



CYGNUS METALS LIMITED
CO-FUNDED DRILLING REPORT
SNAKE ROCK

For the Period

1 June 2022 to 31 May 2023

E70/4911 Snake Rock Final EIS co-funded drilling report 2023

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Attachment 1

Drilling Attachments

SnakeRockEISDrillingData.zip

ATTACHMENTS SUBMITTED SEPARATELY

1. Bibliographic Data Sheet

Project Name: Snake Rock
Combined Reporting Number:
Tenement Numbers: E 70/4911
Tenement Operator(s): CYGNUS METALS LIMITED
Report Type: Co-Funded Drilling
Report Title: E70/4911 Snake Rock Final EIS co-funded drilling report 2023

Report Period: 1 June 2022 to 31 May 2023
Author: Jan BECKER
Submitted By: Jan BECKER
Report Date: 31 August 2023

Map Sheets: 1:250,000 Map Sheet 1:100,000 Map Sheet
SI50-03 (CORRIGIN) 2533 (NAREMBEEN)

Target Commodity: COPPER, GOLD, NICKEL, PLATINUM GROUP ELEMENTS
Prospects Drilled:
PoW Number:
Geophysical Survey Reg No:
Assays:

Abstract

Location: The Snake Rock project area is located ~15km northwest of the town of Kondinin, and ~272km southeast of Perth. Access to the project area from Perth is excellent via sealed major roads and highways, with a combination of good quality sealed and unsealed local roads providing local access to the drill area. The primary land use in the region is agriculture including grain crop and sheep production.

Geology: Little is known about the geology of the Snake Rock project area. Outcrop is sparse with much of the area covered by soils and salt lakes and salt marsh associated with a major palaeodrainage channel. Diamond drilling (up to 265m downhole length) by Electrolytic Zinc Company of Australasia Ltd (Electrolytic) in the western central portion of E70/4911 (immediately adjacent to the tenement boundary) intersected what three petrologists of AMDEL (now Bureau Veritas) and the West Australian Institute of Technology (now Curtin University of Technology) identified as a suite of ultramafic (classified as serpentinised olivine norite, pyroxenite, dunite, peridotite, and harzburgite), felsic (classified as granite and adamellite) and intermediate to mafic (hornblende diorite and gabbro) igneous rocks.

Work Done: 5 RC drillholes completed for 855m. Two drillholes were ended early due to excessive water which would not be controllable if drilling continued. The table below outlines drilling completed for this EIS application. The drilling was planned to complete 6 x 150m holes however due to the modelled depth to fresh rock it was deemed 5 deeper holes would be more effective.

Hole_ID	Act_MGA_East	Act_MGA_North	Act_RL	Dip	Azimuth	Depth	WT Depth	Date Started	Date Completed
SRRC0008	612425	6410714	273	90	0	186	12	3/03/2023	3/03/2023
SRRC0009	612156	6410752	275	60	45	200	10	3/03/2023	4/03/2023
SRRC0010	612134	6410733	270	90	0	180	12	4/03/2023	5/03/2023
SRRC0011	609746	6410589	261	60	45	156	2	5/03/2023	6/03/2023
SRRC0012	613709	6412629	270	55	270	133	12	6/03/2023	6/03/2023

Results: Ultramafic units were intercepted in every drill hole. The main magnetic target which SRRC0008-10 tested was formed by mafic gneiss, but SRRC0011 and SRRC0012 intercepted sulfide bearing ultramafics with localised massive chromite.

Conclusion: The interception of ultramafic units in every drill hole is interpreted as a success in this drilling program. The presence of massive chromite and sulfides in SRRC0011 and SRRC0012 suggest the prospectivity of the project.

2. Introduction

Cygnus Metals successfully applied for round 25 of the EIS co-funded drilling grants to drill-test the mafic-ultramafic layered intrusion near Kondinin in the WA Wheatbelt area.

The Kondinin layered ultramafic complex is associated with a prominent, "bullseye" gravity anomaly comparable in size and amplitude to that falls within a larger, low amplitude gravity high at the intersection of cratonic-scale tectonic lineaments/structures one of which represents a major tectonic domain boundary. The Kondinin layered ultramafic complex is potentially 40km x 8km in size and is therefore of similar size to the Stillwater intrusion in the USA that hosts 23 million ounces of palladium plus platinum in very high-grade layers.

Very little historical exploration for PGEs and Ni-Cu has been completed. There remains excellent potential to identify a substantial layered intrusion containing additional (high Cr) chromite reefs, economic PGEs and/or nickel-copper sulphides beneath a cover of Cenozoic and Quaternary regolith.

Drilling was designed to target the intersections of the regional gravity northeast and northwest trending ridge with magnetic anomalies similar to the already historically drilled ultramafic outcrop. This drilling was designed to test if these magnetic anomalies are enriched segments of the same layered mafic-ultramafic igneous complex as the adjacent anomaly. This could conceivably unlock great economic potential around the existing Kondinin layered ultramafic complex, which under this interpretation may only be one part of a much larger and complex system under cover.

Raglan Drilling were selected to complete the drilling program. Mobilisation and set up occurred on 02/03/2023, they commenced drilling 03/03/2023 with drilling completed on 06/03/2023.

3. Location and Access Details

The Snake Rock project area is located ~15km northwest of the town of Kondinin, and ~272km southeast of Perth. Access to the project area from Perth is excellent via sealed major roads and highways, with a combination of good quality sealed and unsealed local roads providing local access to the drill area. The primary land use in the region is agriculture including grain crop and sheep production.

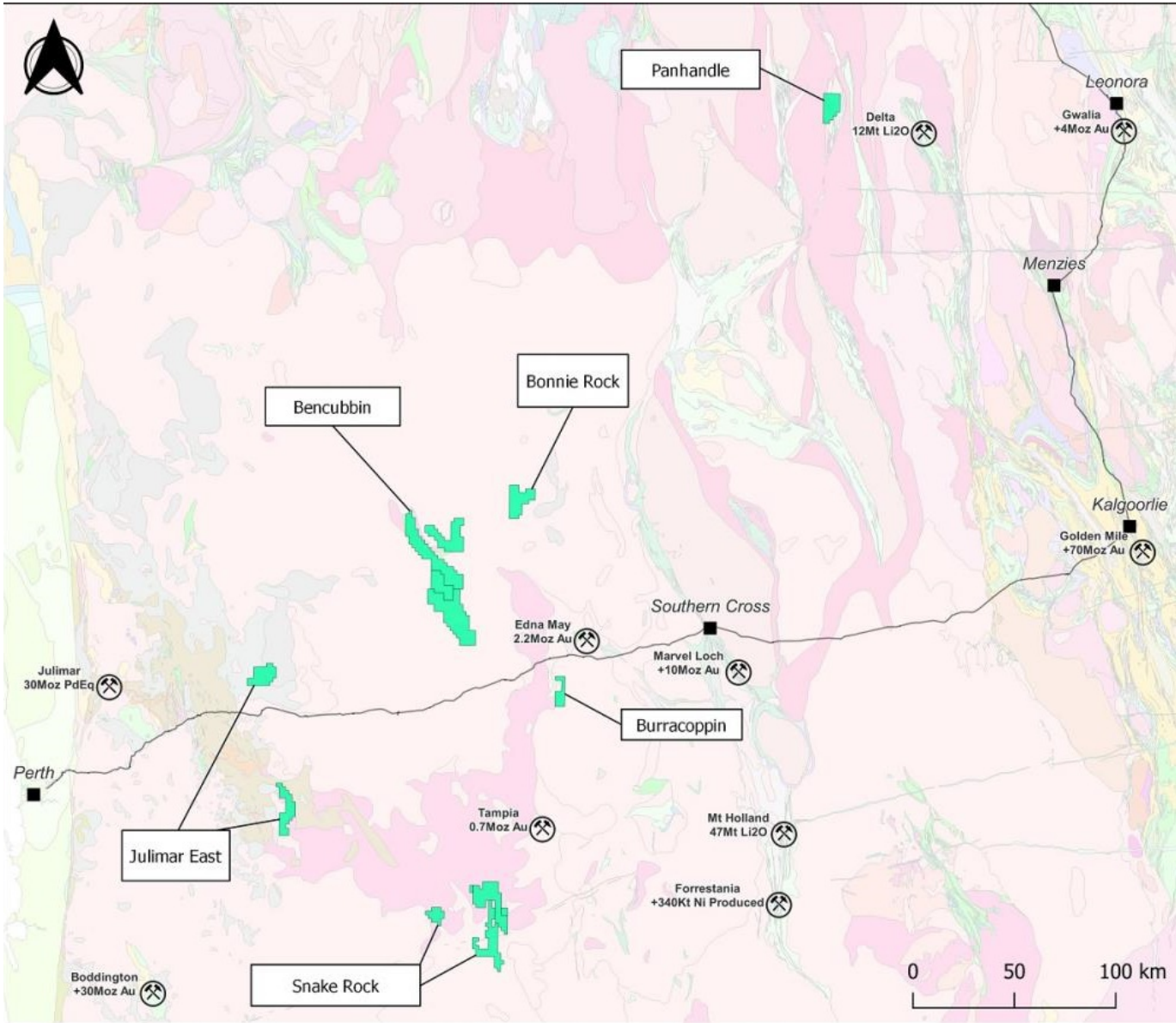


Figure 1. Location Plan.

4. Tenement Details

Tenement Information

Tenement	Grant Date	Expiry Date	Holder	Expenditure (\$)	Area Size (KM2)	Area Size (BLK)
E 70/4911	10/05/2017	09/05/2027	CYGNUS GOLD (PROJECTS) PTY LTD	134000	187.6	67

5. Geology

5.1 Regional Geology

In contrast to the younger, and mostly lower grade metamorphic, terranes of the eastern Yilgarn Craton, the Southwest Terrane is a high-grade metamorphic terrane dominated by poly-deformed granitoid and gneiss with interspersed belts of metamorphosed sedimentary and igneous supracrustal rocks. Migmatites are common along the margins of these belts. Most granitoids were emplaced between approximately 2750 Ma to 2620 Ma; intrusive activity having peaked between approximately 2690 Ma and 2620 Ma coinciding with widespread upper amphibolite to granulite facies metamorphism between approximately 2640 Ma and 2620 Ma (Wilde et al., 1996; Tomkins and Grundy, 2009; Mole et al., 2012).

Three distinct domains defined by geological, geophysical and geochronological data have been recognised in the Southwest Terrane that may represent accreted crustal blocks. From west to east, these are the Balingup, Boddington and Lake Grace Terranes (Wilde et al., 1996). However, recent work by Mole et al. (2012) indicates that the Southwest Terrane may comprise of only two distinct domains; a southwestern entity (the Balingup Domain) consisting of the Balingup and Boddington Terranes of Wilde et al. (1996); and a north-eastern entity comprising the Lake Grace Terrane. The boundaries of these entities are still poorly constrained, as is the boundary between the Southwest Terrane to the west and the Youanmi Terrane to the east. The Hardies tenement group sits within the inferred boundaries of the Lake Grace Terrane.

5.2 Local Geology

Little is known about the geology of the Snake Rock project area. Outcrop is sparse with much of the area covered by soils and salt lakes and salt marsh associated with a major palaeodrainage channel.

Diamond drilling (up to 265 m downhole length) by Electrolytic Zinc Company of Australasia Ltd (Electrolytic) in the western central portion of E70/4911 (immediately adjacent to the tenement boundary) intersected what three petrologists of AMDEL (now Bureau Veritas) and the West Australian Institute of Technology (now Curtin University of Technology) identified as a suite of ultramafic (classified as serpentinised olivine norite, pyroxenite, dunite, peridotite, and harzburgite), felsic (classified as granite and adamellite) and intermediate to mafic (hornblende diorite and gabbro) igneous rocks.

The differentiated igneous suite encountered in the drilling was interpreted as evidence for a possible mafic-ultramafic layered igneous complex, similar to Skaergaard (Greenland) and Stillwater (USA) that intruded older granite gneiss (WAMEX Report a7659). The same geology was later reinterpreted by Abador Gold NL (Abador) as serpentinised komatiite flows. Abador also concluded that Electrolytic's record of serpentinite, magnetite and dunite may be taken to imply that metamorphism only reached greenschist facies conditions (WAMEX reports a60982 and a63529). Cygnus Metals has interpreted a north-south to northwest-southeast trending belt of potential greenstone up to 5 km wide and extending over at least an approximate 70 km to 80 km strike through the Snake Rock tenement (Porter, 2017).

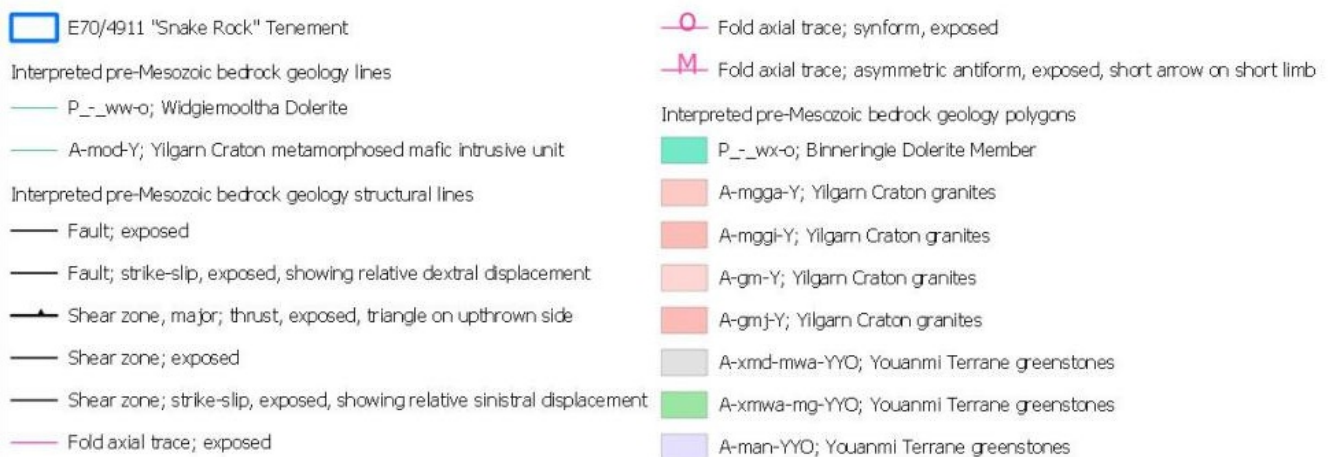
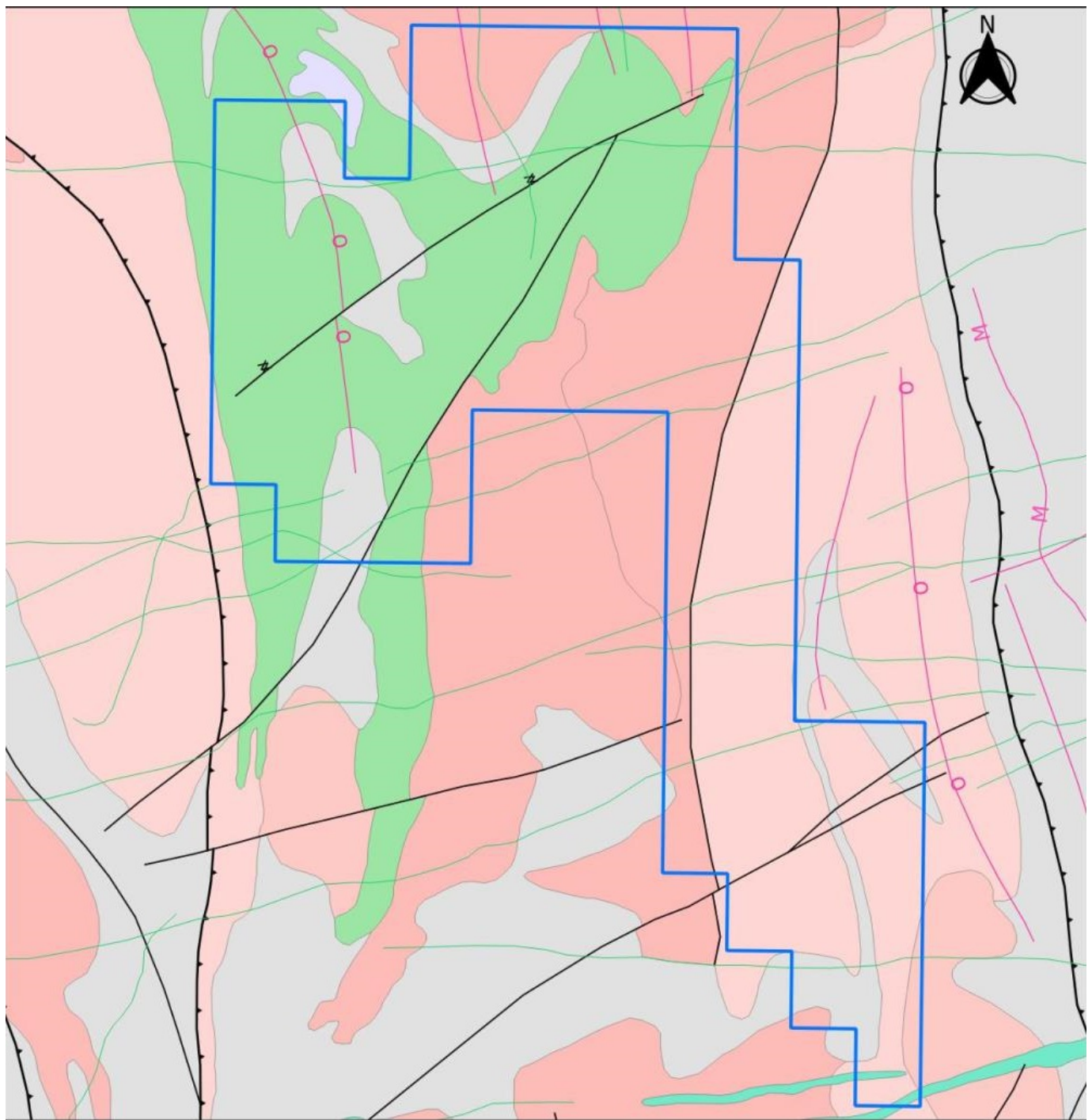


Figure 2. Geological Map of the "Snake Rock" tenement.

6. Previous Exploration

1967 – 1973. Electrolytic held ground that partially overlapped the current day Snake Rock Project (E70/4911) (WAMEX reports a7659 and 7662). During this period, Electrolytic undertook geological, geochemical (auger drilling, soil and rock chip sampling) and geophysical (airborne magnetics) studies that culminated in a small DD drilling program (four holes for 788 m), immediately adjacent to the Snake Rock tenement, designed to test the depth potential of surficial nickel-copper anomalism (up to 0.85% Ni). No gold assays were undertaken on the samples submitted for analysis. While the drilling failed to locate any economic Ni-Cu accumulations, it intersected a suite of igneous rocks (\pm strongly magnetic, \pm weakly nickeliferous with a maximum of 1 m at 0.33% Ni) interpreted as a possible mafic-ultramafic layered igneous complex.

1976. Otter Exploration NL mined 230 oz of gold from quartz veins at Griffins Find, located 13 km northwest of the town of Lake Grace. They described gold and associated arsenic hosted within granulite rocks. They further discussed irregular alluvial gold mineralisation to the south of the main Griffins Find area. There were possibly ore reserve calculations carried out on the Griffins Find mineralisation, however there is gaps or missing reporting from this time period.

1981. Samantha Exploration NL held several tenements in the Lake Grace-Kukerin areas in 1981. During that time, they conducted surface and stream sediment sampling, which yielded results up to 465 pp Au. They followed up this sampling with shallow percussion drilling, and a geophysical survey, which revealed minimal anomalies. Overall, they determined that gold was concentrated in the fine fraction of the lateritic soil, while arsenic and lead were more abundant in the coarse fractions. They determined that the gold and arsenic yields were low in the area, and subsequently relinquished the tenements.

1987-1989. Otter Exploration held and relinquished several tenements in the Lake Grace and Kulin areas between 1984 and 1987. The bulk of their work consisted of RAB and RC drilling at the MacDougall target. They entered into a joint venture agreement with Samedan Oil Corporation, who completed stream sediment sampling which resulted in the generation of five targets, including one called "Lake Grace South Road". It is unclear where these specific anomalies were located. After disillusion of the joint venture, Otter Exploration stated their intent to form land access agreements to follow up the surface anomalies; however, after disappointing drill results at their main targets, the tenement packages were relinquished.

1990-1991. In 1990, CRAE completed airborne magnetic and radiometric surveys and a reconnaissance geochemical survey over a major north-south striking structural zone (approximately 190 km x 15 km) considered similar to those hosting significant gold deposits in the Eastern Goldfields Superterrane. The best gold-in-soil anomalies were followed up with auger drilling (WAMEX Report a35137). As part of this program, CRAE collected 95 roadside soil samples at 500 m centres in what is now the central portion of the Snake Rock Project area. Of these, eight samples returned assay values between 5 ppb Au and 10 ppb Au. However, the results must be treated with caution given that CRAE sampled not only laterite but also (most likely transported) colluvium.

1987-1991. CRAE explored the area to the north of BHP's Tampia gold discovery, as part of their Tank Hill South Project (WAMEX Report a36742), which covered part of Cygnus' tenements. Work by CRAE included an airborne magnetic and radiometric survey, ground gravity traverses, photogeology and roadside geochemical sampling of soil, stream and laterite media. Auger sampling of areas of gold and multi-element surface geochemical anomalism defined a significant gold anomaly referred to as Bruce Rock II, located outside, but immediately adjacent to Cygnus' tenements. Follow-up RAB and limited DD drilling at Bruce Rock II returned a best intercept of 2 m at 0.8 g/t Au from 28 m in hole 89BR2DD01, developed within a sequence of schistose felsic and mafic granulites and interbedded BIF along the Yandina shear zone.

1996-1999. Cygnus' tenements were explored by Astro as part of their >10,000 km² Merredin Super Project (WAMEX Reports a54018, a59228, a59424). Astro's work mainly focused on diamond exploration, although the company also explored for gold and base metals. Work undertaken by Astro included geochemical and petrographic studies, reconnaissance mapping, airborne magnetic and remote sensing surveys, aerial photography and AC, RAB and RC drilling. However, little of this work was undertaken within Cygnus's tenure. Of interest is that geochemical sampling by Astro in the Tampia district identified numerous gold anomalies above the regional background of 1 ppb Au. Astro found that values greater than 5 ppb Au (including a peak of 62 ppb Au) are clustered in three linear north-south-trending domains, spatially associated with the margins of magnetic highs interpreted to represent or include BIF.

1997 – 1998. North Ltd explored the southern part of the current day Snake Rock tenement (E70/4911) in joint venture with BHP (WAMEX reports a54894, a54895, a55977, a56202). This work culminated in the discovery of the Hardies gold anomaly a few kilometres southeast of the southern margins of E70/4911. None of North's AC drill holes located within Cygnus's Snake Rock Project recorded any significant gold intersections.

The first phase of exploration activity over E70/4990 was carried out by North, on the Jilaken Project (WAMEX Reports a54894, a55977) and in joint venture with BHP over the Kondinin Joint Venture Project area during 1997-1998 (WAMEX Reports a54895, a56202). Exploration work carried out during this period is summarised as follows:

- An airborne magnetic survey was flown by CRAE on 200 m flight lines for a total of 30 line kilometres within the Jilaken Project area and 129 line kilometres over the Kondinin Joint Venture Project;
- A detailed 4 km ground magnetic survey was carried out over the Hardies Project, predominantly within the Kondinin Joint Venture Project;
- A total of 1,204 soil samples were collected within the Jilaken Project on a 100 m x 500 m and some 100 m x 250 m infill lines. Sample W612442 returned a peak value of 12 ppb Au within the present day boundaries of E70/4990. No further anomalous results were returned for samples within the current tenement application area. The results of this soil survey could not be verified at the time of reporting as the data was not available, however there is no reason to believe that the results are incorrect;
- A total of 1,372 soil samples were collected within the Kondinin Joint Venture Project, predominantly over the Hardies anomaly, on a 100 m x 500 m grid, with some 100 m x 250 m and 200 m x 50 m infill lines. No anomalous results were returned for samples within the current tenement application area. The results of this soil survey could not be verified at the time of reporting as the data was not available, however there is no reason to believe that the results are incorrect;
- Drilling within the Jilaken Project comprised 65 AC holes for 2,259 m and 8 RC holes for 718 m, of which thirteen AC holes fall within the southern portion of the current tenement application area. No anomalous results were returned from these holes;
- Drilling within the Kondinin Joint Venture Project comprised 226 AC holes for 6,399 m, 10 RC holes for 972 m and three diamond core tail holes for 30 m. Of these, 41 AC holes fall within the northern portion of the current tenement application area. No anomalous results were returned from these holes.

2000-2004. Dominion held much of Cygnus' tenement package as part of their Corrigin Project (WAMEX Reports a62909, a65437, a67438, a67675, a69119a, a69343, a69345, a70066, a70067). Initial surface geochemical sampling by Dominion involved reconnaissance road side sampling at 500 m spacings along public roads. Follow-up infill sampling at 100 m spacings on numerous anomalous values greater than 3 ppb Au returned anomalous assays up to 120 ppb Au. The latter anomaly, which is located near the intersection of the Merredin-Narembeen and Muntadgin Roads within Cygnus's tenure, forms part of a cluster of anomalies of >50 ppb Au spatially coincident with a bend along the regionally extensive Yandina shear zone. The anomalism was not followed-up.

2000-2006. Between 2003 and 2006, Quadrio Resources Pty Ltd (a subsidiary of Dominion Mining Ltd), conducted soil sampling on a portion of tenement E70/5101, as a part of the Nimbuwah project. They completed reconnaissance road-side sampling at 500 metre intervals and cited specifically targeting nodular calcrete. Following a peak return of 10 ppb Au, they did not see that the area warranted further exploration, and subsequently relinquished the tenement. Dominion also completed soil sampling between 2000-2004 over a portion of tenement E70/5098. Their sampling aims and methodologies were the same in this area as in the southern tenements. Returns up to 16.5 ppb Au and 15 ppm As did not warrant further activity in this area, and the northern portion of their tenement E70/2250 ("South Kulin") was surrendered in 2004.

2013-2014. Auzex conducted geophysical interpretation and prospectivity studies over areas of the Hardies project area between 2013-2014. The prospectivity studies were intended to help prioritize target areas and tenements. Following the studies Auzex decided to focus exploration in other areas, and subsequently surrendered several tenements in the Lake Grace area.

2012 – 2014. Much of the Hardies project area was explored by Auzex under a farm-in joint venture agreement with Panoramic on their Lake Grace 'super-project' (WAMEX reports a100122, a100123, a100138, a100139, a100304, a100305, a100780, a100781, a104605). No work appears to have been undertaken within the present-day boundaries of E70/4911 other than desktop-based gold prospectivity modelling and geophysical interpretation by Auzex aimed at identifying new exploration targets within Panoramic's tenements.

2022: Sultan Resources completed 74 AC drill holes in their E70/5095 tenement, adjacent to E70/4911. Four of the drill holes tested the same magnetic anomaly drilled by Electrolytic, with assays including 26m @ 1.1% Cr, 4m @ 0.56% Ni and 4m @ 575ppm Co. This was followed up by a stratigraphic diamond drill hole in late-2022. This hole drilled ultramafic units with elevated Ni, Cr, Cu and S.

Cygnus Metals

Cygnus Metals completed a detailed review of available historical data and acquired ground magnetic and -gravity data and SkyTEM imagery. This data was processed and interpreted by Southern Geoscience Consultants.

7 RC drillholes were completed over 780m in E70/4911 and successfully intercepted mafic and ultramafic units over magnetic anomalies. Ultramafic units comprise weathered olivine rich peridotite and pyroxene rich harzburgite. Additionally, a strongly magnetic, garnet, magnetite and sulfide bearing unit was intercepted in SRRC0001 and SRRC0007, targeting magnetic target 2, but the holes had to be cancelled due to uncontrollable saline groundwater.

SRRC0007 returned 3m @ 0.96g/t Au at the bottom of hole, with up to 3920ppm Cu, 26.9ppm Bi, 5.8ppm Te and 204ppm W.

Further anomalous values from the drilling were 4m @ 7930ppm Cr from 28m in SRRC0003 and 12m @ 3607ppm Ni from 48m in SRRC0006.

SRRC0007 was followed up with a diamond drill with a total depth of 179m. Assays returned a significant 74.5m wide zone with 0.15g/t gold and 0.1% copper intersected in SRRCDD0007. Significant intervals within the 74.5m zone include:

- 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.

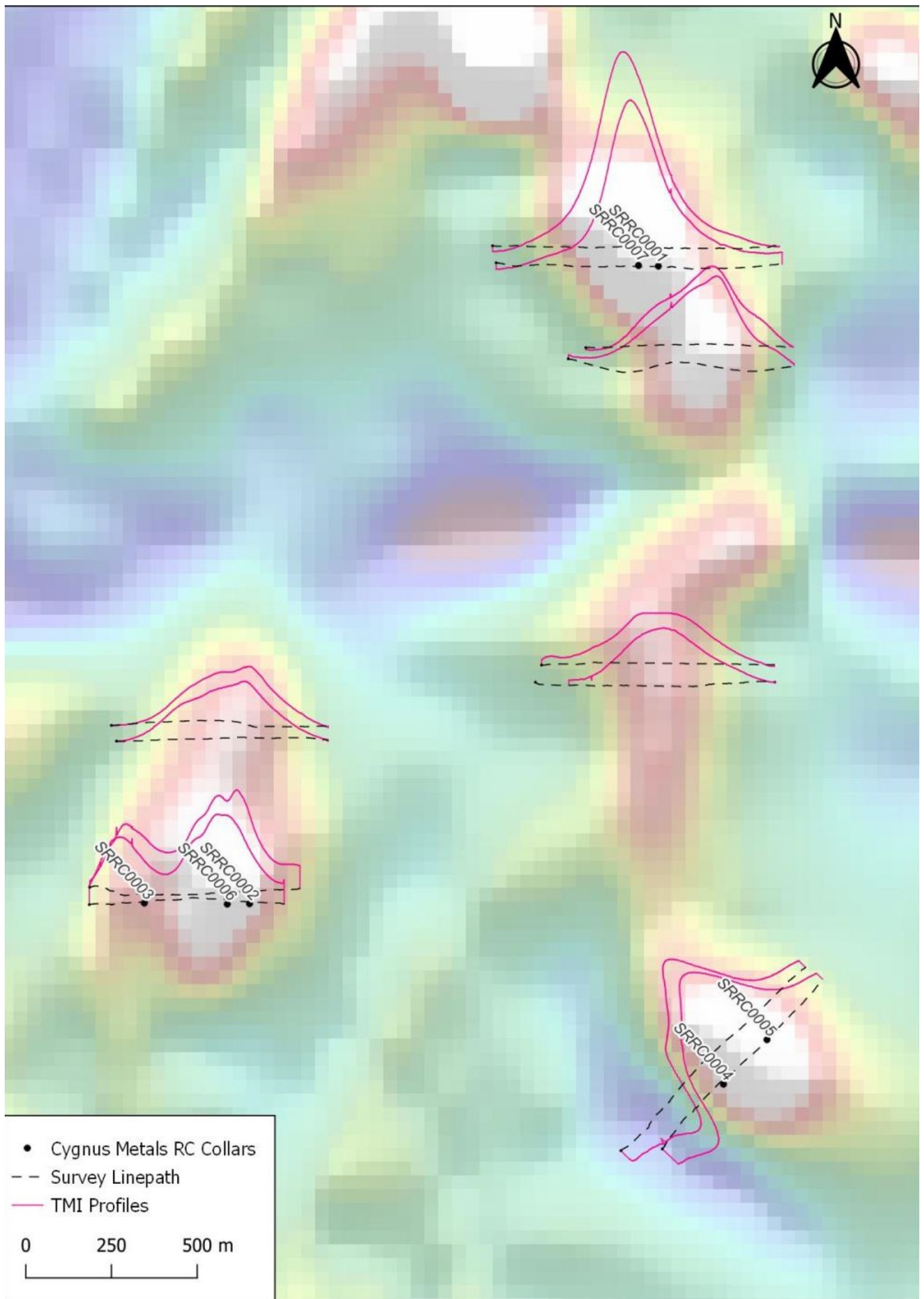


Figure 3. Cygnus RC Collars with ground magnetic profiles over magnetic TMI image.

7. Current Exploration

5 RC drillholes were completed for 855m. Two drillholes were ended early due to excessive water which would not be controllable if drilling continued. The table below outlines drilling completed for this EIS application. A hole-by-hole breakdown of the drilling then outlines lithologies intersected.

The drilling was planned to complete 6 x 150m holes however due to the modelled depth to fresh rock it was deemed 5 deeper holes would be more effective. Costs were higher due to numerous factors including depth of drilling, inflation and demand of drill rigs. Drilling costs and diesel costs have risen sharply since the application was written in late 2021 and the program should have applied for a higher cost per meter for the drilling. Deeper drilling is slower and more expensive per meter, and this has increased the cost per meter.

Hole_ID	Act_MGA_East	Act_MGA_North	Act_RL	Dip	Azimuth	Depth	WT Depth	Date Started	Date Completed
SRRC0008	612425	6410714	273	90	0	186	12	3/03/2023	3/03/2023
SRRC0009	612156	6410752	275	60	45	200	10	3/03/2023	4/03/2023
SRRC0010	612134	6410733	270	90	0	180	12	4/03/2023	5/03/2023
SRRC0011	609746	6410589	261	60	45	156	2	5/03/2023	6/03/2023
SRRC0012	613709	6412629	270	55	270	133	12	6/03/2023	6/03/2023

Drill targets were identified from magnetic anomalies over interpreted dense bodies from ground gravity data. Magnetic bullseye anomalies were investigated by ground magnetic surveys and the data processed and modelled by Southern Geoscience Consultants. A total of 5 magnetic targets have been modelled in E70/4911 and targets 3, 4 and 5 were tested during this drilling.

Generally, 4m composite sampling was carried out for each hole, with all samples submitted for Au-Pd-Pt analysis and select samples submitted for multi-element analysis. The samples were packed in polyweave bags and transported to the ALS Analytical Laboratory in Perth. The samples were dried, crushed to better than 80% passing

- Au-Pt-Pd by Fire Assay with ICP-AES finish
- Multi element analysis via four-acid digestion with ICP-AES & ICP-MS finish

Several sections were later selected for assays on 1m split sample from the rig's splitter, with following assay work carried out:

- HF-HNO₃-HClO₄ acid digestion, HCl leach and ICP-AES
- Au-Pt-Pd by Fire Assay with ICP-AES finish

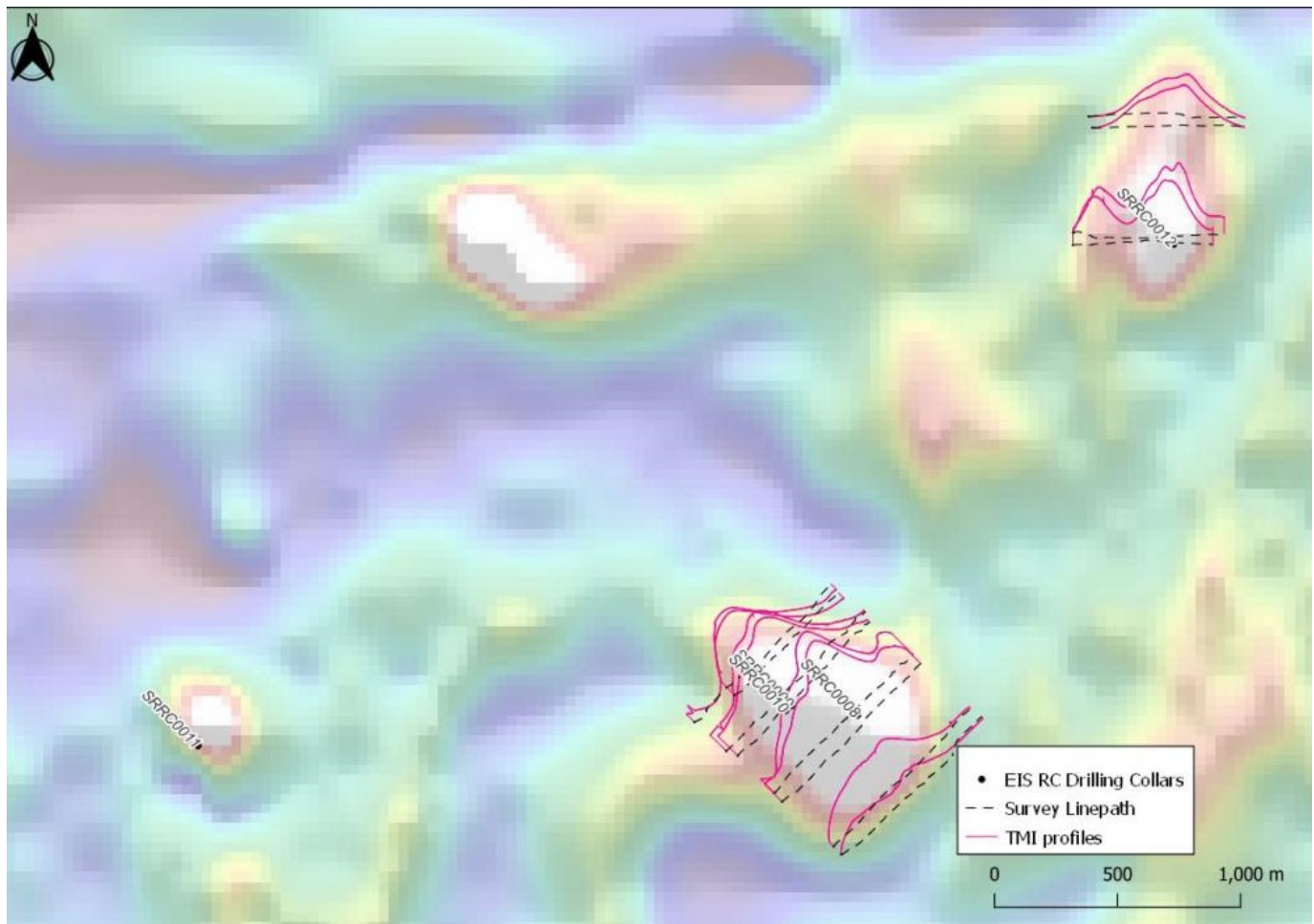


Figure 4. EIS RC Collars with ground magnetic profiles over magnetic TMI image.

8. Current Exploration Summary

8.1 Drilling

SRRC0008:

SRRC0008 was designed to test two out of four stacked magnetic features, features 'A' and 'B'. 'A' was modelled to be the largest and most magnetic of all 4 features. A shallow weathering profile of red clays to 8m was followed by peridotite to 46m with roughly 50:50 olivine: pyroxene and local coarse biotite. Magnetic (around 40×10^{-3} SI) mafic gneiss from 46m, consisting of amphibole, plagioclase, biotite and magnetite to end of. Occasional potassic alteration/intrusions with and without epidotization. No definite separation into different targets and no distinct mineralisation was detected.

4m composite samples were collected and assayed for Au, Pd and Pt. Samples from ultramafic sections were assayed for multi-elements. Roughly every fifth sample from mafic gneiss was also assayed for multi-elements.

Base- and precious metal values were low with maximal values of 33.8ppm Co, 64.2ppm Cu and 48.7ppm Ni.

SRRC0009:

SRRC0009 was targeting a stacked magnetic feature and test feature 'B'. Heavily weathered ultramafics from start of hole. Peridotite with increasing competency from 32m. Mafic gneiss from 54m to end of hole with similar alteration/intrusions as in SRRC0008. MagSus between 30 and 45×10^{-3} SI in mafic gneiss. No definite separation into different targets and interpreted to contain the same rocks as drilled in SRRC0008 for Horizon 'A' and 'B'. No distinct mineralisation was seen.

Again, 4m composite samples were collected and assayed for Au, Pd and Pt. Samples from ultramafic sections were assayed for multi-elements. Roughly every fifth sample from mafic gneiss was also assayed for multi-elements.

Base- and precious metal values were low with maximal values of 33.9ppm Co, 81.4ppm Cu and 62.5ppm Ni.

SRRC0010:

SRRC0010 was drilled to test feature 'C' of the same stacked magnetic target. Shallow weathering profile of red clays to 9m followed by peridotite with olivine>pyroxene to 38m and mafic gneiss to end of hole with similar alteration/intrusions as in previous holes. MagSus between 30 and 45×10^{-3} SI in mafic gneiss. No definite separation into different targets and no distinct mineralisation was detected.

Again, 4m composite samples were collected and assayed for Au, Pd and Pt. Samples from ultramafic sections were assayed for multi-elements. Roughly every fifth sample from mafic gneiss was also assayed for multi-elements.

Base- and precious metal values were low with maximal values of 30.2ppm Co, 55.4ppm Cu and 46.4ppm Ni.

SRRC0011:

SRRC0011 was designed to drill test a magnetic bullseye anomaly on a large gravity surface anomaly. Peridotite – pyroxenite – harzburgite from start of hole with pXRF showing high Cr (2500ppm), Ni (1700ppm) and S (3000ppm). Pyrite was seen disseminated to blebby from 60 to 75m and at 135m, coincidental with chromite rich sections at 134m. Additional chromite rich sections occur at 90m and chromite disseminated throughout the drillhole. A felsic intrusive was intercepted from 140 to 153m with varying grain size and texture from gneissic banding to pegmatitic zones (crystal size up to 7mm), then back into peridotite – harzburgite. Unfortunately, the hole had to be ended due to uncontrollable salt water in the contact zone.

4m composite samples were collected and assayed for Au, Pd, Pt and multi-elements. Following a closer inspection of the drill chips and information from 4m composite assays, it was decided to get 1m splits collected from the rig's cyclone assayed for Au, Pd, Pt and multi-elements for the majority of the hole.

Chromite rich layers with up to 9440ppm Cr suggest a fractionated magma chamber and therefore the potential for PGE mineralisation. Proxies like $\text{MgO} > 32\%$, the presence of thick ultramafic and mafic rock as well as felsic intrusions indicate the necessary high-degree partial melting of the asthenosphere to produce komatiitic magmas and high-flux magma pathways for komatiitic magmatism. Additionally, the presence of S with up to 7100ppm in combination with 2090ppm Ni and maximal values of Ni of 2530ppm prove the presence of metals and the potential for the sulphide concentration.

SRRC0012:

SRRC0012 targeted two out of three stacked magnetic features which were missed in the initial drilling at Snake Rock. Drillhole SRRC0006 drilled mafic rocks which were not magnetic and SRRC0002 drilling magnetic ultramafic with MgO values up to 32%.

Saprolite to 15m followed by strongly weathered ultramafics to 29m. Peridotite – pyroxenite – harzburgite to end of hole. Local coarse biotite and garnet. Chromite-bearing harzburgite was seen from 93 to 96m with magnetic susceptibility $107\text{--}252 \times 10^{-3}$ SI. Chromite was described as blebby to massive with minor disseminated pyrite. Otherwise, variable magnetism up to 50×10^{-3} SI. Pyrite occurred disseminated to massive at 98m and 115m with copper bearing sulphides (probably covellite and chalcopyrite). Again, the hole had to be ended due to uncontrollable salt water.

4m composite samples were collected and assayed for Au, Pd, Pt and multi-elements. Following a closer inspection of the drill chips and information from 4m composite assays, it was decided to get 1m splits collected from the rig's cyclone assayed for Au, Pd, Pt and multi-elements for the majority of the hole.

The same conclusions as for SRRC0011 can be made for SRRC0012. MgO values reach 36.8% and Cr values 1.4%. Base metal assays returned Co up to 208ppm, Cu up to 117ppm and Ni up to 4600ppm. S is elevated with up to 2600ppm.

Several elemental ratios can be used as vectors for Ni sulphide mineralisation: Ni/Cr up to 3.6 and $(\text{Ni/Cr}) \cdot (\text{Cu/Zn})$ up to 1.11 are low compared to known Ni sulphide deposits but indicate the prospectivity of the region. This is supported by elevated $\text{Pd} \cdot \text{Ce} \cdot \text{Co} \cdot \text{Ni/Cr}$ ratios. This index was developed to highlight areas with the highest prospectivity for Ni sulphides.

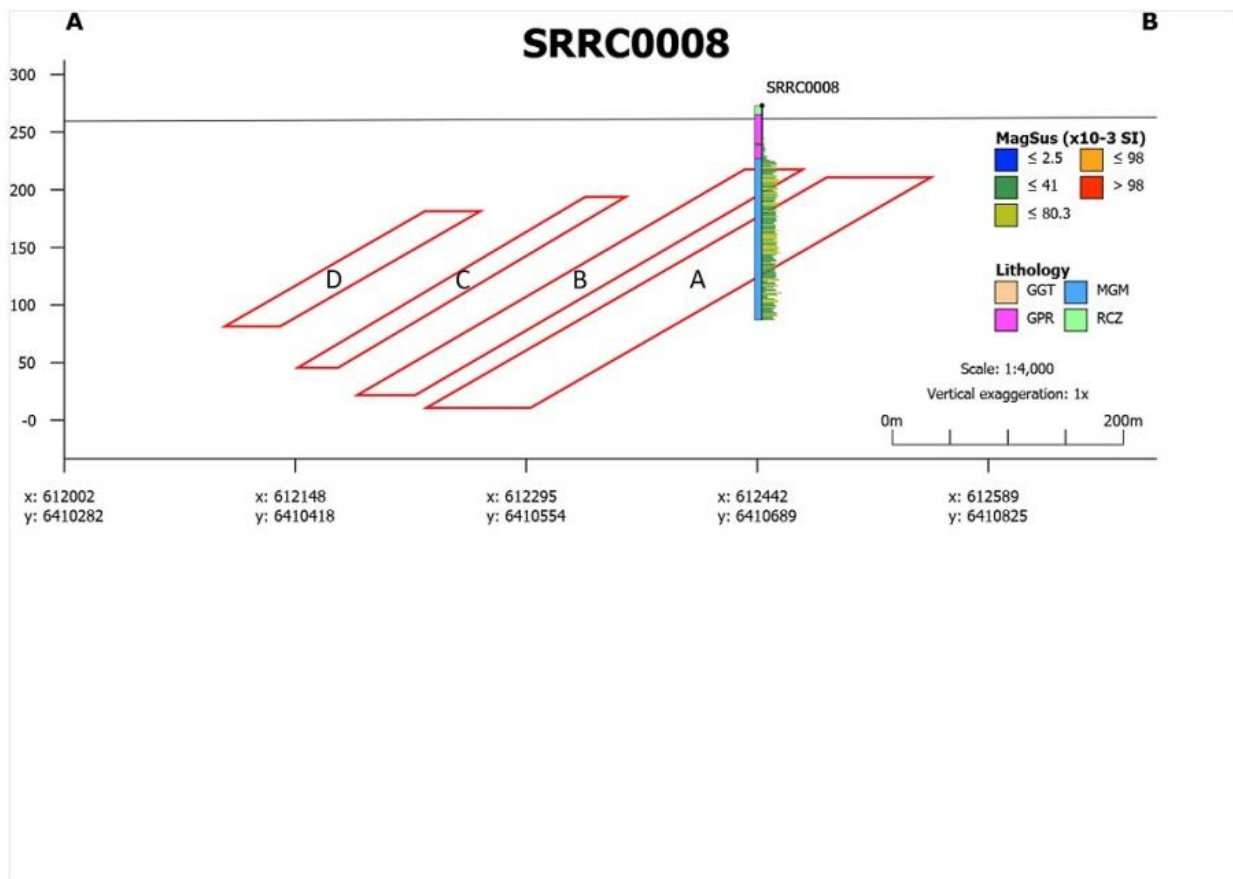


Figure 5. Cross Section of SRRC0008.

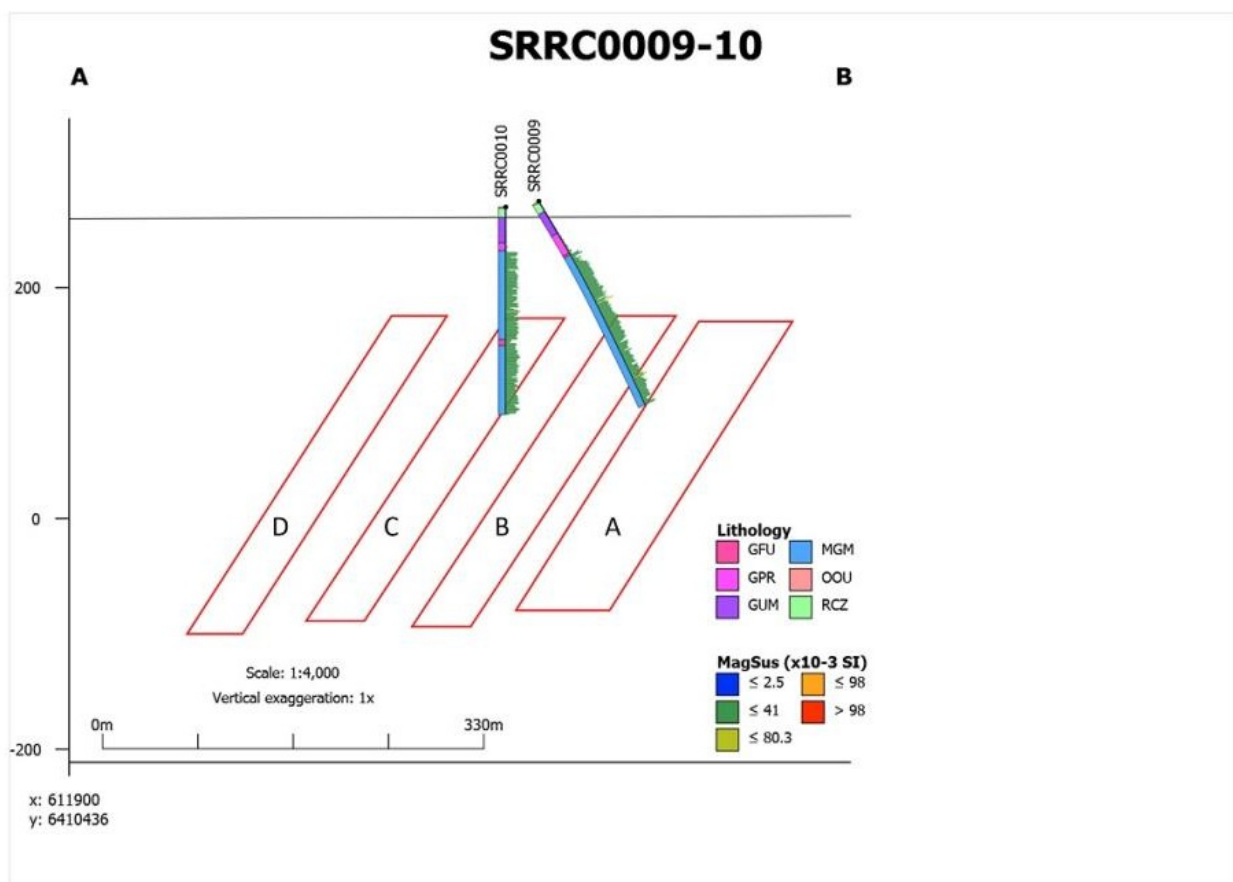


Figure 6. Cross Section of SRRC0009-10.

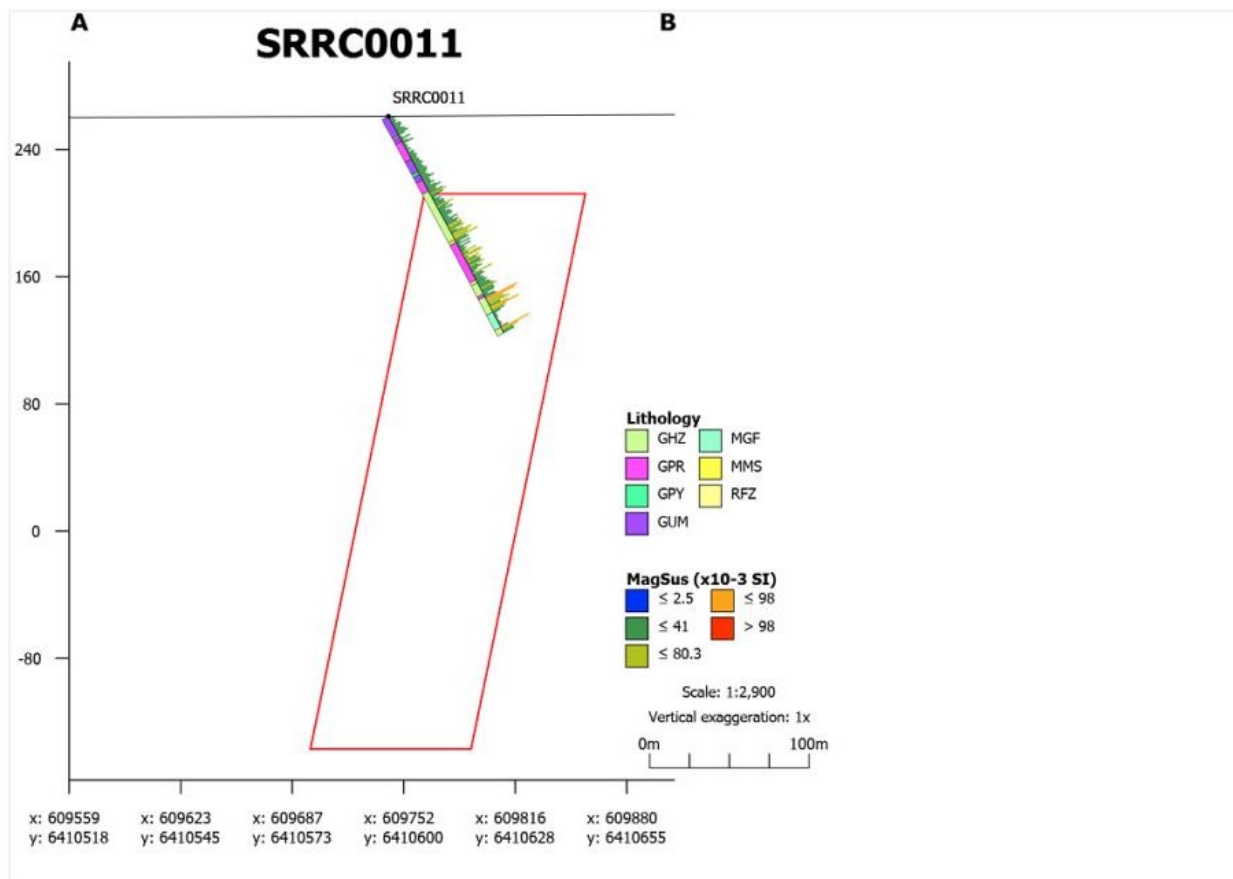


Figure 7. Cross Section of SRRC0011.

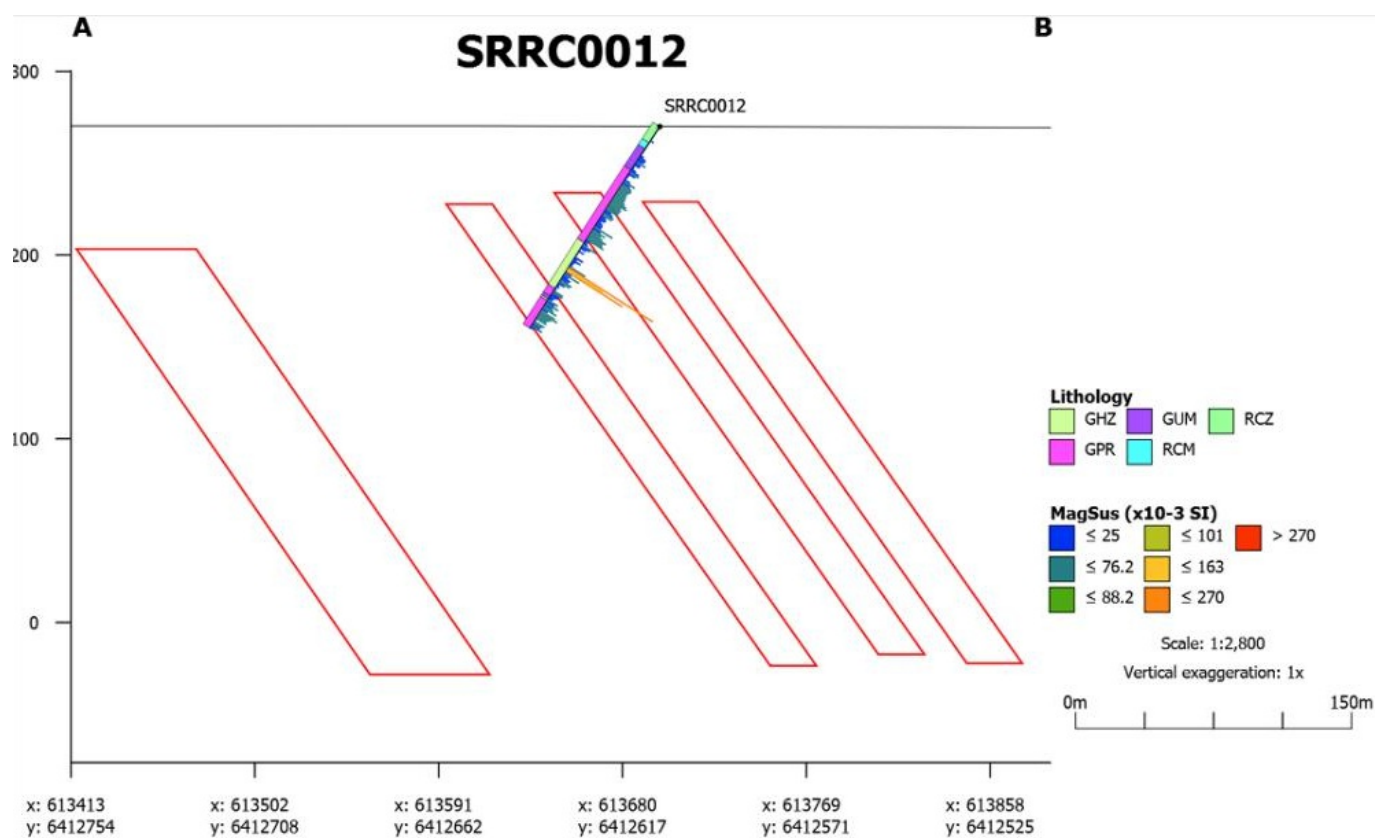


Figure 8. Cross Section of SRRC0012.

9. Conclusion and Recommendations

The Kondinin mafic-ultramafic complex has been known of since the 1970s when five diamond holes drill tested a small ultramafic outcrop associated with a magnetic anomaly. Only base metals were assayed, core loss was high and only a small section of the width of the magnetic anomaly was tested.

Cygnus Metals have proven that the dense mafic-ultramafic complex continues unserpentinised and non-magnetic through the Kondinin area and this early stage RC program provided samples assayed by modern methods for a full suite of elements, including Au, Pd, Pt and base metals. Those excellent exploration results at the Snake rock tenement and the EIS drilling are proving the geology and prospectivity of the region is not understood. For the results of this drilling, a renewed and updated pathfinder signature analysis is changing the way we look at other tenements.

Drill results proved the existence of a mafic-ultramafic layered intrusion with coincidental magnetic and gravity anomalies. Chromite rich sections, high MgO values, felsic intrusions, elevated Ni and S values and elemental ratios highlight the prospectivity of the area for Ni and PGE mineralisation. The presence of distinct folding could indicate a remobilisation of massive sulphides. This is in addition to a garnet-magnetite-sulphide rich unit intercepted in diamond drilling in E70/4911 by Cygnus Metals that returned a significant 74.5m wide zone with 0.15g/t Au and 0.1% Cu. A total of 8 samples of both drill core and rock chips from EIS drilling have been sent for petrographic thin section analysis. The report and conclusions will be submitted separately. From this work it will be assessed if XRD or further analysis is required.

Similar geophysical signatures, supported by geochemical signatures, were found to extend up to 45km within the Hardies tenement group alone. Further similar patterns can be seen within the entire South West Terrane and suggest the potential for significant discoveries.

Geophysical methods have proven difficult due to the presence of viscous remanent magnetics and high salinity of the groundwater. Auger sampling has also proven ineffective due to repeating flooding of the area from yearly rain falls. Given the prominent weathering profile and general softness of the ultramafic units, AC drilling is likely to be a cost-effective method to delineate further deeper drill target in E70/4911 and to test anomalous magnetic lows that could represent ultramafic units. Closer spaced ground gravity surveys could help differentiate mafic gneiss unit from ultramafic units. Parallel to this, the gained knowledge is to be applied to the entire tenement package to repeat the successful exploration on E70/4911.

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11. Appendices

No Appendices as text are available