



CYGNUS GOLD

ANNUAL REPORT **2018**

AN **AUSTRALIAN GOLD** AND BASE METALS **EXPLORATION COMPANY**





CORPORATE DIRECTORY

01

Principal Place of Business & Registered Office

Level 3, 20 Parkland Road
Osborne Park WA 6017

Contact information

Phone: +61 8 9489 2680
Email: info@cygnusgold.com
Website: www.cygnusgold.com

Australian Business Number

80 609 094 653

Directors

Mr Michael Bohm	Non-executive Chairman
Mr James Merrillees	Managing Director
Mr Simon Jackson	Non-executive Director
Dr Oliver Kreuzer	Non-executive Director
Dr Amanda Buckingham	Non-executive Director

Company Secretary

Mr Michael Naylor

Auditors

Grant Thornton Audit Pty Ltd
Central Park
Level 43 152-158 St Georges Terrace
Perth WA 6000

Stock Exchange Listing

Primary listing: Australian Securities Exchange
ASX Code: CY5

Share Register

Computershare Investor Services Pty Ltd
GPO Box 2975, Melbourne VIC 3001
Phone: +61 3 9415 5000
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Bankers

National Australia Bank
100 St Georges Terrace
Perth WA 6000

Solicitors

Gilbert and Tobin
Level 16, Brookfield Place Tower 2
123 St Georges Terrace
PERTH WA 6000

**02 AS WE AWAIT RESULTS FROM OUR FIRST QUARTER 2019
EXPLORATION ACTIVITIES AND PLAN OUR WORK FOR THE
MONTHS AHEAD, THE COMING YEAR LOOKS TO BE AN
IMPORTANT ONE IN SHAPING OUR COMPANY AND
ITS SUCCESS.**

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04 THE TEAM HAS BUILT ON OUR **EXTENSIVE PROJECT PORTFOLIO**
WE HAVE BEEN **SUCCESSFUL IN EXECUTING** NUMEROUS LAND
ACCESS AGREEMENTS AND SUBSEQUENTLY UNDERTAKEN
SEVERAL DRILL PROGRAMS ON OUR **100% OWNED** PROJECTS

CHAIRMAN'S STATEMENT

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Fellow shareholders,

I am pleased to present the 2018 Annual Report for Cygnus Gold Limited (ASX: CY5), reflecting on the Company's first year listed on the Australian Securities Exchange following the completion of our Initial Public Offering and the commencement of trading in January 2018.

In the time since our listing, we have been successful in executing numerous land access agreements and subsequently undertaken several drill programs on our 100% owned projects. Further, the team has built on our extensive project portfolio in the Wheatbelt region of Western Australia where we are exploring for gold and base metals in the under-explored Southwest Terrane – home to gold discoveries including the significant Tampia gold resource.

The focus to date has been the Stanley Project, where during 2018 we completed more than 12,000 metres of drilling. There are multiple prospects at Stanley, including Bottleneck, Stanley Hill, McDougall and Brays, and our work on the project to date has produced some promising results including these from Bottleneck including 9.5m at 29.2 g/t Au in hole BNDD001 and 10.9m at 15.1 g/t Au in BNDD003.

We have subsequently completed follow-up drilling at Bottleneck, as well as the Stanley Hill and McDougall prospects in early 2019. A new target is emerging at McDougall South where we have identified a coherent (1km x 500m) gold anomaly associated with a north-west-trending structural zone, and two holes intersected anomalous gold.

In addition to Stanley, we also undertook drilling at our Bencubbin Project as part of a program co-funded by the WA Government, with our initial focus on the Jefferies prospect, a 3.5km long gold auger anomaly. This previous work returned a wide, anomalous gold intercepts in limited (shallow) drilling including 12m @ 2.15g/t Au from surface, and we have followed this up with a 10-hole program in February 2019.

- Consolidated a significant tenement holding for gold and base metal exploration in Western Australia
- Attracted cornerstone investment from Resource Capital Funds, Southern Cross Capital and Gold Road Resources Limited
- Recruited a management team to undertake both the corporate and technical management processes
- Arranged land access and permitting for exploration on the Company's priority target areas
- Undertaken a number of exploration and drilling programs foreshadowed in our IPO
- Entered into multiple earn-in and JV agreements with Gold Road
- Successful official quotation on the ASX
- Successfully applied for WA Government co-funding for diamond drilling at Stanley, Burracoppin and Bencubbin.

6 CHAIRMAN'S STATEMENT

Whilst gold is our focus, the team also identified an extensive surface nickel anomaly over an 18km strike at Bencubbin North. The 70km-long Bencubbin Greenstone is considered a prime target for sulfide-hosted nickel-copper and base metals mineralisation, however the nickel targets have not been adequately tested nor drilled. We have recently undertaken a reconnaissance soil sampling program there in early 2019 and we expect to commence a wider program over the coming months.

The Company has also progressed our Joint Venture (JV) projects with Gold Road Resources Ltd (ASX: GOR), a major shareholder in our company and a well-credentialed partner. Cygnus is managing these JVs at Wadderin, Lake Grace and Yandina, and we have been busy already in 2019 completing surveying, sampling and a 23-hole drill program. More drilling is planned for the coming months.

Following on from the harvest season in the Wheatbelt, it has been a busy period of exploration at Cygnus and I would like to thank our Management and Staff for their significant efforts through 2018. I would also like to thank our Shareholders for their support and encouragement for our exploration efforts.

As we await results from our first quarter 2019 exploration activities and plan our work for the months ahead, the coming year looks to be an important one in shaping our Company and its success. I hope you will share that journey with us.



Michael Bohm
Non-executive Chairman

THE COMPANY HAS ALSO PROGRESSED OUR **JOINT VENTURE** 07
PROJECTS WITH **GOLD ROAD RESOURCES LTD,**
A MAJOR SHAREHOLDER IN OUR COMPANY AND A
WELL-CREDENTIALLED PARTNER.

08 DIRECTORS' REPORT

The directors present their report, together with the financial statements for the year ended 31 December 2018 for Cygnus Gold Limited (Cygnus or the Company).

DIRECTORS

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

Mr Michael Bohm - Non-executive Chairman Director Appointed 30 September 2016

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. Mr Bohm currently serves as a Director of a number of ASX-listed companies and sits on their Audit &

Risk Committees and Chairs their Remuneration Committees. Prior to this, he has held a number of directorships including those with Perseus Mining Limited, Tawana Resources Limited, Argyle Diamonds Mines, Sally Malay Mining Limited and Ashton Mining of Canada.

Over the past three years, Mr Bohm has also held directorships with the following ASX listed companies:

OTHER CURRENT DIRECTORSHIPS	COMMENCED	CEASED
Mincor Resources Limited	1 January 2017	-
Ramelius Resources Limited	29 November 2012	-

FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

Berkut Minerals Limited	1 July 2016	30 June 2017
Perseus Mining Limited	15 October 2009	31 May 2018
Tawana Resources Limited	1 August 2015	21 October 2016

Mr James Merrillees – Managing Director
Appointed 17 November 2017

Mr Merrillees is a professional geologist with more than 20 years' experience in minerals exploration and development. He has wide-ranging experience leading teams exploring for and evaluating precious and base metals globally. Mr Merrillees experience includes senior technical and corporate roles for ASX-listed major and junior gold and base metals explorers and producers. He is a member of the AusIMM and holds Bachelor of Science (Geology) and Bachelor of Commerce (Accounting and Finance) degrees and a Graduate Diploma in Applied Finance.

Over the past three years, Mr Merrillees has not held any directorships with an ASX listed company.

Mr Simon Jackson – Non-executive Director
Appointed 17 November 2017

Mr Jackson is a Chartered Accountant with 26 years' experience in the gold industry. He has held positions as CEO and MD of ASX-listed Brazilian-focussed gold producer Beadell Resources Limited and President & CEO of the TSXV-listed Orca Gold Inc, a junior exploration company with multiple gold discoveries in Sudan. 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.

Over the past three years, Mr Jackson has also held directorships with the following ASX listed companies:

OTHER CURRENT DIRECTORSHIPS	COMMENCED	CEASED
Coziron Resources Limited	30 January 2019	-
Kopore Metals Limited	7 March 2019	-

FORMER DIRECTORSHIPS IN THE LAST 3 YEARS

Cardinal Resources Limited	31 August 2015	12 October 2017
Beadell Resources Limited	10 November 2013	14 July 2018

Dr Oliver Kreuzer – Non-executive Director Director since April 2016

Dr Kreuzer is a Registered Professional Geoscientist (MAIG, RPGeo) with a broad skill set in structural, generative and corporate geology honed during a 20-year career in applied research and mineral exploration across a wide range of gold, base metals and uranium projects in Australia, Africa, North America, Europe and Asia. His work directly contributed to new company floats (ASX:AUC, ASX:RGU, ASX:CY5), company transforming project acquisitions (ASX:AWV, ASX:GLA) and new discoveries. Dr Kreuzer's passion lies in the application of superior geoscience to exploration targeting and shortening the time frame to discovery.

Over the past three years, Dr Kreuzer has not held any directorships with an ASX listed company.

Dr Amanda Buckingham – Non-executive Director Director since April 2016

Dr Buckingham has been involved full-time in mineral exploration for more than 20 years. Dr Buckingham founded and remains a major shareholder and director of companies in the United States, Australia and Singapore and has been fundamental to their high profitability. Dr Buckingham founded Fathom Geophysics in 2007, an industry leading geophysical group that has developed worlds-best technology for targeting under cover and significantly increasing the chance of discovery.

Dr Buckingham's early career was at major mining companies such as Rio Tinto and several listed juniors. She has wide-ranging exploration experience in North and sub-Saharan Africa, North and South America, South East and Central Asia, Russia and Europe. Dr Buckingham is a research fellow at the University of Western Australia and a founder of Cygnus.

Over the past three years, Dr Buckingham has not held any directorships with an ASX listed company.

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 Cygnus Gold Limited were:

NAME	NUMBER OF ORDINARY SHARES	PERFORMANCE RIGHTS
Mr Michael Bohm	3,170,001	100,000
Mr James Merrillees	150,000	350,000
Mr Simon Jackson	303,334	100,000
Dr Oliver Kreuzer	1,883,334	100,000
Dr Amanda Buckingham	2,333,334	100,000

There are no options on issue at the date of this report.

COMPANY SECRETARY

Mr Michael Naylor

Mr Naylor has 23 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 resource focused public companies serving on the board and in the executive management team focusing on advancing and developing mineral resource assets and business development.

OPERATING RESULTS

The loss of the Company for the year ended 31 December 2018 after providing for income tax amounted to \$638,119 (2017: \$784,721).

REVIEW OF FINANCIAL POSITION

The net assets are \$5,626,625 as at 31 December 2018 (2017: \$6,607,517).

PRINCIPAL ACTIVITIES

Cygnus is an exploration company focused on the discovery of gold and base metals deposits in the south west Yilgarn of Western Australia.

There have been no significant changes in the nature of these activities during the period.

12 **THE FOCUS** TO DATE HAS BEEN THE STANLEY PROJECT, WHERE DURING 2018 WE COMPLETED MORE THAN 12,000 METRES OF DRILLING.

REVIEW OF OPERATIONS

Overview

Cygnus is targeting the discovery of high-grade gold and base metals deposits within the **Southwest Terrane of Western Australia**. The Southwest Terrane is a unit of high metamorphic grade rocks forming part of the well-mineralised Yilgarn Craton.

In **Western Australia**, particularly in the **Southwest Terrane**, high-grade metamorphosed greenstone sequences have been targeted sporadically for their gold potential with some success at Griffins Find, Katanning and Tampia. However, compared to other parts of the Yilgarn Craton, the intensity of exploration activity is relatively low. Cygnus believes this is partly a result of widespread, post-mineral cover which requires detailed geophysical data to effectively explore.

It was only in February 2016 that higher resolution geophysical data over the **Southwest Yilgarn** became publicly available. Using this newly released data, Cygnus' team generated maps identifying the greenstone belts across the Southwest Terrane including key structures controlling the location of mineralisation.

The areas identified by this approach were subject to detailed screening and the Company subsequently applied for exploration licences over targets that passed this initial screening and were ranked highest for potential to host economic gold deposits. At 31 December 2018, the Company had assembled a ~9,000km² land package to explore for gold and base metals in this highly prospective region.

IN WESTERN AUSTRALIA, PARTICULARLY IN THE SOUTHWEST
TERRANE, **HIGH-GRADE METAMORPHOSED** GREENSTONE
SEQUENCES HAVE BEEN TARGETED SPORADICALLY FOR THEIR
GOLD POTENTIAL WITH SOME SUCCESS AT GRIFFINS FIND,
KATANNING AND TAMPPIA.

15



16 STANLEY PROJECT (CYGNUS 100%)

Cygnus' most advanced exploration project is the Stanley Project, comprising an area of 160km² approximately 60km northeast of the Wheatbelt town of Katanning.

Stanley was targeted following Cygnus' interpretation of available geophysical datasets which defined a more than 20km-long strike length of prospective greenstone sequences which included widespread, shallow and high-grade gold mineralisation identified by previous explorers (Figure 2).

Following the successful IPO in January 2018 Cygnus has completed over 12,000m of drilling at Stanley as discussed below.

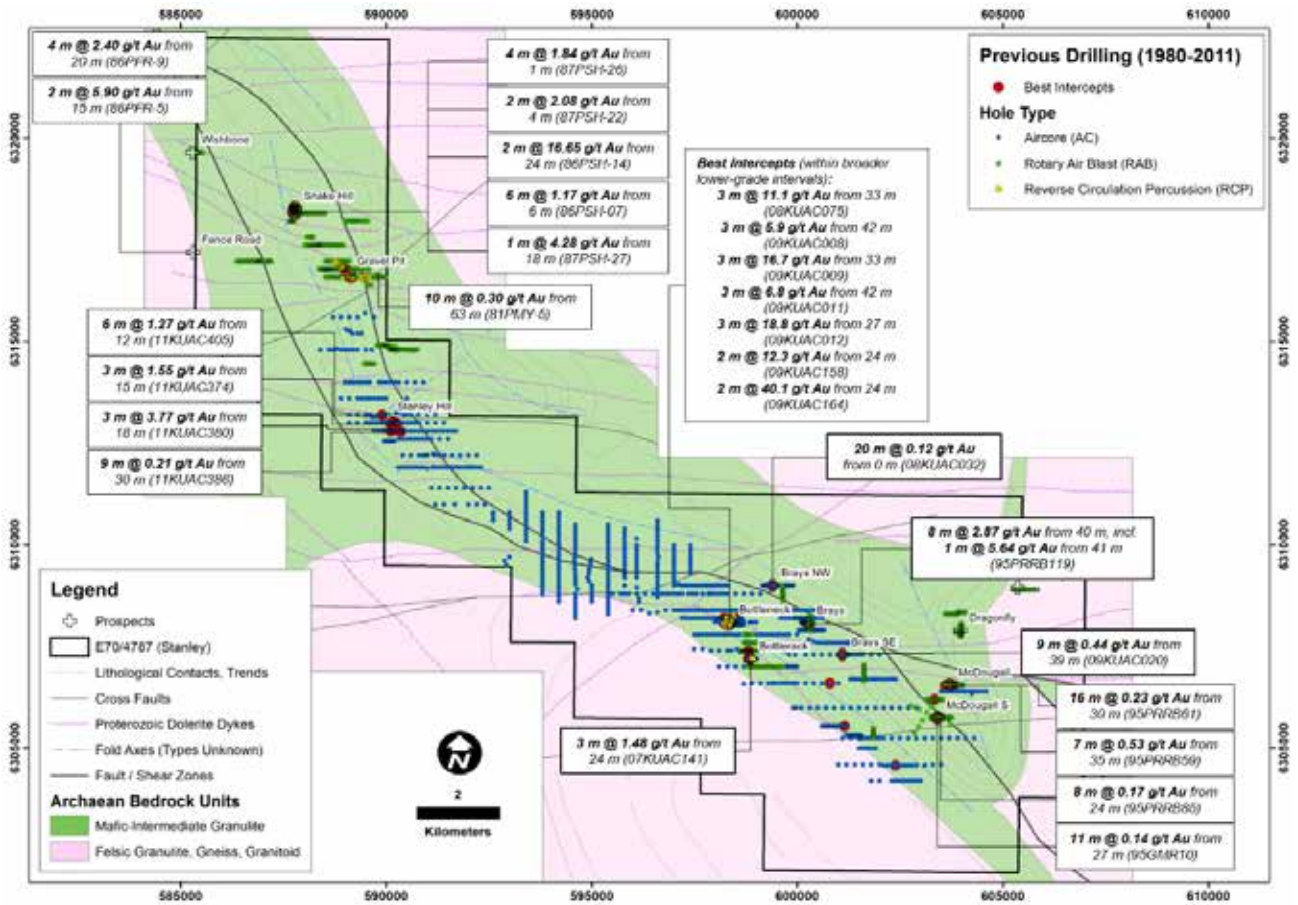


Figure 2: E70/4787 (Stanley Project), key drill results and prospects. Note: The geology interpretation is explained in the Independent Technical Assessment Report in Section 8 of the Cygnus Gold Prospectus dated 22 November 2017

JANUARY 2018 DIAMOND DRILLING

The Company's initial 629m diamond core drilling program targeted the Bottleneck prospect which is defined by widespread historical intersections of shallow, high-grade gold. This prospect had received limited deeper drilling and the Company had also interpreted a 'down-plunge' target, which had never been tested.

The initial diamond exploration program returned a number of encouraging results including (refer ASX announcements on 22 February 2018 and 7 March 2018):

- **BNDD001: 9.50m @ 29.20 g/t Au from 36.70m incl. 2.4 m @ 114.63 g/t Au from 38.70m**
- **BNDD003: 10.95m @ 15.10 g/t Au from 24.70m incl. 4.75 m @ 34.17 g/t Au from 24.70m**
- **BNDD006: 6m @ 3.27 g/t Au from 157.5m incl. 2m @ 8.82 g/t Au from 161.5m.**

Drilling confirmed the width and grade of mineralisation intersected in the historical aircore holes, and notably holes BNDD001 and BNDD006 intersected mineralisation in fresh basement and these were targeted for follow up drilling described below (also Figures 3 & 4).

This program was co-funded by a grant from the WA Government's Exploration Initiative Scheme.

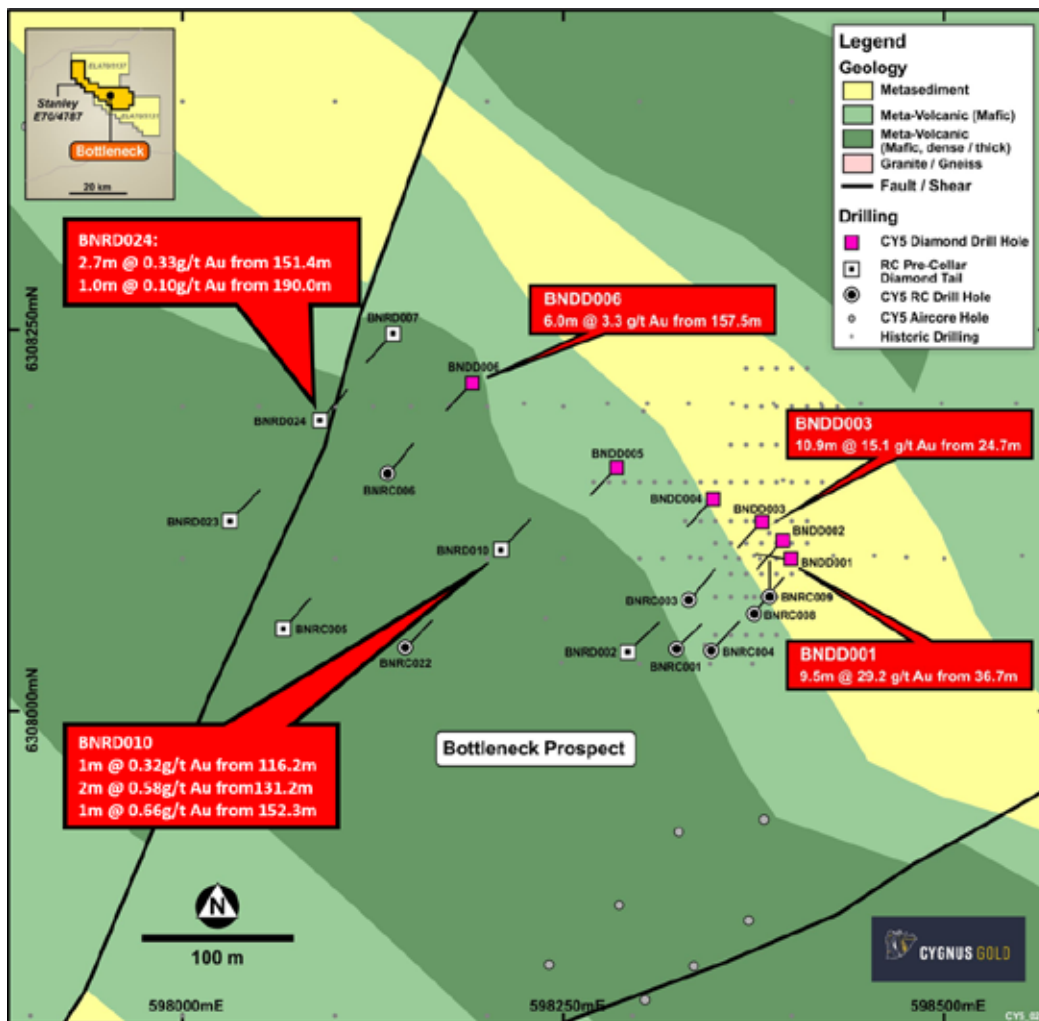


Figure 3: Plan view of the Bottleneck Prospect with intersections >0.1 g/t Au in Cygnus Gold's 2018 diamond drilling program.

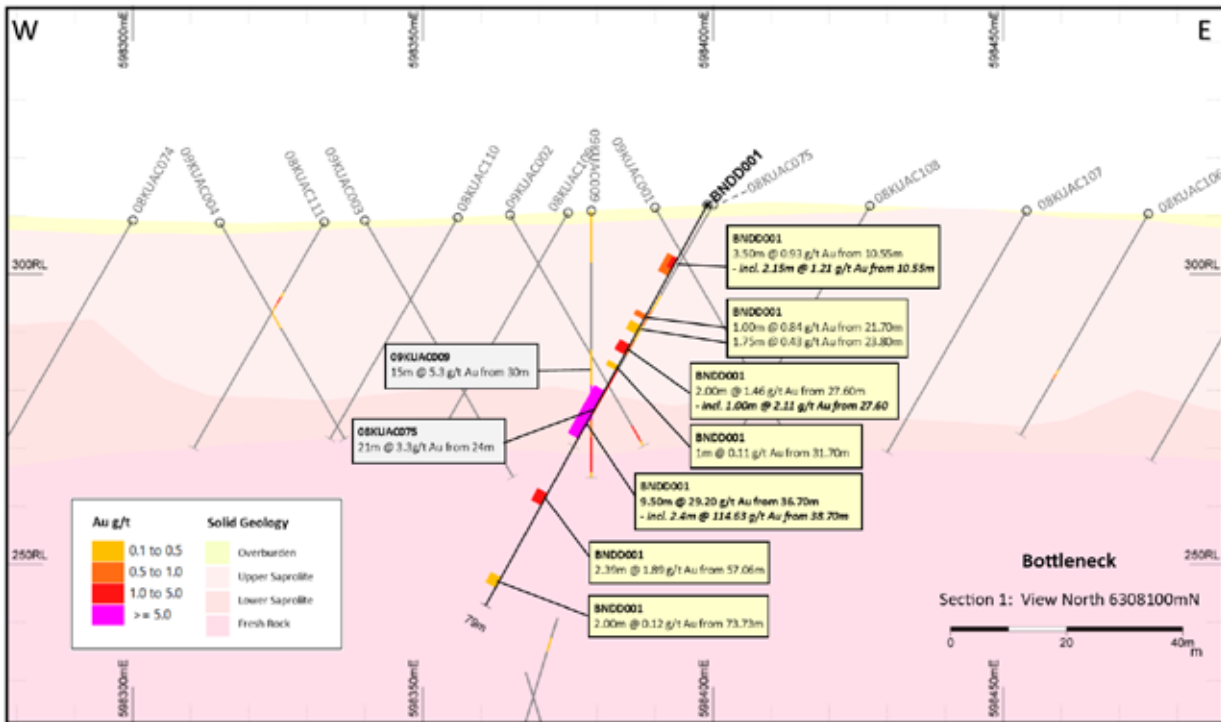


Figure 4: Section BNDD001 looking north with intervals >0.1 g/t Au and significant intervals >1 g/t Au highlighted (holes 08KUAC075 and 09KUAC009 are historical holes not drilled by Cygnus²)

FEBRUARY 2018 REVERSE CIRCULATION (RC) DRILLING

Cygnus followed up this initial diamond drilling with a 32-hole (2,975m) RC drilling program, targeting the high-grade zone and basement extensions of the gold mineralisation at Bottleneck, as well as targets on the Brays and Stanley Hill prospects, which had never been tested with deeper drilling.

Hole BNRC009, targeting extensions to the high-grade mineralisation at Bottleneck intersected (refer ASX announcement on 8 June 2018)¹:

- **7m @ 4.9g/t Au from 42m incl. 1m @ 33.0g/t Au from 42m**

BNRC009 confirmed the targeted high-grade horizon however did not materially extend mineralisation into the basement.

Six holes of this program (BNRDO05, BNRDO07, BNRDO10, BNRC022 BNRDO23 BNRDO24 and BNRDO25) targeted extensions to mineralisation in Cygnus hole BNDD006 which considered a priority target by the Company as it was the first hole to intersect high-grade mineralisation in fresh basement rock at Stanley.

Significant intersections included (refer ASX announcement on 8 June 2018)¹:

- BNRD010:
 - 3.0m @ 1.01g/t Au from 111.0m and
 - 1.0m @ 0.32g/t Au from 116.2m and
 - 2.0m @ 0.58g/t Au from 131.2m and
 - 1.0m @ 0.66g/t Au from 152.3m.
- BNRD024:
 - 2.7m @ 0.33g/t Au from 151.4m and
 - 1.0m @ 0.10g/t Au from 190.0m.
- BNRD005 intersected several narrow zones of mineralisation coincident with BNDD006 including 1m @ 1.31g/t Au from 83m.
- Holes BNRC022 and BNRD023 intersected a narrow, mineralised zone that extends more than 80m between these two holes, with best intervals of 4m @ 0.27g/t Au from 148m in BNRC022.

Several RC holes were also drilled to test aircore gold anomalies drilled by Cygnus up to 5km from Bottleneck, and significant intersections from these holes included (refer CY5 ASX announcement 6 June 2018)¹:

- BNRC012 with 2m @ 0.37g/t Au from 41m;
- BNRC013 with 1m @ 1.07g/t Au from 34m; and
- BNRC015 with 6m @ 0.62g/t Au from 46m.

DECEMBER 2018 RC DRILLING

In December 2018 the Company completed an eight-hole (866m) RC drilling program testing additional gold targets at Stanley.

Three holes (STRC0001, STRC0002, STRC0003) targeted extensions to the Bottleneck prospect defined by the diamond and RC programs completed earlier in the year.

The best result from this program came in hole STRC0002 which ended in mineralisation with 6m @ 0.74g/t Au from 136m as well as a narrow zone of mineralisation higher up the hole with 4m @ 1.17g/t Au from 124m (refer CY5 ASX announcement 6 June 2018)¹.

Resampling of the mineralised intervals in STRC0002 is underway to determine whether further follow-up is warranted.

Holes STRC0004, 0005 and 0006 were drilled to test a domal structure to the south of Bottleneck, with the best result coming in STRC0005 with 4m @ 1.08g/t Au from 32m. STRC0004 and STRC0006 did not intersect significant mineralisation and this dome is considered to have been tested with no follow up planned.

The Company also drilled two RC holes (total 182m) at the McDougall South prospect targeting historical aircore gold anomalies associated with a complex structural zone with best intersections (Refer ASX announcement 4 February 2019)¹:

- STRC0007: 4m @ 0.25g/t Au from 32m and
- STRC0008: 16m @ 0.19g/t Au from 32m.

An aircore drilling program at McDougall South was planned to follow up this anomalous zone (discussed below).

DECEMBER 2018 AIRCORE DRILLING

In addition to the RC drilling, the December 2018 program included 65 aircore (AC) holes for 2,661m designed to test targets identified from the Company's ground geophysical and surface geochemistry surveys as well as follow up zones of anomalous gold intersected in the Company's RC programs.

The best results from the AC program came in STAC028 at McDougall South with 12m @ 0.34g/t Au from 16m (Refer ASX announcement 4 February 2019)¹.

The intersection at STAC028 is part of a large (1km x 500m), and coherent gold anomaly at McDougall South associated with a NW trending structural zone (Figures 5 & 6). This gold anomalous zone is defined by a +50ppb Au mineralised halo hosted in basement rock interpreted as a felsic granulite after a granitic precursor.

Two further lines of AC drilling and two RC holes were drilled in early 2019 to follow up this zone at McDougall South with assay results anticipated in March-April 2019.

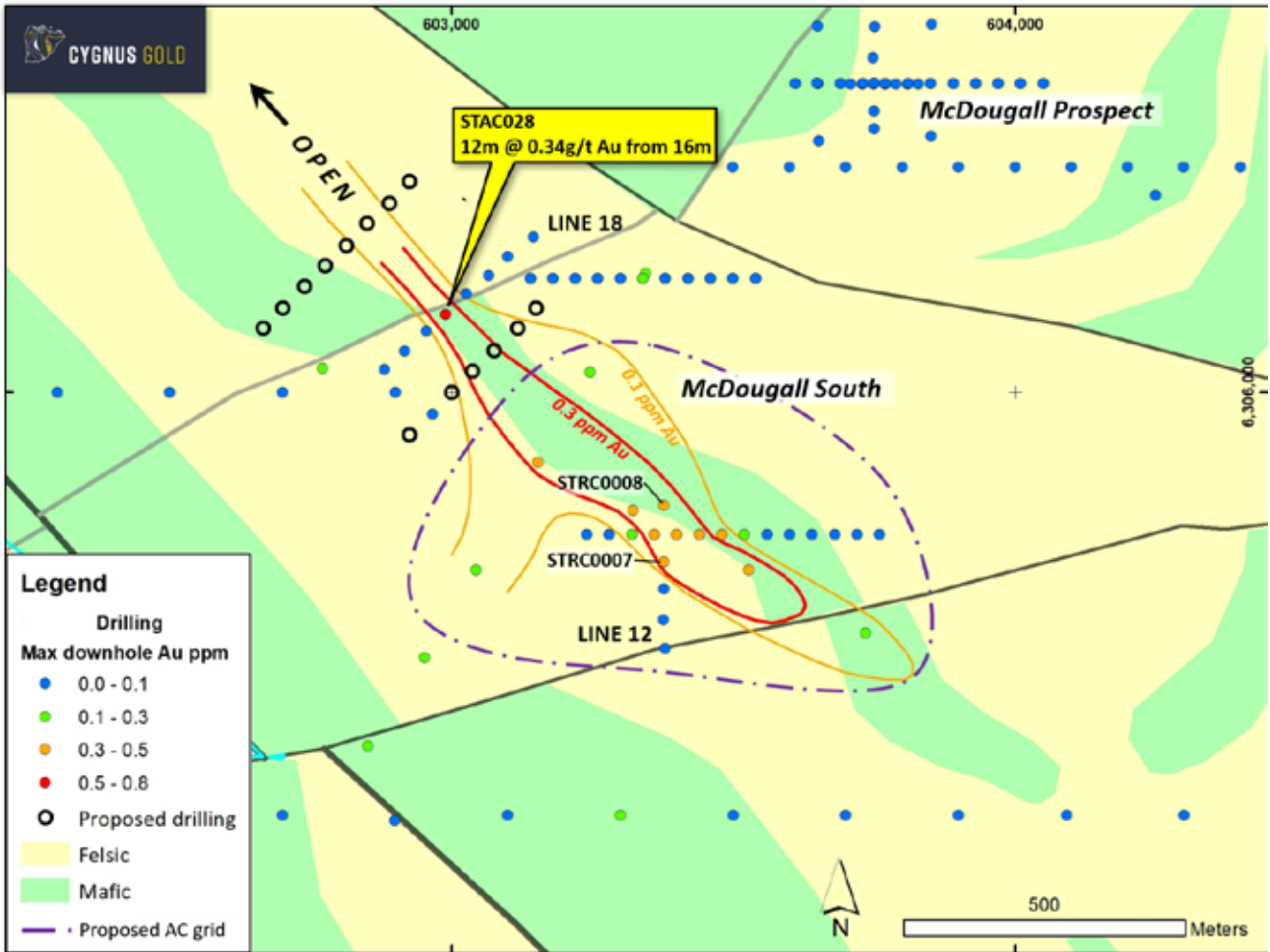


Figure 5: McDougall South Prospect, drilling over interpreted geology with contours of maximum downhole Au.

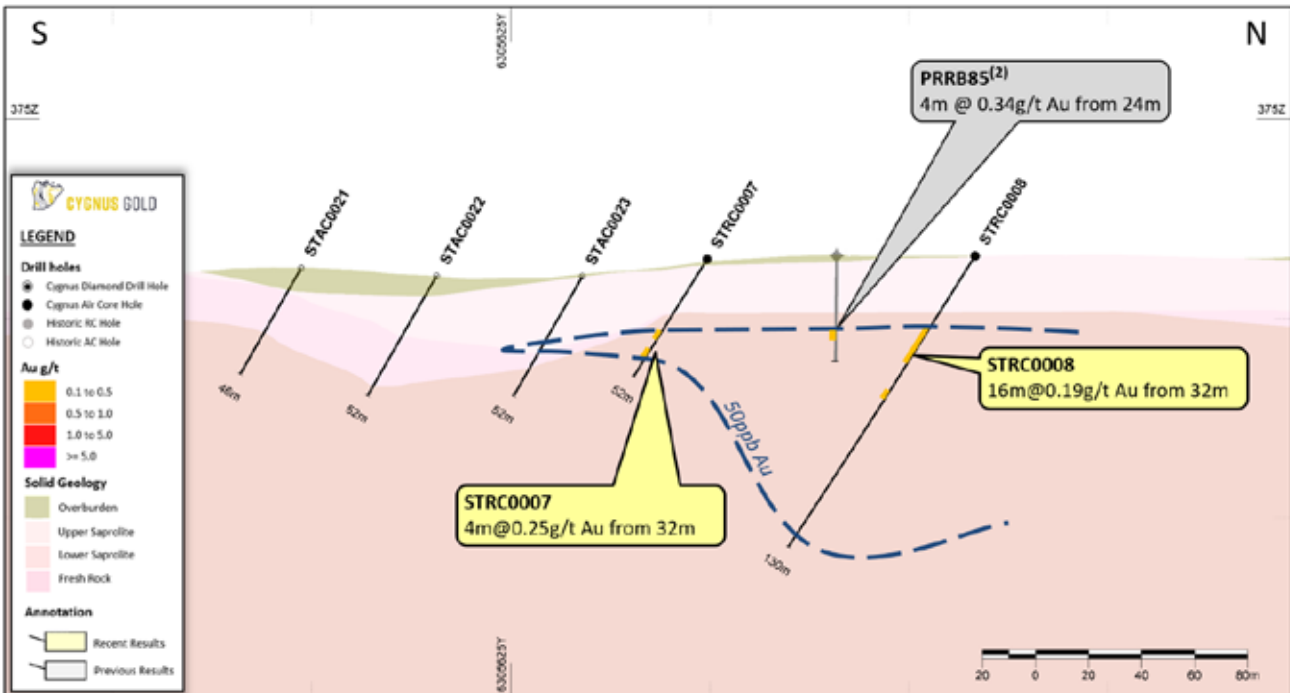


Figure 6: McDougall South section with significant gold intersections at STRC0007 and 008 within a broader >50ppb Au halo.

22 BENCUBBIN PROJECT (CYGNUS 100%)

Cygnus Gold's 675km² Bencubbin Project, located ~220km northeast of Perth, was originally pegged for its gold prospectively, centred on the historical Jefferies prospect on a 10km long section of the Bencubbin Greenstone Belt.

During the year work by the Company's technical team recognised the nickel and base metals potential of the ~80km long Bencubbin Greenstone and two additional tenements were applied for at Bencubbin North and Bencubbin South to cover the entire Belt.

BENCUBBIN

The Company's initial focus at Bencubbin was on the Jefferies gold prospect, where previous explorers defined a ~3.5km long auger gold anomaly with assay values up to 566ppb Au broadly coincident with a contact between the greenstone belt and a granite intrusion (Figure 7)².

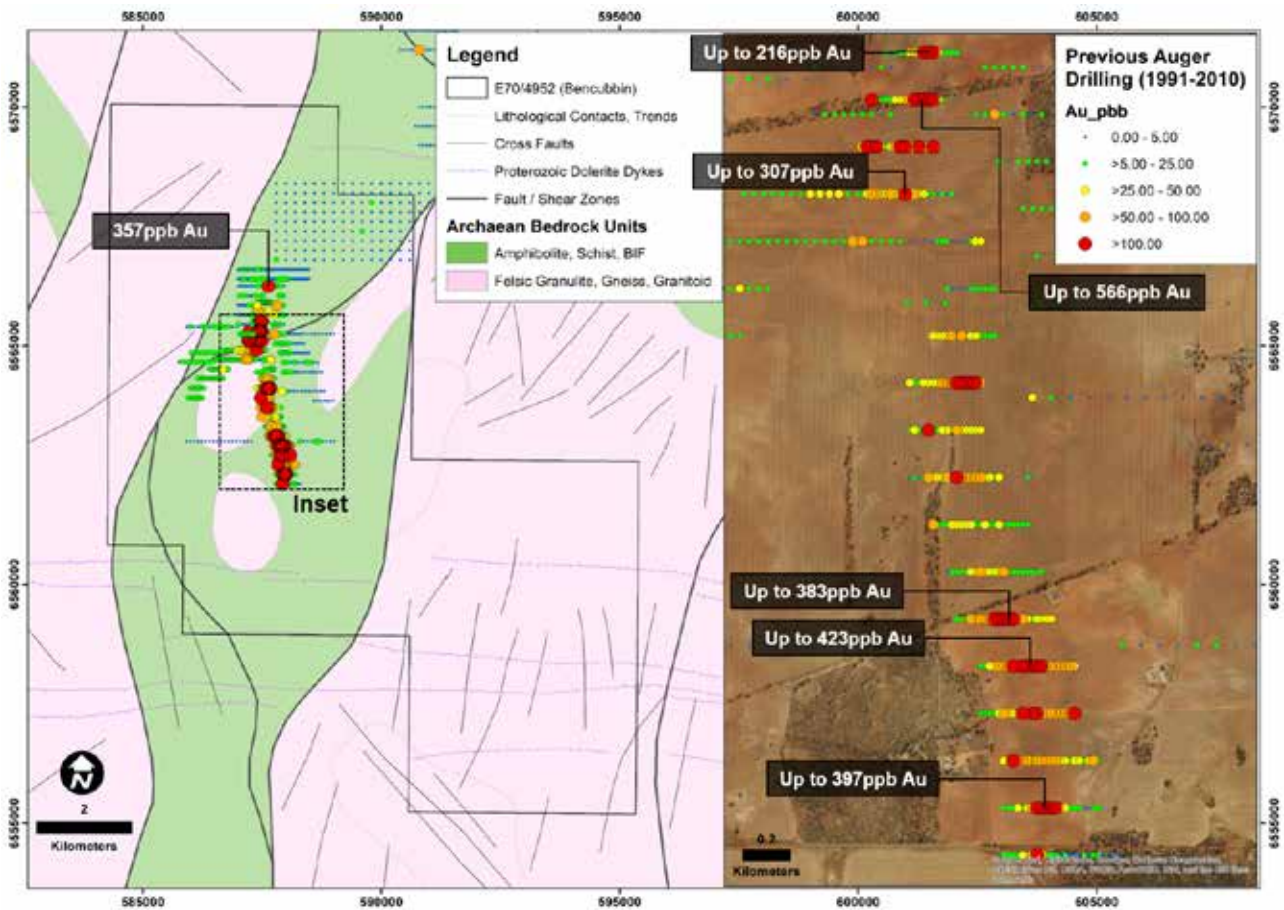


Figure 7: Bencubbin Project interpreted geology and historical auger samples². The geology is based on geophysical interpretation and modelling as explained in the Company's Independent Technical Assessment Report within Cygnus' Prospectus dated 22 November 2017.

Historical exploration at Jefferies also reported rock chip assays up to 12.9g/t Au and wide, anomalous gold intercepts in shallow drilling including:

- 12m @ 2.15g/t Au from surface in hole NM2R-113²
- 13m @ 0.62g/t Au from 42m to EOH, including 2m @ 3.36g/t Au from 52m in hole NM2R-014².

Despite these encouraging results, the Company considers that the Jefferies prospect remains underexplored and, apart from generally shallow air core and RAB drilling, has only been tested by two diamond and 14 RC holes.

In addition, the potential for the gold mineralisation at Jefferies to extend further towards the south and southwest along the interpreted granite-greenstone contact was untested.

An RC rig mobilised to drill the Jefferies Project in early 2019 with results expected early in the second quarter of 2019.

The drilling program at Bencubbin was co-funded by a WA Government Exploration Incentive Scheme (EIS) grant.

24 BENCUBBIN NORTH (NI-CU ± CO, BASE METALS)

NICKEL POTENTIAL

Bencubbin North was pegged by the Company in mid-2018 after a review of historical exploration identified a regionally extensive nickel auger surface geochemical anomaly, developed over a strike length of ~18km, and associated with ultramafic rocks within a north-northwest trending Archaean greenstone belt (Figure 8).

Several discrete Cu and Au anomalies are located within or adjacent to the Ni anomalism, with a maximum coincident auger Cu result of 162ppm recorded, and a (separate) maximum Au value of 71 ppb reported, both within the greenstone sequence (Figure 9).

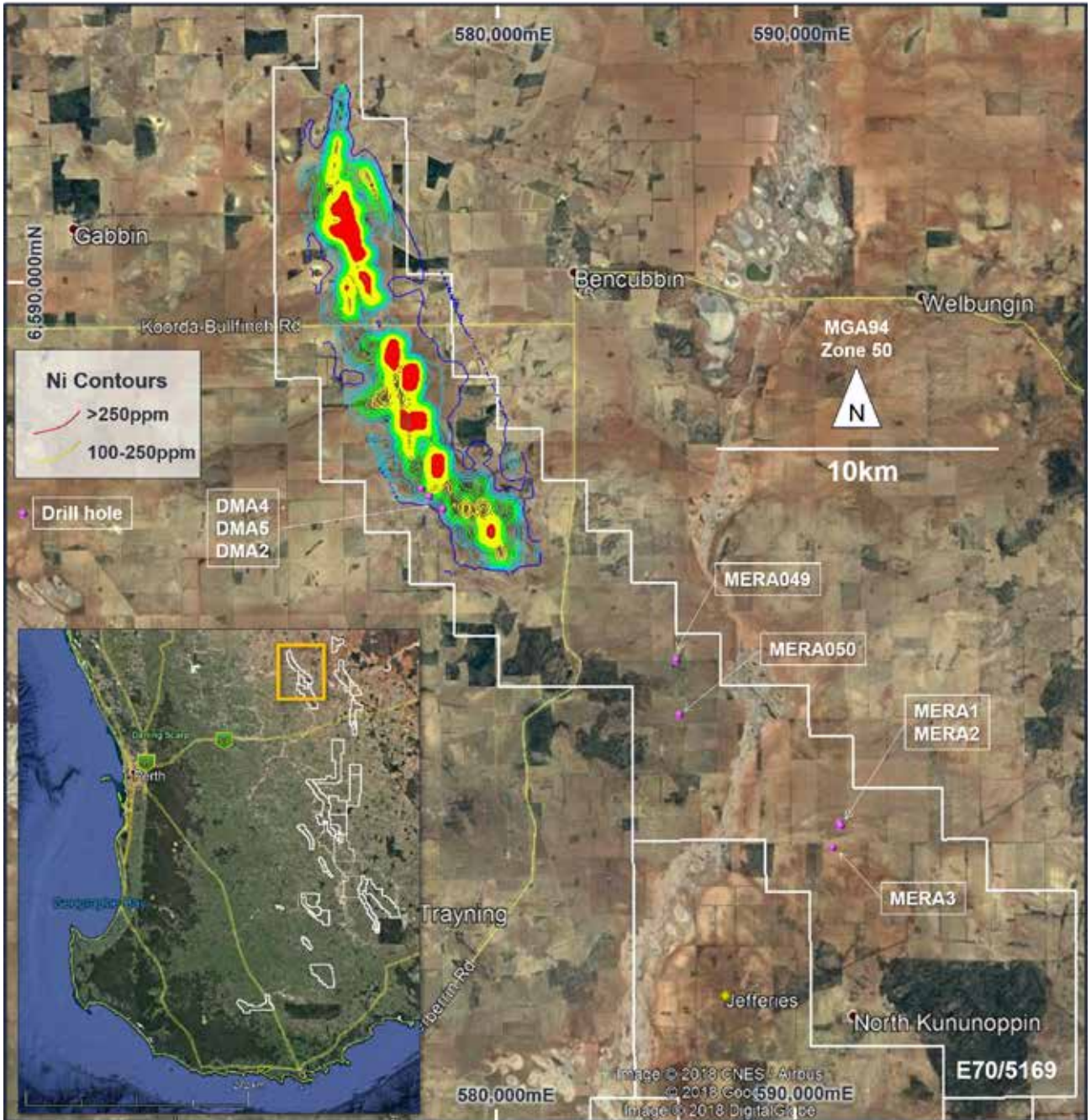


Figure 8: E70/5169 (Bencubbin North) surface geochemistry grid contours for nickel, historical drilling and Jefferies prospect to the SE.

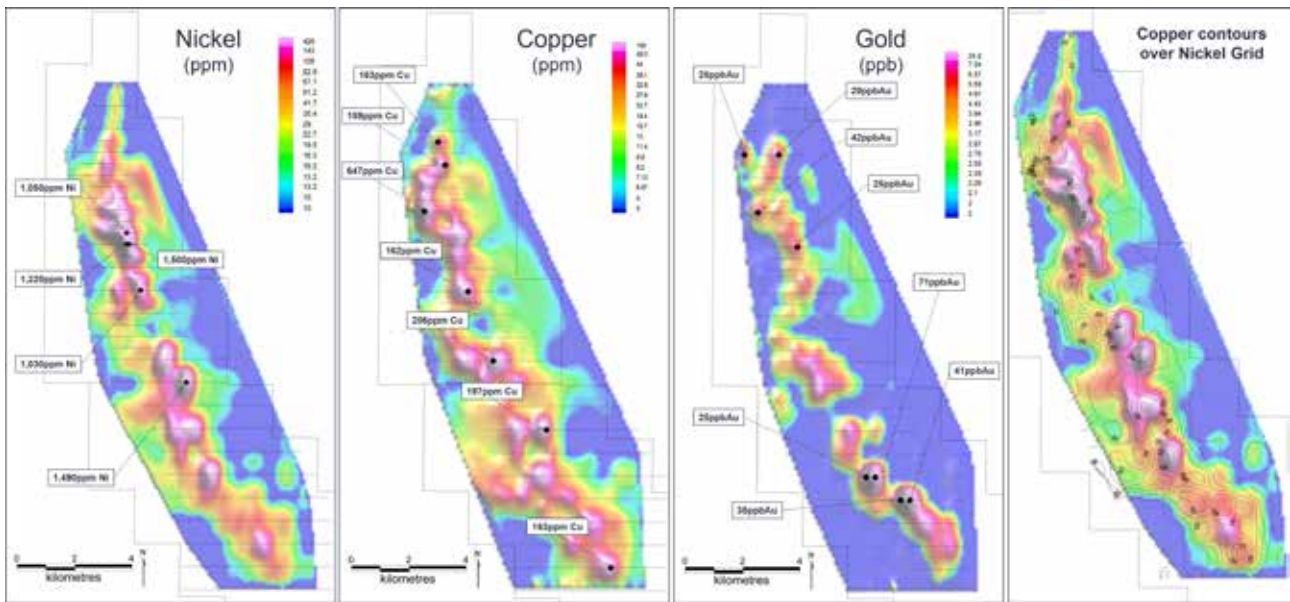


Figure 9: E70/5169 (Bencubbin North); gridded historical nickel, copper and gold surface geochemistry.

Historic drilling at Bencubbin North included five lines of shallow (<40m) RAB holes principally targeting gold mineralisation.

None of these historical holes tested the peak nickel anomalism, and none were assayed for Ni, leaving the entire 18km surface multi-element geochemical anomaly effectively untested for nickel deposits.

Aircore drilling approximately 15km to the southeast of the main Bencubbin North Ni-Cu target intersected extensions of the Bencubbin ultramafic package including(Refer ASX announcement on 30 November 2018)¹:

- 12m @ 0.13% Ni from 48m in hole MERA 3; and
- 16m @ 0.12% Ni from 47m in hole MERA 1 ~ 600m to the northeast of MERA 3.

Importantly, none of the holes drilled at Bencubbin North were analysed for Platinum Group Elements (PGEs) which are considered an important indicator of nickel sulphide fertility.

Given the lack of effective historic exploration, as well as the ability to apply improved (and more detailed) geochemical sampling, and electromagnetic (EM) geophysics, Cygnus considers the Bencubbin Project a high priority target for the discovery of a new nickel system.

BASE METALS POTENTIAL

Review of the nickel potential at Bencubbin North also identified a series of gossans known as the Mandiga prospect. These gossans are the surface expression of a laterally extensive sulphide-bearing ironstone unit within the Bencubbin greenstone, west of the main Bencubbin North nickel anomaly.

The Mandiga gossans outcrop discontinuously over a strike length of more than 3km with a true thickness of up to 15m (Figure 10).

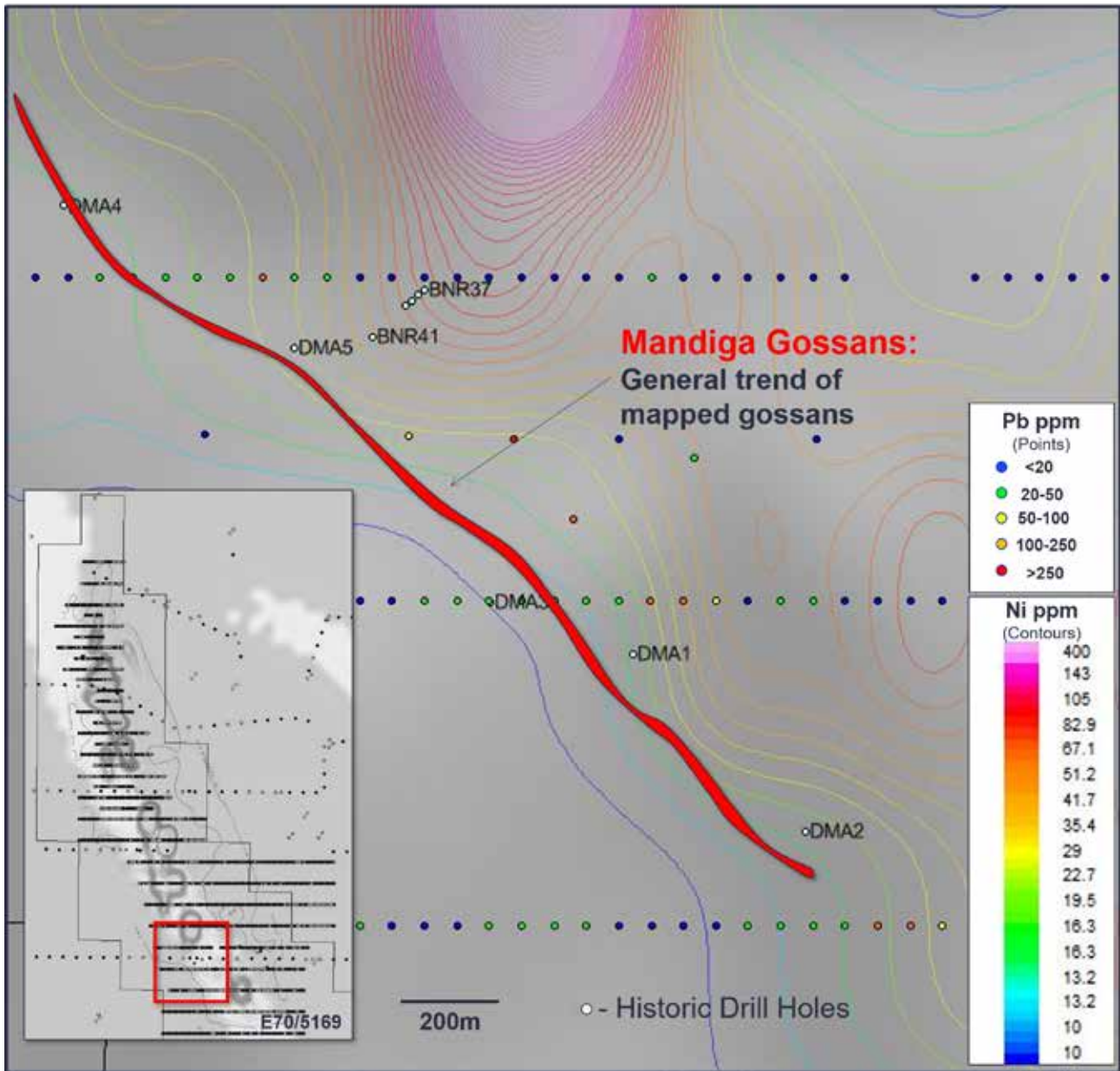


Figure 10: E70/5169 (Bencubbin North); Mandiga Gossan VMS Target Zone Lead points over nickel grid contours

Mandiga was explored in the late 1970s including auger sampling which identified a Pb anomaly spatially coincident with the gossan. Historical drilling at Mandiga included percussion drilling and seven diamond core holes, with best results of (refer ASX announcement on 30 November 2018)¹:

- 18m @ 0.14% Ni from 32m in Hole DMA4;
- 2m @ 0.63% Pb from 52m in Hole DMA2; and
- 2m @ 1.7% Zn from 176m in Hole DMA5.

The Pb-in-auger anomalism extends for a further 1.2km south of the known drilling and has not been drill tested in any subsequent work.

Given the extent and known thickness of the system, encouraging early results, and the lack of modern exploration techniques applied, Cygnus considers this target highly prospective for base metal mineralisation and follow up is planned for the first half of 2019.

28 BURRACOPPIN PROJECT (CYGNUS 100%)

Cygnus' wholly-owned Burracoppin tenements are located ~25 km east-northeast of Merredin with excellent access via the Great Eastern Highway that crosses the tenements, and a network of local roads and local farm tracks. The Edna May gold mine owned and operated by Ramelius Resources Ltd (ASX:RMS), is located approximately 4km from the corner of Cygnus' Burracoppin Project (Figure 11).

The Burracoppin Project is underlain by Archaean granite and greenstone that were metamorphosed to amphibolite and granulite facies grade. Outcropping bedrock is rare with the area being dominated by an intensely developed regolith rarely more than 50m thick.

Exploration by previous explorers at Burracoppin identified a more than 2.5km long by 0.7km wide gold-in-soil anomaly at Anomaly 47, which is open to the east where it is cut by a paleochannel system.

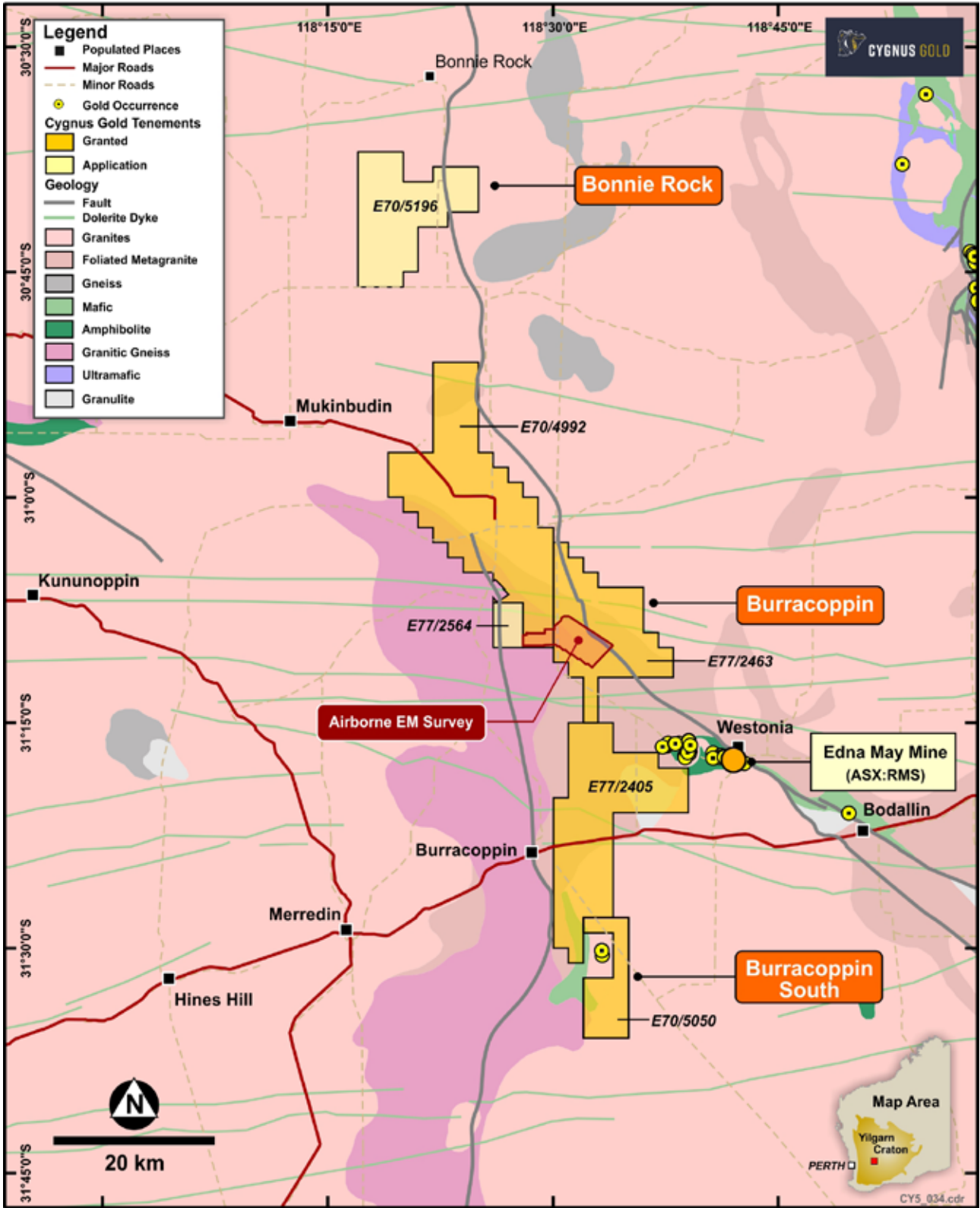


Figure 11: Cygnus' Burracoppin Project and location of Cygnus' ground gravity survey. Regional geology from 1:500,000 GSWA mapping.

These explorers also recognised the base metals potential of the region with follow-up auger sampling at Anomaly 47 identifying coherent Au-Pb-Zn anomalies as well as an arsenic (As) "pipe" at Dicks Reward defined by a >100ppm As anomaly more than 2.6km long and up to 1.5km wide which is open to the east.

The geochemical signature of mineralisation at Anomaly 47 is similar to known Volcanogenic Massive Sulphide (VMS) deposits globally, with the Au-Ag-Zn-Pb rich mineralisation located to date potentially being the distal signature of a more proximal Cu-Zn rich system, which is the target of the Company's planned follow up.

CYGNUS 2018 GROUND GRAVITY SURVEY

During 2018 Cygnus completed a detailed ground gravity survey targeting relatively dense massive sulfides potentially associated with VMS mineralisation. A total of 4,142 stations were acquired on three different station spacings (50m, 100m and 200m) over the broader Anomaly 47 target horizon.

Thirty-one discrete positive gravity anomalies were identified from this survey with 14 considered high-priority targets for follow-up (Figure 12).

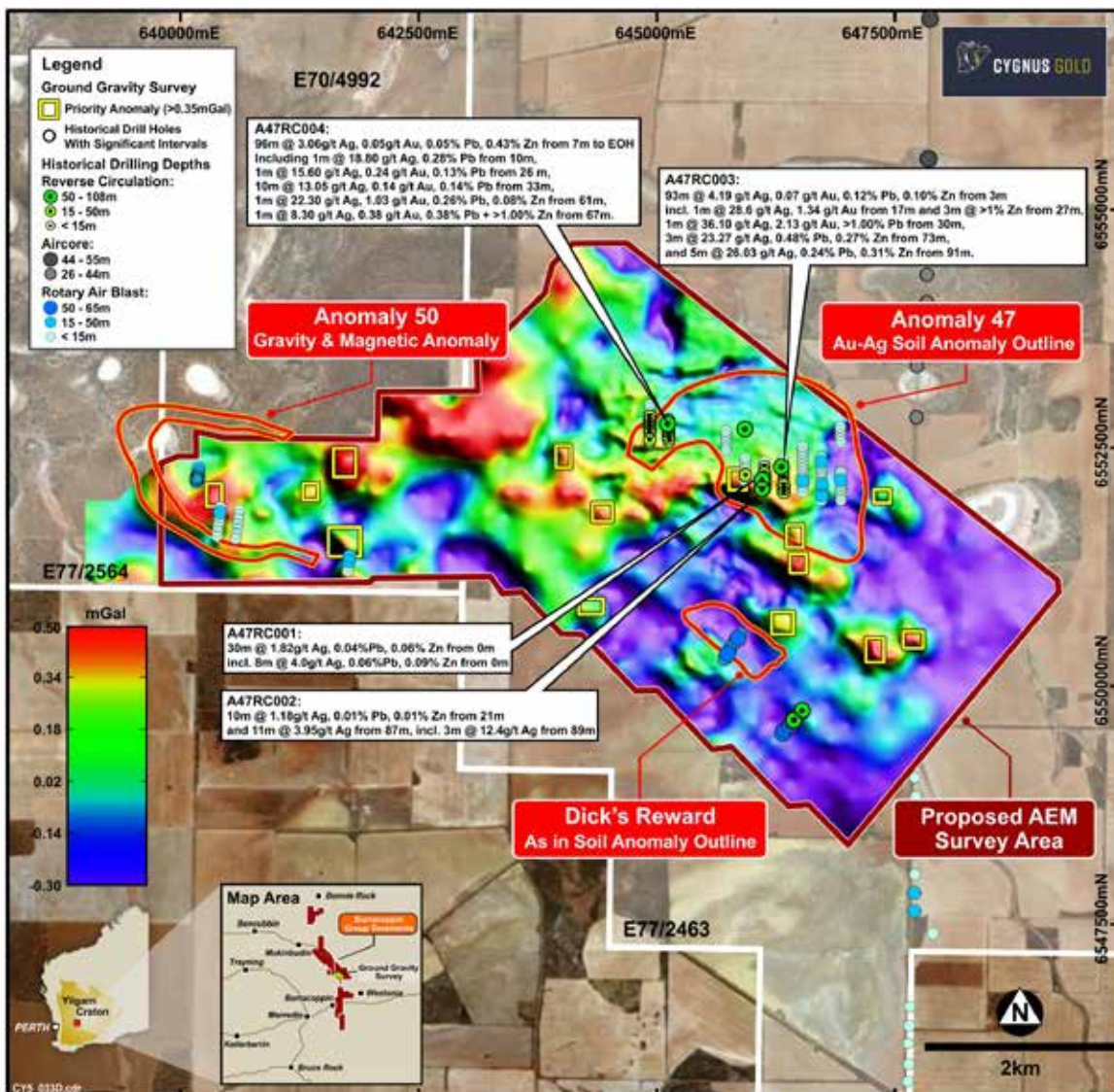


Figure 12: Image of Cygnus Gold's ground gravity survey (residual of the Bouguer gravity) with compilation of historical exploration at Burracoppin² and boundary of airborne electromagnetic (AEM) survey.

CYGNUS 2018 AIRBORNE EM SURVEY

Cygnus subsequently collected a 277 line-km Xcite™ Airborne Electromagnetic (AEM) survey to screen the prospective gravity anomalies as well as to try and identify additional conductive targets which may represent accumulations of massive sulfides (refer ASX Announcement 19 September 2018)¹.

The AEM survey identified several discrete bedrock conductors, in addition to numerous shallow conductors which likely correspond to conductive zones within transported cover (Figure 13).

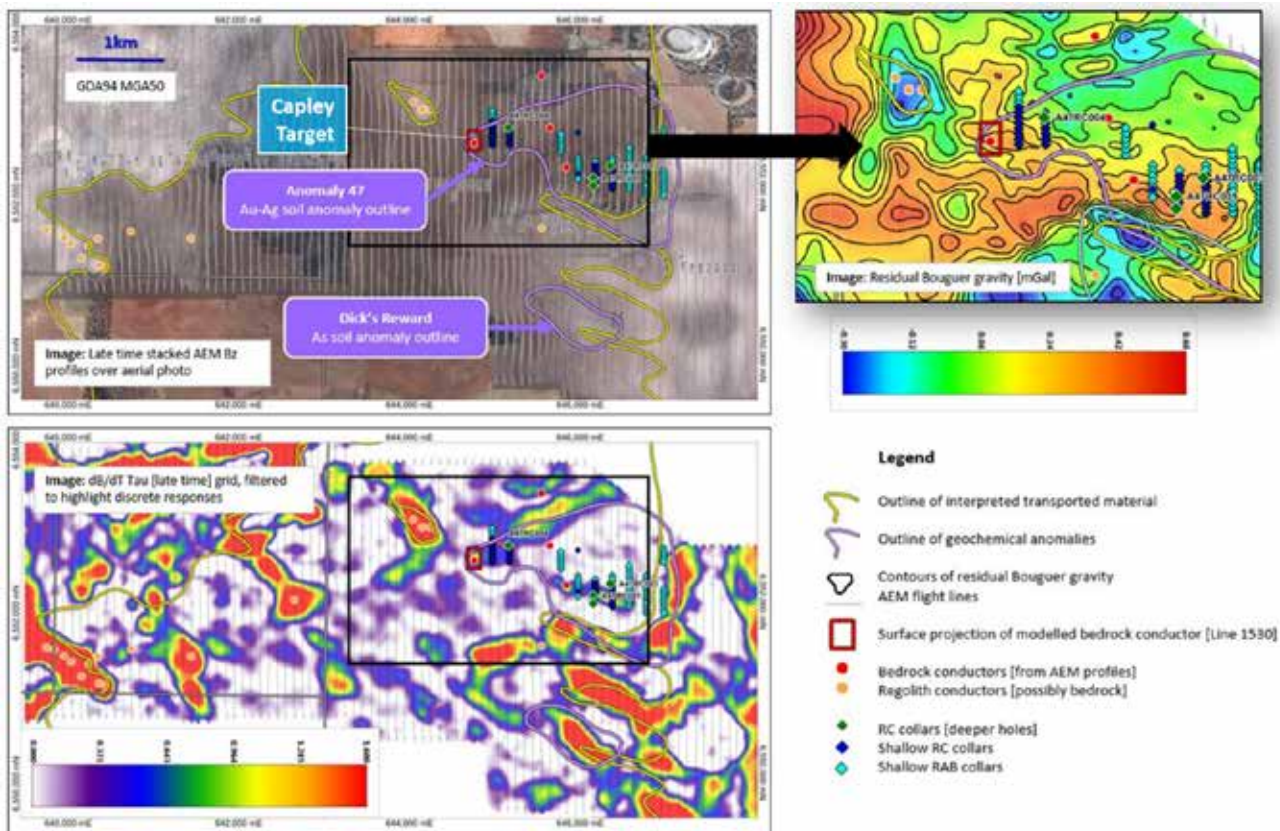


Figure 13:
 TOP LEFT: AEM survey location with respect to the Anomaly 47 and Dicks Reward prospects, previous drilling and discrete AEM conductors.
 BOTTOM LEFT: Gridded Tau [decay constant] derived from dB/dT, long wavelength removed.
 RIGHT: Inset over Anomaly 47 showing ground gravity anomalies coincident with AEM conductors and historical drill collars

The nearest historical drilling (shallow RC drilling assayed only for gold) is 200m east of the main conductive target zone, with the only one deeper RC hole drilled a further 400m to the east. This deeper RC drilling intersected narrow higher-grade zones within broader mineralised intervals including²:

- A47RC003 with 4m @ 0.69g/t Au, 14.7g/t Ag, 0.52% Pb, 0.75% Zn from 27m

Drill testing of targets identified from the gravity and EM surveys is planned to commence in 2019 once approvals are received and is being co-funded by a grant from the WA Government.

BONNIE ROCK

In July 2018 the Company applied for a new tenement over the Bonnie Rock Prospect, approximately 50km northwest of Anomaly 47 (Figure 11).

Bonnie Rock comprises a series of pods of massive magnetite, franklinite (Zn-Fe oxide) and garnet schists with Zn, Pb, Ag mineralisation hosted in felsic granulites considered the metamorphic equivalent of altered felsic rocks.

The similarities of Bonnie Rock with the Au-Ag-Zn-Pb mineralisation at Anomaly 47 suggest this is a regionally extensive style of mineralisation, with the greenstone sequences at Burracoppin and Bonnie Rock being underexplored for both VMS and gold mineralisation.

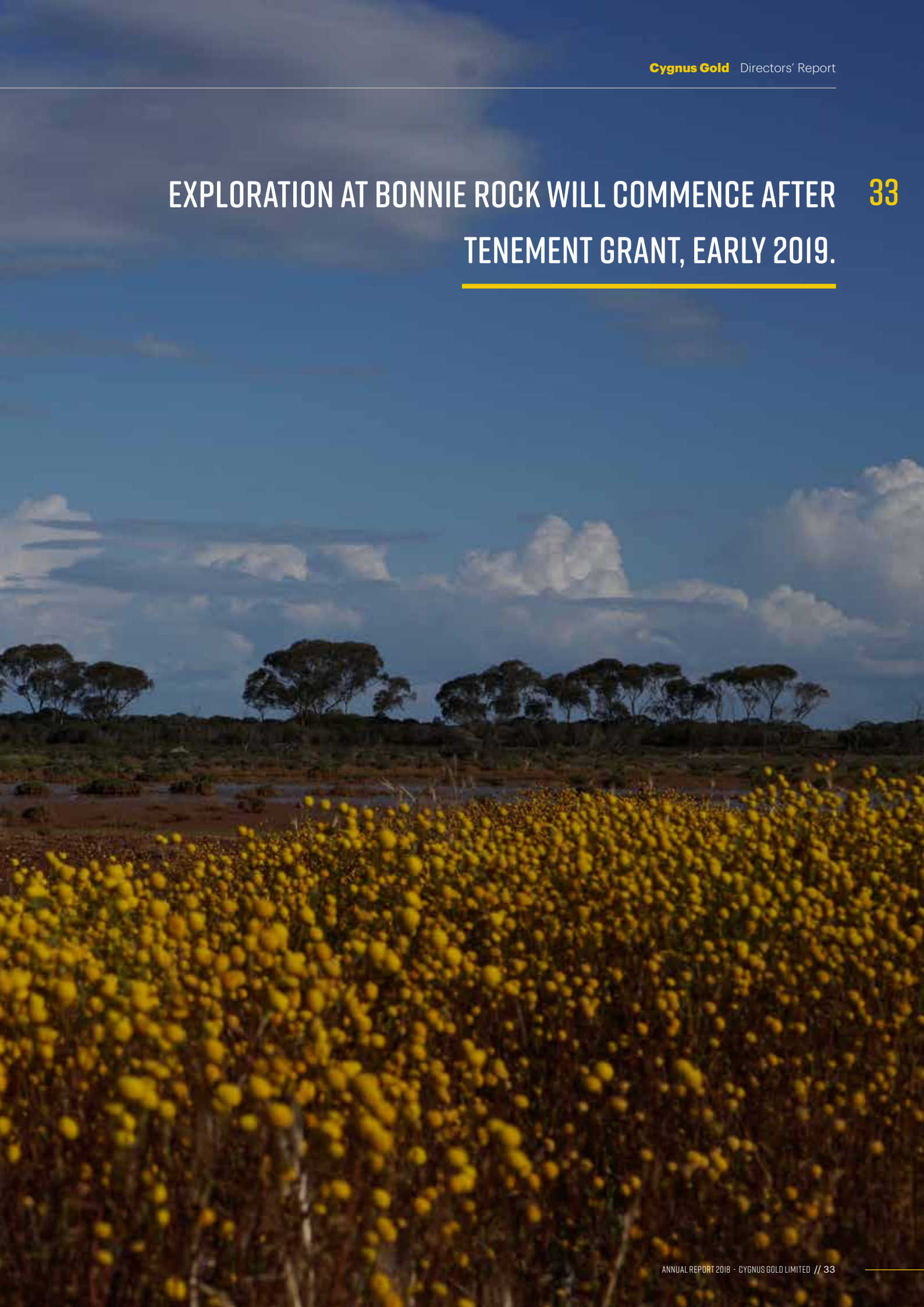
Exploration at Bonnie Rock will commence after tenement grant, in early 2019.

GOLD POTENTIAL

In addition to the potential for VMS style mineralisation identified at Anomaly 47 and Bonnie Rock, the Burracoppin Project tenements cover Archaean greenstones including interpreted extensions of the greenstone package hosting the nearby Edna May gold mine ~20km southeast of Anomaly 47.

Given the limited historical exploration, and extensive post mineral cover across the Burracoppin Project the package is considered highly prospective for Archaean "orogenic" lode gold style gold mineralisation and Cygnus will continue to target and test for this deposit style during 2019.

EXPLORATION AT BONNIE ROCK WILL COMMENCE AFTER **33** TENEMENT GRANT, EARLY 2019.



34 GOLD ROAD EARN-IN AND JV PROJECTS (CYGNUS DILUTING TO 25%)

In October 2017, the Company entered into earn-in agreements with ASX-listed developer Gold Road Resources Ltd (ASX:GOR) over Cygnus' Lake Grace and Wadderin Projects covering an area in excess of 3,400km².

These agreements provide Gold Road with the opportunity to earn up to a 75% interest in these projects by spending \$3.7m over four years (for details of these agreements refer GOR ASX announcement 10 October 2017).

In early 2018 the Company announced a new joint venture (JV) with Gold Road over the Yandina Project, and in late 2018 the Company applied for additional tenements which are intended to form the Hyden JV (Figure 14).

In total, the four areas under agreement with Gold Road cover in excess of 6,000km² with Cygnus initially managing the exploration programs.

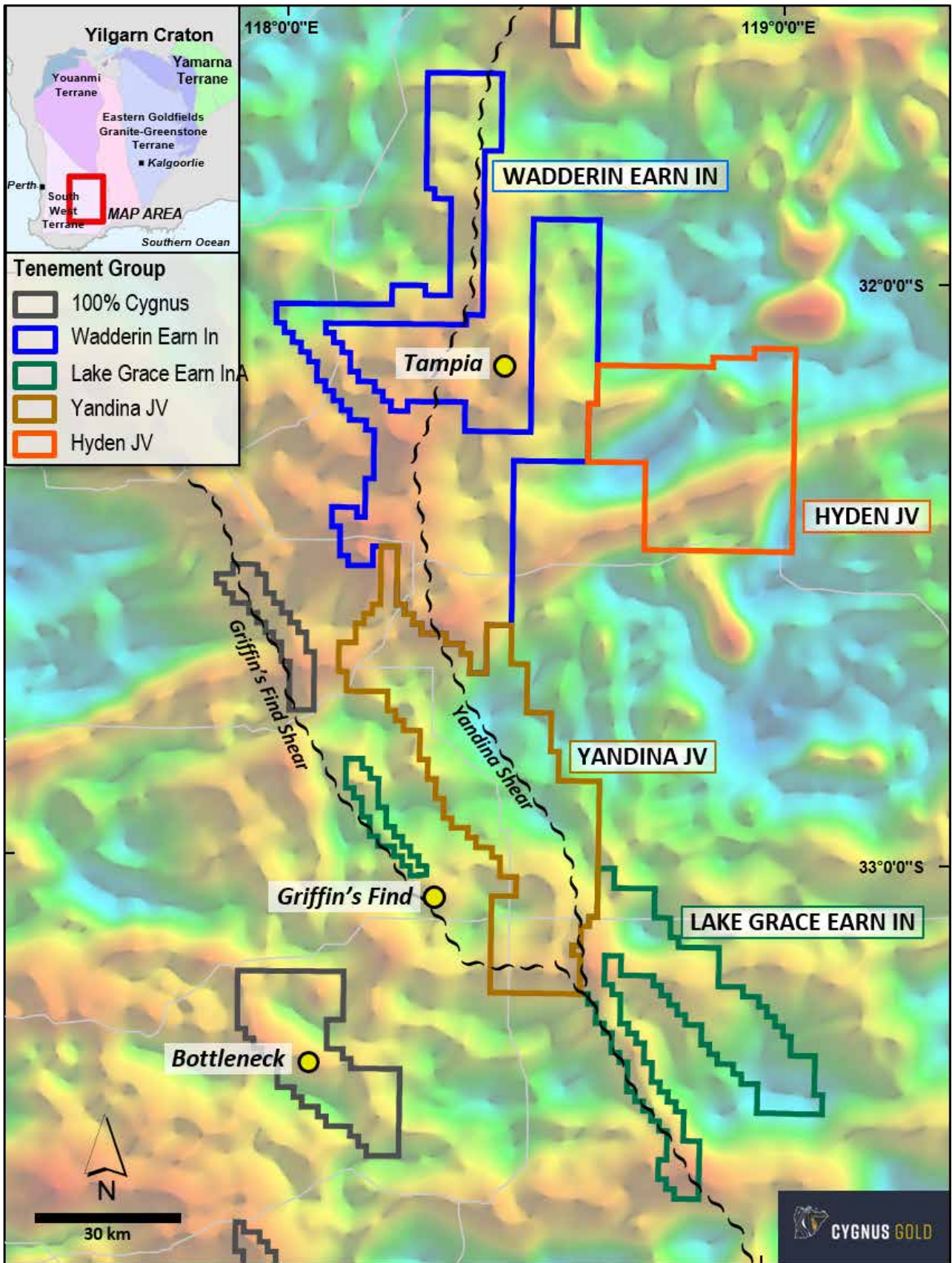


Figure 14: Cygnus Gold – Gold Road Projects earn-in and JV Projects over regional gravity image (residual Bouguer).

36 LAKE GRACE EARN-IN PROJECT

On the Lake Grace Earn-in Project, the Company completed a detailed interpretation of the geology and regolith and regional surface sampling. Detailed follow up of these new areas including aircore drilling is planned for early 2019 and will include testing of the previously reported targets at Panhandle and HR3.

The Panhandle prospect is a >500ppb gold-in-soil anomaly that the Company believes was only partly drill tested in the early 1990s as drilling appears to have missed the core of the gold system.

At Panhandle, the Cygnus gravity data defines a dense and structurally complex unit sitting proximal to a jog in the regionally extensive Yandina shear zone (Figure 15). This unit is interpreted as a prospective mafic-ultramafic sequence within the Lake Grace greenstone.

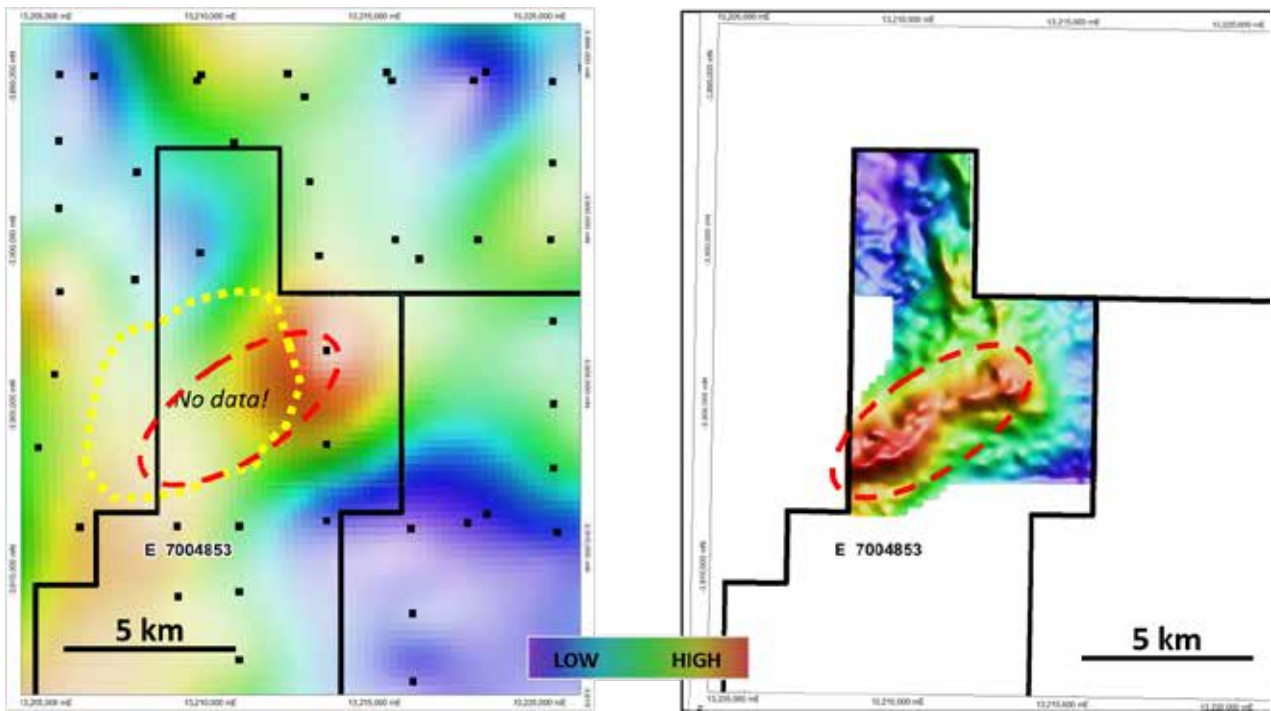


Figure 15: Panhandle Prospect. Left is historical residual bouguer gravity anomaly data [0-2k] from the GSWA. Right image is the Cygnus' semi-detailed bouguer gravity data, imaged using a histogram equalized stretch (NE illumination). The dense target is circled by the red dashes.

The HR3 target is the extension of a ~6km-long and up to 1.5km-wide gold-in-soil anomaly ranging from 5 to 128ppb Au. At HR3, the Company's ground gravity data defines a distinct fold nose coincident with a narrow gold anomaly and a broader multi-element (As-Sb-Bi-Te-Mo-Pb) anomaly considered to be 'pathfinder' elements for gold mineralisation in the region (Figure 16). There has been no historical drilling at HR3.

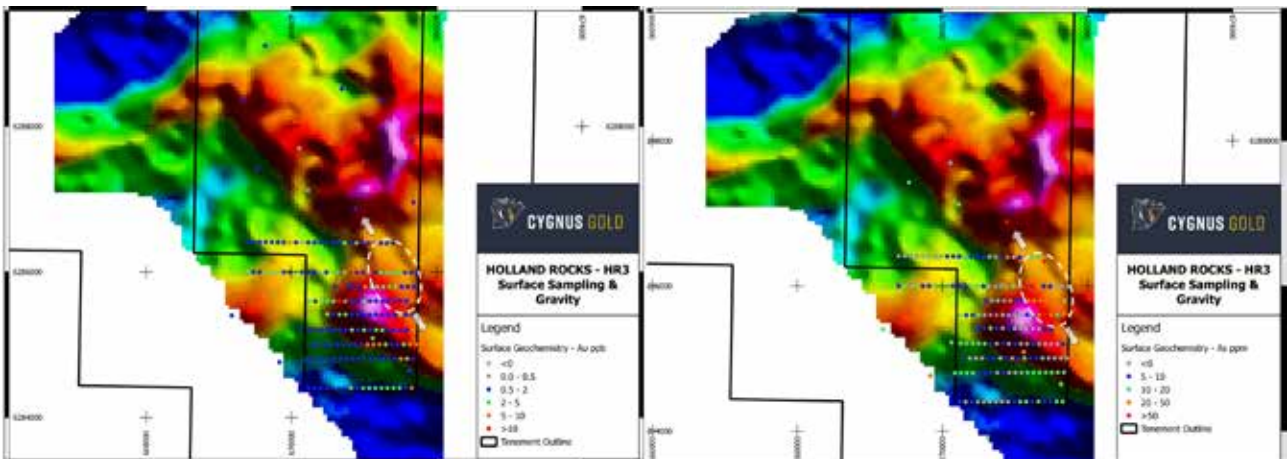


Figure 16: Surface sampling over HR3 target (Lake Grace Project) overlain on Cygnus bouguer gravity image. Left frame Au (ppb); Right frame As (ppm). Gold anomaly outlined in red and multi-element (As-Sb-Bi-Te-Mo-Pb) pathfinder anomaly in yellow.

38 WADDERIN EARN-IN PROJECT

At the Wadderin Earn-in Project, the Company has completed detailed interpretation of the geology and regolith which has defined several high-priority gold prospects slated for follow-up ground work.

These targets include major bends on the regional Yandina shear and extensions to the Hardies prospect where previous explorers intersected shallow gold with several intervals of more than 2 g/t².

Follow-up aircore drill testing of targets at Wadderin is planned for early 2019, subject to receipt of statutory approvals.

YANDINA JOINT VENTURE (CYGNUS 25%)

The Yandina JV with Gold Road comprises four tenements covering an area of approximately 1,727km² over the prospective Yandina Shear which is known to host gold mineralisation elsewhere in the Southwest Terrane.

The Yandina tenements are now granted and field work by Cygnus Gold comprised regional surface sampling and a detailed airborne magnetics survey over a section of the shear zone which only had regional data.

The Company also completed a detailed geological interpretation of the Yandina project area which has identified targets for follow up field checking and surface sampling planned for early 2019.

40 CORPORATE

Admission to the Australian Securities Exchange

Cygnus was successfully admitted to the Official List with official quotation commencing on 15 January 2018. Cygnus raised \$6,000,000 (before costs).

After listing the Company had 60,683,341 shares on issue.

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.

SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Company's operations in future financial years
 - the results of those operations in future financial years; or
 - the Company's state of affairs in future financial years.
-



CYGNUS' TECHNICAL TEAM HAS **CONSIDERABLE KNOWLEDGE** **41**
AND EXPERIENCE IN TARGETING AND EVALUATING GOLD
MINERALISED SYSTEMS WORLD-WIDE.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company is committed to:

- systematically explore the Company's key asset at Stanley;
- advance exploration for gold on the other Cygnus Exploration Licences at Bencubbin and Burracoppin;
- manage the Wadderin, Lake Grace and Yandina Projects with Gold Road Projects in accordance with the relevant earn-in and joint venture agreements;
- continue to negotiate further access with private landholders in relation to areas of interest identified by the above activities; and
- implement a growth strategy to seek out further exploration, acquisition and joint venture opportunities in Australia.

ENVIRONMENTAL ISSUES

The Company 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 development and based on the locations of the Company's operations, the directors have determined that the NGER Act will have no effect on the Company 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 2018.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

CORPORATE GOVERNANCE

The directors of Cygnus Gold Limited 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 Company.

Cygnus 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 development. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (third edition) which became effective for financial years beginning on or after 1 July 2014.

The Board has reviewed and approved its Corporate Governance Statement on 28 March 2019, and this is available on the Company's website at www.cygnusgold.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.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 31 December 2018 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001(Cth) as amended (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for 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, directly or indirectly including any director (whether executive or otherwise) of the parent.

The table below outlines the KMP of the Company during the financial year ended 31 December 2018. Unless otherwise indicated, the individuals were 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.

EXECUTIVE DIRECTOR

James Merrillees	Managing Director (appointed 17 November 2017)
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NON EXECUTIVE DIRECTORS

Michael Bohm	Non-executive Chairman (appointed 30 September 2016)
Simon Jackson	Non-executive Director (appointed 17 November 2017)
Oliver Kreuzer	Non-executive Director (appointed 21 April 2016)
Amanda Buckingham	Non-executive Director (appointed 21 April 2016)

SENIOR EXECUTIVE

Michael Naylor	Company Secretary (appointed 4 October 2016)
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There were no other changes to KMP after reporting date and before the date the financial report was authorised for issue.

REMUNERATION GOVERNANCE

Due to the current size of the Company, 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.

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

REMUNERATION FRAMEWORK

The Board recognises that the Company's performance and ultimate success in project delivery depends very much on its ability to attract and retain highly skilled, qualified and motivated people in an increasingly competitive remuneration market. 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.

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 has three components:

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

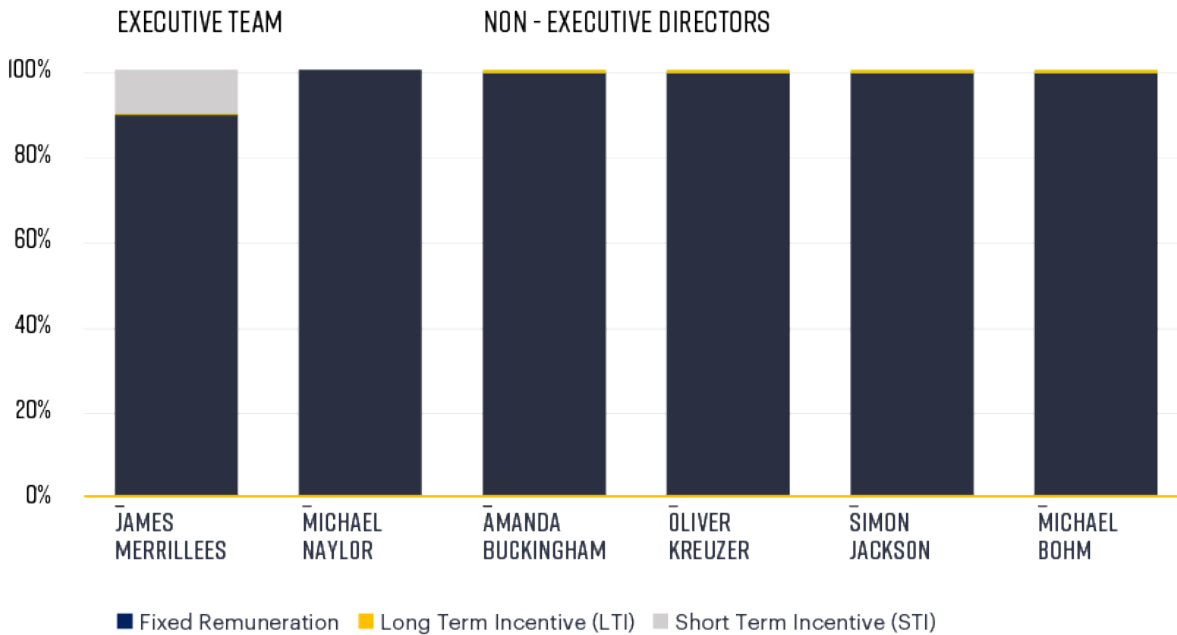
These three components comprise each executive's total annual remuneration.

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

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

2018 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 two financial years:

EXECUTIVE	2016	2017	2018
Revenue	1,285	3,262	198,317
Net loss after tax	81,504	784,721	638,119
Share price 31 December	N/A	N/A	\$0.065

Currently, there is a portion of remuneration of key management personnel that is linked to performance via share based awards and short term incentives which is linked to individual performance, which are tied to total shareholder return as measured against the performance of a group of peer exploration companies. The rationale for this approach is that the Company is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability.

EXECUTIVE DIRECTOR REMUNERATION

Fixed Remuneration

Executives receive a fixed base cash salary and other associated benefits. Executives also receive a superannuation guarantee contribution required by Australian legislation which was 9.5% at 31 December 2018. No executives receive any other retirement benefits.

Fixed remuneration of executives will be set by the Board each year and is based on market relativity and individual performance. In setting fixed remuneration for executives, individual performance, skills, expertise and experience are also taken into account to determine where the executive’s remuneration should sit within the market range. Where appropriate, external remuneration consultants will be engaged to assist the Board to ensure that fixed remuneration is set to be consistent with market practices for similar roles.

Short Term Incentives

The Managing Director was eligible to earn a short-term cash bonus upon achievement of significant performance-based outcomes aligned with the Company’s strategic objectives at that time. These performance-based outcomes are considered to be an appropriate link between executive remuneration and the potential for creation of shareholder wealth. Short term incentives were accrued during the year.

Performance was measured for the period 15 January 2018 to 15 January 2019.

The table below sets out the STI amounts earned and the performance hurdles met during the year

EXECUTIVE	STI AMOUNT	PERFORMANCE HURDLE
Mr James Merrillees	\$30,797	<p>Measured on three set key performance indicators at target plus stretch levels of significant performance. The following performance outcomes were achieved in FY18, resulting in Mr Merrillees being entitled to an STI payment:</p> <ul style="list-style-type: none"> • Targets generated by defining new quality follow up targets on all tenement areas held and stretch to drill holes planned at all follow up areas. • Targets tested via Reverse Circulation drilling or Diamond drilling over two tenements - stretch to four tenements. • Sustainability target by implementing Health, Safety, Environment and Community Policy approved by Board.

Long Term Incentives

The objective of the LTI plan is to reward executives and directors in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTIs are made to executives and directors who are able to influence the generation of shareholder wealth and thus have an impact on the Company’s performance.

700,000 performance rights were granted to the Managing Director during the year with a one-year and two-year measurement period.

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 Company'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 bonuses and/or performance rights/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 current 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.

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

There were 800,000 performance rights granted to non-executive directors during the year. Details to these rights are provided further along in the Directors' Report.

No share options were issued.

The Company prohibits directors or executives from entering into arrangements to protect the value of any Cygnus Gold shares, options or performance rights that the director or executive has become entitled to as part of his/her remuneration package. This includes entering into contracts to hedge their exposure.

The following table sets out the specifics to the number of performance rights granted to each non-executive director during the year:

NON-EXECUTIVE DIRECTORS	PERFORMANCE RIGHTS
Mr Michael Bohm	200,000
Mr Simon Jackson	200,000
Dr Oliver Kreuzer	200,000
Dr Amanda Buckingham	200,000
Total	800,000

USE OF REMUNERATION CONSULTANTS

During the year ended 31 December 2018 the Board did not engage the services of remuneration consultants.

THE REMUNERATION OF THE DIRECTORS

The directors and KMP of Cygnus Gold Limited are set out in the following tables:

		Short term employee benefits							
		Salary/Fees	Consultant Fees	Annual Leave	Bonus	Post Employment Superannuation	Share based payments (non-Cash)	Total	Performance based % of remuneration
Non-executive Directors									
Mr Michael Bohm	2018	50,000	-	-	-	4,750	346	55,096	0.6
	2017	4,167	69,750	-	-	396	-	74,313	-
Dr Amanda Buckingham	2018	40,000	30,563	-	-	3,800	346	74,709	0.5
	2017	3,333	59,116	-	-	317	-	62,766	-
Dr Oliver Kreuzer	2018	40,000	28,850	-	-	3,800	346	72,996	0.5
	2017	3,333	102,000	-	-	317	-	105,650	-
Mr Simon Jackson	2018	40,000	-	-	-	3,800	346	44,146	0.8
	2017	3,333	-	-	-	317	-	3,650	-
Alan Cleland <i>(Resigned 17 November 2017)</i>	2018	-	-	-	-	-	-	-	-
	2017	-	5,250	-	-	-	-	5,250	-
Executives									
James Merrillees	2018	228,529	-	17,308	28,125 ¹	26,027	1,212	301,200	9.7
	2017	129,714	-	9,786	18,265	14,998	-	172,763	11.6
Michael Naylor	2018	-	90,000 ²	-	-	-	-	90,000	-
	2017	-	60,000 ²	-	-	-	-	60,000	-
Total Remuneration	2018	398,529	149,413	17,308	28,125	42,177	2,596	638,147	4.8
	2017	143,880	296,116	9,786	18,265	16,345	-	484,392	4.1

¹ Bonus was accrued at 31 December 2018 and excludes superannuation which is included in post-employment amount.

² Amount owing at 31 December 2018, \$7,500 and at 31 December 2017, \$5,000.

SHARES ISSUES ON EXERCISE OF OPTIONS

There were no shares issued on exercise of options or performance rights.

GRANT OF LTI AND VALUE OF PERFORMANCE RIGHTS AWARDED, EXERCISED AND LAPSED DURING THE YEAR

1,500,000 performance rights to the value of \$5,415 was granted as part of remuneration during the year ended 31 December 2018.

There were no Performance Rights issued for the year ended 31 December 2017.

SHARES HELD BY DIRECTORS AND KEY MANAGEMENT PERSONNEL INCLUDING THEIR RELATED PARTIES, IS SET OUT BELOW:

	Balance at start of the year	Balance at date of appointment	Received during the year on exercise of options	Other acquisition/disposal of shares during the year	Balance at date of resignation	Balance at end of the year
Non-executive Directors						
Mr Michael Bohm	3,000,001	-	-	170,000	-	3,170,001
Mr Simon Jackson	133,334	-	-	170,000	-	303,334
Dr Oliver Kreuzer	1,833,334	-	-	50,000	-	1,833,334
Dr Amanda Buckingham	2,333,334	-	-	-	-	2,333,334
Executives						
Mr James Merrillees	100,000	-	-	50,000	-	150,000
Mr Michael Naylor	1,300,000	-	-	185,000	-	1,485,000
Total	8,700,003	-	-	625,000	-	8,700,003

PERFORMANCE RIGHTS HELD BY DIRECTORS AND KEY MANAGEMENT PERSONNEL

During the year shareholders approved the board to grant performance rights shares to each of the directors as incentive remuneration under the performance rights plan.

	Balance at start of the year	Granted as remuneration	Received during the year on exercise of options	Lapsed/forfeited	Held at 31 December 2018 or date of resignation	Vested and exercisable at 31 December 2018
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Non-executive Directors

Mr Michael Bohm	-	200,000	-	-	200,000	-
Mr Simon Jackson	-	200,000	-	-	200,000	-
Dr Oliver Kreuzer	-	200,000	-	-	200,000	-
Dr Amanda Buckingham	-	200,000	-	-	200,000	-

Executives

Mr James Merrillees	-	700,000	-	-	700,000	-
Mr Michael Naylor	-	-	-	-	-	-
Total	-	1,500,000	-	-	1,500,000	-

PERFORMANCE RIGHTS HELD BY DIRECTORS AND KEY MANAGEMENT PERSONNEL

Each performance rights entitles the holder to one ordinary share in Cygnus upon satisfaction of the performance conditions linked to the rights during the relevant measurement period. The rights do not carry any other privileges.

The following performance conditions are applicable to the rights awarded in the year:

Two measurement periods:

- (i) Tranche 1 is the period from 15/1/18 to 15/1/2019.
- (ii) Tranche 2 is the period 15/1/18 to 15/1/2020.

The vesting conditions for the Performance Rights are as follows:

- (iii) Employment at the end of the relevant measurement period;
- (iv) No fatalities on the Company's mining tenements; and
- (v) Performance of the Company against a peer group based on Total Shareholder Return (TSR)

Cygnus' TSR compared to the peer group will determine the proportion of Performance Rights that will vest (subject to the other vesting conditions being met), as set out below:

RELATIVE TSR OVER THE MEASUREMENT PERIOD	PROPORTION OF PERFORMANCE RIGHTS VESTED
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and the 75th percentile	Pro-rata between 50% and 100%
Above the 75th percentile	100%

THE COMPANY'S RELATIVE PERFORMANCE WAS COMPARED TO THE FOLLOWING PEER GROUP:

ASX - Listed companies

Alloy Resources Limited

Alto Metals Limited

Antipa Minerals Limited

Arrow Minerals Limited

Ausgold Limited

Barra Resources Limited

Black Cat Syndicate Limited

Duketon Mining Limited

Emerson Resources Limited

Explaurum Limited

Golden Mile Resources Limited

Great Boulder Resources Limited

Great Western Exploration Limited

Intermin Resources Limited

Musgrave Minerals Limited

Riversgold Limited

Syndicated Metals Limited

Thundelarra Limited

Subject to the vesting criteria being met, directors will be entitled to exercise the number of performance Rights vesting and be issued with a corresponding number of ordinary shares in Cygnus Gold Limited.

	Financial year	Awarded during the year	Award date	Vesting date	Expiry date	Fair value of performance right at award date (\$)	Exercise price	No. vested during year	No. vested during year	Total value of performance rights granted during the year' (\$)	Amount recognised in 2018 based on vesting period (\$)'
Mr Bohm	2018	100,000 ²	25 May 18	NA	15 Jan 19	0.19	Nil	-	-	-	-
	2018	100,000	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	722	346
Mr Jackson	2018	100,000 ²	25 May 18	NA	15 Jan 19	0.19	Nil	-	-	-	-
	2018	100,000	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	722	346
Dr Kreuzer	2018	100,000 ²	25 May 18	NA	15 Jan 19	0.19	Nil	-	-	-	-
	2018	100,000	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	722	346
Dr Buckingham	2018	100,000 ²	25 May 18	NA	15 Jan 19	0.19	Nil	-	-	-	-
	2018	100,000	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	722	346
James Merrillees	2018	350,000 ²	25 May 18	NA	15 Jan 19	0.19	Nil	-	-	-	-
	2018	350,000	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	2,527	1,212
Total	-	-	-	-	-	-	-	-	-	5,415	2,596

1. The total value of the first tranche of performance rights has been determined to be nil given that all rights expired for that tranche post year-end, thus resulting in no benefit to the holder. For tranche 2, the total value has been determined using management's estimates and judgments, applying weighted probabilities to determine the most likely outcome of the vesting criteria that will be met as at 15 January 2020 and multiplying the quantity of rights expected to vest by the fair value at award date. These estimates are made based on how the company has historically performed relative to the peer group and future considerations. The total value attributable to each key management personnel is first determined and then expensed evenly over the vesting period (herein the period between the Award date and Expiry date) and thus only a portion is recognised in the current period.
2. 750,000 performance rights from tranche 1 were not achieved and were cancelled subsequent to 31 December 2018. No dollar value is attributable to this tranche given that no rights vested.

There were no performance rights on issue as at 31 December 2017.

54 EMPLOYMENT CONTRACTS OF DIRECTORS AND SENIOR EXECUTIVES

On 15 March 2018, the Company entered into a revised agreement with Mr Merrillees to recognise his promotion to Managing Director under annual based remuneration of, \$246,375 (inclusive of superannuation) applied from December 2017.

As part of the new agreement a STI of 15% of total fixed remuneration (Base Salary plus Superannuation) was put in place should several key performance indicators be met, including exploration targets generated, exploration targets tested and Health, Safety and Environmental components. Total amount accrued at year end was 12.5% total \$30,797.

In addition, the agreement included long term incentives of 700,000 performance rights which was approved by shareholders' during the year.

Mr Merrillees is required to give the Company six weeks' notice to terminate the agreement and the Company is required to give Mr Merrillees three months' notice to terminate the contract or payment in lieu.

The Company entered into an agreement with Blue Leaf Corporate Pty Ltd, a company associated with Mr Naylor, which commenced on 15 January 2018 for the provision of company secretarial and financial management services. 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 KEY MANAGEMENT PERSONNEL

There were no loans to key management personnel of the Company, including their personally related parties, as at 31 December 2018 or 31 December 2017.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel.

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

Cygnus Gold received a 100% "yes" votes on its Remuneration Report for the year ended 31 December 2017. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

END OF REMUNERATION REPORT

MEETINGS OF DIRECTORS

During the financial year, six meetings of directors were held. Attendances by each director during the year were as follows:

DIRECTOR'S NAMES	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND
Michael Bohm	6	6
James Merrillees	6	6
Simon Jackson	4	6
Dr Oliver Kreuzer	6	6
Dr Amanda Buckingham	6	6

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 no share options on issue and there was 750,000 performance rights on issue 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

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every officer To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton, 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 Grant Thornton 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

During the year, related practices to Grant Thornton Audit Pty Ltd, the Company's auditors, performed certain other services in addition to their statutory audit duties. The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board of Directors to ensure they do not impact upon the impartiality and objectivity of the auditor
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards

The total remuneration for audit and non-audit services provided during the prior and current financial years is set out in note 9 of the financial statements.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 31 December 2018 has been received and is attached to this Directors' Report.

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



James Merrillees

Managing Director

Dated in Perth this 28th day of March 2019.

Notes

1. Refer ASX announcement on the said date for full details of these exploration results. Cygnus is not aware of any new information or data that materially affects the information included in the said announcement.
2. Information on historical results from the Stanley Project, including JORC Code Table 1 information, is contained in the Independent Technical Assessment Report within Cygnus' Prospectus dated 22 November 2017. Cygnus is not aware of any new information or data that materially affects the information included in the Prospectus.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on information and supporting documentation compiled by Mr James Merrillees, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Mr Merrillees is Managing Director and a full-time employee of Cygnus Gold and holds shares in the Company.

Mr Merrillees 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 Merrillees 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 Statement

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 Gold Limited. The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

Cygnus Gold 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 Gold 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 Gold Limited, its directors, employees or agents, advisors, 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 presentation.



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Level 43
152 - 158 St Georges Terrace
PO Box 7757
Perth WA 6000
T +61 8 9480 2000

Auditor's Independence Declaration

To the Directors of Cygnus Gold Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Cygnus Gold Limited for the year ended 31 December 2018, I declare that, 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; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton Audit Pty Ltd
CHARTERED ACCOUNTANTS

P W Warr
Partner – Audit & Assurance

Perth, 28 March 2019

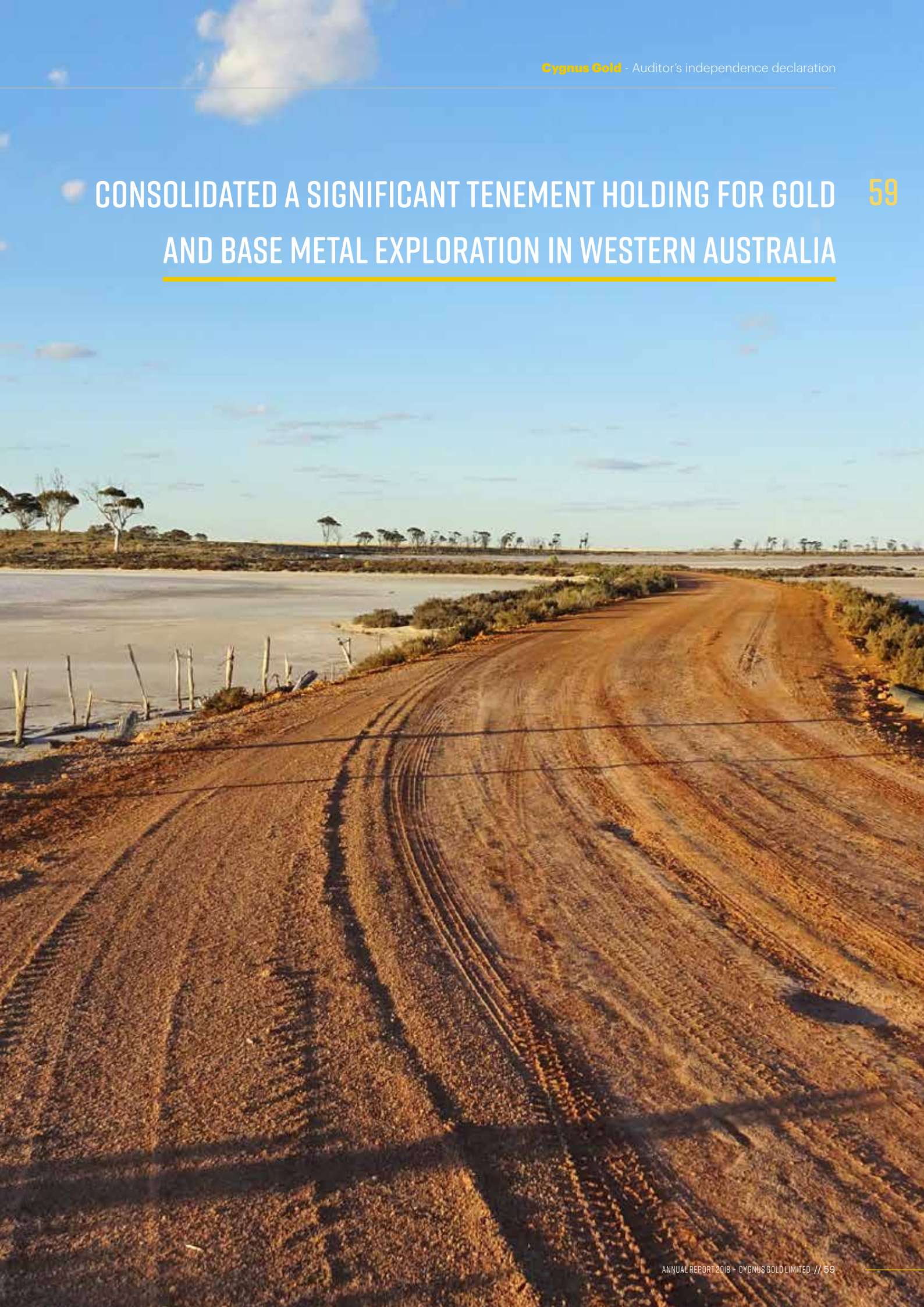
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CONSOLIDATED A SIGNIFICANT TENEMENT HOLDING FOR GOLD AND BASE METAL EXPLORATION IN WESTERN AUSTRALIA

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60 CYGNUS DIRECTORS BELIEVE THAT **EFFECTIVE CORPORATE GOVERNANCE** IMPROVES COMPANY PERFORMANCE, ENHANCES CORPORATE SOCIAL RESPONSIBILITY AND **BENEFITS ALL STAKEHOLDERS.**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	NOTES	2018 \$	2017 \$
Revenues		131,745	-
Depreciation	14	(26,009)	(2,814)
Employee benefits expense		(309,017)	(207,179)
Exploration expense		(103,484)	(230,625)
Other expense	16	(395,330)	(347,365)
Share based payments		(2,596)	-
Results from operating activities		(704,691)	(787,983)
Finance income		66,572	3,262
Loss before income tax		(638,119)	(784,721)
Income tax expense	15	-	-
Loss after income tax for the year		(638,119)	(784,721)
Other comprehensive loss		-	-
Total other comprehensive loss for the year, net of tax		(638,119)	(784,721)
Loss per share attributable to equity holders of the Company:			
Basic and diluted loss per share (cents per share)	7	(1.10)	(2.69)

This statement above should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	NOTES	2018 \$	2017 \$
Assets			
Current			
Cash and cash equivalents	3	3,512,139	145,517
Subscriptions receivable		-	6,000,000
Trade and other receivables	4	72,313	374,079
Current assets		3,584,452	6,519,596
Non-current			
Exploration & evaluation	13	2,555,261	565,924
Property, plant and equipment	14	102,353	12,111
Non-current assets		2,657,614	578,035
Total assets		6,242,066	7,097,631
Liabilities			
Current			
Trade and other payables	5	561,451	479,400
Employee benefit provisions		43,590	10,714
Current liabilities		605,041	490,114
Non-current liabilities			
Employee benefit provisions		10,400	-
Non Current Liabilities		10,400	-
Total liabilities		615,441	490,114
Net assets		5,626,625	6,607,517
Equity			
Share capital	6	7,128,373	1,473,742
Other contributed equity		-	6,000,000
Reserves	6.1	2,596	-
Accumulated losses		(1,504,344)	(866,225)
Total equity		5,626,625	6,607,517

This statement above should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	NOTES	SHARE CAPITAL \$	OTHER CONTRIBUTED EQUITY \$	SHARE BASED PAYMENT RESERVE \$	ACCUMULATED LOSS \$	TOTAL EQUITY \$
Balance at 1 January 2017		951,242	-	-	(81,504)	869,738
Loss for the period		-	-	-	(784,721)	(784,721)
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss		-	-	-	(784,721)	(784,721)
Transactions with owners						
Issue of share capital	6	522,500	-	-	-	522,500
Subscriptions yet to be issued		-	6,000,000	-	-	6,000,000
Balance at 31 December 2017		1,473,742	6,000,000	-	(866,225)	6,607,517
Balance at 1 January 2018		1,473,742	6,000,000	-	(866,225)	6,607,517
Loss for the year		-	-	-	(638,119)	(638,119)
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss		-	-	-	(638,119)	(638,119)
Transactions with owners						
Issue of share capital	6	6,000,000	(6,000,000)	-	-	-
Share issue expense		(345,369)	-	-	-	(345,369)
Subscriptions issued		-	-	-	-	-
Share based payment expensed		-	-	2,596	-	2,596
Balance at 31 December 2018		7,128,373	-	2,596	(1,504,344)	5,626,625

This statement above should be read in conjunction with the Notes to the Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	NOTES	2018 \$	2017 \$
Operating activities			
Payments to suppliers and employees		(413,545)	(487,015)
Payments for exploration expenditure		(103,484)	(217,982)
Interest received		64,300	3,262
Other income		131,745	-
Net cash used in operating activities	8	(320,984)	(701,735)
Investing activities			
Payments for acquisition of mining tenements		(49,626)	-
Payments for capitalised exploration expenditure		(2,078,860)	(427,777)
Purchase of property plant and equipment		(116,251)	(14,925)
EIS Grant-Co-funded Exploration Drilling Program		139,149	-
Funds from joint venture received in advance		158,563	-
Other (investing)		(20,000)	-
Net cash used in investing activities		(1,967,025)	(442,702)
Financing activities			
Proceeds from share issued	6	6,000,000	522,500
Costs of shares issued		(345,369)	-
Repayment of loan		-	(11,149)
Net cash provided by financing activities		5,654,631	511,351
Net change in cash and cash equivalents		3,366,622	(633,087)
Cash and cash equivalents, beginning of period		145,517	778,604
Cash and cash equivalents, end of year	3	3,512,139	145,517

This statement above should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 NATURE OF OPERATIONS

Cygnus Gold Limited's ("Cygnus" or "the Company") principal activities include the exploration for gold and base metals deposits in Western Australia.

2 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Cygnus Gold Limited is a for-profit Company for the purpose of preparing the financial statements.

Cygnus Gold Limited is a Company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Level 3, 20 Parkland Road, Osborne Park, Western Australia.

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2019.

3 CASH AND CASH EQUIVALENTS

	2018 \$	2017 \$
Cash at bank and on hand	2,012,139	145,517
Short-term deposits	1,500,000	-
Cash and cash equivalents	3,512,139	145,517

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

4 TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
Trade and other receivables	51,273	35,803
Prepayments	21,040	338,276
	72,313	374,079

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

5 TRADE AND OTHER PAYABLES

	2018 \$	2017 \$
Trade and other payables	402,888	479,400
Gold Road funds received in advance	158,563	-
	561,451	479,400

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

6 EQUITY SHARE CAPITAL

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 shareholders' meeting of Cygnus.

	2018 SHARES	2017 SHARES	2018 \$	2017 \$
Shares issued and fully paid:				
Beginning of the year	30,683,341	25,416,675	1,473,742	951,242
Share issue	30,000,000	5,266,666	6,000,000	522,500
Share consolidation on a ratio of 1 share for 3 held	-	-	(345,369)	-
Share issue costs	60,683,341	30,683,341	7,128,373	1,473,742
Total contributed equity at 31 December	30,683,341	25,416,675	1,473,742	951,242

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

6.1 PERFORMANCE RIGHTS

The table below discloses the number of performance rights granted, vested or lapsed during the year. Each performance rights converts to one ordinary share in the Company upon satisfaction of the performance conditions linked to the rights. The rights do not carry any other privileges. The fair value of the performance rights granted is determined based on the number of rights awarded multiplied by the share price of the Company on the date awarded.

Management has assessed the most probable outcomes to be achieved by the expiry date and has used weighted probabilities to determine the value of the rights accordingly. The expense recorded as share based payments is recognized straight-line over the vesting period (in this case, from the award date to the expiry date).

Awarded during the year	Award date	Vesting start date	Expiry date	Fair value of performance right at award date (\$)	Service period date	No. vested during year	No. vested lapsed year	Value of performance rights granted during the year ¹ (\$)	Amount of expense recognised in the period (\$)
750,000	25 May 18	15 Jan 19	15 Jan 19	0.19	15 Jan 19	-	-	-	-
750,000	25 May 18	15 Jan 19	15 Jan 20	0.19	15 Jan 20	-	-	5,415	2,596

The following performance conditions are applicable to the rights awarded in the year:

Two measurement periods:

- (i) Tranche 1 is the period from 15/1/18 to 15/1/2019.
- (ii) Tranche 2 is the period 15/1/18 to 15/1/2020.

The vesting conditions for the Performance Rights are as follows:

- (i) Employment at the end of the relevant measurement period;
- (ii) No fatalities on the Company's mining tenements; and
- (iii) Performance of the Company against a peer group based on Total Shareholder Return (TSR).

Cygnus' TSR compared to the peer group will determine the proportion of Performance Rights that will vest (subject to the other vesting conditions being met), as set out below:

RELATIVE TSR OVER THE MEASUREMENT PERIOD	PROPORTION OF PERFORMANCE RIGHTS VESTED
Below the 50th percentile	0%
At the 50th percentile	50%
Between the 50th and the 75th percentile	Pro-rata between 50% and 100%
Above the 75th percentile	100%

Subject to the vesting criteria being met, directors will be entitled to exercise the number of Performance Rights vesting and be issued with a corresponding number of ordinary shares in Cygnus Gold Limited.

Note that Tranche 1 milestone were not achieved and were cancelled subsequent to 31 December 2018.

7 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 (ie no adjustments to profit were necessary in 2017).

	2018 \$	2017 \$
Net loss attributable to ordinary equity holders of the Company	(638,119)	(784,721)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	57,996,711	29,150,557
Basic and diluted loss per share (cents per share)	(1.10)	(2.69)

8 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2018 \$	2017 \$
Cash flows from operating activities		
Loss for the period	(638,119)	(784,721)
Adjustments for depreciation	26,009	2,814
Share based payment expensed	2,596	-
Net changes in working capital:		
Change in trade and other receivables	319,413	(28,044)
Change in employee benefits provisions	43,274	10,715
Change in trade and other payables	(74,157)	97,501
Net cash from operating activities	(320,984)	(701,735)

9 AUDITOR REMUNERATION

	2018 \$	2017 \$
Audit and review of financial statements		
Auditors of Cygnus Gold Limited - Grant Thornton Australia	27,309	27,875
Non-audit services		
Investigation accountant's report and due diligence services	-	12,000
Tax compliance	8,050	5,500
Total auditor's remuneration	35,359	45,375

10 RELATED PARTY TRANSACTIONS

The Company's related parties include its associates and joint venture, key management, post-employment benefit plans for the Company's employees and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

10.1 RELATED PARTY TRANSACTIONS

Names and positions of key management personnel in office at the time during the financial year:

Name	Position
Mr Michael Bohm	Non-Executive Chairman
Mr James Merrillees	Managing Director
Mr Simon Jackson	Non-Executive Director
Dr Oliver Kreuzer	Non-Executive Director
Dr Amanda Buckingham	Non-Executive Director
Mr Michael Naylor	Company Secretary

10.2 KEY MANAGEMENT PERSONNEL REMUNERATION

Aggregate compensation of key management personnel of the Company:

	2018 \$	2017 \$
Short term employee benefits	593,374	468,047
Post employment benefits	42,177	16,345
Share based payments (non-cash)	2,596	-
	638,147	484,392

Detailed information about the remuneration received by each Key Management Personnel is provided in the remuneration report on page 48.

10.3 SERVICES BY KEY MANAGEMENT PERSONNEL

Key management of the Company are the executive members of Cygnus’s Board of Directors and members of the Executive Council. All transactions with other related parties are made on normal commercial terms and conditions and at deemed market rates.

Mr Michael Bohm – Non-executive Chairman

Mr Michael Bohm provided corporate and project advisory services to the Company during the year.

- 2018 -
- 2017 \$69,750

Dr Amanda Buckingham – Non-executive Director

Fathom Geophysics Australia Pty Ltd, a company of which Dr Amanda Buckingham is a Director, provided geophysical consulting services to the Company during the year.

- 2018 \$30,563
- 2017 \$59,116

Dr Oliver Kreuzer – Non-executive Director

Corporate Geoscience Group, a company of which Dr Oliver Kreuzer is the Managing Partner and Principal Consultant, provided geological consulting services to the Company during the period.

- 2018 \$28,850
- 2017 \$102,000

Michael Naylor – Company Secretary

Blue Leaf Corporate Pty Ltd, a company of which Mr Naylor is a Director, provided company secretarial and financial management services to the Company during the year. Amount owing at 31 December 2018, \$7,500 and at 31 December 2017 \$5,000.

- 2018 \$90,000
- 2017 \$60,000

II FINANCIAL INSTRUMENT RISK

LOANS AND RECEIVABLES	2018 \$	2017 \$
Loans	-	11,149
Trade payables and accruals	479,400	54,786

Risks associated with market risk, credit risk and liquidity risk are not considered material with respect to the above items.

Liquidity Risk

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

The Company 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 Company in managing its cash flows. Financial liabilities are expected to be settled within 12 months.

	NOTES	CARRYING AMOUNT \$	CONTRACTUAL CASH FLOWS \$	6 MONTHS OR LESS \$
2018 Trade and other payables	5	561,451	561,451	561,451
2017 Trade and other payables	5	479,400	479,400	479,400

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company'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.

Currency Risk

The Company is not exposed to significant foreign currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Company entities being the Australian Dollar (AUD).

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash. Cash includes funds held in term deposits and cheque accounts during the year, which earned variable interest at rates ranging between 1.05% and 2.5% (2017: 1.05% and 2.65%), depending on the bank account type and account balances.

The Company has no loans or borrowings.

At the reporting date the interest rate sensitivity for the Company interest-bearing financial instrument was:

	CARRYING AMOUNT 31 DECEMBER 2018 \$	CARRYING AMOUNT 31 DECEMBER 2017 \$
Variable rate financial assets	3,532,140	145,517

A change of 100 basis points in the interest rates at the end of the reporting period would have increased (decreased) profit and loss by the amounts shown below. The analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2018.

100bp increase	3,532	145
100bp increase	3,532	145

Capital management policies and procedures

The Company’s capital management objectives are:

- to ensure the Company’s ability to continue as a going concern; and
- to provide an adequate return to shareholders.

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the Statement of Financial Position recognised in other comprehensive income. Management assesses the Company’s capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

74 12 COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Due to the nature of the Company'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 rent on exploration licenses held by the Company are \$139,536 (2017: \$100,098) with a minimum exploration commitment of \$1,026,000 (2017: \$761,000) per annum. Annual rent on exploration licenses held under joint venture arrangements are \$190,808 (2017: \$35,224) with a minimum exploration commitment of \$1,802,000 (2017: \$273,000) per annum. The Company is not aware of any other contingent commitments.

13 EXPLORATION AND EVALUATION

	2018 \$	2017 \$
Opening balance	565,924	65,047
Expenditure incurred during the year	1,989,337	500,877
Closing balance	2,555,261	565,924

14 PROPERTY, PLANT AND EQUIPMENT

	2018 \$	2017 \$
Assets at cost	131,176	14,925
Accumulated depreciation	(28,823)	(2,814)
Carrying value 31 December	102,353	12,111

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 \$	SOFTWARE & COMMUNICATIONS \$	MOTOR VEHICLES \$	TOTAL \$
Balance at 1 January 2018	12,111	-	-	12,111
Additions	28,721	26,236	61,294	116,251
Depreciation expense	(14,787)	(6,004)	(5,218)	(26,009)
Balance at 31 December 2018	26,045	20,232	56,075	102,353

15 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 27.5% (2017: 27.5%) and the reported tax expense in profit or loss are as follows:

	2018 \$	2017 \$
Accounting loss before tax	638,119	784,721
At Australia’s statutory income tax rate of 27.5% (2017: 27.5%)	(175,483)	215,798
Deferred tax asset not recognised	175,483	(215,798)
Income tax expense attributable to entity	-	-
Deferred income tax at balance date relates to the following:		
Deferred tax assets		
Accrued expenditure	9,659	10,313
Capital raising cost	32,800	32,800
Tax losses	1,032,948	342,360
Total deferred tax assets	1,075,408	385,743
Deferred tax liabilities		
Exploration and evaluation assets	702,697	155,629
Total deferred tax liability	702,697	155,629
Deferred tax asset recognised to offset deferred tax liability	(702,697)	(155,629)
Net deferred tax asset not brought to account	372,711	230,114
Total tax losses not used against deferred tax liabilities for which no deferred tax asset has been recognised (not tax effected)	3,875,448	1,364,219

16 OTHER EXPENSES

	2018 \$	2017 \$
Corporate expenses	337,646	313,320
Occupancy	48,456	23,463
Travel and accommodation	9,228	10,582
	395,330	347,365

17 OPERATING SEGMENTS

The Company has identified its operating segments based on the internal reports that are reviewed and used by the directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The company operates in one segment being Exploration and Evaluation of Minerals in Western Australia.

18 OPERATING LEASES AS LESSEE

The company leases office space under an operating lease. The future minimum lease payments are as follows:

	WITHIN 1 YEAR \$	1 TO 5 YEARS \$	AFTER 5 YEARS \$	TOTAL \$
31 December 2018	49,414	207,502	-	255,916
31 December 2017	34,468	149,445	-	183,913

Lease expense during the period amount to \$47,858 (2017: \$20,106) representing minimum lease payments. The lease agreement commenced on 1 July 2017 and has an initial term of 3 years expiring 29 June 2020 at which point an option for renewal for a further term of 2 years to 29 June 2022 exists.

19 POST-REPORTING DATE EVENTS

There are no matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either:

- the Company's operations in future financial years
- the results of those operations in future financial years; or
- the Company's state of affairs in future financial years.

20 CHANGES IN ACCOUNTING POLICIES

20.1 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT BEING ADOPTED EARLY BY THE COMPANY

Several amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New standards adopted in the period

During the year, there were two significant accounting standards adopted by the Company:

AASB 15 Revenue from contracts with customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 July 2018 with no adjustment to opening retained earnings required as the Company had yet to derive material revenue until the current period.

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. AASB 9 also contains new requirements on the application of hedge accounting.

The Company has adopted the standard in this period but does not have any financial instruments of which are impacted by the adoption. Thus, there has been no adjustment to opening retained earnings as at 1 July 2018. Given that the Company does not have any material financial instruments that are impacted by the adoption of the standard, the Company has not disclosed significant accounting policies with respect to balances impacted by this standard.

Standard not yet effective this period

The following standard not yet effective is considered to be applicable to the Company's balances and transactions:

AASB 16 Leases

Nature of change

AASB 16 requires lessees to account for all leases under a single on-balance sheet model. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to

determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Application date

Annual reporting periods beginning on or after 1 January 2019.

Impact on initial application

Based on an initial impact assessment, the new accounting standard is not expected to impact the Company as it currently does not have any significant operating or finance leases.

Likely impact on initial application

The Company is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 31 December 2019 includes:

- there will be a significant increase in lease assets and financial liabilities recognised on the balance sheet
- the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities
- EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses
- operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities

20.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

20.3 OPERATING EXPENSES

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin. Expenditure for warranties is recognised and charged against the associated provision when the related revenue is recognised.

20.4 FINANCIAL INSTRUMENTS

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The company has only non-complex financial instruments that are summarised in notes (3), (5) and (6) of the financial report, the details of which are as follows:

Cash and cash equivalents

Cash at bank or on hand and short-term deposits (being those with an original maturity date of less than 3 months).

Trade and other receivables

- net GST amounts owing from the tax authorities; and
- accrued interest from cash in bank and term deposits.

Prepayments

General prepayments such as prepaid insurance.

Trade and other payables

- PAYG amounts withheld from employee wages and owing to the tax authorities;
- Superannuation amounts owed to the tax authorities; and
- Trade creditors and accruals for services performed by suppliers and vendors of the Company.

Gold Road funds received in advance

As at balance date, the Company was provided funds to be spent under the terms and conditions of a JV agreement. These amounts give rise to a liability as the Company is obligated to spend the funds under their JV contract.

The financial assets and financial liabilities above are measured at amortised cost. The financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. These events occur within 12-months of balance date.

20.5 LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in companies, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified Company.

Classification and subsequent measurement of financial liabilities The Company's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

20.6 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 ventures is not provided if reversal of these temporary differences can be controlled by the Company 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 Company'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 Company 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.

20.7 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 consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, are considered an integral part of the Company's cash management.

20.8 EQUITY AND RESERVES

Share capital represents the fair value of 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.

Retained earnings include all current and prior period retained profits.

The company 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.

20.9 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

82 20.10 EXPLORATION AND DEVELOPMENT 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.

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.

20.11 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.

20.12 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated 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 Company'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 consolidated statement profit or loss and other comprehensive income.

Performance Rights

The Company makes judgments around the value of awarded performance rights based on the historical performance of the company as the vesting conditions are linked to peer group comparison via Total Shareholder Returns (TSR). Management determines the total value of the award based on weighted probabilities of the vesting criteria being achieved. In addition to historical performance compared to its peers, management further considers how the Company is tracking towards the vesting criteria based on subsequent performance with reference to subsequent events up to balance date as well as any other expected improvements in the share price based on operational knowledge.

Critical Judgments

Exploration and Evaluation Expenditure

The entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet been conducted.

20.13 GOING CONCERN

The Company has incurred a net loss of \$638,119 (2017: \$784,721) during the year and the cash outflows from operating activities equates to \$320,984 (2017: \$701,735).

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors consider this to be appropriate given the ability to manage the Company's cost structure and in turn the levels of cash outflow dependent on timing of its exploration activities.

Taking into account the current cash reserves and successful fund raising from the Initial Public Offering completed in January 2018 of \$6,000,000 before cost, the Directors are confident the Company has adequate resources to continue as a going concern for the foreseeable future.

20.14 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.

20.15 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 Company.

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.

20.16 SHARE BASED PAYMENTS

The Company operates equity-settled share-based remuneration plans for its employees. None of the Company's plans feature any options for a cash settlement.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value 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 share option 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 company uses a pricing model to determine fair value of each instrument.

However, in the case of the performance rights issued in the current period as outlined in Note (6.1), the Company has not utilised a pricing model given the nature of the vesting conditions and how they are interdependent on the performance of a peer group which is represented by a significant number of ASX listed companies. In this case, the use of a pricing model is not considered practical or commercial. The total value of the rights is determined, rather, based on management's estimates and judgments that uses a weighted probability to determine the most likely outcome of performance rights that will vest which is then multiplied by the fair value of each instrument (i.e. the share price of the Company) on the date of granting.

20.17 REVENUE

Revenue arises from a management fee derived from the Company's facilitation of exploration and evaluation activities on behalf of its joint venture / earn-in Partner. The fee is derived as a percentage of amounts received from the JV partner and expended on the tenements of which the two partners are exploring. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

For the management fee, revenue is recognised on an accruals basis at a point in time, which is defined as the moment in which the company spends the JV partner's contributions to the earn-in arrangement and thus is entitled to the management fee that attaches to the expenditure.

Interest revenue is reported on an accrual basis using the effective interest method.
All revenue is stated net of any applicable goods and services tax (GST).

20.18 JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations.

The Company currently has three joint operations with the listed ASX company Gold Road Resources Limited ("Gold Road") as follows:

1. The Lake Grace Project
2. The Wadderin Project

For both of these projects, Cygnus owns 100% of the tenement rights and Gold Road can earn-in to a maximum of 75% of interest in the tenements. In order to do so, Gold Road must spend as much as \$3.7M over the four year period from the commencement of the operation in October 2017.

In each of these cases, Cygnus receives cash calls from Gold Road and manages the exploration and evaluation activity at their discretion, deriving a management fee of 10% of the expenditure that has spent from Gold Road funds. Given the accounting policies noted above, none of the amounts spent by Cygnus on behalf of Gold Road are included in the exploration and evaluation asset on the Statement of Financial Position. The Company only capitalises qualifying expenditure on the projects as exploration and evaluation asset where it is the Company's cash used.

As at 31 December 2018, Gold Road had provided Cygnus with \$158,563 (2017: nil) of cash that was spent post year-end on the projects. This balance appears as a liability in Trade and other payables. See Note (5).

3. The Yandina Joint Venture

In this joint operation, Gold Road is to hold 75% of the tenement rights and the Company's share is to be 25%. The rights of tenure over these tenements were granted during the year as such expenditure is incurred is capitalised as exploration and evaluation asset. Expenditure incurred prior to rights over tenure was expensed.

20.19 GOVERNMENT GRANTS

The company receives government grants for qualifying exploration and evaluation activity. The amounts are paid in arrears as a reimbursement. All expenditures incurred by the Company that are covered by the grant are capitalized exploration and evaluation expenditure. For this reason, the company applies the grant amounts received as an offset against its evaluation and exploration asset balance on the Statement of Financial Position. In the current period, this treatment occurred for the EIS Grant - a co-funded exploration drilling program - totalling to \$139,149 (2017: nil).

DIRECTORS' DECLARATION

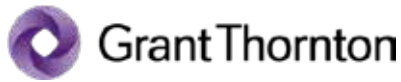
1. In the opinion of the Directors of Cygnus Gold Limited:
 - a The financial statements and notes of Cygnus Gold Limited are in accordance with the Corporations Act 2001, including:
 - i Giving a true and fair view of its financial position as at 31 December 2018 and of its performance for the year ended on that date; and
 - ii Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b There are reasonable grounds to believe that Cygnus Gold Limited will be able to pay its debts as and when they become due and payable.
2. 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 2018.
3. Note 2 confirms that the financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



James Merrillees
Managing Director

Perth, 28 March 2019



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Independent Auditor's Report

To the Members of Cygnus Gold Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Cygnus Gold Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Company's financial position as at 31 December 2018 and of its financial performance for the year then ended; 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 Company 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* (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.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation Assets Note 13, 20.10 & 20.11	
<p>At 31 December 2018 the carrying value of Exploration and Evaluation Assets was \$2,555,261.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Company is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; and • assessing the appropriateness of the related financial statement disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

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 2018, 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.

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 inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 43 to 54 of the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Cygnus Gold Limited, for the year ended 31 December 2018, 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.

Grant Thornton Audit Pty Ltd
CHARTERED ACCOUNTANTS

P W Warr
Partner – Audit & Assurance

Perth, 28 March 2019

TOP 20 HOLDERS OF ORDINARY SHARES

In accordance with ASX Listing Rule 4.10, the following information is provided as at 7 March 2019.

RANK	NAME	UNITS	% OF ISSUED CAPITAL
1	Merrill Lynch (Australia) Nominees Pty Limited	5,000,000	8.24
2	Southern Cross Capital Pty Ltd	5,000,000	8.24
3	Resource Capital Fund VI L.P.	4,166,667	6.87
4	Gold Road (Projects) Pty Ltd	3,750,000	6.18
5	Ms Charmaine Linda Lobo	3,170,001	5.22
6	Mr Alan Frank Cleland	3,000,001	4.94
7	Southern Cross Capital Pty Ltd	2,500,000	4.12
8	Mr Oliver Pierre Kreuzer	1,833,334	3.02
9	Fathom Geophysics Australia Pty Ltd	1,666,667	2.75
10	Insurgent Metals Pty Ltd	1,666,667	2.75
11	Dale Park Pty Ltd	1,333,334	2.20
12	Equity Trustees Limited	1,099,399	1.81
13	Sargon CT Pty Ltd	1,065,533	1.76
14	Eastern Goldfields Exploration Pty Ltd	1,000,000	1.65
15	BNP Paribas Nominees Pty Ltd	675,001	1.11
16	Mr Robert Angus Castle Stuart	666,667	1.10
17	Jetosea Pty Ltd	521,173	0.86
18	Ms Sarah June McAlpine	520,000	0.86
19	Mr Michael Dylan Naylor & Ms Sarah McAlpine	470,000	0.77
20	Cumbak Pty Ltd	460,000	0.76
	Total	39,364,444	64.88

RANGE OF SHARES

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 - 1,000	11	2,478	0.00
1,001 - 5,000	60	180,982	0.30
5,001 - 10,000	50	448,462	0.74
10,001 - 100,000	305	12,306,046	20.28
100,001 Over	61	47,745,373	78.68
Total	487	60,683,341	100.00

SUBSTANTIAL HOLDERS

RANGE	UNITS	% OF ISSUED CAPITAL
Resource Capital Fund VI L.P.	9,166,664	15.11
Southern Cross Capital Pty Ltd	7,500,000	12.36
Gold Road (Projects) Pty Ltd	3,750,000	6.18
Mr Alan Frank Cleland	3,170,001	5.22
Ms Charmaine Linda Lobo	3,170,001	5.22

UNMARKETABLE PARCELS

There were 85 shareholders with less than a marketable parcel of shares, based on the closing price \$0.056

RESTRICTED SECURITIES

There are 15,577,088 ordinary shares escrowed until 15 January 2020.

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.

ASX LISTING RULE 4.10.19

In accordance with Listing Rule 4.10.19, the company states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily mineral exploration.

SCHEDULE OF TENEMENTS

A listing of the Entity's tenements:

TENEMENT	LOCATION	REGISTERED OWNER	% OF OWNERSHIP
E70/4787	Western Australia	Cygnus Gold Limited	100%
E70/4854	Western Australia	Cygnus Gold Limited	100%
E70/4910	Western Australia	Cygnus Gold Limited	100%
E70/4912	Western Australia	Cygnus Gold Limited	100%
E70/4952	Western Australia	Cygnus Gold Limited	100%
E70/4988	Western Australia	Cygnus Gold Limited	100%
E70/4992	Western Australia	Cygnus Gold Limited	100%
E70/5050	Western Australia	Cygnus Gold Limited	100%
E70/5131	Western Australia	Cygnus Gold Limited	100%
E70/5137	Western Australia	Cygnus Gold Limited	100%
E70/5168	Western Australia	Cygnus Gold Limited	100%
E70/5169	Western Australia	Cygnus Gold Limited	100%
E70/5196	Western Australia	Cygnus Gold Limited	Pending, 100%
E77/2405	Western Australia	Cygnus Gold Limited	100%
E77/2463	Western Australia	Cygnus Gold Limited	100%
E77/2464	Western Australia	Cygnus Gold Limited	Pending, 100%

WADDERIN EARN-IN PROJECT

E70/4911	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4939	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4989	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4990	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5018	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5019	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5020	Western Australia	Cygnus Gold Limited	100%, diluting to 25%

LAKE GRACE EARN-IN PROJECT

E70/4853	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4855	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/4991	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5017	Western Australia	Cygnus Gold Limited	100%, diluting to 25%
E70/5188	Western Australia	Cygnus Gold Limited	Pending 100%, diluting to 25%

YANDINA JOINT VENTURE PROJECT

E70/5098	Western Australia	Gold Road (Projects) Pty Ltd	25%
E70/5099	Western Australia	Gold Road (Projects) Pty Ltd	25%
E70/5100	Western Australia	Gold Road (Projects) Pty Ltd	25%
E70/5101	Western Australia	Gold Road (Projects) Pty Ltd	25%
E70/5098	Western Australia	Gold Road (Projects) Pty Ltd	25%

HYDEN JOINT VENTURE PROJECT

E70/5230	Western Australia	Cygnus Gold Limited, Gold Road (Projects) Pty Ltd	Pending 25%
E70/5231	Western Australia	Cygnus Gold Limited, Gold Road (Projects) Pty Ltd	Pending 25%
E70/5232	Western Australia	Cygnus Gold Limited, Gold Road (Projects) Pty Ltd	Pending 25%



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