



CYGNUS GOLD

Cygnus Gold Limited
Annual Report 2021

An Australian Gold and Base Metals Exploration Group

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

Joint Company Secretaries

Mr Michael Naylor

Ms Susan Field

Auditors

Ernst & Young

11 Mounts Bay Road, Perth WA 6000

Stock Exchange Listing

Primary listing: Australian Securities Exchange

ASX Code: CY5

Share Register

Computershare Investor Services Pty Ltd

GPO Box 2975, Melbourne VIC 3001

Phone: +61 3 9415 5000 Fax: +61 3 9473 250

Bankers

National Australia Bank

100 St Georges Terrace, Perth WA 6000

Solicitors

Hamilton Locke

Level 27, Central Park

152-158 St Georges Terrace, Perth WA 6000

Chairmans' Statement

Dear Fellow Shareholder,

Another year passes and I'm pleased to report that although the Pandemic continues, much has been achieved with our Western Australian portfolio of projects along with additional projects we are reviewing.

The executive and management team at Cygnus Gold have been working diligently at reviewing and improving our assets in Western Australia. Recent management changes with the appointment of myself as Executive Chairman and Duncan Grieve as Exploration Manager means the team and board, with a track record of creating significant shareholder value will continue exploring and developing high quality assets.

We maintain a quality ground position in Western Australia with over 2,100km² of 100% Cygnus owned tenure in the underexplored Southwest Terrane of the Yilgarn Craton with recent local discoveries including Chalice Mining's Julimar discovery along with the Boddington, Katanning and Edna Mary discoveries. The majority of our tenure remains underexplored compared to the rest of the Yilgarn Craton. Importantly, we have an abundance of discovery potential combined with commodity exposure and a team selected for delivering significant shareholder value.

All Projects are easily accessible being located within 4hrs of Perth.

Bonnie Rock - Completely underexplored with a single tenement covering 129km² located 50km northeast of the terrane bounding Koolanooka Fault. Recent results from rock chipping returning significant results over the Dam Gossan target is also supported by historic drill results.

Recent rock chips confirm significant +1.2km strike length of the system which remains completely open. Historical exploration in the 1970's focused on only 200m of strike length with much of the drilling ineffectively testing the Dam Gossan outcrop.

Julimar East and Snake Rock - Our Julimar East and Snake Rock project are located within the same mobile belt which hosts the Julimar deposit, owned by Chalice Mining (ASX:CHN). This tenure is considered highly prospective for Nickel, Copper and PGEs. We were one of the early movers with three projects adjacent to Anglo-American's significant ground holding of >10,000km² which was pegged in 2020 following the Julimar discovery.

This area is underexplored and ground geophysics recently defined a large ultramafic at Julimar East with a strike length of over 9km for immediate follow up work.

Maiden drill programme at Snake Rock anticipated to commence in the first half of the year targeting strongly magnetised ultramafic lithologies.

Bencubbin – Cygnus has a combined ground position of 800km² with a strike length of 74km covering a largely underexplored greenstone belt under thin cover. Less than 650 drillholes have been drilled over the entire tenement, with most of those AC and RAB. There are multiple targets with prospectivity for Nickel, Copper, PGE's and Gold.

Health Safety and the Environment

The safety of our employees, contractors and community is of paramount importance and I am pleased to advise we have a 100% safety record, and we intend to keep it that way. Likewise, our intention is to maintain our environmental footprint as low as possible.

I would like to take this opportunity to thank shareholders for supporting the changes and patience while your Company further develops our current portfolio and looks to expand into new opportunities. We are on that journey and plan to deliver on a new business outlook as a priority during 2022.

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



Executive 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 2021.

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 Raymond Shorrocks - Executive Chairman

Appointed 8 November 2021, previously appointed Non-Executive Director on 30 June 2020.

Ray Shorrocks has over 28 years' experience working in the investment banking industry. He is highly conversant and experienced in all areas of mergers and acquisitions and equity capital markets, including a significant track record of transactions in the metals and mining sectors. He was past Chairman of ASX listed Bellevue Gold Limited and Republic Gold Limited.

Mr Shorrocks is Non-Executive Chairman of Galilee Energy Limited and a number of private companies. Mr Shorrocks is former Director and Head of the Corporate Finance department of a major Australian investment services company based in Sydney.

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	15 January 2014	-
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 Michael Bohm - Non-Executive Director

Appointed Non-Executive Director on 8 November 2021, previously appointed Non-Executive Chairman on 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 and Sustainability Committees and Chairs their Remuneration Committees. Prior to this, he has held a number of directorships including those with Perseus Mining Limited, Argyle Diamonds Mines, Sally Malay Mining Limited and Ashton Mining of Canada.

Directors' Report

Mr Michael Bohm - Non-Executive Director (continued)

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	-

There were no other former directorships in the last 3 years

Mr Simon Jackson – Non-Executive Director

Appointed Non-Executive Director on 8 November 2021, previously Executive Director appointed on 31 August 2020, resigned 8 November 2021 and previously appointed Non-Executive Director on 17 November 2017.

Mr Jackson is a Chartered Accountant with over 30 years' experience in the gold industry. Mr Jackson currently sits as a non-executive on four public Company Boards. He previously held a number of senior executive positions including CEO of Kopore Metals Limited, CEO of Beadell Resources and President and CEO of TSXV-listed Orca Gold Inc, which recently announced it is being acquired by Perseus Mining.

From 1999 to 2010, he was an integral part of the senior management team at Red Back Mining Inc, which grew from a small West Perth-based junior to a TSX-listed intermediate producer that was taken over by Kinross Gold Corp in 2010. Mr Jackson's career includes corporate transactions and equity financings involving assets in Australia, Africa, Asia and South America.

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

Other current directorships	Commenced	Ceased
Sarama Resources Limited	11 March 2011	-
Predictive Discovery Ltd	19 October 2021	-
Resolute Mining Limited	29 October 2021	-
Kopore Metals Limited	7 March 2019	15 November 2021
CZR Resources Limited (formerly Coziron Resources Limited)	30 January 2019	10 September 2021

Former directorships in the last 3 years

Orca Gold Inc	4 April 2013	30 May 2019
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Directors' Report

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 Hamilton Locke. 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	-

Former directorships in the last 3 years

Schrole Group Ltd	04 October 2017	18 May 2021
Hawkstone Mining Ltd	23 February 2015	14 July 2020
Pure Foods Tasmania Ltd	23 August 2018	28 April 2020

Interests in the shares and options of the Company

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

Name	Number of ordinary shares	Unlisted options
Mr Ray Shorrocks	2,715,591 ¹	5,500,000
Mr Michael Bohm	6,157,178 ²	2,000,000
Mr Simon Jackson	2,732,948 ³	2,000,000
Mr Shaun Hardcastle	1,089,930 ⁴	2,000,000

¹. Included in the number of ordinary shares held at the date of the report are 664,310 which are under voluntary escrow until 21 January 2023.

². Included in the number of ordinary shares held at the date of the report are 434,783 which are under voluntary escrow until 20 January 2023.

³. Included in the number of ordinary shares held at the date of the report are 217,391 which are under voluntary escrow until 20 January 2023.

⁴. Included in the number of ordinary shares held at the date of the report are 260,870 which are under voluntary escrow until 20 January 2023.

Joint Company Secretaries

Mr Michael Naylor

Mr Naylor has 26 years' experience in corporate advisory and public company management since commencing his career and qualifying as a Chartered Accountant with Ernst & Young. He has been involved in the financial management of mineral and resource focused public companies serving on the board and in the executive management team focusing on advancing and developing mineral resource assets and business development.

Directors' Report

Joint Company Secretaries (continued)

Ms Susan Field

Susan is a Chartered Accountant with 29 years' experience in the corporate sector and in public practice. Since qualifying as a Chartered Accountant with Ernst & Young, Ms Field has worked in several management roles in both the public and private sector. Prior to entering public practice, Ms Field also spent over 11 years in the financial services and retail banking industry where she held various positions in several operational management roles.

Operating results

The Group's consolidated net loss for the year ended 31 December 2021 after providing for income tax amounted to \$2,081,181 (2020: \$7,720,430).

The loss included the following items:

- Share-based payment of \$795,814 (2020: \$4,302,284), refer Note 9.1(b)
- Exploration and evaluation expenditure impaired of \$313,881 (2020: Nil)
- Exploration and evaluation expenditure written off of \$4,281 (2020: \$3,985,457)

Review of financial position

The net assets are \$3,110,086 as at 31 December 2021 (2020: \$3,376,826).

At year end the Group remains well financed with \$2,811,336 in cash and cash equivalents (2020: \$3,385,934).

Principal activities

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

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

Directors' Report

Review of Operations

Overview

Cygnus Gold Limited's (Cygnus or the Company) exploration activities are currently focused in the Southwest Terrane (SWT), an underexplored region of highly prospective geology within the prolific Yilgarn Craton, Western Australia. The company holds a significant (~2,100km²) landholding within this province, with tenure highly prospective for base metals, gold and PGEs.

Over the year Cygnus has been advancing exploration across multiple fronts including key assets; Julimar East, Bencubbin, Bonnie Rock, Snake Rock and Panhandle. This renewed exploration drive comes after a significant restructuring of the team at both the corporate and management level.

The Company is also continuing to actively search for new, more advanced opportunities in precious and base metals and has reviewed numerous potential opportunities during the year. This work is continuing and remains a focus of the company.

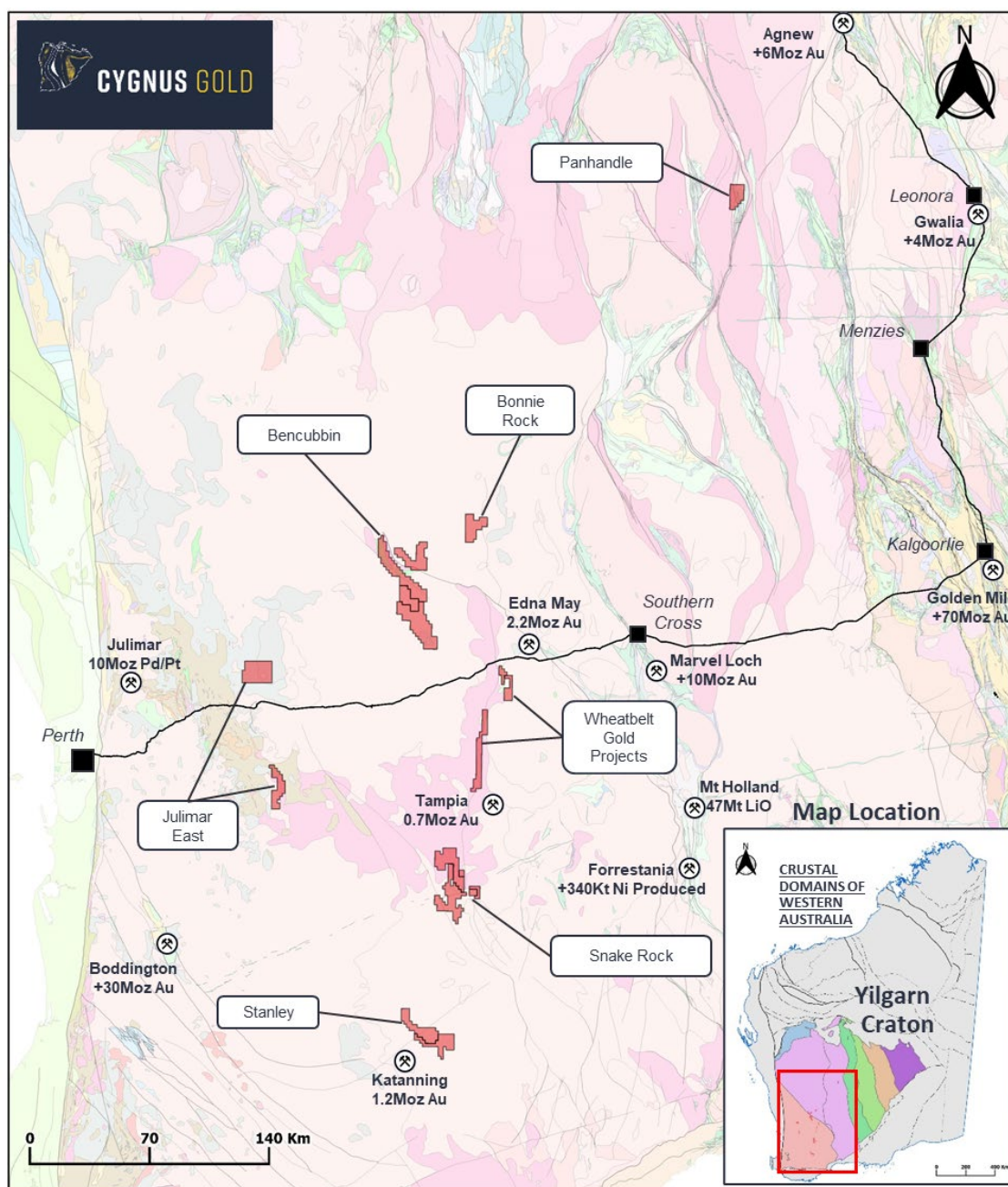


Figure 1: Cygnus current tenure relative to major deposits including the recent Julimar 10Moz PGE discovery (Chalice Mining ASX:CHN) with background geology from GSWA mapped regional geology (1:500,000).

Directors' Report

Review of Operations (continued)

Bencubbin Project

The ~800km² Bencubbin Project is located ~220km northeast of Perth and covers the Bencubbin Greenstone Belt, an underexplored greenstone sequence extending for over 70km of strike, and up to 5km in width. The property is considered highly prospective for:

- 'Kambalda-style', komatiite-hosted magmatic nickel-copper sulphides, associated with the Bencubbin North Komatiite and Bencubbin South Ultramafic. Surface exploration at Bencubbin North has defined a regionally extensive nickel-in-soil geochemical anomaly developed over 18km with results >1000ppm Ni and >100ppm Cu (refer to CY5 ASX Announcement 30 November 2018)¹
- Volcanogenic massive sulphide (VMS) base metals (lead-zinc-copper) mineralisation currently delineated in the Mandiga Grylls trend, defined by a 3.3km long zone of copper (Cu), lead (Pb) and zinc (Zn) mineralisation up to 2m @ 1.7% Zn in historic drillhole DMA5 (refer to CY5 ASX Announcement 30 November 2018)¹

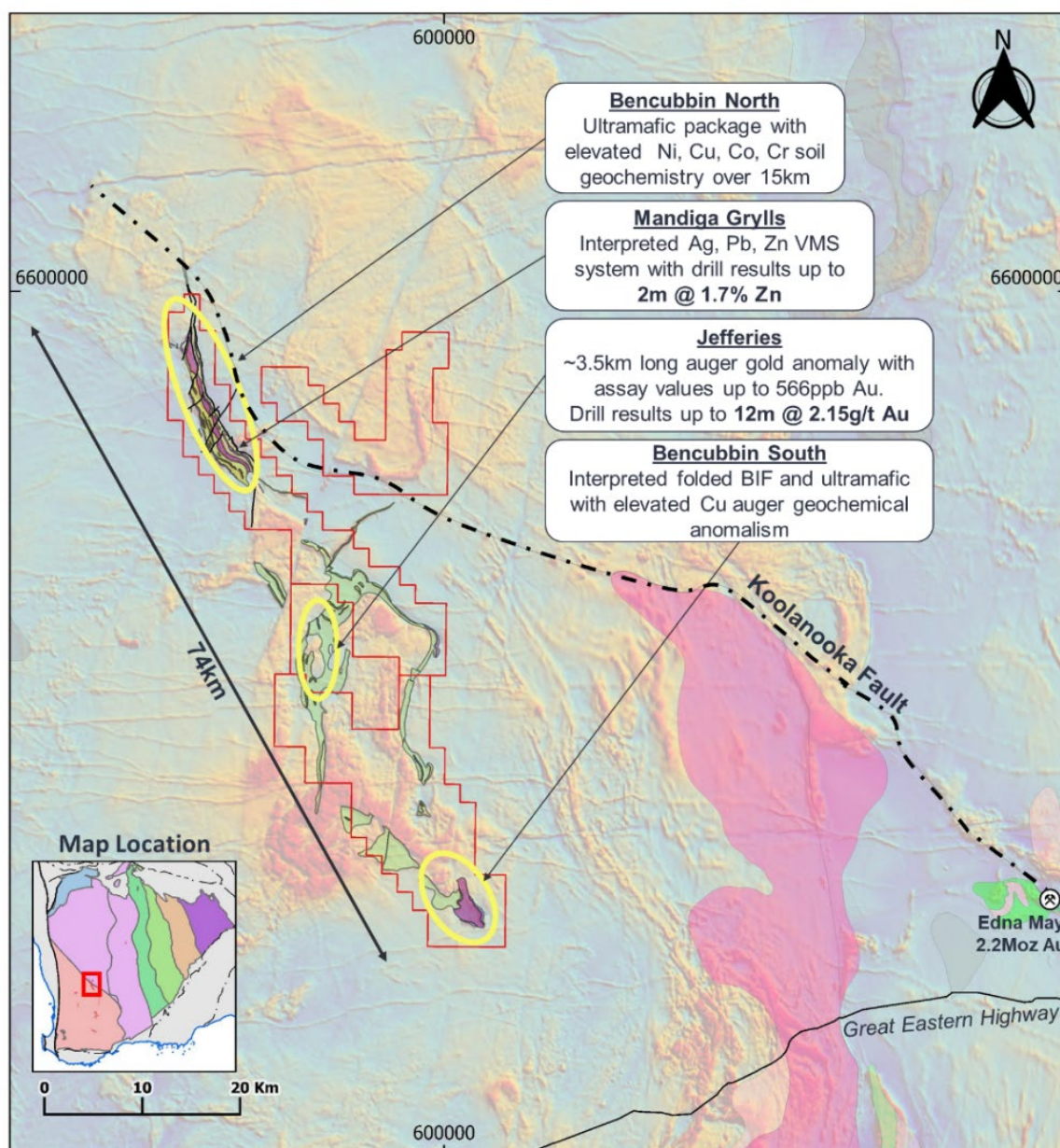


Figure 2: Bencubbin Project with local geology overlain on regional GSWA magnetics showing main target areas and location of Edna May Mine operated by Ramelius Resources (ASX:RMS), only 60km to the south-east. (refer to CY5 ASX Announcement 30 November 2018)^{1,2}

Review of Operations (continued)

Following a detailed review of the Bencubbin Project, the focus this year has been around target definition ahead of planned follow up drill testing. This has included geophysics, with a ground electromagnetic survey completed at Bencubbin North as well as a detailed aeromagnetics survey across much of the project. Interpretation of this work is in progress and will feed into drill targets for 2022. Further to the geophysics, geochemical programmes are scheduled for Bencubbin South following geological mapping and rock-chipping which confirmed the presence of prospective greenstone belt lithologies. Auger is scheduled for the first half of 2022 aiming to infill and extend existing anomalism over this interpreted ultramafic-BIF contact.

Panhandle Project

Cygnus Gold's E29/1075 (Panhandle Project) is located approximately 300km north of Kalgoorlie in the Central Yilgarn Craton.

The ~100km² Panhandle tenement covers a 13km section of the Panhandle Greenstone Belt (Youanmi Terrane, Yilgarn Craton) where the Company's review of historical exploration has revealed no drilling and limited surface sampling and geophysical surveys.

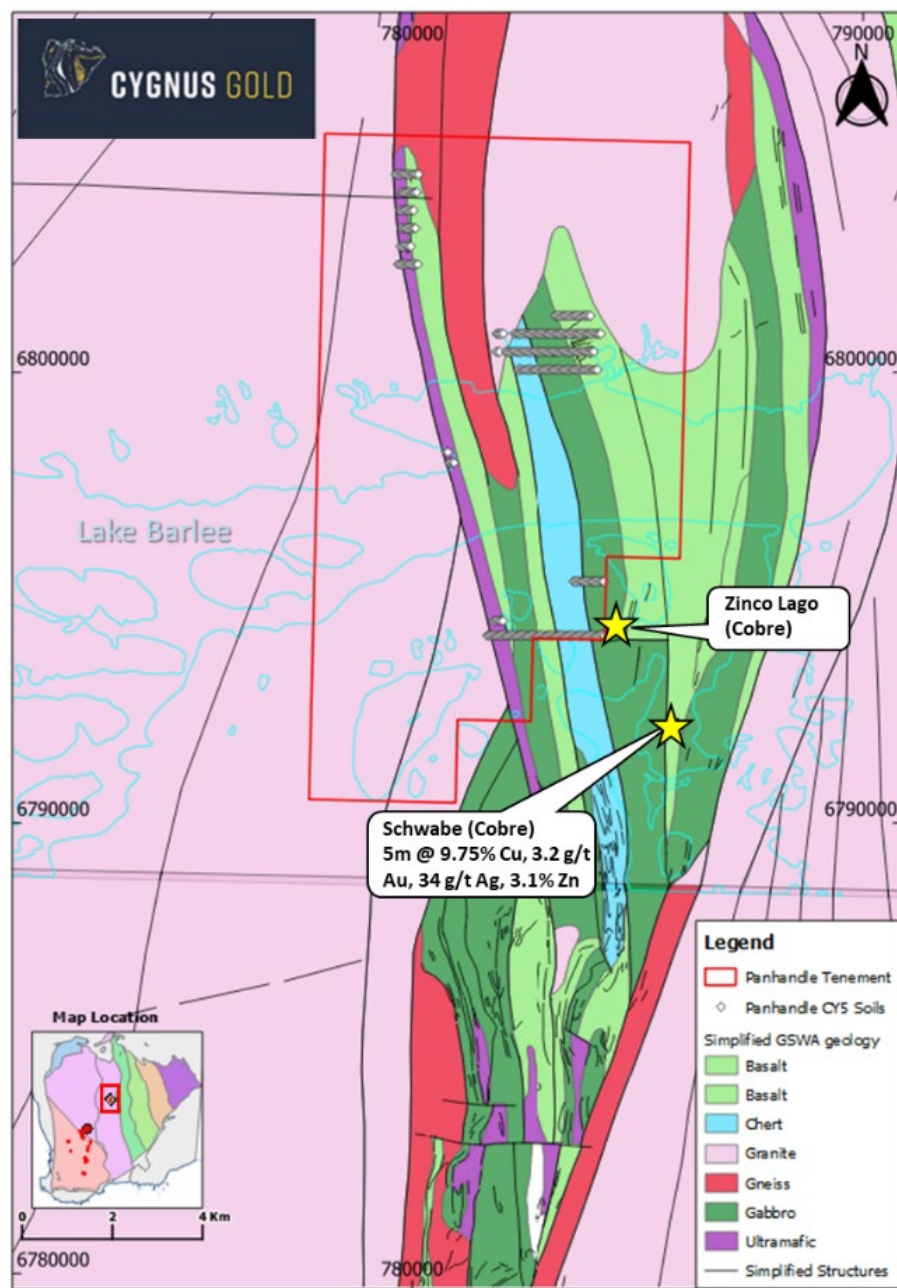


Figure 3: Cygnus' Panhandle project interpreted geology with adjacent Cobre prospects highlighted. Drill intersections quoted are from CBE ASX Announcement 31 January 2020¹. Illustrating location of completed soils programme

Directors' Report

Review of Operations (continued)

The greenstone sequences at Panhandle are interpreted to be extensions of the rock units targeted by listed explorer Cobre Limited (ASX:CBE) on the adjacent Perrinvale project (Figure 3, above) and are considered highly prospective for:

- Volcanogenic massive sulphide (VMS) (lead-zinc-copper) mineralisation. Cobre have announced drill intersections on the Schwabe prospect along strike from Panhandle (refer Cobre ASX Announcement 31 January 2020)¹
- Orogenic gold mineralisation similar to the Rover Project where ASX-listed TSC Limited (ASX: TSC) have intersected high grade gold (refer TSC ASX Announcement 25 February 2020)¹
- 'Kambalda-style', komatiite-hosted magmatic nickel-copper sulphides hosted in ultramafic sequences.

Work this year has included initial surface geochemical sampling which consisted of ~333 soil samples over areas of in situ regolith close to known outcrop. Results from this program confirmed that prospective trends continue from the adjacent Cobre (ASX:CBE) Perrinvale Project, with outcrop and geochemical signatures indicating presence of ultramafics, mafic volcanics and BIF.

Heritage surveys have been recently completed which will accommodate follow up AC programs that are planned to test areas with interpreted thin alluvial cover along strike from known enrichment on the adjacent tenements. These programmes are expected to commence mid-2022.

Bonnie Rock

Cygnus Gold's Bonnie Rock Project (E70/5196) is located within the Youanmi Terrane of the Yilgarn Craton, around 25km north of the major terrane bounding Koolanooka fault.

The project covers 129km² and was initially explored during the late 1970s and early 1980s but has seen very little modern exploration since. Previous explorers identified the Dam Gossan Target, an area of outcropping silver-lead-zinc mineralisation associated with manganese rich gossanous veins in 150m long suite of outcropping felsic intrusives. Limited subsequent drilling from the Dam Gossan confirmed grades of up to 760g/t Ag, 1.9% Pb and 1.7% Zn which remains open along strike and at depth with only 200m of strike extent tested by drilling within a larger 1.2km area of anomalous silver-lead-zinc rock chips (refer to CY5 ASX Announcement 24 January 2022)¹.

Cygnus Gold's exploration this year has included confirmation rock chipping and field mapping with results to date returning significant grades of up to 89g/t Ag, 3% Pb and 6.7% Zn from 35 samples (refer to CY5 ASX Announcement 24 September 2022)¹. These samples displayed in Figure 4 show anomalism over 1.2km, indicating the scale of the anomaly has yet to be tested with historic exploration only focussed on 200m of strike. To date 10 short holes have been completed on the prospect which was last drilled in 1981. Of the 10 holes drilled, 3 failed to meet target depth due to drilling conditions (RC).

Follow up exploration work has been completed to confirm the scale of the high-grade silver, lead, zinc through auger geochemistry covering a 3km area with assay results pending. This will provide a vector for follow up drill testing in late 2022.

Directors' Report

Review of Operations (continued)

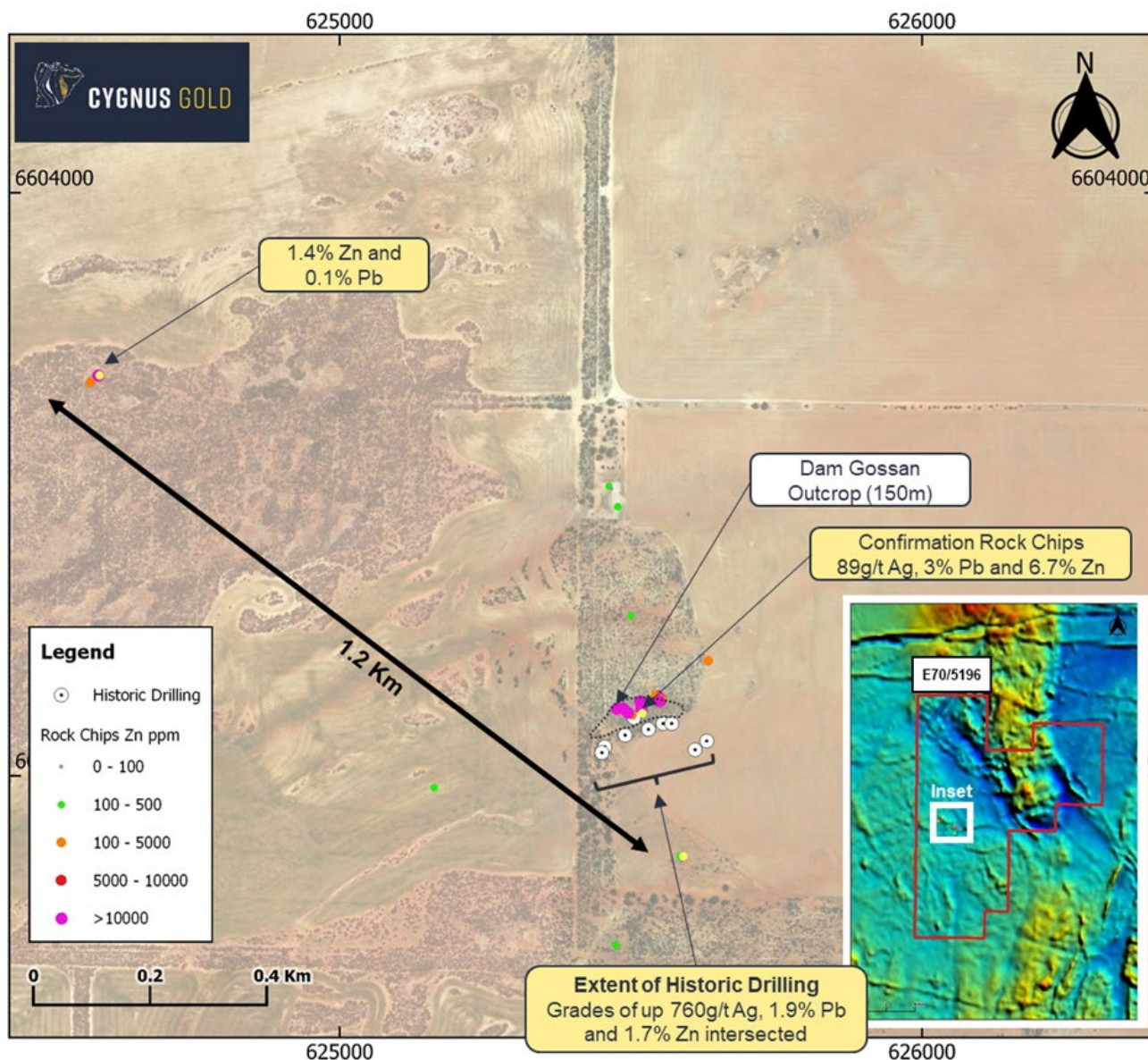


Figure 4 Bonnie Rock Project (E70/5196). Rockchip samples with anomalous grades over 1.2km as well as location of historic drillholes. Drilling only covers 200m of strike within 1.2km of anomalous rock chips. Mineralisation remains open. Inset: Location of Dam Gossan within larger Bonnie Rock Tenement (E70/5196) with background magnetics (GSWA RTP). (refer to CYS ASX Announcement 24 January 2022)¹

Julimar East Project

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

Directors' Report

Review of Operations (continued)

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

E70/5492 (Culbarting) contains a strong magnetic anomaly, possibly representing a folded package of BIF and "Julimar" style mafic-ultramafic rocks. There is around 7km of strike, with no historical exploration identified to date.

E70/5397 (Mackie) is a continuous holding over 26km of northeast striking interpreted remnant greenstone belt, immediately along strike from historical drilling that intersected mafic-ultramafic rocks.

As a result, both EL's are considered prospective for mafic-ultramafic lithologies with potential Ni-Cu-PGE mineralisation.

During the year, first pass geochemical sampling and ground gravity has been completed across analogous geophysical anomalies to the Julimar Ni-Cu-PGE discovery.

Results from ground the gravity survey on E70/5397 have highlighted an interpreted 9km long and 2km wide ultramafic that sits beneath a thin veneer of cover which is a target for possible Ni-Cu-PGE mineralisation. Modelling of the results by Southern Geoscience (SGC) indicate the dense body of rock has significant thickness of up to 400m and appears to be close to surface. The area has been subjected to limited historic exploration with drilling in the early 2000's focussing on kaolin exploration with shallow AC and RAB. Much of this drilling was not submitted for any element analysis. The results of the gravity will be used in conjunction with first pass geochemical sampling (results pending), to generate follow up targets for continued exploration into 2022.

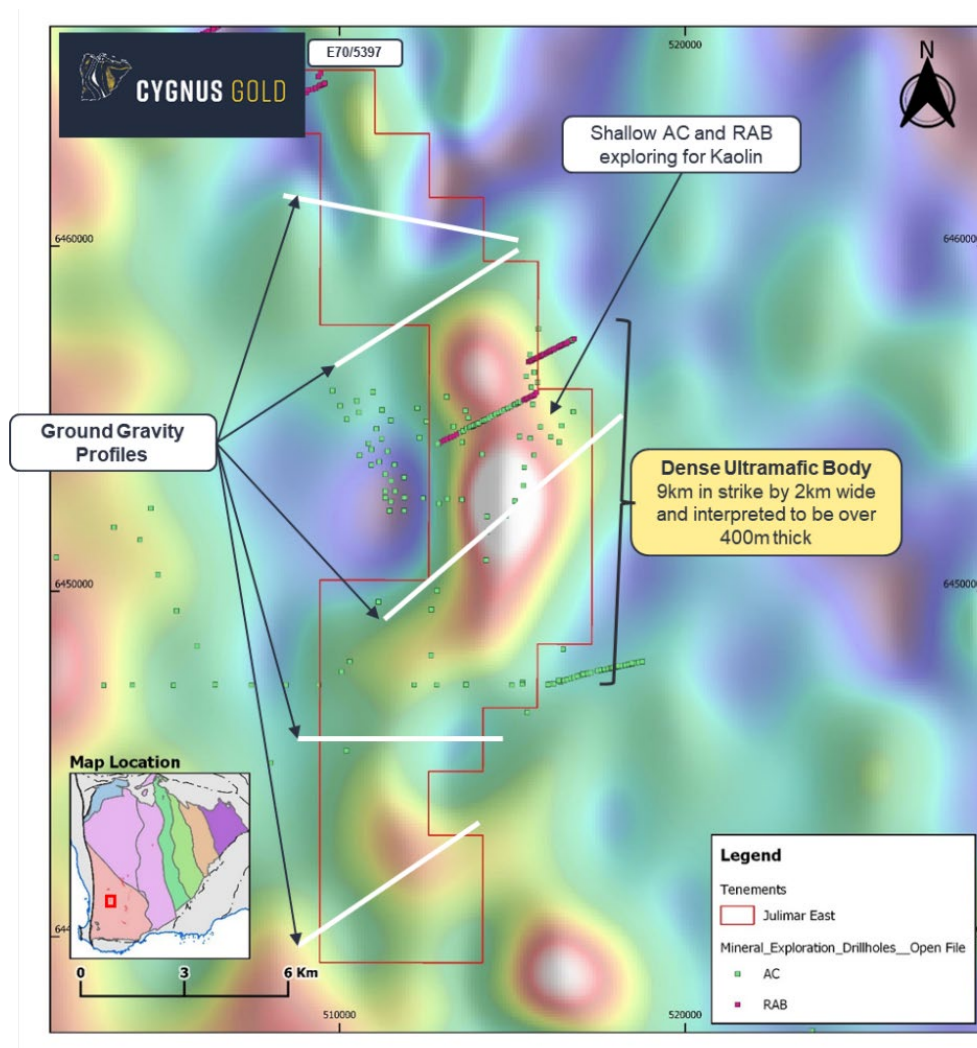


Figure 5: Julimar East Project (E70/5397): Interpreted ultramafic body. Re-stretched GSWA regional gravity with addition of ground gravity data showing significant gravity high in the centre of the E70/5397 tenement covering 9km of strike length. Location of the gravity profiles show in white with location of open file drill collars which have historically been focussed on kaolin exploration.

Directors' Report

Review of Operations (continued)

Snake Rock Project

The Snake Rock Project (E70/4911) is located 230km east of Perth and 70km north of the town of Lake Grace in the Yilgarn Cratons, Southwest Terrane.

Cygnus has recently expanded the ground position of this project with the addition of E70/5098 which formed part of the Yandina Joint Venture previously held with Goldroad Resources (ASX:GOR). The project covers 448km² of an area considered highly prospective for Ni, Cu and PGEs; covering the south eastern extent of the same mobile belt which hosts the Julimar Ni-Cu-PGE discovery (ASX:CHN).

The ground is dominated by a regional gravity high with localised intense magnetic anomalies, with the geology interpreted to be part of the larger Kondinin layered ultramafic complex. Ultramafic have been confirmed from historic drilling during the late 1960's on the adjacent tenure to E70/4911 which is currently being explored by ASX listed Sultan Resource (ASX:SLZ). The historic drilling also confirmed the presence nickel-cobalt bearing sulphides (refer Sultan Resources ASX Announcement 12 January 2022)¹.

A detailed review of the project has highlighted the prospectivity of the Snake Rock Project for ultramafic hosted Ni, Cu and PGEs with an analogous geophysical signature to the nickel-cobalt bearing ultramafic on the adjacent tenure (refer Sultan Resources ASX Announcement 12 January 2022)¹.

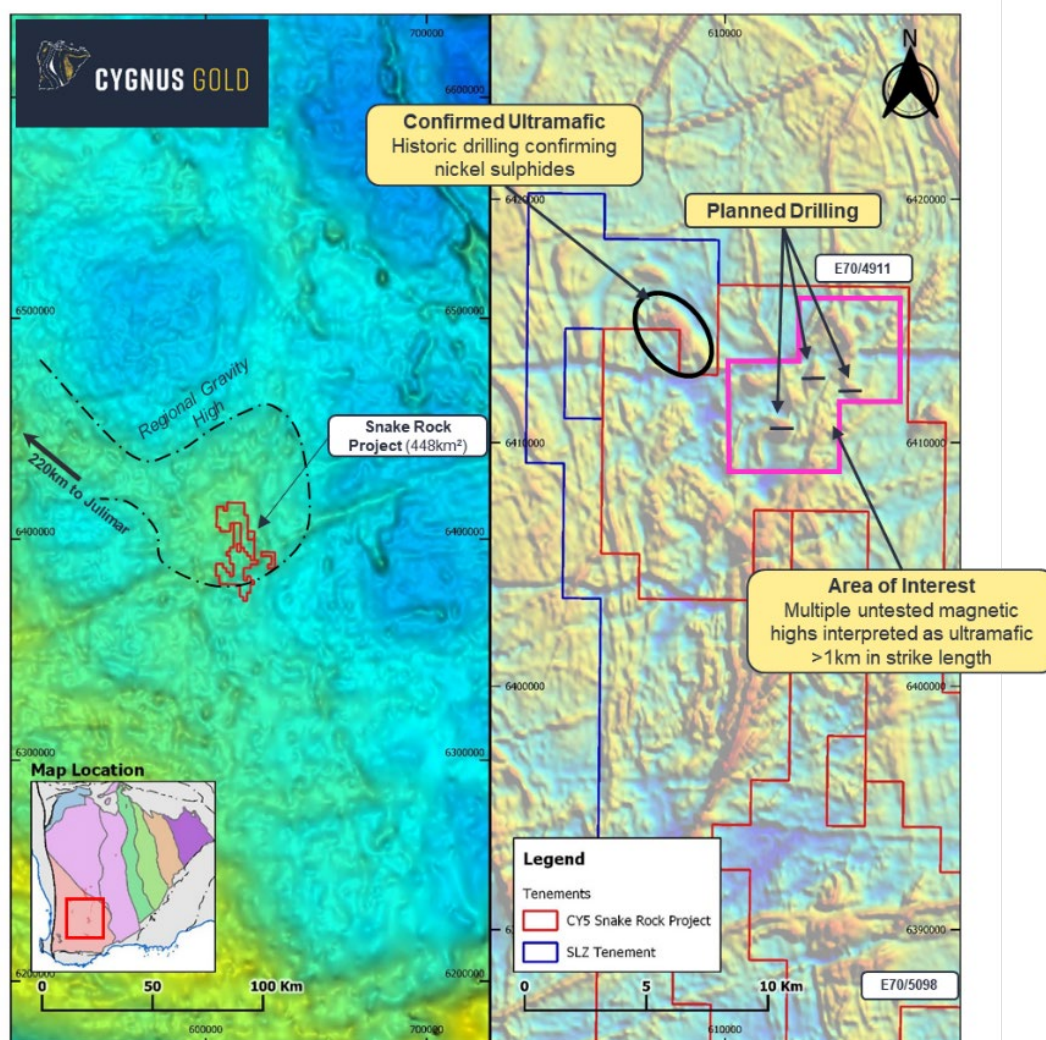


Figure 6: Snake Rock Project: Nickel sulphide targets (E70/4911). *Left:* Zoom out image of the Snake Rock Project on GSWA regional gravity, showing significant crustal scale gravity high associated with the project area. Gravity high is continuous up to Julimar (Chalice Mining ASX:CHN). *Right:* Zoom in image on Snake Rock North (E70/4911), illustrating target magnetic highs (interpreted ultramafic) with confirmed ultramafic on neighbouring Sultan Resources tenure (ASX:SLZ). Proposed RC drilling is illustrated in black.

Directors' Report

Review of Operations (continued)

Snake Rock Project (continued)

Drilling is planned to test a number of these high priority interpreted ultramafic targets as highlighted on Figure 6. A reverse circulation drill program (RC) has been designed to test the bedrock source of the magnetic/gravity highs, confirm ultramafic lithologies and help understand the prospectivity of the area for Ni bearing sulphides.

Approvals for drilling are currently being progressed with DMIRS and are expected to be received by the company in March 2022.

Wheatbelt Gold Projects

A geological review is ongoing over our wheatbelt gold projects in the Southwest Terrane, Yilgarn Craton. The tenure is considered highly prospective for gold mineralisation with significant deposits in the region including at Boddington, Edna May, Tampia and Katanning. The prospectivity of the tenure has been demonstrated by the Company's previous exploration programs which returned significant intercepts of:

- 10.95m @ 15.1g/t gold (incl. 4.8m @ 34g/t Au) in BNDD003²
- 9.50m @ 29.2g/t gold (incl. 2.4m @ 114.62g/t Au) in BNDD001²

Corporate

Appointment of Executive Chairman and Board Changes

In November 2021, experienced mining executive, Raymond Shorrocks was appointed Executive Chair.

Mr Shorrocks has a history of generating significant shareholder value. He has more than 28 years' experience in corporate finance in the mining sector and has advised a diverse range of resources companies during his career at one of Australia's largest investment banking and stockbroking/financial services firms.

He was founding Chair of Bellevue Gold Limited and was instrumental in the acquisition of the Bellevue Gold Project and the implementation of the management team that then went on to deliver over three million ounces of gold Resources in rapid time.

At the same time, Michael Bohm moved from Non-Executive Chair to Non-Executive Director and Mr Simon Jackson moved from Executive Director to Non-Executive Director.

Placement

In November 2021, the Company completed a capital raise or received firm commitments of approximately \$1,100,000 (before costs) through the issue of up to 9,565,216 fully paid ordinary shares in the Company at an issue price of \$0.115 per share. There was strong participation by directors and current shareholders of the Company.

Conversion of Performance Rights

In April 2021, 350,000 Performance Rights vested and were converted to an equivalent number of fully paid ordinary shares.

Issue of Options

The following movement in unquoted options occurred during the year:

Grant Date	Date of Expiry	Exercise Price \$	Balance 1 January 2021	Granted	Exercised	Balance 31 December 2021	Vested and Exercisable
22/09/2020	22/09/2023	\$0.08	29,500,000	-	-	29,500,000	29,500,000
07/11/2021	16/11/2024	\$0.16	-	5,000,000	-	5,000,000	5,000,000
23/12/2021	21/01/2025	\$0.16	-	3,500,000	-	3,500,000	3,500,000
Total			29,500,000	8,500,000	-	38,000,000	38,000,000

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.

Directors' Report

Corporate (continued)

Post reporting date events

- On 20 January 2022, the first part of the placement to participating directors (as approved by Shareholders at a General Meeting of Shareholders on 23 December 2021) was completed by issuing 913,044 fully paid ordinary shares at an issue price of \$0.115 per share raising \$105,000 before issue costs. Application monies were received during December 2021 and as such were recognised as 'other contributed equity' in the 2021 financial year, refer details at Note 8(a).
- On 20 January 2022, the final part of the placement to participating directors (as approved by Shareholders at a General Meeting of Shareholders on 23 December 2021) was completed by issuing 664,310 fully paid ordinary shares at an issue price of \$0.115 per share raising \$76,396 before issue costs.
- On 20 January 2022 the Company issued 3,500,000 unlisted options to the Executive Chairman, Mr Shorrocks (or his nominee) which was approved by Shareholders at a General Meeting of Shareholders held on 23 December 2021, with an exercise price of \$0.16, expiring on 20 January 2025.

There have not been any other events that have arisen between 31 December 2021 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 exploration and based on the locations of the Group's operations, the directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

No environmental breaches have occurred or have been notified by any Government agencies during the year ended 31 December 2021.

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 exploration. This year, the review was made against the new ASX Corporate Governance Council's Principles and Recommendations (4th edition).

The Board has reviewed and approved its Corporate Governance Statement on 30 March 2022, 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.

Directors' Report

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2021 outlines the remuneration arrangements of the Company and its' controlled entities (Group) in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Act) and its Regulations. This information has been audited as required by section 300A of the Corporations Act.

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

The table below outlines the Directors and KMPs of the Company during the financial year ended 31 December 2021. Unless otherwise indicated, the individuals were Directors or KMPs for the entire financial year.

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

Directors

Raymond Shorrocks	Executive Chairman (appointed Executive Chairman on 8 November 2021, previously Non-Executive Director appointed 30 June 2020)
Simon Jackson	Non-Executive Director (appointed Non-Executive Director on 8 November 2021, previously Executive Director appointed on 31 August 2020, resigned 8 November 2021 and previously Non-Executive appointed 17 November 2017)
Michael Bohm	Non-Executive Director (appointed 8 November 2021, previously Non-Executive Chairman appointed 30 September 2016)
Shaun Hardcastle	Non-Executive Director (appointed 30 June 2020)

Key Management Personnel

Michael Naylor	Joint Company Secretary (appointed 4 October 2016)
Susan Field	Joint Company Secretary (appointed 23 December 2020)

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

Remuneration governance

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

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.

Directors' Report

Remuneration Report (Audited) (continued)

Remuneration framework

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

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

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

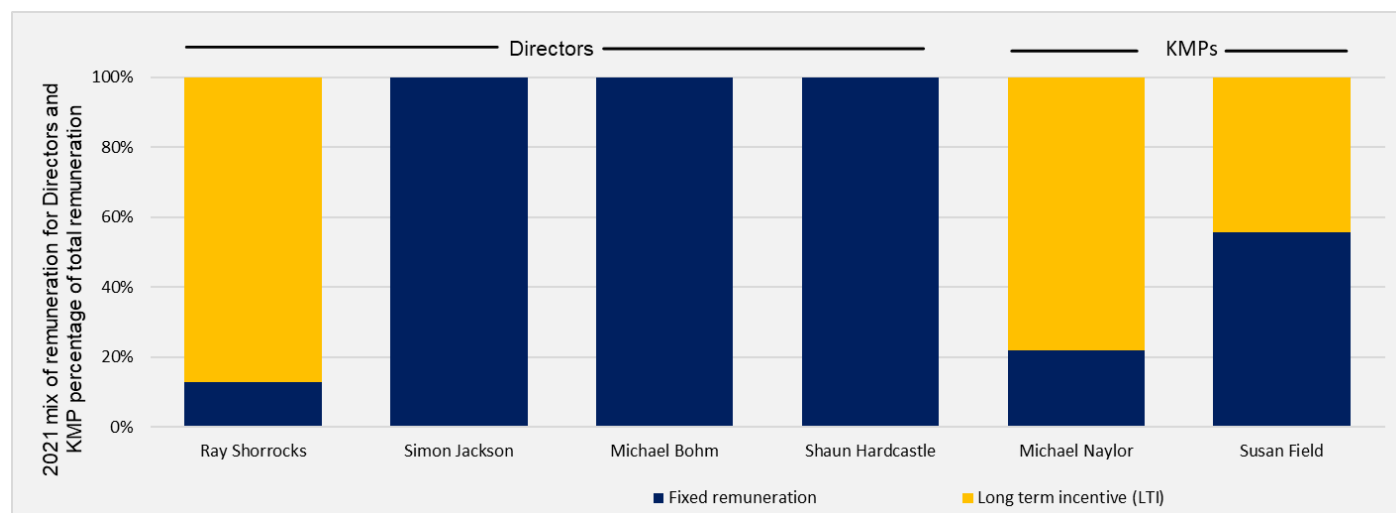
The remuneration for executives may have several components, including:

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

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

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

2021 mix of remuneration for Directors and KMP percentage of total remuneration



Directors' Report

Remuneration Report (Audited) (continued)

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 (the Group listed on the ASX in 2018):

	2018	2019	2020	2021
Income	\$198,317	\$231,203	\$439,311	\$30,311
Net loss after tax	\$638,119	\$870,917	\$7,720,430	\$2,081,181
Share price 31 December	\$0.065	\$0.0440	\$0.180	\$0.175

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

KMP Remuneration

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

The components of KMP remuneration may consist of:

Fixed Remuneration

KMPs receive either an annual fixed base cash salary or fee and other associated benefits depending on the nature of their contract. The Executive Chairman receives statutory superannuation guarantee contribution required by Australian legislation which was 10.0% on 31 December 2021. He does not receive any other retirement benefits and nor do other KMPs

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

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

Long Term Incentives

The Group does not currently award its KMPs using STIs as these do not align with the goal of long-term growth of the Group's exploration and evaluation projects and share price. The objective of LTI's is to provide potential reward to KMPs in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such LTIs can be made to KMPs who are able to influence the generation of shareholder wealth and thus have an impact on the Group's performance.

Directors' Report

Remuneration Report (Audited) (continued)

Incentive Options

During the period, the Company granted 6,000,000 Incentive Options to KMPs as detailed on page 22. These options were granted with an exercise price of \$0.16 and time to expiry of three years. There are no service conditions or nor vesting conditions attaching to the options.

Of these options, 3,500,000 were issued to Ray Shorrocks (or his nominee) and required shareholder approval. The options were issued on 20 January 2022 after being approved by Shareholders at a General Meeting held on 23 December 2021, considered the options' grant date.

Performance Rights

There were no performance rights on issue at the date of this report (2020: 350,000).

On 7 April 2021, 350,000 shares pertaining to Class A and B performance rights were issued to former director James Merillees (or his nominee), with the Board satisfied that the hurdles had been met during the 2020 financial year and as disclosed in the Remuneration Report and included within the 2020 Annual Report.

Non-Executive director remuneration

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

Non-Executive directors' remuneration may include an incentive portion consisting of performance rights/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 Group 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 2021, the Board did not engage the services of remuneration consultants. This was considered appropriate whilst the Group is in the exploration phase.

Directors' Report

Remuneration Report (Audited) (continued)

The remuneration of the Directors and key management personnel

The Directors and key management personnel of Cygnus, alongside their remuneration for the period, are set out in the following tables:

		Short Term Benefits				Post-Employment	Share-based payments		Total	Performance based % of remuneration
		Salary & Wages	Directors and Consultant Fees	Annual Leave	Bonus	Superannuation	Performance Rights (non-cash)	Unlisted Options (non-cash)		
Directors										
Mr Ray Shorrocks ¹	2021	12,500	33,333	-	-	1,250	-	320,872 ³	367,955	87.2
	2020	-	20,000	-	-	-	-	291,680	311,680	93.6
Mr Michael Bohm	2021	-	54,875	-	-	-	-	-	54,875	0.0
	2020	10,000	38,325	-	-	950	78	291,680	341,033	85.6
Mr Simon Jackson ²	2021	136,667	-	6,835	-	13,367	-	-	156,869	0.0
	2020	62,667	-	3,077	-	5,953	78	291,680	363,455	80.3
Mr Shaun Hardcastle	2021	-	40,000	-	-	-	-	-	40,000	0.0
	2020	-	20,333	-	-	-	-	291,680	312,013	93.5
Former Directors										
Dr Oliver Kreuzer ⁵	2020	16,000	-	-	-	1,520	78	-	17,598	0.4
Mr James Merillees ⁵	2020	112,500	-	8,654	-	10,688	3,838	-	135,680	2.8
Key Management Personnel										
Michael Naylor	2021	-	60,000	-	-	-	-	213,724 ³	273,724	78.1
	2020	-	81,000	-	-	-	-	291,680	372,680	78.3
Susan Field ⁴	2021	-	30,000	-	-	-	-	23,747 ³	53,747	44.2
Total Remuneration	2021	149,167	218,208	6,835	-	14,617	-	558,343	947,170	58.9
	2020	201,167	159,658	11,731	-	19,111	4,072	1,458,400	1,854,139	78.9

¹ Mr Shorrocks was appointed Executive Chairman on 8 November 2021, previously Non-Executive Director appointed on 30 June 2020.

² Mr Jackson was appointed Non-Executive Director on 8 November 2021, previously appointed Executive Director on 31 August 2020, and formerly Non-Executive Director appointed 17 November 2017. The salary reported in this table includes amounts entitled under his Executive Director contract up to 8 February 2022, the end of his notice period.

³ Share-based payment remuneration for unlisted options pertains to the issuances as detailed on page 22.

⁴ Ms Field was appointed Joint Company Secretary 23 December 2020 and became a member of the Key Management Personnel on that date.

⁵ Dr Kruezer and Mr Merrillees resigned on 30 June 2020.

Directors' Report

Remuneration Report (Audited) (continued)

Shares held by Directors and key management personnel, including their related parties

	Balance at start of the year	Shares acquired during the period	Shares paid for during the period / other contributed equity ¹	Balance at end of the year
Directors				
Mr Raymond Shorrocks	2,051,281	-	-	2,051,281
Mr Michael Bohm	5,722,395	-	434,783	6,157,178
Mr Simon Jackson	2,515,557	-	217,391	2,732,948
Mr Shaun Hardcastle	829,060	-	260,870	1,089,930
Key Management Personnel				
Mr Michael Naylor	5,124,930	948,249	-	6,073,179
Ms Susan Field	-	-	-	-
Total	16,243,222	948,249	913,044	18,104,516

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

Shares Issued on Exercise of Options and Performance Rights

There were no performance rights issued during the year, or on issue at year end.

Unlisted Options

At the date of this report there are 16,000,000 (2020: 10,000,000) unlisted Options on issue to Key Management Personnel.

During the year, 6,000,000 (2020: 10,000,000) were granted on the terms set out in the table below. There are no vesting or service conditions attaching to the options.

Directors' Report

Remuneration Report (Audited) (continued)

Unlisted options held by Directors and key management personnel

	Grant Date	Date of Expiry	Fair Value ³	Exercise Price	Balance 1 Jan 2021	Issued	Exercised	Balance 31 Dec 2021	Vested and Exercisable 31 Dec 2021
	22/09/2020	22/09/2023	\$0.1458	\$0.08	2,000,000	-	-	2,000,000	2,000,000
	23/12/2021	20/01/2025	\$0.0917	\$0.16	-	3,500,000 ^{1,2}	-	3,500,000	3,500,000
Raymond Shorrocks					2,000,000	3,500,000	-	5,500,000	5,500,000
Michael Bohm	22/09/2020	22/09/2023	\$0.1458	\$0.08	2,000,000	-	-	2,000,000	2,000,000
Simon Jackson	22/09/2020	22/09/2023	\$0.1458	\$0.08	2,000,000	-	-	2,000,000	2,000,000
Shaun Hardcastle	22/09/2020	22/09/2023	\$0.1458	\$0.08	2,000,000	-	-	2,000,000	2,000,000
	22/09/2020	22/09/2023	\$0.1458	\$0.08	2,000,000	-	-	2,000,000	2,000,000
	07/11/2021	16/11/2024	\$0.9500	\$0.16	-	2,250,000 ¹	-	2,250,000	2,250,000
Michael Naylor					2,000,000	2,250,000	-	4,250,000	4,250,000
Susan Field	07/11/2021	16/11/2024	\$0.095	\$0.16	-	250,000¹	-	250,000	250,000
Total					10,000,000	6,000,000	-	16,000,000	16,000,000

¹ No consideration is paid on issue of these Options. All options, with the exception of those granted to Ray Shorrocks, were granted without the requirement of shareholder approval. All options were issued with an exercise price of \$0.16 and time to expiry of 3 years from issuance date. There are no vesting or service conditions attaching to the options.

² These Incentive Options were approved by Shareholders at General Meeting held on 23 December 2021 at an exercise price of \$0.16 each, and with an expiry date three years from the issue date. The Incentive Options were formally issued to Ray Shorrocks (or his nominee) on 20 January 2022 on the agreed terms, and with an expiry date being 20 January 2025.

³ The fair values of the options granted during the period have been determined using a Black Scholes model. Details to the valuation inputs are disclosed in Note 9.1 of the financial report. The grant date for options as listed in the table above is the shareholder approval date, or where shareholder approval is not required, the date when the Group and the recipient agreed to the terms and conditions of the award.



Directors' Report

Remuneration Report (Audited) (continued)

Employment contracts of Directors and key management personnel

- (a) **Mr Ray Shorrocks**, has an employment contract with the Group that specifies his employment as Executive Chairman, commencing on 8 November 2021 and will cease when the Group is advised in writing of his resignation in accordance with clause 11 or as otherwise in accordance with the Group Constitution.

Mr Shorrocks will receive a fee of \$75,000 per annum exclusive of the statutory rate of superannuation (currently 10%). Prior to his executive appointment, Mr Shorrocks was a Non-Executive Director of the Group, appointed on 30 June 2020.

- (b) **Mr Simon Jackson**, who was Executive Director for the period from 30 August 2020 to 8 November 2021, had an employment contract with the Group 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 Group from 17 November 2017 and has continued his role as Non-Executive Director for the Group since 8 November 2021.

In accordance with his employment contract, Mr Jackson served a 3-month notice period ending 8 February 2022 and received payment for the notice period on 8 November 2021.

- (c) **Mr Shaun Hardcastle**, a non-executive Director, has a contract to receive a fee of \$40,000 per annum, GST exclusive. There are no other benefits in the contract.
- (d) **Mr Michael Bohm**, a non-executive Director, has a contract to receive \$55,000 per annum plus superannuation. There are no other benefits in the contract.
- (e) The Company has an agreement with Blue Leaf Corporate Pty Ltd, a company owned by **Mr Michael Naylor**, which provides company secretarial and financial management services for a charge of \$7,500 per month, or \$90,000 annually (2020: \$81,000). Subsequent to 31 December 2021, the contract changed to \$10,500 per month, or \$126,000 per annum. Mr Naylor is required to give the Company 90 days' notice to terminate the contract and the Company is required to give Mr Naylor 90 days' notice to terminate the contract or payment in lieu.

Loans to Directors and key management personnel

There were no loans to Directors or key management personnel of the Company, including their personally related parties, as at 31 December 2021 or 31 December 2020.

Other transactions with Directors and key management personnel

Mr Hardcastle was a Partner of the following related party which transacted with the Company during the financial year.

Entity	Services provided	2021	2020
HWL Ebsworth	Legal advice	\$38,787*	49,588*

*Amount owing at 31 December 2021, \$7,330 (2020: \$1,012).

Blue Leaf Corporate Pty Ltd, a company owned by Mr Michael Naylor, earned \$90,000 (2020: \$81,000) during the period and was owed \$7,500 (2020: \$7,500) by the Company at period end. Acting as joint company secretary, Susan Field is under contract with Blue Leaf Corporate Pty Ltd and was remunerated \$30,000 (2020: Nil, as appointed Joint Company Secretary on 23 December 2020) for her contribution of services to Cygnus Gold Limited. Therefore, remuneration between Michael Naylor and Sue Field as disclosed in the table on page 20 is split \$60,000 (2020: \$81,000) and \$30,000 (2020: Nil) respectively.

There were no other transactions with Directors or key management personnel.

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

Cygnus received a 98.96% "yes" votes on its Remuneration Report for the year ended 31 December 2020. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

END OF REMUNERATION REPORT

Directors' Report

Meetings of directors

During the financial year, three 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	3	3
Simon Jackson	3	3
Ray Shorrocks	3	3
Shaun Hardcastle	3	3

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 38,000,000 share options on issue (2020: 29,500,000) and there were no performance rights on issue (2020: 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

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

Proceedings on behalf of the Company

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

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

Non-audit services

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

The total remuneration for audit services provided during the prior and current financial years is set out in note 11 of the financial statements.

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 31 December 2021 has been received and is attached to this Directors' Report.



Directors' Report

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

Ray Shorrocks

Executive Chairman

Dated in Perth this 31 day of March 2022.

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 Targets and Exploration Results is based on information and supporting documentation compiled by Mr Duncan Grieve, a Competent Person who is a member of The Australasian Institute of Geoscientists. Mr Grieve is Exploration Manager and a full-time employee of Cygnus Gold and holds shares in the Company.

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

Forward Looking 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.



**Building a better
working world**

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

As lead auditor for the audit of the financial report of Cygnus Gold Limited for the financial year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Russell Curtin
Partner
31 March 2022

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

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

Cygnus Gold Limited
Ground Floor
24 Outram Street
WEST PERTH WA 6005

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities on pages 7 to 14 in the Directors' report, both of which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 31 March 2022. The Company has the power to amend and reissue the financial statements.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021



	Notes	2021 \$	2020 \$
OTHER INCOME	3	24,883	434,685
		24,883	434,685
EXPENSES			
Audit and accounting		(35,550)	(30,617)
Borrowing costs		-	(136)
Consultants and contractors	9.1(b)	(452,800)	(2,374,074)
Corporate costs		(135,733)	(136,393)
Depreciation and amortisation	18	(25,812)	(41,157)
Depreciation on right of use assets	19	(16,698)	(6,192)
Loss on sale of asset		(488)	-
Employee benefits expense		(338,647)	(261,350)
Exploration expenditure impaired	17	(313,881)	-
Exploration and evaluation written off	17	(4,281)	(3,985,457)
Exploration and evaluation costs		(63,865)	(55,384)
Interest expense of lease liability	7	(3,546)	(1,354)
Listing and compliance		(67,600)	(69,921)
Share-based payments – to key management personnel	9.1(b)	(558,343)	(1,166,720)
Share-based payments – performance rights		-	(7,676)
Office rental & outgoings		(90,227)	(23,196)
Travel and accommodation		(4,021)	(114)
		(2,111,492)	(8,159,741)
Results from operating activities		(2,086,609)	(7,725,056)
Finance income		5,428	4,626
Loss before income tax		(2,081,181)	(7,720,430)
Income tax expense	21	-	-
Loss after income tax for the year attributable to equity holders of the Company		(2,081,181)	(7,720,430)
Other comprehensive loss		-	-
Total comprehensive loss for the year, net of tax attributable to equity holders of the Company		(2,081,181)	(7,720,430)
Loss per share attributable to equity holders of the Company:			
Basic and diluted loss per share (cents per share)	10	(1.91)	(9.49)

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

Consolidated Statement of Financial Position

As at 31 December 2021



	Notes	2021 \$	2020 \$
ASSETS			
Current			
Cash and cash equivalents	4	2,811,336	3,385,934
Trade and other receivables	5	75,094	39,580
Total current assets		2,886,430	3,425,514
Non-current assets			
Exploration and evaluation	17	453,546	-
Property, plant and equipment	18	44,886	52,674
Right of Use Assets	19	114,527	68,119
Total non-current assets		612,959	120,793
TOTAL ASSETS		3,499,389	3,546,307
LIABILITIES			
Current liabilities			
Trade and other payables	6	266,256	97,006
Provisions		6,284	3,369
Lease liabilities	7	25,908	13,087
Total current liabilities		298,448	113,462
Non-current liabilities			
Lease liabilities	7	90,855	56,019
Total non-current liabilities		90,855	56,019
TOTAL LIABILITIES		389,303	169,481
NET ASSETS		3,110,086	3,376,826
EQUITY			
Share capital and other contributed equity	8	10,149,146	9,130,519
Reserves	9	5,109,203	4,313,389
Accumulated losses		(12,148,263)	(10,067,082)
TOTAL EQUITY		3,110,086	3,376,826

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021



	Share Capital	Other Contributed Equity	Share-based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
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	2,587,750	-	-	-	2,587,750
Share issue expense	(884,827)	-	-	-	(884,827)
Transfer of reserve upon lapsing of performance rights	-	-	(24,700)	24,700	-
Share-based payment expensed – Performance Rights	-	-	7,676	-	7,676
Share-based payment expensed – Unlisted Options	-	-	4,302,284	-	4,302,284
Balance at 31 December 2020	9,130,519	-	4,313,389	(10,067,082)	3,376,826
Balance at 1 January 2021	9,130,519	-	4,313,389	(10,067,082)	3,376,826
Loss for the year	-	-	-	(2,081,181)	(2,081,181)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss	-	-	-	(2,081,181)	(2,081,181)
Transactions with owners					
Issue of share capital	8	918,604	-	-	918,604
Proceeds from share applications	8	-	105,000	-	105,000
Share issue expense	8	(4,977)	-	-	(4,977)
Share-based payment expensed – Unlisted Options	9.1(b)	-	-	795,814	795,814
Balance at 31 December 2021	10,044,146	105,000	5,109,203	(12,148,263)	3,110,086

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2021



	Notes	2021 \$	2020 \$
Operating activities			
Payments to suppliers and employees		(842,715)	(554,418)
Payments for exploration expenditure		(63,865)	-
Interest received		5,365	5,422
Interest payments		(3,546)	-
Other income		19,746	434,685
Net cash used in operating activities	12	(885,015)	(114,311)
Investing activities			
Payments for acquisition of mining tenements		(4,032)	(26,840)
Payments for capitalised exploration expenditure		(672,896)	(2,642,143)
Purchase of property plant and equipment		(15,833)	(25,533)
EIS Grant-Co-funded Exploration Drilling Program		-	51,952
Funds received from joint operators		-	1,790,187
Net cash used in investing activities		(692,761)	(852,377)
Financing activities			
Proceeds from share issued	8	918,604	2,587,750
Proceeds received in advance of shares issued	8	105,000	-
Costs of shares issued	8	(4,977)	(9,787)
Principal payment for leases		(15,449)	-
Net cash provided by financing activities		1,003,178	2,577,963
Net change in cash and cash equivalents		(574,598)	1,611,275
Cash and cash equivalents, beginning of period		3,385,934	1,774,659
Cash and cash equivalents, end of year	4	2,811,336	3,385,934

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

(i) Compliance with IFRS

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

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(iii) 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, at least, minimum expenditure required to retain right of tenure over tenement areas of interest represented by exploration and evaluation assets on the Statement of Financial Position.

During the current year, the Group incurred cash outflows from operating and investing activities of \$1,577,776 (2020: \$966,688) and held \$2,811,336 of cash and cash equivalents (2020: \$3,385,934) and net assets of \$3,110,086 (2020: \$3,376,826) at balance date.

The Directors have considered the minimum expenditure requirements necessary in order for the Group to meet its obligations as and when they fall due, including maintaining tenements in good standing. The consideration included an assessment of the Group's cashflow forecasts for a period of not less than 12-months from the signing date of this financial report. From their analysis, the Directors consider the going concern basis of preparation as appropriate.

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 14. The financial statements of subsidiaries are prepared for the same reporting period the parent entity, using consistent accounting policies.

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

Parent entity disclosure

The financial information for the parent entity, Cygnus Gold Limited, disclosed in Note 15 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(b) 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.

At the reporting date, the Group held two joint operations with the listed ASX company Gold Road Resources Limited (“Gold Road”) being the Lake Grace (10.1%) and Yandina (10.1%) Joint Operations. The contributions received by the Joint Operations manager are contractually required to be spent on exploration and evaluation activities as defined by *AASB 6 Exploration and evaluation of mineral resources*. In the current period, contributions were made by Cygnus and spent on exploration and evaluation activities as Gold Road was the joint operations manager. These were capitalised as exploration and evaluation assets in-line with the Group’s accounting policies. In the prior period, Cygnus acted as the joint operations manager. In this circumstance, where funds were received from Gold Road, those amounts were off-set against exploration and evaluation expenditure incurred by Cygnus.

By 31 December 2021, Cygnus had evaluated that it would exit the joint operations. The carrying value of the amounts capitalised to exploration and evaluation assets has therefore been fully written off.

(c) 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 consolidated financial statements are presented in Australian dollars which is the parent entity’s functional and presentation currency.

(d) Other income

(i) Interest income

Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(ii) Vehicle hire and geology services

The Group provides vehicles for hire under short-term (daily) arrangements and geology services. Revenue is recognised over time as service is delivered or provided respectively.

(iii) Management fee

When acting as Joint Operations manager, Cygnus charged a fee for management of the operations. The fee was recognised in income at a point in time, when the service had been fulfilled and the Group had the right to receive payment. This is when the Group fulfilled its obligation under its joint operations agreement to spend funding on exploration and evaluation activities.

(iv) Grant income

The Group receives government grants for qualifying exploration and evaluation activity. The amounts are received in arrears as a reimbursement. A receivable is recorded for all expenditures incurred by the Group when there is reasonable assurance that the Group has complied with any grant conditions and the money will be received, with a corresponding off-set against exploration and evaluation assets. There were no grants awarded for 31 December 2021 (2020: \$51,952).

(v) ATO Cashflow Boosts

The Group received a tax free cash flow boost from the Australian Taxation Office (“ATO”), who awarded eligible employers cash to support them during the economic downturn of COVID-19. There were no amounts awarded to the Group for 31 December 2021 (2020: \$100,000). The award does not attach itself to expenditure incurred by the Group and is only conditional based on an application process. The amount is recorded as other income when there is reasonable assurance that the Group has complied with any conditions and the money will be received.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(e) Operating expenses

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

(f) Cash and cash equivalents

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

(g) Equity and reserves

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

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

Retained earnings include all current and prior period retained profits.

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

(h) Income taxes

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

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(h) Income taxes (continued)

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.

(i) 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.

(j) 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.

(i) *Financial Assets*

Other receivables

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

Trade and other payables

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Impairment of financial assets (continued)

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.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, financial liabilities at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value, less, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability.

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.

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.

(k) Exploration and evaluation expenditure

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

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

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

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

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(k) Exploration and evaluation expenditure (continued)

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.

(l) 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.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(n) 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.

(o) Leases

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



1. Summary of Significant Accounting Policies (continued)

(o) Leases (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(p) 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.

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

Certain new and amended accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the Company.

These new and amended standards are not expected to have a material impact on the Company when adopted in future reporting periods.

2. Critical Accounting Estimates and Judgements

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

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

Critical Estimates

Exploration and Evaluation Expenditure – Impairment

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

Critical Judgments

Exploration and Evaluation Expenditure

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



3. Other income

	2021	2020
	\$	\$
Vehicle hire and geology services	24,883	-
Joint operations management fee	-	334,685
COVID-19 ATO Cashflow Boost	-	100,000
Other income	24,883	434,685

4. Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank and on hand	1,031,336	785,934
Short-term deposits	1,780,000	2,600,000
Cash and cash equivalents	2,811,336	3,385,934

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

5. Trade and other receivables

	2021	2020
	\$	\$
Trade and other receivables	25,101	33,312
Advances to joint operations manager	36,210	-
Prepayments	13,783	6,268
Trade and other receivables	75,094	39,580

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

	2021	2020
	\$	\$
Trade and other payables	266,256	97,006
Trade and other payables	266,256	97,006

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



7. Lease liabilities

	2021 \$	2020 \$
Current	25,908	13,087
Non-Current	90,855	56,019
Lease liabilities	116,763	69,106
<i>Amount recognised in profit or loss</i>		
Interest expense incurred on lease liability	3,546	1,354

At 31 December 2021

Lease Liability Maturity	Within 1 Year	1 – 2 years	2 – 3 Years	3 – 4 Years	4 – 5 Years	Total
Lease payments	30,665	35,441	36,453	24,761	-	127,320
Finance Charges	(4,757)	(3,439)	(1,948)	(413)	-	(10,557)
Net Present Value	25,908	32,002	34,505	24,348	-	116,763

At 31 December 2020

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



8. Share capital and other contributed equity

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

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

	2021	2020	2021	2020
	Shares and	Shares and	\$	\$
	shares to be	shares to be		
	issued	issued		
Issued capital	116,407,961	108,070,098	10,044,147	9,130,519
Other contributed equity	913,044	-	105,000	-
Share capital and other contributed equity	117,321,005	108,070,098	10,149,147	9,130,519

	Note	Shares	Issue Price	Total \$
(a) Movements in issued capital		108,070,098		9,130,519
Shares issued on vesting of performance rights	(i)	350,000	Nil	-
Share issue	(ii)	7,987,863	\$0.115	918,604
Other contributed equity	(iii)	913,044	\$0.115	105,000
Share issue costs				(4,977)
Total share capital and other contributed equity		117,321,005		10,149,146

- (i) On 7 April 2021, 350,000 fully paid ordinary shares pertaining to Class A and B performance rights were issued to former director James Merillees (or his nominee). The performance conditions pertaining to this issuance were met as at 31 December 2020 and all corresponding share-based payments expenses were recognised up to 31 December 2020 accordingly.
- (ii) On 8 November 2021, the placement to sophisticated and professional investors was completed by issuing 7,987,863 fully paid ordinary shares at an issue price of \$0.115 per share raising \$918,604 before issue costs.
- (iii) Share application monies were received from participating directors in advance, pending shareholder approval which was sought and was received at a General Meeting of Shareholders, held on 23 December 2021. These shares were subsequently issued on 20 January 2022.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



9. Reserves

	Notes	2021 \$	2020 \$
Share-based payment reserve			
Balance at the beginning of the period		4,313,389	28,129
<i>Movement in share-based payment reserve</i>			
Share-based payment expense – Unlisted Options	9.1	795,814	4,302,284
Share-based payment expense – Performance rights - Key Management Personnel	9.2	-	7,676 ¹
<i>Transfer out of reserve upon:</i>			
Lapsing of performance rights		-	(24,700)
Balance at the end of the period		5,109,203	4,313,389

¹ The performance rights expense relates to 350,000 performance rights that had fully vested by 31 December 2020 as the performance conditions were achieved. Shares were issued subsequent to 31 December 2020, on 7 April 2021. Refer to Note 8(a)(i).

9.1 Share-based payments

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

Grant Date	Expiry date	Exercise price	Balance at start of year	Granted during the period	Exercised during the period	Balance at the end of the period	Vested and exercisable at end of the period
December 2021 unlisted share option details							
22/09/2020	22/09/2023	\$0.08	29,500,000	-	-	29,500,000	29,500,000
07/11/2021	16/11/2024	\$0.16	-	5,000,000	-	5,000,000	5,000,000
23/12/2021	21/01/2025	\$0.16	-	3,500,000	-	3,500,000	3,500,000
			29,500,000	8,500,000	-	38,000,000	38,000,000
Weighted average exercise price			\$0.08	\$0.16		\$0.10	
Weighted average remaining contractual life							2.00 years
December 2020 unlisted share option detail							
22/09/2020	22/09/2023	\$0.08	-	29,500,000	-	29,500,000	29,500,000
			-	29,500,000	-	29,500,000	29,500,000
Weighted average exercise price			-	\$0.08	-	\$0.08	\$0.08
Weighted average remaining contractual life							1.72 years

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



9.1 Share-based payments (continued)

(a) Fair value of unlisted options granted

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 set out in the table below:

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

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

- On 16 November 2021 there was a total of 5,000,000 unlisted options (OPT 2) issued to key management personnel and a consultant, with an exercise price of \$0.16 and expiring on 16 November 2024.
- Shareholders approved at a General Meeting of Shareholders held on 23 December 2021 the issue of 3,500,000 unlisted options (OPT 3) to Ray Shorrocks (or his nominee), with an exercise price of \$0.16. The unlisted options were subsequently issued on 20 January 2022, expiring on 20 January 2025.

2020								
29,500,000	22/09/2020	22/09/2023	0.1458	0.08	0.28	101	OPT 1	4,302,28
29,500,000								4,302,28

- As approved by shareholders at a General Meeting held on 7 September 2020, on 22 September 2020, the Company issued 29,500,000 unlisted options to a combination of Directors and advisors, with an exercise price of \$0.08 and expiring on 22 September 2023.

(b) Summary of share-based payments

	2021	2020
Share-based payments – Unlisted Options – Key Management	558,343	1,166,720
Share-based payments – Unlisted Options – Consultants ¹	237,471	2,260,524
Share-based payments – Unlisted Options – Share issue expenses	-	875,040
	795,814 ¹	4,302,284

¹ The fair value determined for these unlisted Options is included in consultants and contractor expenses for the year of \$452,800 (2020: \$2,374,074) as disclosed in the Statement of Profit or Loss and Other Comprehensive Income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



9.2 Performance rights

There were no performance rights on issue at the date of this report (2020: 350,000).

On 7 April 2021, 350,000 fully paid ordinary shares pertaining to Class A and B performance rights were issued to former director James Merillees (or his nominee). The performance conditions were met as at 31 December 2020 and all related share-based payments expenses were recorded as at 31 December 2020.

10. Loss per share

Both the basic and diluted loss per share have been calculated using the loss attributable to shareholders of the Company as the numerator (i.e. no adjustments to loss were necessary in either 2020 or 2021).

	2021	2020
	\$	\$
Net loss attributable to ordinary equity holders of the Company	(2,081,181)	(7,720,430)
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted loss per share	109,313,665	81,336,028
Basic and diluted loss per share (cents per share)	(1.91)	(9.49)

As at 31 December 2021, the Group has 38,000,000 unlisted share options exercisable (2020: 29,500,000), which are not included in diluted loss per share since they are antidilutive for the periods presented.

11. Auditor remuneration

	2021	2020
	\$	\$
Audit and review of financial statements		
Auditors of Cygnus Gold Limited – Ernst & Young	30,000	-
Auditors of Cygnus Gold Limited - Grant Thornton Audit Pty Ltd	-	30,617
<i>Non-audit services</i>		
Tax compliance - Grant Thornton Audit Pty Ltd	-	4,650
Total auditor's remuneration	30,000	35,267

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



12. Reconciliation of cashflows from operating activities

	Notes	2021 \$	2020 \$
Loss for the period		(2,081,181)	(7,720,430)
Depreciation and amortisation		25,812	41,157
Depreciation on right of use assets		16,698	6,192
Exploration and evaluation impairment costs		313,881	-
Exploration and evaluation write-off costs		4,281	3,985,487
Share-based payment expense – Unlisted Options - Consultants	9.1(b)	237,471	2,260,524
Share-based payment expense – Unlisted options - Key Management Personnel	9.1(b)	558,343	1,166,720
Share-based payment expense – Performance rights - Key Management Personnel		-	7,676
Other		(8,252)	22,370
Net changes in working capital:			
Change in trade and other receivables		(42,973)	121,881
Change in employee benefits provisions		12,968	(24,413)
Change in trade and other payables		77,937	18,525
Net cash used in operating activities		(885,015)	(114,311)

13. Related Party Transactions

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

Raymond Shorrocks	Executive Chairman (Appointed 8 November 2021, previously Non-Executive Director, appointed 30 June 2020)
Michael Bohm	Non-Executive Director (appointed 8 November 2021, previously Non-Executive Chairman appointed 30 September 2016)
Simon Jackson	Non-Executive Director (Appointed Non-Executive Director on 8 November 2021, Executive Director, appointed on 31 August 2020, resigned 8 November 2021 and previously Non-Executive appointed 17 November 2017)
Shaun Hardcastle	Non-Executive Director
Michael Naylor	Joint Company Secretary
Susan Field	Joint Company Secretary

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



13. Related Party Transactions (continued)

b) Key management personnel remuneration

	2021	2020
	\$	\$
Short term employee benefits	374,210	372,556
Post-employment benefits	14,617	19,111
Share-based payments	558,343	1,462,472
Total	947,170	1,854,139

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 16 to 23.

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.

13.1 Other related party transactions and arrangements

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

Mr Hardcastle was a Partner of the following related party which transacted with the Company during the financial year.

Entity	Services provided	2021	2020
HWL Ebsworth	Legal advice	\$38,787*	49,588*

*Amount owing at 31 December 2021, \$7,330 (2020: \$1,012).

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

Entity	Services provided	2021	2020
Blue Leaf Corporate Pty Ltd ¹	Company secretarial and financial management services	\$90,000*	\$81,000*

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

¹ Blue Leaf Corporate Pty Ltd, a company owned by Mr Michael Naylor, earned \$90,000 (2020: \$81,000) during the period and was owed \$7,500 (2020: \$7,500) by the Company at period end. Acting as joint company secretary, Susan Field is under contract with Blue Leaf Corporate Pty Ltd and was remunerated \$30,000 (2020: Nil, as appointed Joint Company Secretary on 23 December 2020) for her contribution of services to Cygnus Gold Limited. Therefore, remuneration between Michael Naylor and Sue Field as disclosed in the table on page 21 is split \$60,000 (2020: \$81,000) and \$30,000 (2020: Nil) respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



14. Subsidiaries

Name of Entity	Country of Incorporation	2021	2020
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

15. Parent entity disclosure

Result of the parent entity	2021	2020
	\$	\$
Loss for the year	2,153,601	7,722,029
Other comprehensive expenses	-	-
Total comprehensive loss for the year	2,153,601	7,722,029
Financial Position of the parent entity at year end:		
Current assets	2,850,219	3,410,747
Non-current assets	576,750	116,005
Total assets	3,426,969	3,526,752
Current liabilities	298,448	93,907
Non-current liabilities	90,855	56,019
Total Liabilities	389,303	149,926
Total equity of the parent entity comprising of:	3,037,666	3,376,826
Contributed equity	10,149,147	9,130,519
Share option reserve	5,109,202	4,313,389
Accumulated losses	(12,220,683)	(10,067,082)
Total equity	3,037,666	3,376,826

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



16. 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	2021 \$	2020 \$
Cash and cash equivalents	4	2,811,336	3,385,934
Trade and other receivables	5	75,094	39,580

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 measures 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 2021, 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 on the following basis:

	Notes	2021 \$	2020 \$
Not later than 1 month	6	266,256	97,006

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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



16. Financial Risk Management (continued)

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 0.30% (2020: 0.05 % and 0.62%), 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 2021	Carrying Amount 31 December 2020
	\$	\$
Variable rate financial assets	2,811,336	3,385,934

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

The analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2020.

100bp increase	2,811	3,386
100bp decrease	(2,811)	(3,386)

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(b). Commitments and contingent assets and liabilities

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

Annual rents on exploration licenses held by the Group are \$164,494 (2020: \$201,174) with a minimum exploration commitment of \$649,954 (2020: \$1,149,000) per annum.

The Group is not aware of any other contingent commitments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



17. Exploration and evaluation

	2021	2020
	\$	\$
Opening balance	-	3,445,813
Expenditure incurred during the year	771,708	3,237,204
Exploration expenditure impaired	(313,881)	-
Exploration and evaluation expenditures written off	(4,281)	(3,985,457)
Reimbursement from Farm in / Joint Operation arrangements	-	(2,645,608)
Exploration expenditure State Government Co-Funded exploration drilling	-	(51,952)
Closing balance	453,546	-

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 and write-offs totalling \$318,162 has been recognised (2020: \$3,985,457) in relation to areas of interest, including those involving joint operations, where the directors have concluded that capitalised expenditure is unlikely to be recovered by sale or future exploitation.

18. Property, plant and equipment

	2021	2020
	\$	\$
Assets at cost	181,549	165,524
Accumulated depreciation	(136,663)	(112,850)
Carrying value 31 December	44,886	52,674

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

	IT equipment	Field equipment	Motor vehicles	Low value assets	Office improvements work in progress	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2021	4,688	11,236	36,750	-	-	52,674
Additions	6,527	3,764	-	1,340	7,563	19,194
Disposals	-	-	(1,170)	-	-	(1,170)
Depreciation expense	(3,713)	(8,619)	(13,480)	-	-	(25,812)
Balance at 31 December 2021	7,502	6,381	22,100	1,340	7,563	44,886

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



19. Right of use assets

	Notes	2021 \$	2020 \$
Right of use lease asset	(a)	122,517	74,311
Right of use assets at cost		122,517	74,311
Accumulated depreciation – lease assets	(b)	(7,990)	(6,192)
Accumulated depreciation		(7,990)	(6,192)
Net carrying amount		114,527	68,119
Adjustments recognised during the period			
(a) Adjustment to initial recognition			
Right of uses asset – opening balance		74,311	74,311
Adjustment		(74,311)	-
Addition		122,517	-
Right of use lease assets		122,517	74,311
(b) Accumulated depreciation			
Accumulated depreciation – opening balance		(6,192)	-
Depreciation		(16,698)	(6,192)
Adjustment		14,900	-
Accumulated depreciation – closing balance		(7,990)	(6,192)
Amount recognised in profit and loss			
Depreciation expense on right to use lease asset		(16,698)	(6,192)

The Company has a sub-lease over part of the premises at Ground Floor, 24 Outram Street, West Perth. From 1 October 2021, the previous lease agreement has been terminated pursuant to mutual agreement between the parties and as a result, the previous Right of Use Asset and Lease Liability for this lease agreement have been recognised. At the date of the report, an estimated life of 3.6 years remains on the new lease. Where the option to extend is reasonably certain, this has been included in the calculation.

The maturity analysis of the lease liability is shown at note 7.

20. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021



21. 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 24.5% (2020: 26.0%) and the reported tax expense in profit or loss are as follows:

	2021	2020
	\$	\$
Accounting loss before tax	2,081,181	7,720,430
At Australia's statutory income tax rate of 24.5% (2020: 26.0%)	(520,285)	(2,007,311)
Expenditure not allowed for income tax purposes	1,283	(24,876)
Non deductible share-based payment expense	198,953	893,079
<i>Deferred income tax at balance date relates to the following:</i>		
Deferred tax assets not brought to account	308,330	1,139,108
Reduction in opening deferred taxes resulting from reduction in tax rate	11,719	-
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 tax losses	2,247,979	1,804,093
Unrecognised deferred tax asset other	63,125	74,048
Unrecognised deferred tax liability as a result of exploration and evaluation assets	(113,386)	-
Unrecognised deferred tax liability as a result of other	(30,623)	(19,376)
	2,167,095	1,858,765

22. Post reporting date events

- On 20 January 2022, the first part of the placement to participating directors (as approved by Shareholders at a General Meeting of Shareholders on 23 December 2021) was completed by issuing 913,044 fully paid ordinary shares at an issue price of \$0.115 per share raising \$105,000 before issue costs. Application monies were received during December 2021 and as such were recognised as 'other contributed equity' in the 2021 financial year, refer details at Note 8(a).
- On 20 January 2022, the final part of the placement to participating directors (as approved by Shareholders at a General Meeting of Shareholders on 23 December 2021) was completed by issuing 664,310 fully paid ordinary shares at an issue price of \$0.115 per share raising \$76,396 before issue costs.
- On 20 January 2022, the Company issued 3,500,000 unlisted options to the Executive Chairman, Mr Shorrocks (or his nominee) which was approved by Shareholders at a General Meeting of Shareholders held on 23 December 2021, with an exercise price of \$0.16, expiring on 20 January 2025.

There have not been any other events that have arisen between 31 December 2021 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 2021 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 2021.
3. Note 2 confirms that the financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:



Ray Shorrocks
Executive Chairman

Perth, 31 March 2022



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

Report on the audit of the financial report

Opinion

We have audited the financial report of Cygnus Gold Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matter

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

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

1. Carrying value of exploration and evaluation assets

Why significant

As disclosed in Note 17 of the Annual Report, the Group carries exploration and evaluation assets of \$453,546 as at 31 December 2021.

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

The determination as to whether there are any indicators to require exploration and evaluation assets to be assessed for impairment involves a number of judgments, including whether the Group has right of tenure, will be able to perform ongoing expenditure and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year, the Group identified indicators of impairment resulting in an impairment charge of \$313,881.

Given the size of the asset balance relative to the Group's Statement of Financial Position, and the judgmental nature of impairment indicator assessments associated with exploration and evaluation assets, we consider this a key audit matter.

How our audit addressed the key audit matter

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

- ▶ Considered the Group's rights to explore in the relevant exploration areas which included obtaining and assessing supporting documentation.
- ▶ Considered the Group's intention to carry out significant exploration and evaluation activities in the relevant exploration areas which included assessing whether the Group's cash-flow forecasts included planned exploration and evaluation activities, and enquiring with senior management and Directors as to the intentions and strategy of the Group.
- ▶ Considered the Group's assessment of whether the commercial viability of extracting mineral resources had been demonstrated and whether it was appropriate to continue to classify the capitalised expenditure for the area of interest as an exploration and evaluation asset.
- ▶ Considered whether there was any other data or information that indicated the carrying value of the capitalised exploration and evaluation expenditure would not be recovered in full from successful development or by sale.
- ▶ Where impairment charges were recorded for exploration and evaluation assets, we:
 - ▶ assessed the appropriateness of the total charge based on the accumulation of capitalised amounts for each area of interest impaired;
 - ▶ reviewed management's memorandum which concluded that impairment indicators existed for the areas of interest as per AASB 6; and
 - ▶ obtained evidence that corroborated the existence of AASB 6 impairment indicators identified by management.
- ▶ Assessed the adequacy of disclosures in the financial report.

Information other than the financial statements and auditor's report

The Directors are responsible for the other information. The other information comprises the information included in the Company's Annual Report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- ▶ Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 31 December 2021.

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Russell Curtin'.

Russell Curtin
Partner
Perth
31 March 2022

ASX Additional Shareholder Information



Top 20 holders of ordinary shares

In accordance with ASX Listing Rule 4.10, the following information is provided as at 22 March 2022.

Rank	Name	Units	% of issued capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,293,851	7.03
2	SOUTHERN CROSS CAPITAL PTY LTD	7,819,370	6.63
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,500,000	6.36
4	SYMORGH INVESTMENTS PTY LTD <SYMORGH SUPER FUND A/C>	6,719,199	5.69
5	MS CHARMAINE LINDA LOBO	5,337,780	4.52
6	MR ALAN FRANK CLELAND <DA EXPLORATION A/C>	3,066,668	2.60
7	GOLD LEAF CORPORATE PTY LTD <GOLD LEAF CORPORATE A/C>	2,765,789	2.34
8	GLEESON MINING PTY LTD <GLEESON FAMILY A/C>	2,684,060	2.27
9	MR TIMOTHY MCCORMACK	2,598,211	2.20
10	BIGJAC INVESTMENTS PTY LTD <BIGJAC INVESTMENTS A/C>	2,515,557	2.13
11	MR JAMES MICHAEL THOMSON	2,377,788	2.02
12	MR GAVIN JEREMY DUNHILL	2,200,000	1.86
13	MR MICHAEL DYLAN NAYLOR + MS SARAH MCALPINE <M D & S I SUPER FUND A/C>	2,133,912	1.81
14	DR OLIVER PIERRE KREUZER	2,130,556	1.81
15	MR RONALD WILLIAM BILLYARD + MS FIONA CURREY <B C SUPERFUND A/C>	1,996,980	1.69
16	CAMPBELL KITCHENER HUME & ASSOCIATES PTY LTD <C K H SUPERFUND A/C>	1,767,712	1.50
17	FATHOM GEOPHYSICS AUSTRALIA PTY LTD	1,666,667	1.41
18	SYMORGH INVESTMENTS PTY LTD <SYMORGH SUPER FUND A/C>	1,666,667	1.41
19	SPRING STREET HOLDINGS PTY LTD	1,606,837	1.36
20	SLAM CONSULTING PTY LTD	1,300,000	1.10
Total		68,147,604	57.76

Substantial Holders

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

	Units	% of issued capital
SOUTHERN CROSS CAPITAL PTY LTD	7,825,370	6.63
STEVE PARSONS	7,288,622	6.17
CHARMAINE LINDA LOBO	6,157,178	5.21
SARAH JUNE NAYLOR	6,073,179	5.14

Spread of Holdings

Fully Paid Ordinary Shares

Range	Total holders	Units	% of issued capital
1 - 1,000	28	6,661	0.01
1,001 - 5,000	66	210,391	0.18
5,001 - 10,000	59	497,690	0.42
10,001 - 100,000	278	11,658,817	9.88
100,001 Over	124	105,611,756	89.51
Total	555	117,985,315	100.00

Unquoted Options

Range	Total holders	Units	% of issued capital
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	0	0	0.00
10,001 - 100,000	0	0	0.00
100,001 Over	13	38,000,000	100.00
Total	13	38,000,000	100.00

Unquoted Securities

Options

Expiry Date	Exercise Price	No. Of Options	Number of Holders
22/09/2023	\$0.08	29,500,000	12 ¹
16/11/2024	\$0.16	5,000,000	3 ²
21/01/2025	\$0.16	3,500,000	1 ³
		38,000,000	16

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

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

Options do not carry a right to vote.

Unmarketable Parcels

There were 56 shareholders with less than a marketable parcel of shares, based on the closing price \$0.185

Restricted Securities

The Company does not have any restricted securities on issue.

The following securities are subject to voluntary escrow:

No of Shares	Date escrow period ends
1,577,354	20/01/2023

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.

Joint Company Secretaries

Susan Field and Michael Naylor

Corporate Governance Statement

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

On-Market Buy Back

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

Schedule of tenements

A listing of the Entity's tenements:

Tenement	Location	Registered Owner	Structure and Ownership
E29/1075	Western Australia	Deneb Resources Pty Ltd	100%
E70/4787	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4911	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4988	Western Australia	Deneb Resources Pty Ltd	100%
E70/4989	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/4990	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/5050	Western Australia	Deneb Resources Pty Ltd	100%
E70/5131	Western Australia	Cygnus Gold (Projects) Pty Ltd	100%
E70/5168	Western Australia	Deneb Resources Pty Ltd	100%
E70/5169	Western Australia	Deneb Resources Pty Ltd	100%
E70/5196	Western Australia	Deneb Resources Pty Ltd	100%
E70/5397	Western Australia	Deneb Resources Pty Ltd	100%
E70/5492	Western Australia	Deneb Resources Pty Ltd	100%
E70/5617	Western Australia	Deneb Resources Pty Ltd	100%
E77/2405	Western Australia	Deneb Resources Pty Ltd	100%
E70/5098	Western Australia	Gold Road Projects Pty Ltd (75%), Cygnus (JV Projects) Pty Ltd (25%)	100%