



CYGNUS GOLD

Cygnus Gold Limited
Annual Report 2020

An Australian Gold and Base Metals Exploration Group

Corporate Directory

Principal Place of Business & Registered Office

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Contact information

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Email: info@cygnusgold.com Website: www.cygnusgold.com

Australian Business Number

80 609 094 653

Directors

Mr Michael Bohm	Non-Executive Chairman
Mr Simon Jackson	Executive Director
Mr Raymond Shorrocks	Non-Executive Director
Mr Shaun Hardcastle	Non-Executive Director

Joint Company Secretaries

Mr Michael Naylor
Ms Susan Field

Auditors

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

Bankers

National Australia Bank
100 St Georges Terrace Perth WA 6000

Stock Exchange Listing

Primary listing: Australian Securities Exchange
ASX Code: CY5

Solicitors

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
Perth WA 6000

Share Register

Computershare Investor Services Pty Ltd
GPO Box 2975, Melbourne VIC 3001
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Chairman's Statement

Dear Shareholder,

2020 has certainly been a challenging year across the globe with the Covid-19 pandemic impacting lives and business globally.

For Cygnus Gold Limited (ASX: CY5) it has been a year of transition as we moved from grass roots exploration in the wheatbelt of Western Australia (WA) to focus on the opportunity to acquire a more advanced asset and to strengthen our balance sheet.

In parallel with this we continued to support the excellent gold exploration work in WA being carried out by our joint venture partner Gold Road Resources. The joint ventures provide Cygnus shareholders with potentially meaningful exposure to gold exploration success in the wheatbelt via the world-class exploration team at Gold Road.

Rounding out the transition of our business focus was the appointment of experienced non-executive directors Ray Shorrocks and Shaun Hardcastle to the Cygnus board during 2020. Ray and Shaun bring a wealth of Industry and Corporate experience to the board, as well as a track record of success, which will be utilised by Simon Jackson who transitioned to an Executive role, leading Cygnus' search for an advanced asset.

In addition to that search, and the work of our JV partner Gold Road, the Group is looking at opportunities to unlock value from its WA nickel and base-metals prospects which we believe, whilst early stage, show promise in an area gaining attention due to the growing demands in the battery-metals sector.

I would like to thank shareholders for supporting the changes made to the business as we moved to transition the Group away from a sole focus on grass-roots exploration, whilst navigating the challenges presented - to everyone - by the pandemic.

We are still on that journey and plan to deliver on a new business outlook as a priority during 2021.

In closing, I wish for all of our shareholders and stakeholders to remain safe and well during these challenging times.



Michael Bohm
Chairman

Directors' Report

The directors' of Cygnus Gold Limited (Cygnus or the Company) and the entities controlled (Group) present their report, together with the financial statements for the year ended 31 December 2020.

Directors

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

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	-
Riedel Resources Limited	11 December 2020	-

Former directorships in the last 3 years

Perseus Mining Limited	15 October 2009	31 May 2018
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Mr Simon Jackson – Executive Director

Appointed Executive Director on 31 August 2020, previously appointed Non-Executive Director on 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
CZR Resources Limited (formerly 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
Orca Gold Inc	4 April 2013	30 May 2019

Mr Raymond Shorrocks - Non-Executive Director

Appointed 30 June 2020

Mr Shorrocks has over 27 years' experience working in the investment banking industry. He is highly conversant and experienced in all areas of mergers and acquisitions and equity capital markets, including a significant track record of transactions in the metals and mining sectors. He was past Chairperson of ASX listed Bellevue Gold Limited and Republic Gold Limited.

Mr Shorrocks is Executive Chairman of Auteco Minerals Limited and is former Director and head of the Corporate Finance department of a major Australian investment services company based in Sydney.

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

Other current directorships	Commenced	Ceased
Auteco Minerals Limited	28 January 2020	-
Galilee Energy Limited	02 December 2013	-
HCD Limited	12 June 2016	-
Alicanto Minerals Limited	07 August 2020	-

Former directorships in the last 3 years

Bellevue Gold Limited	31 December 2015	19 September 2019
Estrella Resources Limited	24 June 2015	01 February 2019

Mr Shaun Hardcastle - Non-Executive Director

Appointed 30 June 2020

Mr Hardcastle has over 15 years' experience as a corporate lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross border and domestic transactions including equity capital markets, mergers & acquisitions, corporate governance and project finance. Mr Hardcastle has practised law both in Australia and overseas and currently works as a Partner with HWL Ebsworth. He graduated from the University of Western Australia in 2005 with a Bachelor of Laws and Bachelor of Arts.

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

Other current directorships	Commenced	Ceased
Rare X Limited	01 December 2017	-
Schrole Group Ltd	04 October 2017	-

Former directorships in the last 3 years

Hawkstone Mining Ltd	23 February 2015	14 July 2020
Pure Foods Tasmania Ltd	23 August 2018	28 April 2020

Mr James Merrillees – Managing Director

Resigned as director on 30 June 2020

Dr Oliver Kreuzer – Non-Executive Director

Resigned as director on 30 June 2020

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	Unlisted Options
Mr Michael Bohm	5,337,780	2,000,000
Mr Simon Jackson	2,515,557	2,000,000
Mr Ray Shorrocks	2,051,281	2,000,000
Mr Shaun Hardcastle	829,060	2,000,000

Joint Company Secretaries

Mr Michael Naylor

Mr Naylor has 27 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.

Ms Susan Field

Susan is a Chartered Accountant with over 27 years' experience in the corporate sector and in public practice. Since qualifying as a Chartered Accountant with Ernst & Young, Ms Field has worked in several management roles in both the public and private sector. Prior to entering public practice, Ms Field also spent over 11 years in the financial services and retail banking industry where she held various positions in several operational management roles.

Operating results

The Group's consolidated net loss for the year ended 31 December 2020 after providing for income tax amounted to \$7,720,430 (2019: \$870,917).

The loss included the following items:

- Share-based payment expense of \$1,174,396 (2019: \$29,442)
- Exploration expenditure written off of \$3985,457 (2019: \$437,351)
- Options valued using Black-Scholes option pricing formula issued to a combination of management and consultants of \$2,260,524 (2019: Nil)

Review of financial position

The net assets are \$3,376,826 as at 31 December 2020 (2019: \$5,084,373).

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.

Review of Operations

Overview

Cygnus has assembled a significant team of stakeholders including an experienced Board of Directors and several strategic industry shareholders. This combination will hold shareholders in good stead as Cygnus moves forward.

Cygnus is conducting a detailed internal review of the various exploration licences that it holds in the Southwest Terrane of Western Australia. The results of this review will lead Cygnus as it looks to progress exploration work in this region and form new partnerships.

The Company is also actively searching for new, more advanced opportunities in precious and base metals and has reviewed a number of potential opportunities during the year. This work is ongoing.

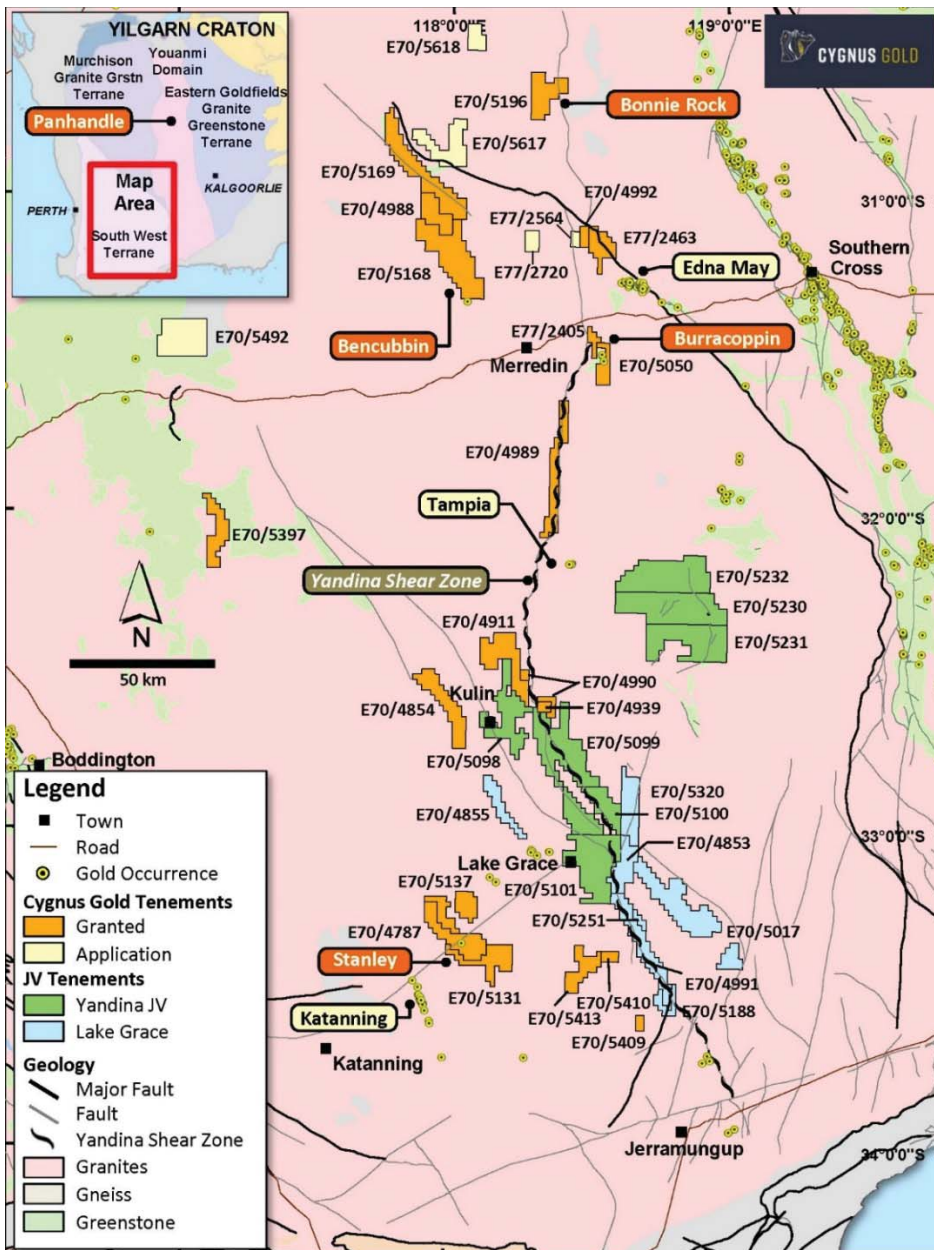


Figure 1: Cygnus Gold 100% and Joint Venture tenements and applications in the Southwest Terrane, WA

Bencubbin Project

Cygnus Gold's 675km² Bencubbin Project comprises three granted tenements (E70/4988, Bencubbin, E70/5169, Bencubbin North and E70/5168, Bencubbin South).

The project, approximately 200km northeast of Perth, covers the Bencubbin Greenstone Belt – a suite of rocks extending over a strike length of 70km and up to 5km in width - where the Company's review of historical exploration confirmed the belt's prospectivity for (refer Figure 2 and Cygnus Gold ASX announcement 30/11/2018)¹:

- '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 (Refer ASX announcement on 25 February 2020)¹:
 - 18m @ 0.14% Ni from 32m in Hole DMA4;
 - 2m @ 0.63% Pb from 52m in Hole DMA2; and
 - 2m @ 1.7% Zn from 176m in Hole DMA5.

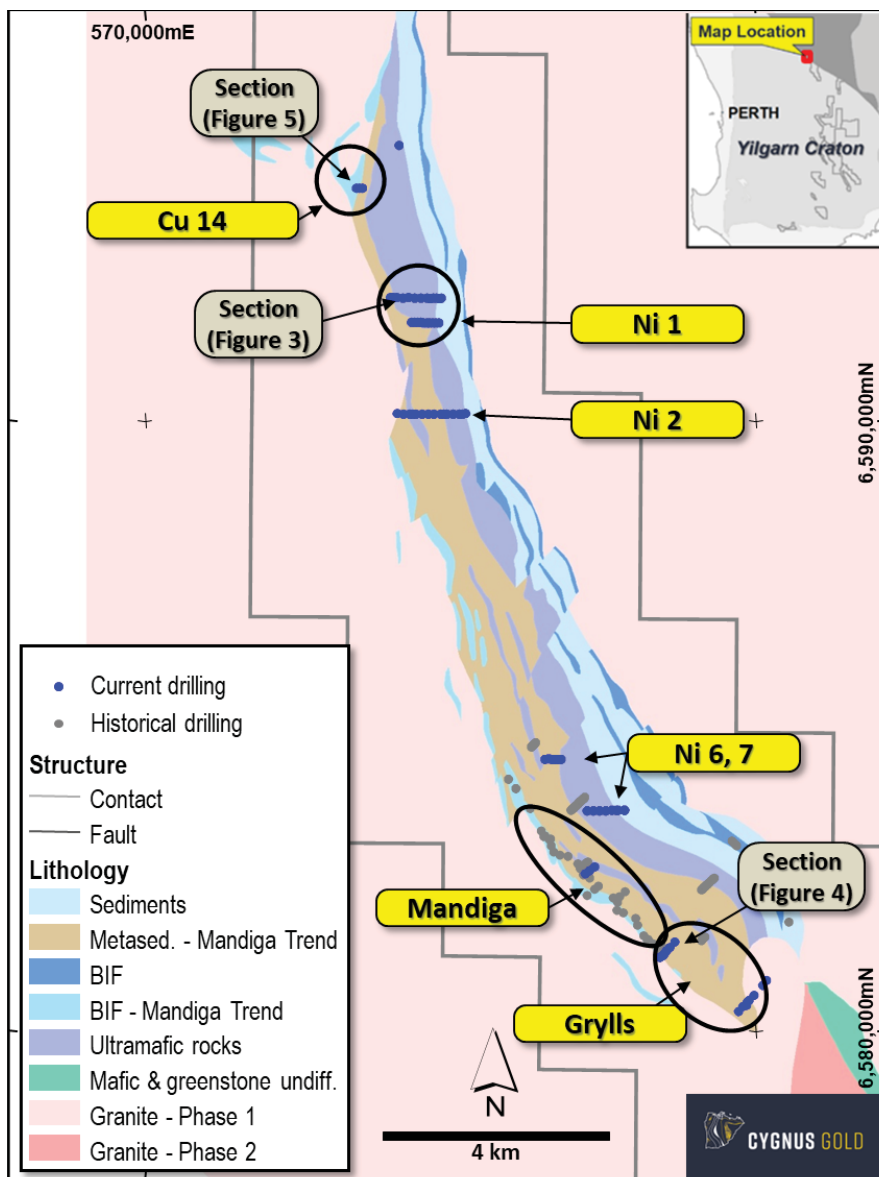


Figure 2: Bencubbin North, geology, targets and Cygnus Dec. 2019-Jan 2020 aircore program and historical drilling (refer ASX Announcement 7 October 2019)¹.

A 76-hole (2,643m) drilling program to test high priority nickel and base metals targets was completed in early 2020,

The program at Bencubbin North intersected target geology and alteration systems on several of the high priority nickel and base metals targets tested. Drilling highlights include:

- Thick (up to 800m wide) komatiite sequences were 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 zones of Pb and Zn mineralisation were 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.

The Mandiga-Grylls system is confirmed as a strike extensive (more than 7km long) and broadly stratabound Ag-Pb-Zn-Cu anomaly including strong sericite-chlorite and pathfinder mineral assemblages consistent with a VMS style mineralised system.

The Group's regional-scale drilling at Bencubbin North has now confirmed the prospectivity of the bedrock stratigraphy below the extensive Ni-Cu, Cu-Pb-Zn & Cu-Zn soil anomalies identified in historical soil sampling.

In particular, no electrical geophysics such as electromagnetics (EM) has been undertaken on the Ni targets, and no modern (i.e. post 1980) EM has been completed on the VMS targets, including Mandiga.

For the Ni targets, further sampling of Cu anomalous samples and EOH samples in the ultramafics are warranted, looking for evidence of a sulphur saturation event in the ultramafic rock. If this can be established, ground TEM would be warranted looking for blind accumulate hosted Ni-sulphide systems. In particular, the anomalous Cu results in ferruginous saprolite will be re-assayed for PGE's.

Cygnus is reviewing options for advancing this project, which may include joint venture funding.

Stanley Project

Cygnus' ~160km² Stanley tenement covers a ~20km length of prospective greenstone including numerous prospects where previous explorers intersected high-grade gold mineralisation.

The Group's exploration at Stanley is focused on the discovery of high-grade gold mineralisation at the Kepler and McDougalls prospects (Figure 3).

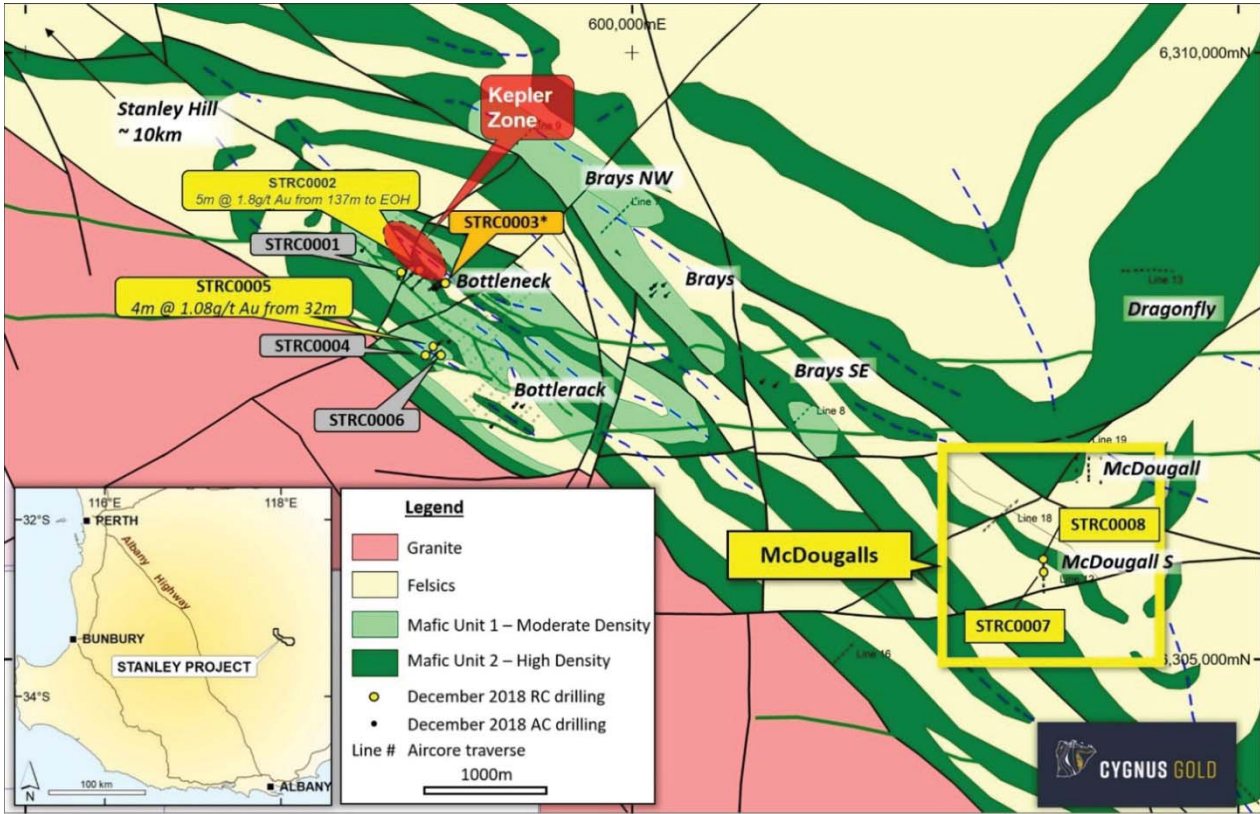


Figure 3: Cygnus Gold's Stanley Project highlighting the Kepler Zone and McDougalls, Western Australia. Refer CY5 ASX announcement 28 May 2019¹ for drill results and target descriptions.

Kepler

The Group's initial exploration focus at Stanley was on extensions to the Bottleneck prospect, a historical prospect where previous explorers had intersected shallow high-grade gold.

The Group's early drilling confirmed this high-grade Bottleneck zone. Analysis of drill results subsequently identified that mineralisation is preferentially concentrated in a distinct metadacite unit (the Kepler Zone) which extended well north and west of Bottleneck and was poorly lightly tested by deeper drilling.

Follow up drilling at Kepler intersected a broad zone of mineralisation in a section 220m along strike from Bottleneck, with hole STRC0020 intersecting (refer Figure 4 and CY5 ASX announcement 28 May 2019)¹:

- 6m @ 1.95 g/t Au from 81m, which included **2m @ 5.49 g/t Au from 81m**.

A large extent of the metadacite unit at Kepler remains untested by drilling, and Cygnus has undertaken a strategic review to guide the forward program on this target (refer discussion below).

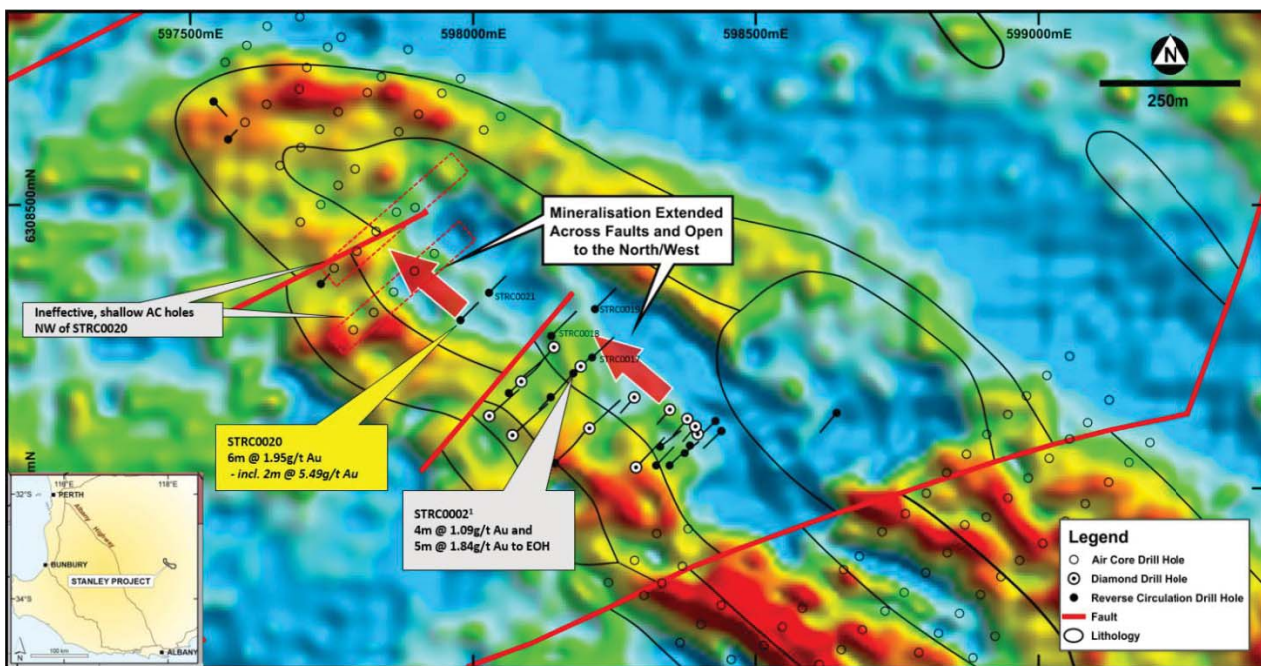


Figure 4: Cygnus Gold's Kepler Zone in the Stanley Project. Background image is 1VD of the Bouguer gravity where red colours define denser rock units (refer CY5 ASX announcement 28 May 2019¹ for drill results and target descriptions).

McDougalls

The McDougalls prospect includes McDougalls South, where Cygnus drilling intersected anomalous gold over wide intervals including (see ASX announcement 2 April 2019)¹:

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

Follow-up aircore drilling by the Group demonstrated these mineralised zones are associated with a shallow, 1,000m x 500m zone of anomalous gold within a NW-trending structural zone.

To test this zone for higher grades, Cygnus drilled six RC holes (STRC0022-0027) that intersected more widespread gold mineralisation with intersections including (refer Figure 8 and ASX announcement 28 May 2019)¹:

- STRC0023: 9m @ 0.40g/t Au from 42m 2
- 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.

A technical review of the McDougalls prospect has identified several targets to test for higher gold grades in this broad mineralised system.

The Group is in discussions regarding potential JV partners for the Stanley Project.

Gold Road JV Projects

In addition to the 100% projects, Cygnus is also in joint venture (JV) with ASX-listed developer Gold Road Resources Ltd (Gold Road, ASX:GOR) over the Lake Grace (diluting to 10%) and Yandina (diluting to 10%) JVs (Figure 1).

The JV tenements cover an area of approximately 3,000km² targeting gold mineralisation associated with the prospective Yandina Shear which is known to host gold mineralisation elsewhere in the Southwest Terrane (SWT).

In October 2020, Gold Road took over management of the Lake Grace and Yandina JV's. Cygnus is currently planning to maintain its 10% interest in these JV's.

The Hammerhead Project (Figure 5) is part of a more than 20km long belt where the JV is targeting gold mineralisation within a prospective greenstone package associated with the regional Yandina Shear. The Yandina Shear Zone is a regional geological structure extending over hundreds of kilometres and interpreted to control the distribution of gold mineralisation regionally.

A 336-hole (15,737m) program targeting more than 20km long Hammerhead greenstone belt was completed in March 2020. The results from the early 2020 air-core (AC) drilling defined at least eight discrete gold anomalous zones associated with a 20km long section of the Yandina Shear, with best results returned from the Gunsmoke, Lakeside and Hammerhead prospects, including:

- **Gunsmoke:**
 - 12m @ 0.78 g/t Au from 30m, *incl. 8m @ 1.06 g/t Au from 30m* in LGAC0332
- **Hammerhead:**
 - 1m @ 0.16g/t Au from 39m (end of hole sample) in LGAC0138
 - 3m @ 0.24g/t Au from surface *and* 2m @ 0.15g/t Au from 32m in LGAC0140.
- **Lakeside:**
 - 6m @ 0.59g/t Au from 49m in LGAC0418
 - 3m @ 0.20g/t Au from 25m in LGAC0429.

In June, the JV commenced follow up drilling at Hammerhead and this program was completed during the third quarter for a total of 9,081m of aircore (AC) and 736m of reverse circulation (RC) drilling targeting the Hammerhead, Lakeside, Gunsmoke and Holland Rock prospects.

This program was inclusive of 1,300m of AC drilling at the Hideaway Prospect on the Lake Grace JV approximately 50km to the northwest of Hammerhead.

Hideaway is a large historical gold-in-soils anomaly coincident with a 1.1km-long mafic-felsic granulite contact. Limited, shallow drilling at Hideaway by previous explorers included 11m at 1.3 g/t Au from 7m (HRC1) and 1m at 1.0 g/t Au from 31 m and 1m at 0.83 g/t Au from 37m (HRC7).

During the year Cygnus was once again successful in securing Western Australian Government co-funding to support diamond core drilling of several prospects on the Hammerhead Project.

The co-funding of up to \$150,000 in direct drilling costs is part of the Exploration Incentive Scheme (EIS), a competitive award by the State Government to support technically driven mineral exploration in Western Australia (WA).

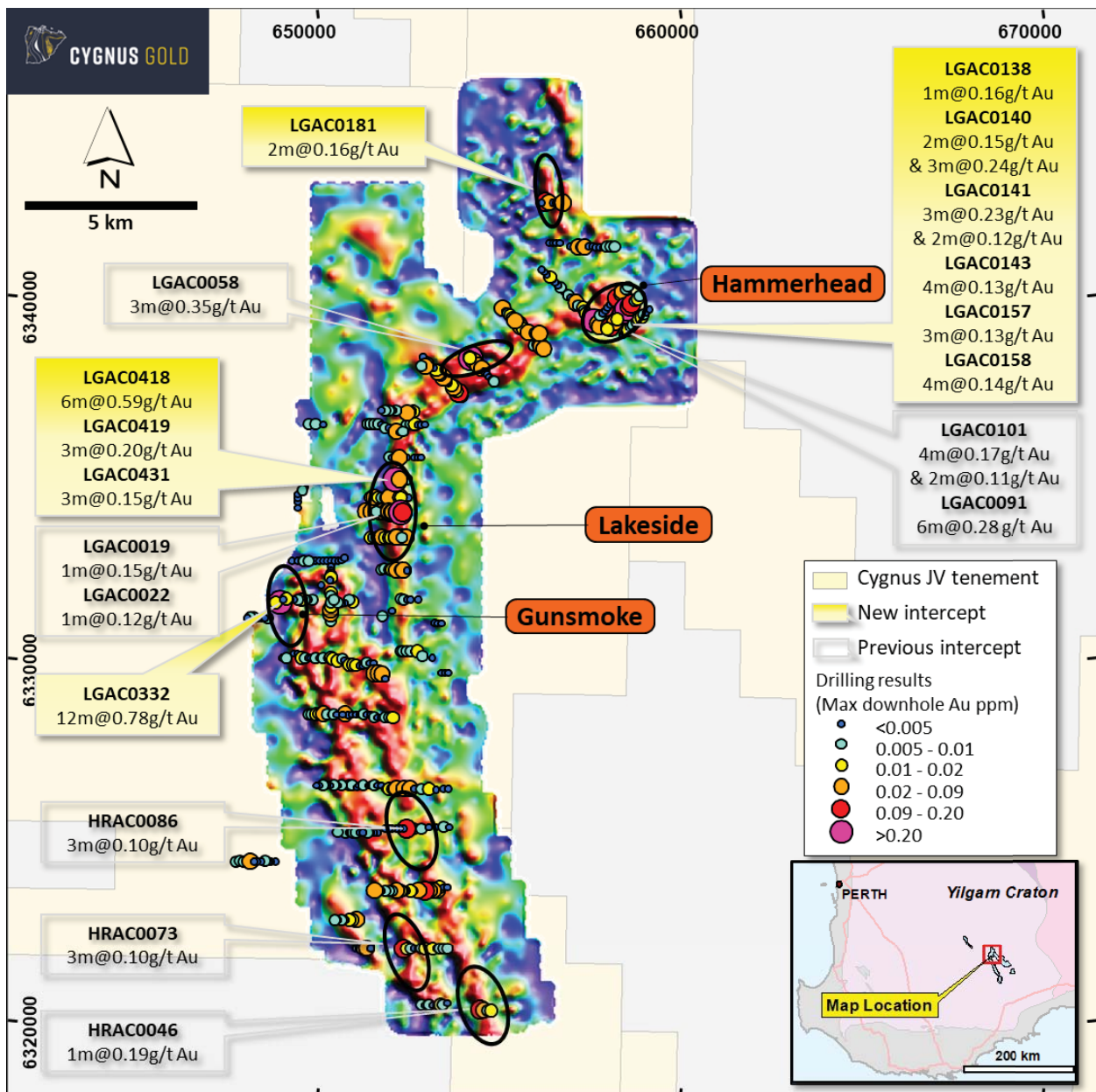


Figure 5: Hammerhead Project, Western Australia. Aircore drilling with significant intervals (>0.1 g/t Au) on ground gravity. Refer ASX Announcement 7/10/2019 for intercept details¹.

Burracoppin Project (Cu-Pb-Zn)

Cygnus' Burracoppin tenements, ~25km east-northeast of Merredin, are along strike from the Edna May gold mine, owned and operated by Ramelius Resources Ltd (ASX:RMS).

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 ASX Announcement 22/10/2018)¹.

Panhandle Project

The ~100km² Panhandle tenement (approximately 300km north of Kalgoorlie in the Central Yilgarn of Western Australia) covers a ~13km long section of the Panhandle Greenstone Belt where the Group's review of historical exploration has revealed limited surface sampling and geophysical surveys with no previous drilling (Figure 6). The Group considers the Panhandle tenement prospective for:

- Volcanogenic massive sulfide (VMS) base metals (lead-zinc-copper) mineralisation analogous to Cobre Ltd's (ASX:CBE) Perrinvale Project which includes an intersection of 5m @ 9.75% Cu, 3.2g/t Au, 34g/t Ag, 3.1% Zn on the Schwabe prospect (refer CBE ASX Announcement 31/1/2020)
- Orogenic gold mineralisation similar to ASX-listed TSC Ltd's (ASX:TSC) Rover Project intersected high grade gold including 5m @ 9g/t Au (refer TSC ASX Announcement 25/2/2020)
- Magmatic nickel-copper sulfides hosted in mafic/ultramafic rocks identified in the Panhandle Greenstone.

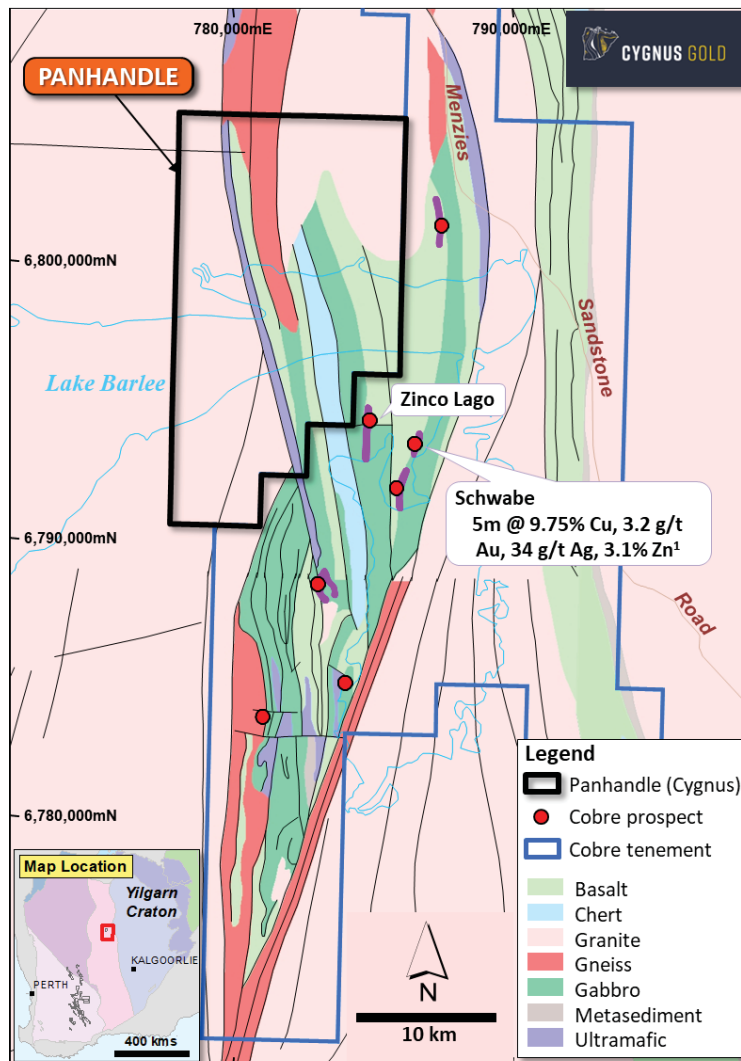


Figure 6: Cygnus' Panhandle project interpreted geology with adjacent Cobre prospects highlighted. Drill intersections quoted are from CBE ASX Announcement 31 January 2020¹.

Corporate

During the year Cygnus underwent a significant change in Management, Board and welcomed some significant new shareholders to the register.

Founding Directors, James Merrillees and Oliver Kreuzer resigned from the Board and Ray Shorrocks and Shaun Hardcastle became non-executive Directors. Simon Jackson transitioned into a part time executive Director role.

The Group undertook two equity placements in 2020 and welcomed some new substantial shareholders:

- In July 2020, the Group completed a placement to raise approximately \$1,370,000 (before costs) through the issue of up to 30,455,556 fully paid ordinary shares in the Group at an issue price of \$0.045 per share.
- In August 2020 the Group received commitments from sophisticated and professional investors to raise approximately \$1.2 million (before costs) through the issue of up to 9,363,461 fully paid ordinary shares in the Group at an issue price of \$0.13 per share.

In October 2020, the Group's registered address and principal place of business changed to Ground Floor, 24 Outram Street, West Perth and in December 2020 it appointed Susan Field as joint Company Secretary joining Michael Naylor in this role.

At year end the Group remains well financed with \$3,385,934 in cash.

Share placements and issues

During the financial year, the Group issued 39,819,017 as detailed in the below table to raise \$2,587,750 before issue costs.

Date	Number of Shares	Price per Share \$	Amount raised before issue costs \$
07/07/2020	10,000,000	0.045	450,000
27/08/2020	6,825,000	0.130	887,250
23/09/2020	19,900,000	0.045	895,500
16/11/2020	555,556	0.045	25,000
16/11/2020	2,538,461	0.130	330,000
Total	39,819,017		2,587,750

Unlisted options issued

Grant Date	Date of Expiry	Exercise Price \$	Balance 1 January 2020	Granted	Exercised	Balance 31 December 2020	Vested and Exercisable
22/09/20	22/09/23	\$0.08	-	29,500,000	-	29,500,000	29,500,000
Total			-	29,500,000	-	29,500,000	29,500,000

Change of Registered Address

In September, the Group changed its registered address to Ground Level, 24 Outram Street, West Perth, WA 6005.

Resignation of Non-Executive Director

On 30 June 2020, Mr James Merrillees and Dr Oliver Kreuzer 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

There not been any events that have arisen between 31 December 2020 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

Likely Developments and Expected Results

The Group is committed to:

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

Environmental issues

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

No environmental breaches have occurred or have been notified by any Government agencies during the year ended 31 December 2020.

Significant changes in the state of affairs

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

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

The Board has reviewed and approved its Corporate Governance Statement on 31 March 2021, and this is available on the Company's website at www.cygnusgold.com/corporate-governancedetail

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

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2020 outlines the remuneration arrangements of the Company and its' controlled entities (Group) in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Act) and its Regulations. This information has been audited as required by section 300A of the Corporations Act.

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

The table below outlines the KMP of the Company during the financial year ended 31 December 2020. 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	
Simon Jackson	Executive Director (appointed Executive Director on 31 August 2020, previously Non-Executive Director appointed 17 November 2017)
James Merrillees *	Managing Director (resigned 30 June 2020)
Non Executive director	
Michael Bohm	Non-Executive Chairman (appointed 30 September 2016)
Raymond Shorrocks	Non-Executive Director (appointed 30 June 2020)
Shaun Hardcastle	Non-Executive Director (appointed 30 June 2020)
Oliver Kreuzer	Non-Executive Director (resigned 30 June 2020)
Senior executive	
Michael Naylor	Joint Company Secretary (appointed 4 October 2016)
Susan Field	Joint Company Secretary (appointed 23 December 2020)

*Remuneration paid to James Merrillees as an employee or consultant after 30 June 2020 has not been included in this report as he was not considered Key Management personnel from this date on.

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

Remuneration governance

Due to the current size of the Group, it is more efficient and effective for the functions otherwise undertaken by a remuneration committee to be performed by the Board. All directors are therefore responsible for determining and reviewing compensation arrangements for key management personnel, including periodically assessing the appropriateness of the nature and amount of remuneration by reference to relevant market conditions and prevailing practices.

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

Remuneration framework

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

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

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

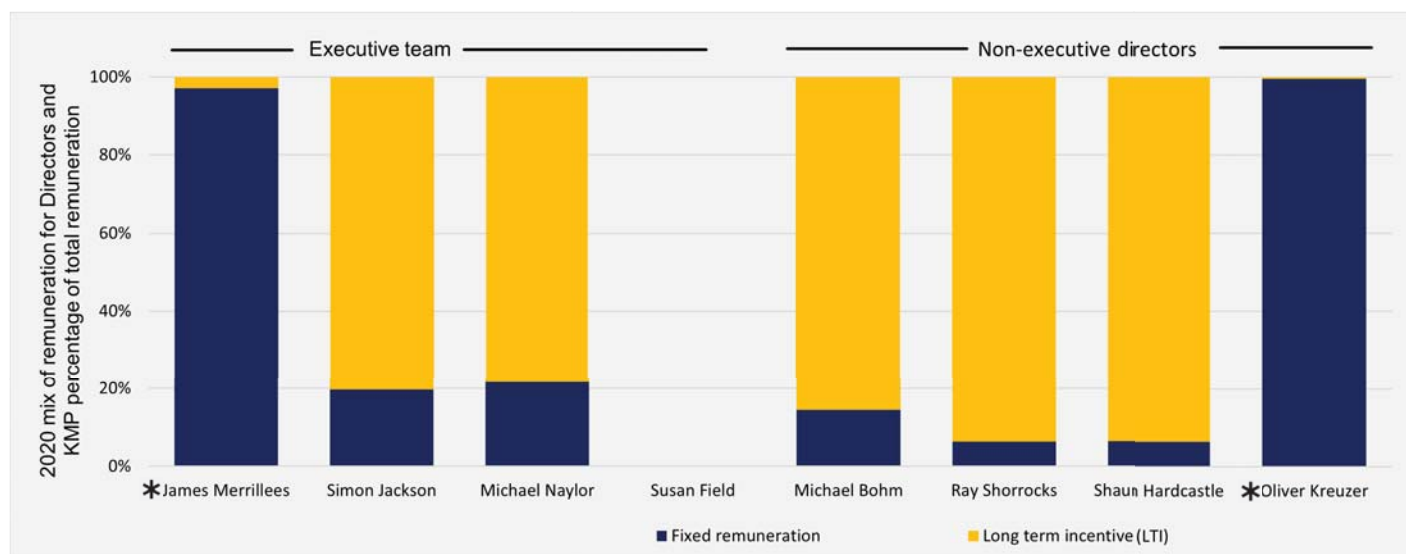
The remuneration for executives may have several components, including:

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

2020 mix of remuneration for Directors and KMP percentage of total remuneration



*James Merrillees and Oliver Kreuzer resigned 30 June 2020.

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:

	2017	2018	2019	2020
Income	\$3,262	\$198,317	\$231,203	\$439,311
Net loss after tax	\$784,721	\$638,119	\$870,917	\$7,720,430
Share price 31 December	N/A	\$0.065	\$0.044	\$0.18

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 Group 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 2020. 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. No external consultants were engaged during the year.

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.

Included in the 29,500,000 Incentive Options issued on 22 September 2020 are 10,000,000 Incentive Options which were granted during the year to Simon Jackson, Michael Bohm, Shaun Hardcastle, Ray Shorrocks and Michael Naylor (or their respective nominees) as follows;

2,000,000	Mr Simon Jackson (or his nominee)
2,000,000	Mr Michael Bohm (or his nominee)
2,000,000	Mr Shaun Hardcastle (or his nominee)
2,000,000	Mr Ray Shorrocks (or his nominee)
2,000,000	Mr Michael Naylor (or his nominee)

The Incentive Options were approved by shareholders at General Meeting held on 7 September 2020 at an exercise price of \$0.08 each, and with an expiry date three years from the issue date, being 22 September 2023.

There were no performance rights issued 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.

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 2020 the Board did not engage the services of remuneration consultants. This was considered appropriate whilst the Group is in exploration phase.

The remuneration of the Directors

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

		Short Term Benefits				Post-	Share based		Total	Performance based % of remuneration
		Salary/Fees	Consultant Fees	Annual Leave	Bonus	Employment	Performance Rights (non-cash)	Unlisted Options (non-cash)		
Non-Executive Directors										
Mr Michael Bohm	2020	10,000	38,325	-	-	950	78	291,680	341,033	85.6
	2019	43,333	-	-	-	4,117	3,376	-	50,826	6.6
Dr Amanda Buckingham (resigned 20 September 2019)	2020	-	-	-	-	-	-	-	-	-
	2019	26,667	1,750	-	-	2,533	2,845	-	33,795	8.4
Dr Oliver Kreuzer (resigned 30 June 2020)	2020	16,000	-	-	-	1,520	78	-	17,598	0.4
	2019	34,667	-	-	-	3,293	3,376	-	41,336	8.2
Mr Ray Shorrocks (appointed 30 June 2020)	2020	-	20,000	-	-	-	-	291,680	311,680	93.6
	2019	-	-	-	-	-	-	-	-	-
Mr Shaun Hardcastle	2020	-	20,333	-	-	-	-	291,680	312,013	93.5
	2019	-	-	-	-	-	-	-	-	-

Executives

James Merrillees (resigned 30 June 2020)	2020	112,500	-	8,654	-	10,688	3,838	-	135,680	2.8
	2019	225,000	-	17,308	-	23,019	16,469	-	281,796	5.8
Mr Simon Jackson (appointed Executive Director 31 August 2020, formerly Non Executive Director)	2020	62,667	-	3,077	-	5,953	78	291,680	363,455	80.3
	2019	34,667	-	-	-	3,293	3,376	-	41,336	8.2
Michael Naylor ¹	2020	-	81,000	-	-	-	-	291,680	372,680	78.3
	2019	-	78,000	-	-	-	-	-	78,000	-
Susan Field (appointed 23 December 2020)	2020	-	-	-	-	-	-	-	-	-
	2019	-	-	-	-	-	-	-	-	-
Total Remuneration	2020	201,167	159,658	11,731	-	19,111	4,072	1,458,400	1,854,139	78.9
	2019	364,334	79,750	17,308	-	36,255	29,442	-	527,089	5.6

¹Amount owing on 31 December 2020, \$7,500 and at 31 December 2019, \$6,000.

Shares Issued on Exercise of Options and Performance Rights

2020

There were no shares issued on exercise of options or performance rights during the year. However, subsequent to year end former Director James Merrillees is to be issued 350,000 shares pertaining to having met the hurdles required for Class A and B Performance Rights during the 2020 financial period. These Performance Rights hurdles were disclosed within the 2019 annual report.

2019

750,000 performance rights to the value of \$11,822 was granted as part of the former MD's remuneration during the year ended 31 December 2019 of which 400,000 lapsed during the same period.

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	4,226,669	-	-	1,495,726	-	5,722,395
Mr Raymond Shorrocks (appointed 30 June 2020)	-	-	-	2,051,281	-	2,051,281
Mr Shaun Hardcastle (appointed 30 June 2020)	-	-	-	829,060	-	829,060
Dr Oliver Kreuzer (resigned 30 June 2020)	2,008,334	-	-	-	(2,008,334)	-

Executives

Mr James Merrillees (resigned 30 June 2020)	200,000	-	-	-	(200,000)	-
Mr Simon Jackson (appointed Executive Director 31 August 2020, formerly Non Executive Director)	404,446	-	-	2,111,111	-	2,515,557
Mr Michael Naylor	2,241,667	-	-	2,883,263	-	5,124,930
Ms Susan Field	-	-	-	-	-	-
Total	9,081,116	-	-	9,370,441	(2,208,334)	16,243,223

Performance rights held by Directors and key management personnel

There were no Performance Rights granted to the Managing Director, Executive Director or 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	Held at 31 December 2020 or date of resignation	Vested and exercisable at 31 December 2020
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Non-Executive Directors

Mr Michael Bohm	100,000	-	-	(100,000) ¹	-	-
Mr Raymond Shorrocks (Appointed 30 June 2020)	-	-	-	-	-	-
Mr Shaun Hardcastle (Appointed 30 June 2020)	-	-	-	-	-	-
Dr Oliver Kreuzer (Resigned 30 June 2020)	100,000	-	-	(100,000) ¹	-	-

Executives

Mr James Merrillees (resigned 30 June 2020)	700,000	-	-	(350,000) ¹	350,000 ²	-
Mr Simon Jackson (appointed Executive Director 31 August 2020, formerly Non Executive Director)	100,000	-	-	(100,000) ¹	-	-
Mr Michael Naylor	-	-	-	-	-	-
Ms Susan Field	-	-	-	-	-	-
Total	1,000,000	-	-	(650,000)¹	350,000	-

¹ 650,000 performance rights from tranche 2 were not achieved and were cancelled on 15 January 2020

² Subsequent to year end 350,000 share are to be issued pertaining to Class A and B performance rights issued to former Director James Merrillees with the hurdles required for Class A and B Performance Rights issued during the 2019 financial period having been met.

Unlisted options held by Directors and key management personnel

	Grant Date	Date of Expiry	Fair Value	Exercise Price	Balance 1 Jan 2020	Issued	Exercised	Balance 31 Dec 2020	Vested and Exercisable 31 Dec 2020
Michael Bohm	22/09/2020	22/09/2023	\$0.1458	\$0.08	-	2,000,000 ¹	-	2,000,000	2,000,000
Raymond Shorrocks	22/09/2020	22/09/2023	\$0.1458	\$0.08	-	2,000,000 ¹	-	2,000,000	2,000,000
Shaun Hardcastle	22/09/2020	22/09/2023	\$0.1458	\$0.08	-	2,000,000 ¹	-	2,000,000	2,000,000
Simon Jackson	22/09/2020	22/09/2023	\$0.1458	\$0.08	-	2,000,000 ¹	-	2,000,000	2,000,000
Michael Naylor	22/09/2020	22/09/2023	\$0.1458	\$0.08	-	2,000,000 ¹	-	2,000,000	2,000,000
Total						10,000,000		10,000,000	10,000,000

¹ No consideration is paid on issue of Options.

2019

There were no options granted to KMPs as compensation in prior period.

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 ¹ (\$)	Amount recognised in 2020 based on vesting period (\$)
Mr Bohm	2018	100,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) ²	-	-	78
Mr Jackson	2018	100,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) ²	-	-	78
Dr Kreuzer	2018	100,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) ²	-	-	78
Mr Merrillees	2018	350,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(350,000) ²	-	-	274
	2019	175,000 ^{1,3}	27 May 19	NA	31 Dec 20	0.05	Nil	-	-	-	2,176
	2019	175,000 ^{1,3}	27 May 19	NA	31 Dec 20	0.05	Nil	-	-	-	1,388
	Total	1,000,000						(650,000) ²	-	-	4,072

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 were 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. 650,000 performance rights from tranche 2 were not achieved and were cancelled on 15 January 2020.
3. These performance rights were not cancelled, as the performance hurdles were achieved and shares are to be issued subsequent to 31 December 2020.

Employment contracts of Directors and senior executives

Mr Simon Jackson, Executive Director, has an employment contract with the Company that specifies his employment as an Executive Director and provides for an annual review of remuneration. Mr Jackson received a fixed annual based remuneration of \$131,400 (inclusive of superannuation). Prior to his executive appointment on 30 August 2020, Mr Jackson was a Non-Executive Director for the Company.

Mr Jackson is required to give the Company is required to give the Company 3 months written notice and the Company is required to give Mr Jackson 3 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. 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.

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

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

Mr Merrillees resigned as Managing Director effective 30 June 2020 and as an employee effective 30 September 2020.

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 2020 or 31 December 2019.

Other transactions with key management personnel

Mr Hardcastle is a Partner of the following related party which transacted with the Company.

Entity	Services provided	2020	2019
HWL Ebsworth	Company secretarial and financial management services	\$49,587.50*	-*

*Amount owing at 31 December 2020, \$1,012 and at 31 December 2019 \$Nil.

There were no other transactions with key management personnel.

Voting and comments made at the Company's last Annual General Meeting

Cygnus received a 99.98% "yes" votes on its Remuneration Report for the year ended 31 December 2019. 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	5	5
Simon Jackson	5	5
Ray Shorrocks	1	1
Shaun Hardcastle	1	1
James Merrillees (Resigned 30 June 2020)	4	4
Dr Oliver Kreuzer (Resigned 30 June 2020)	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 29,500,000 share options on issue (2019: Nil) and there were 350,000 performance rights on issue (2019: 350,000) 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 2020 has been received and is attached to this Directors' Report.

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



Simon Jackson
Executive Director

Dated in Perth this 31 day of March 2021.

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 was previously the Managing Director up until 30 June 2020 and a previous 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 report.

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 2020, 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, 31 March 2021

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.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 \$	2019 \$
REVENUE			
Other income	3	434,685	208,098
		434,685	208,098
EXPENSES			
Audit and accounting		(30,617)	(37,122)
Borrowing costs		(136)	-
Consultants and contractors	8.3	(2,374,074)	(86,300)
Corporate costs		(136,393)	(143,263)
Depreciation and amortisation	18	(41,157)	(42,869)
Depreciation on right of use assets	19	(6,192)	-
Employee benefits expense		(261,350)	(220,272)
Exploration and evaluation written off	17	(3,985,457)	(437,351)
Exploration and evaluation costs		(55,384)	(8,872)
Interest expense of lease liability	7	(1,354)	-
Listing and compliance		(69,921)	(50,833)
Share based payments – unlisted options	8.3	(1,166,720)	-
Share based payments – performance rights	8.4	(7,676)	(29,442)
Office rental & outgoings		(23,196)	(41,364)
Travel and accommodation		(114)	(4,432)
		(8,159,741)	(1,102,120)
Results from operating activities		(7,725,056)	(894,022)
Finance income		4,626	23,105
Loss before income tax		(7,720,430)	(870,917)
Income tax expense	20	-	-
Loss after income tax for the year		(7,720,430)	(870,917)
Other comprehensive loss		-	-
Total comprehensive loss for the year, net of tax		(7,720,430)	(870,917)
Loss per share attributable to equity holders of the Company:			
Basic and diluted loss per share (cents per share)	9	(9.49)	(1.42)

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

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current			
Cash and cash equivalents	4	3,385,934	1,774,659
Trade and other receivables	5	39,580	161,461
Total current assets		3,425,514	1,936,120
Non-current assets			
Exploration & evaluation	17	-	3,445,813
Property, plant and equipment	18	52,674	68,298
Right of Use Assets	19	68,119	-
Total non-current assets		120,793	3,514,111
TOTAL ASSETS		3,546,307	5,450,231
LIABILITIES			
Current liabilities			
Trade and other payables	6	97,006	338,076
Provisions		3,369	18,952
Lease liabilities	7	13,087	-
Total current liabilities		113,462	357,028
Non-current liabilities			
Provisions		-	8,830
Lease liabilities	7	56,019	-
Total non-current liabilities		56,019	8,830
TOTAL LIABILITIES		169,481	365,858
NET ASSETS		3,376,826	5,084,373
EQUITY			
Share capital	8	9,130,519	7,427,596
Reserves	8.1	4,313,389	28,129
Accumulated losses		(10,067,082)	(2,371,352)
TOTAL EQUITY		3,376,826	5,084,373

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Notes	Share Capital \$	Other Contributed Equity \$	Share Based Payment Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 January 2019		7,128,373	-	2,596	(1,504,344)	5,626,625
Loss for the year		-	-	-	(870,917)	(870,917)
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss		-	-	-	(870,917)	(870,917)
Transactions with owners						
Issue of share capital	8	302,710	-	-	-	302,710
Share issue expense	8	(3,487)	-	-	-	(3,487)
Transfer of reserve upon forfeit of performance rights		-	-	(3,909)	3,909	-
Share based payment expensed		-	-	29,442	-	29,442
Balance at 31 December 2019		7,427,596	-	28,129	(2,371,352)	5,084,373
Balance at 1 January 2020		7,427,596	-	28,129	(2,371,352)	5,084,373
Loss for the year		-	-	-	(7,720,430)	(7,720,430)
Other comprehensive loss		-	-	-	-	-
Total comprehensive loss		-	-	-	(7,720,430)	(7,720,430)
Transactions with owners						
Issue of share capital	8	2,587,750	-	-	-	2,587,750
Share issue expense	8	(884,827)	-	-	-	(884,827)
Transfer of reserve upon forfeit of performance rights	8.4	-	-	(24,700)	24,700	-
Share based payment expensed – Performance Rights	8.4	-	-	7,676	-	7,676
Share based payment expensed – Unlisted Options	8.2 8.3	-	-	4,302,284	-	4,302,284
Balance at 31 December 2020		9,130,519	-	4,313,389	(10,067,082)	3,376,826

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 \$	2019 \$
Operating activities			
Payments to suppliers and employees		(554,418)	(863,144)
Payments for exploration expenditure		-	(5,983)
Interest received		5,422	24,445
Other income	3	434,685	208,098
Net cash used in operating activities	11	(114,311)	(636,584)
Investing activities			
Payments for acquisition of mining tenements		(26,840)	(14,574)
Payments for capitalised exploration expenditure		(2,642,143)	(1,466,092)
Purchase of property plant and equipment		(25,533)	(8,815)
EIS Grant-Co-funded Exploration Drilling Program		51,952	89,362
Funds received for joint venture		1,790,187	-
Net cash used in investing activities		(852,377)	(1,400,119)
Financing activities			
Proceeds from share issued	8	2,587,750	302,710
Costs of shares issued	8	(9,787)	(3,487)
Net cash provided by financing activities		2,577,963	299,223
Net change in cash and cash equivalents		1,611,275	(1,737,480)
Cash and cash equivalents, beginning of period		1,774,659	3,512,139
Cash and cash equivalents, end of year	4	3,385,934	1,774,659

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 and its' subsidiaries, together referred to as the Group or Cygnus for the year ended 31 December 2020 and authorised for issue in accordance with a resolution of the directors on 31 March 2021.

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 Ground Floor, 24 Outram 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

	2020 \$	2019 \$
Joint venture management fee	334,685	208,098
COVID Cashflow Boost	100,000	-
Other Income	434,685	208,098

4. Cash and cash equivalents

	2020 \$	2019 \$
Cash at bank and on hand	785,934	774,659
Short-term deposits	2,600,000	1,000,000
Cash and cash equivalents	3,385,934	1,774,659

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 Group, and earn interest at the respective short-term deposit rates.

5. Trade and other receivables

	2020 \$	2019 \$
Trade and other receivables	33,312	45,979
Gold Road funds receivable	-	16,370
Prepayments	6,268	99,112
	39,580	161,461

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

	2020 \$	2019 \$
Trade and other payables	97,006	338,076
	97,006	338,076

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

7. Lease liabilities

	2020 \$	2019 \$
Current	13,087	-
Non Current	56,019	-
	69,106	-
Amount recognised in profit or loss		
Interest expense incurred on lease liability	1,354	-

Lease Liability Maturity	Within 1 Year	1 – 2 years	2 – 3 Years	3 – 4 Years	4 – 5 Years	Total
Lease payments	15,931	16,384	16,851	17,331	10,276	76,773
Finance Charges	(2,844)	(2,234)	(1,574)	(863)	(152)	(7,667)
Net Present Value	13,087	14,150	15,277	16,468	10,124	69,106

8. Contributed equity and reserves

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.

	2020 Shares	2019 Shares	2020 \$	2019 \$
Shares issued and fully paid:				
Beginning of the year	68,251,081	60,683,341	7,427,596	7,128,373
Share issue	39,819,017	7,567,740	2,587,750	302,710
Share issue costs	-	-	(884,827) ¹	(3,487)
Total contributed equity at 31 December	108,070,098	68,251,081	9,130,519	7,427,596

¹ During the period the Company issue 6,000,000 unlisted options to sponsoring brokers which have been collectively valued using Black-Scholes option pricing formula valuing them at \$875,040 which have been treated as share issue expenses.

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.

8.1 Reserves

	Notes	2020 \$	2019 \$
Share based payments reserve			
Balance at the beginning of the period		28,129	2,596
<i>Movement in share based payments reserve</i>			
Share based payment expense – Unlisted Option	8.2, 8.3	4,302,284	-
Share based payment expense – Performance rights - Key Management Personnel	8.4	7,676	29,442
<i>Transfer out of reserve upon:</i>			
Cancellation of performance rights		(24,700)	(3,909)
Balance at the end of the period		4,313,389	28,129

8.2 Share options

As approved by shareholders at General Meeting of Shareholders held on 7 September 2020 and on 22 September 2020 the Company issued a total of 29,500,000 unlisted options on the terms and conditions as detailed below to a combination of Directors and advisors.

The following table illustrates option movement during the year ended 31 December 2020.

Grant Date	Date of Expiry	Exercise Price \$	Balance 1 January 2020	Granted	Exercised	Balance 31 December 2020	Vested and Exercisable
22/09/20	22/09/23	\$0.08	-	29,500,000	-	29,500,000	29,500,000
Total				29,500,000	-	29,500,000	29,500,000

The fair value at grant date stated in the table for remaining options was determined using the Black-Scholes valuation methodology for options granted and takes into account the following inputs:

Number	Grant date & Vesting date	Expiry date	Fair value of option at grant date \$	Option exercise price \$	Risk Free Interest Rate %	Expected Volatility %	Notes	Total Value \$
29,500,000	22/09/20	22/09/23	0.1458	0.08	0.28	101	8.3	4,302,284

8.3 Share based payments – Unlisted options

	2020 \$	2019 \$
Share based payment expense – Unlisted Option - Share issue expenses	875,040	-
Share based payment expense – Unlisted Options - Consultants	2,260,524 ¹	-
Share based payment expense – Unlisted options – Key Management Personnel	1,166,720	-
	4,302,284	-

¹ The fair value determined for these Options is Included in consultants and contractor expenses for the year of \$2,374,074 as disclosed in the Statement of Profit or Loss and Other Comprehensive Income on Page 37.

8.4 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).

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 ¹ (\$)	Amount recognised in 2020 based on vesting period (\$)
Mr Bohm	2018	100,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) ²	-	-	78
Mr Jackson	2018	100,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) ²	-	-	78
Dr Kreuzer	2018	100,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(100,000) ²	-	-	78
Mr Merrillees	2018	350,000 ¹	25 May 18	NA	15 Jan 20	0.19	Nil	(350,000) ²	-	-	274
	2019	175,000 ^{1,3}	27 May 19	NA	31 Dec 20	0.05	Nil	-	-	-	2,791
	2019	175,000 ^{1,3}	27 May 19	NA	31 Dec 20	0.05	Nil	-	-	-	4,377
	Total	1,000,000						(650,000) ²	-	-	7,676

8.4 Performance rights continued

¹The 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 were 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.

² 650,000 performance rights from tranche 2 were not achieved and were cancelled on 15 January 2020.

³ These performance rights were not cancelled, as the performance hurdles were achieved and shares issued subsequent to 31 December 2020.

9. Loss per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the Company as the numerator (i.e. no adjustments to loss were necessary in 2020).

	2020 \$	2019 \$
Net loss attributable to ordinary equity holders of the Company	(7,720,430)	(870,917)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	81,336,028	61,265,475
Basic and diluted loss per share (cents per share)	(9.49)	(1.42)

10. Auditor remuneration

	2020 \$	2019 \$
Audit and review of financial statements		
Auditors of Cygnus Gold Limited - Grant Thornton Audit Pty Ltd	30,617	37,122
Non-audit services		
Tax compliance	4,650	5,800
Total auditor's remuneration	35,267	42,922

11. Reconciliation of cashflows from operating activities

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Loss for the period		(7,720,430)	(870,917)
Depreciation and amortisation		41,157	42,869
Depreciation on right of use assets		6,192	-
Exploration and evaluation impairment and costs		3,985,487	446,223
Share based payment expense – Unlisted Options - Consultants	8.3	2,260,524	29,442
Share based payment expense – Unlisted options - Key Management Personnel	8.3	1,166,720	-
Share based payment expense – Performance rights - Key Management Personnel	8.4	7,676	-
Transfer of reserve upon forfeit of performance rights		24,700	-
Other		(2,330)	
Net changes in working capital:			
Change in trade and other receivables		121,881	(257,742)
Change in employee benefits provisions		(24,413)	(1,569)
Change in trade and other payables		18,525	(24,890)
Net cash used in operating activities		(114,311)	(636,584)

12. 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	Executive Director (Appointed Executive Director on 31 August 2020, previously Non-Executive Director)
Raymond Shorrocks	Non-Executive Director (Appointed 30 June 2020)
Shaun Hardcastle	Non-Executive Director (Appointed 30 June 2020)
Oliver Kreuzer	Non-Executive Director (Resigned 30 June 2020)
James Merrillees	Managing Director (Resigned 30 June 2020)
Michael Naylor	Joint Company Secretary
Susan Field	Joint Company Secretary (Appointed 23 December 2020)

b) Key management personnel remuneration

	2020 \$	2019 \$
Short term employee benefits	372,556	461,392
Post-employment benefits	19,111	36,255
Share based payments (non-cash)	1,462,472	29,442
Total	1,854,139	527,089

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 21 to 32. 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.

12.1 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.

Mr Hardcastle is a Partner of the following related party which transacted with the Company.

Entity	Services provided	2020	2019
HWL Ebsworth	Legal services	\$49,587.50*	-*

*Amount owing at 31 December 2020, \$1,012 and at 31 December 2019 \$Nil.

12.1 Other related party transactions continued

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

Entity	Services provided	2020	2019
Blue Leaf Corporate Pty Ltd	Company secretarial and financial management services	\$81,000*	\$78,000*

*Amount owing at 31 December 2020, \$7,500 and at 31 December 2019 \$6,000.

13. Subsidiaries

Name of Entity	Country of Incorporation	2020	2019
Parent Entity			
Cygnus Gold Limited	Australia	100	100
Subsidiary			
Deneb Resources Pty Ltd	Australia	100	100
Cygnus Gold (Projects) Pty Ltd	Australia	100	100
Cygnus (JV Projects) Pty Ltd	Australia	100	100

14. Parent entity disclosure

Result of the parent entity	2020	2019
Loss for the year	7,722,029	870,917
Other comprehensive expenses	-	-
Total Comprehensive loss for the year	7,722,029	870,917
Financial Position of the parent entity at year end:		
Current assets	3,410,747	1,936,120
Non-current assets	116,005	3,514,111
Total assets	3,526,752	5,450,231
Current liabilities	93,907	357,028
Non-current liabilities	56,019	8,830
Total Liabilities	149,926	365,858
Total equity of the parent entity comprising of:	3,376,826	5,084,373
Contributed equity	9,130,519	7,427,596
Share option reserve	4,313,389	28,129
Accumulated losses	(10,067,082)	(2,371,352)
Total equity	3,376,826	5,084,373

15. Financial Risk Management

Credit risk

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

	Notes	2020 \$	2019 \$
Cash and cash equivalents	4	3,385,934	1,774,659
Trade and other receivables	5	39,580	161,461

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

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

Trade and other receivables include, accrued interest receivable from Australian accredited banks, JV receivables and tax amounts receivable from the Australian Taxation Office. The Group 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 Group 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 Group's historical experience and informed credit assessment, including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days past due.

As at 31 December 2020, 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 Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

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

The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Group in managing its cash flows. Financial liabilities are expected to be settled within 12 months.

	Notes	Carrying Amount \$	Contractual Cash Flows \$	6 Months or less \$
2020 Trade and other payables	6	97,006	97,006	97,006
2019 Trade and other payables	6	338,076	338,076	338,076

Market Risk

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

Currency Risk

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

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash. Cash includes funds held in term deposits and cheque accounts during the year, which earned variable interest at rates ranging between 0.05% and 0.62% (2019: 0.9 % and 1.5%), depending on the bank account type and account balances.

The Group has no loans or borrowings.

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

	Carrying Amount 31 December 2020 \$	Carrying Amount 31 December 2019 \$
Variable rate financial assets	3,385,934	1,774,659

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 2020.

100bp increase	3,386	1,775
100bp decrease	(3,386)	(1,775)

Capital management policies and procedures

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

There are no externally imposed capital requirements.

16. Commitments and contingent assets and liabilities

Due to the nature of the Group's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements.

Annual rent on exploration licenses held by the Group are \$201,174 (2019: \$205,333) with a minimum exploration commitment of \$1,149,000 (2019: \$1,303,500) per annum.

The Group is not aware of any other contingent commitments.

17. Exploration and evaluation

	2020 \$	2019 \$
Opening balance	3,445,813	2,555,261
Expenditure incurred during the year	3,237,204	2,856,946
Exploration and evaluation expenditures written off	(3,985,457)	(437,351)
Reimbursement from Farm in	(2,645,608)	(1,411,851)
Exploration expenditure State Government Co-Funded exploration drilling support	(51,952)	(117,192)
Closing balance	-	3,445,813

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 Group 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 \$3,985,457 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.

18. Property, plant and equipment

	2020 \$	2019 \$
Assets at cost	165,524	139,991
Accumulated depreciation	(112,850)	(71,693)
Carrying value 31 December	52,674	68,298

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 2020	10,610	13,025	44,663	68,298
Additions	4,252	15,599	5,682	25,533
Depreciation expense	(10,174)	(17,388)	(13,595)	(41,157)
Balance at 31 December 2020	4,688	11,236	36,750	52,674

19. Right of use assets

	2020 \$	2019 \$
On initial recognition	74,311	-
Right of use assets at cost	74,311	-
Depreciation for the period	6,192	-
Accumulated depreciation	6,192	-
Net carrying amount	68,119	-
Amount recognised in profit or loss		
Depreciation expense on right to use assets	6,192	-

20. 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% (2019: 27.5%) and the reported tax expense in profit or loss are as follows:

	2020 \$	2019 \$
Accounting loss before tax	7,720,430	870,917
At Australia's statutory income tax rate of 26.0% (2019: 27.5%)	(2,007,311)	(239,502)
Expenditure not allowed for income tax purposes	(24,876)	9,082
Non deductible Option expense	893,079	-
Deferred income tax at balance date relates to the following:		
Deferred tax assets not brought to account	1,139,108	230,420
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	1,804,093	1,646,309
Unrecognised deferred tax asset other	74,048	87,286
Unrecognised deferred tax liability as a result of other	(19,376)	(975,111)
	1,858,765	758,484

21. Operating segments

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

22. Significant accounting policies

22.1 New accounting standards and interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current period. Any new or Amended Standards or Interpretations that are not mandatory have not been early adopted.

Accounting Policy - AASB 16 Leases

During the year the Group entered into a sub-lease for part of office space located at Ground Floor, 24 Outram Street, West Perth and as such has been required to account for this in accordance with AASB 16: Leases for the first time.

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group’s financial statements and discloses the new accounting policies that have been applied from 1 August 2020 being the initial date covered by the sub lease.

The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

Impact of standards issued but not yet applied:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

22.2 Functional and presentation currency

The functional currency of Group 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.

22.3 Parent entity disclosure

The financial information for the parent entity, Cygnus Gold Limited, disclosed in Note 14 has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries, which have been recorded at cost less impairments.

22.4 Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group. A list of significant controlled entities (subsidiaries) at year end is contained in note 13. The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

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

22.5 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.

22.6 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.

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 Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group 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 Group'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 Group. The Group 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 Group'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 Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group 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 Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

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

i) 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 Group'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.

ii) 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.

22.7 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 Group and it is probable that reversal will not occur in the foreseeable future.

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

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Group's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full. Deferred tax assets and liabilities are offset only when the Group has a right and intention to set off current tax assets and liabilities from the same taxation authority.

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

22.8 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 \$2.6M 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 Group's cash management.

22.9 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 Group maintains a share based payments reserve which accumulates the value recognised as a result of share based awards issued to employees or contractors for services rendered. Where amounts have accumulated in the reserve and the underlying instruments expire, amounts are transferred from the reserve to retained earnings. Where amounts have accumulated in the reserve and the underlying instruments have vested or been exercised, amounts are transferred from the reserve to share capital.

22.10 Provisions, contingent liabilities and contingent assets

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group 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 Group 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 Group 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.

22.11 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.

22.12 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.

22.13 Critical Accounting Estimates and Judgements

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

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

Critical Estimates

Exploration and Evaluation Expenditure – Impairment

Determining the recoverability of exploration and evaluation expenditure capitalised in accordance with the Group's accounting policy requires estimates and assumptions as to future events and circumstances. In particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. Critical to this assessment is estimates and assumptions as to the presence of mineral reserves, timing of expected cash flows, exchange rates, commodity prices and future capital requirements. Changes in these estimates and assumptions as new information about the presence or recoverability of a mineral reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the statement profit or loss and other comprehensive income.

Performance Rights

The Group makes judgments around the value of awarded performance rights based on the historical performance of the Group as the vesting conditions are linked to peer Group comparison via Total Shareholder Returns (TSR). Management determines the total value of the award based on weighted probabilities of the vesting criteria being achieved. In addition to historical performance compared to its peers, management further considers how the Group 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.

22.14 Going Concern

The financial statements have been prepared on a going concern basis of accounting which assumes that the Group will be able to meet its commitments, realise its assets, discharge its liabilities in the ordinary course of business and meet exploration budgets. In arriving at this position, the Directors recognise the Group is dependent on various funding alternatives to meet these commitments which may include share placements and suitable project funding arrangements including earn-ins, joint ventures or project divestment.

During the current year the Group the cash outflows from operating and investing activities equated to \$966,688 (2019: \$2,036,703) and held \$3,385,934 of cash and cash equivalents and net and net assets of \$3,376,826 at balance date.

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.

22.15 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.

22.16 Property, plant and equipment

Recognition and Measurement

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

Subsequent Costs

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

Ongoing repairs and maintenance are expensed as incurred.

Depreciation

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

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

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

22.17 Share based payments

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

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

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

22.18 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 Group spends the JV partner's contributions to the earn-in arrangement and thus is entitled to the management fee that attaches to the expenditure.

22.19 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 Group 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 Group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations.

The Group currently has two 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.

During the year Cygnus received cash calls from Gold Road and managed the exploration and evaluation activity at their discretion, deriving a management fee of 15% of the expenditure that has spent from Gold Road funds until 30 September 2020 when Gold Road took over the management. 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 Consolidated Statement of Financial Position. The Group only capitalises qualifying expenditure on the projects as exploration and evaluation asset where it is the Group's cash used.

The Group is currently diluting to 10% and it then is planning to maintain its 10% interest in the Lake Grace Project.

2. The Yandina Project

In this joint operation, Cygnus's hold 10% and Gold Road hold 90% 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. During the year 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, until 30 September 2020 when Gold Road took over the management.

The Group is planning to maintain its 10% interest in the Yandina Project.

22.20 Government grants

The Group receives government grants for qualifying exploration and evaluation activity. The amounts are paid in arrears as a reimbursement. All expenditures incurred by the Group that are covered by the grant are capitalized exploration and evaluation expenditure. For this reason, the Group applies the grant amounts received as an off- set against its evaluation and exploration asset balance on the Consolidated Statement of Financial Position. In the current period, this treatment occurred for the EIS Grant - a co-funded exploration drilling program - totalling to \$51,952 (2019: 89,362).

23 Post reporting date events

There have not been any events that have arisen between 31 December 2020 and the date of this report or any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to materially affect the operations of the Group, the results of those operations or the state of affairs of the Group, in subsequent financial years.

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 consolidated financial position as at 31 December 2020 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 2020.
3. Note 2 confirms that the financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Simon Jackson
Executive Director

Perth, 31 March 2021

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) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 31 December 2020 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

Key audit matter	How our audit addressed the key audit matter
<p>Exploration and evaluation assets - Notes 17 & 22.11</p> <p>At 31 December 2020 the carrying value of exploration and evaluation assets was \$nil.</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management’s area of interest considerations against AASB 6; • conducting a detailed review of management’s assessment of trigger events prepared in accordance with AASB 6 including; <ul style="list-style-type: none"> ○ tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; ○ enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management’s budgeted expenditure; ○ understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; • evaluating the competence, capabilities and objectivity of management’s experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor’s report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group’s annual report for the year ended 31 December 2020, 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/Group'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/Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.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 21 to 32 of the Directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of Cygnus Gold Limited, for the year ended 31 December 2020 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, 31 March 2021

Top 20 holders of ordinary shares

In accordance with ASX Listing Rule 4.10, the following information is provided as at 23 March 2020.

Rank	Name	Units	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,669,677	7.10
2	SOUTHERN CROSS CAPITAL PTY LTD	7,384,588	6.83
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,658,721	6.16
4	SYMORGH INVESTMENTS PTY LTD <SYMORGH SUPER FUND A/C>	5,789,494	5.36
5	MS CHARMAINE LINDA LOBO	5,722,395	5.30
6	MR ALAN FRANK CLELAND <DA EXPLORATION A/C>	3,066,668	2.84
7	GLEESON MINING PTY LTD <GLEESON FAMILY A/C>	2,465,813	2.28
8	MR TIMOTHY MCCORMACK	2,386,944	2.21
9	MR JAMES MICHAEL THOMSON	2,184,444	2.02
10	DR OLIVER PIERRE KREUZER	2,130,556	1.97
11	BIGJAC INVESTMENTS PTY LTD <BIGJAC INVESTMENT A/C>	2,111,111	1.95
12	GOLD LEAF CORPORATE PTY LTD <GOLD LEAF CORPORATE A/C>	1,991,453	1.84
13	MR MICHAEL DYLAN NAYLOR + MS SARAH MCALPINE <M D & S I SUPER FUND A/C>	1,959,999	1.81
14	MR GAVIN JEREMY DUNHILL	1,850,000	1.71
15	FATHOM GEOPHYSICS AUSTRALIA PTY LTD	1,666,667	1.54
16	SYMORGH INVESTMENTS PTY LTD <SYMORGH SUPER FUND A/C>	1,666,667	1.54
17	SPRING STREET HOLDINGS PTY LTD	1,606,837	1.49
18	THE DUTCHINA INVESTMENTS PTY LTD	1,465,154	1.36
19	MR RONALD WILLIAM BILLYARD + MS FIONA CURREY <B C SUPERFUND A/C>	1,332,000	1.23
20	SLAM CONSULTING PTY LTD	1,300,000	1.20
Total		62,409,188	57.75

Range of shares

Range	Total holders	Units	% of issued capital
1 - 1,000	24	6,692	0.01
1,001 - 5,000	85	283,811	0.26
5,001 - 10,000	77	645,610	0.60
10,001 - 100,000	302	13,131,700	12.15
100,001 Over	116	94,002,285	86.98
Total	604	108,070,098	100.00

Substantial Holders

	Units	% of issued capital
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,669,677	7.10
SOUTHERN CROSS CAPITAL PTY LTD	7,384,588	6.83
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,658,721	6.16
SYMORGH INVESTMENTS PTY LTD <SYMORGH SUPER FUND A/C>	5,789,494	5.36
MS CHARMAINE LINDA LOBO	5,337,780	5.30

Unmarketable Parcels

There were 59 shareholders with less than a marketable parcel of shares, based on the closing price \$0.17

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
<i>Cygnus Gold Limited</i>			
E77/2564	Western Australia	Cygnus Gold Limited	Pending, 100%
<i>Cygnus Gold (Projects) Pty Ltd</i>			
E70/4787	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4854	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4911	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4939	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4989	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4990	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/5131	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/5137	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
<i>Deneb Resources Pty Ltd</i>			
E29/1075	Western Australia	Deneb Resources Pty Ltd	100%
E70/4988	Western Australia	Deneb Resources Pty Ltd	100%
E70/4992	Western Australia	Deneb Resources Pty Ltd	100%
E70/5050	Western Australia	Deneb Resources Pty Ltd	100%
E70/5168	Western Australia	Deneb Resources Pty Ltd	100%
E70/5169	Western Australia	Deneb Resources Pty Ltd	100%
E70/5196	Western Australia	Deneb Resources Pty Ltd	100%
E70/5397	Western Australia	Deneb Resources Pty Ltd	100%
E70/5409	Western Australia	Deneb Resources Pty Ltd	100%
E70/5410	Western Australia	Deneb Resources Pty Ltd	100%

Tenement	Location	Registered Owner	Structure and Ownership
<i>Deneb Resources Pty Ltd</i>			
E70/5413	Western Australia	Deneb Resources Pty Ltd	100%
E70/5492	Western Australia	Deneb Resources Pty Ltd	Pending 100%
E70/5617	Western Australia	Deneb Resources Pty Ltd	Pending 100%
E70/5618	Western Australia	Deneb Resources Pty Ltd	Pending 100%
E77/2405	Western Australia	Deneb Resources Pty Ltd	100%
E77/2463	Western Australia	Deneb Resources Pty Ltd	100%
E77/2720	Western Australia	Deneb Resources Pty Ltd	Pending 100%
<i>Lake Grace Joint Venture Project – Managed by Gold Road Resources Limited</i>			
E70/4853	Western Australia	Cygnus (JV Projects) Pty Ltd	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/4855	Western Australia	Cygnus (JV Projects) Pty Ltd	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/4991	Western Australia	Cygnus (JV Projects) Pty Ltd	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/5017	Western Australia	Cygnus (JV Projects) Pty Ltd	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/5188	Western Australia	Cygnus (JV Projects) Pty Ltd	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/5251	Western Australia	Cygnus Gold Limited	Pending, Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/5320	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
<i>Yandina Joint Venture Project – Managed by Gold Road Resources Limited</i>			
E70/5098	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluted to 10%), Gold Road Projects Pty Ltd (earned 90%)
E70/5099	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluted to 10%), Gold Road Projects Pty Ltd (earned 90%)
E70/5100	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluted to 10%), Gold Road Projects Pty Ltd (earned 90%)
E70/5101	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluted to 10%), Gold Road Projects Pty Ltd (earned 90%)

Tenement	Location	Registered Owner	Structure and Ownership
<i>Yandina Joint Venture Project</i>			
E70/5230	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/5231	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)
E70/5232	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	Cygnus (diluting to 10%), Gold Road Projects Pty Ltd (earning 90%)