaching to the options. The options were issued on 20 January 2022 after being approved by Shareholders at a General Meeting held on 23 December 2021 (considered the options' grant date).

Performance Rights

During 2022 the Company granted 10,000,000 Performance Rights to KMP as detailed on page 47. These rights were granted with a nil exercise price and a time to expiry of approximately five years. The following vesting conditions apply to various tranches of the total number of rights granted during 2022:

- The Company reporting a JORC compliant Inferred Mineral Resource of 5MT at a minimum grade of 0.8% Li₂O on or before 21 October 2026.
- The Company reporting a JORC compliant Inferred Mineral Resource of 10MT at a minimum grade of 0.8% Li₂O on or before 21 October 2026.
- Remaining an officeholder, employee or consultant of the Company (or a wholly owned subsidiary) at all times up to and including the vesting date.

NON-EXECUTIVE DIRECTOR REMUNERATION

Non-Executive Directors' fees are paid within an aggregate limit which is approved by the shareholders from time to time. Retirement payments, if any, are determined in accordance with the rules set out in the Group's Constitution and the Corporations Act at the time of the director's retirement or termination.

Non-Executive Directors' remuneration may include an incentive portion consisting of performance rights and/or share options, as considered appropriate by the Board, which is subject to shareholder approval in accordance with the ASX Listing Rules.

The aggregate remuneration, and the manner in which it is apportioned amongst Non-Executive Directors, is reviewed annually. The Board considers the amount of director fees being paid by comparable companies with similar responsibilities and levels of experience of the non-executive directors when undertaking the annual review process.

The maximum amount of non-executive directors' fees payable is fixed at \$300,000 in total, for each 12-month period commencing 1 January each year, until varied by ordinary resolution of shareholders. This amount was increased to \$600,000 as approved by shareholders in January 2023.

Non-Executive directors are not entitled to any termination payments.

USE OF REMUNERATION CONSULTANTS

During the year ended 31 December 2022, the Board did not engage the services of remuneration consultants (2021: None). This was considered appropriate whilst the Group is in the exploration phase.

AUDITED REMUNERATION REPORT (Continued)

THE REMUNERATION OF THE DIRECTORS AND KEY MANAGEMENT PERSONNEL

The Directors and KMP of the Company, alongside their remuneration for the period, are set out in the following tables:

2022	Fixed remuneration				Variable remuneration		Total \$	Performance based %
	Base Salary \$	Director and consultant fees \$	Annual & long service leave \$	Super-annuation \$	Bonus (cash) \$	Performance rights (non-cash) \$		
<i>Non-Executive Directors</i>								
R Shorrocks ¹	69,375	6,875	-	6,375	-	12,149	94,774	13%
D Southam ²	-	9,167	-	-	-	-	9,167	-
M Bohm	-	55,000	-	-	-	-	55,000	-
S Hardcastle	-	42,500	-	-	-	-	42,500	-
S Jackson ³	-	11,855	-	-	-	-	11,855	-
<i>Executive Directors</i>								
M Naylor	92,258	-	9,264	9,626	100,000 ⁴	97,194	308,342	64%
<i>Other KMP</i>								
S Field	-	60,000 ⁵	-	-	-	11,663	71,663	16%
Totals	161,633	185,397	9,264	16,001	100,000	121,006	593,301	37%

Notes:

- Mr Shorrocks was appointed Non-Executive Director on 25 May 2022, previously appointed Executive Chairman on 8 November 2021.
- Mr Southam was appointed as Non-Executive Director 1 November 2022. Subsequent to year end Mr Southam was appointed Managing Director on 13 February 2023.
- Mr Jackson resigned 25 May 2022. During 2022 Mr Jackson's non-executive director fees were paid up until his resignation date to Whistler Consulting Pty Ltd, a Company controlled by Mr Jackson.
- Mr Naylor received a discretionary bonus as approved by the Board of Directors in recognition for his significant efforts throughout 2022.
- Ms Field's fees were paid by the Company to Blue Leaf Corporate Pty Ltd, a Company controlled by Mr Naylor.

2021	Fixed remuneration				Variable remuneration	Total \$	Performance based %
	Base Salary \$	Director and consultant fees \$	Annual leave \$	Super-annuation \$	Unlisted options (non-cash) \$		
<i>Non-Executive Directors</i>							
M Bohm	-	54,875	-	-	-	54,875	0%
S Hardcastle	-	40,000	-	-	-	40,000	0%
S Jackson ¹	136,667	-	6,835	13,367	-	156,869	0%
R Shorrocks ²	12,500	33,333	-	1,250	320,872	367,955	87.2%
<i>Other KMP</i>							
M Naylor	-	60,000	-	-	213,724	273,724	78.1%
S Field	-	30,000	-	-	23,747	53,747	44.2%
Totals	149,167	218,208	6,835	14,617	558,343	947,170	58.9%

Notes:

- Mr Jackson was appointed Non-Executive Director on 8 November 2021, previously appointed Executive Director on 31 August 2020, and formerly Non-Executive Director appointed 17 November 2017. The salary reported in this table includes amounts entitled under his Executive Director contract up to 8 February 2022, the end of his notice period.
- Mr Shorrocks was appointed Executive Chairman on 8 November 2021, previously Non-Executive Director appointed on 30 June 2020.

AUDITED REMUNERATION REPORT (Continued)

SHARES HELD BY DIRECTORS AND KMP, INCLUDING THEIR RELATED PARTIES

	Balance at start of year	Acquired during the period	Held on resignation	Balance at the end of the year
<i>Directors</i>				
Ray Shorrocks	2,051,281	1,207,168	-	3,258,449
Michael Naylor	6,073,179	1,085,715	-	7,158,894
David Southam	-	285,715	-	285,715
Michael Bohm	6,157,178	342,858	-	6,500,036
Shaun Hardcastle	1,089,930	325,715	-	1,415,645
Simon Jackson	2,732,948	-	(2,732,948)	-
<i>Other KMP</i>				
Susan Field	-	-	-	-
Totals	18,104,516	3,247,171	(2,732,948)	18,618,739

SHARES ISSUED ON EXERCISE OF OPTIONS AND PERFORMANCE RIGHTS

There were no shares issued during 2022 (2021: None) from the conversion of performance rights or exercise of share options by KMP.

UNLISTED OPTIONS HELD BY DIRECTORS AND KMP, INCLUDING THEIR RELATED PARTIES

	Grant date	Expiry date	Fair value	Exercise price	Balance 1 Jan 2022	Held on resignation	Balance 31 Dec 2022	Vested and exercisable 31 Dec 2022
<i>Directors</i>								
Ray Shorrocks	22/09/20	22/09/23	\$0.1458	\$0.08	2,000,000	-	2,000,000	2,000,000
Ray Shorrocks	23/12/21	20/01/25	\$0.0917	\$0.16	3,500,000	-	3,500,000	3,500,000
Michael Bohm	22/09/20	22/09/23	\$0.1458	\$0.08	2,000,000	-	2,000,000	2,000,000
Simon Jackson	22/09/20	22/09/23	\$0.1458	\$0.08	2,000,000	(2,000,000)	-	-
Shaun Hardcastle	22/09/20	22/09/23	\$0.1458	\$0.08	2,000,000	-	2,000,000	2,000,000
Michael Naylor	22/09/20	22/09/23	\$0.1458	\$0.08	2,000,000	-	2,000,000	2,000,000
Michael Naylor	07/11/21	15/11/24	\$0.9500	\$0.16	2,250,000	-	2,250,000	2,250,000
David Southam	-	-	-	-	-	-	-	-
<i>Other KMP</i>								
Susan Field	07/11/21	15/11/24	\$0.095	\$0.16	250,000	-	250,000	250,000
Totals					16,000,000	(2,000,000)	14,000,000	14,000,000

PERFORMANCE RIGHTS HELD BY DIRECTORS AND KMP, INCLUDING THEIR RELATED PARTIES

	Grant date	Expiry date	Fair value	Exercise price	Balance 1 Jan 2022	Granted	Balance 31 Dec 2022	Vested and convertible 31 Dec 2022
<i>Directors</i>								
Ray Shorrocks	28/09/2022	21/10/2027	\$0.250	N/A	-	1,000,000	1,000,000	-
Michael Naylor	28/09/2022	21/10/2027	\$0.250	N/A	-	8,000,000	8,000,000	-
David Southam	-	-	-	-	-	-	-	-
Shaun Hardcastle	-	-	-	-	-	-	-	-
Michael Bohm	-	-	-	-	-	-	-	-
Simon Jackson	-	-	-	-	-	-	-	-
<i>Other KMP</i>								
Susan Field	15/08/202	21/10/2027	\$0.240	N/A	-	1,000,000	1,000,000	-
Totals					-	10,000,000	10,000,000	-

AUDITED REMUNERATION REPORT (Continued)

SERVICE AGREEMENTS

Remuneration and other terms of employment for Executives are formalised in service agreements. The service agreements specify the components of remuneration, benefits and notice periods. Participation in short term and long-term incentives are at the discretion of the Board. Other major provisions of the agreements relating to remuneration are set out below.

Name and Position	Term of Agreement	Base Salary Excluding Superannuation	Company/Employee Termination Notice Period	Termination Benefit
Michael Naylor Executive Director	Ongoing commencing 25 May 2022	\$120,000 p.a.	3 / 3 months	3 months' base salary plus superannuation

The Company has an agreement with Blue Leaf Corporate Pty Ltd, a company owned by Mr Michael Naylor, which provided company secretarial and financial management services provided in part by Ms Susan Field at a total cost of \$118,500 in 2022 (2021: \$90,000). Mr Naylor is required to give the Company 90 days' notice to terminate the contract and the Company is required to give Mr Naylor 90 days' notice to terminate the contract or payment in lieu.

LOANS TO DIRECTOR RELATED PARTIES

There were no loans to Directors of the Company, including their personally related parties, as at 31 December 2022 (2021: None).

OTHER TRANSACTIONS WITH DIRECTOR RELATED PARTIES

Shaun Hardcastle was a Partner of HWL Ebsworth Lawyers which provided legal services to the Company to the value of \$4,358 during 2022 (2021: \$38,787). There were no amounts owing to HWL Ebsworth Lawyers by the Company at 31 December 2022 (2021: \$7,330).

Shaun Hardcastle is a Partner of Hamilton Locke Lawyers which provided legal services to the Company to the value of \$137,025 during 2022 (2021: Nil). There were no amounts owing to HWL Ebsworth Lawyers by the Company at 31 December 2022 (2021: \$7,330).

Blue Leaf Corporate Pty Ltd, a company owned by Michael Naylor, provided company secretarial and financial management services to the Company during 2022 to the value of \$118,500 (2021: \$90,000). Acting as joint company secretary, Susan Field is under contract with Blue Leaf Corporate Pty Ltd and was remunerated \$60,000 (2021: \$30,000) for her contribution of services to Cygnus Metals Limited which has been disclosed as remuneration in the table on page 46. There were no amounts owing to Blue Leaf Corporate Pty Ltd by the Company at 31 December 2022 (2021: \$7,500).

Belltree Corporate Pty Ltd, a Company that Director Michael Naylor is a Director of, and Michael Naylor and Shaun Hardcastle have an indirect interest in, provided company secretarial services to the Company during the year ended 31 December 2022 totalling \$7,000 (2021: Nil). There were no amounts owing to Belltree Corporate Pty Ltd by the Company at 31 December 2022 (2021: Nil).

During the year ended 31 December 2022 the Company paid \$266,599 (2021: \$36,155) for shared administrative, head office rent and head office fit-out costs to Auteco Minerals Limited, of which Ray Shorrocks and Michael Naylor are Directors. \$166,887 was owing to Auteco Minerals Limited by the Company at 31 December 2022 (2021: Nil).

During the year ended 31 December 2022 the Company paid \$10,694 (2021: \$153,438) for shared administrative costs to Bellevue Gold Limited, a Company that Michael Naylor is a Director. There were no amounts owing to Bellevue Gold Limited by the Company at 31 December 2022 (2021: \$Nil).

AUDITED REMUNERATION REPORT (Continued)

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and interest-free and settlement occurs in cash and are presented as part of trade payables. There have been no bank guarantees provided for any related party payables.

VOTING AND COMMENTS MADE AT THE COMPANY'S LAST ANNUAL GENERAL MEETING

Cygnus received 94.64% "yes" votes on its Remuneration Report for the year ended 31 December 2021.

APPOINTMENT OF MANAGING DIRECTOR

On 4 October 2022 the Company announced the appointment of Mr David Southam as Non-Executive Director from 1 November 2022 and as Managing Director from mid-February 2023. On 13 February 2023 Mr Southam commenced as Managing Director. The material terms of Mr Southam's Managing Director employment contract are:

- Commencement Date: 13 February 2023 on a part-time basis with transition arrangements to move to full-time
- Term / Notice Period: Ongoing term, with termination by the Company of six months and termination by the Managing Director of three months. The Company may terminate the employment without notice in certain circumstances.
- Remuneration: A fixed Total Remuneration Package ("TRP") of \$600,000 (Full Time Equivalent), inclusive of superannuation contributions.
- Short Term Incentive Program ("STIP"): Eligible to participate in a STIP of up to 25% of TRP subject to achievement of STIP hurdles.
- Employee Incentives Securities Plan ("EISP"): Eligible to participate in the EISP. The Company agreed to issue 18,000,000 performance rights to Mr Southam which are linked to his commencement in the role as Managing Director on 13 February 2023.
- The Company has also agreed to issue Long Term Incentives to Mr Southam up to 150% of the base salary component of his TRP commencing 1 July 2023.

END OF AUDITED REMUNERATION REPORT

MEETINGS OF DIRECTORS

During the financial year, five meetings of directors were held and attendances by each director during the year were as follows:

	Number attended	Number eligible to attend
Michael Bohm	5	5
David Southam	2	2
Michael Naylor	5	5
Simon Jackson	-	-
Ray Shorrocks	5	5
Shaun Hardcastle	5	5

Given the size of the Board the Company has decided that there are no efficiencies to be gained from forming separate committees.

SHARE OPTIONS AND PERFORMANCE RIGHTS

There are 44,000,000 share options on issue (2021: 38,000,000) and 47,900,000 performance rights on issue (2021: Nil) at the date of this report.

INDEMNIFYING OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The terms of the policy prevent disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

INDEMNIFYING OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payments have been made to indemnify Ernst & Young to the date of this report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Ernst & Young, the Company's auditors, have not performed any other services in addition to their statutory audit duties.

The total remuneration for audit services provided during the prior and current financial years is set out in note 13 of the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2022 has been received and is attached to this Directors' Report.

DIRECTORS' DECLARATION

This report is made in accordance with a resolution of the directors.



David Southam
Managing Director

Dated in Perth this 31st day of March 2023.

COMPETENT PERSONS STATEMENT

The information in this annual report that relates to Exploration Results is based on and fairly represents information and supporting documentation compiled by Mr Duncan Grieve, a Competent Person who is a member of The Australasian Institute of Geoscientists. Mr Grieve is Chief Geologist and a full-time employee of Cygnus Metals and holds shares in the Company.

Mr Grieve has sufficient experience relevant to the style of mineralisation under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Grieve consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

FORWARD LOOKING STATEMENTS

This report may contain certain forward-looking statements and projections regarding estimated, resources and reserves; planned production and operating costs profiles; planned capital requirements; and planned strategies and corporate objectives. Such forward looking statements/ projections are estimates for discussion purposes only and should not be relied upon. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Cygnus Metals Limited. The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

Cygnus Metals Limited does not make any representations and provides no warranties concerning the accuracy of the projections, and disclaims any obligation to update or revise any forward-looking statements/projects based on new information, future events or otherwise except to the extent required by applicable laws. While the information contained in this report has been prepared in good faith, neither Cygnus Metals or any of its directors, officers, agents, employees or advisors give any representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. Accordingly, to the maximum extent permitted by law, none of Cygnus Metals Limited, its directors, employees or agents, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this report.



**Building a better
working world**

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Auditor's independence declaration to the Directors of Cygnus Metals Limited

As lead auditor for the audit of the financial report of Cygnus Metals Limited for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b) no contraventions of any applicable code of professional conduct in relation to the audit; and
- c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cygnus Metals Limited and the entities it controlled during the financial year.

A handwritten signature in black ink, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'RJ Curtin'.

RJ Curtin
Partner
31 March 2023

For personal use only

2022 Financial Report

For the Year ended 31 December 2022

CYGNUS
METALS

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Cygnus Metals Limited (formerly Cygnus Gold Limited) and its subsidiaries. The financial statements are presented in the Australian currency.

Cygnus Metals Limited is a Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Cygnus Metals Limited
Level 2, 8 Richardson Street
WEST PERTH WA 6005

A description of the nature of the consolidated entity's operations and its principal activities is included in the Operations Review on pages 11 to 29 in the Directors' report, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 31 March 2023.

Through the use of the internet, the Company has ensured that its corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial statements and other information are available on our website: www.cygnusmetals.com.

Consolidated Statement of Profit or Loss & Other Comprehensive Income

For the year ended 31 December 2022

CYGNUS
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	Notes	2022 \$	2021 \$
OTHER INCOME	3	685,203	24,883
		685,203	24,883
EXPENSES			
Audit and accounting		(40,800)	(35,550)
Compliance expenses		(94,402)	(67,600)
Consultants and contractors		(491,519)	(452,800)
Corporate costs		(443,820)	(135,733)
Depreciation – Property, plant and equipment	21	(40,818)	(25,812)
Depreciation - Right of use assets	22	(26,266)	(16,698)
Loss on sale of asset		-	(488)
Employee benefits expense		(641,093)	(338,647)
Exploration expenditure impaired	20	(841)	(313,881)
Exploration and evaluation written off	20	(23,038)	(4,281)
Exploration and evaluation costs		(59,167)	(63,865)
Interest expense on lease liability	7	(4,479)	(3,546)
Share-based payments	11(b)	(394,157)	(558,343)
Office rental & outgoings		(38,823)	(90,227)
Travel and accommodation		(405,161)	(4,021)
Unrealised FX losses	18	(306,397)	-
		(3,010,781)	(2,111,492)
Results from operating activities		(2,325,578)	(2,086,609)
Finance income		5,123	5,428
Loss before income tax		(2,320,455)	(2,081,181)
Income tax expense	26	(440,773)	-
Loss after income tax for the year attributable to equity holders of the Company		(2,761,228)	(2,081,181)
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial assets		(56,934)	-
Total comprehensive loss for the year, net of tax attributable to equity holders of the Company		(2,818,162)	(2,081,181)
Loss per share attributable to equity holders of the Company:			
Basic and diluted loss per share (cents per share)	12	(0.45)	(1.91)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position

As at 31 December 2022

CYGNUS
METALS

	Notes	2022 \$	2021 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	13,530,678	2,811,336
Trade and other receivables	5	1,779,273	75,094
Total current assets		15,309,951	2,886,430
Non-current assets			
Exploration and evaluation	20	5,538,857	453,546
Property, plant and equipment	21	154,967	44,886
Right of use assets	22	-	114,527
Investments	23	397,895	-
Total non-current assets		6,091,719	612,959
TOTAL ASSETS		21,401,670	3,499,389
LIABILITIES			
Current liabilities			
Trade and other payables	6	3,530,497	266,256
Provisions		27,959	6,284
Lease liabilities	7	-	25,908
Total current liabilities		3,558,456	298,448
Non-current liabilities			
Lease liabilities	7	-	90,855
Deferred tax liabilities	8	440,773	-
Total non-current liabilities		440,773	90,855
TOTAL LIABILITIES		3,999,229	389,303
NET ASSETS		17,402,441	3,110,086
EQUITY			
Share capital and other contributed equity	9	25,260,644	10,149,146
Reserves	10	7,051,288	5,109,203
Accumulated losses		(14,909,491)	(12,148,263)
TOTAL EQUITY		17,402,441	3,110,086

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

CYGNUS
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	Notes	Share Capital \$	Other Contributed Equity \$	Share-based Payment Reserve \$	Asset Revaluation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2021		9,130,519	-	4,313,389	-	(10,067,082)	3,376,826
Loss for the year		-	-	-	-	(2,081,181)	(2,081,181)
Total comprehensive loss		-	-	-	-	(2,081,181)	(2,081,181)
Transactions with owners:							
Issue of share capital		918,604	-	-	-	-	918,604
Proceeds from share applications		-	105,000	-	-	-	105,000
Share issue expense		(4,977)	-	-	-	-	(4,977)
Share-based payments		-	-	795,814	-	-	795,814
Balance at 31 December 2021		10,044,146	105,000	5,109,203	-	(12,148,263)	3,110,086
Loss for the year		-	-	-	-	(3,142,960)	(3,142,960)
Other comprehensive loss:							
Fair value adjustment of financial assets		-	-	-	(56,934)	-	(56,934)
Total comprehensive loss		-	-	-	(56,934)	(3,142,960)	(3,199,894)
Transactions with owners:							
Placement of ordinary shares	9	13,195,913	-	-	-	-	13,195,913
Placement of Flow-Through shares	9	6,334,806	-	-	-	-	6,334,806
Flow-Through share raise premium		(2,052,304)	-	-	-	-	(2,052,304)
Broker option issue expense		(1,604,862)	-	1,604,862	-	-	-
Share issue expense	9	(762,055)	-	-	-	-	(762,055)
Prior Placement approved by Shareholders		105,000	(105,000)	-	-	-	-
Share-based payments	10.1(a)	-	-	394,157	-	-	394,157
Balance at 31 December 2022		25,260,644	-	7,108,222	(56,934)	(14,909,491)	17,402,441

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

CYGNUS
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	Notes	2022 \$	2021 \$
Operating activities			
Payments to suppliers and employees		(2,124,114)	(842,715)
Payments for exploration expenditure		(49,844)	(63,865)
Interest received		5,276	5,365
Interest payments		(4,510)	(3,546)
Other income		64,919	19,746
Net cash used in operating activities	14	(2,108,273)	(885,015)
Investing activities			
Payments for acquisition of mining tenements		(1,315,210)	(4,032)
Payments for capitalised exploration expenditure		(3,292,312)	(672,896)
Purchase of property plant and equipment		(22,704)	(15,833)
Receipts from sale of mining tenements		18,060	-
Purchase of listed investments		(454,830)	-
Net cash used in investing activities		(5,066,996)	(692,761)
Financing activities			
Proceeds from shares issued	9	18,991,203	918,604
Proceeds received in advance of shares issued		-	105,000
Costs of shares issued	9	(761,830)	(4,977)
Principal payment for leases		(28,502)	(15,449)
Net cash provided by financing activities		18,200,871	1,003,178
Net change in cash and cash equivalents		11,025,602	(574,598)
Effect of movement in exchange rates on cash held		(306,260)	-
Cash and cash equivalents, beginning of period		2,811,336	3,385,934
Cash and cash equivalents, end of year	4	13,530,678	2,811,336

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

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1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to the financial years presented, unless otherwise stated. These financial statements cover Cygnus Metals Limited (formerly Cygnus Metals Limited) as a consolidated, for-profit entity consisting of Cygnus Metals Limited and its subsidiaries ('the consolidated entity' or 'the Group').

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements and the *Corporations Act 2001*.

(i) Compliance with IFRS

The financial statements of Cygnus Metals Limited also comply with International Financial Reporting Standards (IFRS).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention except for investments held at fair value through other comprehensive income.

(iii) Going Concern

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

As at 31 December 2022 the Group had current assets of \$15,309,951 (2021: \$2,886,430), including cash and cash equivalents of \$13,530,678 (2021: 2,811,336), and current liabilities of \$3,558,456 (2021: \$298,448).

Management has prepared cash flow forecasts for the next twelve months under various scenarios, a number of which contemplate potential future capital raisings or other transactions and delivery of exploration projects as currently forecast. Based on these scenarios the Directors are of the view that the Group will be able to meet its commitments and pay its debts as and when they fall due, while meeting its objectives of exploring its projects as presently forecast.

The Group has potential options available to manage liquidity, including one or a combination of, a placement of shares, option conversion, entitlement offer, joint venture arrangements or sale of certain assets, and as such, the Directors have a reasonable basis to believe that the Group will have sufficient working capital for at least twelve months from the date this financial report is approved.

In the event that all of the funding options available to the Group do not transpire or there is no change to the forecasted spending pattern, there may be material uncertainty about whether it would be able to continue as a going concern and, therefore, realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of controlled entities (subsidiaries) at year end is contained in note 16. The financial statements of subsidiaries are prepared for the same reporting period the parent entity, using consistent accounting policies.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

Parent entity disclosure

The financial information for the parent entity, Cygnus Metals Limited, disclosed in Note 17 has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries, which have been recorded at cost less impairments.

(b) Functional and presentation currency

The functional currency of each entity within the group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(c) Other income

(i) *Administrative and geology services*

The Company has recognised other income for the provision of administrative and geology services. In the comparative period the Group provided vehicles for hire under short-term (daily) arrangements and geology services. Other income was recognised over time as service was delivered or provided respectively.

(ii) *Settlement of Flow-Through Share Liability*

The issue of Flow-Through Shares ("FTS") includes an issue of ordinary shares and the sale of tax deductions. At the time the FTS are issued, the sale of tax deductions is deferred and presented as current liabilities in the statement of financial position because the Company has not yet fulfilled its obligations to pass on the tax deductions to the investor. When the Company fulfills its obligation the sale of tax deductions is recognised in the income statement as other income.

(iii) *Proceeds from sale of tenements*

The Company has recognised other income for the sale of tenements that it has no longer deemed to be prospective.

(d) Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis.

(e) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, which are considered an integral part of the Group's cash management.

(f) Equity and reserves

Share capital represents the fair value of consideration received for shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits.

Where, at balance date, the Group has received applications for shares and the corresponding subscription monies before issuing shares, the Group accounts for the receipt of funds at the fair value of the consideration received as Other Contributed Equity.

Retained earnings include all current and prior period retained profits.

Refer to Note 1(p) for the Group's accounting policy on Flow-Through Shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

The Group maintains a share based payments reserve which accumulates the value recognised as a result of share-based awards issued to employees or contractors for services rendered. Where amounts have accumulated in the reserve and the underlying instruments expire, amounts are transferred from the reserve to retained earnings. Where amounts have accumulated in the reserve and the underlying instruments have vested or been exercised, amounts are transferred from the reserve to share capital. In the event that awards are forfeited, balances that have accumulated in the reserve are reversed through the profit or loss.

(g) Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office ('ATO') and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint arrangements is not provided if reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

(h) Employee benefits

Wages and salaries and annual leave:

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

(i) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised costs and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

Interest income is recognised in profit or loss and is included in the 'finance income' line item.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the Investment Revaluation Reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (see Note 23).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

The Group always recognises lifetime ECL (expected credit losses) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic

conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

In contrast, on derecognition of an investment in an equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss within other gains and losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

(h) Impairment of assets (other than exploration and evaluation assets)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to the carrying amounts of the assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Other receivables

Other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method, less an allowance for expected credit loss if required. Bad debts are written off when identified.

(j) Trade and other payables

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The carrying period is generally between 30 to 45 days, which is within the Groups accepted terms.

(j) Exploration and evaluation expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area of interest.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

Costs of site restoration are provided over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(k) Property, plant and equipment

Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

Subsequent Costs

Subsequent expenditure is only capitalised when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The expected useful lives in the current and comparative period are as follows:

IT equipment	2 – 3 years
Plant and equipment	2 – 3 years
Motor vehicle	5 years

The estimated useful lives, depreciation methods and residual values are reviewed at the end of each reporting period.

(l) Share-based payments

The Group operates equity-settled share-based remuneration plans for its employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees have been rewarded using share-based payments, the fair values have been determined indirectly by reference to the fair value of the equity instruments granted. Where consultants have been rewarded using share-based payments, the Group determines the fair value with direct reference to the fair value of the service unless this cannot be determined at which point the fair value is determined indirectly by reference to the fair value of the equity instrument granted. In the circumstances for this financial report, for consultants, the fair value of the services could not be readily determined with reference to a service contract and the contracts have no defined period of service to which the award pertains. Therefore, the fair value has been determined indirectly by reference to the fair value of the equity instrument granted. Fair value with reference to the equity instrument is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to the share-based payment reserve. Where vesting periods exist, the total expense is recognised straight-line over the vesting period. Where vesting conditions are non-market based, the expense is based on the best available estimate of the number of instruments expected to vest. Where the vesting conditions are market based, the Group uses a pricing model to determine the fair value of each instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

The fair value of share-based payments to asset vendors is determined with reference to the fair value of the equity instruments issued as consideration for the assets acquired per the terms of the relevant asset purchase agreement. If the fair value of the transactions cannot be estimated with direct reference to the fair value of the asset received given limited fair value information over the asset available at the time of the transaction, the fair value of each instrument is estimated using the latest trading price of the shares relative to the date of completion of the sale.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

(p) Flow-Through Shares

Flow-through shares may be issued to finance a portion of an exploration program. A flow-through share agreement transfers the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company divides the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognised as a liability, and ii) issued capital. Share capital for shares issued is recognised at fair value with the residual value, or flow-through share premium, recognised as current liabilities.

The Company has elected to apply the renunciation process prospectively and has relied upon the “look-back” rule which allows the Company to renounce eligible expenditures incurred up to an entire calendar year (i.e. 2023) following the last day of the calendar year in which the FTS are issued (i.e. 2022)

At initial recognition the sale of tax deductions is deferred and presented as other liabilities in the balance sheet as the entity has not yet fulfilled its obligations to pass on the tax deductions to the investor.

Upon expenses being incurred, the Company derecognises the liability and the premium is recognised as other income. The exploration spend also gives rise to a deferred tax liability which is recognised as the difference between the carrying value and tax base of the qualifying expenditure for the amount of the tax reduction renounced to the investors.

(q) Interests in joint arrangements

Joint arrangements are those arrangements in which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Joint arrangements are classified as either joint operations or a joint venture, based on the contractual rights and obligations between the parties to the arrangement.

Joint operations: In a joint operation the Group has rights to the assets and obligations for the liabilities relating to the arrangement. This includes situations in which the parties benefit from the joint activity through the sharing of output, rather than by receiving a share of results of trading. Interests in joint operations are reported in the Financial Statements by including the Group’s proportionate share of assets employed in the arrangement, the share of liabilities incurred in relation to the arrangement and the share of any revenue or expenses earned or incurred.

Joint ventures: A joint venture is a joint arrangement in which the parties that share joint control have rights to the net assets of the arrangement. A separate vehicle, not the parties, will have the rights to the assets and obligations to the liabilities relating to the arrangement. More than an insignificant amount of output is sold to third parties, which indicates the joint venture is not dependent on the parties to the arrangement for funding. Joint ventures are accounted for using the equity accounting method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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1. Summary of Significant Accounting Policies (continued)

(r) New and amended accounting standards and interpretations issued but not yet effective

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Company.

The Group has assessed these new and amended standards and has determined that they do not have a material impact on the current reporting period and are not expected to have a material impact on the Company when adopted in future reporting periods.

2. Critical Accounting Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this Annual Financial Report, the significant judgements and estimates made by management in applying the Entity's accounting policies and the key sources of estimation uncertainty are detailed below.

Critical Estimates

Exploration and Evaluation Expenditure – Impairment

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy requires estimates and assumptions as to future events and circumstances. In particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to the presence of mineral reserves, timing of expected cash flows, exchange rates, commodity prices and future capital requirements.

Changes in these estimates and assumptions as new information about the presence or recoverability of a mineral reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement profit or loss and other comprehensive income.

Critical Judgments

Exploration and Evaluation Expenditure

The entity carries exploration and evaluation expenditure as assets for expenditure accumulated on areas of interest where it is considered likely to be recoverable. The Group judges this to be the case where the Group has right of tenure over an area of interest, has substantive expenditure budgeted for the area of interest and the exploration activities have not yet resulted in sufficient information that would indicate the amounts are not recoverable up to the asset carrying value.

3. Other income

	2022	2021
	\$	\$
Provision of geology and administrative services	92,498	24,883
Proceeds from the sale of tenements	18,060	-
Settlement of flow-through share liability	574,645	-
Other income	685,203	24,883

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4. Cash and cash equivalents

	2022	2021
	\$	\$
Cash at bank and on hand	13,510,678	1,031,336
Short-term deposits	20,000	1,780,000
Cash and cash equivalents	13,530,678	2,811,336

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made and have original maturities of less than 3 months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

5. Trade and other receivables

	2022	2021
	\$	\$
Trade and other receivables	167,267 ¹	25,101
Advances to joint operations manager	-	36,210
Prepayments	1,592,006 ²	13,783
Trade and other receivables	1,779,273	75,094

Note:

¹ - Relates to GST receivable and amounts owing from the recharged of share administration costs.

² - \$1,516,406 relates to a deposit paid to the Company's Canadian contractor responsible for undertaking the Company's Canadian drill campaigns.

All amounts are short-term. The carrying values of trade and other receivables are considered to be a reasonable approximation of fair value.

6. Trade and other payables

	2022	2021
	\$	\$
Trade payables	1,278,254	93,857
Other payables	774,584	172,406
Flow-through share premium liability	1,477,659	-
Trade and other payables	3,530,497	266,256

All amounts are short-term. The carrying values of trade and other payables are considered to be a reasonable approximation of fair value

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7. Lease liabilities

	2022	2021
	\$	\$
Current	-	25,908
Non-Current	-	90,855
Lease liabilities	-	116,763
<i>Amount recognised in profit or loss</i>		
Interest expense incurred on lease liability	4,479	3,546

During the current reporting period the Company terminated its lease agreement for its Perth head office. From November 2022 the Company is party to a cost sharing agreement for its new Perth head office premises and no related Right-of-Use asset or lease liability has been recognised.

8. Non-current liabilities – Deferred tax liabilities

	2022	2021
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Opening balance	-	-
Temporary difference on relinquishment of qualifying expenditure to investors	440,773	-
Deferred tax liability	440,773	-

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9. Share capital and other contributed equity

The share capital of Cygnus consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholder meetings of the Company.

Other contributed equity comprises share subscription monies received in advance of issuing of the shares.

	2022 Shares and shares to be issued	2021 Shares and shares to be issued	2022 \$	2021 \$
Issued capital	183,874,212	116,407,961	28,917,672	10,044,147
Other contributed equity	-	913,044	-	105,000
Share capital and other contributed equity	183,874,212	117,321,005	28,917,672	10,149,147
	Date	Shares	Issue Price \$	Total \$
Opening balance 1 January 2021		108,070,098		9,130,519
Shares issued on vesting of performance rights		350,000	-	-
Share issue	16/11/21	7,987,863	0.115	918,604
Other contributed equity	20/01/22 ¹	913,044	0.115	105,000
Share issue costs		-		(4,977)
Closing balance at 31 December 2021		117,321,005		10,149,146
Share issue	21/01/22	664,310	0.115	76,760
Share issue	8/08/22	29,200,000	0.125	3,650,000
Share issue	21/10/22	4,240,000	0.125	530,000
Share issue – Advisors	21/10/22	2,000,000	-	-
Share issue – Employee	18/11/22	500,000	-	-
Share issue – Flow-through shares	23/11/22	8,677,817	0.730	6,334,806
Share issue - Directors	29/11/22	1,142,861	0.350	400,000
Share issue – Project acquisition	29/11/22	1,946,400	0.277	539,153
Share issue	16/12/22	18,181,819	0.440	8,000,000
Less flow-through share premium		-	-	(2,052,304)
Broker option issue cost		-	-	(1,604,498)
Share issue costs		-	-	(762,055)
Closing balance at 31 December 2022		183,874,212		25,260,644

Note:

1 - Share application monies were received from participating directors in advance, pending shareholder approval which was sought and was received at a General Meeting of Shareholders, held on 23 December 2021. These shares were subsequently issued on 20 January 2022.

Each share has the same right to receive dividend and the repayment of capital and represents one vote at the shareholders' meeting of Cygnus Metals Limited.

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10. Reserves

	2022 \$	2021 \$
Share-based payment reserve	7,108,222	5,109,203
Investment revaluation reserve	(56,934)	-
Total reserves	7,051,288	5,109,203

11. Share-based payments

(a) Share options

The share-based payment reserve records items recognised on valuation of director, employee and contractor share options and performance rights. Information relating to options issued, exercised and lapsed during the current and comparative financial year and outstanding at the end of the current and comparative financial year, is set out below.

Grant Date	Expiry date	Exercise price	Balance at start of year	Granted during the period	Exercised during the period	Balance at the end of the period	Vested and exercisable at end of the period
2022							
22/09/2020	22/09/2023	\$0.08	29,500,000	-	-	29,500,000	29,500,000
07/11/2021	15/11/2024	\$0.16	5,000,000	-	-	5,000,000	5,000,000
23/12/2021	21/01/2025	\$0.16	3,500,000	-	-	3,500,000	3,500,000
21/10/2022	21/10/2025	\$0.25	-	1,500,000	-	1,500,000	1,500,000
21/10/2022	21/10/2025	\$0.50	-	1,500,000	-	1,500,000	1,500,000
21/10/2022	21/10/2025	\$0.75	-	1,500,000	-	1,500,000	1,500,000
21/10/2022	21/10/2025	\$1.00	-	1,500,000	-	1,500,000	1,500,000
			38,000,000	6,000,000	-	44,000,000	44,000,000
Weighted average exercise price:			\$0.14	\$0.63		\$0.17	\$0.17
Weighted average remaining contractual life:							1.25 years
2021							
22/09/2020	22/09/2023	\$0.08	29,500,000	-	-	29,500,000	29,500,000
07/11/2021	16/11/2024	\$0.16	-	5,000,000	-	5,000,000	5,000,000
23/12/2021	21/01/2025	\$0.16	-	3,500,000	-	3,500,000	3,500,000
			29,500,000	8,500,000	-	38,000,000	38,000,000
Weighted average exercise price:			\$0.08	\$0.16		\$0.10	\$0.10
Weighted average remaining contractual life:							2.00 years

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11. Share-based payments (continued)

Fair value of unlisted options granted

There were no options granted during the current reporting period.

The fair value at grant date stated in the table for options on issue at the end of the current reporting period was determined using the Black-Scholes valuation methodology for options granted and takes into account the following inputs set out in the table below.

Share price volatility has been based on the normalised volatility of the Group's shares for a historical period equivalent to the time to expiry of the unlisted options issued. Total share-based payment transactions recognised during the comparative period are as set out below.

Number	Grant date & vesting date	Expiry date	Fair value of option at grant date	Option exercise price	Risk free interest rate	Expected volatility	Notes	Total value
			\$	\$	%	%		\$
2021								
5,000,000 ¹	07/11/2021	16/11/2024	0.0950	0.16	0.90	100		474,942
3,500,000 ²	23/12/2021	20/01/2025	0.0917	0.16	0.90	100		320,872
8,500,000							11(c)	795,814

Notes:

1 - On 16 November 2021 there was a total of 5,000,000 unlisted options issued to key management personnel and a consultant, with an exercise price of \$0.16 and expiring on 16 November 2024.

2 - Shareholders approved at a General Meeting of Shareholders held on 23 December 2021 the issue of 3,500,000 unlisted options to Ray Shorrocks (or his nominee), with an exercise price of \$0.16. The unlisted options were subsequently issued on 20 January 2022, expiring on 20 January 2025.

(b) Performance rights

Information relating to performance rights issued and lapsed during the current financial year and outstanding at the end of the current financial year, is set out below. There were no performance rights issued in the comparative period.

Tranche	Grant Date	Vesting date	Expiry date	Balance at start of year	Granted	Balance at end of year	Vested and exercisable at end of the period	Value of rights expensed during the year \$
A	15/08/2022	21/10/2026	21/10/2027	-	8,350,000	8,350,000	-	97,388
B	15/08/2022	21/10/2026	21/10/2027	-	8,350,000	8,350,000	-	97,388
C	28/09/2022	21/10/2026	21/10/2027	-	4,500,000	4,500,000	-	54,671
D	28/09/2022	21/10/2026	21/10/2027	-	4,500,000	4,500,000	-	54,671
E	4/10/2022	21/10/2026	21/10/2027	-	150,000	150,000	-	2,697
F	4/10/2022	21/10/2026	21/10/2027	-	150,000	150,000	-	2,697
G	16/11/2022	15/06/2023	30/07/2025	-	250,000	250,000	-	25,859
H	16/11/2022	15/06/2024	30/07/2025	-	250,000	250,000	-	9,456
I	16/11/2022	30/11/2024	30/11/2026	-	100,000	100,000	-	2,930
J	16/11/2022	30/09/2023	30/09/2025	-	300,000	300,000	-	20,590
K	19/11/2022	21/10/2026	21/10/2027	-	1,000,000	1,000,000	-	12,905
L	19/11/2022	21/10/2026	21/10/2027	-	1,000,000	1,000,000	-	12,905
				-	28,900,000	28,900,000	-	394,157

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11. Share-based payments (continued)

The terms of performance rights issued during the year include:

Tranche	Vesting conditions
A,C,E,K	The Company reporting a JORC compliant Inferred Mineral Resource of 5MT at a minimum grade of 0.8% Li ₂ O on or before 21 October 2026.
B,D,F,L	The Company reporting a JORC compliant Inferred Mineral Resource of 10MT at a minimum grade of 0.8% Li ₂ O on or before 21 October 2026.
G	Remaining an officeholder, employee or consultant of the Company (or a wholly owned subsidiary) at all times up to and including 15 June 2023.
H	Remaining an officeholder, employee or consultant of the Company (or a wholly owned subsidiary) at all times up to and including 15 June 2024.
I	Remaining an officeholder, employee or consultant of the Company (or a wholly owned subsidiary) at all times up to and including 30 November 2024.
J	Vesting of 30 September 2023 subject to remaining an officeholder, employee or consultant of the Company at all times up to and including the vesting date, zero breaches of heritage and safety systems, and other exploration related vesting conditions.

Fair value of performance rights

The following table illustrates the inputs used to calculate the fair value of performance rights issued during the current reporting period:

Tranche	A,B	C,D	E,F	G
Share price at grant date	\$0.240	\$0.25	\$0.37	\$0.485
Vesting test date	21/10/26	21/10/26	21/10/26	15/6/23
Expiry date	21/10/27	21/10/27	21/10/27	30/7/25
Days to expiry	1,893	1,849	1,843	987
Number issued	16,700,000	9,000,000	300,000	250,000
Valuation per right	\$0.24	\$0.25	\$0.37	\$0.485
Valuation per class of rights	\$4,008,000	\$2,250,000	\$111,000	\$121,250
Tranche	H	I	J	K,L
Share price at grant date	\$0.485	\$0.485	\$0.485	\$0.440
Vesting test date	15/6/24	30/11/24	30/09/23	21/10/26
Expiry date	30/7/25	30/11/26	30/09/25	21/10/27
Days to expiry	987	1,475	1,049	1,797
Number issued	250,000	100,000	300,000	2,000,000
Valuation per right	\$0.485	\$0.485	\$0.485	\$0.440
Valuation per class of rights	\$121,250	\$48,500	\$145,500	\$880,000

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11. Share-based payments (continued)

(c) Summary of share-based payments

	2022	2021
Share-based payments – Unlisted Options – Key Management Personnel	-	558,343
Share-based payments – Performance Rights	394,157	-
Share-based payments – Unlisted Options – Consultants ¹	-	237,471
Totals	394,157	795,814

Note:

1 - The fair value determined for these unlisted Options is included in consultants and contractor expenses for the comparative period of \$452,800 as disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

12. Loss per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the Company as the numerator (i.e. no adjustments to loss were necessary in either 2022 or 2021).

	2022 \$	2021 \$
Net loss attributable to ordinary equity holders of the Company	(2,761,228)	(2,081,181)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	618,913,430	109,313,665
Basic and diluted loss per share (cents per share)	(0.45)	(1.91)

As at 31 December 2022, the Group had 44,000,000 unlisted share options exercisable (2021: 38,000,000), which are not included in diluted loss per share since they are antidilutive for the periods presented.

13. Auditor remuneration

	2022 \$	2021 \$
Audit and review of financial statements		
Auditors of Cygnus Metals Limited – Ernst & Young	40,000	30,000
Total auditor's remuneration	40,000	30,000

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14. Reconciliation of cash flows from operating activities

	Notes	2022 \$	2021 \$
Loss for the period		(2,761,228)	(2,081,181)
Depreciation and amortisation		40,818	25,812
Depreciation on right of use assets		26,266	16,698
Exploration and evaluation impairment costs		841	313,881
Exploration and evaluation write-off costs		23,038	4,281
Share-based payment expense – Unlisted Options - Consultants	11(c)	-	237,471
Share-based payment expense – Unlisted options - KMP	11(c)	-	558,343
Share-based payment expense – Performance rights	11(c)	394,157	-
Unrealised foreign exchange losses		306,397	-
Deferred tax expense		440,773	-
Settlement of Flow-Through Share liability		574,645	-
Other		384,408	(8,252)
Net changes in working capital:			
Change in trade and other receivables		1,704,179	(42,973)
Change in employee benefits provisions		21,675	12,968
Change in trade and other payables		(3,264,241)	77,937
Net cash used in operating activities		(2,108,273)	(885,015)

15. Related Party Transactions

KMP remuneration

	2022 \$	2021 \$
Short term employee benefits	456,294	374,210
Post-employment benefits	16,001	14,617
Share-based payments	121,006	558,343
Total	593,301	947,170

Individual Directors and executive's compensation disclosures

Information regarding individual directors and executive's compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors' Report on pages 42 to 49.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at the end of the current period.

15.1 Other related party transactions and arrangements

All other transactions and arrangements with other related parties are made on normal commercial terms and conditions and at deemed market rates. These included the following.

Shaun Hardcastle was a Partner of HWL Ebsworth Lawyers which provided legal services to the Company to the value of \$4,358 during 2022 (2021: \$38,787). There were no amounts owing to HWL Ebsworth Lawyers by the Company at 31 December 2022 (2021: \$7,330).

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Shaun Hardcastle is a Partner of Hamilton Locke Lawyers which provided legal services to the Company to the value of \$137,025 during 2022 (2021: Nil). There were no amounts owing to HWL Ebsworth Lawyers by the Company at 31 December 2022 (2021: \$7,330).

Blue Leaf Corporate Pty Ltd, a company owned by Michael Naylor, provided company secretarial and financial management services to the Company during 2022 to the value of \$118,500 (2021: \$90,000). Acting as joint company secretary, Susan Field is under contract with Blue Leaf Corporate Pty Ltd and was remunerated \$60,000 (2021: \$30,000) for her contribution of services to Cygnus Metals Limited. There were no amounts owing to Blue Leaf Corporate Pty Ltd by the Company at 31 December 2022 (2021: \$7,500).

Belltree Corporate Pty Ltd, a Company that Director Michael Naylor is a Director of and Shaun Hardcastle has an indirect interest in, provided company secretarial services to the Company during the year ended 31 December 2022 totalling \$7,000 (2021: Nil). There were no amounts owing to Belltree Corporate Pty Ltd by the Company at 31 December 2022 (2021: Nil).

During the year ended 31 December 2022 the Company paid \$18,342 (2021: Nil) for shared administrative costs to Bellavista Resources Ltd, a Company that Michael Naylor is a Non-Executive Director. \$14,425 was owing to Bellavista Resources Ltd by the Company at 31 December 2022 (2021: Nil).

During the year ended 31 December 2022 the Company paid \$266,599 (2021: \$36,155) for shared administrative and head office fit-out costs to Auteco Minerals Limited, a Company that Michael Naylor is a Non-Executive Director. \$166,887 was owing to Auteco Minerals Limited by the Company at 31 December 2022 (2021: Nil).

During the year ended 31 December 2022 the Company paid \$10,694 (2021: \$153,438) for shared administrative costs to Bellevue Gold Limited, a Company that Michael Naylor is a Non-Executive Director. There were no amounts owing to Bellevue Gold Limited by the Company at 31 December 2022 (2021: \$Nil).

Terms and conditions of transactions with related parties

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured and interest-free and settlement occurs in cash and are presented as part of trade payables. There have been no bank guarantees provided for any related party payables.

16. Subsidiaries

Name of Entity	Country of Incorporation	2022	2021
Parent Entity			
Cygnus Metals Limited	Australia	100	100
Subsidiary			
Deneb Resources Pty Ltd	Australia	100	100
Cygnus Gold (Projects) Pty Ltd	Australia	100	100
Cygnus (JV Projects) Pty Ltd	Australia	100	100
Avenir Metals (Australia) Pty Ltd	Australia	100	-
Avenir Metals (Canada) Limited	Canada	100	-

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17. Parent entity disclosure

Result of the parent entity	2022 \$	2021 \$
Loss for the year	2,276,209	2,153,601
Other comprehensive expenses	56,934	-
Total comprehensive loss for the year	2,773,916	2,153,601
Financial Position of the parent entity at year end:		
Current assets	15,267,672	2,850,219
Non-current assets	6,552,212	576,750
Total assets	21,819,884	3,426,969
Current liabilities	3,562,117	298,448
Non-current liabilities	440,773	90,855
Total Liabilities	4,002,890	389,303
Total equity of the parent entity comprising of:	17,816,994	3,037,666
Contributed equity	25,260,644	10,149,147
Reserves	7,051,149	5,109,202
Accumulated losses	(14,494,799)	(12,220,683)
Total equity	17,816,994	3,037,666

18. Financial risk management

Credit risk

The carrying amount of the Group's financial assets represents the Group's maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Notes	2022 \$	2021 \$
Cash and cash equivalents	4	13,530,678	2,811,336
Trade and other receivables	5	41,290	75,094

The Group's cash and cash equivalents and term deposits at call are held with bank and financial institution counterparties, which are rated at least AA-, based on rating agency S&P Global Ratings.

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

As at 31 December 2022, no receivables were more than 30 days past due (2021: Nil). No receivables are considered to have a material credit risk.

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18. Financial risk management (continued)

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group manages liquidity risk by monitoring forecast cash flows, only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Group in managing its cash flows. Financial liabilities are expected to be settled on the following basis:

	Notes	2022 \$	2021 \$
Not later than 45 days		2,050,844	266,256
Greater than 45 days and less than 12 months		1,447,659	
Total	6	3,498,503	266,256

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Price risk on investments

The Group is exposed to equity price risks arising from equity investments. The Group's investments are listed on the Toronto Stock Exchange (TSXV).

	Carrying Amount 31 December 2022 \$	Carrying Amount 31 December 2021 \$
Listed investments – CAD\$406,250	454,830	-

A change of 10% in the share price at the end of the reporting period would have increased/(decreased) the investment revaluation reserve component of equity as a result of gains/losses on equity securities classified as FVOCI by the amounts shown below.

The analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2021.

10% increase	45,483	-
10% decrease	(45,483)	-

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18. Financial risk management (continued)

Foreign exchange rate risk

The Group is exposed to foreign exchange rate risk arising from equity investments listed on the Toronto Stock Exchange (TSXV), although given the size of these investments the directors do not anticipate that significant fluctuations in related foreign currencies would result in a material change to the valuation of these assets at the end of the current reporting period.

The Group is also exposed to foreign exchange rate risk arising from cash and deposits held in Canadian dollars. At the reporting date the sensitivity for the Group's foreign exchange exposures was:

	Carrying Amount 31 December 2022 \$	Carrying Amount 31 December 2021 \$
Cash on deposit – CAD\$5,336,389	5,882,264	-
Deposits with suppliers – CAD\$1,300,000	1,516,406	-
Listed investments – CAD\$406,250	454,830	-
Totals	7,853,500	-

A change of 10% in CAD:AUD foreign exchange rates at the end of the reporting period would have increased/(decreased) profit and loss and equity by the amounts shown below.

The analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2021.

10% increase	785,350	-
10% decrease	(785,350)	-

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash. Cash includes funds held in term deposits and cheque accounts during the year, which earned variable interest at rates ranging between 0.05% and 3.00% (2021: 0.05 % and 0.30%), depending on the bank account type and account balances.

The Group has no loans or borrowings.

At the reporting date the interest rate sensitivity for the Group's interest-bearing financial instruments was:

	Carrying Amount 31 December 2022 \$	Carrying Amount 31 December 2021 \$
Variable rate financial assets	13,530,678	2,811,336

A change of 100 basis points in the interest rates at the end of the reporting period would have increased/(decreased) profit and loss and equity by the amounts shown below.

The analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2021.

100bp increase	13,531	2,811
100bp decrease	(13,531)	(2,811)

Capital management policies and procedures

The Board policy is to maintain a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings (or accumulated losses). The Board of Directors manages the capital of the Group to ensure that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

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19. Commitments and contingent assets and liabilities

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Annual rents on exploration licenses held by the Group are \$169,994 (2021: \$164,494) with a minimum exploration commitment of \$899,500 (2021: \$649,954) per annum.

The Group has the following project earn-in expenditure commitments at 31 December 2022:

Pontax Lithium Project:

The Company may earn an initial 51% interest in the Project ("Stage 1 Earn-In") by:

- expending C\$4,000,000 on exploration over an 18-month period from the commencement of the earn-in period in July 2022;
- making a cash payment to Stria of C\$2,000,000 at the end of the Stage 1 Earn-in period;

The Company may earn a further 19% interest in the Project ("Stage 2 Earn-In") by:

- expending C\$6,000,000 on exploration in the 30-month period commencing on the date that the Company satisfies the Stage 1 Earn-in; and
- making a cash payment to Stria of C\$3,000,000.

Megawatt Lithium Project

In order to exercise the first option and acquire the 51% interest in the MegWatt Projects (First Option), the Company must commit C\$2,000,000 towards exploration on the MegaWatt Projects, as follows:

- C\$500,000 of exploration expenditure within the first 12 months of the MegaWatt Option Agreement (commencing September 2022);
- a further C\$500,000 of exploration expenditure within the second 12 months of the MegaWatt Option Agreement; and
- a further C\$1,000,000 of exploration expenditure within the third 12 months of the MegaWatt Option Agreement.

Pontax Extension Lithium Project (Canadian Mining House)

In order to acquire the project claims, the Company must:

- 6 months after receiving shareholder approval (Approval Date), pay C\$75,000 in cash and issue 1,217,001 Shares;
- 12 months after the Approval Date, pay a further C\$75,000 in cash and issue a further 1,217,001 Shares;
- 24 months after the Approval Date, pay a further C\$30,000 in cash and issue a further 486,801 Shares.

20. Exploration and evaluation

	2022 \$	2021 \$
Opening balance	453,546	-
Expenditure incurred during the year – Australian tenements	1,119,654	771,708
Expenditure incurred during the year – Pontax Canada	1,567,287	-
Acquisition costs – Pontax Canada	1,124,088	-
Expenditure incurred during the year – Pontax extension Canada	9,074	-
Acquisition costs – Pontax extension Canada	671,689	-
Expenditure incurred during the year – MegaWatt Canada	559,348	-
Acquisition costs – MegaWatt Canada	58,050	-
Exploration expenditure impaired	(841)	(313,881)
Exploration and evaluation expenditures written off	(23,038)	(4,281)
Closing balance	5,538,857	453,546

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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Impairment

Impairment of specific exploration and evaluation assets during the year have occurred where Directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation.

During the year indicators of impairment were identified on certain exploration and evaluation assets in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*. As a result of this review, an impairment loss and write-offs totalling \$23,879 has been recognised (2021: \$318,162) in relation to areas of interest where the directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation.

21. Property, plant and equipment

	2022 \$	2021 \$
Assets at cost	318,257	181,549
Accumulated depreciation	(163,290)	(136,663)
Carrying value 31 December	154,967	44,886

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current year, is as follows:

	IT equipment \$	Field equipment \$	Motor vehicles \$	Low value assets \$	Leasehold improvements \$	Total \$
Balance at 1 January 2022	7,502	6,381	22,100	1,340	7,563	44,886
Additions	17,416	-	-	1,323	132,160	150,899
Disposals	-	-	-	-	-	-
Depreciation expense	(9,063)	(4,638)	(12,925)	(2,663)	(11,529)	(40,818)
Balance at 31 December 2022	15,855	1,742	9,175	-	128,194	154,967

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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22. Right of use assets

	Notes	2022 \$	2021 \$
Right of use lease asset	(a)	-	122,517
Accumulated depreciation – lease assets	(b)	-	(7,990)
Net carrying amount		-	114,527
<i>Adjustments recognised during the period</i>			
(a) Right of use assets			
Opening balance		122,517	74,311
Adjustment		-	(74,311)
Addition		-	122,517
Disposals		(122,517)	-
Closing balance		-	122,517
(b) Accumulated depreciation			
Opening balance		(7,990)	(6,192)
Depreciation		(26,266)	(16,698)
Adjustment		-	14,900
Disposals		34,256	-
Closing balance		-	(7,990)
Amount recognised in profit and loss			
Depreciation expense on right to use lease asset		(26,266)	(16,698)

The Company has a sub-license over part of the premises at Level 2, 8 Richardson Street, West Perth. From 31 November 2022, the previous lease agreement has been terminated pursuant to mutual agreement between the parties and as a result, the previous Right of Use Asset and Lease Liability has been derecognised and replaced by a cost sharing agreement.

23. Investments

Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise of equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

The following table shows the movement in equity instruments at FVOCI during the current and previous reporting periods:

	2022 \$	2021 \$
Opening balance	-	-
Acquisition of equity investments ¹	454,829	-
Changes in fair value recognised in other comprehensive income	(56,934)	-
Closing balance	397,895	-

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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24. Operating segments

The Group has identified the board of directors as the chief operating decision maker ("CODM"). The CODM receives details of expenditure incurred across three segments being exploration in Canada, exploration in Western Australia and corporate and unallocated expenditure. The Canadian segment is new for the current reporting period and was not reported on in the comparative period.

25. Post reporting date events

On 8 February 2023, the Company announced that it had changed the Company's name from Cygnus Gold Limited to Cygnus Metals Limited to more accurately reflect the diversification of the commodities the Company is now actively exploring.

On 17 February 2023, the Company announced that it had acquired an additional ~9km of strike on the Chambois Greenstone Belt, which hosts the Company's Pontax Lithium Project, giving the Company a continuous 20km strike length on the prospective greenstone belt. The Company acquired the additional ground through an outright purchase from TSXV-listed Sirios Resources Inc. comprising:

- An upfront payment of C\$1.2m in cash plus 750,000 fully paid ordinary shares with 50% of the shares to be subject to voluntary escrow for 12 months.
- Milestone payment 1: The Company must, upon defining a JORC Resource of 4 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further payment of C\$1.0 million plus, issue 500,000 fully paid ordinary shares.
- Milestone payment 2: The Company must, upon defining a JORC Resource of 6 million tonnes at a minimum grade of 0.8% Li₂O or more, make a further payment of C\$2.0 million plus, issue 500,000 fully paid ordinary shares.

On 28 February 2023, the Company announced that it would be acquiring the Auclair Lithium Project in James Bay, Quebec covering 25.5km² from Osisko Development Corp. Transaction details of the outright purchase include:

- ❖ C\$247,164.62 in cash or shares, which is for the reimbursement of costs of the exploration licenses.
- ❖ 1,000,000 fully paid ordinary shares.
- ❖ Deferred consideration of:
 - C\$3,000,000 in shares or cash (at the Company's election) when the Company achieves a JORC Resource of 3 million tonnes at a minimum grade of 1.2% Li₂O.
 - C\$3,000,000 in shares or cash (at the Company's election) when the Company achieves a JORC Resource of 1Moz Au or greater at a minimum grade of 3 g/t.

There have not been any other events that have arisen between 31 December 2022 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

On 28 March 2023, the Company announced that had entered into option agreements with Canadian Mining House to acquire a 100% interest in the Sakami Project in the La Grande greenstone belt, just 44km west of Patriot Battery Metals' Corvette Project, and the additional ground immediately adjacent to and surrounding the Auclair Project.

The terms of these option agreements are outlined below.

Sakami Project:

- ❖ Cygnus will be required to pay the Vendors C\$300,000 cash payment and 3,450,000 fully paid ordinary shares in Cygnus, in aggregate.
- ❖ The consideration is payable in 4 stages over 3 years, at the election of Cygnus, other than stage 1. Stage 1 comprises of C\$75,000 in cash and 1,500,000 Shares (subject to 6 months' voluntary escrow) payable upfront, subject to the receipt of shareholder approval.
- ❖ In addition to the above payments, Cygnus must incur exploration expenditure to the amount of C\$1,000,000 within the first 36 months of closing the Option Agreement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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25. Post reporting date events (continued)

Beryl Project (surrounding the Auclair Project):

- ❖ Cygnus will be required to pay the Vendors C\$395,000 cash payment and 4,000,000 fully paid ordinary shares in Cygnus, in aggregate.
- ❖ The consideration is payable in 4 stages over 3 years, at the election of Cygnus, other than stages 1 and 2. Stage 1 comprises of C\$125,000 in cash and 1,500,000 Shares (subject to 6 months' voluntary escrow) payable upfront, subject to the receipt of shareholder approval. Stage 2 comprises C\$75,000 and 900,000 shares payable in 12 months, subject to the receipt of shareholder approval.
- ❖ In addition to the above payments, Cygnus must incur exploration expenditure to the amount of CAD\$1,000,000 within the first 36 months of closing the Option Agreement.

Cygnus will grant the vendors a 2% net smelter royalty on both the Sakami Project and the Beryl Project. There are no other substantive conditions precedent outstanding and Cygnus expects completion to occur following shareholder approval, which will be sought at the Company's annual general meeting in May 2023.

Appointment Of Managing Director

On 4 October 2022 the Company announced the appointment of Mr David Southam as Non-Executive Director from 1 November 2022 and as Managing Director from mid-February 2023. On 13 February 2023 Mr Southam commenced as Managing Director. The material terms of Mr Southam's Managing Director employment contract are:

- Commencement Date: 13 February 2023 on a part-time basis with transition arrangements to move to full-time
- Term / Notice Period: Ongoing term, with termination by the Company of six months and termination by the Managing Director of three months. The Company may terminate the employment without notice in certain circumstances.
- Remuneration: A fixed Total Remuneration Package ("TRP") of \$600,000 (Full Time Equivalent), inclusive of superannuation contributions.
- Short Term Incentive Program ("STIP"): Eligible to participate in a STIP of up to 25% of TRP subject to achievement of STIP hurdles.
- Employee Incentives Securities Plan ("EISP"): Eligible to participate in the EISP. The Company agreed to issue 18,000,000 performance rights to Mr Southam which are linked to his commencement in the role as Managing Director on 13 February 2023.
- The Company has also agreed to issue Long Term Incentives to Mr Southam up to 150% of the base salary component of his TRP commencing 1 July 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

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26. Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate is at 25% (2021: 25%) and the reported tax expense in profit or loss are as follows:

	2022 \$	2021 \$
<i>Tax expense comprises:</i>		
Deferred tax expense	440,773	-
Tax expense	440,773	-
Accounting loss excluding income tax	(2,320,455)	(2,081,181)
Total income tax expense	(580,114)	(520,285)
Non-deductible expenses	16,884	1,283
Share-based payments expense	101,665	198,953
Non-assessable income – flow-through shares	(143,661)	-
Settlement of flow-through share liability	440,773	-
<i>Deferred tax asset temporary differences not previously brought to account:</i>		
Deferred tax asset losses not brought to account	861,822	308,330
Deferred tax asset temporary differences not brought to account	(256,596)	-
Reduction in opening deferred taxes resulting from reduction in tax rate	-	11,719
Income tax expense attributable to entity	440,773	-
<i>Recognised deferred tax balances:</i>		
Deferred tax asset temporary differences	229,069	63,125
Deferred tax asset losses	168,055	80,884
Deferred tax liability temporary differences	(397,124)	(144,009)
Net deferred tax liabilities – Australian activities	-	-
Deferred tax liabilities – Canadian flow-through share liability	(440,773)	-
Net deferred tax liabilities – Canadian activities	(440,773)	-
<i>Deferred taxes arising from temporary differences and unused tax losses not brought to account:</i>		
Deferred tax asset losses	2,863,302	2,167,095
	2,863,302	2,167,095

Directors' Declaration

For the year ended 31 December 2022

CYGNUS
METALS

In the opinion of the Directors of Cygnus Metals Limited:

- a. The financial statements and notes of Cygnus Metals Limited are in accordance with the *Corporations Act 2001 (Cth)*, including:
- i. Giving a true and fair view of its consolidated financial position as at 31 December 2022 and of its performance for the year ended on that date; and
 - ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001 (Cth)*; and
- b. There are reasonable grounds to believe that Cygnus Metals Limited will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer for the year ended 31 December 2022.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



David Southam
Managing Director

Perth, Western Australia, 31 March 2023



Building a better
working world

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Independent auditor's report to the members of Cygnus Metals Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Cygnus Metals Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 2 in the financial report which describes the principal conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. The matter we identified was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on the matter. For the matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matter described below to be a key audit matter to be communicated in our report.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

1. Carrying value of exploration and evaluation assets

Why significant

As disclosed in Note 20 of the Annual Report, the Group carries exploration and evaluation assets of \$5,538,857 as at 31 December 2022.

The carrying amount of exploration and evaluation assets is assessed for impairment by the Group when facts and circumstances indicate that an exploration and evaluation asset may exceed its recoverable amount.

The determination as to whether there are any indicators to require an exploration and evaluation asset to be assessed for impairment, involves a number of judgments including whether the Group will be able to maintain tenure, perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group determined that there had been no indicators of impairment.

Given the size of the balance and the judgmental nature of impairment indicator assessments associated with exploration and evaluation assets, we consider this a key audit matter.

How our audit addressed the key audit matter

We evaluated the Group's assessment as to whether there were any indicators of impairment which would require the carrying value of exploration and evaluation assets to be tested for impairment. In performing our audit procedures, we:

- ▶ Considered the Group's rights to explore in the relevant exploration areas which included obtaining and assessing supporting documentation.
- ▶ Considered the Group's intention to carry out significant exploration and evaluation activities in the relevant exploration areas which included assessing whether the Group's cash-flow forecasts included planned exploration and evaluation activities, and enquiring with senior management and Directors as to the intentions and strategy of the Group.
- ▶ Assessed whether any exploration and evaluation data existed to indicate that the carrying amount of capitalised exploration and evaluation assets is unlikely to be recovered through development or sale.
- ▶ Assessed the adequacy of disclosures in the financial report.

Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially consistent with the financial report and our knowledge obtained in the audit or otherwise doesn't appear to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the audit of the Remuneration Report

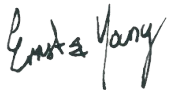
Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Cygnus Metals Limited for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Ernst & Young



RJ Curtin

Partner

Perth

31 March 2023

In accordance with ASX Listing Rule 4.10, the following information is provided as at 9 March 2023.

Top 20 holders of ordinary shares

Rank	Name	Units	% of issued capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	25,893,183	14.08
2	SYMORGH INVESTMENTS PTY LTD <SYMORGH SUPER FUND A/C>	7,559,199	4.11
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,915,768	3.22
4	MS CHARMAINE LINDA LOBO	5,337,780	2.90
5	SOUTHERN CROSS CAPITAL PTY LTD	4,827,451	2.63
6	BNP PARIBAS NOMS PTY LTD <DRP>	4,824,923	2.62
7	MR MANUEL SYRIANOS	3,900,001	2.12
8	GOLD LEAF CORPORATE PTY LTD <GOLD LEAF CORPORATE A/C>	3,851,504	2.09
9	GLEESON MINING PTY LTD <GLEESON FAMILY A/C>	3,155,486	1.72
10	MR ALAN FRANK CLELAND <DA EXPLORATION A/C>	3,028,335	1.65
11	NATIONAL NOMINEES LIMITED	2,858,483	1.55
12	MR TIMOTHY MCCORMACK	2,598,211	1.41
13	SPRING STREET HOLDINGS PTY LTD	2,594,139	1.41
14	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD <C K H SUPERFUND A/C>	2,267,712	1.23
15	MR MICHAEL DYLAN NAYLOR + MS SARAH MCALPINE <M D & S I SUPER FUND A/C>	2,133,912	1.16
16	DR OLIVER PIERRE KREUZER	2,130,556	1.16
17	BIGJAC INVESTMENTS PTY LTD <BIGJAC INVESTMENTS A/C>	2,090,557	1.14
18	MR RONALD WILLIAM BILLYARD + MS FIONA CURREY <B C SUPERFUND A/C>	2,050,000	1.11
19	CG NOMINEES (AUSTRALIA) PTY LTD	2,000,000	1.09
20	CITICORP NOMINEES PTY LIMITED	1,800,596	0.98
Totals		90,817,796	49.38

Substantial Holders

The names of substantial shareholders as disclosed in substantial shareholding notices given to the Company are:

	Units	% of issued capital
STEVE PARSONS	9,225,866	5.02

Spread of Holdings

Fully Paid Ordinary Shares

Range	Total holders	Units	% of issued capital
1 - 1,000	56	27,882	0.02
1,001 - 5,000	239	708,934	0.39
5,001 - 10,000	183	1,520,938	0.83
10,001 - 100,000	614	24,101,847	13.11
100,001 and over	210	157,514,611	85.65
Total	1,302	183,874,212	100.00

Options

Range	Total holders	Units	% of issued options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	-	-	-
100,001 Over	13	38,000,000	100.00
Total	13	38,000,000	100.00

Performance Rights

Range	Total holders	Units	% of issued options
1 - 1,000	-	-	-
1,001 - 5,000	-	-	-
5,001 - 10,000	-	-	-
10,001 - 100,000	1	100,000	0.21
100,001 and over	15	46,700,000	99.79
Total	16	46,800,000	100.00

Unquoted Securities

Options

Expiry Date	Exercise Price	No. Of Options	Number of Holders
22/09/2023	\$0.08	29,500,000	12 ¹
16/11/2024	\$0.16	5,000,000	3 ²
21/01/2025	\$0.16	3,500,000	1 ³
21/10/2025	\$0.25	1,500,000	1 ⁴
21/10/2025	\$0.50	1,500,000	1 ⁴
21/10/2025	\$0.75	1,500,000	1 ⁴
21/10/2025	\$1.00	1,500,000	1 ⁴

The names of holders and number of unquoted equity securities held for each class the holding was 20% or more of each class of security are as follows:

1. Symorgh Investments Pty Ltd <Symorgh Super Fund A/C> holds 6,500,000 which is 22.03% of this class of options.
2. Symorgh Investments Pty Ltd <Symorgh Super Fund A/C> holds 2,500,000 which is 50.0% and Gold Leaf Corporate Pty Ltd <Gold Leaf Corporate A/C> holds 45.0% of this class of options.
3. Spring Street Holdings Pty Ltd holds 3,500,000 which is 100% of this class of options.
4. CG Nominees (Australia) Pty Ltd holds 100% of this class of options.

Options do not carry a right to vote.

Performance rights

Class	Expiry Date	No. Of Rights	Number of Holders
F	21/10/2027	12,750,000	10 ¹
G	21/10/2027	12,270,000	10 ¹
H	30/07/2025	250,000	1
I	30/07/2025	250,000	1
J	30/09/2025	300,000	1
K	30/11/2026	100,000	1
L	21/10/2027	1,000,000	1
M	21/10/2027	1,000,000	1
N	21/10/2027	250,000	1
O	21/10/2027	250,000	1
P	13/02/2028	5,000,000	1
Q	13/02/2028	2,000,000	1
R	13/02/2028	2,000,000	1
S	13/02/2028	4,000,000	1
T	13/02/2028	2,500,000	1
U	13/02/2028	2,500,000	1

The names of holders and number of unquoted equity securities held for each class the holding was 20% or more of each class of security are as follows:

1. Symorgh Investments Pty Ltd <Symorgh Super Fund A/C> holds 5,000,000 performance rights, which is 39.2%, and Gold Leaf Corporate Pty Ltd <Gold Leaf Corporate A/C> holds 4,000,000 performance rights, which is 31.4% of this class of performance rights.

Details of holders of performance rights issued under an employee incentive scheme are exempt from disclosure under Chapter 4 of the Listing Rules.

Unmarketable Parcels

There were 86 shareholders with less than a marketable parcel of shares, based on the closing price \$0.34

Restricted and Escrowed Securities

The Company does not have any restricted securities on issue.

The following securities are subject to voluntary escrow:

No of Shares	Date escrow period ends
2,000,000	20/10/2024

Voting Rights

In accordance with the Company's constitution, on a show of hands every member present in person or by proxy or attorney or duly appointed representative has one vote. On a poll every member present or by proxy or attorney or duly authorised representative has one vote for every fully paid share held. There are no voting rights attached to unexercised options or performance rights.

Joint Company Secretaries

Ms Maddison Cramer and Mr Carl Travaglini

Corporate Governance Statement

In accordance with Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on the Company's website. Refer to <https://www.cygnusmetals.com/corporate-governancedetail>

On-Market Buy Back

The Company has not initiated an on-market buy back.

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Schedule of Tenements

As at 31 December 2022

CYGNUS
METALS

Tenement	Location	Registered Owner	Structure and Ownership
E29/1075	Western Australia	Deneb Resources Pty Ltd	100%
E70/4787	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4911	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4988	Western Australia	Deneb Resources Pty Ltd	100%
E70/4989	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4990	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/5050	Western Australia	Deneb Resources Pty Ltd	100%
E70/5131	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/5168	Western Australia	Deneb Resources Pty Ltd	100%
E70/5169	Western Australia	Deneb Resources Pty Ltd	100%
E70/5196	Western Australia	Deneb Resources Pty Ltd	100%
E70/5397	Western Australia	Deneb Resources Pty Ltd	100%
E70/5492	Western Australia	Deneb Resources Pty Ltd	100%
E70/5617	Western Australia	Deneb Resources Pty Ltd	100%
E77/2405	Western Australia	Deneb Resources Pty Ltd	100%
E70/5098	Western Australia	Cygnus (JV Projects) Pty Ltd	100%

Pontax Lithium Project (Earning up to 70%)

Property Description	Title Type and Number	Location	Structure and Ownership
Pontax-Lithium	CDC 2002627	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002628	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002629	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002630	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002631	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002632	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002633	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002634	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002635	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002636	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002637	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002638	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002639	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002640	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002641	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002642	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002643	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002646	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002647	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002648	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002649	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002650	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002651	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002652	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)

Schedule of Tenements

As at 31 December 2022

Property Description	Title Type and Number	Location	Structure and Ownership
Pontax-Lithium	CDC 2002655	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002656	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002657	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002658	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002659	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2002664	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 86421	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84701	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84702	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84703	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84704	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84705	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85802	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84710	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84711	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85803	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85804	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85805	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85806	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85807	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84717	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85808	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85809	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85810	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85811	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 85812	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84718	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 84719	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 80466	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 80467	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 80468	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 80469	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 80483	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197182	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197183	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197184	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197185	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197186	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197187	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197188	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197190	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 2197191	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 89173	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)
Pontax-Lithium	CDC 89174	Quebec, Canada	Stria Lithium Inc. (96388) 100% (responsible)

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Schedule of Tenements

As at 31 December 2022

Route 381 Claims (Earning up to 80%)

Property Description	Title Type and Number	Location	Structure and Ownership
Route 381	2595278	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595279	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595280	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595281	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595282	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595283	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595284	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595285	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595286	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595287	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595288	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595289	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595290	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595291	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595292	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595293	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595294	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595302	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595295	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595303	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595296	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595304	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595297	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595305	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595298	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595306	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595299	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595307	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595300	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595308	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595301	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595309	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595310	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595311	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595312	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595313	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595314	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595315	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595316	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Route 381	2595317	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%

Schedule of Tenements

As at 31 December 2022

Mitsumis Claims (Earning up to 80%)

Property Description	Title Type and Number	Location	Structure and Ownership
Mistumis	2595278	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629111	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629112	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629113	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629114	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629115	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629116	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629117	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629118	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629119	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629120	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629121	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629122	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629123	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629124	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629125	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629126	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629127	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629128	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629129	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629130	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629131	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629132	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629133	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629134	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629135	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629136	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629137	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629138	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629139	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629140	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629141	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629142	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629143	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629144	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629145	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629146	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629147	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629148	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629149	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629150	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629228	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629229	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629230	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%

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Schedule of Tenements

As at 31 December 2022

Property Description	Title Type and Number	Location	Structure and Ownership
Mistumis	2629321	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629322	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629323	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629324	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629325	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629326	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629327	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629328	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629329	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629330	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629331	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629332	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629333	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629334	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629435	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629436	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629437	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629438	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629439	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629440	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629441	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629442	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629443	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629444	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629445	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629446	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629447	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629448	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629461	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629462	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629463	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629464	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629465	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629466	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629467	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629468	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629469	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629470	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629471	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629472	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629473	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629474	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629475	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629476	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629477	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%

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Schedule of Tenements

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Property Description	Title Type and Number	Location	Structure and Ownership
Mistumis	2629478	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	262479	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	262480	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629481	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629482	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629483	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629484	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629485	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629805	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629806	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629807	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629808	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629809	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629810	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629811	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629812	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629813	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629814	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629815	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629816	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629817	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%
Mistumis	2629818	Quebec, Canada	Megawatt Lithium and Battery Metals Corp 100%

Pontax Extension Property (Earning up to 100%)

Property Description	Title Type and Number	Location	Structure and Ownership
Pontax Extension	2616420	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616421	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616422	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616423	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616424	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616425	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616426	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616427	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616428	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616429	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616430	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616431	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616432	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616433	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616434	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616435	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616436	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616437	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2616438	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%

Schedule of Tenements

As at 31 December 2022

CYGENUS
METALS

Property Description	Title Type and Number	Location	Structure and Ownership
Pontax Extension	2615685	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615686	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615687	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615688	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615689	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615746	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615747	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615748	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615751	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615752	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615753	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%
Pontax Extension	2615754	Quebec, Canada	9219-8845 Québec inc. (Canadian Mining House) 100%

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Phone: +61 8 6118 1627

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Website: www.cygnusmetals.com

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