



**CYGNUS GOLD**

# ANNUAL REPORT 2019

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

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**REFLECTING ON THE COMPANY'S SUCCESS IN AGAIN  
SECURING CO-FUNDING FROM THE WESTERN AUSTRALIAN  
GOVERNMENT, I BELIEVE THIS SPEAKS VOLUMES FOR  
BOTH THE GEOLOGICAL MERIT OF OUR PROJECTS AND  
THE PROFESSIONALISM OF OUR TECHNICAL AND  
MANAGEMENT TEAM.**

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# CORPORATE DIRECTORY

## **Principal Place of Business & Registered Office**

Level 2, 45 Richardson Street, West Perth, WA 6005

## **Contact information**

Phone: +61 08 6118 1627

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

## **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 Fax: +61 3 9473 2500

## **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

**HIGHLIGHTING THE EXCITING** BENCUBBIN NORTH PROJECT AREA. THE 70KM-LONG BENCUBBIN GREENSTONE IS CONSIDERED A PRIME TARGET FOR SULFIDE-HOSTED NICKEL-COPPER AND BASE METALS MINERALISATION. **THE COMPANY HOLDS A LARGE STRATEGIC LAND POSITION** OVER THIS AREA AND WE WILL BE **LOOKING AT A NUMBER OF OPTIONS** TO ADVANCE THE PROJECT IN 2020.

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## 04 CHAIRMAN'S STATEMENT

Dear Shareholder

The team at Cygnus Gold Limited (ASX:CY5) had a busy period in the field during what was only our second full year as a listed entity on the Australian Securities Exchange.

During the year the Company again undertook extensive exploration work on a number of our properties across the Wheatbelt region of Western Australia. The target of our work continued to be gold and base metals exploration in this under-explored, but highly prospective, part of the State.

This work was not only on our 100% owned projects but also on areas on behalf of our Joint Venture partner Gold Road Resources Ltd (ASX:GOR).

During the year the Company advanced work at:

- Stanley
- Bencubbin North
- Lake Grace JV
- Wadderin/Yandina JV's

It is worth highlighting the exciting Bencubbin North project area. The 70km-long Bencubbin Greenstone is considered a prime target for sulfide-hosted nickel-copper and base metals mineralisation. The Company holds a large strategic land position over this area and we will be looking at a number of options to advance the project in 2020.

At Lake Grace, one of the joint ventures funded during 2019 by Gold Road, drilling at the Hammerhead prospect returned widespread anomalous gold results. Preparations are underway for a major drill program to be carried out during the first quarter of 2020. This 40km long target will be a major focus during calendar 2020.

Another exciting advancement during the year was the acquiring, through staking, of a prospective and strategic land-holding immediately adjacent to the Perrinvale Project area held by Cobre Limited (ASX:CBE). In 2020 we will investigate value-add opportunities for this project.

Reflecting on the Company's success in again securing co-funding from the Western Australian Government, I believe this speaks volumes for both the geological merit of our projects and the professionalism of our technical and management team.

In closing, I thank the Cygnus team for their work during 2019. I also extend my thanks to Shareholders for their support during what is a challenging period for grass-roots explorers. During 2020 we will be broadening our focus on opportunities and mechanisms for adding shareholder value, including through potential partnerships, joint ventures and new business ventures.



**Michael Bohm**  
Chairman

**EXCITING ADVANCEMENT** DURING THE YEAR WAS THE ACQUIRING, THROUGH STAKING, OF A PROSPECTIVE AND **STRATEGIC LAND-HOLDING** IMMEDIATELY ADJACENT TO THE PERRINVALE PROJECT AREA. IN 2020 WE WILL INVESTIGATE **VALUE-ADD OPPORTUNITIES FOR THIS PROJECT.**

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## 06 DIRECTORS' REPORT

The directors' of Cygnus Gold Limited (Cygnus or the Company) present their report, together with the financial statements for the year ended 31 December 2019.

### 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

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, 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



**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 30 years' experience in the gold industry. He is currently Managing Director of ASX listed copper explorer Kopore Metals Limited. He previously held positions as CEO and MD of ASX-listed Brazilian-focused 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	-
Sarama Resources Limited	11 March 2011	-
Kopore Metals Limited	7 March 2019	-

Former directorships in the last 3 years

Beadell Resources Limited	9 November 2015	14 July 2018
Cardinal Resources Limited	31 August 2015	12 October 2017
Orca Gold Inc	4 April 2013	30 May 2019

**Dr Oliver Kreuzer – Non-Executive Director**

Appointed 21 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) 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**

Resigned as director on 20 September 2019.

**Interests in the shares and options of the Company**

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

NAME	NUMBER OF ORDINARY SHARES	PERFORMANCE RIGHTS
Mr Michael Bohm	4,226,669	-
Mr James Merrillees	200,000	350,000
Mr Simon Jackson	404,446	-
Dr Oliver Kreuzer	2,008,334	-

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

**Mr Michael Naylor - Company Secretary**

Mr Naylor has 26 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 2019 after providing for income tax amounted to \$870,917 (2018: \$638,119).

**Review of financial position**

The net assets are \$5,084,373 as at 31 December 2019 (2018: \$5,626,625).

**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.

## 10 REVIEW OF OPERATIONS

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### 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 2019, the Company had assembled a significant land package to explore for gold and base metals in this highly prospective region.

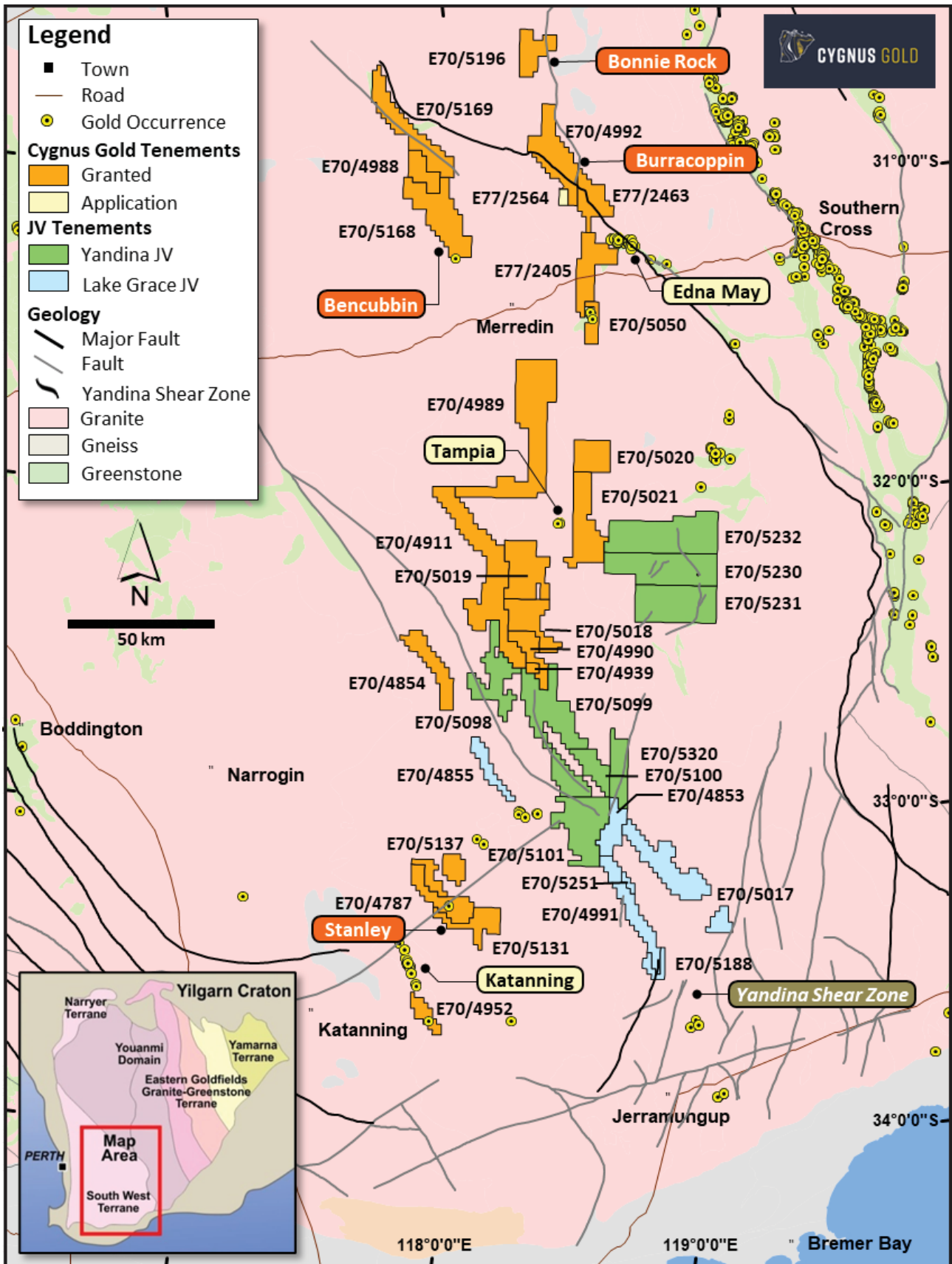


Figure 1: Location of Cygnus' Projects, Southwest Western Australia

## 12 BENCUBBIN PROJECT (CYGNUS 100%)

Cygnus Gold's 675km<sup>2</sup> Bencubbin Project, located ~220km northeast of Perth, was originally staked for its gold prospectivity with a single tenement (Bencubbin), centred on the historical Jefferies gold prospect within a 10km long section of the Bencubbin Greenstone Belt (Figure 2).

The Company's technical team subsequently recognised that the Bencubbin Greenstone extended over more than 70km of strike length, and up to 5km in width (refer Figure 2 and Cygnus Gold ASX announcement 30 November 2018)<sup>1</sup> with demonstrated prospectivity for:

- 'Kambalda-style', komatiite-hosted magmatic nickel-copper sulfides and
- Volcanogenic massive sulfide (VMS) base metals (lead-zinc-copper) mineralisation associated with the Mandiga gossan where exploration by previous explorers included best results of:
  - 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.

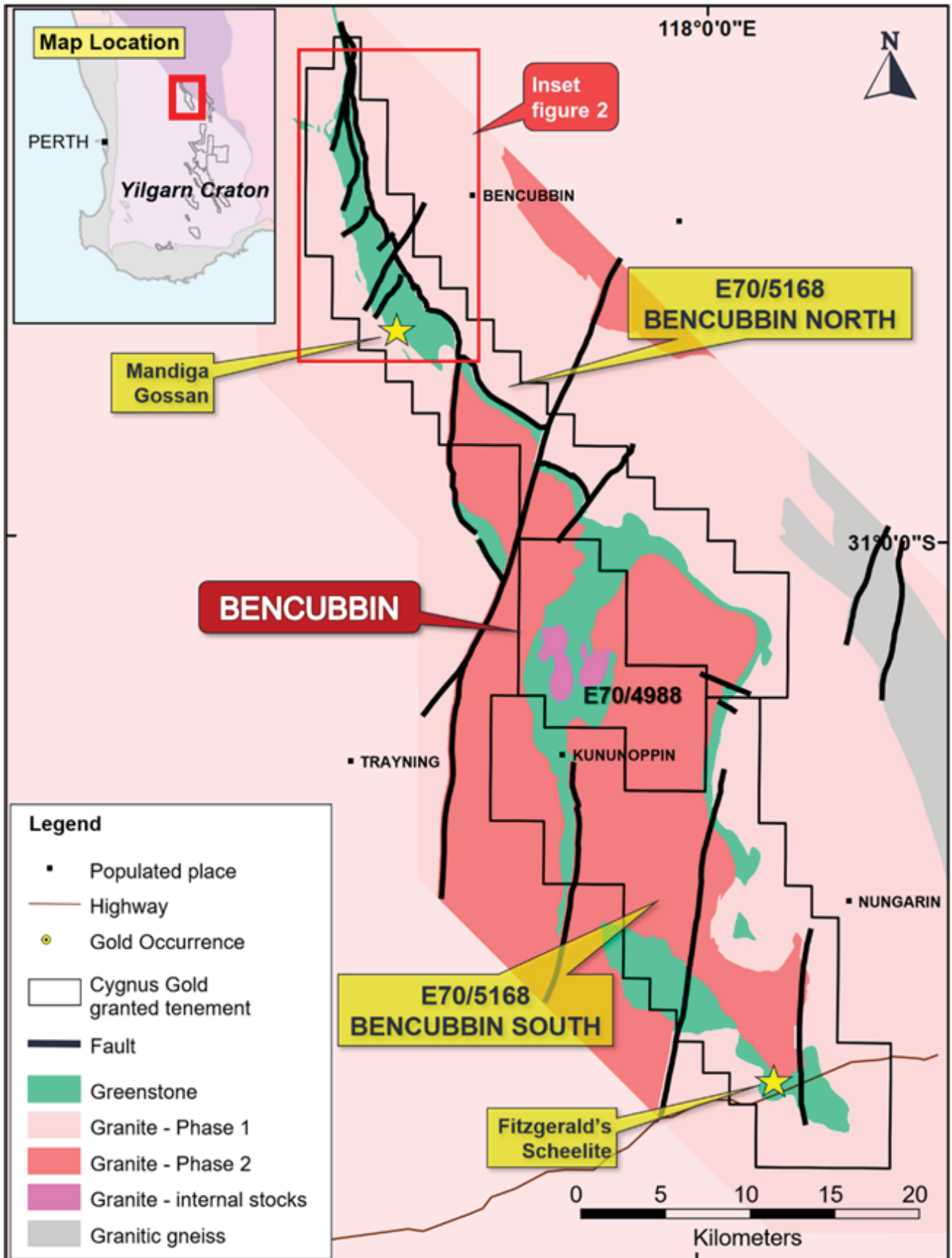


Figure 2: Cygnus Gold's Bencubbin Project Western Australia with Cygnus interpreted geology.

## 14 BENCUBBIN NORTH (NICKEL-COPPER AND BASE METALS)

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The Company's review of historical exploration at Bencubbin North has defined a regionally extensive nickel-in-soil geochemical anomaly, representing a high priority target for sulfide-hosted nickel-copper (Ni-Cu) mineralisation, as well as separate lode gold (Au) mineralisation (refer CY5 ASX announcement 30 November 2018)<sup>1</sup>.

The nickel anomaly at Bencubbin North is defined by consistent, anomalous nickel (more than 1,500ppm Ni) developed over a strike length of ~18km and up to 400m in apparent width, associated with ultramafic rocks within a north-northwest trending Archaean greenstone belt (Figure 3).

Several Cu and Au anomalies are associated with the nickel, with a maximum coincident auger result of 162ppm Cu recorded, and a (separate) maximum Au value of 71ppb Au reported, both within the greenstone sequence.



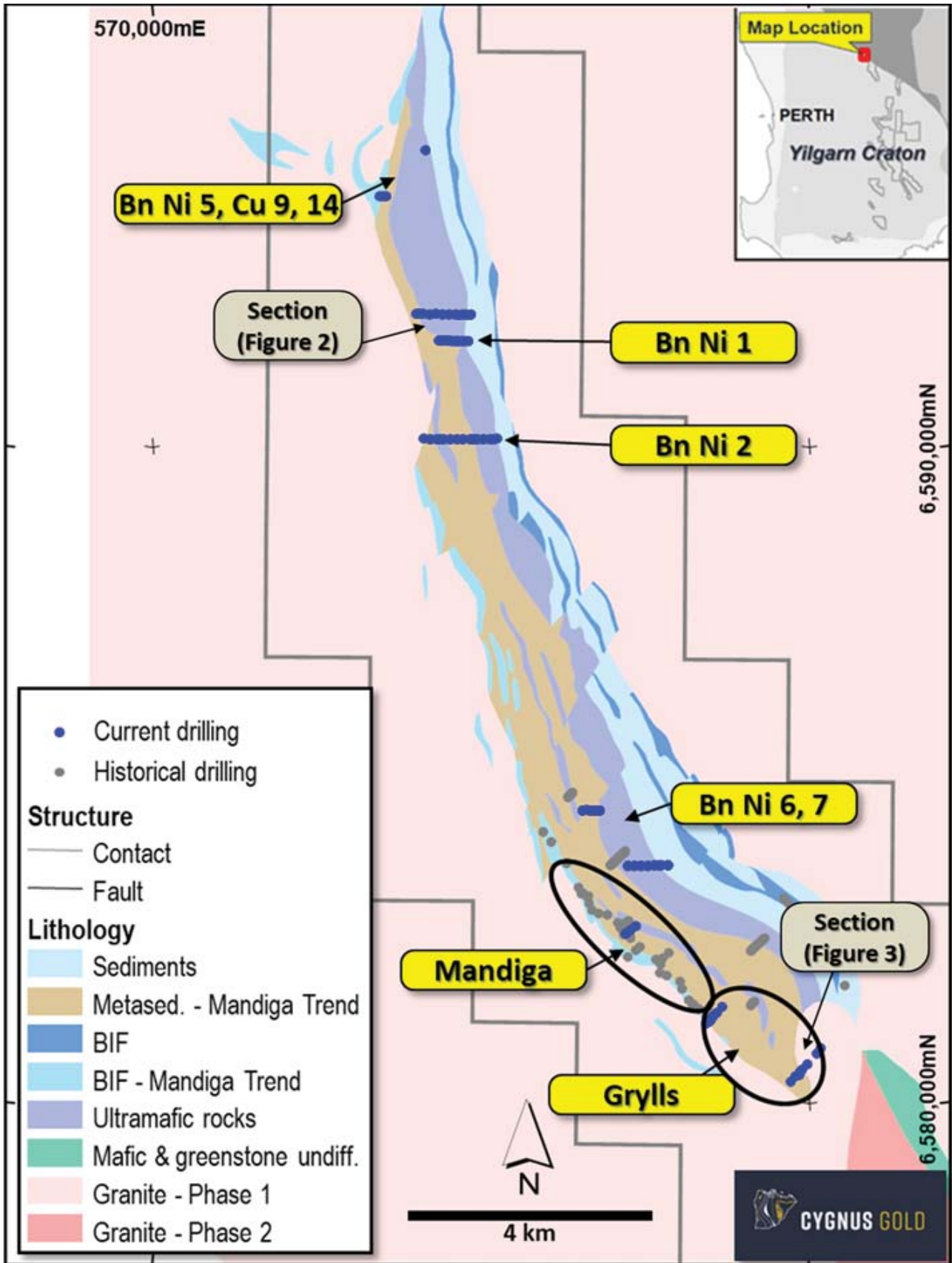


Figure 3: Bencubbin North, geology with targets and location of Cygnus Dec. 2019-Jan 2020 aircore program and historical drilling (refer CY5 ASX Announcement 7 October 2019)<sup>1</sup>.

Historic drilling included five lines of shallow (<40m depth) RAB holes principally in search of gold mineralisation. None of these 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.

Importantly, none of the previous samples were assayed for platinum group elements (PGEs), where elevated values are considered to support the prospectivity for nickel sulfide mineralisation.

In 2019 Cygnus completed two phases of soil sampling to confirm and infill results from historical soil sampling at Bencubbin North. This sampling defined six discrete, but extensive Ni-Cu (PGE) anomalies associated with an interpreted ultramafic package (refer CY5 ASX announcement 8 May 2019)<sup>1</sup>.

Importantly Cygnus sampling included analyses for platinum (Pt) and palladium (Pd), returning a range of Pt+Pd values from 5ppb (consistent with background values in magmas), through to samples with maximum values of palladium (Pd) of 44.4ppb (associated with 5.5ppb Pt) and maximum platinum (Pt) of 57.6ppb Pt (with 18.2 ppb Pd).

These elevated PGEs are similar to levels associated with mineralised nickel sulfide systems elsewhere in the WA Goldfields and are considered key indicators for magmatic sulphide prospectivity of the Bencubbin Greenstone.

### **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 (Figure 4).

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

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 CY5 ASX announcement on 30 November 2018)<sup>1</sup>:

- 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 was not been drill tested in any subsequent work and this target (Grylls) is considered a high priority for follow up drill testing (Figure 4).

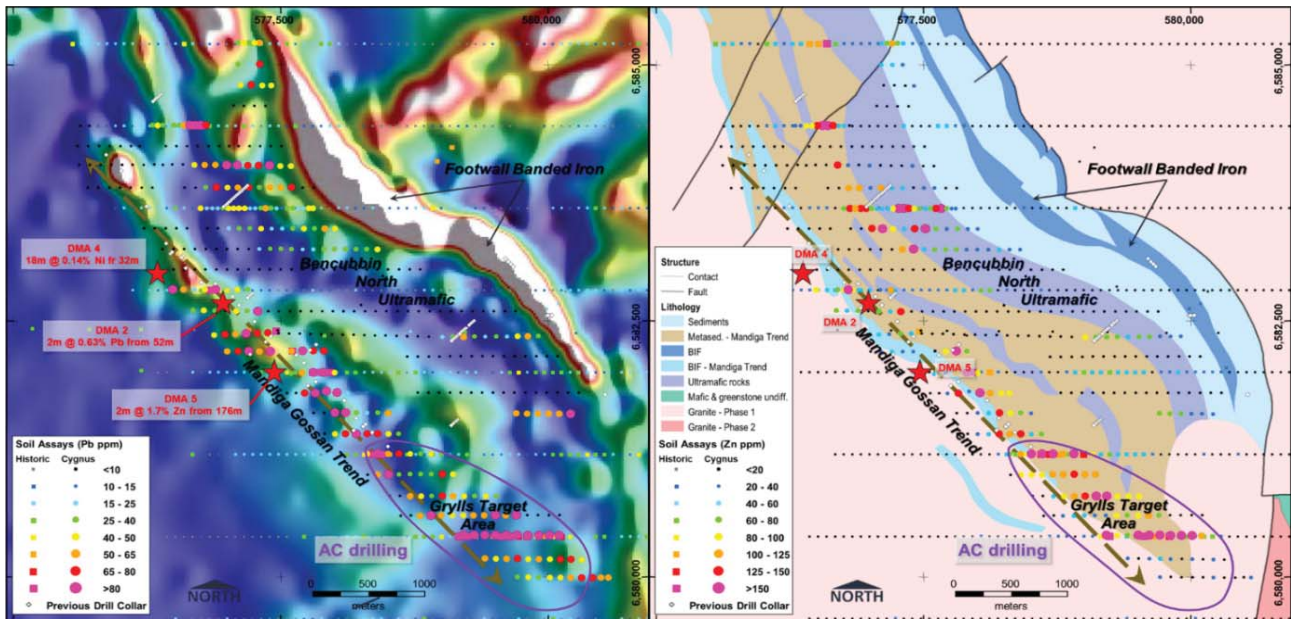


Figure 4: Mandiga trend and Grylls target, Bencubbin North. LEFT image is Cygnus and historic surface samples for lead (ppm) on magnetics (RTP TMI). RIGHT is zinc (ppm) on interpreted geology. The Grylls target area is a ~1.5km long zone of strong lead and zinc to the southeast of Mandiga, and untested by historical drilling.

### Bencubbin 2019-2020 AC Drilling Program

From late 2019 to early 2020 the Company completed a 76-hole (2,663m) aircore drilling program at Bencubbin North over several of the high priority nickel and base metals targets.

Highlights from the drilling included (refer CY5 ASX announcement 25 February 2020)<sup>1</sup>:

- Thick (up to 800m wide) komatiite sequences intersected in the shallow drilling over the Bencubbin North nickel targets, the first ultramafic rocks described in the belt and analogous to the rocks that host the Kambalda nickel deposits.
- Several narrow zones of Pb and Zn mineralisation intersected at the Mandiga lead-zinc-copper target, including:
  - 4m @ 0.12% Pb + Zn from 12m in BNAC0023
  - 1m @ 0.13% Pb + Zn from 18m in hole BNAC0041
  - 1m @ 0.45% Pb + Zn in hole BNAC0042.
- Widespread volcanogenic massive sulfide (VMS) alteration in the Mandiga trend, including strong sericite-chlorite and pathfinder mineral assemblages associated with elevated base metals.

The Company is encouraged by the geology seen in the drilling, the nickel sulfide prospectivity of the more than 15km long stratigraphic sequence, as well as the wider Bencubbin Greenstone Belt interpreted to extend a further 60km under Cygnus tenure to the south.

The drilling also supports the application of electrical geophysical methods for follow up on the base metals and nickel targets as a relatively cheap and effective method to test for sulfide related mineralisation under shallow cover in open terrain.

## 18 BENCUBBIN (GOLD)

The Company's initial focus at Bencubbin was on the Jeffries Prospect a ~3.5km long auger gold anomaly with assay values up to 566ppb Au broadly coincident with a contact between the Bencubbin Greenstone Belt and an internal granite intrusion (Figure 5).

Historical exploration at Jefferies also reported rock chip assays up to 12.9g/t Au and wide, anomalous gold intercepts in shallow drilling including<sup>2</sup>:

- 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 considered that the Jefferies prospect was underexplored and, apart from generally shallow air core and RAB drilling, had only been tested by two diamond and 14 RC holes.

In early 2019 the Company completed a program of five diamond holes for 711m, five reverse circulation (RC) holes for 470 m, and three RC pre-collars for 100 m to test the gold prospectivity, however no significant gold was intersected despite the presence of widespread alteration and pathfinder element anomalism in the area.

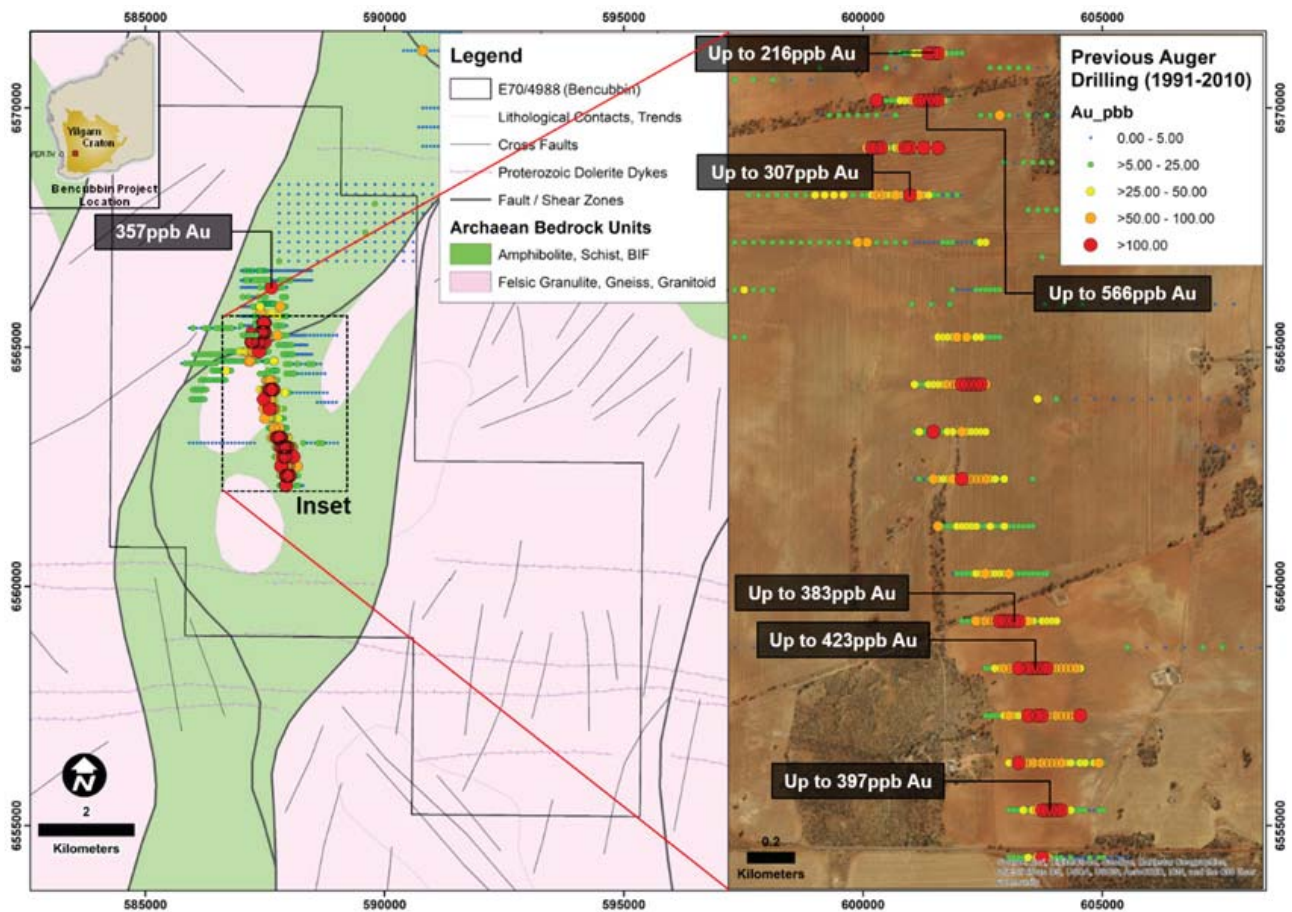


Figure 5: Bencubbin Project interpreted geology and historical auger samples<sup>2</sup>. The geology is based on geophysical interpretation and modelling as explained in the Company's Independent Technical Assessment Report within Cygnus' Prospectus dated 22 November 2017.

While the assay results did not return significant gold values, all of the drill holes encountered consistent zones of low-level sulphide mineralisation (pyrite, chalcopyrite, pyrrhotite). Furthermore, multi-element analyses of selected intervals of drill core returned minor intersections of low-level copper (Cu) anomalism up to 1m at 430ppm Cu (from 176 m in hole BCDD0003; within a quartz breccia and one intersection of 1.1m at 0.1% Ni from 52 m in hole BCDD0002 (coincident with 0.23 g/t Au).

The Company's interpretation is that the shallow, laterally extensive gold mineralisation identified by previous explorers represents the remnant of a gold system that has been largely 'stopped out' by a late granite intrusion.

The Company is undertaking a review of these results including possible third-party funding options for any further drilling planned.

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

## 20 STANLEY PROJECT (CYGNUS 100%)

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Cygnus' Stanley Project, comprising an area of 160km<sup>2</sup>, lies approximately 60km northeast of the Wheatbelt town of Katanning.

Stanley was targeted following Cygnus' interpretation of 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 6). Following Cygnus' successful IPO in January 2018 the Company completed more than 12,000m of drilling at Stanley initially focussed on the high-grade Bottleneck Prospect where follow up drilling identified a distinctive geological unit that controls the distribution of gold in the Bottleneck area. This characteristic unit, termed the 'Kepler Zone' has been the focus of exploration 2019.

During the year the Company also targeted a zone of widespread, low grade gold anomalism at the McDougalls Prospect, approximately 4km to the southeast of Kepler.

During the year, the Company completed a total of 38 holes for 2,838m on the Stanley Project focussed on the Kepler and McDougalls targets.

**Kepler Zone**

The Kepler Zone is adjacent to the shallow high-grade Bottleneck gold prospect where the Company's drilling intersected gold mineralisation below post mineral cover including hole BNDD006 which intersected 6m @ 3.27g/t Au from 157.5m (refer to CY5 ASX announcement 7 March 2018)<sup>1</sup>.

Cygnus hole STRC0002, drilled to target extensions to the mineralised zone at Bottleneck ended in mineralisation with resampling of the original mineralised intercepts returning (refer to CY5 ASX announcement 2 April 2019)<sup>1</sup>:

- 5m @ 1.8g/t Au from 137m to EOH (end of hole)
- **including 1m @ 6.29g/t Au from 139m.**

As well as identifying a higher-grade component to the mineralisation, the Company's review of the multi-element geochemistry in STRC0002 demonstrated that mineralisation here, and elsewhere at Bottleneck is hosted in a geochemically distinct felsic granulite after a dacitic precursor (i.e. a metadacite).

The metadacite is logged adjacent to a garnet-biotite bearing metamorphosed andesite which is a visually and geochemically distinctive stratigraphic "marker bed" within an otherwise less distinctive succession of granulite facies metamorphic rocks. This therefore provided the key to developing a better understanding of the local stratigraphy, and the geological and structural context of the gold mineralisation intercepted to date and, ultimately, recognition of what the Company knows as the Kepler Zone.

Drilling at the Bottleneck prospect itself tested a narrow sequence of the metadacite, and the intersection in STRC0002 demonstrated that this sequence may extend further to the north-west along a regional fold structure, with the nearest drilling being shallow AC more than 300m along strike to the north-west.

In addition to this 'along-strike' potential, the multiple lodes intersected in STRC0002 indicate potential for stacking (or fold repetition) of the mineralised structures across strike, and on the north-eastern limb of the Bottleneck antiform, where there has been almost no drilling to date.

The Company drilled five RC holes (608m) to test these Kepler Zone targets along strike and at depth which included hole STRC0020 which intersected further high-grade mineralisation in the basement with (refer to CY5 ASX announcement 28 May 2019)<sup>1</sup>:

- 6m @ 1.95 g/t Au from 81m including 2m @ **5.49 g/t Au from 81m.**

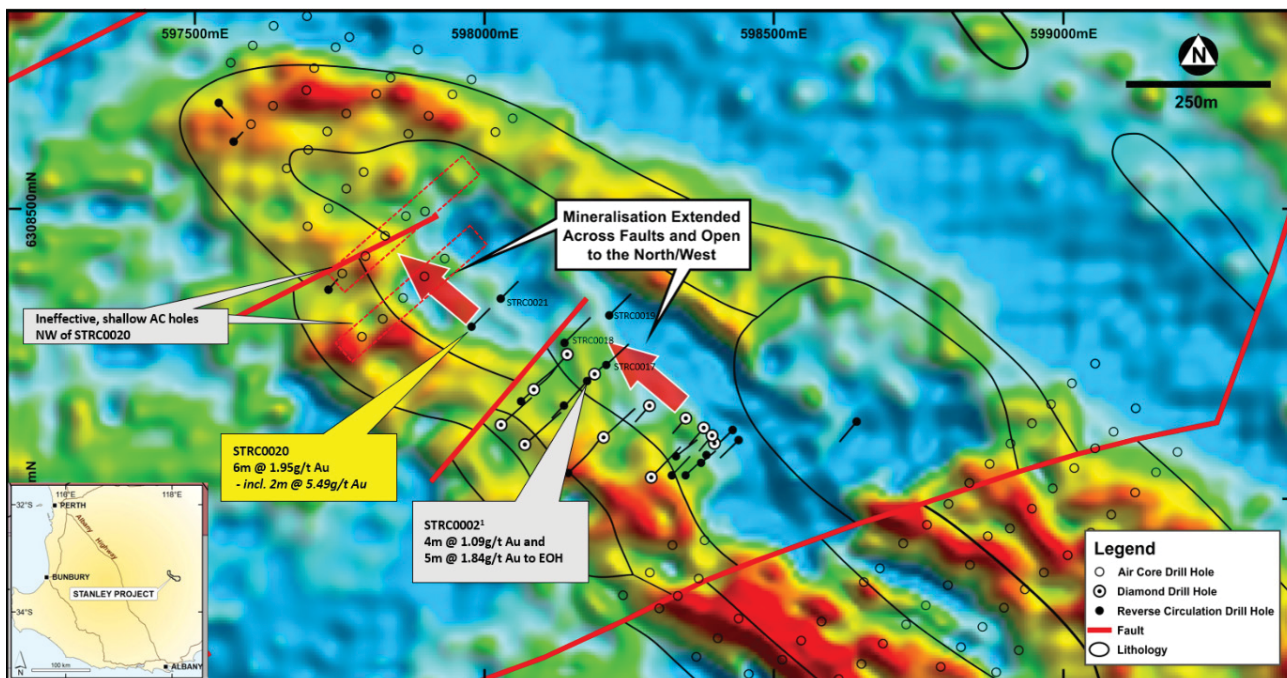


Figure 6: Cygnus Gold's Kepler Zone in the Stanley Project. on image of 1VD of the Bouguer gravity where Red (and Blue) indicates more (and less) dense rock units.

STRC0020 demonstrated that mineralisation in the Kepler Zone extends a further 220m northwest of STRC0002 and a large extent of the metacacite unit, including the central Kepler Zone remains untested.

The Company is looking for well credentialed explorers to further test the Kepler Zone.

### McDougalls

The McDougalls Prospect, also within the Stanley Greenstone Belt and located ~5km southeast of the Kepler Zone, is defined by a zone of widespread anomalous gold extending more than 1,000m x 500m within a NW-trending structural zone along the central Stanley fold structure (Figure 7).

Cygnus RC drilling at McDougalls intersected anomalous gold over wide intervals including (refer to CY5 ASX announcement 2 April 2019)<sup>1</sup>:

- STRC0007: 4m @ 0.25g/t Au from 32m,
- STRC0008: 16m @ 0.19g/t Au from 32m and
- STRC0016: 10m @ 0.37g/t Au from 50m.

Follow-up AC drilling demonstrated these mineralised zones are associated with a shallow, but widespread (up to 1,000m x 500m) zone of anomalous gold within a NW-trending structural zone along the central Stanley fold structure, with mineralisation hosted in a felsic granulite after a granitic precursor.



The Company subsequently drilled a further six RC holes (STRC0022-0027) for 616m to test this zone (Figure 7).

The RC drilling did not intersect a higher-grade component to the McDougall's mineralisation, with further widespread gold mineralisation of >0.1 g/t Au confirming the Company's interpretation of the mineralised zone. Best intersections from this program included (refer to CY5 ASX announcement 28 May 2019)<sup>1</sup>:

- STRC0022: 3m @ 0.24g/t Au from 24m
- STRC0023: 9m @ 0.40g/t Au from 42m
- STRC0024: 5m @ 0.34g/t Au from 32m
- STRC0025: 3m @ 0.31g/t Au from 90m and
- STRC0027: 11m @ 0.14g/t Au from 64m.

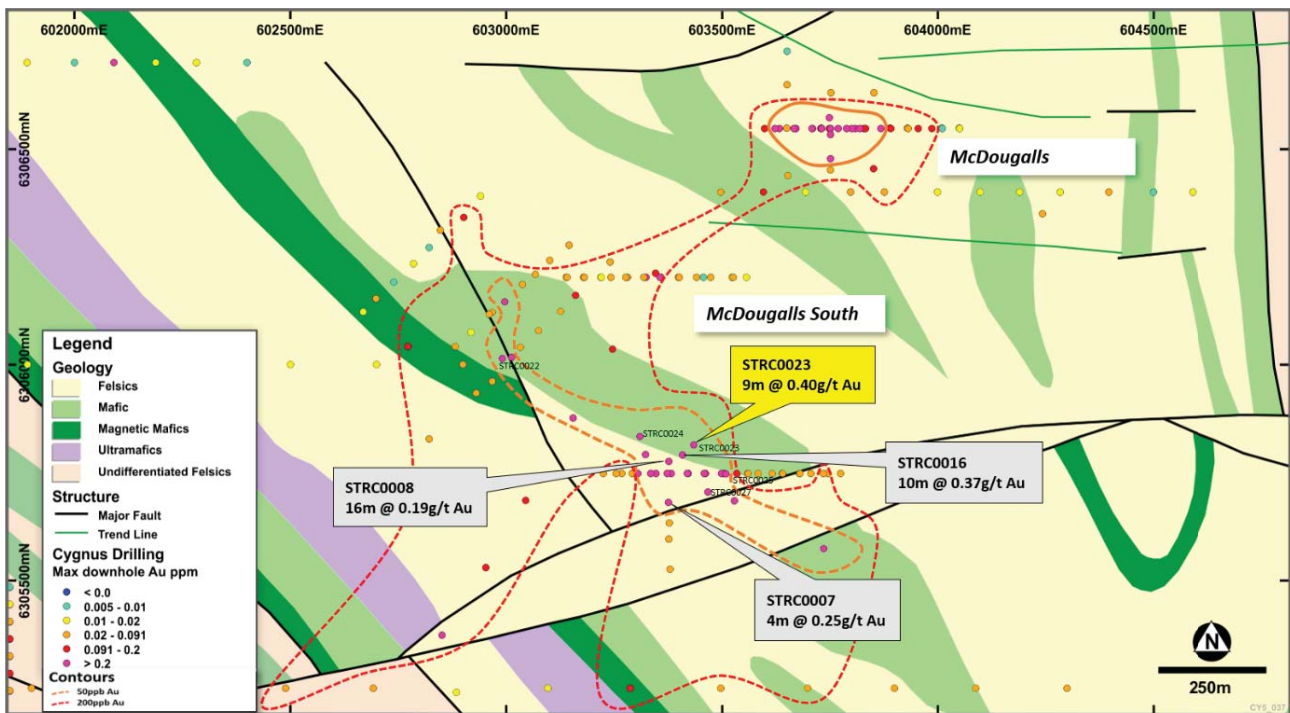


Figure 7: Cygnus drilling at McDougalls Prospect (Stanley Project) with gold anomalous zones defined by +50ppb and 200ppb maximum downhole gold contours.

## Strategic review

The Company is undertaking a detailed strategic and technical review of the Stanley Project and is looking at options of how to best add shareholder value from the project.

Ex Cashmere  
Downs

## 24 PANHANDLE PROJECT ( CYGNUS 100%)

Following tenement application in 2019, in early 2020 the Company announced that its application in the prospective Panhandle Greenstone Belt, located ~300km north of Kalgoorlie in the Central Yilgarn, had been granted.

The ~100km<sup>2</sup> Panhandle tenement covers a 13km long section of the Panhandle Greenstone Belt (Youanmi Terrane, Yilgarn Craton), where the Company's review of historical exploration has revealed limited surface sampling and geophysical surveys with no previous drilling.

The greenstone sequences at Panhandle are interpreted to be extensions of the rock units being targeted by recently listed explorer Cobre Limited (ASX:CBE) on their adjacent Perrinvale project (refer Figure 8) and these are considered prospective for:

Auriferous  
Island

- Volcanogenic massive sulfide (VMS) base metals (lead-zinc-copper) mineralisation similar to Cobre's adjacent Perrinvale Project, where Cobre have announced drill intersections including 5m @ 9.75% Cu, 3.2g/t Au, 34g/t Ag, 3.1% Zn on the Schwabe prospect (refer CBE ASX Announcement 31 January 2020)<sup>1</sup>
- Orogenic gold mineralisation similar to the Rover Project where ASX-listed TSC Limited (ASX:TSC) have intersected high grade gold including 5m @ 9g/t Au (refer TSC ASX Announcement 25 February 2020)<sup>1</sup>
- 'Kambalda-style', komatiite-hosted magmatic nickel-copper sulfides hosted in ultramafic sequences identified in the Panhandle Greenstone.

Ex Mt Elvire

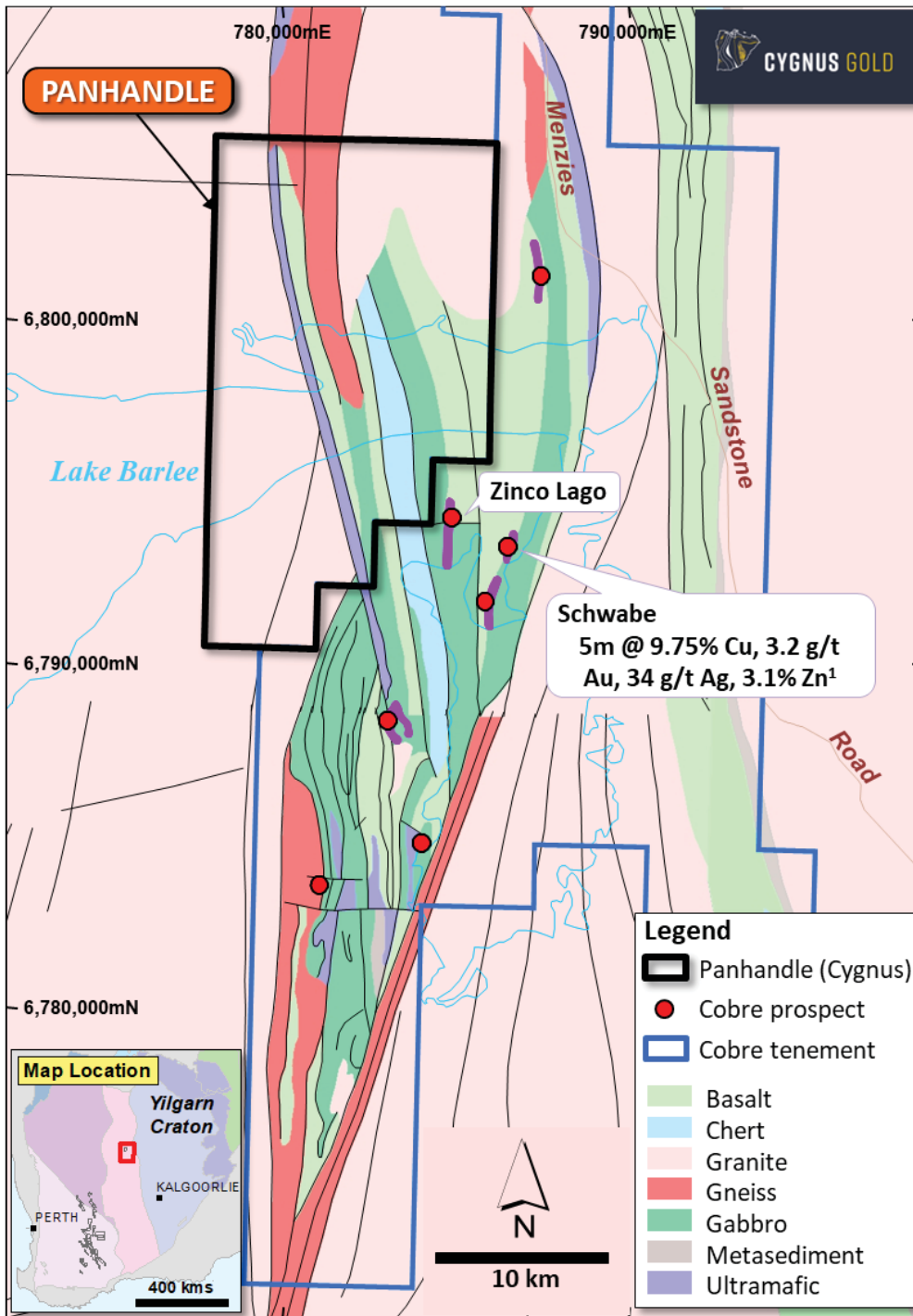


Figure 8: Cygnus' Panhandle project on mapped geology with adjacent Cobre prospects highlighted (Note 1: drill intersections quoted are from CBE ASX Announcement 31 January 2020)<sup>1</sup>.

The Company is completing a detailed review of historical exploration at Panhandle prior to commencing reconnaissance field work.

Subject to the results from that work and granting of statutory approvals, the Company may consider a program of shallow aircore drilling and airborne electromagnetics aimed at identifying priority gold and base metals targets for testing with deeper drilling.

## 26 BURRACOPPIN PROJECT (CYGNUS 100%)

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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 sealed 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 1).

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

The geochemical signature of mineralisation at Anomaly 47 is similar to that of known volcanogenic massive sulphide ("VMS") deposits globally, and Cygnus' detailed ground gravity and airborne electromagnetic (AEM) surveys identified several anomalies with signatures comparable with known VMS systems and which warrant follow up drill testing (for details refer CY5 ASX Announcement 22 October 2018)<sup>1</sup>.

Cygnus is seeking to achieve a Land Access Agreement with the key landowner covering much of the Anomaly 47 target area. The Company will consider drilling at Burracoppin in the event we gain access to this target.

**Bonnie Rock (Pb-Zn)**

The Company's Bonnie Rock project is located approximately 50km northwest of Anomaly 47 where the geology 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.

**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.

## 28 GOLD ROAD JV PROJECTS (CYGNUS 25%)

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In 2017, the Company entered into earn-in agreements with ASX-listed producer Gold Road Resources Ltd (ASX:GOR) over Cygnus' Lake Grace and Wadderin Projects covering an area in excess of 3,400km<sup>2</sup>. In early 2018 the Company announced a new joint venture (JV) with Gold Road over the Yandina Project (Figure 9).

In late 2019 Gold Road notified the Company of their withdrawal from the Wadderin earn-in agreement having met the minimum expenditure amount. The tenements subject to the Wadderin agreement have now reverted to Cygnus 100%, and a strategic review of this project is underway.

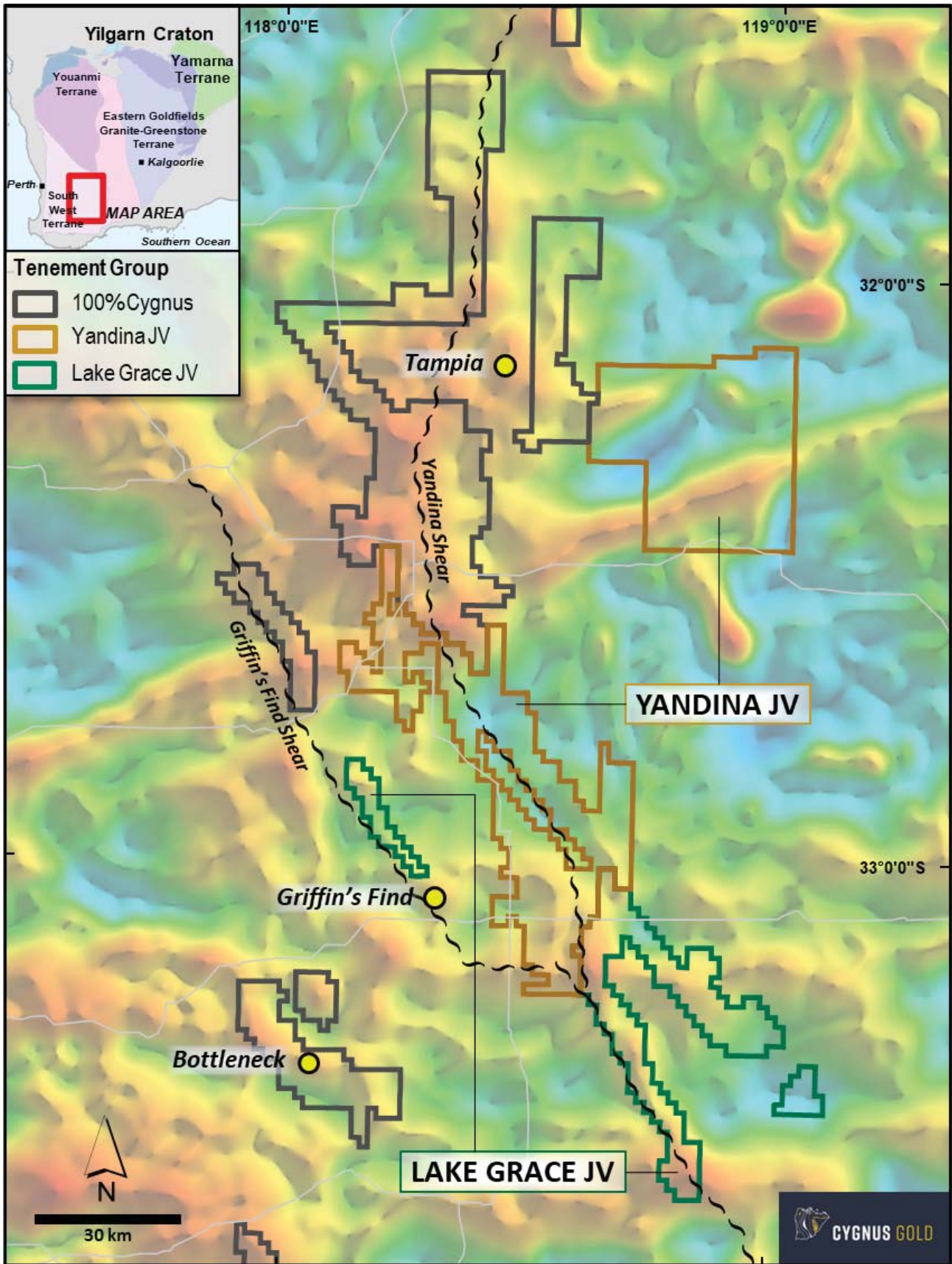


Figure 9: Cygnus Gold – Gold Road Projects JV over regional gravity image (residual Bouguer).

## 30 LAKE GRACE JOINT VENTURE

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On the Lake Grace Joint Venture (JV), the Company completed a detailed interpretation of the geology and regolith and regional surface sampling. Detailed follow up of these new areas including ground gravity surveys and aircore drilling was ongoing through 2019 focussed on the newly defined Hammerhead prospect in the northern part of the Lake Grace tenements.

The Hammerhead prospect occurs within a greater than 20km long prospective rock package and is associated with a broad zone of surface gold anomalism along a section of the regional Yandina Shear, an important geological structure controlling mineralisation in the region.

Results from first-pass AC drilling by the JV in early to mid-2019 defined a broad zone of >20ppb Au mineralisation considered to be related to both supergene gold in the cover as well as gold associated with basement rocks (Refer ASX Announcement on 10 July 2019)<sup>1</sup>.



Follow up AC drilling at Hammerhead identified further anomalous gold and pathfinder mineralisation in step out drilling from the original discovery line targeting ~10km of strike length of greenstones on nominal 1,600m spaced lines with 100m hole spacing (Figure 10).

Significant results included (refer CY5 ASX Announcement on 15 October 2019):

- LGAC0058 with 3m @ 0.35g/t Au and 512ppm As from 52m, in a broader halo of weakly anomalous Au (23m @ 67ppb Au), copper (Cu), zinc (Zn) and As in greenstone basement
- LGAC0091 with 6m @ 0.28g/t Au from 56m to end of hole (EOH) interpreted as basement, with strong pathfinder elements (Ag, Cu, Mo) in transported cover above this intersection
- LGAC0101 with 4m @ 0.17g/t Au from 42m and 2m @ 0.11 g/t Au from 49m within a wider zone of anomalous Au (14m @ 0.097g/t Au) hosted in mafic volcanics.

The drill program also intersected several zones with more than 1,000ppm arsenic (As) associated with the gold anomalies, with As considered an important pathfinder element for gold mineralisation in this part of the Yilgarn Craton, as exemplified by the nearby Tampia and Griffins Find deposits.

Overall, these results are considered significant given the wide line spacing, broad hole spacing, and depth of transported cover, and confirm the gold potential for this part of the Yandina Shear.

The ground geophysical (gravity) survey coverage over the Hammerhead prospect was extended in mid-December which helped to resolve key geological and structural controls on mineralisation and confirm the interpretation of widespread dense (mafic) rocks spatially associated with the gold anomalism.

The Company is undertaking a ~20,000m AC drilling program designed to extend and infill the 'discovery' drilling at Hammerhead with results from this program expected to be released in the second quarter of 2020.

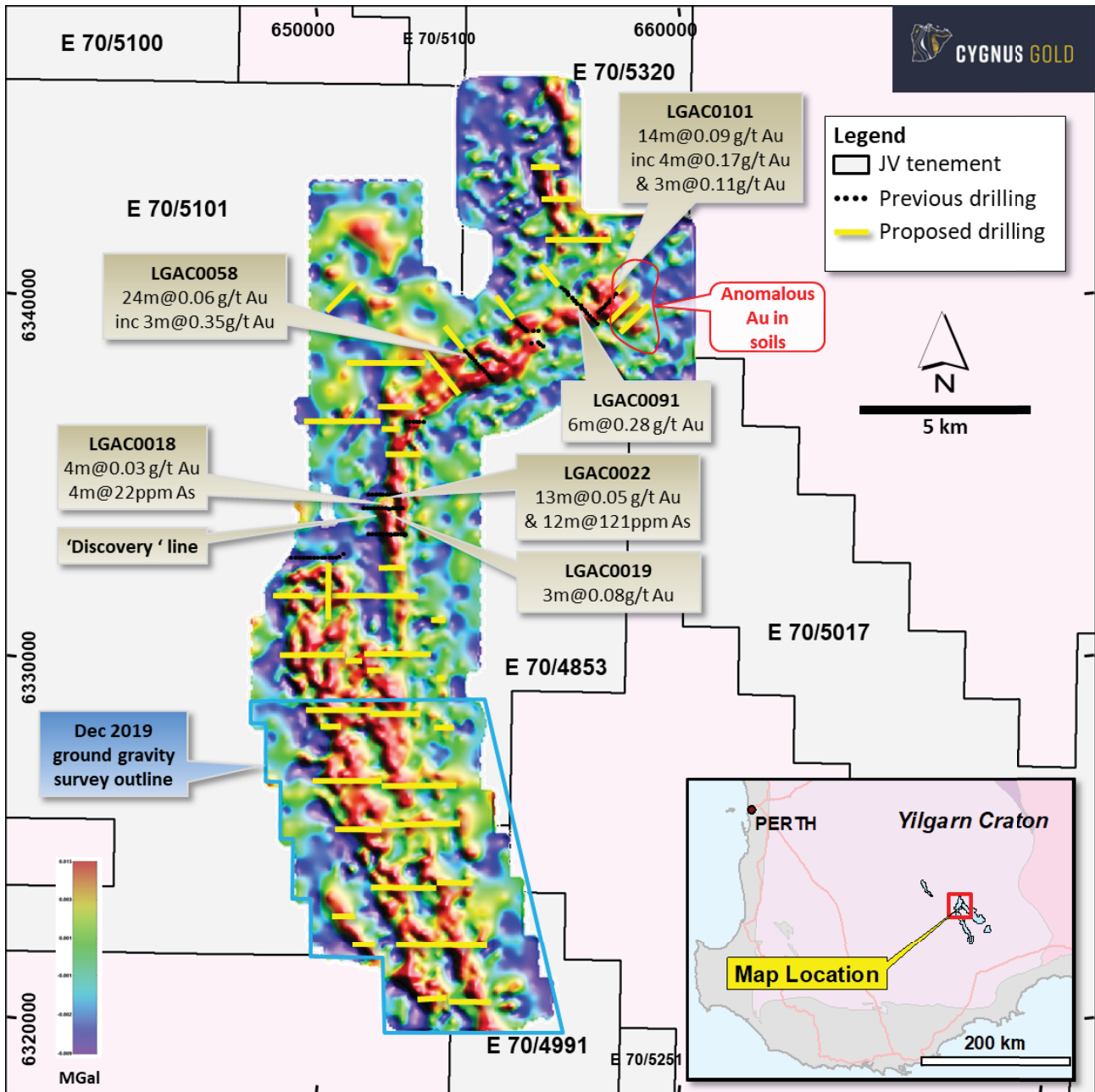


Figure 10: Hammerhead prospect, Lake Grace JV. Aircore drilling traverses on background ground gravity image (1VD of Bouguer gravity) with significant intervals (>0.1 g/t Au) shown (Refer CY5 ASX Announcement on 15 October 2019)<sup>1</sup>. The extension of the ground gravity survey to the south is outlined in blue.

## YANDINA JOINT VENTURE (CYGNUS 25% DILUTING)

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The Yandina JV (Yandina) with Gold Road comprises seven tenements covering an area of approximately 2,350km<sup>2</sup> targeting gold mineralisation associated with the prospective Yandina Shear which is known to host gold mineralisation elsewhere in the Southwest Terrane.

Yandina includes extensions of the Hammerhead prospect from the adjacent Lake Grace project into tenement E70/5101 which is within the Yandina agreement (refer discussion above).

In addition to extending the ground gravity coverage at Hammerhead, exploration activities on the Yandina JV during the quarter included further detailed geological interpretation of geophysical datasets to map out geology and structures in order to identify areas considered prospective for gold mineralisation.

Targeting work by the Company's technical team at Yandina has identified in excess of 50 targets which have been ranked and field programs of geological reconnaissance and surface sampling are underway or complete on most of the highest priority targets.

Further work on these targets will be determined following a detailed technical review in 1H2020.

## 34 CORPORATE

### **Capital Raising**

In November 2019, the Company issued 7,567,740 fully paid ordinary shares via a 1:3 rights issue at an issue price of \$0.04 per share raising \$0.3m.

### **Change of Registered Address**

In September, the Company changed its registered address to Level 2, 45 Richardson Street, West Perth, WA 6005.

### **Resignation of Non-Executive Director**

In September 2019, Dr Amanda Buckingham resigned.

### **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**

On 15 January 2020, 15,577,088 fully paid ordinary shares were released from escrow.

As of 1 April 2020, Gold Road Resources Ltd is taking over management of the Lake Grace Project and Yandina Project joint ventures.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

Other than the above there have not been any other events that have arisen between 31 December 2019 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

**Likely Developments and Expected Results**

The Company intends on continuing:

- exploring of the Company's key assets in the Wheatbelt region of Western Australia;
- negotiating further access with private landholders in relation to areas of interest identified by the above activities; and
- implementing a strategy to seek out further exploration, acquisition and joint venture opportunities.

**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 2019.

**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 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.

The Company reviews all of its corporate governance practices and policies on an annual basis to ensure they are appropriate for the Company's current stage of development. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (3rd edition). Beginning 1 January 2020, the Company adopted the corporate governance practices for the the new ASX Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition).

The Board has reviewed and approved its Corporate Governance Statement on 30 March 2020, and this is available on the Company's website at [www.cygnusgold.com/corporate-governancedetail](http://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.

## 36 REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 31 December 2019 outlines the remuneration arrangements of the Company in accordance with the requirements of the Corporations Act 2001 (Cth) (the Act) and its Regulations. This information has been audited as required by section 300A of the 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 2019. 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	Manging Director (appointed 17 November 2017)
NON EXECUTIVE DIRECTOR	
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 (resigned 20 September 2019)
SENIOR EXECUTIVE	
Michael Naylor	Company Secretary (appointed 4 October 2016)

There were no other changes to KMP after the 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 may obtain 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 on many factors including its ability to attract and retain highly skilled, qualified and motivated people. At the same time, remuneration practices must be transparent to shareholders and be fair and competitive, taking into account the nature and size of the organisation and its current stage of activities, funding and general market conditions.

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

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

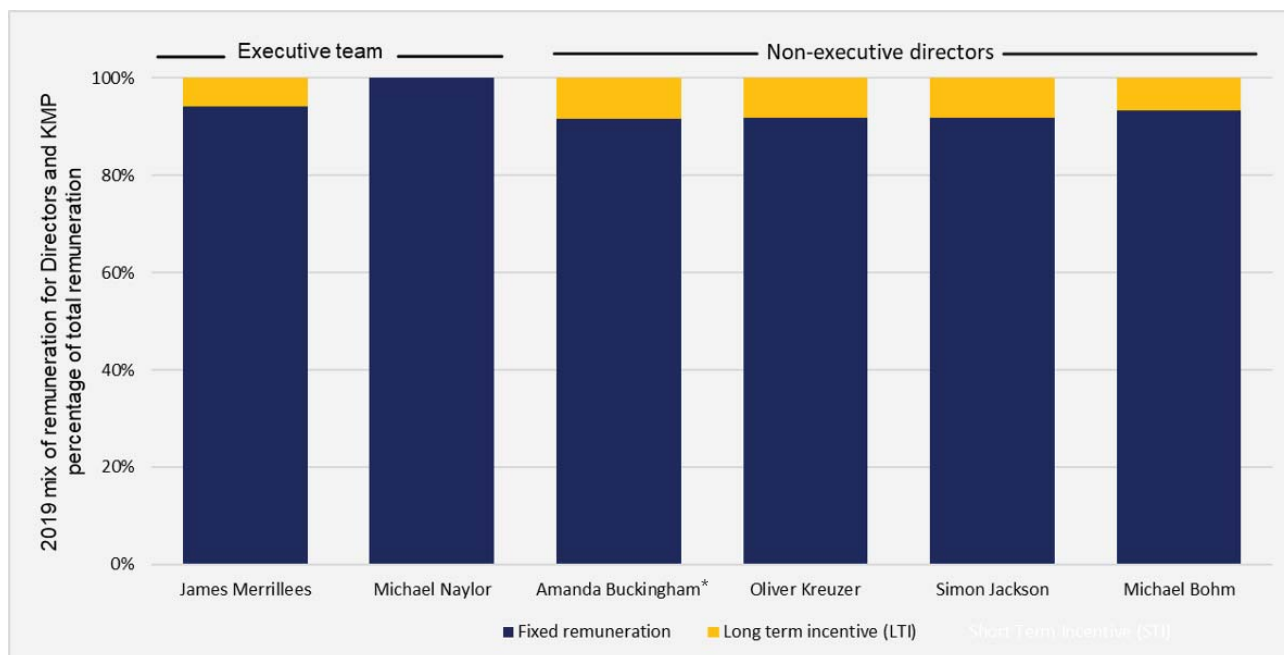
The remuneration for executives may have several components, including:

- Fixed remuneration, inclusive of superannuation and allowances;
- Short Term Incentives ("STI") under a performance-based cash 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".

**2019 mix of remuneration for Directors and KMP percentage of total remuneration**



\*Resigned 20 September 2019.

**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 three financial years:

EXECUTIVE	2016	2017	2018	2019
Income	1,285	3,262	198,317	231,203
Net loss after tax	81,504	784,721	638,119	870,917
Share price 31 December	N/A	N/A	\$0.065	\$0.044

Currently, there is a portion of remuneration of key management personnel that is linked to performance via share based awards which is linked to individual performance, the volume weighted average price, tenure with the Company, and total of shareholder return as measured against the performance of a Company 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**

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

The components of executive remuneration may consist of:

**Fixed Remuneration**

Executives receive a fixed base cash salary and other associated benefits. Executives also receive statutory superannuation guarantee contribution required by Australian legislation which was 9.5% on 31 December 2019. No executives receive any other retirement benefits.

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

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

**Long Term Incentives**

The objective of LTI's is to provide potential reward to executives and directors in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTIs can be 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.

750,000 performance rights with predetermined performance hurdles were granted to the Managing Director during the year.

**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 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.

**Reduced fees paid to Non-executive directors**

The Chairman and other current Non-executive director base fees from May 2019 were reduced by 20%, as a measure to preserve working capital.

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

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

**Use of remuneration consultants**

During the year ended 31 December 2019 the Board did not engage the services of remuneration consultants. This was considered appropriate whilst the company is in exploration phase.

**The remuneration of the Directors**

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

NON-EXECUTIVE DIRECTORS		SHORT TERM BENEFITS				POST EMPLOYMENT	SHARE BASED PAYMENTS	Total	Performance based % of remuneration
		Salary/Fees	Consultant Fees	Annual Leave	Bonus	Superannuation	Performance Rights (non-Cash)		
Mr Michael Bohm	<b>2019</b>	<b>43,333</b>	-	-	-	<b>4,117</b>	<b>3,376</b>	<b>50,826</b>	<b>6.6</b>
	2018	50,000	-	-	-	4,750	346	55,096	0.6
Dr Amanda Buckingham (resigned 20 September 2019)	<b>2019</b>	<b>26,667</b>	<b>1,750</b>	-	-	<b>2,533</b>	<b>2,845</b>	<b>33,795</b>	<b>8.4</b>
	2018	40,000	30,563	-	-	3,800	346	74,709	0.5
Dr Oliver Kreuzer	<b>2019</b>	<b>34,667</b>	-	-	-	<b>3,293</b>	<b>3,376</b>	<b>41,336</b>	<b>8.2</b>
	2018	40,000	28,850	-	-	3,800	346	72,996	0.5
Mr Simon Jackson	<b>2019</b>	<b>34,667</b>	-	-	-	<b>3,293</b>	<b>3,376</b>	<b>41,336</b>	<b>8.2</b>
	2018	40,000	-	-	-	3,800	346	44,146	0.8

**EXECUTIVES**

James Merrillees	<b>2019</b>	<b>225,000</b>	-	<b>17,308</b>	-	<b>23,019</b>	<b>16,469</b>	<b>281,796</b>	<b>5.8</b>
	2018	228,529	-	17,308	28,125	26,027	1,212	301,200	9.7
Michael Naylor <sup>1</sup>	<b>2019</b>	-	<b>78,000</b>	-	-	-	-	<b>78,000</b>	-
	2018	-	90,000	-	-	-	-	90,000	-
Total Remuneration	<b>2019</b>	<b>364,333</b>	<b>79,750</b>	<b>17,308</b>	-	<b>36,256</b>	<b>29,442</b>	<b>527,089</b>	<b>5.6</b>
	2018	398,529	149,413	17,308	28,125	42,177	2,596	638,148	4.8

<sup>1</sup>Amount owing on 31 December 2019, \$6,000 and at 31 December 2018, \$7,500.

**Shares Issues on Exercise of Options and Performance rights**

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

**Grant of LTI And Value Of Performance Rights Awarded, Exercised and Lapsed During The Year**

750,000 performance rights to the value of \$11,822 was granted as part of the MD's remuneration during the year ended 31 December 2019.

Shares held by directors and key management personnel, including their related parties, as 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
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**NON-EXECUTIVE DIRECTORS**

Mr Michael Bohm	3,170,001	-	-	1,056,668	-	4,226,669
Mr Simon Jackson	303,334	-	-	101,112	-	404,446
Dr Oliver Kreuzer	1,833,334	-	-	175,000	-	2,008,334
Dr Amanda Buckingham (Resigned 20 September 2019)	2,333,334	-	-	-	(2,333,334)	-

**EXECUTIVES**

Mr James Merrillees	150,000	-	-	50,000	-	200,000
Mr Michael Naylor	1,485,000	-	-	756,667	-	2,241,667
Total	9,275,003	-	-	2,139,447	(2,333,334)	9,081,116

**Performance Rights Held by Directors and Key Management Personnel**

During the year shareholders approved the board to grant performance rights to the Managing Director as incentive remuneration under the performance rights plan. There were no Performance Rights granted to Non-Executive Directors during the year.

	Balance at start of the year	Granted as remuneration	Received during the year on exercise of options	Lapsed/ forfeited <sup>2</sup>	Held at 31 December 2019 or date of resignation	Vested and exercisable at 31 December 2019
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**NON-EXECUTIVE DIRECTORS**

Mr Michael Bohm	200,000	-	-	(100,000)	100,000	-
Mr Simon Jackson	200,000	-	-	(100,000)	100,000	-
Dr Oliver Kreuzer	200,000	-	-	(100,000)	100,000	-
Dr Amanda Buckingham (Resigned 20 September 2019)	200,000	-	-	(200,000)	-	-

**EXECUTIVES**

Mr James Merrillees	700,000	750,000 <sup>1</sup>	-	(750,000)	700,000	-
Mr Michael Naylor	-	-	-	-	-	-
Total	1,500,000	750,000	-	(1,250,000)	1,000,000	-

1) Performance rights granted to the MD in the year were approved by shareholders on 28 May 2019 and subject to the following:

- (a) 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.
- (b) The exercise of a Class A or Class B Performance Right is subject to:
  - (i) The holder remaining engaged as a full-time employee of the Company at all times during the Measurement Period;
  - (ii) There not being any fatality (Company personnel, consultant, contractor or a sub-contractor) on a tenement held by the Company (or any of its subsidiaries) during the Measurement Period; and
  - (iii) the satisfaction of the relevant vesting condition specified below:

CLASS	NUMBER	VESTING CONDITION	MEASUREMENT PERIOD
A	175,000	(a) 30 Day VWAP exceeds \$0.10 at any time during the Measurement Period; or (b) 5 Day VWAP as at 31 December 2020 is greater than \$0.10.	By 31 December 2020
B	175,000	(a) 30 Day VWAP exceeds \$0.20 at any time during the Measurement Period; or (b) 5 Day VWAP as at 31 December 2020 is greater than \$0.20.	By 31 December 2020

- (c) the exercise of a Class C, Class D or Class E Performance right is subject to:
- (i) the Company having a cash balance at bank of at least \$1 million by the end of the Measurement Period;
  - (ii) the holder remaining engaged as a full-time employee of the Company at all times during the Measurement Period;
  - (iii) there not being any fatality (Company personnel, consultant, contractor or a sub-contractor) on a tenement held by the Company (or any of its subsidiaries) during the Measurement Period; and
  - (iv) the satisfaction of the relevant vesting condition specified below:

CLASS	NUMBER	VESTING CONDITION	MEASUREMENT PERIOD
C*	150,000	5 Day VWAP as at 31 December 2019 is greater than \$0.10	By 31 December 2019
D*	150,000	<p>(a) ASX announcement regarding the commencement of a RC or DD drilling program targeting Ni/Zn/Pb at the Bencubbin North Project; or</p> <p>(b) approval by the Board of the Company of entry into a binding Joint Venture in relation to the Bencubbin North Project.</p>	By 31 December 2019
E*	100,000	The direct introduction by the holder of a new shareholder to the Company with a relevant interest of more than 5% of the Company's shares on issue.	By 31 December 2019

\* These performance rights lapsed on 31 December 2019 and were cancelled subsequent to year end.

**2) Performance rights granted and approved by shareholders on 25 May 2018 as follows:**

- (i) Tranche 1 lapsed on 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 Company based on Total Shareholder Return (TSR)  
 Cygnus' TSR compared to the peer Company 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%

\*These performance rights lapsed on 31 December 2019 and were cancelled subsequent to year end.

**ASX Listed Peer Companies**

The Company's relative performance was compared to the following peer Company:

- |                             |                                   |
|-----------------------------|-----------------------------------|
| Alloy Resources Limited     | Golden Mile Resources Limited     |
| Alto Metals Limited         | Great Boulder Resources Limited   |
| Antipa Minerals Limited     | Great Western Exploration Limited |
| Arrow Minerals Limited      | Intermin Resources Limited        |
| Ausgold Limited             | Musgrave Minerals Limited         |
| Barra Resources Limited     | Riversgold Limited                |
| Black Cat Syndicate Limited | Syndicated Metals Limited         |
| Duketon Mining Limited      | Thundelarra Limited               |
| Emerson Resources Limited   |                                   |



## Performance Rights

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 the Company.

	Year of grant	Total no. awarded	Award date	Vesting date	Expiry date	Fair value of performance right at award date (\$)	Exercise price	No. lapsed/cancelled/forfeited during year	No. granted during year	Total value of performance rights granted during the year <sup>1</sup> (\$)	Amount recognised in 2019 based on vesting period (\$)
Mr Bohm	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	-	3,376
Mr Jackson	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	-	3,376
Dr Kreuzer	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	-	3,376
Dr Buckingham	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) <sup>3</sup>	-	-	2,845 <sup>3</sup>
Mr Merrillees	2018	350,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(350,000) <sup>2</sup>	-	-	-
	2018	350,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	-	11,815
	2019	175,000 <sup>1</sup>	27 May 19	NA	31 Dec 20	0.05	Nil	-	175,000	6,780	2,403
	2019	175,000 <sup>1</sup>	27 May 19	NA	31 Dec 20	0.05	Nil	-	175,000	4,324	1,533
	2019	150,000 <sup>4</sup>	27 May 19	NA	31 Dec 19	0.05	Nil	(150,000)	150,000	718	718
	2019	250,000 <sup>4</sup>	27 May 19	NA	31 Dec 19	0.05	Nil	(250,000)	250,000	-	-
Total		2,250,000	-	-	-	-	-	(1,250,000)	750,000	11,822	29,442

- 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 during the vesting period 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 Company 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.
- 750,000 performance rights from tranche 1 were cancelled of 15 January 2019 as the performance hurdles were not achieved.
- Forfeited and expensed up until the date of resignation on 20 September 2019.
- These performance rights were cancelled subsequent to 31 December 2019, as the performance hurdles weren't achieved.

### **Employment Contracts of Directors and Senior Executives**

Mr James Merrillees, Managing Director, has an employment contract with the Company that specifies duties and obligations to be fulfilled and provides for an annual review of remuneration. Mr Merrillees receives a fixed annual based remuneration of \$246,375 (inclusive of superannuation).

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 has 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 and in May 2019, together with the Chairman and other current Non-executive Director's reduced the fee charged by 20%, as a measure to preserve working capital. 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 2019 or 31 December 2018.

### **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 received a 99.4% "yes" votes on its Remuneration Report for the year ended 31 December 2018. 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 and 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	6	6
Dr Oliver Kreuzer	6	6
Dr Amanda Buckingham (Resigned 20 September 2019)	4	4

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 were 350,000 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 10 of the financial statements.

**Auditor's independence declaration**

The lead auditor's independence declaration for the year ended 31 December 2019 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 30th day of March 2020.

**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 annual report 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 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 annual report 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, advisers, nor any other person accepts any liability whether direct or indirect, express or limited, contractual, tortious, statutory or otherwise, in respect of, the accuracy or completeness of the information or for any of the opinions contained in this presentation or for any errors, omissions or misstatements or for any loss, howsoever arising, from the use of this presentation.

## 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 2019, 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



L A Stella  
Partner – Audit & Assurance

Perth, 30 March 2020

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Grant Thornton Audit Pty Ltd ACN 130 913 594  
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Liability limited by a scheme approved under Professional Standards Legislation.

**Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 31 December 2019

	NOTES	2019 \$	2018 \$
<b>REVENUE</b>			
Other income	3	208,098	131,745
		208,098	131,745
<b>EXPENSES</b>			
Audit and accounting		(37,122)	(29,184)
Consultants and contractors		(86,300)	(99,161)
Corporate costs		(143,263)	(149,171)
Depreciation and amortisation	15	(42,869)	(26,009)
Employee benefits expense		(220,272)	(309,017)
Exploration and evaluation written off	14	(437,351)	-
Exploration and evaluation costs		(8,872)	(103,484)
Listing and compliance		(50,833)	(57,300)
Share based payments	7.1	(29,442)	(2,596)
Office rental & outgoings		(41,364)	(51,286)
Travel and accommodation		(4,432)	(9,228)
		(1,102,120)	(836,436)
<b>Results from operating activities</b>		(894,022)	(704,691)
Finance income		23,105	66,572
<b>Loss before income tax</b>		(870,917)	(638,119)
Income tax expense	16	-	-
<b>Loss after income tax for the year</b>		(870,917)	(638,119)
Other comprehensive loss		-	-
<b>Total comprehensive loss for the year, net of tax</b>		(870,917)	(638,119)
<b>Loss per share attributable to equity holders of the Company:</b>			
Basic and diluted loss per share (cents per share)	8	(1.42)	(1.10)

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

**Statement of Financial Position**

As at 31 December 2019

	NOTES	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,774,659	3,512,139
Trade and other receivables	5	161,461	72,313
<b>Total current assets</b>		<b>1,936,120</b>	<b>3,584,452</b>
<b>Non-current assets</b>			
Exploration & evaluation	14	3,445,813	2,555,261
Property, plant and equipment	15	68,298	102,353
<b>Total non-current assets</b>		<b>3,514,111</b>	<b>2,657,614</b>
<b>Total assets</b>		<b>5,450,231</b>	<b>6,242,066</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	6	338,076	561,451
Provisions		18,952	43,590
<b>Total current liabilities</b>		<b>357,028</b>	<b>605,041</b>
<b>Non-current liabilities</b>			
Provisions		8,830	10,400
<b>Total non-current liabilities</b>		<b>8,830</b>	<b>10,400</b>
<b>Total liabilities</b>		<b>365,858</b>	<b>615,441</b>
<b>Net assets</b>		<b>5,084,373</b>	<b>5,626,625</b>
<b>EQUITY</b>			
Share capital	7	7,427,596	7,128,373
Reserves	7.2	28,129	2,596
Accumulated losses		(2,371,352)	(1,504,344)
<b>Total equity</b>		<b>5,084,373</b>	<b>5,626,625</b>

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 2019

	Notes	Share Capital \$	Other Contributed Equity \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 January 2018</b>		<b>1,473,742</b>	<b>6,000,000</b>	-	<b>(866,225)</b>	<b>6,607,517</b>
Loss for the year		-	-	-	(638,119)	(638,119)
Other comprehensive loss		-	-	-	-	-
<b>Total comprehensive loss</b>		-	-	-	<b>(638,119)</b>	<b>(638,119)</b>
<b>Transactions with owners</b>						
Issue of share capital	7	6,000,000	(6,000,000)	-	-	-
Share issue expense	7	(345,369)	-	-	-	(345,369)
Share based payment expensed		-	-	2,596	-	2,596
<b>Balance at 31 December 2018</b>		<b>7,128,373</b>	-	<b>2,596</b>	<b>(1,504,344)</b>	<b>5,626,625</b>
<b>Balance at 1 January 2019</b>		<b>7,128,373</b>	-	<b>2,596</b>	<b>(1,504,344)</b>	<b>5,626,625</b>
Loss for the year		-	-	-	(870,917)	(870,917)
Other comprehensive loss		-	-	-	-	-
<b>Total comprehensive loss</b>		-	-	-	<b>(870,917)</b>	<b>(870,917)</b>
<b>Transactions with owners</b>						
Issue of share capital	7	302,710	-	-	-	302,710
Share issue expense	7	(3,487)	-	-	-	(3,487)
Transfer of reserve upon forfeit of performance rights		-	-	(3,909)	3,909	-
Share based payment expensed	7.1	-	-	29,442	-	29,442
<b>Balance at 31 December 2019</b>		<b>7,427,596</b>	-	<b>28,129</b>	<b>(2,371,352)</b>	<b>5,084,373</b>

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 2019

	NOTES	2019 \$	2018 \$
<b>Operating activities</b>			
Payments to suppliers and employees		(863,144)	(413,545)
Payments for exploration expenditure		(5,983)	(103,484)
Interest received		24,445	64,300
Other income	3	208,098	131,745
<b>Net cash used in operating activities</b>	<b>9</b>	<b>(636,584)</b>	<b>(320,984)</b>
<b>Investing activities</b>			
Payments for acquisition of mining tenements		(14,574)	(49,626)
Payments for capitalised exploration expenditure		(1,466,092)	(2,078,860)
Purchase of property plant and equipment		(8,815)	(116,251)
EIS Grant-Co-funded Exploration Drilling Program		89,362	139,149
Funds from joint venture received in advance		-	158,563
Other (security deposit)		-	(20,000)
<b>Net cash used in investing activities</b>		<b>(1,400,119)</b>	<b>(1,967,025)</b>
<b>Financing activities</b>			
Proceeds from share issued	7	302,710	6,000,000
Costs of shares issued	7	(3,487)	(345,369)
<b>Net cash provided by financing activities</b>		<b>299,223</b>	<b>5,654,631</b>
Net change in cash and cash equivalents		(1,737,480)	3,366,622
Cash and cash equivalents, beginning of period		3,512,139	145,517
<b>Cash and cash equivalents, end of year</b>	<b>4</b>	<b>1,774,659</b>	<b>3,512,139</b>

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

## Notes to the Financial Statements

### 1. Company information

The financial statements of Cygnus Gold Limited (Cygnus or the Company) for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 30 March 2020.

Cygnus is a for-profit Company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The address of its registered office and its principal place of business is Level 2, 45 Richardson Street, West Perth, WA 6005.

The nature of the operations and principal activities include the exploration for gold and base metals deposits in Western Australia and are described further in the Directors' Report.

### 2. General information and statement of compliance

The financial report is a general purpose financial report, which has 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.

The financial report has been prepared on a historical cost basis.

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### 3. Other income

	2019	2018
	\$	\$
Joint venture management fee	208,098	131,745

**4. Cash and cash equivalents**

	2019 \$	2018 \$
Cash at bank and on hand	774,659	2,012,139
Short-term deposits	1,000,000	1,500,000
Cash and cash equivalents	1,774,659	3,512,139

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.

**5. Trade and other receivables**

	2019 \$	2018 \$
Trade and other receivables	45,979	51,273
Gold Road funds receivable	16,370	-
Prepayments	99,112	21,040
	<b>161,461</b>	<b>72,313</b>

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

**6. Trade and other payables**

	2019 \$	2018 \$
Trade and other payables	338,076	402,888
Gold Road funds received in advance	-	158,563
	<b>338,076</b>	<b>561,451</b>

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

**7. 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 the Company.

	2019 SHARES	2018 SHARES	2019 \$	2018 \$
Shares issued and fully paid:				
Beginning of the year	60,683,341	30,683,341	7,128,373	1,473,742
Share issue	7,567,740	30,000,000	302,710	6,000,000
Share issue costs	-	-	(3,487)	(345,369)
Total contributed equity at 31 December	<b>68,251,081</b>	<b>60,683,341</b>	<b>7,427,596</b>	<b>7,128,373</b>

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

**7.1 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).

	Year of grant	Total no. awarded	Award date	Vesting date	Expiry date	Fair value of performance right at award date (\$)	Exercise price	No. lapsed/cancelled/forfeited during year	No. granted during year	Total value of performance rights granted during the year <sup>1</sup> (\$)	Amount recognised in 2019 based on vesting period (\$)
Mr Bohm	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan20	0.19	Nil	-	-	-	3,376
Mr Jackson	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	-	3,376
Dr Kreuzer	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	-	3,376
Dr Buckingham	2018	100,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(100,000) <sup>2</sup>	-	-	-
	2018	100,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) <sup>3</sup>	-	-	2,845 <sup>3</sup>
Mr Merrillees	2018	350,000 <sup>2</sup>	25 May 18	NA	15 Jan 19	0.19	Nil	(350,000) <sup>2</sup>	-	-	-
	2018	350,000 <sup>4</sup>	25 May 18	NA	15 Jan 20	0.19	Nil	-	-	-	11,815
	2019	175,000 <sup>1</sup>	27 May 19	NA	31 Dec 20	0.05	Nil	-	175,000	6,780	2,403
	2019	175,000 <sup>1</sup>	27 May 19	NA	31 Dec 20	0.05	Nil	-	175,000	4,324	1,533
	2019	150,000 <sup>4</sup>	27 May 19	NA	31 Dec 19	0.05	Nil	(150,000)	150,000	718	718
	2019	250,000 <sup>4</sup>	27 May 19	NA	31 Dec 19	0.05	Nil	(250,000)	250,000	-	-
Total	-	-	-	-	-	-	-	-	-	11,822	29,442

1. 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 during the vesting period 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 Company 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 was cancelled of 15 January 2019.
3. Forfeited and expensed up until the date of resignation on 20 September 2019.
4. These performance rights were cancelled subsequent to 31 December 2019, as the performance hurdles weren't achieved.

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

(a) 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.

(b) The exercise of a Class A or Class B Performance Right is subject to:

- (i) The holder remaining engaged as a full-time employee of the Company at all times during the Measurement Period;
- (ii) There not being any fatality (Company personnel, consultant, contractor or a sub-contractor) on a tenement held by the Company (or any of its subsidiaries) during the Measurement Period; and
- (iii) the satisfaction of the relevant vesting condition specified below:

CLASS	NUMBER	VESTING CONDITION	MEASUREMENT PERIOD
A	175,000	(a) 30 Day VWAP exceeds \$0.10 at any time during the Measurement Period; or (b) 5 Day VWAP as at 31 December 2020 is greater than \$0.10.	By 31 December 2020
B	175,000	(a) 30 Day VWAP exceeds \$0.20 at any time during the Measurement Period; or (b) 5 Day VWAP as at 31 December 2020 is greater than \$0.20.	By 31 December 2020

(c) the exercise of a Class C, Class D or Class E Performance right is subject to:

- (i) the Company having a cash balance at bank of at least \$1 million by the end of the Measurement Period;
- (ii) the holder remaining engaged as a full-time employee of the Company at all times during the Measurement Period;

- (iii) there not being any fatality (Company personnel, consultant, contractor or a sub-contractor) on a tenement held by the Company (or any of its subsidiaries) during the Measurement Period; and
- (iv) the satisfaction of the relevant vesting condition specified below:

CLASS	NUMBER	VESTING CONDITION	MEASUREMENT PERIOD
C*	150,000	5 Day VWAP as at 31 December 2019 is greater than \$0.10.	By 31 December 2019
D*	150,000	(a) ASX announcement regarding the commencement of a RC or DD drilling program targeting Ni/Zn/Pb at the Bencubbin North Project; or  (b) approval by the Board of the Company of entry into a binding Joint Venture in relation to the Bencubbin North Project.	By 31 December 2019
E*	100,000	The direct introduction by the holder of a new shareholder to the Company with a relevant interest of more than 5% of the Company's shares on issue.	By 31 December 2019

\* These performance rights lapsed on 31 December 2019 and were cancelled subsequent to year end.



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

Two measurement periods:

- (i) Tranche 1 lapsed on 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 Company based on Total Shareholder Return (TSR).

Cygnus' TSR compared to the peer companies as noted on page 46 in the Remuneration Report 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.

\*These Performance Rights lapsed on 31 December 2019 and were cancelled subsequent to year end.

**7.2 Reserves**

	2019 \$	2018 \$
Share based payments reserve	28,129	2,596
<b>Balance at the beginning of the period</b>	2,596	-
Movement in share based payments reserve		
<i>Share based payment expense</i>		
Performance rights	29,442	2,596
<i>Transfer out of reserve upon:</i>		
Cancellation of performance rights	(3,909)	-
<b>Balance at the end of the period</b>	<b>28,129</b>	<b>2,596</b>

**8. 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 loss were necessary in 2019).

	2019 \$	2018 \$
Net loss attributable to ordinary equity holders of the Company	(870,917)	(638,119)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	61,265,475	57,996,711
Basic and diluted loss per share (cents per share)	(1.42)	(1.10)

**9. Reconciliation of cash flows from operating activities**

	2019	2018
	\$	\$
Cash flows from operating activities		
Loss for the period	(870,917)	(638,119)
Adjustments for depreciation	42,869	26,009
Exploration and evaluation impairment and costs	446,223	-
Share based payment expensed	29,442	2,596
Net changes in working capital:		
Change in trade and other receivables	(257,742)	319,413
Change in employee benefits provisions	(1,569)	43,274
Change in trade and other payables	(24,890)	(74,157)
<b>Net cash from operating activities</b>	<b>(636,584)</b>	<b>(320,984)</b>

**10. Auditor remuneration**

	2019	2018
	\$	\$
Audit and review of financial statements		
Auditors of Cygnus Gold Limited - Grant Thornton Australia	37,122	27,309
Non-audit services		
Tax compliance	5,800	8,050
Total auditor's remuneration	42,922	35,359

**11. Related Party Transactions**

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

Michael Bohm	Non-Executive Chairman
Simon Jackson	Non-Executive Director
Oliver Kreuzer	Non-Executive Director
Amanda Buckingham	Non-Executive Director (Resigned 20 September 2019)
James Merrillees	Managing Director
Michael Naylor	Company Secretary

b) Key management personnel remuneration

	2019 \$	2018 \$
Short term employee benefits	461,391	593,374
Post-employment benefits	36,256	42,177
Share based payments (non-cash)	29,442	2,596
	527,089	638,147

Individual Directors and executive’s compensation disclosures

Information regarding individual directors and executive’s compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the Remuneration Report section of the Directors’ Report on pages 36 to 48. Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors’ interests existing at the end of the period.

**11.1 Other related party transactions**

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.

Dr Amanda Buckingham is a Director of the following related party entity which transacted with the Company.

Entity	Services provided	2019	2018
Fathom Geophysics Australia Pty Ltd	Geophysical consulting services	\$1,750*	\$30,563

\*Resigned 20 September 2019.

Dr Oliver Kreuzer is the Managing Partner and Principal Consultant of the following related party entity which transacted with the Company.

Entity	Services provided	2019	2018
Corporate Geoscience	Geological consulting services	-	\$28,850

Mr Naylor is a Director of the following related party entity which transacted with the Company.

Entity	Services provided	2019	2018
Blue Leaf Corporate Pty Ltd	Company secretarial and financial management services	\$78,000*	\$90,000*

\*Amount owing at 31 December 2019, \$6,000 and at 31 December 2018 \$7,500.

## 12. Financial Risk Management

### Credit risk

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

	NOTES	2019 \$	2018 \$
Cash and cash equivalents	4	1,774,659	3,512,139
Trade and other receivables	5	161,461	72,313

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

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

Trade and other receivables include, accrued interest receivable from Australian accredited banks, JV receivables and tax amounts receivable from the Australian Taxation Office. The Company has elected to measure loss allowances for trade and other receivables at an amount equal to the 12 month Expected Credit Loss (ECL). When determining the credit risk of a financial asset, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when the financial asset is more than 90 days past due.

As at 31 December 2019, no receivables were more than 30 days past due. No receivables are considered to have a material credit risk.

### 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 \$
2019 Trade and other payables	6	338,076	338,076	338,076
2018 Trade and other payables	6	561,451	561,451	561,451

### 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 0.90% and 1.5% (2018: 1.05% and 2.5%), 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 2019 \$	CARRYING AMOUNT 31 DECEMBER 2018 \$
Variable rate financial assets	1,774,659	3,532,140

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 2019.

100bp increase	1,775	3,532
100bp decrease	(1,775)	(3,532)

**Capital management policies and procedures**

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

There are no externally imposed capital requirements.

**13. 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 \$205,333 (2018: \$139,536) with a minimum exploration commitment of \$1,303,500 (2018: \$1,026,000) per annum. The Company is not aware of any other contingent commitments.

**14. Exploration and evaluation**

	2019 \$	2018 \$
Opening balance	2,555,261	565,924
Expenditure incurred during the year	2,856,946	2,991,790
Exploration and evaluation expenditures written off	(437,351)	-
Reimbursement from Farm in	(1,411,851)	(891,134)
Exploration expenditure State Government Co-Funded exploration drilling support	(117,192)	(111,319)
Closing balance	3,445,813	2,555,261



**Impairment**

Impairment of specific exploration and evaluation assets during the year have occurred where Directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation. At each reporting date the Company undertakes an assessment of the carrying amount of its exploration and evaluation assets. During the year indicators of impairment were identified on certain exploration and evaluation assets in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. As a result of this review, an impairment loss of \$437,351 has been recognised in relation to areas of interest where the directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation.

**15. Property, plant and equipment**

	2019 \$	2018 \$
Assets at cost	139,991	131,176
Accumulated depreciation	(71,693)	(28,823)
Carrying value 31 December	68,298	102,353

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

	IT EQUIPMENT \$	FIELD EQUIPMENT \$	MOTOR VEHICLES \$	TOTAL \$
Balance at 1 January 2019	26,045	20,232	56,075	102,352
Additions	3,079	4,739	997	8,815
Depreciation expense	(18,514)	(11,946)	(12,409)	(42,869)
Balance at 31 December 2019	10,610	13,025	44,663	68,298

**16. 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% (2018: 27.5%) and the reported tax expense in profit or loss are as follows:

	2019 \$	2018 \$
Accounting loss before tax	870,917	638,481
At Australia's statutory income tax rate of 27.5% (2018: 27.5%)	(239,502)	(168,707)
Expenditure not allowed for income tax purposes	9,082	1,209
Deferred income tax at balance date relates to the following:		
Deferred tax assets not brought to account	230,420	167,498
Income tax expense attributable to entity	-	-

**Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:**

Unrecognised deferred tax asset losses	1,646,309	1,121,917
Unrecognised deferred tax asset other	87,286	115,255
Unrecognised deferred tax liability as a result of other	(975,111)	(709,108)
	758,484	528,064

**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. Significant accounting policies**

### **18.1 New accounting standards and interpretations**

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

A number of new or amended standards became applicable for the current reporting period and the Company had to change its accounting policies and make retrospective adjustments as a result of adopting the following standard:

#### **AASB 16 Leases**

AASB 16 'Leases' replaces AASB117 'Leases' along with three interpretations (IFRIC 4 'Determining an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Invoicing the Legal Form of a Lease').

AASB 16 removes the distinction between operating and finance leases for lessees. Instead, all leases other than short term and low value asset leases are recognised on the balance sheet as a right of use asset, representing the lessee's entitlement to the benefits of the identified asset over the lease term, and a lease liability representing the lessee's obligation to make the lease payments. For leases recognised as operating leases under AASB 117, the lease expense will be replaced by the amortisation of the right of use asset and interest expense on the lease liability.

The Company has assessed the impact of this standard in the current period. The Company currently maintains a short-term lease, of which includes a month-to-month arrangement with no formal agreement in place (relating to the head office). The Company has considered there to be no impact under AASB 16 as this does not fall into the definition of a lease under AASB 16.

#### **Standards issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2019. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below:

New / revised pronouncement	Superseded pronouncement	Nature of change	Effective date (annual reporting periods beginning on or after)	Likely impact on initial application
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	None	<p>AASB 2018-6 amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.</p> <p>The amendments:</p> <ul style="list-style-type: none"> <li>• clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;</li> <li>• remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;</li> <li>• add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;</li> <li>• narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and</li> <li>• add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.</li> </ul>	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	None	<p>AASB 2018-7 principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across the Australian Accounting Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.</p>	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.

<b>New / revised pronouncement</b>	<b>Superseded pronouncement</b>	<b>Nature of change</b>	<b>Effective date (annual reporting periods beginning on or after)</b>	<b>Likely impact on initial application</b>
AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework	None	AASB 2019-1 amends Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the revised Conceptual Framework for Financial Reporting (Conceptual Framework). The application of Conceptual Framework is limited to For profit entities that have public accountability Other for-profit entities that voluntarily elect to apply the Conceptual Framework	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.
AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059	None	AASB 2019-2 amends AASB 16 Leases and AASB 1059 Service Concession Arrangements: Grantors to amend transitional relief relating to service concession arrangements and incorporate editorial amendments	1 January 2020	When these amendments are first adopted for the year ending 31 December 2020, there will be no material impact on the financial statements.
AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	None	AASB 2019-5 makes amendments to AASB 1054 Australian Additional Disclosures by adding a disclosure requirement for an entity intending to comply with IFRS standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors on the potential effect of an IFRS standard that has not yet been issued by the AASB. This ensures that for-profit publicly accountable entities complying with Australian Accounting Standards can assert compliance with IFRS standards.	1 January 2020	When this Standard is first adopted for the year ending 31 December 2020, additional disclosures may be necessary if there are any pronouncements issued by the International Accounting Standards Board that have not yet been issued by the AASB at the date of authorisation of the entity's financial report.

**18.2 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.

**18.3 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.

**18.4 Financial instruments****Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Other receivables**

Other receivables, which generally have 30 day terms, are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method, less an allowance for any estimated shortfall in receipt. An estimate of any shortfall in receipt is made when there is objective evidence a loss has been incurred. Bad debts are written off when identified.

**Trade and other payables**

Liabilities for creditors and other amounts are carried at amortised cost, which is the present value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The carrying period is dictated by market conditions but is generally less than 45 days.

**i) Financial assets****Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal

amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade and other receivables.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred

asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### **Impairment of financial assets**

Expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss will be recognised through an allowance. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other debt financial assets (i.e., cash on deposit at bank). The ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## **ii) Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade and other payables.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or



modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### iii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **18.5 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.

## **18.6 Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of

changes in value. For the purpose of the statement of cash flows (Exploration and evaluation expenditure is net of \$1.4M that was received and spent on behalf of Gold Road (Projects) Pty Ltd), 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.

### **18.7 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.

### **18.8 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.

### **18.9 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.

#### **18.10 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.

#### **18.11 Critical Accounting Estimates and Judgements**

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

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

##### **Critical Estimates**

###### **Exploration and Evaluation Expenditure – Impairment**

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the 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 statement profit or loss and other comprehensive income.

## Performance Rights

### Current year

All performance rights valuations during the year were performed by an independent third-party valuer. The following classes due to their market based conditions were valued using the Binomial model for class A and B and the Monte Carlo simulation model for class C. The non-market based conditions class D and E were valued using the share price at grant date.

### Prior year

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 Company 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.

### 18.12 Going concern

The Company has incurred a net loss of \$870,917 (2018: \$638,119) during the year and the cash outflows from operating and investing activities equates to \$2,036,703 (2018: \$2,288,009).

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 vary the Company's cost structure and in turn the levels of cash outflow dependent on timing of its exploration activities; and
- the Company's access to capital markets.

However, prevailing market conditions are particularly volatile as a result of the global impact from the Covid-19 declared pandemic. The extent and duration of the impact remains uncertain. The ability of the Company to raise future funding in this environment in order to continue its plans represents material uncertainty. In the event that further funding is not available the Company may not be able to realise

its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors are, however, confident that further funding will be obtained to meet the groups objectives. In addition, the Directors have considered the minimum expenditure requirements necessary in order to maintain tenements in good standing and to meet the committed expenditures for the 12 month period from the date of this report and consider the going concern basis of preparation as appropriate.

### **18.13 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.

### **18.14 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.

### **18.15 Share based payments**

The grant-date fair value of equity-settled share-based payment arrangements granted to holders of equity-based instruments are generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the

related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-market conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

In determining the fair value of share-based payments granted, a key estimate and judgement is the volatility input assumed within the pricing model. The Company uses historical volatility of the Company to determine an appropriate level of volatility expected, commensurate with the expected instrument's life.

### 18.16 Other income

Other income recognises the management fee charged for managing joint operations, this 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.

### 18.17 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

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.

Cygnus receives cash calls from Gold Road and manages the exploration and evaluation activity at their discretion, deriving a management fee of 15% 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.

#### 2. The Yandina Project

In this joint operation, Cygnus's hold 25% and Gold Road hold 75% of the interest in the Yandina Project tenements. The expenditure incurred is capitalised as exploration and evaluation asset based on the percentage of in held. Cygnus managed the cash calls and the exploration and evaluation activity at their discretion, deriving a management fee of 15% of the expenditure that has spent.

### 3. The Wadderin Project

As of the 24 December 2019, Gold Road withdrew from Wadderin Letter Agreement. The tenements subject to the Wadderin agreement have reverted to Cygnus 100%, and a strategic review of this project is now underway.

#### **18.18 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 off- set 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 \$89,362 (2018: 139,149).

#### **19. Post-reporting date events**

On 15 January 2020, 15,577,088 fully paid ordinary shares were released from escrow.

As of 1 April 2020, Gold Road Resources Ltd is taking over management of the joint ventures, Lake Grace Project and Yandina Project.

In March 2020, the World Health Organisation declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout Australia. The spread of COVID-19 has caused significant volatility in Australian and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the Australian and international economies and, as such, the Company is unable to determine if it will have a material impact to its operations.

Other than the above there have not been any other events that have arisen between 31 December 2019 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Company, the results of those operations or the state of affairs of the Company, in subsequent financial years.

## 86 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 2019 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 2019.

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, 30 March 2020



## 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 2019, 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 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

##### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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.

##### Material uncertainty related to going concern

We draw attention to Note 18.12 in the financial statements, which indicates that the Company incurred a net loss of \$870,917 during the year ended 31 December 2019, and as of that date, the Company's operating cash outflows from operating and investing activities amount to \$2,036,703. As stated in Note 18.12, these events or conditions, along with other matters as set forth in Note 18.12, indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

##### Emphasis of matter – COVID-19

We draw attention to Note 19 of the financial report, which describes the circumstances relating to the material subsequent event regarding COVID-19 and the uncertainty surrounding any potential financial impact on the financials. Our opinion is not modified in respect of this matter.

### 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.

In addition to the matter described in the *Material uncertainty related to going concern* section, 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
<p><b>Exploration and evaluation assets – Notes 14 and 18.11</b></p> <p>At 31 December 2019 the carrying value of exploration and evaluation assets was \$3,445,813.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, 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"> <li>• obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger;</li> <li>• reviewing management’s area of interest considerations against AASB 6;</li> <li>• conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> <li>○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed;</li> <li>○ 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;</li> <li>○ 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;</li> </ul> </li> <li>• assessing the accuracy of impairment recorded for the year as it pertained to exploration interests;</li> <li>• evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers; and</li> <li>• assessing the appropriateness of the related financial statement disclosures.</li> </ul>

### 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 2019, 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 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/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.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 36 to 48 of the Directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Cygnus Gold Limited, for the year ended 31 December 2019 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



L A Stella  
Partner – Audit & Assurance

Perth, 30 March 2020

**Top 20 holders of ordinary shares**

In accordance with ASX Listing Rule 4.10, the following information is provided as at 16 March 2020.

RANK	NAME	UNITS	% OF ISSUED CAPITAL
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	9,257,767	13.56
2	SOUTHERN CROSS CAPITAL PTY LTD	6,666,667	9.77
3	GOLD ROAD (PROJECTS) PTY LTD	5,000,000	7.33
4	MS CHARMAINE LINDA LOBO	4,000,002	5.86
5	MR ALAN FRANK CLELAND <DA EXPLORATION A/C>	3,733,335	5.47
6	SOUTHERN CROSS CAPITAL PTY LTD	3,333,334	4.88
7	MR OLIVER PIERRE KREUZER	1,958,334	2.87
8	FATHOM GEOPHYSICS AUSTRALIA PTY LTD	1,666,667	2.44
9	SYMORGH INVESTMENTS PTY LTD <SYMORGH SUPER FUND A/C>	1,666,667	2.44
10	EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	1,099,399	1.61
11	EASTERN GOLDFIELDS EXPLORATION PTY LTD	1,000,000	1.47
12	MR MICHAEL DYLAN NAYLOR + MRS SARAH JUNE NAYLOR <BLUE LEAF A/C>	1,000,000	1.47
13	MR ROBERT MACFADYEN PTY LTD <MACFADYEN S/F A/C>	900,000	1.32
14	SAS INVESTMENTS PTY LTD <SHEPHERD SUPER FUND A/C>	750,000	1.10
15	MR ROBERT ANGUS CASTLE STUART	666,667	0.98
16	MR MICHAEL DYLAN NAYLOR + MS SARAH MCALPINE <M D & S I SUPER FUND A/C>	626,667	0.92
17	MR MARTIN HENRY CAMP	520,000	0.76
18	MS SARAH JUNE MCALPINE	520,000	0.76
19	AWR NOMINEES PTY LTD <THE AWR SUPER FUND A/C>	500,000	0.73
20	MR GARY STURDY	475,000	0.70
Total		45,340,506	66.43

**Range of shares**

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 - 1,000	17	4,518	0.01
1,001 - 5,000	54	167,549	0.25
5,001 - 10,000	57	507,010	0.74
10,001 - 100,000	271	10,988,621	16.10
100,001 Over	72	56,583,383	82.90
Total	471	68,251,081	100.00

**Substantial Holders**

	UNITS	% OF ISSUED CAPITAL
SOUTHERN CROSS CAPITAL PTY LTD	10,000,001	14.65
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	9,257,767	13.56
GOLD ROAD (PROJECTS) PTY LTD	5,000,000	7.33
MS CHARMAINE LINDA LOBO	4,226,669	6.19
MR ALAN FRANK CLELAND <DA EXPLORATION A/C>	3,733,335	5.47

**Unmarketable Parcels**

There were 179 shareholders with less than a marketable parcel of shares, based on the closing price \$0.044

**Restricted Securities**

There are no restricted securities.

**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	Structure and Ownership
E29/1075	Western Australia	Cygnus Gold Limited	Pending, 100%
E70/4787	Western Australia	Cygnus Gold Limited	100%
E70/4854	Western Australia	Cygnus Gold Limited	100%
E70/4911	Western Australia	Cygnus Gold Limited	100%
E70/4939	Western Australia	Cygnus Gold Limited	100%
E70/4952	Western Australia	Cygnus Gold Limited	100%
E70/4988	Western Australia	Cygnus Gold Limited	100%
E70/4989	Western Australia	Cygnus Gold Limited	100%
E70/4990	Western Australia	Cygnus Gold Limited	100%
E70/4992	Western Australia	Cygnus Gold Limited	100%
E70/5018	Western Australia	Cygnus Gold Limited	100%
E70/5019	Western Australia	Cygnus Gold Limited	100%
E70/5020	Western Australia	Cygnus Gold Limited	100%
E70/5021	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%
E77/2405	Western Australia	Cygnus Gold Limited	100%
E77/2463	Western Australia	Cygnus Gold Limited	100%

Tenement	Location	Registered Owner	Structure and Ownership
E77/2564	Western Australia	Cygnus Gold Limited	Pending, 100%
<b>Lake Grace Joint Venture Project</b>			
E70/4853	Western Australia	Cygnus Gold Limited	49% Cygnus (diluting to 25%), 51% Gold Road Projects Pty Ltd
E70/4855	Western Australia	Cygnus Gold Limited	49% Cygnus (diluting to 25%), 51% Gold Road Projects Pty Ltd
E70/4991	Western Australia	Cygnus Gold Limited	49% Cygnus (diluting to 25%), 51% Gold Road Projects Pty Ltd
E70/5017	Western Australia	Cygnus Gold Limited	49% Cygnus (diluting to 25%), 51% Gold Road Projects Pty Ltd
E70/5188	Western Australia	Cygnus Gold Limited	49% Cygnus (diluting to 25%), 51% Gold Road Projects Pty Ltd
E70/5251	Western Australia	Cygnus Gold Limited	Pending, 49% Cygnus (diluting to 25%), 51% Gold Road Projects Pty Ltd
E70/5320	Western Australia	Cygnus Gold Limited	Pending, 49% Cygnus (diluting to 25%), 51% Gold Road Projects Pty Ltd
<b>Yandina Joint Venture Project</b>			
E70/5098	Western Australia	Cygnus Gold Limited	25% Cygnus & 75% Gold Road Projects Pty Ltd
E70/5099	Western Australia	Cygnus Gold Limited	25% Cygnus & 75% Gold Road Projects Pty Ltd
E70/5100	Western Australia	Cygnus Gold Limited	25% Cygnus & 75% Gold Road Projects Pty Ltd
E70/5101	Western Australia	Cygnus Gold Limited	25% Cygnus & 75% Gold Road Projects Pty Ltd
E70/5230	Western Australia	Cygnus Gold Limited	25% Cygnus & 75% Gold Road Projects Pty Ltd
E70/5231	Western Australia	Cygnus Gold Limited	25% Cygnus & 75% Gold Road Projects Pty Ltd
E70/5232	Western Australia	Cygnus Gold Limited	25% Cygnus & 75% Gold Road Projects Pty Ltd